

Make society's wishes come true through IT.



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Securities Code: 3626



Our mission is to draw on leading-edge digital technology and know-how to shape completely new concepts and approaches that solve issues affecting our world.

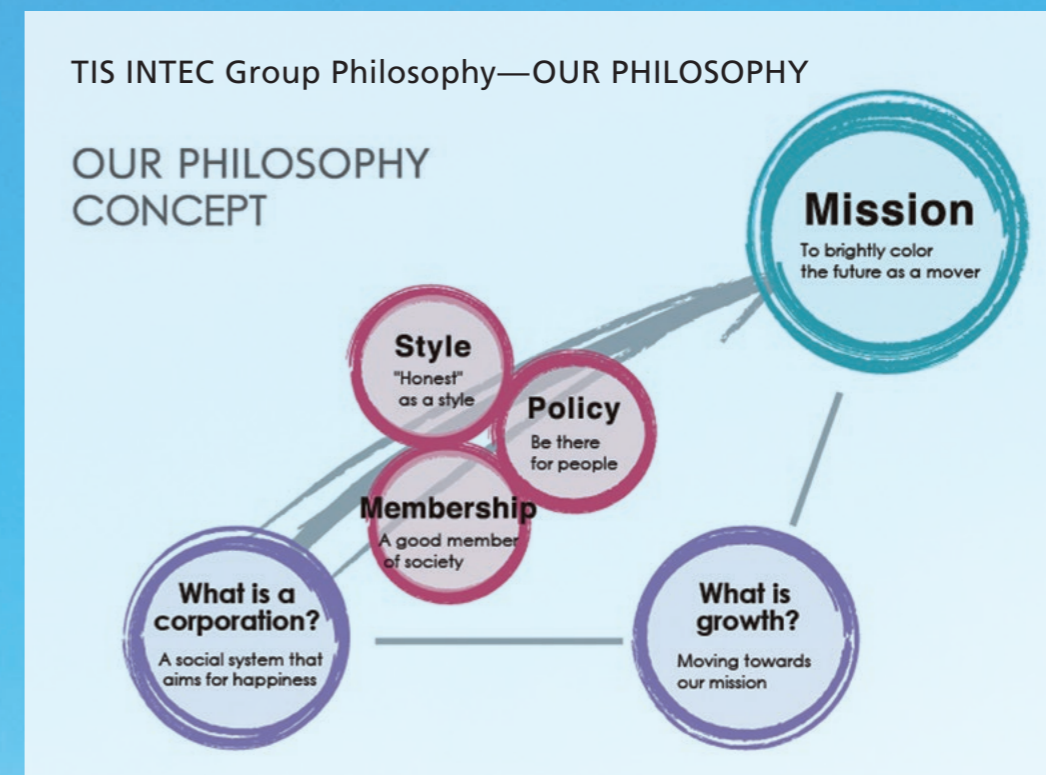
Guided by this mission, we seek to make society

a more colorful and vibrant place and

create a tomorrow full of more smiles than yesterday.

IT has the power to make the future brighter.

Make society's wishes come true through IT.



Mission | To brightly color the future as a mover

Our mission, as the TIS INTEC Group, is to fulfill a social role, but our mission also symbolizes a corporate raison d'être. The word "mover" refers to the people who create objects, services and systems that take the world—that is, the world around us—to a new level. For us, "mover" encompasses the TIS INTEC Group and the people at companies under the Group umbrella. As a mover drawing on the power of digital technology, the TIS INTEC Group will infuse the future—still essentially a blank canvas—with vibrant colors by providing innovative possibilities and options that appeal to society.

Editorial Policy

This integrated report touches on important financial and non-financial information while highlighting topics that we want to convey to stakeholders, including shareholders and investors, so that they have a better understanding of the activities undertaken by the TIS INTEC Group to achieve sustainable improvement in corporate value.

For more information, please refer to the investor and sustainability sections on our website.



Scope of reporting: TIS (parent) and TIS INTEC Group
Issued: September 2022

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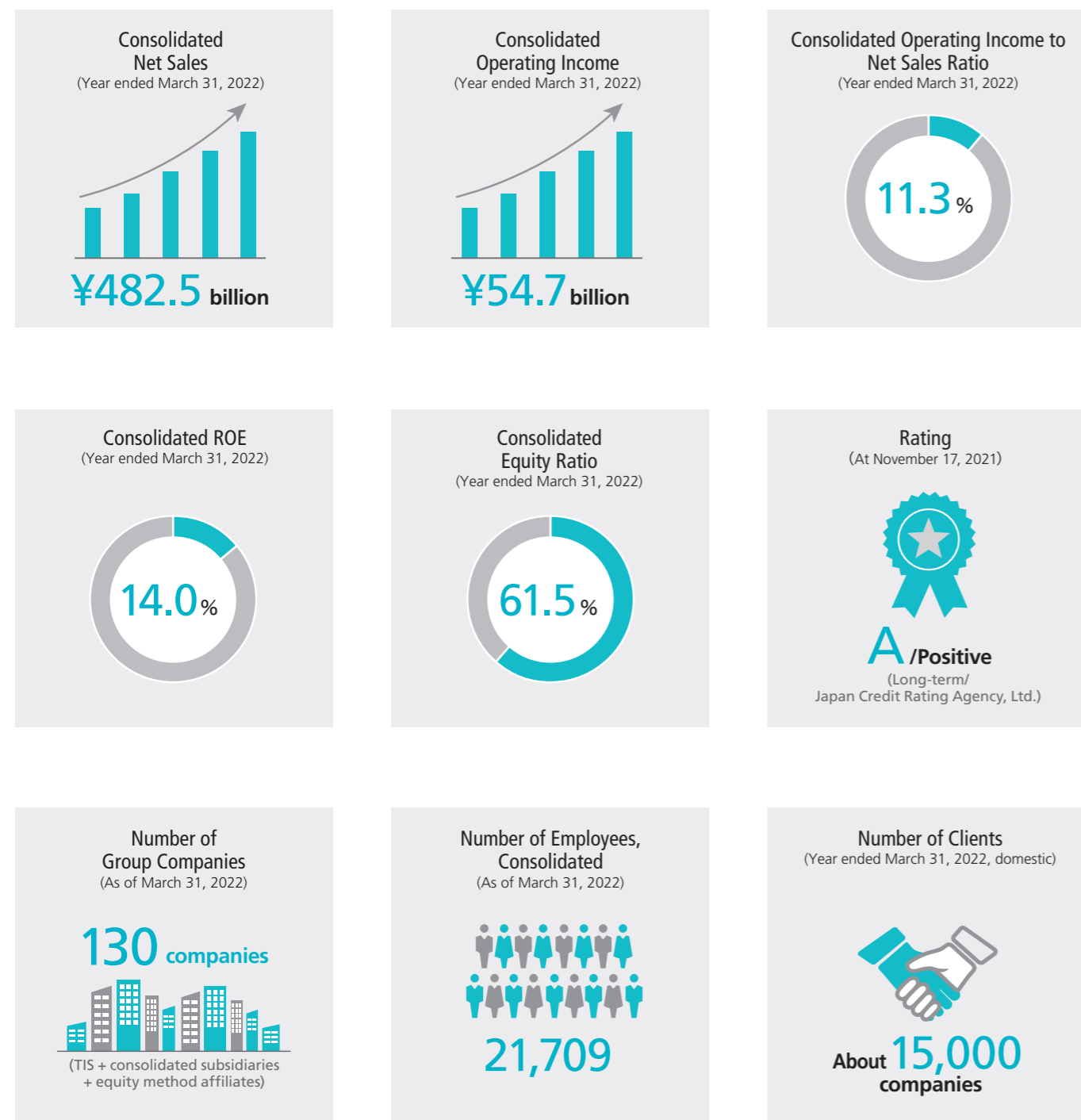
Disclaimer: Forward-looking statements, such as performance forecasts, described in this report are based on information available to management regarding the TIS INTEC Group—that is, TIS and the subsidiaries under its umbrella—as of the production date and certain assumptions deemed reasonable at this 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.

Three Strengths of the TIS INTEC Group

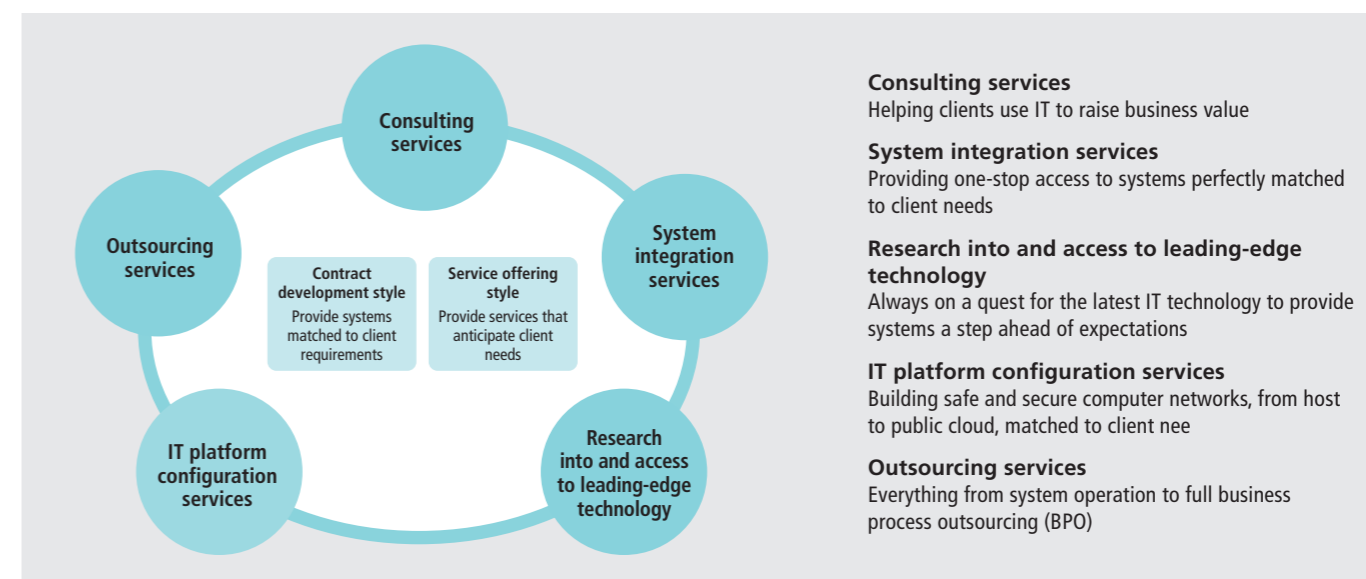
1. Solid management platform
2. Dominant presence in payment services domain
3. Flexible management strategies and speedy decision-making thanks to independent status

TIS INTEC Group by the Numbers

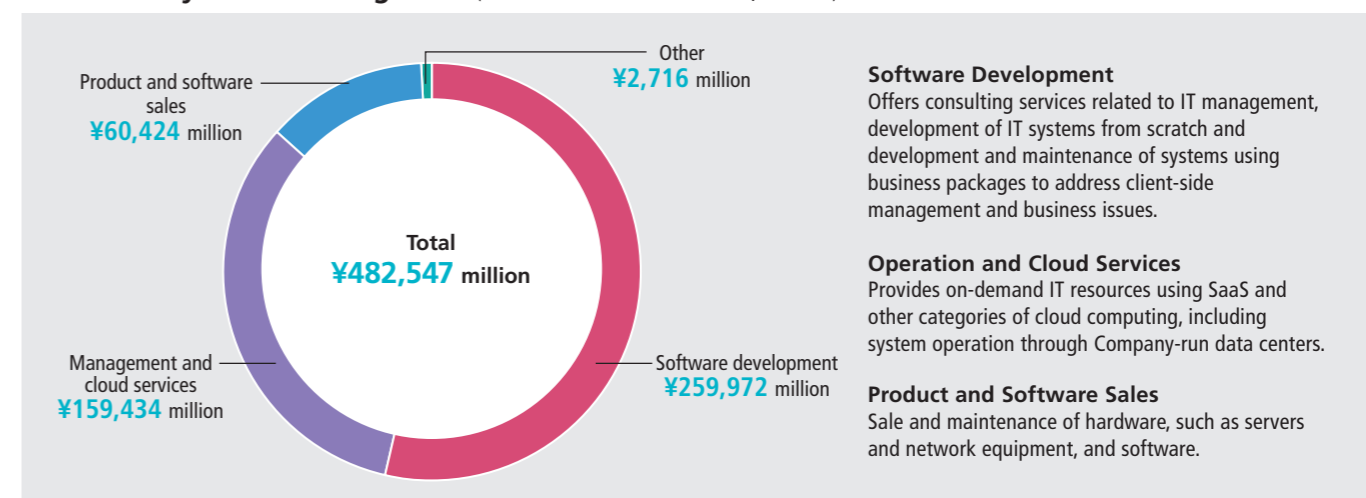


TIS INTEC Group Business Activities

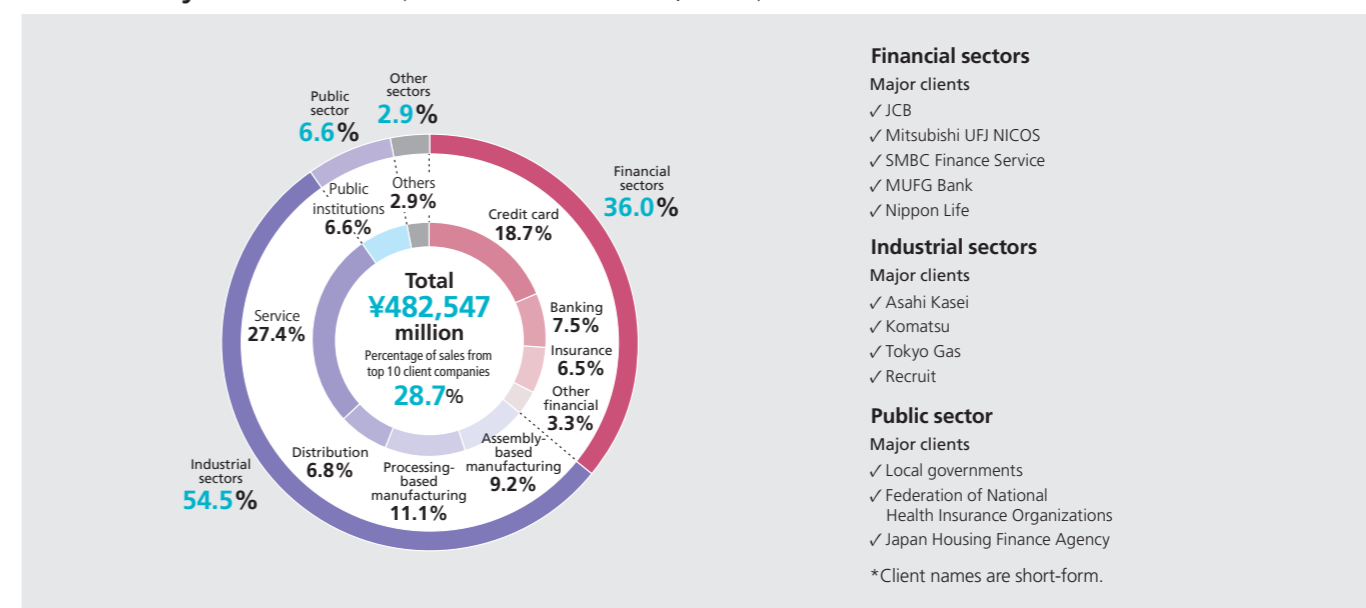
Providing optimum, one-stop support across client system lifecycles and all types of IT-related services



Net Sales by Business Segment (Year ended March 31, 2022)



Net Sales by Client Sector (Year ended March 31, 2022)



Positioning in the IT Services Market

TIS INTEC Group has cemented a position as a leading, independent prime contractor in Japan's IT services industry—a market that is expected to continue growing against a backdrop of robust corporate demand for digital technology.

Examples of IT services in the TIS INTEC Group portfolio that help support clients' businesses, the lifestyles of individuals and social infrastructure

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, 11 are in the Group's client base for core system development.

Credit extended for card-facilitated purchases has reached ¥74 trillion in Japan. The 11 companies that are in the TIS INTEC Group client base have aggregate membership of about 200 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
86%

There are about 450 million debit cards affiliated with an international brand in Japan. Settlement transactions have reached about 650 million per year, with an aggregate value of about ¥2.8 trillion. The TIS INTEC Group boasts an overwhelming share—about 86%—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.

Support progress of banking business overall through use and application of digital data generated through client contact

F³ (F Cube)
Implementation

54 of 99 banks
(regional banks)

Implementation base includes more than half of Japan's regional banks, and share of top 30 banks in terms of total funds stands at 87%. Demand for cloud-based application to achieve connection and strong security over private networks expanded to more than 30 of 54 banks introducing F³ into their operations.

Support business DX (optimization, greater efficiency) in business-to-business transactions

EDI
System configuration and operation track record

Number of access points
About 140,000
identifiers

We enjoy industry's largest share of data-related platform services (EDI, EIA, API). We respond quickly to internet-based EDI issues affecting payment card industry data security standard (PCI DSS) compliance and the EDI 2024 problem, and have built an extensive track record in building and operating industry-oriented EDI platforms.

Highly evaluated as restaurant sector-specific shop management system

TastyQubeGrowth
System implementation

About 20%
(Top 250 companies in the restaurant sector)

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

Earning high regard for offering necessary functions for restaurant/shop management in all-in-one package, this solution has been applied to about 20% of market share, mainly for restaurants, cafes and pubs.

Contributing to the business of new electric power companies in the wake of electricity deregulation

EneLink
50 systems deployed at 30 companies

New electric power businesses
10 of 30 leading PPSs

Following the full deregulation of the electricity retail market that began in April 2016, we have contributed to the businesses of PPSs and Japan's power system reforms by providing rate calculation systems, supply—demand management systems, and other products as part of the EneLink series.

We will continue to address issues related to electric power and energy, which are the foundation of industry and daily life, such as stable supply, cost reduction, and decarbonization.

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 5.4 million people are covered by these 12 insurance associations'.

Contribute to greater efficiency in clients' address management operations

National address master file "ADDRESS"
Implementation ratio in non-life insurance sector

More than 95%
(Excludes insurance companies offering specialized products, such as pet insurance and reinsurance)

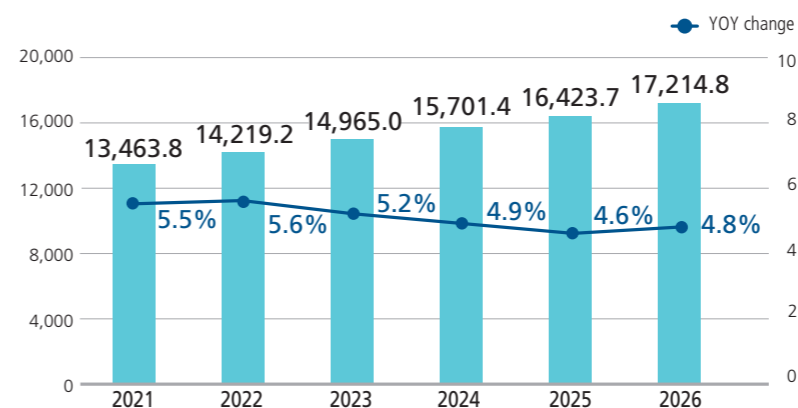
All addresses in Japan are assigned a 10-digit code, creating a master file of some 300,000 *kana* and *kanji*-based addresses.

ADDRESS deals with changes in client addresses caused by the merger of cities, towns and villages, standardizes address information, and facilitates efficient profile-building. Applications in the non-life insurance sector include estimating fire insurance premiums.

Note: Market data (market share) is based on TIS research.
*The scope is the National Health Insurance system and medical care system for the elderly in the latter stage of life.

IT Services Market Size in Japan

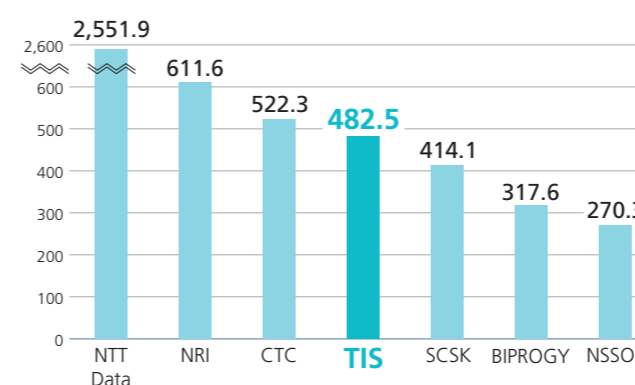
(Billions of yen)



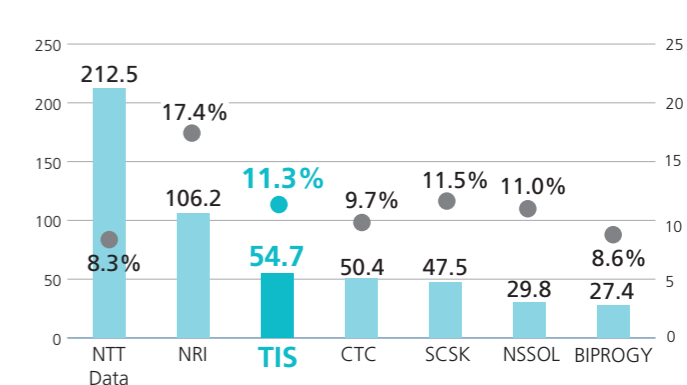
* Gartner "Forecast: IT Services, Worldwide, 2020-2026, 2Q22 Update" Colleen Graham, et al./June 27, 2022
End user spending based graph created by TIS based on Gartner research.
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Comparison of Japan's Leading IT Companies (Year ended March 31, 2022)*1

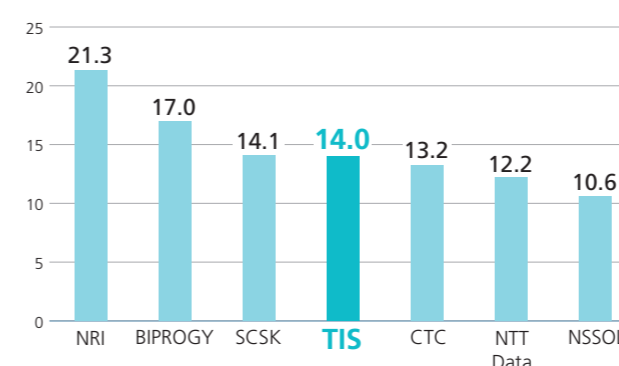
Net Sales (Billions of yen)



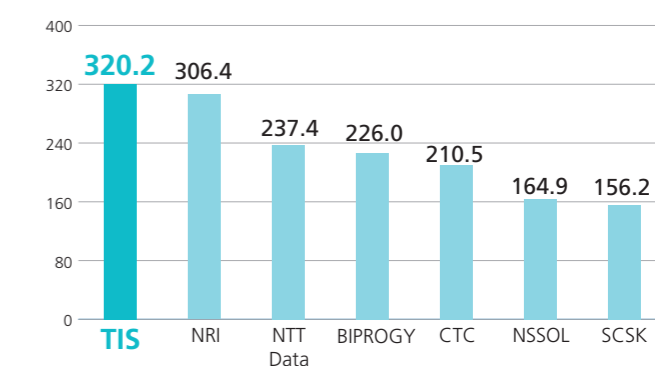
Operating Income, Operating Margin (Billions of yen)



ROE (%)



Total Shareholder Return (%)

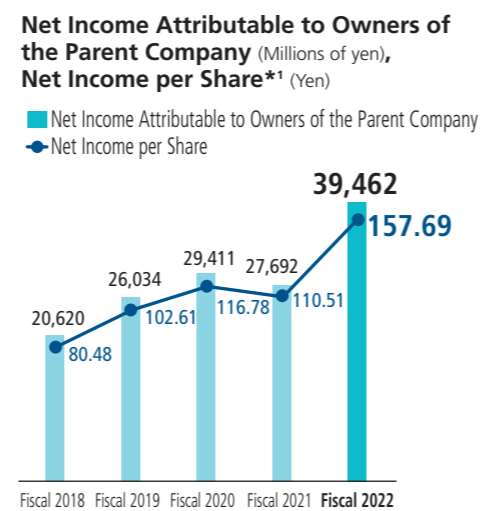
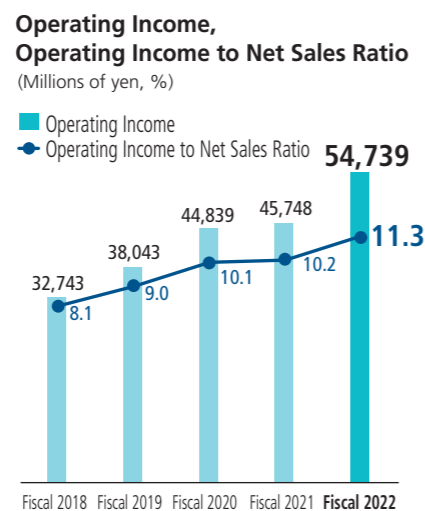
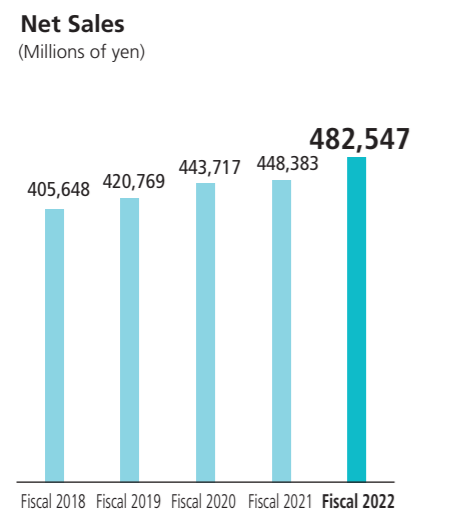


*The above figures are calculated based on 100% of the stock price on March 31, 2017.

