



TIS
TIS INTEC Group



I'm a Mover.

Integrated Report 2019

Year Ended March 31, 2019 (From April 1, 2018, to March 31, 2019)

Securities Code: 3626

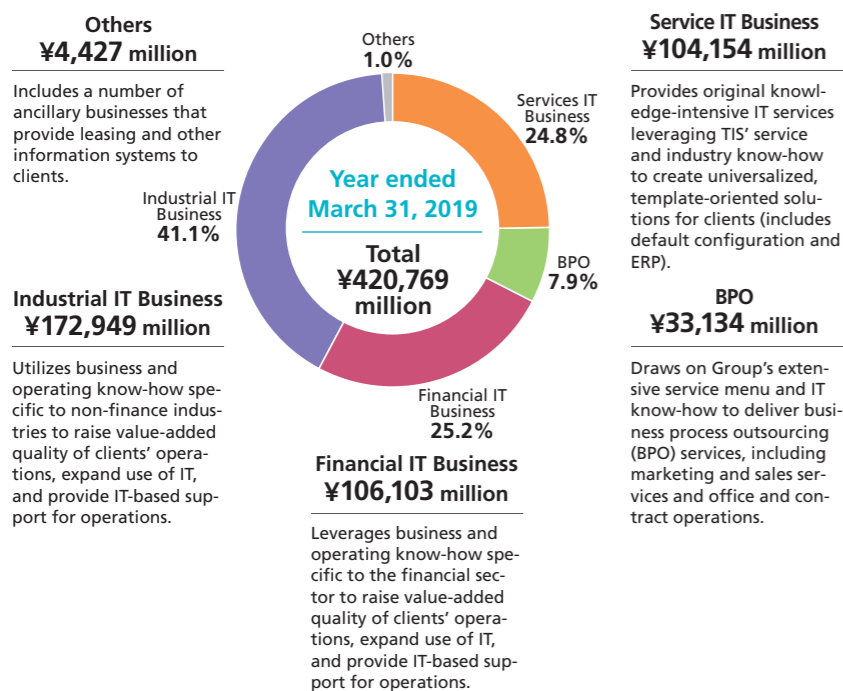
Profile

The TIS INTEC Group is a leading provider of IT services in Japan, with some 20,000 employees groupwide. As a corporate group, we draw on many years of combined insights and experience as well as high-level technical expertise in helping to solve various issues impacting society.

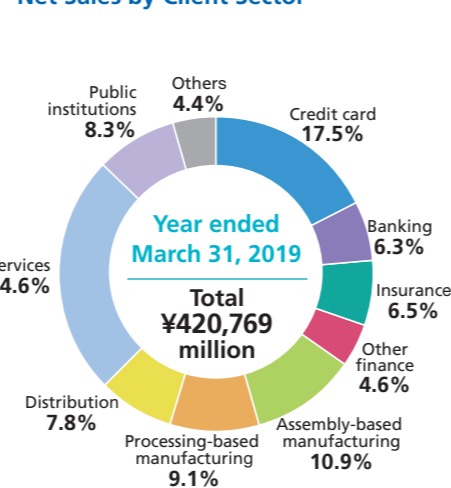
Consolidated Net Sales (Year ended March 31, 2019) ¥420.7 billion	Consolidated Operating Income (Year ended March 31, 2019) ¥38.0 billion	Number of Employees, Consolidated (As of March 31, 2019) 19,483
Number of Group Companies (As of March 31, 2019) 108 <small>(TIS+consolidated subsidiaries+equity method affiliates)</small>	Number of Clients (Year ended March 31, 2019, domestic) About 15,000 companies	Aggregate Number of Solutions (Year ended March 31, 2019, domestic) More than 500 cases
Consolidated ROE (Year ended March 31, 2019) 11.5%	Consolidated Equity ratio (Year ended March 31, 2019) 62.0%	Rating (At November 10, 2018) A /Stable <small>(Long-term/Japan Credit Rating Agency, Ltd.)</small>

Net Sales by Business Segment

(Sales to outside customers, excludes intersegment sales)