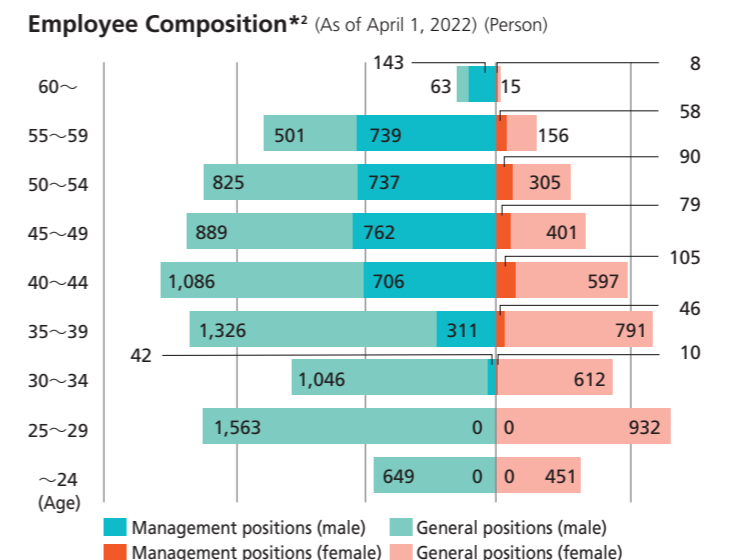
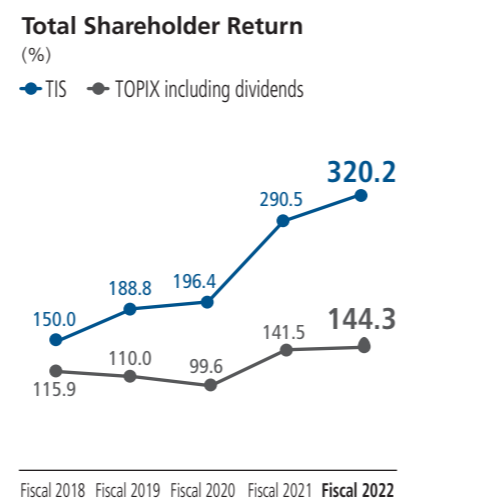
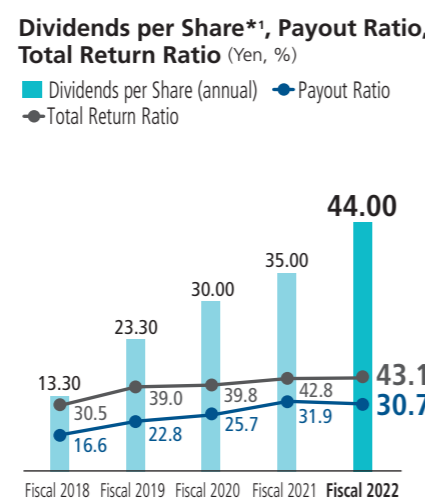
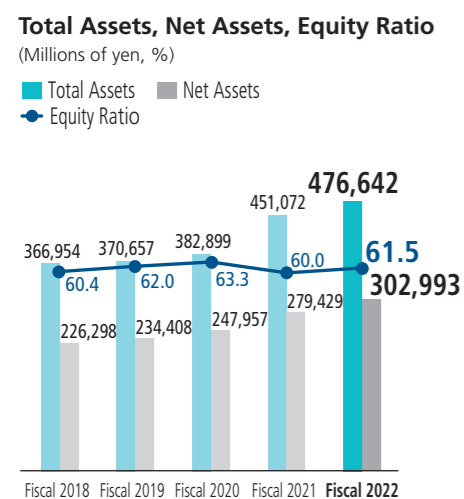
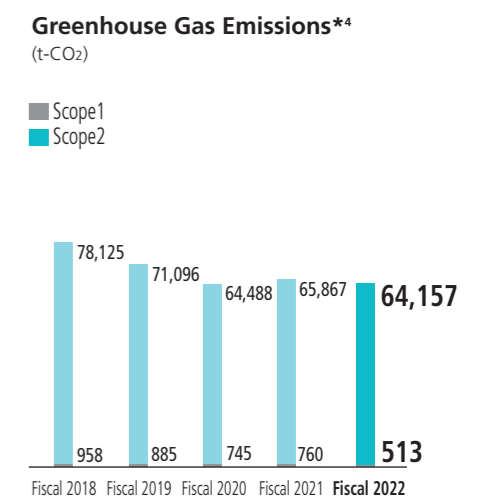
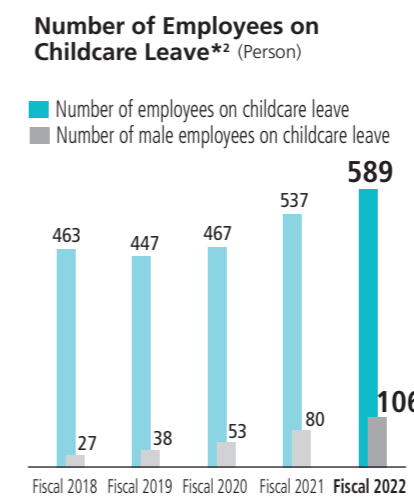
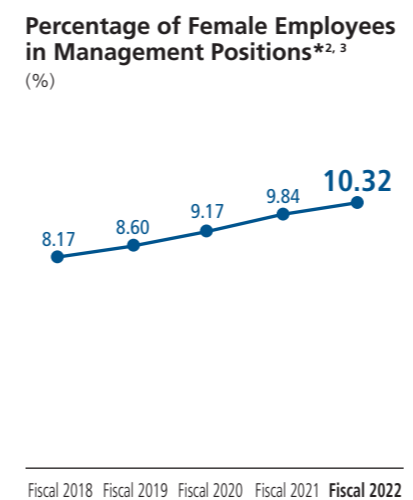
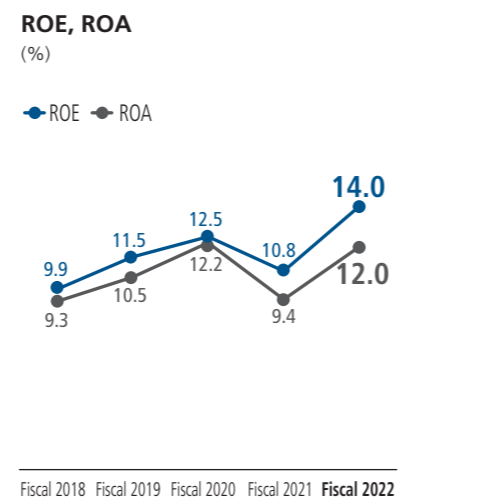
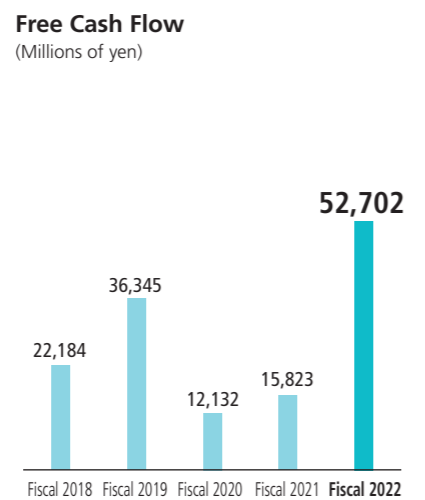
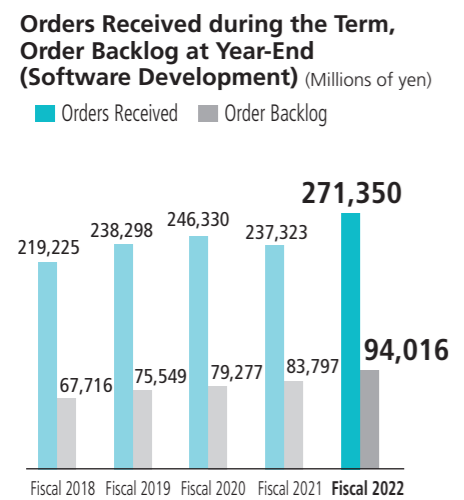
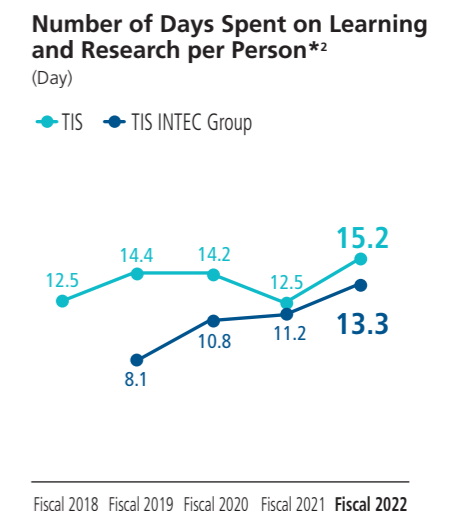
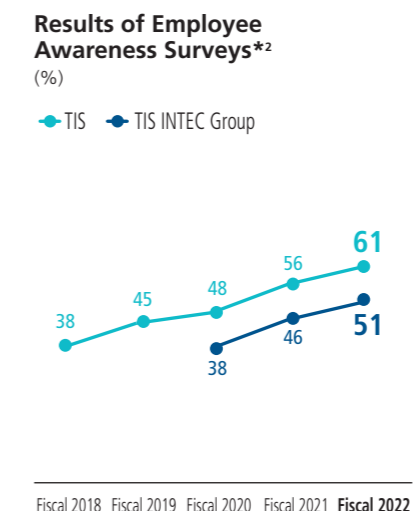
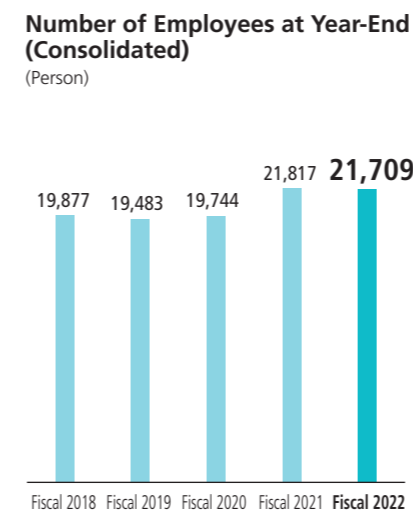
*1The full company names used in the above graphs (NTT Data, NRI, CTC, SCSK, BIPROGY, and NSSOL) are: NTT DATA Corporation, Nomura Research Institute, Ltd., ITOCHU Techno-Solutions Corporation, SCSK Corporation, BIPROGY Inc., and NS Solutions Corporation. NTT Data, NRI, CTC, SCSK, and BIPROGY amounts are based on the IFRS (International Financial Reporting Standards).

Consolidated Financial/Non-Financial Highlights

Financial Highlights



Non-Financial Highlights



*1 The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020. Figures before fiscal 2020 are presented assuming this stock split was conducted.
 *2 The figures include the TIS INTEC Group's seven principal companies (TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service, and TIS Solution Link).
 *3 Figures for fiscal 2018, fiscal 2019, fiscal 2020, fiscal 2021, and fiscal 2022 are based respectively on April 1, 2018; April 1, 2019; April 1, 2020; April 1, 2021, and March 31, 2022.
 *4 The figures include TIS, INTEC, AGREX, QUALICA, AJS, SorunPure, Chuo System, TIS System Service, TIS Solution Link, TIS Tohoku, TIS Total Service, TIS Nagano, TIS West Japan, TIS Hokkaido and NEOAXIS. Both Chuo System and NEOAXIS have been excluded for 2022.



Yasushi Okamoto, President

As a corporate group active in thought and deed, the TIS INTEC Group will contribute to the realization of a sustainable society.

Yasushi Okamoto, president and representative director of TIS, looks back on the year since he assumed his current role and offers his perspective on Group concepts, progress on the medium-term management plan and the image the Group seeks to portray.

Looking back on fiscal 2022 I feel the weight of social responsibility carried by the TIS INTEC Group.

In regard to fiscal 2022 accomplishments, I believe we delivered definitively on both profitability and growth investment fronts, substantiated by record-high results even as we pursued robust growth investment. Against this backdrop, what really stands out for me as I reflect on the past year as the new president at TIS is the weight of social responsibility carried by the TIS INTEC Group.

In recent years, addressing social issues through corporate activities has been recognized as a key factor in building a sustainable society, but trying to solve social issues alone as just one company—or corporate group—is challenging and has limitations. However, co-creation, where all partners work together to create new value, offers tremendous potential. Over the past year, I myself have endeavored to expand project participation in pursuing solutions to social issues through what I call “buddy power.” I conveyed the concept to various clients and all business partners and repeatedly engaged in discussions that would enable the Group to fully demonstrate the power of IT, which is indispensable to solutions for today’s social issues.

In speaking with many top executives, I was acutely reminded of the obvious—society is connected, and everyone has an impact on everyone else. IT exists as a social infrastructure supporting all sorts of social connections, and the TIS INTEC Group has a responsibility beyond the mere sale of products and services to play a role that addresses the demands of society. For example, the spread of cashless payment options has improved convenience for both sellers and purchasers. Similarly, if a system we have provided were to fail, the situation would have major consequences not only for the client company we serve but also for the people who use the service that the client company provides. This is not something new to me, but I am reminded now of the extremely huge impact Group activities can have on society and businesses worldwide, since they affect the businesses of our clients and extend even further to the customers of our clients, and I feel the weight of this responsibility.

OUR PHILOSOPHY Underpinning value exchange We will create new value with all who share our value perspective.

At any opportunity for dialogue, my message always leans toward sustainability management, hinging on Group

concepts, particularly OUR PHILOSOPHY. This basic philosophy highlights our mission “To brightly color the future as a mover utilizing digital technology.” It permeates our *raison d’être* as a corporate group offering ways to address various social issues through digital technology and underlines the role we play in society. OUR PHILOSOPHY also plays into our definition of growth on a groupwide basis, that is, greater progress toward realization of our mission and improving the quality of value exchange with all stakeholders. Value exchange, as an integral component of future growth, is a firmly entrenched concept within the TIS INTEC Group.

Simply put, we work for the public good—for society and for people—and from our perspective, this creates both economic and social value. We build teams of people who share this perception of value, exchange value to provide society with new value, and then take an appropriate return. We utilize the returns to provide society with new value again. OUR PHILOSOPHY is very similar to the principle of *sanpo yoshi*, literally “three-way satisfaction,” practiced by Omi Shonin, a group of traveling merchants active during the Edo and Meiji periods of Japan. Omi Shonin were models of good corporate citizenship, guided by *sanpo yoshi*, wherein business transactions provided benefits to the buyer, the seller and society at large—the three ways. Conversely, co-creation is not possible with people who do not subscribe to the same values, no matter how much potential may exist to reap high revenues in the short term. This applies to cooperation with companies not only in Japan but overseas as well. In recent years, efforts to reinforce the Group’s partnership structure have hinged on ASEAN-based companies with formidable weapons in their corporate arsenals. But a priority has been placed on companies that understand and accept OUR PHILOSOPHY.

Like the 17 Sustainable Development Goals (SDGs), social issues are diverse and complex, and the social responsibility we are obliged to fulfill in providing solutions to these issues is onerous. As daunting as this may be, we have no choice but to accept the challenge. With this in mind, we have prioritized four social issues—financial inclusion, health concerns, urban concentration/rural decline and low-carbon/decarbonized society—that TIS and the TIS INTEC Group have the wherewithal to successfully address, and we aim to ameliorate associated issues through the power of IT, a composite capability. We will continually engage in dialogue with people who share our perception of value, guided by common views to find solutions, and we will actively consider how to best deliver value to society and facilitate co-creation with stakeholders, and always be dynamic in our approach.

Progress on medium-term management plan All employees, actively engaged—that's the picture of an enhanced frontline.

Group Vision 2026 defines the image that TIS wants the Group to project under the concept “Create Exciting Future,” and guided by this vision, the Group will utilize advanced technologies and know-how to realize business innovation and market creation. The current medium-term management plan is the second step of our journey toward Group Vision 2026. On the theme of improving the value provided in digital transformation (DX) services, we will sharpen our ability to address social issues by promoting efforts to enhance frontline capabilities and by pursuing further structural transformation. Quantitatively, the TIS INTEC Group is making solid strides toward numerical targets, including net sales of ¥500 billion and an operating margin of 11.6% by fiscal 2024, thanks to hard-working employees and favorable market conditions driven by rising demand for DX.

From a qualitative angle, I have emphasized an enhanced frontline since assuming my current position. The term “enhanced frontline” may evoke the idea of stronger client-oriented marketing and planning capabilities. Of course, improved consulting capabilities to better realize clients' DX requirements is an important theme. But the enhanced frontline I imagine targets all stakeholders. All employees and directors, myself included, must actively consider how best to disclose information to shareholders and investors in a timely and appropriate manner, explore value creation more deeply with business partners, and motivate employees, who are as important as any other stakeholder group, and then act on decisions. I am proud of the many extremely hard-working, highly skilled employees under the Group umbrella. But for a long time, contract-based business was the mainstream for system integrators, and while they had the technical skills, they tended to be reactive rather than proactive. If, through an enhanced frontline, the Group as a whole transforms structurally into a dynamic collection of companies with an awareness of independence and autonomy, I am confident that the Group can provide higher value to society.

Change requires power as well as time, but without action, change will not happen. If we remain laid-back in today's good times and put off change, will we fall behind the pack in 10 or 20 years? If we resist change and end up as a corporate group that lacks the ability to think, we run the risk

of seeing our reputation for providing value steadily decline in the market's eyes. The agent of change is not a single person but rather the sum total of all employees, including me. Encouraging change is my mission—my biggest challenge—and I will continue to roll out the discussion caravan to convey my vision of the Group's future to employees. I feel a change in employee awareness and continual progress in structural transformation will yield excellent results.

*1 Medium-Term Management Plan (2021–2023) is described on page 28.

We will create a management structure matched to business models and clarify responsibility and authority.

As part of efforts to promote structural transformation and growth strategies, we introduced a new management structure in fiscal 2023, aligned to the reality of Group company business models, and accordingly reorganized operations into five reporting segments: Offering Services Business, Business Process Management (BPM), Financial IT Business, Industrial IT Business and Regional IT Solutions. Given that many Group companies had been scattered across multiple business segments, the revised segment structure makes trends in each segment easier to understand. In addition, employees have a more precise understanding of the segment to which their respective company belongs and their contribution to overall results. Under the new segment structure, segment owners have been assigned with authority, and responsibilities have been clearly allocated. I believe appropriate delegation of authority encourages development of the next generation who will carry the management torch and enables a company to achieve sustainable growth. Under the new management structure, we will accelerate growth in each segment by promoting dynamic activities based on independence and autonomy.

*2 Go to page 53 for details on revision of the Group business portfolio (Group companies and businesses belonging to each reporting segment).

Improve value provided through DX We have tremendous strength in payment services business.

An important theme in the current medium-term management plan is to improve the value provided through DX. One type of DX support offered in the Group's business portfolio is service-

style businesses. Behind the development of service-style businesses were such issues as diversifying needs among clients executing their own business activities as well as the speed of changes affecting approaches to business, intensifying competition and globalization. There is now an overwhelming need for speed in building the requisite systems. In particular, the service-style business of payment services—a forte field for us—differs from highly versatile business processing and emphasizes delivery of mission critical systems, which are quite simply what give clients their competitive edge. It is therefore essential that we augment standard services with value-added elements that enable clients to distinguish their businesses from competitors. In the payment services business, we support clients over the long term, and the services offered are made possible precisely because the TIS INTEC Group has the necessary development technology and accumulated IT-building expertise to deliver exactly what each client needs.

You know, I began pushing for service-style businesses in 2018 as the director responsible for building a structure to promote services. The TIS INTEC Group has amassed technological capabilities and know-how over many years, and as long as we can successfully anticipate market needs, we will certainly be able to expand service-style businesses. Along with perceived potential, however, came some trepidation. I wondered, do we really have the ability to demonstrate the necessary dynamic, and are we properly prepared for whatever hardships and difficulties we might encounter? Four years have passed since then, and obviously, my concerns were unfounded. Employees know the importance of an independent and autonomous attitude, and they adapted on their own to the prevailing situation. Today, I see employees who are excited about their work.

A payment service of particular note is PAYCIERGE, a solution that provides the framework for highly convenient, worry-free purchasing for all users in various settings where payment for goods or services is required. PAYCIERGE is being pushed as a total payment solution brand. We are already seeing a brisk uptick in interest among financial institutions for DebitSaaS and PrepaidSaaS, but we aim to go further. Looking to get involved in embedded finance, we are keen to expand business potential by bringing more companies under consolidation, including the most recent addition, ULTRA, Inc., an international-brand prepaid payment servicer. We are also making steady progress toward the launch of CreditSaaS, which we aim to position as a pillar of revenue. Going forward, we will continue to emphasize robust investment in the domestic payment services business, of course, but also strive to establish a more tangible presence in Southeast Asia on the assumption that the TIS INTEC Group will never give up No.1 status in this business domain.

We will undertake activities with future society in mind.

Prioritizing activities to solve social issues through business pursuits, we have set sales of ¥50 billion from social issue solution services as a key performance indicator (KPI) under the current medium-term management plan and are working


steadily to achieve this target. Payment services are the driving force of our efforts in this domain, but business pursuits are not limited to PAYCIERGE. We also emphasize financial inclusion, conscious of the need to create businesses that combine payment services with healthcare, mobility and services that should be accessible to everyone. We are also promoting a new decarbonization solution under the brand name Carbony to support realization of a low-carbon/ decarbonized society. On the topic of local government-oriented DX as a contributing factor of regional renaissance, efforts center on INTEC since the company has particular expertise in this area. On the issue of health concerns, TIS offers Healthcare Passport, a solution that supports coordinated medical care and health information collection from patients, hospitals, clinics, pharmacies and other facilities. The pandemic had some short-term consequences, including a reduction in visits to medical care providers, but from the perspective of living longer in good health, which translates into a more vibrant society, the healthcare passport is an important solution with considerable social significance. We will thus take the time needed to successfully pursue opportunities in HealthTech.

Though not included in our social issue solution services right now, robotics is an area of interest given looming concerns of a reduced workforce in Japan in the future. We have been engaged in robotics R&D for several years already, but our role is not to develop robots but to integrate multiple robots into an IT environment in workplaces and in homes. Before the robotics business can expand, certain conditions must be met, including the establishment of laws that allow driverless delivery robots to self-navigate on public roads as well as more buildings and whole cities becoming smart. Nevertheless, upon reflection, it took about 50 years and co-creation activities by many people to get a suite of payment services up and running. HealthTech and robotics will definitely have important functions in society in the future. First, we get started and build up a circle of peers—buddies, if you will—while tenaciously engaging in trial and error with a sense of ownership. I am confident that in 10–20 years, these efforts will yield major success.

Growth investment

A business exists because of people, and employees are the most valuable management resource.

We have earmarked a total of about ¥100 billion for growth investment during the three years of the current medium-term management plan, with ¥30 billion to be used to enhance in-house capabilities, namely software investment to create new services, human resources investment to leverage structural transformation, and R&D investment to obtain leading-edge technologies, and ¥70 billion to capitalize on M&A opportunities. Of these allocations, investment in human resources is the most crucial because our people are the source of new corporate value. As I mentioned above, employees are an important stakeholder group for us—the TIS INTEC Group as a whole—and we encourage value exchange between employees and their respective companies while



I believe transformation into a company that leads in solutions to social issues is paramount.

working to realize a virtuous cycle where investment in human resources promotes growth and development of human resources, which then leads to higher added value for the Group.

More to the point, companies provide three types of value. There is value in working for a company, highlighted through one-on-one conversations and greater engagement, in establishing an environment where employees can fully demonstrate their skills and achieve results, and in offering appropriate compensation consistent with performance. In fiscal 2022, TIS set up the Human Resource Business Partner (HRBP) Office in the Human Resources SBU and assigned HRBPs to operating divisions. This has enabled the Company to quickly identify diverse human resource requirements to execute business activities and promotes speedy responses through mutual collaboration. Until I became president, I was involved in interviewing candidates for employment, and comparing then and now, I feel that young people today are looking beyond economic value and are very conscious of social impact. That is, they want to be of service to society. Because companies provide all employees, not just young people, with a work environment that is free and open and promotes job satisfaction, we must realize that what we do goes beyond helping the clients whom we serve directly as we connect with and contribute to society through these clients, and we have to apply this concept in our daily business activities. This approach will turn into a Group asset and a huge driver of enhanced corporate value.

To our stakeholders

I want to see a happy society and will roll up my sleeves and work diligently alongside employees to achieve this.

I have said this repeatedly: Be active in thought and deed, driven by a spirit of independence and autonomy. I take these words to heart as well. My role as president is to consider long-term strategies and to develop the next generation of management. The underlying mission in OUR PHILOSOPHY is to color the future as a mover using digital technology, and to fulfill this mission, it is my duty to reflect on the TIS INTEC Group's position in society while promoting business strategies

and eventually passing the executive baton to the leaders of a future TIS INTEC Group.