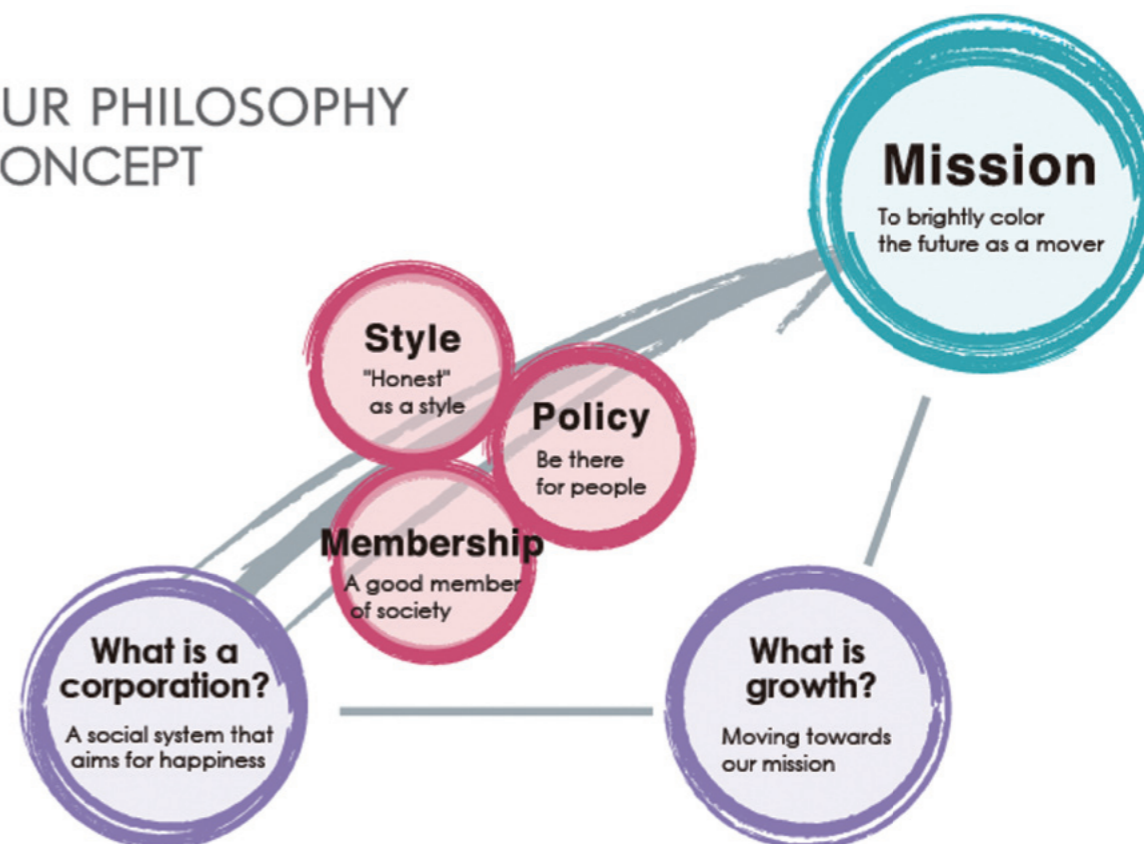
Net Sales by Client Sector



TIS INTEC Group Philosophy—OUR PHILOSOPHY

OUR PHILOSOPHY was announced in January 2019 as basic philosophy for the TIS INTEC Group. It represents a set of values shared throughout the Group and is basis for all corporate activity.

OUR PHILOSOPHY CONCEPT



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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 2019

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.



Toru Kuwano,
Chairman and President

桑野徹

Guided by OUR PHILOSOPHY, we will promote sustainable growth through unified group management.

Toru Kuwano, TIS Chairman and President, provides details on OUR PHILOSOPHY—the recently announced basic philosophy for the TIS INTEC Group—and progress on Medium-Term Management Plan (2018-2020).

Q1. Please summarize OUR PHILOSOPHY.

Our objective is to fill the future—still essentially a blank canvas—with vibrant colors as a mover using digital technology.

We recently announced OUR PHILOSOPHY, a basic philosophy for the TIS INTEC Group that represents a sense of values shared throughout the Group. OUR PHILOSOPHY broadly clarifies Group management, corporate activities and vital concepts and ideals for members of the Group, including directors and employees. A company exists, essentially, for the diverse range of stakeholders connected to it and, by extension, all of society. Given this underlying perspective, we made it the mission of the TIS INTEC Group to fill the future—still essentially a blank canvas—with vibrant colors as a mover using digital technology. The meaning of “mover” implies our movement as a corporate group as well as driving the movement of society through our activities.

The spread of digital technology has transformed every aspect of society and is sure to continue to spur more changes. Positives are widely expected, but negatives are still a concern, particularly technological singularity—that is, a hypothetical point in time when artificial intelligence evolves beyond human intelligence and causes a major shift in the mode of human life. The future is a blank canvas, and we believe it is necessary to make it bright. With this in mind, a vivid pallet of color is required—that is, innovative possibilities and a range of choices that appeal to society. OUR PHILOSOPHY embraces this perspective as well as being a declaration of our mission, our duty as a corporate citizen to support the use of digital technology, establish a presence that brings about the realization of a brilliantly colored society through our own corporate activities, and contribute to society as a mover capable of creating a future in which people are happy. It is our *raison d’être*.

Q2. Please describe the process involved in formulating OUR PHILOSOPHY.

OUR PHILOSOPHY is the equivalent of a corporate constitution for the TIS INTEC Group.

The TIS INTEC Group was established, albeit under a different name, back in April 2008 through management integration and became today’s TIS INTEC Group in July 2016 through realignment of companies under the Group umbrella. The shift from a pure holding company structure to that of an operating holding company was a major turning point in our corporate history. Maybe for this reason, it was also the perfect opportunity to redefine our corporate philosophy and highlight the qualities that we seek to demonstrate as a corporate group while also addressing changes in the social landscape that had occurred over the years since our 2008 establishment.

The announcement of OUR PHILOSOPHY came after we unveiled Group Vision 2026 in May 2017 and Medium-Term Management Plan (2018-2020) in April 2018 because it was to be the axis around which the entire Group turned, and we needed time to carefully craft the content. Nevertheless, we had an idea of what OUR PHILOSOPHY should be, and the thinking behind this philosophy actually infuses Group Vision 2026 and Medium-Term Management Plan (2018-2020).