I quite like the Japanese saying Kai yori hajimeyo, which translates roughly as "Lead by example," and I apply it to myself. I do not believe a president should merely give orders from above but rather work right alongside employees, because the down-in-the-trenches effort reinforces team-building and motivates employees. If decisions are made as a company, based on thorough discussion and examination, and there is psychological security in knowing that the president takes final responsibility for these decisions, then employees do not fear failure and are more inclined to embrace challenges with greater enthusiasm. Depending on the challenge, progress on an individual basis may be only one step, but with some 20,000 employees groupwide, that equates to 20,000 small steps, which will invariably lead to significant results.

The other day, at an information meeting for individual investors, I was asked, "How would you rate your first year as president?" I answered "60," a passing grade, given favorable progress in numerical performance. It is an honest, personal assessment. The operating environment as well as circumstances surrounding the TIS INTEC Group have undergone changes at a dizzying pace, and as long as we are always looking to take business to a higher level, we will never eliminate issues to address. That said, the business environment in which we can thrive is growing, expanding beyond domestic borders to markets overseas. Consequently, change is a constant companion. With that in mind, I will never reach a perfect score of 100, but I will strive to get as close as possible, taking the initiative, along with employees, to demonstrate our strengths as a systems integrator and cement our position as a company and by extension a corporate group that is perpetually involved in finding solutions to social issues and thereby contribute to the realization of a happy society. Going forward, I will emphasize enhanced value exchange among all stakeholders to help build a sustainable society and to achieve sustainable improvement in corporate value. The support and cooperation of all stakeholders will be even more essential as we strive to reach these goals.

Group Management Direction for Fiscal 2023

1. Leverage long-term growth strategy for corporate value and value provided to society through sustainability management
2. Accelerate improvement of added value through enhanced DX organizational capacity and investment
3. Promote business restructuring and measures to improve medium- to long-term asset and capital efficiency
4. Leverage growth strategy designed to become top-class IT group in ASEAN region, and strengthen governance position
5. Ratchet up investment into human resources to sharpen skills and promote diversity

TIS INTEC Group Value Creation

P.17 Growth Trajectory

P.19 Value Creation Process

P.21 Sources of Value Creation and Competitive Advantage

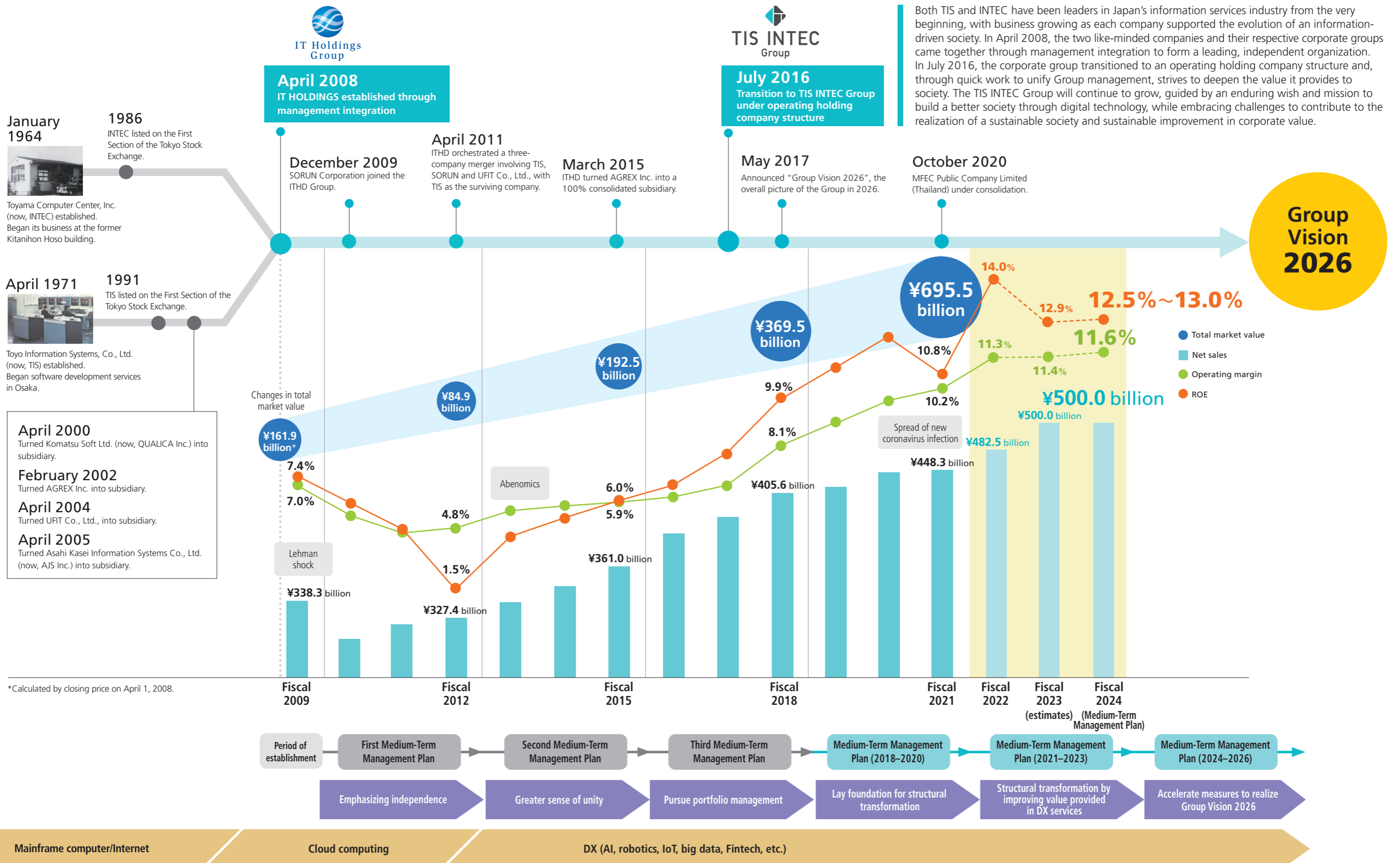
P.23 Sustainability

P.25 Materiality

P.27 Stakeholder Dialogue

Growth Trajectory

Using advanced technologies and know-how accumulated over many years, we seek to create a vibrant, new society and, working alongside our clients, exceed society's expectations and contribute to a happier world.



Value Creation Process

We will balance efforts to realize a sustainable society with efforts to achieve sustainable improvement in corporate value by leveraging unified Group management.

Management Philosophy	TIS INTEC Group Philosophy OUR PHILOSOPHY	Mission: To brightly color the future as a mover	P.2
Vision	Group Vision 2026 (2026 Corporate ideal) "Create Exciting Future"	Utilizing leading-edge technology and know-how to realize business innovation and market creation	P.30

Changes in the external environment

P.29

Management Resources P.21

Financial Capital

Human Capital

Manufacturing Capital

Social & Related Capital

Natural Capital

Intellectual Capital

Materiality P.25

Create a society in which diverse human resources are engaged and thrive

Create a comfortable society through innovation and joint activities

Create a safe society through high-quality services

Enhance corporate governance and earn the trust of society

SUSTAINABLE DEVELOPMENT GOALS

Management strategies/asures for sustainable growth

Medium-Term Management Plan (2021–2023)

Be a Digital Mover 2023 P.32

TIS INTEC Group Business Activities

Providing optimum, one-stop support across client system lifecycles and all types of IT-related services

Offering Service Business P.55

BPM P.56

Financial IT Business P.57

Industrial IT Business P.58

Regional IT Solutions P.59

Platform that supports value creation of the Group

Environment

Contribute to decarbonized society and recycling society

P.81

Social

Sustainable improvement in stakeholder engagement

P.85

Governance

Constantly strive for governance that promotes higher level of trust from society

P.61

Value provided to society

Make society's wishes come true through IT.

Economic value (Fiscal 2022)

Net sales ¥482.5 billion

Operating income ¥54.7 billion

ROE 14.0%

Social value

Shareholders and Investors

- Sustainable improvement in shareholder value and return to shareholders
- Highly transparent disclosure
- Engaging in constructive dialogue

Clients

- Provide the best services
- Plan/propose new application formats for IT
- Lead/support realization of vision and strategies

Business Partners

- Create new added-value
- Fair, transparent, open competition and appropriate business practices
- Responsible procurement

Employees

- Provide opportunities for growth and personal development
- Provide environment that is safe and comfortable
- Promote diversity

Community / Society

- Provide systems that support a high-level information society
- Living life feeling safe and secure
- Reduce environmental impact



Secure growth opportunities fueled by trust and fulfilling expectations

Improve value exchange through stakeholder engagement

Help solve social issues through use of digital technology

Sources of Value Creation and Competitive Advantage

The capital that the TIS INTEC Group has developed over the years is an indispensable element for sustainable corporate value growth and a source of value creation. We aim to create further value through the enhancement and effective utilization of this capital.

Management Capital	Inputs	Scope of Aggregation	Features	Initiatives to Maintain and Strengthen Capital
Financial Capital 	Net assets ¥302.9 billion Equity ratio 61.5% Credit rating A / Positive Investments in growth ¥100 billion (3 years)	A A A A	<ul style="list-style-type: none"> Stable financial base Strong profitability and capital efficiency 	Promoting structural transformation of business by strengthening investment / Promoting capital optimization / Reducing cross-shareholdings Please refer to “Executive Vice President’s Message 2 (Financial Investment Strategy)” on page 49.
Human Capital 	Number of employees (consolidated) 21,709 Percentage of female employees in management positions 10.3% Number of days spent on learning and research per person 13.3 days Results of employee awareness surveys* ¹ 51%	A C C C	<ul style="list-style-type: none"> Diverse human resources engaged as movers Sustainable engagement 	Strengthening Engagement / Promoting Diversity and Inclusion / Supporting Advancement of Diverse Human Resources / Health Management / Workstyle Reform / Strategic Inclusion in Training and Education Please refer to “With Employees” on page 85.
Manufacturing Capital 	Business sites throughout Japan About 160 sites Overseas sites centered in ASEAN 10 countries		<ul style="list-style-type: none"> Outsourcing sites based on business continuity 	Development of high-quality services that respond to environmental changes and client needs
Social & Related Capital 	Number of clients Approx. 15,000 companies Results of client satisfaction survey* ² 71.7% Number of business partners About 540 companies Results of business partner satisfaction survey* ³ 81% Linkage with startups (CVC investees) 43 companies	Domestic D D D	<ul style="list-style-type: none"> Stable business promotion through a strong relationship of trust 	Strengthening customer relationships and satisfaction by capturing a wide range of customer requirements and leveraging them in development and service provision Please refer to “With Clients and Business Partners” on page 87.
Natural Capital 	Energy consumption (electricity) 139,560 MWh	B	<ul style="list-style-type: none"> High energy efficiency through environmentally friendly data centers 	Promotion of renewable energy use / data center consolidation Please refer to “For the Global Environment” on page 81.
Intellectual Capital 	Extensive service menu (aggregate number of solutions) About 500 Group awareness (among business people) 63% Original quality management system Trinity		<ul style="list-style-type: none"> Strong technological capability Abundant experience and know-how Dedication to improving quality, productivity, and technology 	Sharing of development know-how and technical issues / Tech Lead Team activities / Brand maintenance and enhancement

Figures are as of March 31, 2022.

*1 Percentage of respondents answering positively to the question “Overall, this company is a good place to work” in the employee awareness survey.

*2 Percentage of respondents who answered we were “an irreplaceable business partner” in the client satisfaction survey.

*3 Percentage of respondents who answered “satisfied with our business and relationship” in the business partner satisfaction survey.

Scope of data collection

A. TIS INTEC Group consolidated

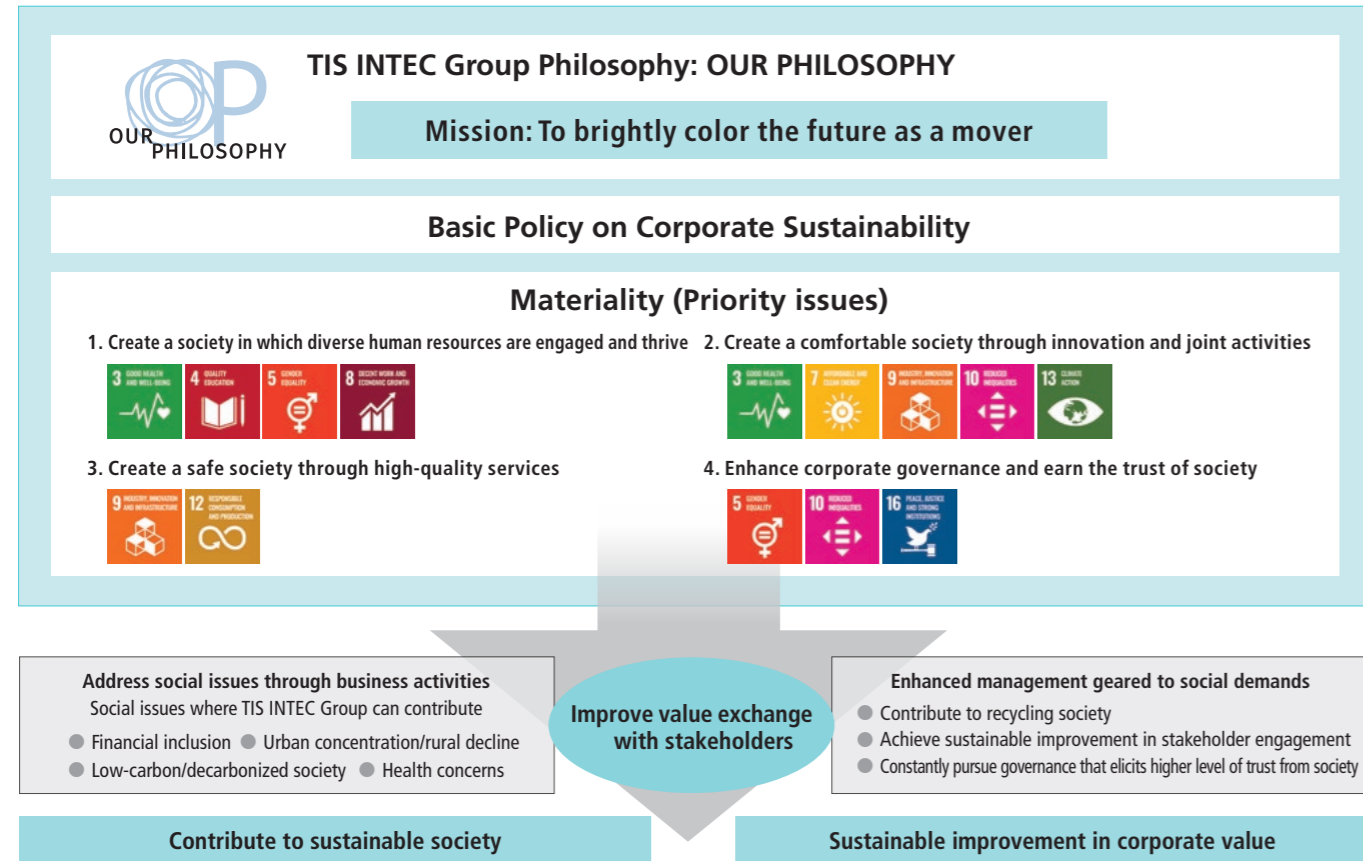
B. TIS, INTEC, AGREX, QUALICA, AJS, SorunPure, TIS System Service, TIS Solution Link, TIS Tohoku, TIS Total Service, TIS Nagano, TIS West Japan, and TIS Hokkaido

C. TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service, and TIS Solution Link

D. TIS parent

Seeking to deepen sustainability management

TIS INTEC Group will reinforce its commitment to corporate social responsibility through its contribution to the sustainable development of society by resolving social issues through its business, and will further strengthen its corporate sustainability initiatives.



Changes in the Group's sustainability promotion activities



Endorsed Initiatives

The Group participates in various initiatives aimed at promoting sustainability.

Notably, the Group signed on to the U.N. Global Compact and was registered as a participant as of July 19, 2018.

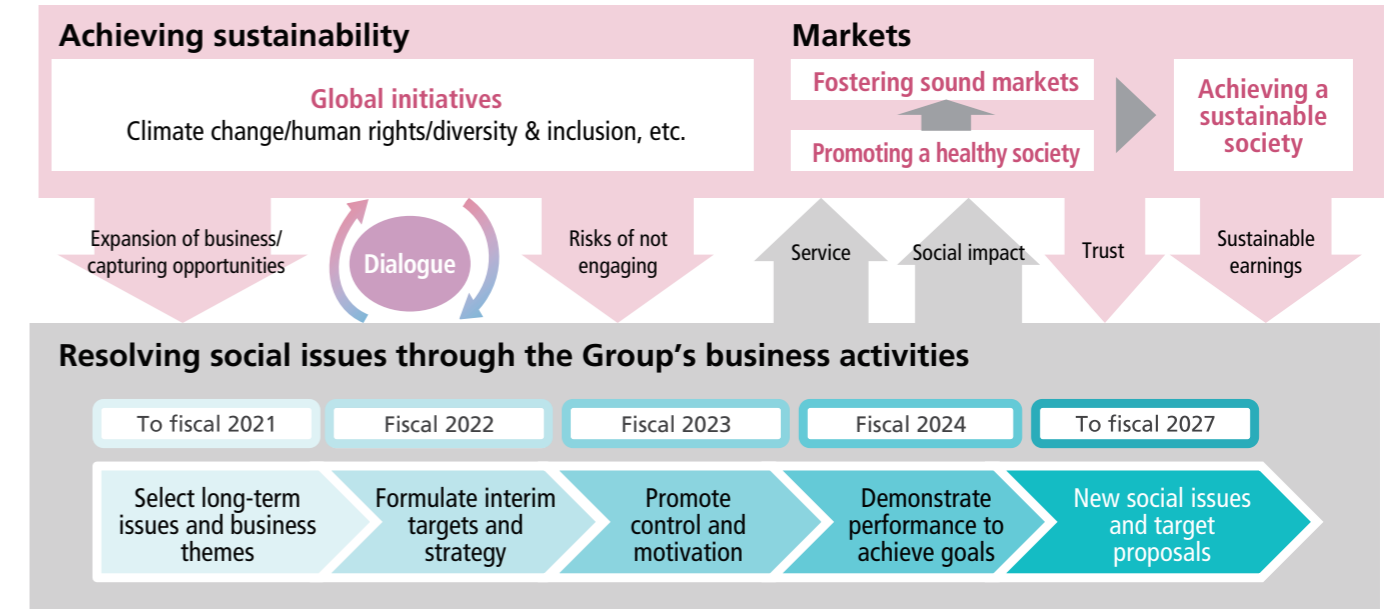
Acting in accordance with the 10 principles in the four areas of human rights, labor, the environment, and anti-corruption set forth in the Compact, we encourage every employee to get involved in fulfilling our corporate social responsibilities and promote activities that support sustainable social development.

Please visit the following page for details of other initiatives in which the Group collaborates:
<https://www.tis.com/group/sustainability/initiatives/>



Resolving social issues through business activities

We will expand our services to create both economic and social value based on business opportunities and risks from global initiatives to realize a sustainable society and enhance corporate sustainability.



Equipping Management to Address Social Needs

Our Group is taking various measures to better equip management to focus on ESG to efficiently manage both financial and non-financial capital and maximize earnings and the provision of value to society in a sustainable manner.

Perspectives currently in focus

Data-driven management

We have established a quantitative management system for non-financial information as well as financial capital to ensure that all capital held by the Group is efficiently linked to earnings. KPIs for non-financial indicators have been introduced into the Group's organizational assessments to strengthen the motivation to promote ESG.

Climate change

Recently, climate change has been having a profound impact on the business environment. As climate change mitigation and adaptation will change the way society needs to do business, our Group is promoting activities to enhance the sustainability of our business and society by analyzing and appropriately responding to the risks and opportunities for the Group.

Human capital

In our business model, we recognize human resources as our most important capital, and we are actively investing in talent to support each employee's new challenges to facilitate business innovation and market creation. We also began to build the capacity of our partner companies, starting with the expansion of health management activities.

Human rights

The Group is always conscious of whether its corporate activities are having a negative impact on its stakeholders, and aims to conduct corporate activities in such a way as to promote wellbeing among as many people as possible. To this end, we conduct human rights due diligence in line with the United Nations Guiding Principles on Business and Human Rights, envisage the impact of the Group's business activities on stakeholders, and endeavor to remedy any potentially negative impacts.

Contributions to local communities

We aim to create a society in which many people can enjoy the benefits of digital technology by helping those who do not have access to digital technology due to geographical or economic reasons or a lack of education.

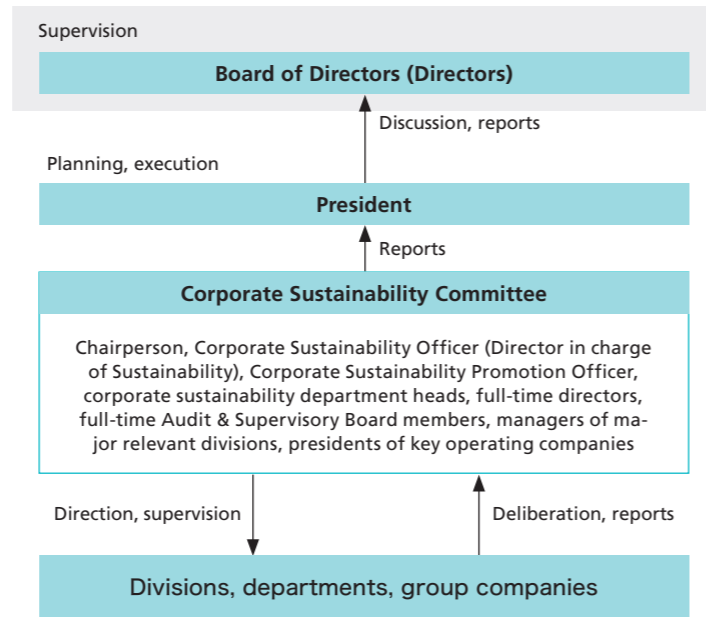
Materiality

Sustainability promotion system

We have established a management structure centered on the Corporate Sustainability Committee, which is chaired by the President, to promote corporate sustainability activities throughout the Group.

In the operation of the Committee, the Head of Corporate Sustainability is responsible for oversight of the Group's corporate sustainability activities, while the Head of Corporate Sustainability Promotion is responsible for their execution.

The Committee is responsible for planning and promoting the Group's sustainability activities and materiality (human resource management, stakeholder engagement, environmental conservation, human rights, quality management, corporate governance and related issues). The Corporate Communications Office was established to serve as the secretariat to ensure smooth operation.