Group Vision 2026 describes the place we want the TIS INTEC Group to be in business markets 10 years from now. Toward this end, we invited participation from principal Group companies, specifically, division managers and deputy managers in their 30s and 40s who would likely play key roles in the TIS INTEC Group 10 years into the future. Through repeated dialogue opportunities, we formed the image we want the Group to present by 2026—that is, a Group able to create an exciting future by utilizing advanced technologies and know-how to realize business innovation and market creation—and also clarified our intention to secure a position on the global stage and defined specific strategic domains. We will travel through three three-year management plans to reach the final destination that is Group Vision 2026. Each medium-term management plan will be a detailed map, with specific milestones, for each stage along the way.

OUR PHILOSOPHY is essentially a corporate constitution premised on Group Vision 2026 and medium-term management plans. It represents a perspective—a way of thinking—that forms the foundation of all corporate activity. Striving to generate sales and income is a given for any profit-seeking company. However, real corporate growth is not determined by numbers alone. Success, from the OUR PHILOSOPHY perspective, will be measured by how well we fulfill our ultimate mission—social contribution through business activities—and how much we improve value for stakeholders. We will encourage each and every employee to recognize the underlying significance of groupwide corporate activities as this understanding will underpin achievement of quantitative targets.

Q3. What is the connection between society's demands on companies and OUR PHILOSOPHY?

The concepts under OUR PHILOSOPHY are style, policy and membership, creating a foundation that will underpin achievement of our mission.

TIS—and by extension, the TIS INTEC Group—signed on to the U.N. Global Compact in July 2018 and has been involved in initiatives aimed at developing a sustainable society. Also, Medium-Term Management Plan (2018-2020) highlights the slogan “Transformation to 2020—Achieving structural transformation as a corporate family and taking the lead in finding solutions to social issues”. OUR PHILOSOPHY brings together several universal principles and, linked to our medium-term management targets, it will be integral to a structure that enables us to implement the activities that society requires companies to perform.

OUR PHILOSOPHY is built on three concepts—style, policy and membership—that support efforts to achieve our mission. Each concept is defined, respectively, as a code of conduct befitting a good corporate citizen, a people-oriented management policy, and a sense of honesty that provides the basis for the Group's corporate activities.

Amid heightened calls from society that companies improve their compliance and governance practices, we acknowledge, as a good corporate citizen, the importance of going beyond social norms and the expectations of society. At the same time, we must cultivate an open and free corporate culture and atmosphere that enables all employees to express their own opinions. Right now, we are working through a structural transformation. And for us to fulfill our role as a mover—to anticipate social issues and build a new business model—it is vitally important that we promote a flexible approach to communication inside and outside our corporate walls. We must be proactive. The code of conduct for the TIS INTEC Group is based on this perspective and embodies the three concepts of style, policy and membership noted above.

Information meetings on OUR PHILOSOPHY were held for employees, and then seminar programs were gradually rolled out according to job position, such as director, division manager, regular employee and new employee. Although we are diligently implementing awareness-building opportunities, it will take time for OUR PHILOSOPHY to permeate the consciousness of everyone—some 20,000 people—under the Group umbrella. But we are blessed with a phenomenal corporate culture, and just like a beautiful flower, OUR PHILOSOPHY will bloom and grow in this environment through consistent efforts to promote the underlying beliefs.



Q4. What is the status of Medium-Term Management Plan (2018-2020)?

On the performance front, results are better than expected, and business restructuring is leading to steady improvement on a qualitative basis as well.

Fiscal 2019 was the first year of Medium-Term Management Plan (2018-2020), and it brought higher sales and income than initially predicted. In addition, strategic domains—the four business segments that will play a key role in our future success—contributed 42% on a net sales basis, surpassing expectations. I feel that this is a reflection of solid steps toward structural transformation but also sets the medium-term management plan off to a great start. The three years of the current medium-term management plan form the first step in building a platform for achieving Group Vision 2026. But a launchpad for the next step, that is, the next medium-term management plan, must be put in place as well, and this requires efforts to accelerate structural transformation of the Group. Balancing short-term improvement in business results with medium- to long-term progress on structural transformation is by no means an easy task since certain aspects cancel each other out. But we will diligently strive to achieve sustainable growth.

To promote structural transformation, TIS will attempt something during the current medium-term management plan that the Company has never tried before—split its operations into account-style business, which emphasizes Strategic Partnership Business, and service-style business, which focuses on IT Offering Services to create industry platform solutions under a prior investment style approach. Both sides of operations will interact to meet the needs of each client company while enabling TIS to capitalize on opportunities across a diverse business spectrum. This is another aspect of structural transformation. Going forward, we will introduce measures extensively throughout the Group to keep the structural transformation process moving ahead.

Q5. In what direction will structural transformation take the TIS INTEC Group?

To galvanize the Group's strengths, we will promote measures that emphasize cohesive power and diversity.

People are, without a doubt, the most valuable management resource any company can have. For the TIS INTEC Group, it is therefore vital, above all else, that frontline employees—those who are closely involved in the process of structural transformation—acquire a new outlook for success. For example, service-style business presents many opportunities to work with startups and other companies with potential in the area of open innovation. I think we can deliver good results by taking a more proactive approach in deploying human resources with the right capabilities, regardless of age or level of experience, to build alliances using a more flexible organizational template. Toward this end, we will continue to vigorously invest in human resources, including training and performance evaluations matched to the new business model.