Materiality (key issues) for the TIS INTEC Group

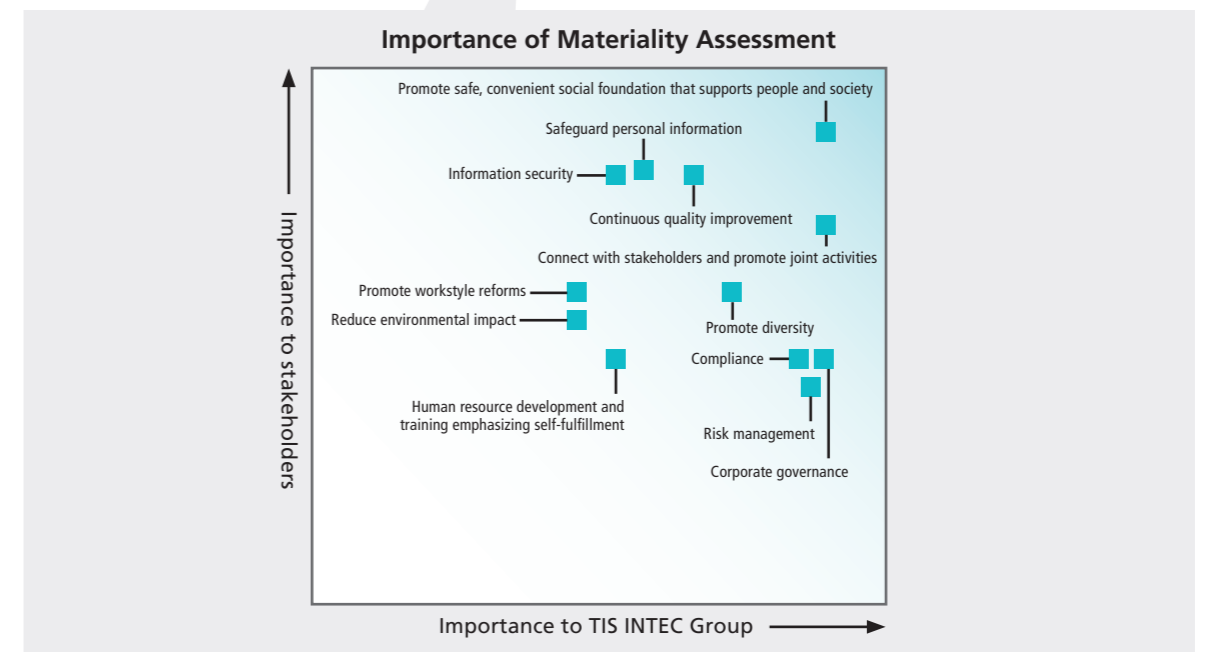
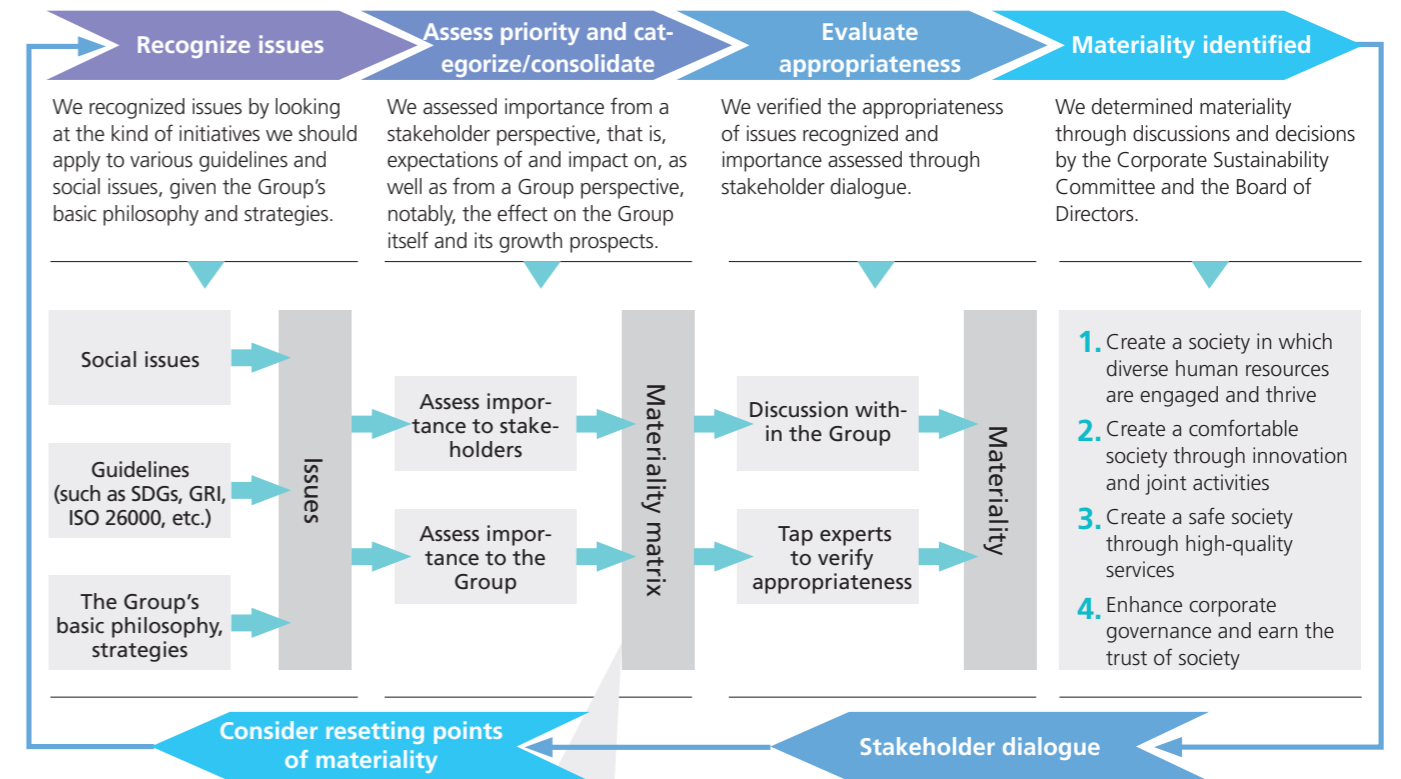
To strengthen measures for corporate sustainability, TIS identified materiality as a key issue for the Group in fiscal 2019, and clarified priority themes where efforts would be focused, considering stakeholders' expectations of us, our impact on society, and the Group's strength.

The Group will promote materiality measures and contribute to the solution of social issues and achievements of the related United Nations' Sustainable Development Goals (SDGs) through our corporate and business activities.

Materiality	References: Relationship with SDGs
<p>1. Create a society in which diverse human resources are engaged and thrive</p> <p>a. Promote diversity b. Promote workstyle reforms c. Human resource development and training emphasizing self-fulfillment</p>	
<p>2. Create a comfortable society through innovation and joint activities</p> <p>d. Promote safe, convenient social foundation that supports people and society e. Connect with stakeholders and promote joint activities f. Reduce environmental impact</p>	
<p>3. Create a safe society through high-quality services</p> <p>g. Continuous quality improvement h. Information security i. Safeguard personal information</p>	
<p>4. Enhance corporate governance and earn the trust of society</p> <p>j. Corporate governance k. Compliance l. Risk management</p>	

Please visit the following page for details of our activities related to materiality: <https://www.tis.com/group/sustainability/materiality/>

Identifying materiality



Sustainable Development Goals

These international goals, running from 2016 to 2030, are described in the 2030 Agenda for Sustainable Development, adopted at the U.N. Summit in September 2015. The agenda comprises 17 goals and 169 targets aimed at putting the world on a sustainable path and pledges that no one will be left behind. To achieve these objectives, companies are expected to participate as vital partners, contributing to the SDGs through their respective core businesses.



Stakeholder Dialogue

The Group considers dialogue with stakeholders to be an important opportunity, and holds regular meetings between external experts and its managers. In addition to communicating the Group's initiatives, we will reflect objective opinions and new insights received from different perspectives in our corporate activities, aiming to create a virtuous cycle that leads to higher quality initiatives.

■ Overview of stakeholder dialogue



Theme: Progress of Sustainability Initiatives

Date: Thursday, June 16, 2022

Attendees: [External experts] Arisa Kishigami (ESG specialist)

[TIS Inc.] Masakazu Kawamura, Executive Officer, Division Manager of Corporate Planning

SBU/Corporate Sustainability Promotion Officer

Reiko Oka, Executive Officer, Deputy Division Manager of Corporate Planning

SBU, and Department Manager, Corporate Planning Dept.

Profile of Ms. Kishigami

Ms. Kishigami joined FTSE Russell in 2007 and became Head of ESG for the Asia-Pacific region of FTSE Russell in 2015, where she promoted ESG-conscious corporate and investment behavior in the region. Since becoming independent in April 2019, she has engaged in activities aimed at establishing a virtuous circle between investment and business activities for a sustainable society.



In this dialogue, we explained our efforts to create social value and solve societal issues and how we have communicated them to the public, such as societal issue solution services being adopted as one of the KPIs in our Medium-term Management Plan (2021–2023), utilization of human resources, diversity, and provision of safe products. We received objective and frank comments from Ms. Kishigami.

This section introduces (a portion of) the contents related to the societal issue solution services, which was the focus of this dialogue.

* Please visit the following page to read the entire dialogue:

<https://www.tis.com/group/sustainability/stakeholder/dialogue2022/index.html>

Kishigami: Providing access to our financial system is a social issue. To increase the number of people with such access, the Group actively engages in IT-based projects to promote cashless operations. Despite many positive factors, there are also potentially negative and harmful effects, such as unintentional access by children through mobile phones and people becoming financially overextended due to weak financial literacy. I feel that perhaps you should enhance your disclosure of such risks from the consumer's perspective while also making efforts to increase financial literacy in general.

Kawamura: For example, we are making very strong efforts to prevent fraudulent payments. On the other hand, I realized

that we lacked the perspective of society as a whole, including negative factors that could impact users and consumers. I also felt the need to be attentive so that our services would not be used in unintended ways. Through this dialogue, I've learned the importance of disseminating information in a broad and deep way.

Oka: Another challenge is that the value of our services depends on the digital literacy of users, so the results are not equally beneficial. For example, those who are not good at managing passwords may abandon or risk losing our services. I felt the need to reevaluate areas that we have taken for granted.

■ In conclusion

Kawamura: We became convinced that we could improve the value of the Group significantly if we could enhance our entire social ecosystem. We also realized that there are always negative factors associated with positive change and confirmed the importance of efforts to mitigate such factors. We will continue using insights gained from this dialogue to enhance value exchange with various stakeholders and become a corporate group that is needed by society, while also fostering a happier society.



Growth Strategy for Value Creation

- P.29 Taking Long-Term Perspective on Target Trajectory
- P.31 Looking Back on Past Medium-Term Management Plans
- P.32 Outline of Medium-Term Management Plan (2021–2023)
- P.33 Key Strategy of Medium-Term Management Plan —DX, Service-style business, payment, global, management capability, HR
- P.41 Executive Vice President's Message 1 (Business Strategy)
- P.45 Special Feature Roundtable Discussion: TIS INTEC Group's Human Resources Strategy x Business
- P.49 Executive Vice President's Message 2 (Financial Investment Strategy)
- P.53 Business Strategies by Segment

Taking Long-Term Perspective on Target Trajectory

The society of the future is uncharted territory, shaped by intense but still unfolding changes, and the power of IT will be indispensable to paint this new world in bright colors. By moving forward on structural transformation to address changes in society and demonstrating the composite strengths of the TIS INTEC Group, we will create an enduring presence that helps make society's wishes come true.

Make society's wishes come true through IT.

Using advanced technology and know-how, we will add a new dimension of vitality to society and bring smiles to the faces of more people. Our presence will shape the future of this kind of society. The TIS INTEC Group will continue to make society's wishes come true through the power of IT.

World in 2050

In making assumptions for 2050, we took into account 24 political, economic and social themes, in parallel with technological progress and the impact that such advances might have, and performed PEST analysis.

Politics	<ul style="list-style-type: none"> Predict pension and social security system failure due to changing demographics Trend to limit impact of corporate activities on society, with tougher restrictions on use of fossil fuels and use of resources as measures to deal with climate change
Economy	<ul style="list-style-type: none"> Hub of global economy will shift to emerging countries of Asia that continue to enjoy high economic growth Disparity between countries will shrink, paralleling economic growth, but personal income gap will widen
Society	<ul style="list-style-type: none"> Population growth is particularly noticeable in Asia, where the benefits of economic progress have extended average life expectancy and produced an aging society Technological innovation is fueling economic growth in urban areas while regional economies, impacted by a decrease in population and little promise of a demographic turnaround, are in decline
Technology	<ul style="list-style-type: none"> Technological innovation will accelerate, technological breakthroughs will become more frequent, and technology will have a major impact on political, economic and social activity

*View of the world in 2050 drawn at Sustainability Project in 2019.

Based on long-term trends, we identified four social issues—financial inclusion, urban concentration and rural decline, low-carbon/decarbonized society and health concerns—that we have the capabilities to address.

Four social issues TIS identified as priorities where Group strengths can contribute to solutions

Financial inclusion	Health concerns
Urban concentration and regional decline	Low-carbon/decarbonized society

Medium-Term Management Plan (2021–2023)

Basic Policies

Stakeholder layer
Generate virtuous cycle of value exchange and sustainable growth between society and employees

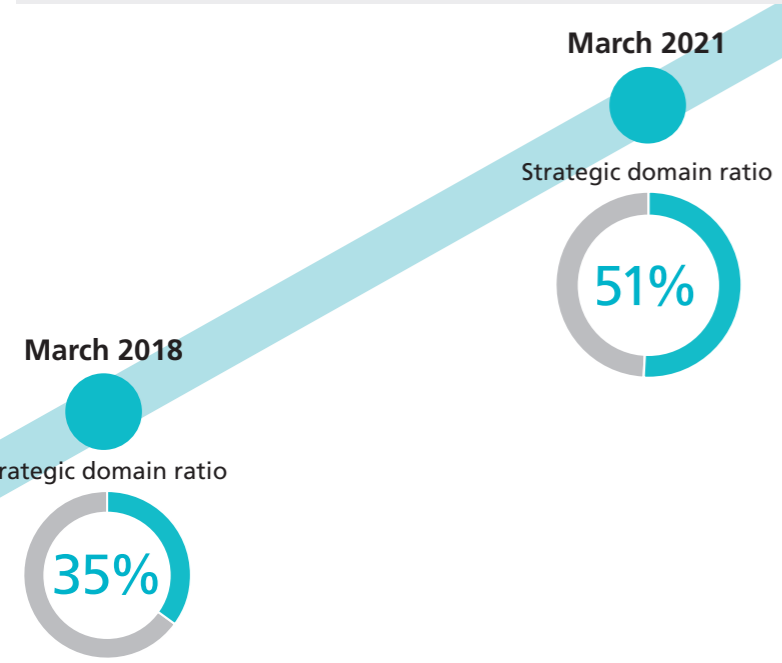
Business layer
Turn SI capabilities into strength that underpins transformation into global DX partner

Resource layer
Shift to human resources composition conducive to structural transformation success

Virtuous cycle of value created jointly by society and employees

Improve value provided by DX | Expand investment to generate strengths | Deepen and extend global operations

Diversification of human resources, sharper skills



Group Vision 2026

2026 Corporate Ideal "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; be a leading company with innovative market concepts
- Proudly demonstrate high profile and showcase solid standing as a corporate group chosen by clients, society, employees—everyone

Strategic Domains*

- Strategic Partnership Business: Lay both a revenue base and a technology/know-how base
- IT Offering Services: Prior-investment business functioning as pillar of profit
- Business Function Services: Recognized as Group forte, driver of growth
- Frontier Market Creation Business: Driver of explosive growth through creative destruction of prevailing walls

Business Domains in 2016

Business Creator	Marketable services	Network infrastructure services	BPO services
		IT system configuration and operation	
Supporting clients' businesses	Specific responses	Provide IT engineering expertise	
		IT domains	Service domains

Strategic Domains in 2026

Frontier Market Creation Business	
IT Offering Services	Business Function Services
Strategic Partnership Business	
IT domains	Service domains

Evolution of strategic domains

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

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

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

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



Looking Back on Past Medium-Term Management Plans

We look back on the three medium-term management plans that have led the TIS INTEC Group to the Medium-Term Management Plan (2021–2023).

	Fiscal 2016–Fiscal 2018	Fiscal 2019–Fiscal 2021		
	Beyond Borders 2017	Transformation to 2020		
	Portfolio management	Constant transformation, with sense of speed		
Theme	Portfolio management, in a project sense, blending exceptional businesses and key strengths into a single approach	Achieving structural transformation as a corporate family and taking the lead in finding solutions to social issues		
Basic Concept/ Medium-Term Management Direction	<ul style="list-style-type: none"> Profit emphasis IT brain Portfolio management ⇒ Set ROE as key performance indicator and strive for improved corporate value and sustainable growth	<ul style="list-style-type: none"> Sustainable profit growth Emphasis on employee self-fulfillment Concentrate on core businesses Shift to prior investment style of business development Expand global business 		
Key indicators	Fiscal 2018		Fiscal 2021	
	Estimates	Actual	Estimates	Actual
Net sales	¥400 billion	¥405.6 billion	¥430 billion	¥448.3 billion
Operating income	¥30 billion	¥32.7 billion	¥43 billion	¥45.7 billion
Operating margin	7.5%	8.1%	10.0%	10.2%
ROE	8.0%	9.9%	12.0%	10.8%
Policy on return to shareholders	Strive for total return ratio of 35%		Strive for total return ratio 40%	
Payout ratio	16.6% in fiscal 2018		31.9% in fiscal 2021	
Total return ratio	30.5% in fiscal 2018		42.8% in fiscal 2021	
Reference: Average annual growth rate over three years				
Net sales	+4.0%		+3.4%	
Operating income	+15.7%		+11.8%	
Major priorities in group management	<ul style="list-style-type: none"> Integrate/centralize shared functions with the Group ⇒ Make office procedures more efficient, enhance capital and asset efficiency, raise Group profile, and cultivate corporate culture with sense of solidarity Realize higher level of administrative management ⇒ Promote management with profit emphasis, work to enhance accounting, taxation, finance reporting, and implement Group personnel strategies 	<ul style="list-style-type: none"> Elevate head office functions and promote greater efficiency ⇒ "G20" project to elevate head office functions Integrate groupwide core systems Cut head office costs by 10% 		
Key reflections	<ul style="list-style-type: none"> Expansion in value-added creation style services, along with assignment solution style services geared to client requests, fueled growth. Shift to market-cultivating style services requires faster responses. Profitability steadily improving, and efforts to control unprofitable projects showing results. But low-level control still required. Transition to operating holding company structure and steady implementation of measures, including business realignment, office consolidation and improved capital efficiency, to achieve overall optimization of the Group. Made progress in cultivating corporate culture with sense of solidarity through design of single logo and creation of Group vision. To achieve sustainable growth and improved corporate value, prioritized structural transformation and establishment of resilient management platform through additional reforms within the Group in anticipation of major changes in society. 	<ul style="list-style-type: none"> Posted profit growth and hit operating income and strategic domain ratio targets—two key performance indicators—by leveraging structural transformation and improving productivity. Hit ratio of 51% (exceeded target of 50%) in fiscal 2021. Quantitatively, Service IT Business maintained upfront investment emphasis. Net sales grew but profitability was an issue despite. BPO, Financial IT Business and Industrial IT Business raised added value and productivity and were rewarded with higher profitability. Made progress on strategic domain restructuring and achieved profit growth, but advance on monetizing Service IT Business and achieving qualitative structural transformation through new pillars of business only reached midway point. 		

Outline of Medium-Term Management Plan (2021–2023)

The followings are Outline and progress of medium-term management plan (2021–2023).

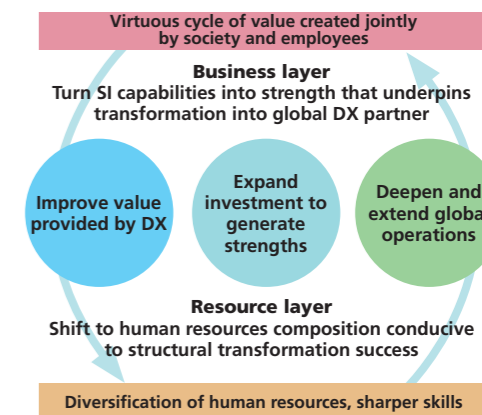


As a second step to achieve Group Vision 2026, the three years of the medium-term management plan will be a time to enhance our value chain by improving the value provided in DX services, and by promoting further structural transformation, we will grow the Group and be better positioned to address social issues. Progress favorable towards achieving the final target by fiscal 2024, ending March 2024.

Basic Policies

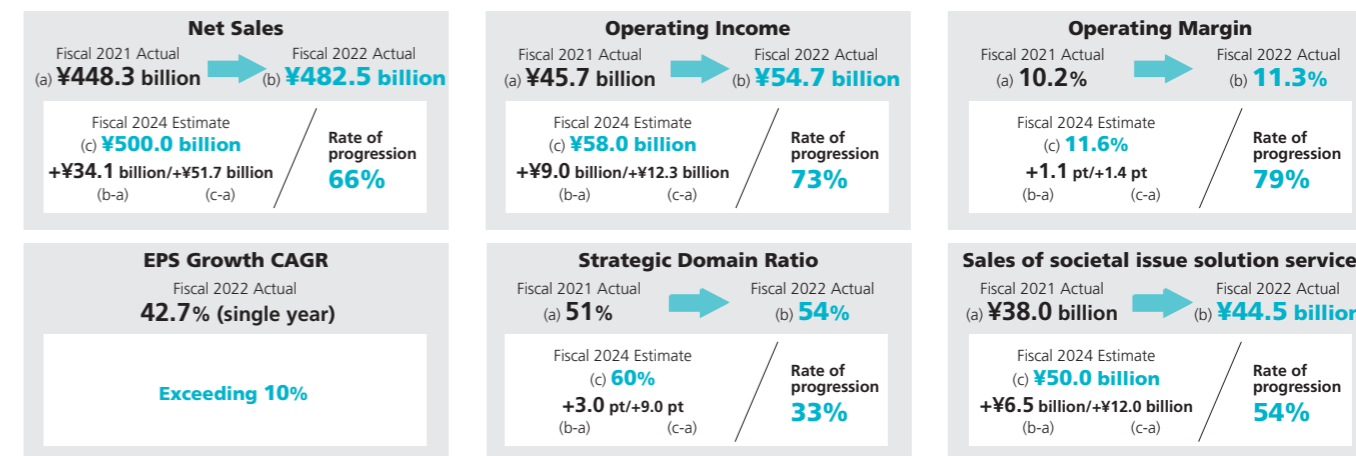
Landmark changes to business landscape

- With heightened importance of DX in new normal world, presence of consulting firms and other providers of DX services is increasing, fueling intense competition.
- Global platformers and enterprise SaaS companies are particularly active, as well, prompting possibility that market for contract development will shrink in long term.
- ESG investment rapidly expanding, and importance of sustainability management based on long-term strategies is gaining ground



Accelerate structural transformation by improving value provided in DX services

Key Performance Indicators



*Rate of progression indicates progress toward fiscal 2024 estimates from perspective of fiscal 2021 actual results.

Fiscal 2022 TIS INTEC Group Management Direction

- Leverage initiatives to improve corporate value and value provided to society through sustainability management
- Reinforce efforts to make services more high-value-added through productivity innovation and improvement in value provided in DX services
- Firmly maintain financial health while emphasizing growth investment to enhance ability to provide DX value
- Leverage growth strategy seeking to become top-class IT group in ASEAN regions and cement strong governance
- Constantly boost employee motivation and develop human resources brimming with diversity to fuel DX shift

Looking back on fiscal 2022

- Strengthened efforts to realize sustainability management, particularly in regard to the environment (TCFD support, SBTi certification), human rights due diligence, and reduction of strategic shareholdings
- Efforts to enhance head office functions and improve efficiency, including wider embrace of DX, moving along as planned
- Raised value in DX services provided to core clients, with transformation of strategic domains on track (strategic domain ratio—target of 54%, now at 54%)
- Gross profit margin hit 26.7%, reflecting tougher measures to boost productivity, including enhancement reform, and ratio still rising
- Controlling unprofitable projects remains an issue of concern
- Leverage co-creation activities with clients and business partners to revitalize operations and achieve growth in societal issue solution services
- Investment to reinforce in-house capabilities, including R&D, rolling out as planned
- Business activities of MFEC, which came under consolidation, moving in favorable direction
- Acquired technology through capital and business alliances with multiple technology partners
- Realized joint creation with ASEAN partners, including joint order capture through MFEC and IAM Consulting on large projects for government-linked companies
- Using DX Strategy Human Resources Conference, held at beginning of fiscal year, as touchstone, promoted job transfers and mid-career hiring to enrich pool of DX consultants
- Improved employee engagement by leveraging groupwide personnel strategies

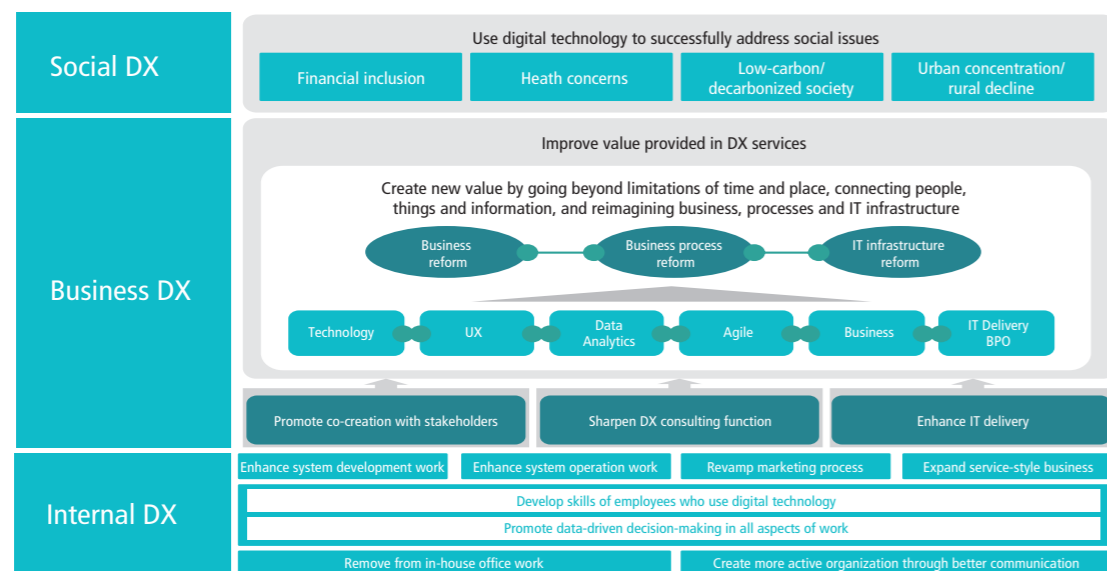
Key Strategy of Medium-Term Management Plan/DX Business Strategies

To give form to the Group's mission "To fill the future with vibrant colors as a mover using digital technology," TIS set a goal to take a digital approach to enhance value exchange with stakeholders.

Overall DX business strategy

The TIS INTEC Group takes on DX across three areas: social DX, to achieve a better society; business DX, to reimagine clients' businesses; and internal DX, to elevate the capabilities of the Group itself.

These areas are not thought of in isolation but rather as a single series in which each category has a reciprocal effect on the others, underpinning initiatives from a comprehensive perspective, and then, drawing on digital technology, driving a virtuous cycle of new value for society, clients' businesses and activities within the Group itself. This is the image of DX that we, the TIS INTEC Group, seek to achieve.



For details on TIS' DX strategy, please go to the corporate website (Japanese only).

<https://www.tis.co.jp/group/policy/dx>

Social DX

TIS will lead efforts within the TIS INTEC Group to harness the power of IT and create various new services on its own to address social issues, particularly the four areas—financial inclusion, health concerns, low-carbon/decarbonized society, and urban concentration/rural decline—where the Group can have a pivotal impact, and thereby support realization of a more comfortable society.