On a groupwide basis, we will concurrently strive to increase cohesive power and emphasize diversity while moving through structural transformation. As the operating holding company, TIS is the de facto leader and will promote unified group management in line with OUR PHILOSOPHY. But in practice, there is no one-size-fits-all method to bring out the best in each Group company. For example, it is okay for personnel systems to differ, matched to whatever business model is used at each company. If the system adheres to underlying Group policy, specific details can be left to the discretion of management at each company.

However, we are also looking to enhance management practices on a groupwide basis and improve efficiency by leveraging access to shared head office systems through the “G20” project to elevate head office functions. This process is inviting active dialogue within the Group. Recognizing the similarities and differences—that is, diversity—in our business activities is an indispensable component of unified group management. I expect this process to lead to new developments, such as the separation or concentration of future business activities and the creation of common platforms, that will strengthen the Group's overall capabilities.

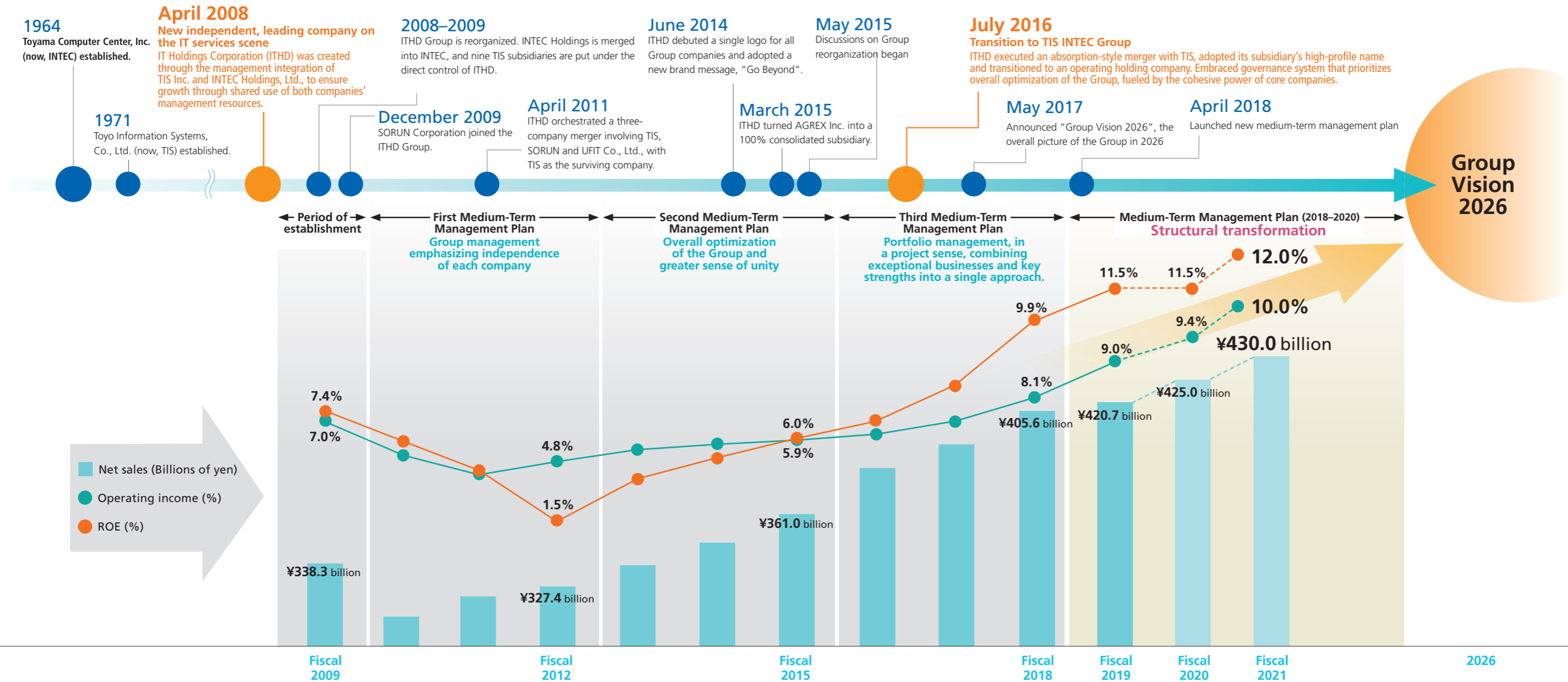
Q6. Is there anything of particular importance you'd like to say to stakeholders?

We will expand the possibilities of digital technology and help to solve social issues from a global perspective.