Business DX

The goal is to utilize digital technology to support clients in their efforts to address social issues and respective management issues.

We will complement top-level capabilities in the domestic payment services domain with Group strengths in data analytics, AI and robotics, healthcare, and energy management, combining these capabilities as a partner to help clients grow their businesses and improve corporate value. We will provide a full range of responses, from pinpointing issues and suggesting the right services to implementation and operation of the associated systems.

Internal DX

Using data collected within the Group as well as technology, such as AI and robotics, we will make office work more efficient. This will create a new environment in which employees are more motivated and can concentrate on promoting social DX and business DX.

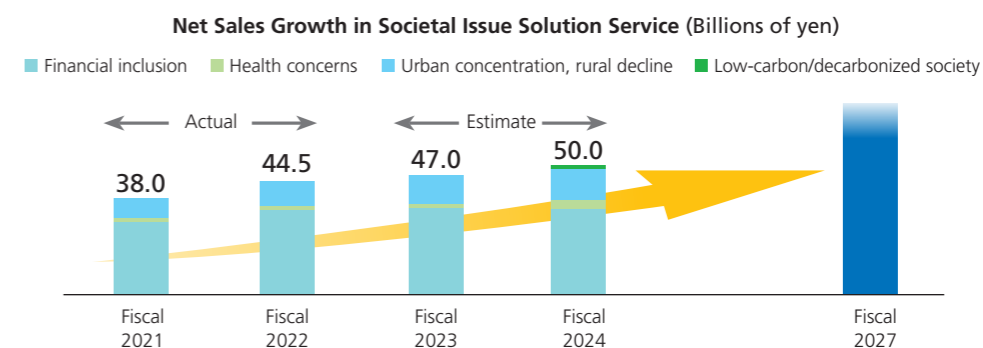
Promotion structure

The person holding the title of Representative Director and Executive Vice President at TIS is responsible for promoting the Group's DX business strategy. In addition, the Digital Transformation Promotion SBU, a business unit set up in April 2022 to focus solely on DX, is taking a central role in DX promotion. Eight themes have been identified, and efforts are under way to promote DX throughout the Group and across divisional lines under a project structure.

TIS is keen to increase value exchange with stakeholders. Toward this end, the Company is working on measures to design the future of the Group through wide-ranging approaches, including enhanced marketing and sales, better system development and operation, and fine-tuned deployment of human resources.

Service-style Business Strategies

We seek to improve profitability across all service-style businesses, including payment services, through careful allocation of management resources to help solve the four social issues that have been highlighted for a groupwide response and through more sophisticated management practices.

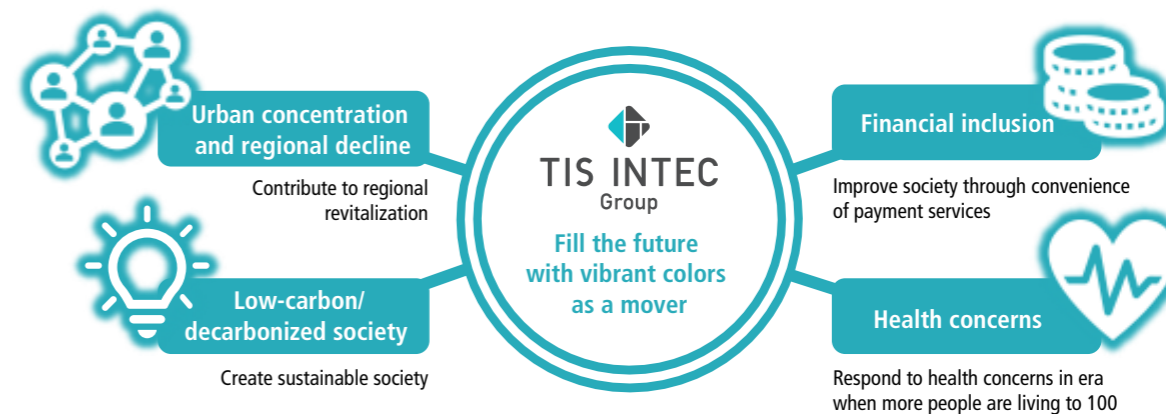


Key Offering Services		Sales (Fiscal 2021 – Fiscal 2022)
Payment	<ul style="list-style-type: none"> Proceeded as planned toward service completion in first half of fiscal 2023 Turned ULTRA, which provides international brand payment services, into consolidated subsidiary New orders for wallet services 	¥28.5 billion → ¥33.5 billion
Societal Issue Solution Service*	<ul style="list-style-type: none"> Launched SustainaCare, a personalized healthcare program to achieve strategic healthcare investment Began providing DX on RoboticBase to realize DX using robotics. 	¥38.0 billion → ¥44.5 billion

* Services that directly provide solutions to financial inclusion, health concerns, low-carbon/decarbonized society, urban concentration, rural decline

Social DX (Societal issue solution services)

Social DX is central to being a mover using digital technology. TIS—and by extension—the whole TIS INTEC Group prioritizes the four social issues described in the image below and develops new businesses to address these issues. Ideas from within the Group, as well as M&A activity, co-creation with other companies and other approaches, generate a steady stream of diverse new services.



Selected examples

- ▶ [Health concerns] Healthcare Passport, a coordinated, medical care / health information service linking patients and providers of medical and health care
- ▶ [Financial inclusion] ultra pay Card, a no-credit-check, prepaid Visa credit card
- ▶ [Financial inclusion, healthcare concerns] Walking app ASTARI
- ▶ [Low-carbon/decarbonized society, rural decline] Capital alliance with Chinese self-driving EV startup.

Topic

TIS held an information meeting in December 2021 highlighting sustainability management and provided details on solution-style services to address social issues. Please follow the link below to see presentation materials from that day.

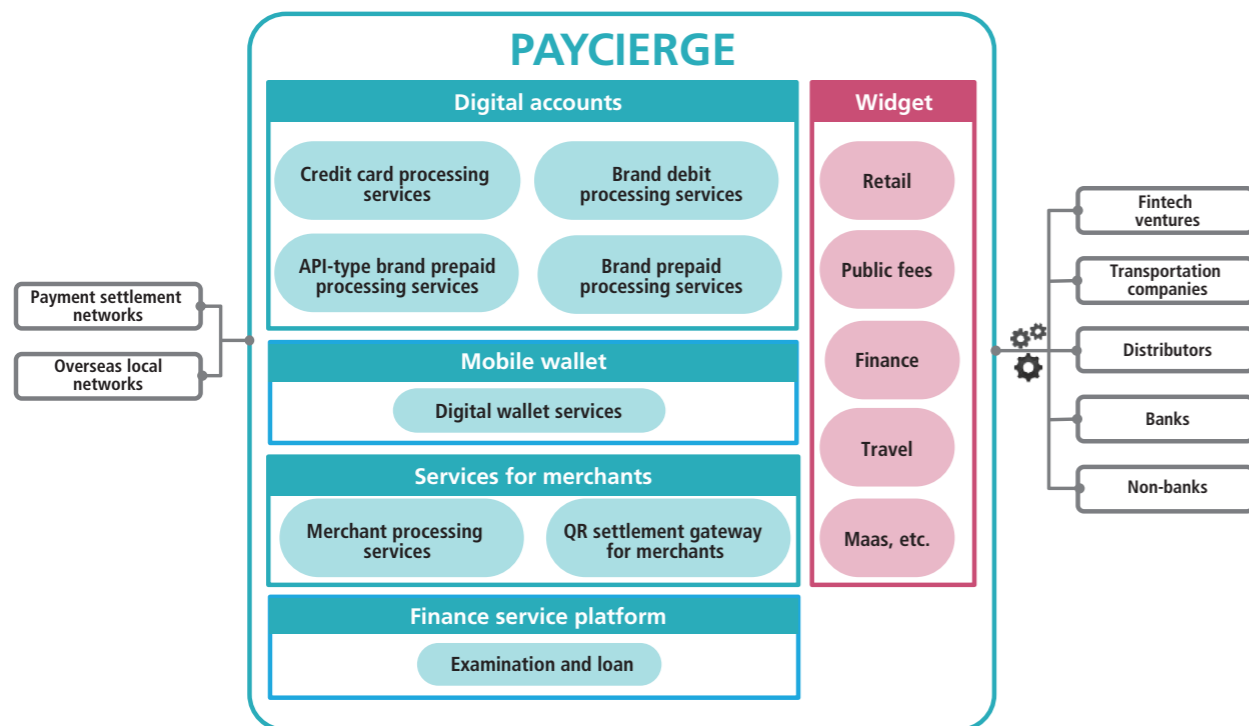
<https://www.tis.com/documents/en/ir/finance/meeting/211201.pdf>

Leveraging our strengths to accelerate business development and realize a cashless society

Through years of support for major credit card companies, TIS INTEC Group has established its position as one of Japan's leading system integrators in the payments field. Currently, the payment business market is undergoing major changes in the environment as the shift to cashless transactions progresses. The Group sees this situation as a new growth opportunity and will accelerate business development through its PAYCIERGE digital payment platform in addition to the development and operation of enterprise systems for major credit card companies, which are an important business platform.

Overview of Payment Services and TIS' Core Focus

Digital accounts facilitate access to processing services for all payment operations, from prepaid accounts for payment prior to purchase and instant withdrawal accounts for debit payments to post-payment credit accounts, and is an area where TIS can demonstrate particular competitive superiority.



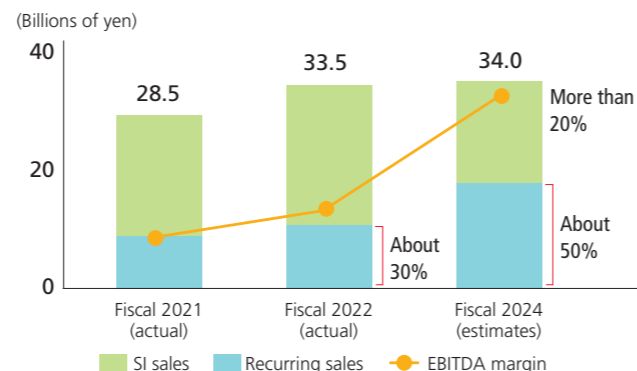
Payment service strategy under Medium-Term Management Plan (2021–2023)

With the cashless market in growth mode, we will target businesses keen to participate in new payment options. High-level specialization will be in demand, providing us with the perfect opportunity to demonstrate competitive superiority, especially in services to our core customer base. We are aiming for net sales of ¥34 billion in fiscal 2024, supported primarily by this core customer segment.

Market Share (Fiscal 2024)

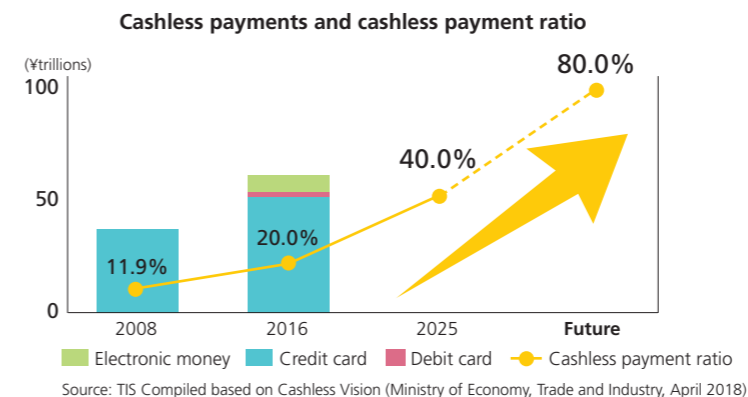
Core area		Front area
Credit core market Credit SaaS ¥20.0 billion	Prepaid core market	Front market for issuers
	Prepaid SaaS ¥2.5 billion	Merchants/QR/Wallet ¥5.5 billion
	Debit SaaS ¥3.5 billion	
	Debit core market	Front market for merchants
New domain creation/common ground ¥2.5 billion		

Payment-related business scale for service-style operations

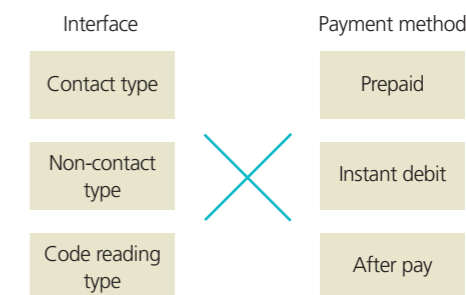


Status of cashless payments in Japan

- The Japanese government is promoting cashless payments, which are expected to become more widespread in the future
- The credit card is a typical tool for making cashless payments, and the credit card transaction volume is expected to increase in the future alongside an increase in mechanisms for linking cards to code-based credit services, such as QR codes and barcodes, that have become popular in recent years.



Combination of cashless payment methods



Topics

Introduction to credit card processing service (CreditSaaS)

CreditSaaS, which is expected to be a growth driver in the credit core market, is progressing as planned toward service completion. After acquiring first users, we continue to promote sales activities to expand the business.

Introduction of API-based BNPL service

We have launched an API-based BNPL service as a new pay-later settlement service for the credit core market. BNPL (buy now, pay-later), for which market needs are rapidly expanding these days, enables low-cost, highly scalable, and speedy entry into the financial business. We support our clients' entry into financial services by providing the necessary core functions on an API basis.

Three features of API-based BNPL services

- (1) A variety of payment methods**
International brand merchant payment (Visa, MasterCard, JCB) is available as standard. Individual IF support enables connection to each company's own payment methods.
- (2) Payment timing can be selected**
Monthly direct debits and real-time repayment are available.
- (3) Abundant repayment methods**
Monthly clear / installment payments / revolving payments are standard. It can be specified per statement.

Making ULTRA a consolidated subsidiary

In March 2022, the Company made ULTRA Inc., which issues ultra pay cards with Visa prepaid functionality, a consolidated subsidiary. By welcoming this company, which provides international brand prepaid settlement services to our Group, we have acquired front-end settlement functions and can now provide a full range of settlement services in combination with our strength in building settlement back-end functions. The Group, aiming to realize financial inclusion, will further promote the resolution of social issues through cashless transactions through the Embedded Finance initiative, which is becoming a global trend.

Topic

TIS held an information meeting in December 2019 highlighting payment services and provided details on areas of focus and strategies. Please follow the link below to see presentation materials from that day.

<https://www.tis.com/documents/en/ir/finance/meeting/191209.pdf>

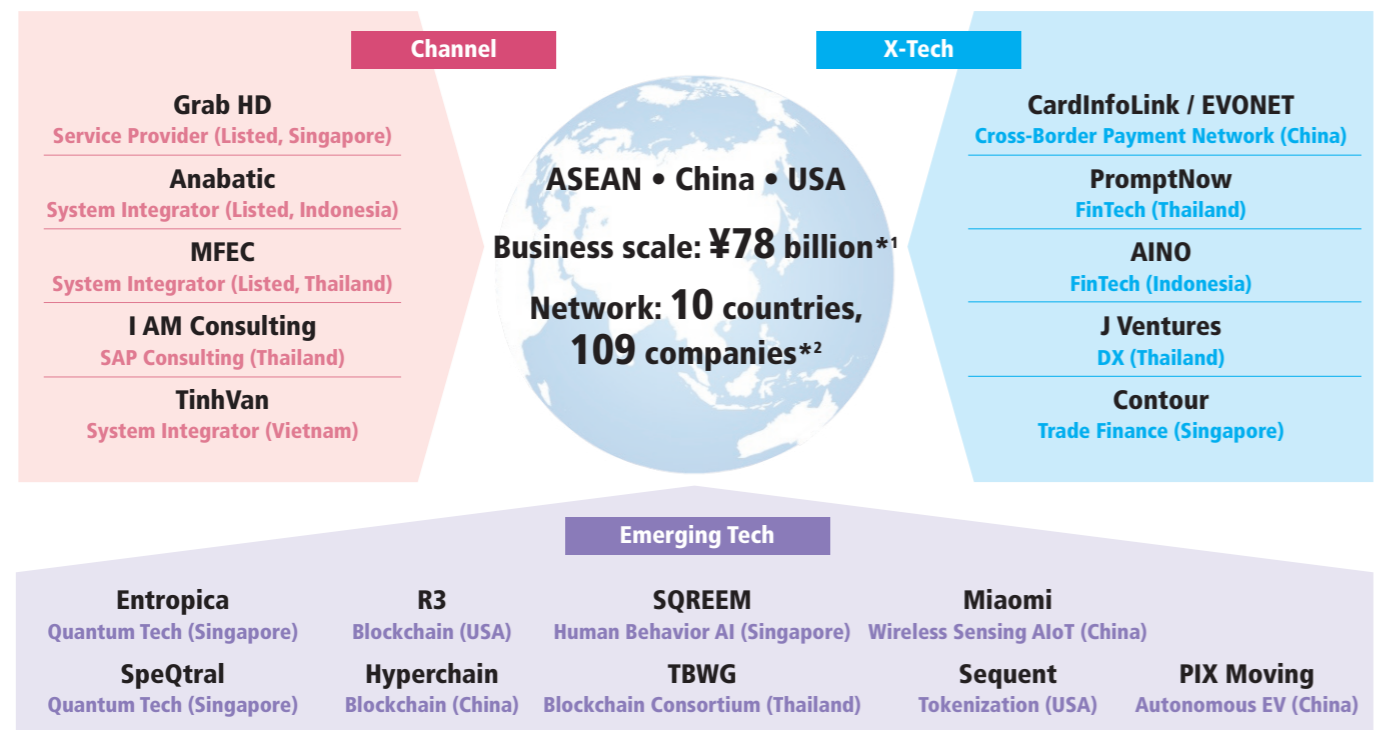


Isao Otokita
TIS Executive Officer,
Deputy Division Director of
Digital Transformation
Business Unit

PAYCIERGE is our unique payment solutions platform launched in 2013, leveraging the wealth of know-how and advanced technology in the payment area that we have cultivated over many years. To date, we have developed a variety of services centered on cashless payment services, always staying ahead of changes in the payment market abreast of technological advancements, and accurately capturing the diversifying needs of our customers. We believe that the coronavirus pandemic will serve as an opportunity to accelerate the trend toward cashless transactions both domestically and internationally. We also expect the diversification of payment methods to further advance. Under these circumstances, as a major player in the payment market, we will continue to strive to enhance the value of PAYCIERGE and expand our business through the creation of advanced services. We believe that this will lead to the safe and secure use of cashless payment by all people, and will serve as the foundation to support a comfortable society in the future.

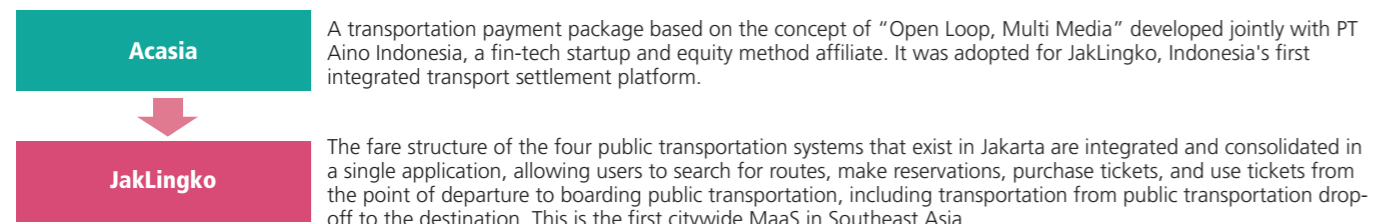
Leverage business domain expansion and strategic investments to become top-class IT group in ASEAN region

As part of its global strategy, TIS is currently seeking to build a top-class group of IT companies in the ASEAN region. To this end, the Company will maximize alliances forged through strategic investments in channels—that is, local markets—and technology, while promoting business development that integrates the respective strengths of each company and expanding business domains through new and reinforced connections across the ASEAN region.



*1. Total sales of subsidiaries and equity method affiliates (fiscal 2021, ended December 31, 2021) are converted at period-end rate.
*2. As of July 2022

Topics: Development and provision of Indonesia's first integrated transportation payment infrastructure



Recent main M&A and capital and business alliances

Initial Investments	Head office	Partners (place in order of the investments)	Relation with TIS	Corporate Profile	Area
2014	TH	MFEC MFEC Public Company Limited	Consolidated subsidiary	Thai-listed, leading provider of enterprise IT solutions.	Channel
	TH	IAM I AM Consulting Co., Ltd.	Consolidated subsidiary	Thai-based consulting group producing total SAP-related IT solutions.	Channel
2015	ID	anabatic PT Anabatic Technologies Tbk	Equity method affiliate	Indonesia-listed, top-tier local IT company.	Channel
2016	TH	PN PromptNow Co., Ltd.	Consolidated subsidiary	Thai-based leading FinTech company with multiple proprietary mobile services for financial institutions.	X-Tech
2017	CN	cil Shanghai CardInfoLink Data Service Co., Ltd.	Equity method affiliate	FinTech company developing presence in China and around the world, with particular strength in payment gateway solutions and other services.	X-Tech
	VN	TinhVan TinhVan Technologies JSC.	Capital & business alliance	Leading IT service provider with considerable experience introducing solutions to the Vietnamese government and financial institutions.	Channel
2018	US	R3 R3 HoldCo LLC	Capital & business alliance	U.S. technology startup boasting global-caliber results and brand in blockchain-related technology for corporate users.	Emerging Tech
	ID	AINO PT AINO Indonesia	Equity method affiliate	FinTech provider of payment services for transportation infrastructure in Indonesia.	X-Tech
2019	SG	SQREEM SQREEM Technologies Pte. Ltd.	Capital & business alliance	A Singaporean startup—the world's largest behavioral pattern data aggregator—growing very fast in fields of digital marketing and data analytics using proprietary AI technology based on massive data collection.	Emerging Tech
	TH	Grab Grab Holdings Inc.	Capital & business alliance	Top-class super app provider in ASEAN region. Expands into one business after another across wide range of sectors, including ride-hailing services, food delivery and financial services. Boasts 203 million downloads on aggregate basis.	Channel
2020	TH	GrabLink GrabLink Pte. Ltd.	Capital & business alliance	Joint venture—IT platform provider for Grab's payment services.	X-Tech
	SG	ENTROPICA LABS Entropica Labs Pte. Ltd.	Capital & business alliance	A Singaporean startup—provider of quantum computing software.	Emerging Tech
	US	sequent Sequent Software Inc.	Consolidated subsidiary	One of very few tokenization vendors in the world, and recognized by multiple international brands.	Emerging Tech
	TH	Jventures J Ventures Co., Ltd.	Equity method affiliate	A DX subsidiary of Thailand major retailer Jaymart. Provide DX platform for retail ad and finance business.	X-Tech
2021	SG	SPEQTRAL SpeQtral Pte. Ltd.	Capital & business alliance	A Singaporean startup—provider of quantum computing software.	Emerging Tech
	CN	Hangzhou Qulian Technology Co., Ltd.	Capital & business alliance	A blockchain company—originally developed to provide application, hardware, and data linkage services with other systems	Emerging Tech
	SG	CONTOUR Contour Pte. Ltd.	Capital & business alliance	Singaporean company, provider of a trade finance platform utilizing blockchain technologies	X-Tech
2022	CN	PIX MOVING PIXMOVING, INC.	Capital & business alliance	An autonomous EV startup in China, United States, and Italy	Emerging Tech

Aiming for global consolidated sales of ¥100 billion in fiscal 2026, to become the top-class IT group in the ASEAN region

Topic TIS held an information meeting in December 2020 highlighting global operations and provided details on areas of focus and strategies. Please follow the link below to see presentation materials from that day.
<https://www.tis.com/documents/en/ir/finance/meeting/201204.pdf>

Kensaku Furusho
TIS Executive Officer, Division Manager of Global Division

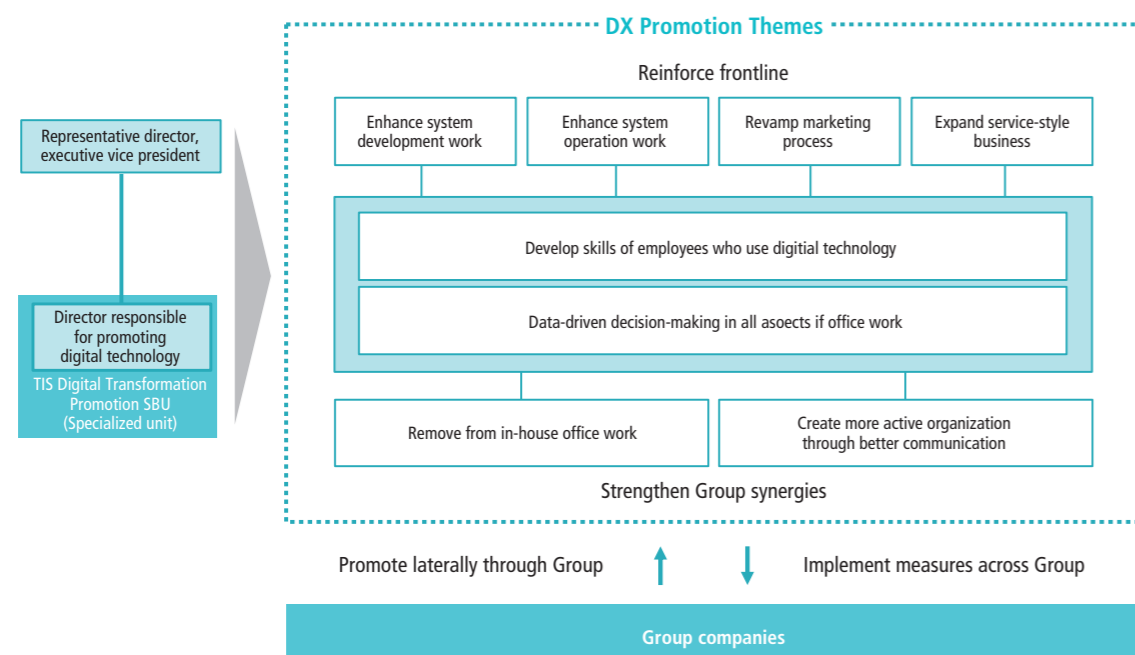
Over the past eight years since 2014, the Group's has accelerated investment in its global operations and expanded its network to include to 17 overseas partners. To enter the local market in each country, we have formed partnerships with leading local system integrators and have worked with them to solve local social issues by introducing cutting-edge services and technologies to the market. As a result, the scale of our business is approximately ¥78 billion, and we are making steady progress toward our target of ¥100 billion in consolidated sales in the ASEAN region by fiscal 2026. At the same time, we are strengthening our governance structure in line with the expansion of our business scale. Specifically, we dispatch directors and second personnel to investee companies and hold regular steering committees among top management. We are also working to strengthen governance by establishing seamless communication between the headquarters and local offices, including the establishment of a Global Financial Planning Office at the head office. While we have been focusing on the ASEAN market, aiming to become the top-class IT group in the ASEAN region, we are also developing new markets and expanding new functions to build a structure capable of providing services on a global scale.