Digital technology is indispensable in today's world. Its reach extends to so many facets of society now and is key in delivering solutions to all sorts of global issues, from disasters to sickness and poverty. Considering how reliant the world is on digital technology, the role that the TIS INTEC Group must fulfill is growing in size and so is the potential that we can achieve with the right responses. This situation is sure to continue. For example, I firmly believe that our strengths in the payment settlement business will meet the huge demand generated by a cashless society—a new payment culture increasingly embraced at home and abroad. Additionally, we are involved in various initiatives, including Utility 3.0 for a carbon-free society, next-generation transport services such as MaaS (Mobility as a Service), and application of digital technology in areas such as SDGs Future Cities (cities in Japan selected by the national government as models of urban planning with state-of-the-art environmental sustainability, strong disaster resilience and superb livability). Everyone under the TIS INTEC Group umbrella, from management to employees, is fully aware that realizing a bright future requires a heavy commitment and recognizes the social responsibility we must fulfill. As a team, we will strive to enhance corporate value by helping to solve social issues through our business activities and by contributing to the realization of a sustainable society. The support of our stakeholders is and always will be integral to success.

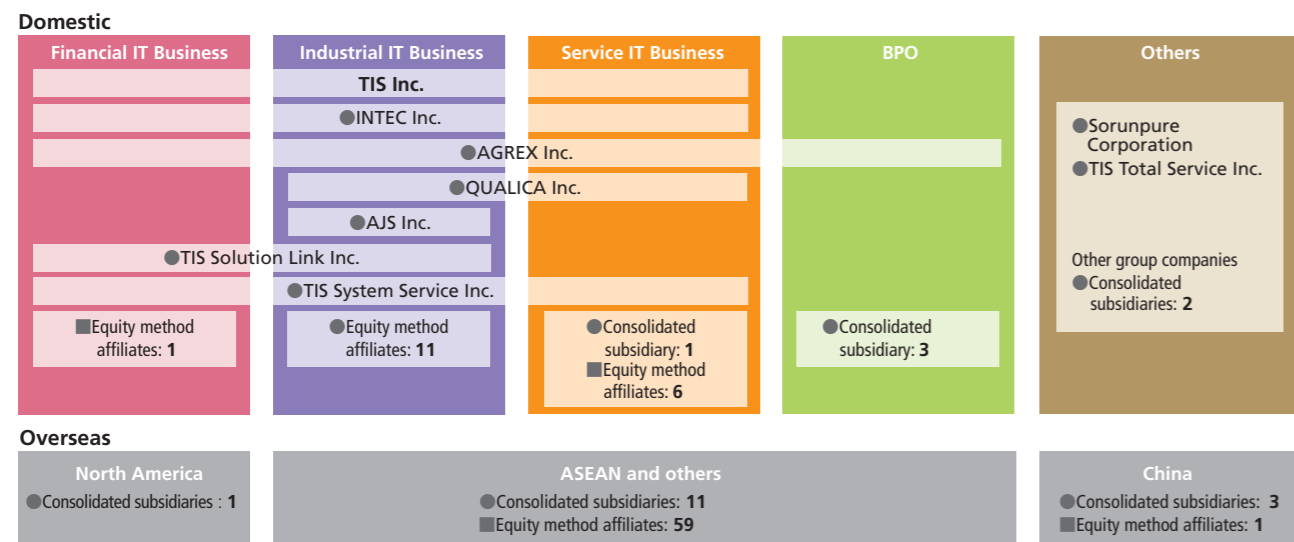
TIS INTEC Group History

The TIS INTEC Group has, in one form or another, provided industry-leading services since the dawn of the domestic information services industry.



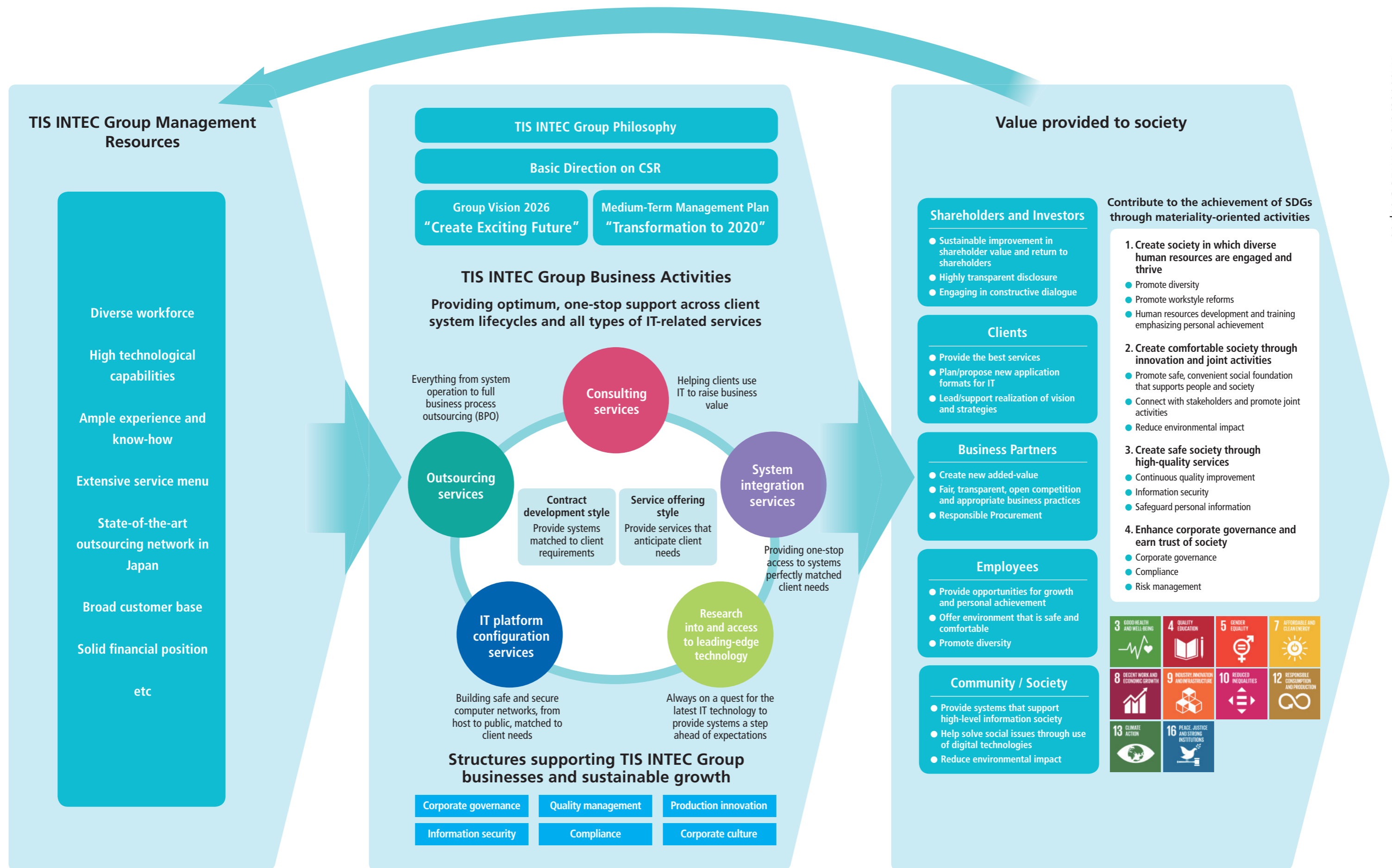
What does the TIS INTEC Group do?

As of March 31, 2019, the TIS INTEC Group consists of 108 companies, including the parent company, 40 consolidated subsidiaries, and 67 affiliated companies accounted for under the equity method.



About the Group's Five Principal Companies

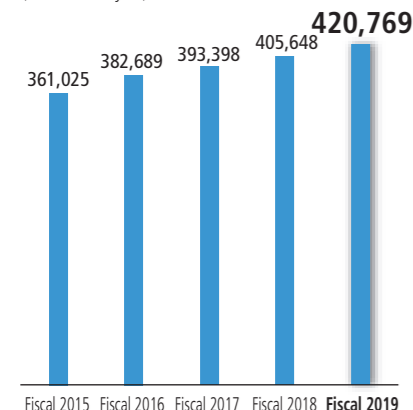
Company Name	Shareholding Ratios	Description of Business
TIS Inc.	—	Focuses on credit card companies but pursues business opportunities in a wide range of sectors, including services and manufacturing. Merged with SORUN and UFIT in April 2011 and implemented structural reforms. Merged with pure holding company IT Holdings Corporation in July 2016 and became operating holding company.
INTEC Inc.	TIS 100%	Focuses on megabanks and life insurers, and promotes CRM for regional banks and offers a wide selection of services to regional public corporations, particularly in the Hokuriku region.
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.
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.



Consolidated Financial/Non-Financial Highlights

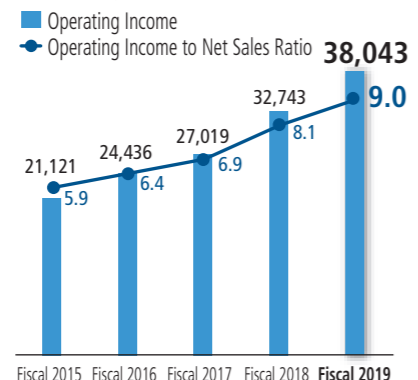
Net Sales

(Millions of yen)



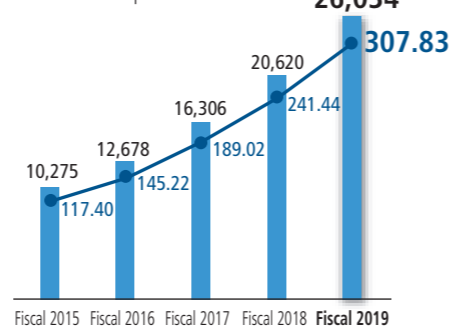
Operating Income, Operating Income to Net Sales Ratio

(Millions of yen, %)



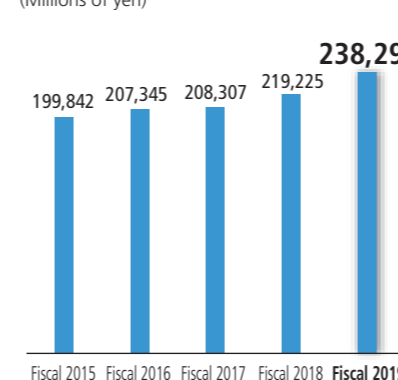
Net Income Attributable to Owners of the Parent Company, Net Income per Share

(Millions of yen, Yen)