Key Strategy of Medium-Term Management Plan/ Strategy to Enhance of Management Capabilities

We aim to elevate head office functions and promote greater efficiency by centralizing back-office operations, raising the performance of head office operations and promoting the shift toward DX in office work throughout the Group. In addition, we seek to contribute to a sustainable society and realize higher corporate value, and toward this end, we will enhance sustainability management with a more in-depth approach to ESG issues.

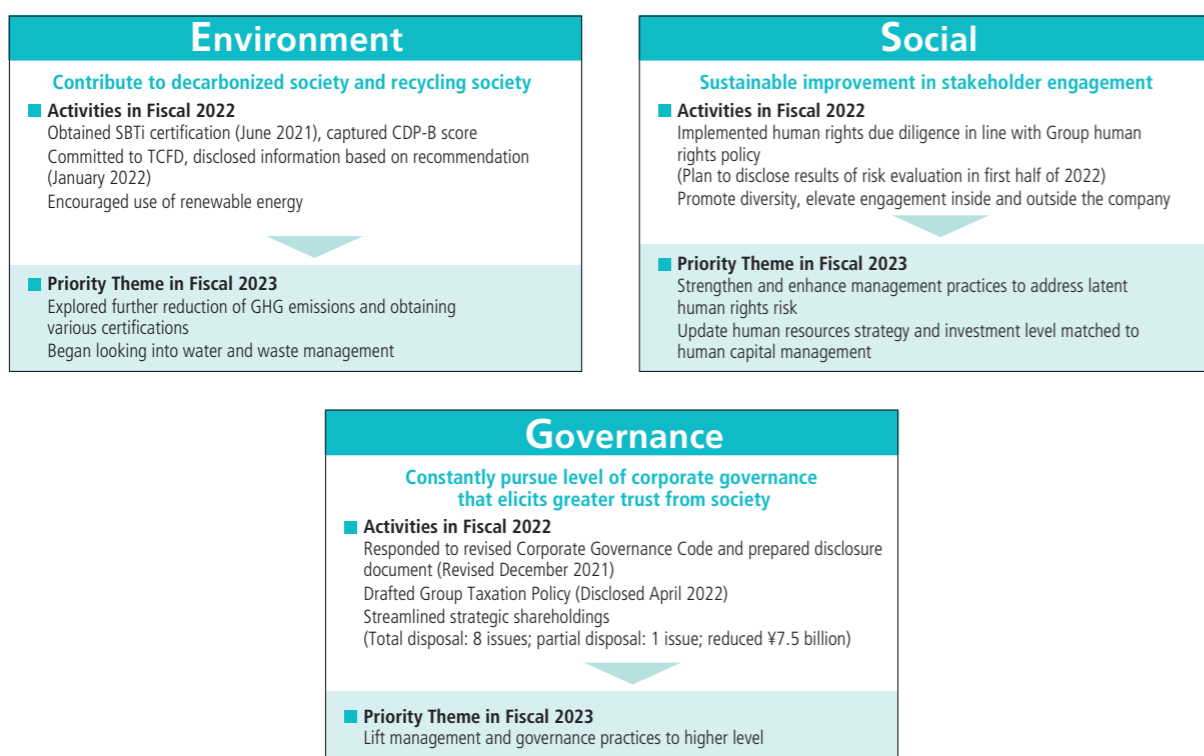
Internal DX

To give social DX and business DX activities added momentum, we are working to establish an environment that combines knowledge and human resources across domains within the TIS INTEC Group and fuels greater creativity in operations.



To encourage wider use of shared services and support the shift toward DX in back-office operations groupwide, TIS split off its Group shared services business, which was then merged into TIS Business Service Inc., a wholly owned subsidiary, in April 2022.

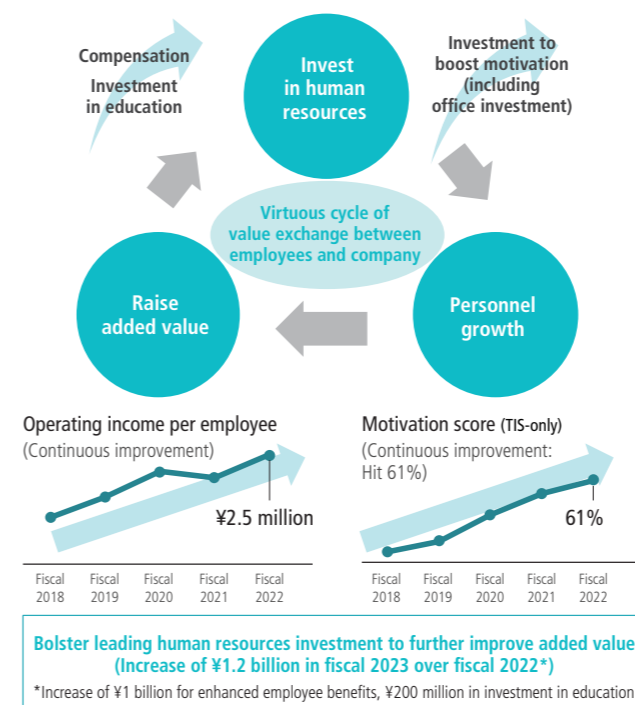
Promoting higher level of ESG



Human Resources Strategy

To improve the value provided by DX and realize structural transformation, TIS prepared a human resources strategy and has been reinforcing investment in human resources, based on this strategy. We seek growth through circular value exchange between employees and company, a process of promoting development through investment in human resources, which underpins higher added value in each individual and then leads to improved earnings that are used as the source of capital to begin the process again.

Ideal Human Resources Strategy



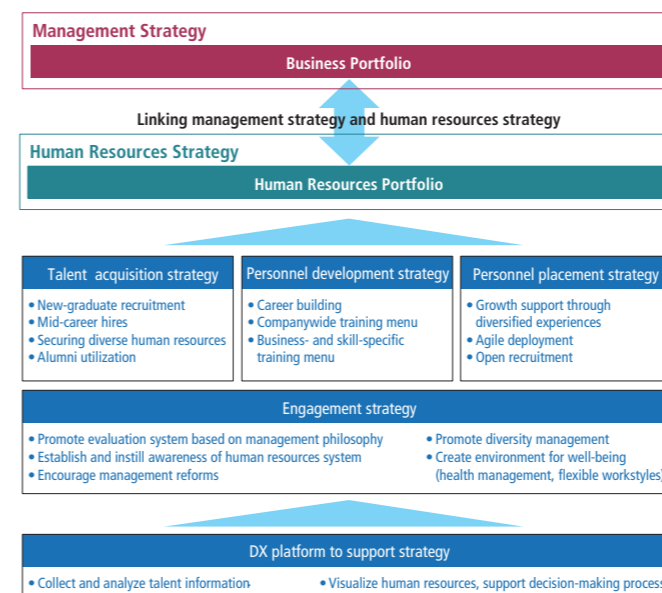
Activities and Results in Priority Areas

Sharpen/enhance skills of human resources	Personnel DX	Diversity & Inclusion	Sustainable engagement
<ul style="list-style-type: none"> Expanded DX consultant pool to 300 as planned Developed, strengthened skills of IT architects, project managers and others 	<ul style="list-style-type: none"> Promoted talent management throughout Group Use data to help shape careers, ensure best assignment 	<ul style="list-style-type: none"> Obtained White 500 status for four consecutive years for health management Continuous awareness activities, including Diversity & Inclusion training 	<ul style="list-style-type: none"> Motivation score rose from 56% last year to 61%

Priority Themes in Fiscal 2023

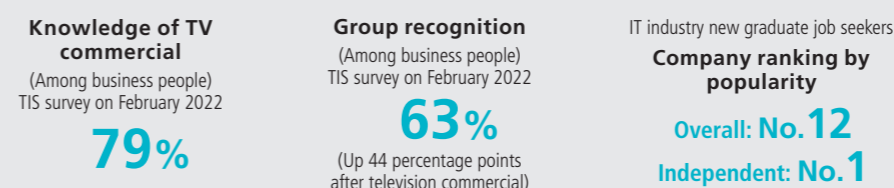
Reinforce human resources investment to boost added value
Raise human resources business partner capabilities
Promote diverse individual activities using personnel DX

TIS INTEC Group's Human Resources Strategy Model



Highlight manifesto and vigorously push measures forward

Brand activities launched in the second half of fiscal 2020 emphasized approaches to boost brand recognition through television commercials and other media formats. Our efforts have generated positive results. Going forward, we will strive to become a company—and by extension, a corporate group—that all stakeholders look to first, and we will implement strategies to boost our brand profile.



Josaku Yanai

Representative Director,
Executive Vice President



We will utilize leading-edge digital technologies to promote corporate and social change as a strategic partner of our clients.

Josaku Yanai, TIS Representative Director and Executive Vice President, speaks to changes in the business environment for the TIS INTEC Group and the evolving needs of clients as well as growth strategies for businesses hinging on improved value in DX services provided.

Looking back on fiscal 2022

Achieved favorable results on market need for responses from higher upstream phase

Business activity was extremely favorable in fiscal 2022, ended March 31, 2022, substantiated by record-high performance on a consolidated basis. I would say this achievement is primarily due to tremendous IT investment enthusiasm among clients, especially for DX, and the ability of employees to respond appropriately to this heightened interest. In addition, as we leveraged an enhanced frontline—a concept central to the current medium-term management plan—we were also successful in actively identifying client needs through what-if proposals and in polishing our consulting capabilities for bespoke solutions to client needs. Looking back, fiscal 2022 was a year that saw increased demand for IT investment in both back-end and front-end systems. Clients demonstrated an exceedingly high level of interest in DX and were very keen to apply and utilize data as a key management resource, which essentially meant building a data coordination platform. There was also a large number of migration projects to revamp mainframe systems created with old programming languages,

such as COBOL, as clients prepared to ride out a situation that the Ministry of Economy, Trade and Industry has termed the “2025 Digital Cliff.” In addition, we capitalized on booming IT investment activity, including Enterprise Resource Planning (ERP), a shift to cloud-based services, mobility projects—such as MaaS (Mobility as a Service)—reflecting a change to smartphones as the point of contact with customers, and projects involving a global activities or a widespread environment-oriented response. Such a robust appetite for IT investment among our clients has resulted in an increase in the size of development projects for the TIS INTEC Group.

Client needs have evolved such that there is now more demand for upstream interventions. When IT investment was aimed primarily at making operations more efficient, clients decided on system requirements. Now, in the DX age, we are seeing more requests for advice from the design stage to create systems specific to the issues clients face and take them where they want to go. The right consulting skills are imperative to facilitate such advice. Meanwhile, as clients embrace the shift toward DX, they are not outsourcing to IT vendors as much but rather tackling website updates and other simple digital tasks using in-house IT talent, which is

then complemented by advice from external experts, like TIS. Consequently, our relationship with clients is changing, and we are more often required to fulfill the role of strategic partner rather than IT vendor.

As for changes on the technology front, AI embedding and Big Data are becoming more pervasive, and we have noticed an uptick in projects related to XR (Extended Reality), which blends digital environments extending across the realm of immersive technologies, including VR (Virtual Reality) and AR (Augmented Reality), with real-world environments. At the same time, UI (User Interface) and UX (User Experience) design concepts emphasizing end-user perspectives are key. Demand is also rising for agile development, which flexibly incorporates client needs into the process; scrum development, which disperses roles within a team to move development along; and low-code development, which facilitates client-side in-house development, including website maintenance, and is manageable even for non-professional developers.

Developed countries around the world, including Japan, are facing the major social issue of a shrinking workforce, the most effective solution to which is the use of IT. Against a backdrop of dizzying change, accentuated by the crisis in Ukraine and heady inflation, clients are also likely to maintain their emphasis on IT to deal with changes in their own industries at least for a few more years.

Seek optimal Group formation, change management structure

As part of its efforts to achieve a Group formation that demonstrates comprehensive capabilities while recognizing the corporate identity and special features of each company under the TIS INTEC Group umbrella, TIS introduced a new management structure and, in conjunction, restructured its reporting segments, effective from fiscal 2023. There are now five principal segments: Offering Services Business, which will be a driver of service-style business and global operations; Business Process Management, which will make business processes more efficient and realize business reforms; Financial IT Business and Industrial IT Business, which will handle system configuration and system operation as a business partner for clients that are top in their respective industries; and Regional IT Solutions, which will leverage development of regional solutions for a diverse and region-specific client base.

As of March 31, 2022, TIS had 53 consolidated subsidiaries, configured to achieve a balance between diversity and unity as well as a balance between centrifugal (new idea generating) and centripetal (integrating) forces. A decrease in the number of companies through mergers would be a centripetal force, promoting integration but diminishing diversity and innovation. But the pursuit of diversity for its own sake, a centrifugal force in pursuit of innovation, would have the effect of fragmenting the Group and eroding its overall effectiveness. The new formation will involve segment owners, under whom we will realize cohesive management that breaks down the barriers between companies and utilize the strengths of each Group company to underpin growth.

* For details on revision of the Group business portfolio (Group companies and businesses belonging to each reporting segment), go to page 53.

Initiatives under Medium-Term Management Plan (2021–2023)

Strengthen function as strategic partner to clients

As I have already mentioned, in recent years, clients ask that we be more than just a creator of systems. They need us to be a strategic partner. The Ministry of Economy, Trade and Industry's *DX Report 2.1*, issued August 2021, suggests that if companies pivot from a run-the-business approach that maintains and manages current businesses to a value-up approach that targets higher corporate value and then pursues responses aligned to changes in the business environment, the barriers between users and IT vendors will fall. I think so, too, and the role of the TIS INTEC Group must therefore evolve from contracted software development to emphasize active, what-if proposals and delivery of DX services.

In recent years, even core clients seem keen to keep software development in-house, and that raises the question, “Will demand for our services dry up?” No. Our proactive perspective is an attractive quality that client companies seek as they look to us as a partner in their in-house efforts. By continuing to adapt ourselves and offer added value, we will actually create more chances to provide services. For example, in March 2021, TIS established tance CO., LTD., a joint venture with Japan Card Network (CARDNET), which operates a cashless payments network in Japan. tance provides service platforms and DX promotion support to store operators with major credit card companies in mind. The fact that CARDNET, a long-standing client, chose to establish a joint venture with us is a testament to our reputation as a strategic partner with whom it is possible to build new business models.

DX value provided in payment services business

Let me use the payment services business—a forte field for the TIS INTEC Group—as an example of improving the value of DX services provided, a pillar of the current medium-term management plan.

An issue affecting realization of a digital economy in Japan is the low ratio of cashless payments as compared with use of digital payment systems worldwide. The ratio in Japan topped 30% for the first time in 2021 and has been on a steady increase. However, the Ministry of Economy, Trade and Industry has set a target of 40% by 2025 with further expansion to 80%—the world's top level—in the future. The ministry calls the digital payment market a supergrowth market. Meanwhile, TIS has built a tremendous track record of results and enviable strength in the payment services business. In development of mission critical systems for credit cards, the Company boasts a domestic market share of about 50% based on credit card transaction volume, and in provision of services and development related to branded debit card processing, the Company has captured a domestic market share of about 80% based on financial institutions handling such cards. As a company involved in businesses that support realization of a digital economy, it is incumbent upon us to apply our achievements and underlying strength to help promote cashless payments. We believe this domain is one where we can make a considerable contribution, precisely

because of the portfolio and capabilities we have built, and we aim to play an active role.

Specifically, we are providing multifaceted digital account services, making preparations to build digital value platforms for major credit card companies, mobile payment systems for megabanks as well as the laying the groundwork for digital payrolls (digital wage payments), which requires the Ministry of Health, Labour and Welfare to make headway on revisions to current legislation. We are responding to the evolution of cashless day-to-day transactions, including automated expense calculations using scanned receipts.

Meanwhile, the most important factor in providing comprehensive cashless services is safety and security, and we ensure the use of fault-tolerant platforms that operate year-round without downtime and also support efforts to detect fraudulent transactions, including money-laundering activity.

In March 2022, TIS turned ULTRA, an international-brand prepaid payment servicer, into a consolidated subsidiary and thus gained a front-end function for payment services.

Complementing TIS' strength in back-end architecture for payment systems, ULTRA's capabilities make it possible to provide payment services across the full spectrum. Currently, nearly all payment-related services are covered by Group companies, which facilitate the necessary responses to client needs. But through ULTRA, the Group gains the ability to provide overall financial functions, enabling various non-financial institutions, such as companies in the power, telecommunications and distribution sectors, to embed finance functions, particularly a payment function, in their own digital services. This will enhance the Group's ability to help a much broader range of clients to implement DX.

* For details on the payment services business, go to page 35.

Social issue solution services showcasing digital technology

With the digital shift expected to spread more extensively throughout society, the role that IT services will play in addressing social issues is becoming all the more important. Acknowledging this, TIS identified four social issues—financial inclusion, health concerns, urban concentration/rural decline and low-carbon/decarbonized society—that the TIS INTEC Group can help solve through its business activities. Finding solutions to these issues will be a long-term effort utilizing the power of IT and will ultimately lead to the realization of a more equitable society. We are pursuing various activities, including efforts to promote cashless options through our payment services business, HealthTech initiatives, such as our Healthcare Passport that enables both treatment providers and patients to manage medical care and health information, and participation in proof-of-concept projects, including in smart cities initiatives and Mobility as a Service (MaaS). But I would like to highlight a project in the low-carbon/decarbonized society category that began at the end of 2021 and bodes very well for the future.

For Japan to achieve carbon-neutral status, it is imperative for government to reach out to energy-related companies, especially those in the electric power, gas and oil sectors. Drawing on insights acquired through long-standing support for clients in the energy sector, primarily electric power

companies, TIS launched Carbony as a solution brand to realize a decarbonized society. The first solution, Carbony VPP Platform, was made available in April 2022. And there is more to come. We are implementing a diverse array of decarbonizing solutions that includes establishment of environmental value trading transfer and management systems, such as one that awards points to electric vehicle (EV) owners who charge their EVs at home with power generated by a renewable energy system and then discharge the stored energy from their EV to a designated commercial facility. Another example is an energy-saving service for state power companies overseas.

*VPP (Virtual Power Plant): A cloud-based distributed power plant that bundles energy-production sources scattered throughout a region, such as corporate or local government-run production facilities, residential-use power generation equipment and electric vehicles. Digital technology is indispensable to such networks, driven by demand and output forecasts based on AI and device controllers using the Internet of Things.

Future issues and initiatives

My role is to create a virtuous cycle rotating through business units

I oversee all aspects of business, and a key challenge for me is to turn business structures into virtuous cycles that demonstrate the composite capabilities of the TIS INTEC Group. For example, account-based units—divisions or departments—that have built up solid results on made-to-order system configuration are well-acquainted with client-side management issues and associated solutions through many years of business interaction. Service-based units apply this accumulated knowledge as intellectual property and redirect these assets toward industry-standard, service-style businesses, such as CreditSaaS and EneLink. The resulting services then foster contact points with new clients and, never missing a chance to capture such contact points, account-based units draw on strengths to provide multifaceted solutions to management issues that new clients are grappling with. This is a virtuous cycle. Various initiatives are already in the works. For example, in account-style units, account managers are aware that they have a responsibility to take a bird's-eye view of the Group and to look beyond the client-specific structure—be that a department or a section—for which they are responsible and bring in other service-style units or Group company members to formulate broader-ranging account plans from a Group perspective.

Approach to using leading-edge technology at home and abroad over the medium to long term

On the business front, a medium- to long-term objective is to reinforce our presence in consulting, while on the technology front, we will delve deeper into trade finance and digital currency through application of blockchain technology as well as wider use of XR and Metaverse embedding. Of note, Singapore-based Entropica Labs Pte. Ltd., with which TIS formed a capital and business alliance in May 2020, is involved in quantum computing software development. Quantum computing is a revolutionary digital technology that executes algorithms beyond the reach of existing computers and facilitates high-speed processing. TIS will collaborate on

cutting-edge technology with developers of Entropica Labs while pursuing solutions applicable in various fields.

As always, we will take a robust approach to global operations, particularly in the ASEAN region. In recent years, we have accelerated activities, including capital and business alliances with local companies boasting advanced technologies, but overseas Group companies have themselves been involved in joint activities, expanding business opportunities in new directions. Global operations are a notable feature of the TIS INTEC Group that will be developed further. Going forward, we will grow businesses in the ASEAN region, starting with key subsidiaries such as the MFEC Group in Thailand, and promote business development that will underpin our standing as a top-class IT consortium in the ASEAN market.

Demonstrating strength during a time of transition for society, underpinned by diverse human resources

For TIS and other members of the TIS INTEC Group to appeal to clients, whether existing or potential, we must evolve. As the director responsible for DX, it is my duty to promote the Group's DX strategy, including DX in-house. Our DX emphasis is not only on software development operations but also on ordinary operations which will lead to efficient quality improvement through a switch to robotics and AI, highlighted by the introduction of robotic process automation into head office functions. We will continue to foster an environment in which people can be innovative and focus on work that generates added value.

In addition, we have looked beyond mechanical efficiency and, over the past few years, we have directed resources into the establishment of engineering platforms utilizing the knowledge of engineers. For example, we have implemented various approaches to boost productivity, including the use of Nablarch, an application and execution platform developed by the Technology & Innovation SBU; canal, a support site for TIS

INTEC Group engineers; and Fintan, a collection of development know-how. Such initiatives enable employees to perform at higher levels than before, which fuels productivity per person and fosters continuous improvement in profitability.

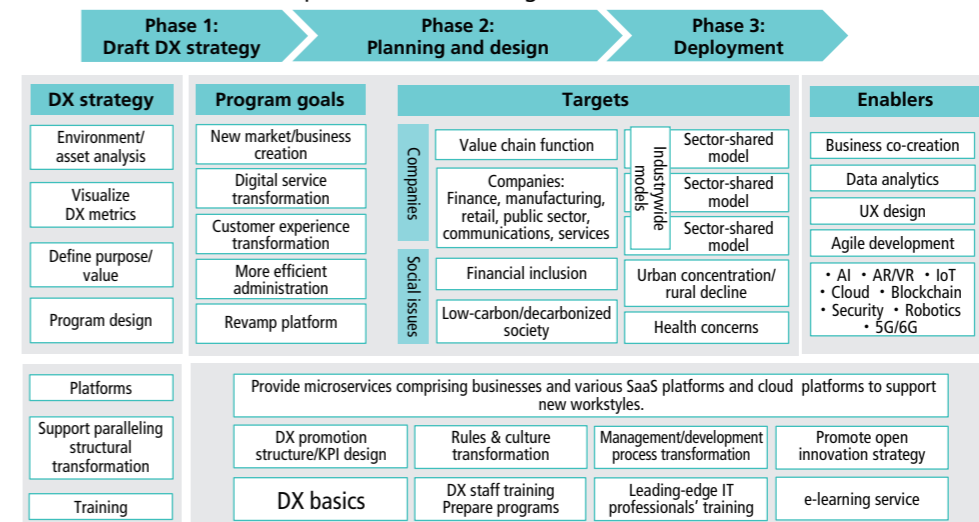
A survey by the Ministry of Economy, Trade and Industry indicates that Japan could have a shortage of 600,000 IT professionals by 2030. Other issues that might impact the business activities of the TIS INTEC Group are possible disruptions to co-creation opportunities with clients and business partners, and potential obstacles to securing and drawing upon a diverse workforce free of gender and nationality bias. To date, TIS has responded proactively by establishing new job categories, notably, data scientist and user interface/user experience (UI/UX) designer, as the centerpiece of an alliance with consolidated subsidiary Miotsukushi Analytics, Co., Ltd., which is engaged in the data analysis and AI consulting business. We have also widened access to employment and created more opportunities for a diverse workforce to thrive through enhanced human resources development, exemplified by MFEC Venture LAB, a startup specialist seeking to cultivate entrepreneurial talent. Going forward, we will focus on enhancing job satisfaction and will also use television commercials and other forms of messaging to convey to as many people as possible the significance—and even the fun factor—inherent in a career at a company under the TIS INTEC Group umbrella.