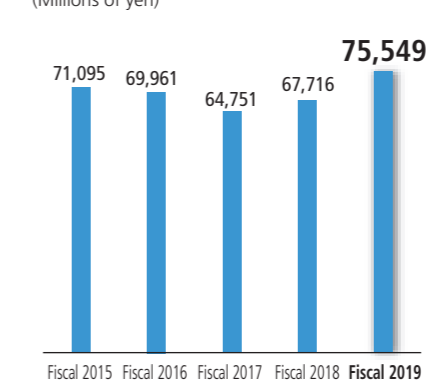
Orders Received during the Term (Software Development)

(Millions of yen)



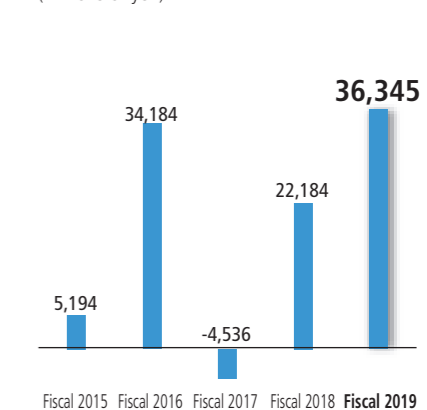
Order Backlog at Year-End (Software Development)

(Millions of yen)



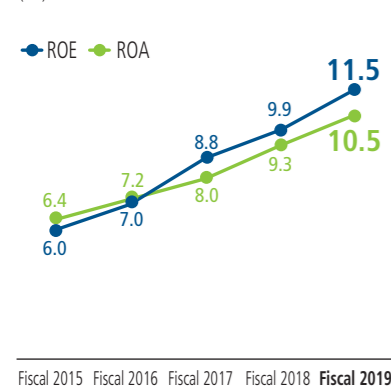
Free Cash Flow

(Millions of yen)



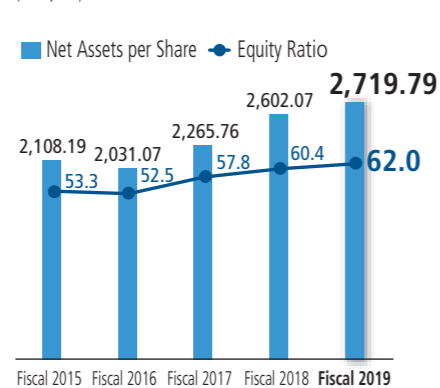
ROE, ROA

(%)



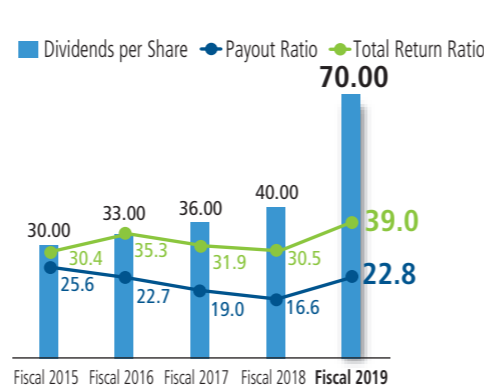
Net Assets per Share, Equity Ratio

(Yen, %)



Dividends per Share, Payout Ratio, Total Return Ratio*

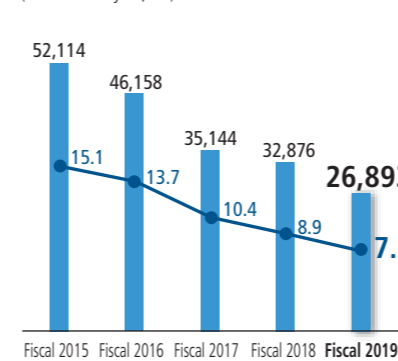
(Yen, %)



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

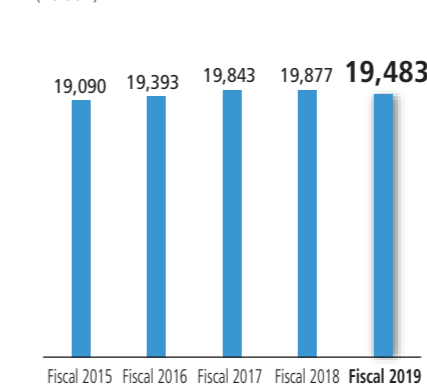
Interest-Bearing Debt Balance, Interest-Bearing Debt Ratio

(Millions of yen, %)



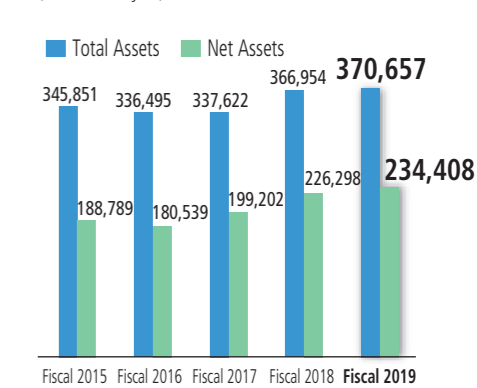
Number of Employees at Year-End

(Person)