The TIS INTEC Group has many strengths: independent management free from keiretsu ties, a client base of top-class companies in their respective industries, and a diverse technostructure built through M&A. Global operations present another strength. But our most significant strength is our people. At a time when social values are in transition, the Group will adhere to OUR PHILOSOPHY, and I will push for realization of sustainable growth of the Group while sharing with employees the challenges and enjoyment of steering the corporate ship with personal resolve for the good of society.

Steps Taken by TIS INTEC Group to Realize Digital Transformation

The TIS INTEC Group seeks to be a partner, guiding clients through digital transformation, from drafting a strategy to implementing it.

Steps taken to realize digital transformation



Special Feature Roundtable Discussion: TIS INTEC Group's Human Resources Strategy x Business

Define human resources strategy linked to management strategy

Under Medium-Term Management Plan (2021–2023), the TIS INTEC Group seeks to accelerate structural transformation through an improvement in the value of DX services provided. Realization of this goal hinges on human capital, the Group's most valuable management resource. Efforts to enhance human capital are discussed in this roundtable.



(From left)
At TIS, Executive Officer, Deputy Division Manager, Corporate Planning SBU, and Department Manager, Corporate Planning Dept. **Reiko Oka**
At TIS, Executive Officer, and Division Manager, Human Resources SBU **Kyoko Takayanagi**
At TIS, Director, and HRBP (Human Resources Business Partner), Business Innovation Promotion Dept., Business Innovation Unit. **Sachiko Hara**
At TIS, Department Manager, Data Analytics Business Promotion Dept., Business Innovation Unit; and at Miotsukushi Analytics, Co., Ltd., Director and Division Manager, Consulting Division **Shunsuke Masaki**

* For details on the TIS INTEC Group's human resources strategy, go to page 40.

Speedy response to diverse needs of business divisions is essential for improvement in value of DX services provided



Oka: Right now, the Group is working through Medium-Term Management Plan (2021–2023), which highlights the theme of improvement in the value of DX services provided. Such value is generated through co-creation with clients. Our role is to guide clients in their DX efforts as a digital mover—the mission centerpiece of OUR PHILOSOPHY. Enhanced human capital is essential for us to lead the transformation and earn

the trust of clients, and so I'd say improvement in the value of DX services provided and our human resources strategy are intricately connected.

Takayanagi: TIS has always viewed human resources as its most valuable management resource, and this perspective permeates the Group as well. We have established an environment and systems that enable each and every employee to embrace challenges, and we vigorously invest in human resources. Under OUR PHILOSOPHY, growth is defined as better value exchange with stakeholders, but if this concept is applied to the relationship between employees and company, then growth as a company would be reliant on a strong work ethic among employees and a high level of job satisfaction, achieved through successful planning and implementation of various measures by the Human Resources SBU, including hiring, training and seminars, workstyle reform and compensation.

To co-create with clients as a digital mover brightly coloring the future, as Ms. Oka referenced, we must strive to

elevate and sharpen the skills of our human resources. Each business unit drafts its own business strategy, and for business units to realize their respective goals, the Human Resources SBU had an important part to play, too, developing an organizational structure that facilitates flexible and speedy responses to diverse personnel issues and needs.

In 2021, the Human Resources SBU was split along three functional lines: human resources planning, human resources services and human resources business partner (HRBP). HR planning covers preparation of strategies to elevate and sharpen the skills of employees throughout the Group; HR services plans and manages HR operations, such as recruitment, retirement, transfers and employee welfare programs; and an HRBP is a person who identifies HR issues in a business unit, presents solutions and thereby contributes to enhanced activities in that unit.

The HRBP Office, formally established in fiscal 2022, is building a structure in fiscal 2023 that enables HRBPs belonging to the Human Resources SBU and full-time HRBPs in business execution units to cooperate with one another to promote HR strategies closely aligned with business activities.



Masaki: The Business Innovation Unit, where I work, was quick to connect with an HRBP. As a unit driving the Group's DX business, our activities hinge on consulting operations executed by some 200 people across four teams: DX consulting; project management; AI integration and robot platform creation; and data analysis.

DX has become a buzzword, but many clients are not sure what to do. That is where the consulting team comes in—to identify client needs and issues of concerns and then lay out a strategy that guides clients on how to approach the DX process.

The Data Analytics Business Promotion Department, which I manage, comprises professionals who analyze data, that is, clients' management resources. I hold a concurrent position as the manager responsible for Miotsukushi Analytics operations. Data analysis is key to DX and, as a cohesive unit, the TIS INTEC Group plays a composite role in supporting clients' efforts to realize DX. Under Medium-Term Management Plan (2021–2023), TIS aims to expand the Group's pool of DX consultants to more than 500. But growing the DX business will require more than just consultants. The Group urgently needs data analysts, UX designers and a variety of other DX professionals—a category of human resources not previously well populated within the Group—and so the emphasis is on hiring and training DX talent. As a precursor to restructuring in the Human Resources SBU, the Business Innovation Unit welcomed Ms. Hara as an HRBP to quickly address HR needs within the unit.

*Engaged in data analysis and AI consulting businesses, Miotsukushi Analytics Co., Ltd., became a TIS consolidated subsidiary in August 2020.

Hara: Even before joining TIS in 2021, I worked as an HRBP while fulfilling my role as a director in a human resources division. The duties assigned to an HRBP vary by company, but at TIS, at least in the case of the Business Innovation Unit to which I belong, the role of an HRBP is more than handling general HR affairs. At TIS, an HRBP acts as a strategic HR partner to the head of the unit to achieve the business plan and provide high value to society through services provided, supporting unit growth and implementation of strategies from personnel and organizational perspectives.

The job of an HRBP starts with the business strategy drafted by a business unit. Likening the business unit to a company, the HRBP works alongside business unit management to determine the best way to reinforce structural capabilities so that the business unit can achieve its targets. The HRBP is tasked with planning and promoting HR measures.

As an HR professional, I formulate HR strategy for business units using my HR consulting capability, and I import companywide HR strategy—talent management and initiatives to sharpen and elevate employee skills—into business units, gathering feedback from business units and conveying it to the Human Resources SBU. In this way, I act as a bridge so that we can formulate coordinated responses.

Diversity and sense of unity are TIS INTEC Group strengths

Takayanagi: Business units, like the Business Innovation Unit, in which an expert in HR has been given a dedicated place as the division's HRBP, are still few in number. But there are just over 10 people in business units at TIS where someone fulfills the HRBP role along with divisional responsibilities, and the Human Resources SBU's HRBP Office has just under 10 staff, so about 20 people in total are involved in HRBP duties.

The function of an HRBP is to promote HR measures matched to business diversity and aligned to the needs of the business unit. Take hiring for example. At TIS, hiring new graduates is handled exclusively by the Human Resources SBU, while career recruitment is undertaken mostly by business units. One of an HRBP's primary missions is to support and promote the formulation of career recruitment strategies. In the Business Innovation Unit, the designated HRBP has extensive experience in HR management, which translates into great support for career recruitment. In recent years, the unit has thus been able to attract mid-career hires with remarkably strong qualifications.

Oka: To put it another way, the biggest role that HR plays is in creating an environment where all employees can work with peace of mind, enjoy fair and equitable learning opportunities, and experience new workstyles, because this motivates employees and improves job satisfaction. If you think about HR from a business angle, markets are different for each business unit and so are the human resources best suited to the respective market and thus the recruiting division. In hiring and training new employees, it is important to cultivate a sense of unity. At the same time, HR operations being aligned with the diversification of business activities is also important.

Essentially, HR strategies have to reflect qualities of diversity and unity that characterize the TIS INTEC Group.

Masaki: I think the reason that the Business Innovation Unit spearheaded the HRBP movement was because this unit, more so than any other, is going to be focused on human resources. System development divisions have leverage—knowledge built on experience and know-how accumulated through business activities tracking back to the earliest days of the Group—as well as consulting teams specializing in cashless operations. In comparison, the Business Innovation Unit’s consulting structure does not address services on specific products. Instead, consultants analyze issues and needs that transcend client lines, substantiate results and consider approaches to achieve innovation. This requires not only a high level of specialization but also generalist skills applicable to client-side businesses. Consequently, it is not knowledge so much as the talented people themselves that become leverage. We must also consider projects in domains different from the contract development activities that the TIS INTEC Group has been involved in for many years. In-house personnel transfers and training are not enough. We must actively source good candidates from outside the Company as well.

However, right now, with the employment market booming, a successful hiring program demands that we present recruitment agencies with a clear message about our strategies and the competencies we require. We also have to maintain especially close ties to these agencies: it was impossible to execute the career recruitment process along with regular operations on our own. With HRBPs like Ms. Hara at work, we have most certainly raised the speed and quality of recruitment results.



Hara: Hearing your comments reminds me that ultimately, an HRBP is a partner in the truest sense—someone who is there for the business unit and takes an end-to-end approach, from recruitment all the way through training and organizational culture, so that the unit can provide value to society.

For example, in the Business Innovation Unit, I apply a career development model TIS calls “Career Frame,” and I formulate an HR plan, create an HR development system and roll out concrete measures that underpin a stronger HR structure. The unit has identified eight job categories under the Career Frame that provide value to clients. People in these jobs are referred to as Business Innovation Professionals. I build a portfolio highlighting the number of people the unit requires to execute operations, when they are needed, in which job categories, and at what stage of a project. Based on the portfolio, I also design the HR development system and various measures, including recruitment, so that the unit can successfully carry out its business plan.

The HR strategy specific to each business unit must align with the overall HR strategy set by the Human Resources SBU, and I will work closely with HRBPs assigned to other business units and with Human Resources SBU managers.

Link diverse division-specific characteristics, and maximize value in DX services provided

Oka: Quite a bit of structural transformation is needed to secure the strategic domains described in Group Vision 2026. Strategies and issues that will push structural transformation forward, on the theme of higher value in DX services provided, are the focus of a monthly strategy discussion group. Here, not only HR strategy but all strategies are covered and opinions are shared. For example, it is certainly true that the Business Innovation Unit is a driver of DX, but divisions and Group companies involved in system development—a well-established Group strength—have a significant pool of diverse talent demonstrating extensive business knowledge as well as system configuration experience and know-how. Employees throughout the Group, including human resources in system development operations, must understand the direction that TIS is taking as a mover using digital technology. By the same token, it is also extremely important for the management team to deploy measures to encourage a virtuous cycle that encompasses the whole Group.

Hara: In terms of realizing Group Vision 2026, efforts to strengthen divisional capabilities through greater engagement has taken on renewed importance as a way to boost performance within each division amid diversifying employment formats and evolving perceptions of value.

Individual sections in the Business Innovation Unit, such as those focusing on consulting and data analysis, possess advanced capabilities. But to elicit a higher level of team-like solidarity and give the whole unit the ability to offer higher value, we initiated the BIU Forum, a two-year project launched in 2022 to strengthen HR engagement by promoting mutual awareness of all operations. The forum transcends divisional barriers, regularly engaging 200 people across the unit in conversation about what’s happening. As an initiative, it also promotes efforts to build action plans and promote unilateral unit-specific measures.

TIS provides various corporate and Human Resources SBU-issued information, including topics related to OUR PHILOSOPHY and the results of the employee awareness survey. By analyzing and internalizing this information from a personal perspective, everyone gradually understands the benefit—the joy, if you will—in taking ownership of the process to create a structure that makes work exciting.

Masaki: Unlike recruitment, though, initiatives to promote a better workplace culture take time to produce results. But for me personally, opportunities, particularly the BIU Forum, have granted me access to the honest opinions of young employees, and I realize that executives need to listen to comments from the floor more often. I think the forum will kickstart more opportunities for communication.



Takayanagi: While HRBPs implement various HR measures fine-tuned to each business unit, as Ms. Hara does in the Business Innovation Unit, the Human Resources SBU shares information on programs and initiatives with other business units that can be implemented if applicable or necessary to the individual business unit. The SBU also spearheads companywide measures, such as system revisions based on employee awareness surveys and feedback on existing measures.

In addition, at each company under the Group umbrella, the human resources manager or human resources strategy manager acts as the HRBP for that company. In this position, the manager has access to information on HR issues at other Group companies and can apply the knowledge in-house to formulate and promote HR measures designed to achieve respective business targets. But because business strategies and business models vary from company to company within the Group, measures ideal for TIS are not necessarily right for all Group companies. Nevertheless, the trajectory of fundamental HR strategies follows a common path, and efforts to raise the quality and speed of HR measures aligned to business strategies are thus applied groupwide.

Another example of our work in the Human Resources SBU at present is the revision of HR systems, including performance evaluation and compensation systems, for implementation in fiscal 2024.

Masaki: Improvement in the value of DX services provided is a key theme in the current medium-term management plan, but

the Group’s strength is in its overall ability to provide end-to-end support, from consulting to system development. As a structure cutting across the Group, the Business Innovation Unit has many opportunities to work with account-based units serving clients in the finance and industry sectors and to address concerns regarding client-side DX. We bring strategic consulting skills. They bring insight into client businesses. Add in access to the forte capabilities of Group companies, and now TIS can provide the best possible solutions to clients’ DX needs.

Speaking specifically to the activities undertaken by my team in the Business Innovation Unit, we apply a system coordinated with Miotsukushi Analytics, a TIS subsidiary specializing in data analysis and AI. TIS provides consulting and system development know-how, while Miotsukushi Analytics provides instruction on data analysis and AI. Personnel exchanges, to utilize reciprocal strengths within the Group, also help to accelerate development of DX talent.

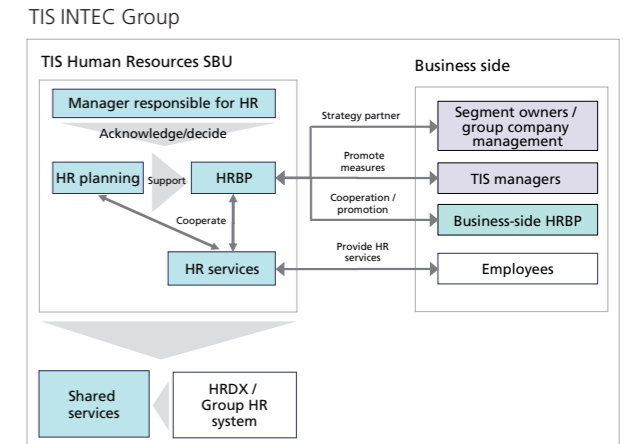
Hara: TIS has taken an extremely robust approach with measures to elevate capabilities groupwide, including in-house recruitment and seconding employees to group companies like Miotsukushi Analytics to reinforce the DX talent pool. Behind this approach is the idea that enhanced collaboration within the Group will not only grow TIS’ businesses but also boost the value of DX services provided in a way unique to the TIS INTEC Group. HRBPs support business growth from both human resources and structural perspectives, walking hand in hand with their assigned business unit to address HR issues while also looking beyond the business unit to align measures along the Group’s primary trajectory.

Takayanagi: The Human Resources SBU also has the back of each and every employee in their embrace of new challenges. Toward that end, with the determination to change the Group through HR, I will work with business units to promote HR investment measures characterized by flexibility and a sense of speed.

TIS Career Frame (Personnel Development Model)

Category	Field (Specialization)	Stage (Differences in role)
Consulting	Business consultant	Job categories of Business Innovation Unit
	Industry consultant	
	Business function consultant	
Business innovation	Producer	Job categories of Business Innovation Unit
	UX designer	
Solution design	Solution designer	Job categories of Business Innovation Unit
	AI Robotics ...	
Data science	Data scientist	Job categories of Business Innovation Unit
Implementation	Project manager	
	Architect	
	Application specialist IT specialist	
Sales	Marketing	Define role and skills by field and stage
Corporate	Corporate planning	

Human Resources Structure/HRBP-Related Chart



Executive Vice President's Message 2 (Financial Investment Strategy)

Masahiko Adachi
Representative Director,
Executive Vice-President



Under the financial investment strategy of Medium-Term Management Plan (2021–2023), we will strive to achieve sustainable improvement in corporate value by balancing robust growth investments to promote structural transformation with enhancing shareholder returns.

Specifically, we will make aggressive growth investments of around ¥100 billion to promote structural transformation (¥30 billion for internal reinforcement and ¥70 billion for M&As and external investments) while strengthening shareholder return with a target total return ratio increasing from 40% to 45%. In the process, we aim to achieve a compound annual growth rate for earnings per share of 10% and return on equity (ROE) of 12.5–13.0%. To realize both proactive growth investments and enhanced shareholder returns, it is essential to improve our cash-generation capabilities while ensuring financial soundness. With this in mind, we will clearly define our targeted cash allocations and balance sheet structure and promote each management measure accordingly.

In fiscal 2022, we made growth investments and promoted high-value-added businesses by concentrating management resources in strategic domains. As a result, we made steady progress in structural transformation and achieved improved profitability. Thanks to an increase in the gross profit margin, we were able to absorb a ¥2.18 billion increase in prior investment costs to promote structural transformation and a ¥2.82 billion increase in costs attributable to office reforms to promote new workstyles. As a result, operating income increased 19.7% year on year to ¥54.7 billion, and the operating margin rose 1.1 points to 11.3%. The strategic domain ratio also improved as planned,

rising 3 points to 54%. Consequently, net cash provided by operating activities reached ¥56.1 billion, much higher than in the past, and our ability to generate cash from our business has increased. In addition, we reduced cross-shareholdings by ¥7.5 billion and posted ¥7.0 billion in proceeds from sales of shares in subsidiaries following a review of our business portfolio centered on strategic domains.

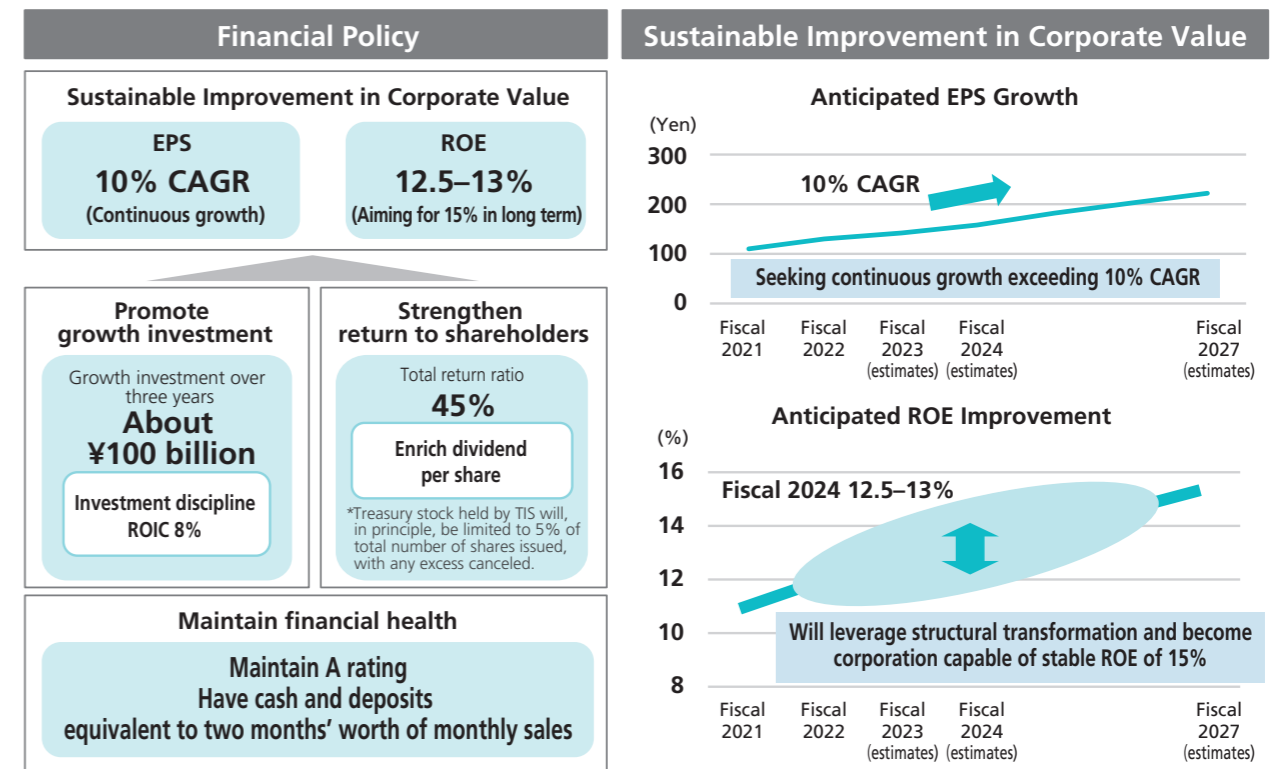
As a result, ROE rose 3.2 points year on year to 14.0%, exceeding the medium-term management plan target. I believe the Group's policy of increasing the net income ratio to drive higher ROE was the main factor in achieving this outcome, although extraordinary profits resulting from reduced cross-shareholdings and a review of our business portfolio did have a positive impact.

The progress of the aforementioned measures has helped transform the Group's "quality of management," and I feel we are in a strong position to make further progress in the future. To further ensure our ability to achieve our long-term ROE target of 15%, in fiscal 2023, ending March 31, 2023, we plan to conduct share buybacks totaling ¥30 billion. These include around ¥5.5 billion in shareholder return as part of our commitment to achieving a total return ratio of 45% (target), and an additional ¥24.5 billion in line with efforts to optimize our capital structure.

To meet the expectations of stakeholders, we will continue striving to achieve sustainable improvements in corporate value by making robust growth investments and practicing capital cost-conscious management. In the process, we will aim to sustainably increase corporate value by optimizing our capital structure and improving capital efficiency, in addition to achieving profit growth.

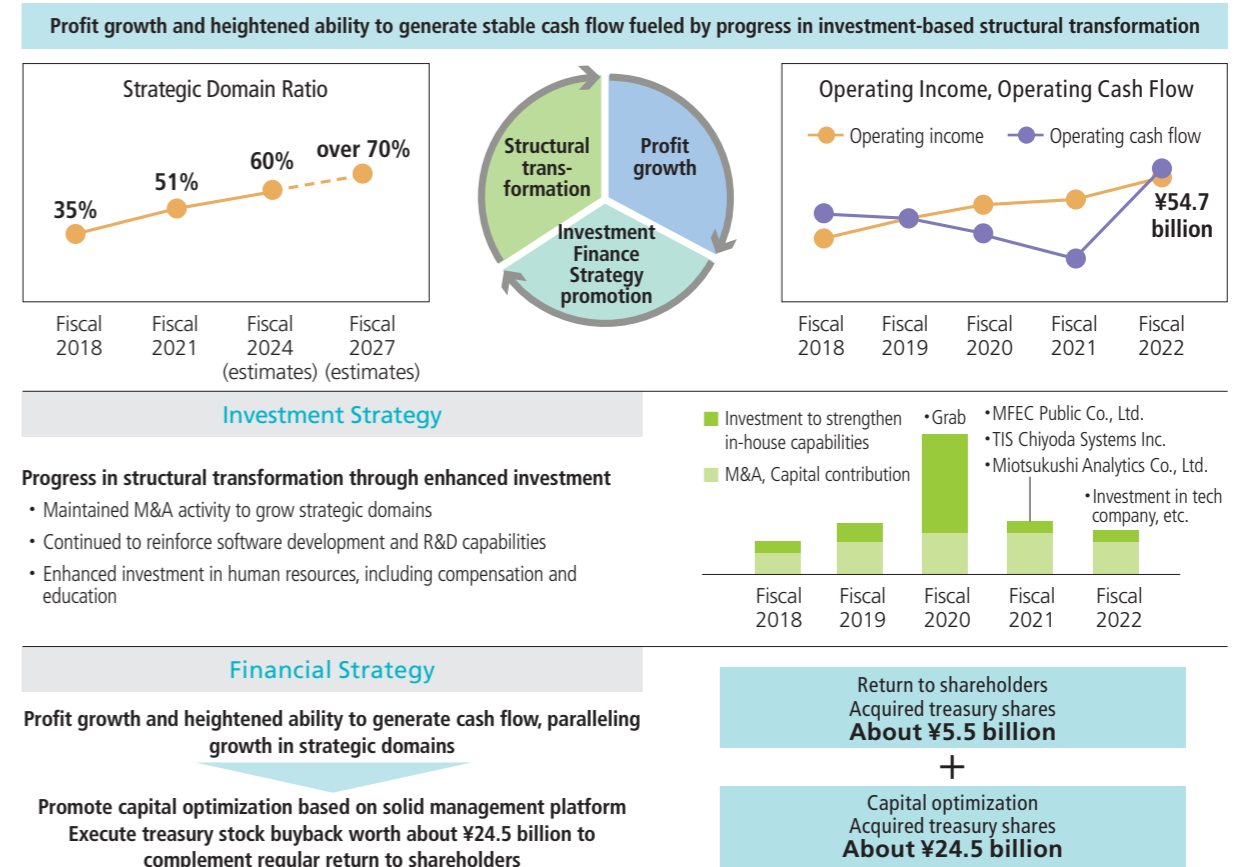
Overview of Financial Investment Strategy

We will strive to achieve sustainable improvement in corporate value by balancing robust investment in growth fields with management conscious of capital costs.