Total Assets, Net Assets

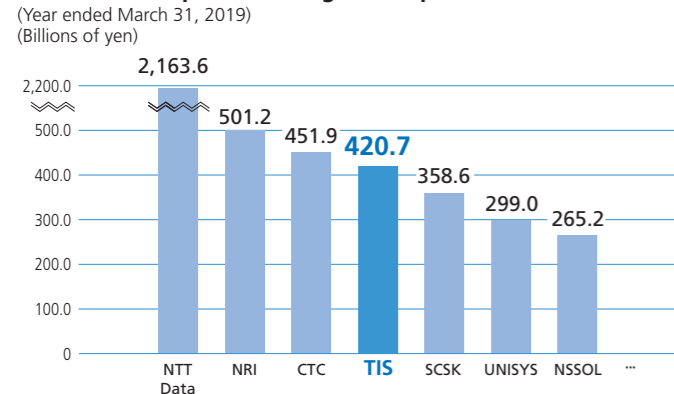
(Millions of yen)



* From the first quarter of fiscal 2019, TIS applies "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan, Statement No. 28, February 16, 2018). Figures for fiscal 2018 have been retrospectively restated in line with the aforementioned partial amendments.

Net Sales of Japan's Leading IT Companies

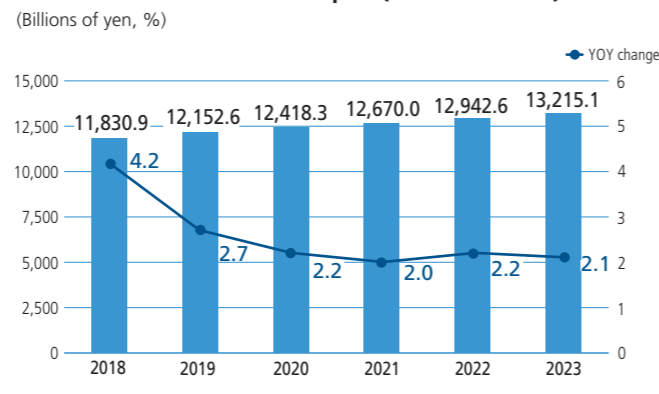
(Year ended March 31, 2019) (Billions of yen)



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

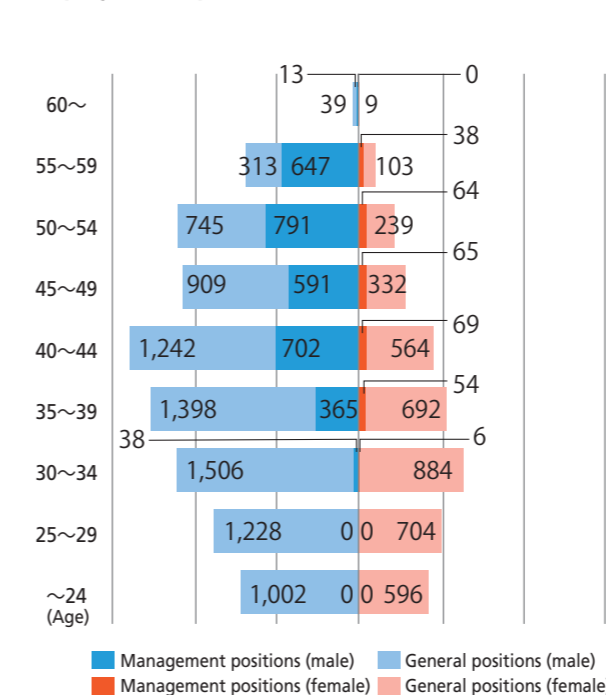
IT Services Market Size in Japan (moderate case)

(Billions of yen, %)



*Gartner "Forecast IT Service Japan by Vertical Industry 2Q19" M. Sawai/August 15, 2019 (PFSTJ1: PFSTJ1-MT-1912)
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.

Employee Composition (As of April 1, 2019) (Number of employees)



Non-Financial Data (As of April 1, 2019)

Number of full-time employees	Male	11,529	Average total working hours	166.36
	Female	4,419	Non-scheduled hours worked	19.87
	Total	15,948	Ratio of annual paid leave taken	72.99
Average age	Male	40.24	Number of employees on maternity leave	447
	Female	36.09	Of this, men (paternity leave)	38
	Total	39.07	Number of employees working shorter hours to care for young children	681
Average length of service (years)	Male	13.69	Of this, men	9
	Female	10.78	Number of employees on nursing care leave	13
	Total	12.88	Number of employees working shorter hours to care for elderly family	3
Turnover rate		4.82	Number of non-Japanese employees (foreign nationals)	155
Number of employees in management positions	Male	3,147	Percentage of employees with a disability Note 2	2.23
	Female	296	Percentage of employees over the age of 60 Note 3	2.17
	Total	3,443		
Number of employees in general positions	Male	8,382		
	Female	4,123		
	Total	12,505		
Percentage of employees in management positions	Male	27.30		
	Female	6.70		
	Total	21.59		

Notes: 1. The above are simple combined averages or weighted averages for the TIS INTEC Group's seven principal companies (TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service, and TIS Solution Link).
2. The percentage of employees with a disability represents the combined total for TIS, SorunPure Inc. five affiliated specially recognized companies under the Group umbrella (employees hired under regular: 8,940.5 people; employees with a disability: 199.5 people). Percentage of employees with a disability is calculated based on June 1, 2019.
3. Percentage of employees over the age of 60 is calculated based on June 1, 2019.