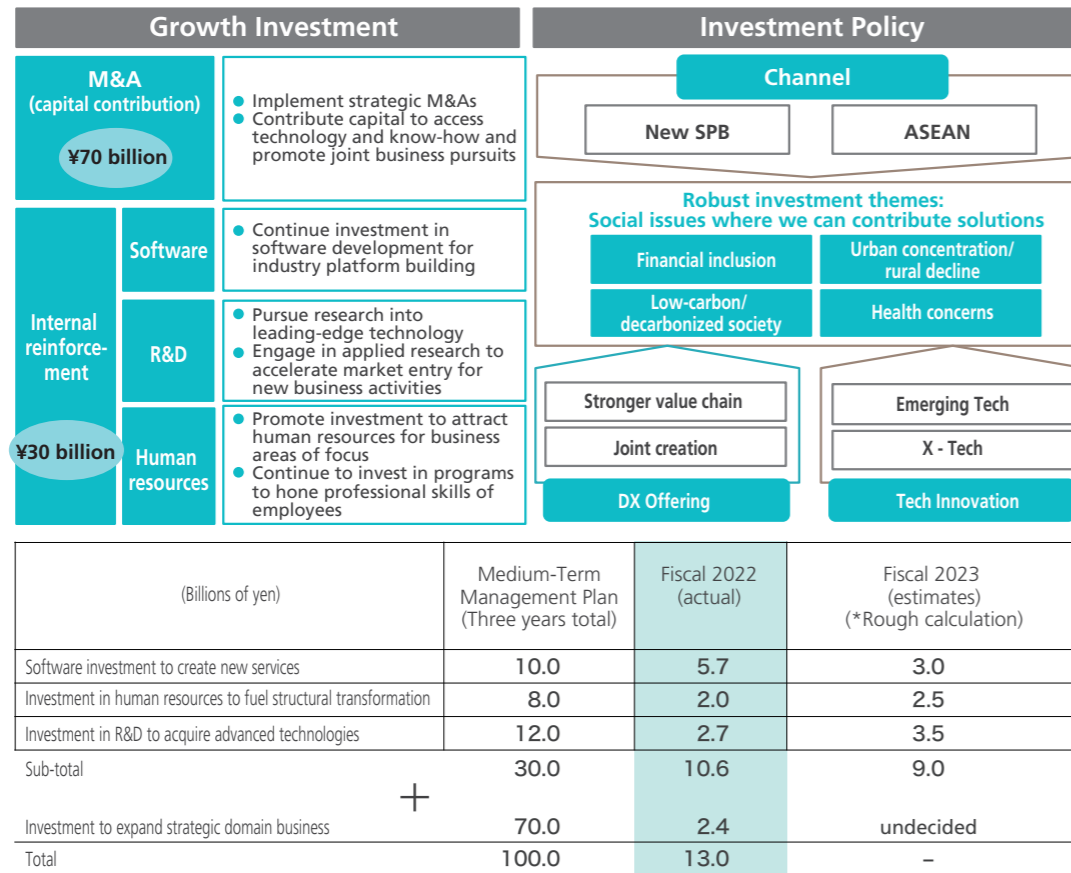
Progress of Financial Investment Strategy

We will implement treasury stock buyback seeking capital optimization, based on changes in management quality paralleling progress in structural transformation.



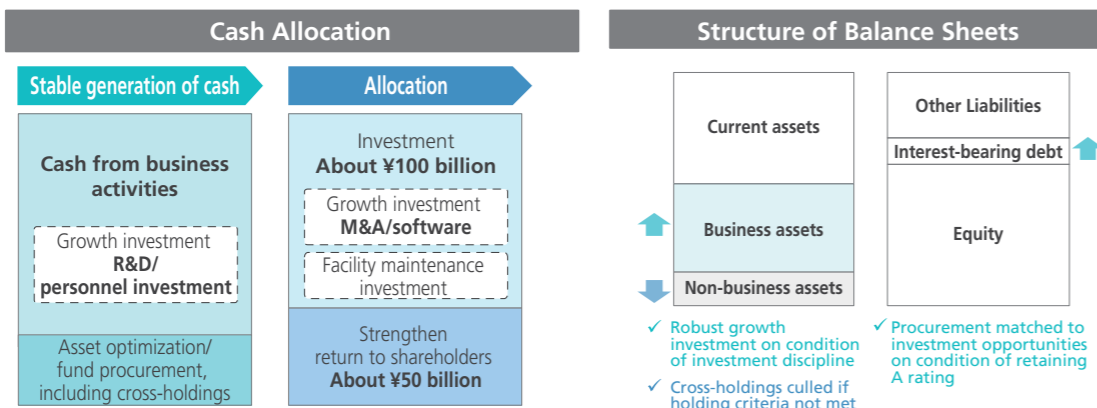
Growth Investment

We will improve the value provided in DX services and underpin efforts to acquire new technology through robust investment of about ¥100 billion.



Cash Allocation, Structure of Balance Sheets

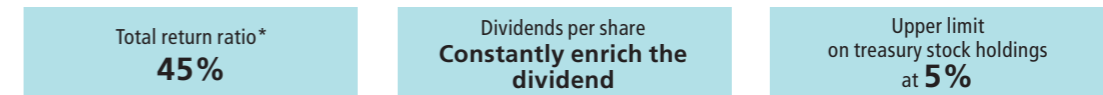
We will balance robust growth investment with stronger return to shareholders, based on cash from business activities.



ROE Growth Structure

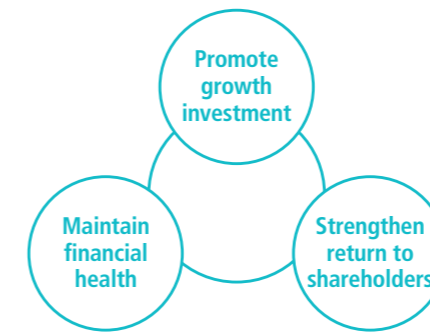
	Fiscal 2021 (actual)	Fiscal 2024 (estimates)	Fiscal 2022 (actual)
ROE	10.8%	12.5%~13%	14.0%
Net income ratio	6.2%	7.8% Structural transformation, investment results	8.2%
Total asset turnover ratio	1.08	Slight drop Increase in business assets paralleling growth investments	1.04
Financial leverage	1.63	On a par Maintain financial health	1.65

Basic Policy on Return to Shareholders



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

Seek more appropriate capital composition and enhanced capital efficiency, with efforts to promote growth investment, maintain financial health and strengthen return to shareholders—all in the right balance.



Promote growth investment

- Take vigorous approach to investment in human resources as well as upfront investment, M&As and other growth investment opportunities. Respect investment discipline ROIC of 8%, with maximum investment of ¥100 billion over three years. Provide higher level of DX value and work to acquire new technology to achieve strategic domain ratio of 60% and operating margin of 11.6%.

Maintain financial health

- Have cash and deposits equivalent to two months' worth of monthly sales, mindful of maintaining A rating.

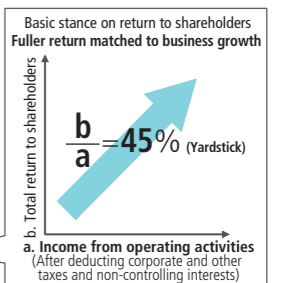
Strengthen return to shareholders

- With yardstick of 45% for total shareholders' return ratio, goal is to continuously enrich dividend per share.
- The amount of treasury stock held by TIS will, in principle, be no more than 5% of total number of shares issued, and any shares exceeding this limit will be canceled.

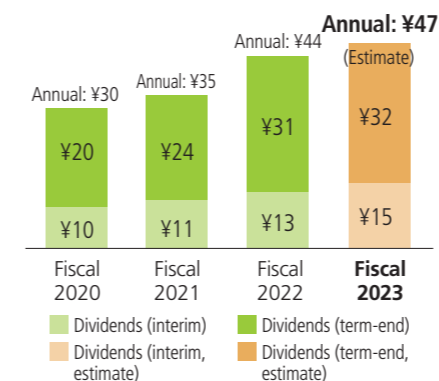
Status for Return to Shareholders

- Implemented ¥4 increase in year-end dividend for fiscal 2022. In line with policy on total return ratio (after adjustment) of 45%.
- In fiscal 2023, TIS will complement normal portion of return to shareholders with treasury stock buyback of ¥24.5 billion.

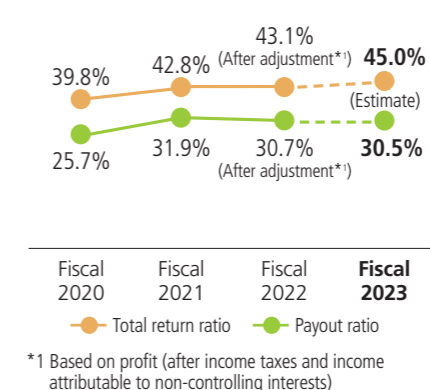
	Fiscal 2022 (actual)	Fiscal 2023 (estimates)		
Annual dividend per share	¥44 (Compared with estimate +¥4)	(Normal) ¥47 (YOY change +¥3)	(Capital optimized) -	(Total) ¥47
Total dividends	¥11.0 billion	¥11.3 billion	-	¥11.3 billion
Payout ratio (After adjustment *)	27.9% (30.7%)	30.5%	-	30.5%
Acquired treasury shares	¥4.47 billion	¥5.5 billion	¥24.5 billion	¥30.0 billion *2
Total return ratio (After adjustment *)	39.3% (43.1%)	45.0%	-	110.3%



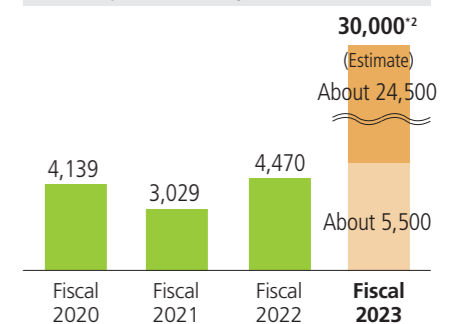
Changes in Dividends per Share



Total Return Ratio and Payout Ratio



Total Acquired Treasury Shares (Millions of yen)



Cancellation of Treasury Stock

Date of cancellation	Number of shares cancelled	Percentage of total number of issued shares prior to cancellation
September 28, 2021	12,206,400	4.6%

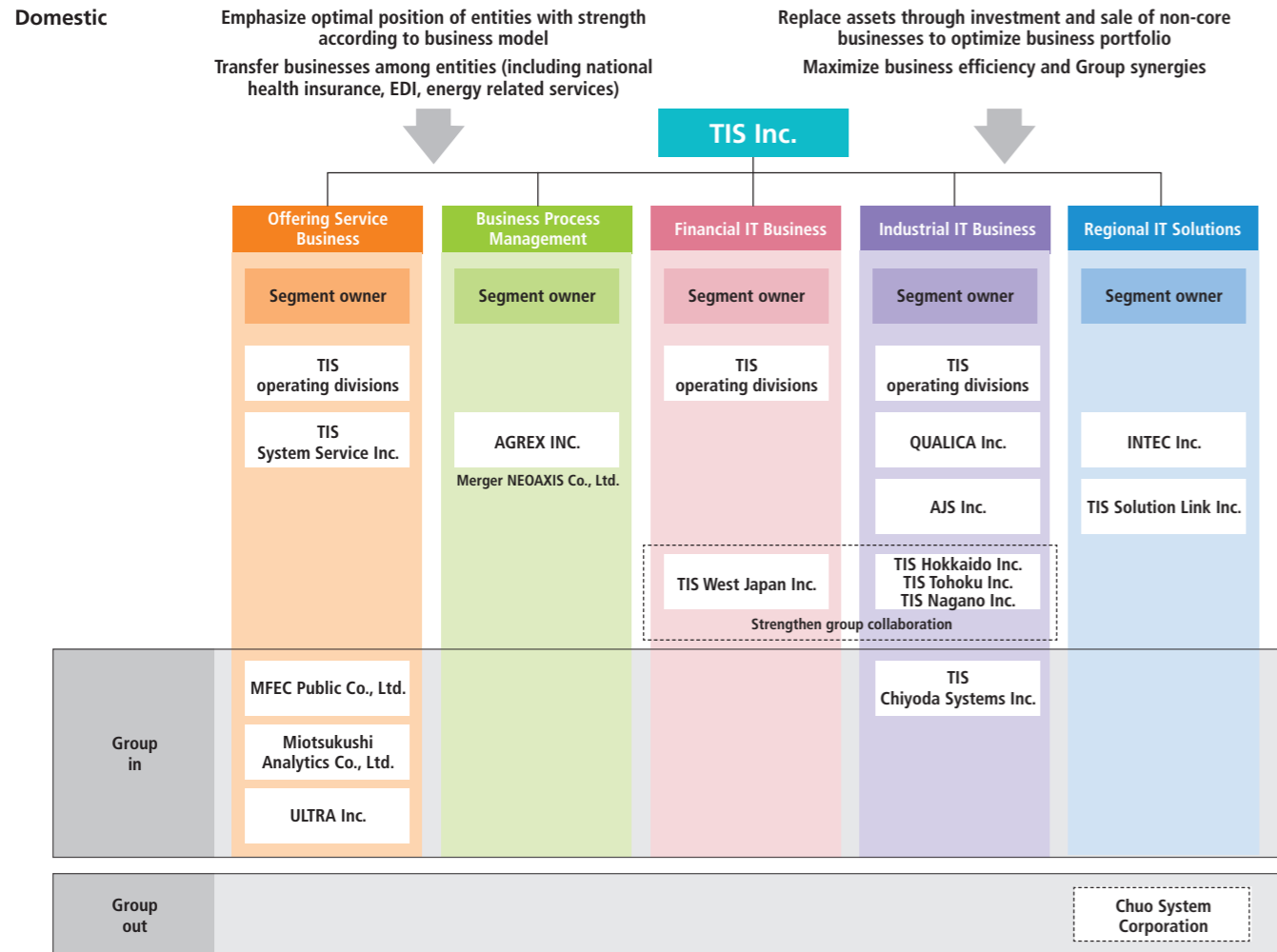
Treasury shares (approximately ¥24.5 billion) planned for acquisition in fiscal 2023 as part of a process to improve capital structure will be canceled, in view of corporate policy and issues, namely, dispelling concerns about future stock dilution.

Business Strategies by Segment

Change in Reporting Segments

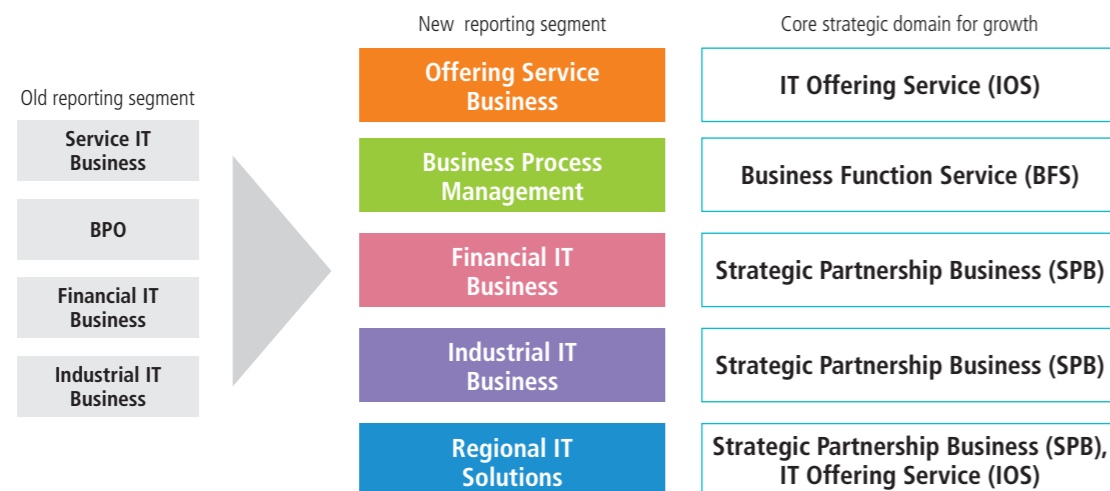
To promote further structural transformation, TIS implemented a change in the management structure of the TIS INTEC Group, and paralleling this change, the Company implemented a business model-specific management approach in revising its reporting segments, effective from fiscal 2023. The new reporting structure comprises six segments: Offering Services, Business Process Management, Financial IT, Industrial IT, Regional IT Solutions and Other. Through these changes in reporting segments, we have clarified the authority and responsibilities of segment owners and set the stage for achievement of growth strategies utilizing the strengths of each Group company.

Group Formation (As of April 1, 2022)



Key Points of Change

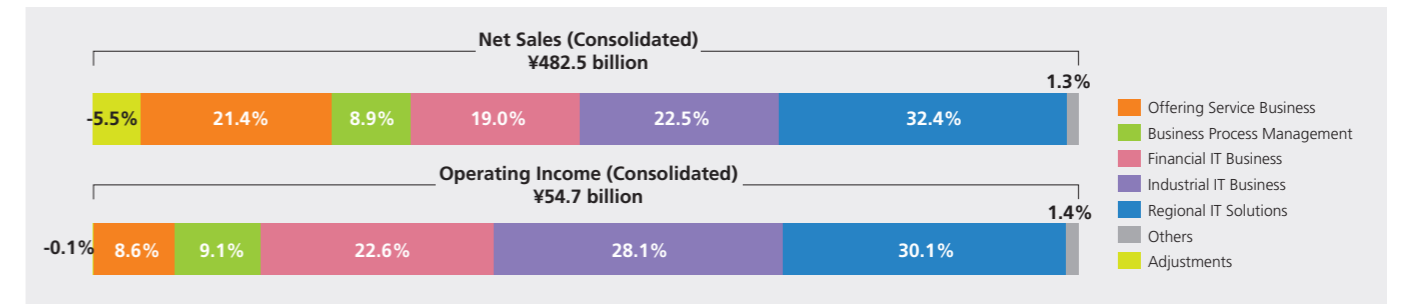
- Promote growth strategies more effectively by meticulously applying a business model-specific management approach to operations
- Turn offering services, representative of an upfront investment-style business model, into a business category, and accelerate shift toward service status
- Turn regional IT solutions into a business category with a broad client base and promote IT professional services and solutions



*In addition to segments noted above, there is the Other segment.

Business Results by Segment (Year ended March 31, 2022)

*Segment sales include intersegment sales.



Segments	Net sales	Operating income [operating margin]	Net sales by business category	Strategic domain image
Offering Service Business Configures services through own investment based on best practices accumulated groupwide and provides knowledge-intensive IT services.	¥103.1 billion	¥4.6 billion [4.5%]		
Business Process Management Addresses issues related to business processes with IT technology, business know-how and skilled human resources to provide more sophisticated, more efficient outsourcing services.	¥42.9 billion	¥4.9 billion [11.6%]		
Financial IT Business Considers business and IT strategies together and leverages both, and supports business progress using expert business and operating know-how specific to the finance industry.	¥91.6 billion	¥12.3 billion [13.5%]		
Industrial IT Business Considers business and IT strategies together and leverages both, and supports business progress using expert business and operating know-how specific to industry sectors other than finance.	¥108.7 billion	¥15.3 billion [14.1%]		
Regional IT Solutions Provides IT professional services extensively, across regions and client sites, and collects and develops this know-how as the source of solutions to support efforts to address issues and promote business activities.	¥156.2 billion	¥16.4 billion [10.6%]		
Other *A business segment for business activities that do not fall under other reporting segments. Consists mainly of ancillary businesses providing all sorts of IT services.	¥6.3 billion	¥0.7 billion	<ul style="list-style-type: none"> Software development Operation and Cloud Services Product and software sales 	<ul style="list-style-type: none"> SPB IOS BFS
Adjustments	-¥26.5 billion	¥0 billion		
Consolidated Results	¥482.5 billion	¥54.7 billion		

Number of companies

Offering Service Business: TIS, 27 consolidated subsidiaries (domestic 4, overseas 23), and 72 equity method affiliates (domestic 1, overseas 71)

Business Process Management: Four consolidated subsidiaries (domestic 3, overseas 1)

Financial IT Business: TIS, one consolidated subsidiary (domestic 1), and two equity method affiliates (domestic 2)

Industrial IT Business: TIS, nine consolidated subsidiaries (domestic 6, overseas 3)

Regional IT Solutions: Seven consolidated subsidiaries (domestic 7), and two equity method affiliates (domestic 2)

Other: Five consolidated subsidiaries (domestic 4, overseas 1)

Offering Services Business



Kiyotaka Nakamura

TIS Senior Managing Executive Officer,
Division Director of Digital Transformation Business Unit

We will accelerate the shift toward service-style business by leveraging an upfront investment-style business model.

The Offering Services Business covers multiple domains, including payment services, which turn knowledge gained through systems integration for financial institutions into a service, along with digital marketing, healthcare and business management information services. This segment is also involved in global operations, a priority area for TIS. *For details, please go to page 37.

Among TIS' social issue solution services, which target social transformation using digital technology, the Offering Services Business makes a significant contribution in the fields of financial inclusion and health concerns.

In fiscal 2022, the segment turned in favorable results, underpinned by payment services, which benefited from solid demand for services to address the growing popularity of cashless payment options. The upfront investment phase has concluded, and now we can look forward to enhanced profitability.

To achieve targets under the current medium-term management plan, the Offering Services Business will promote service-style businesses that will become a hallmark feature of the Group's structural transformation. The segment will function as a driver of growth, fueled by higher profits.

Strengths

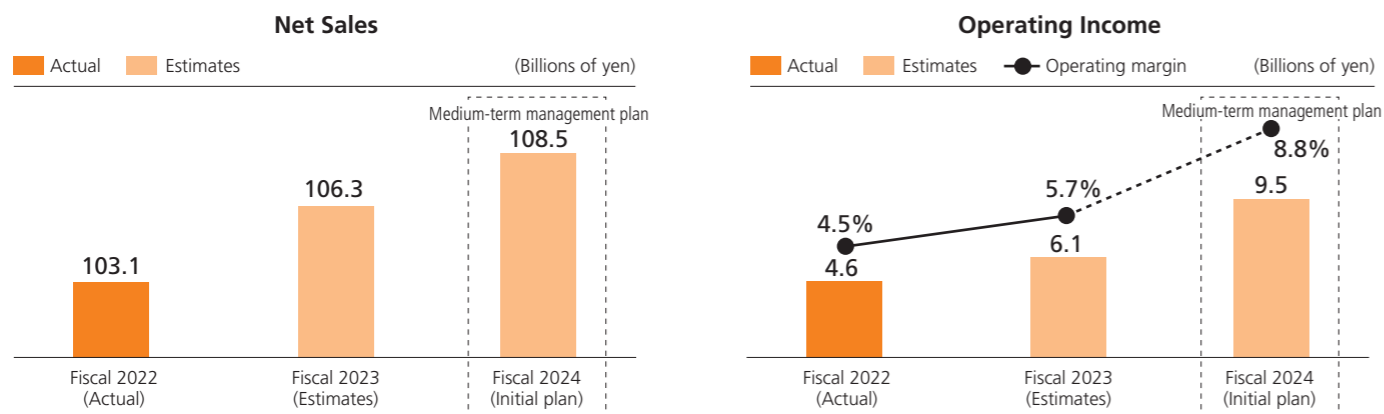
- Ability to utilize industry knowledge accumulated through systems integration operations and provide upfront investment-style services incorporating universal services as standard features.
- Quality, cost and delivery (QCD) management capabilities built on experience in large-scale systems configuration.

Business environment

- Cashless market continues to grow. Government continues to back FinTech, Big Data, AI and data use and application.
- Active trends in financial and non-financial approaches, increasing foreign presence in domestic cashless market, and wider application of digital currency.
- Despite positive impact of ASEAN recovery, negative impact of slowing Chinese economy is reverberating in Japan, dampening economic outlook.

Toward achievement of medium-term management plan (growth strategies)

- Seek growth in payment services, which hinge on CreditSaaS, shift toward recurring business, and improve profitability.
- Seek growth through synergies among payment services, digital marketing and healthcare, and improve added value through vertical integration of cloud and security structures.



Topics

For press releases related to this segment, please visit the following pages:

- TIS turns ULTRA Inc., an international prepaid payment servicer, into a consolidated subsidiary (Japanese only)
https://www.tis.co.jp/news/2022/tis_news/20220509_1.html
- TIS' RoboticBase®, software that facilitates operation of multiple service robots, including those for delivery service, to be installed at Tokyo Midtown Yaesu (Japanese only)
https://www.tis.co.jp/news/2022/tis_news/20220422_1.html
- TIS teams up with University of Occupational and Environmental Health, Japan, for joint research on structure to realize strategic health investment and provides Sustainacare personalized healthcare program (Japanese only)
https://www.tis.co.jp/news/2021/tis_news/20220328_1.html

Business Process Management (BPM)



Tatsuro Unemori

AGREX President

We will actively strive to expand business, paralleling structural transformation, and aim for higher added value through digitization of business processes.

Based in digital technology and business know-how, from an administrative perspective, BPM is a segment that helps clients make the most of business processes. It comprises outsourcing, contact center operations and system configuration as well as DX support paralleling use of IT solutions.

To achieve the targets laid out in the medium-term management plan launched in April 2021, AGREX will lead the segment in actively striving to expand business paralleling structural transformation. Fiscal 2022, the first year of the plan, was marked by higher sales and higher income, thanks to wider demand for contact center operations and DX support.

Going forward, as the workforce shrinks due to the graying of society and a declining birthrate, companies will increasingly look to outsourcing as a way to deal with expanding and diversifying business process needs. We will respond proactively with high-value-added business process services that combine industry and operational know-how accumulated groupwide with the digitization of business processes, and thereby help clients reinforce and grow their businesses. In conjunction, we will contribute to solutions that address social issues through access to services that boost productivity.

Strengths

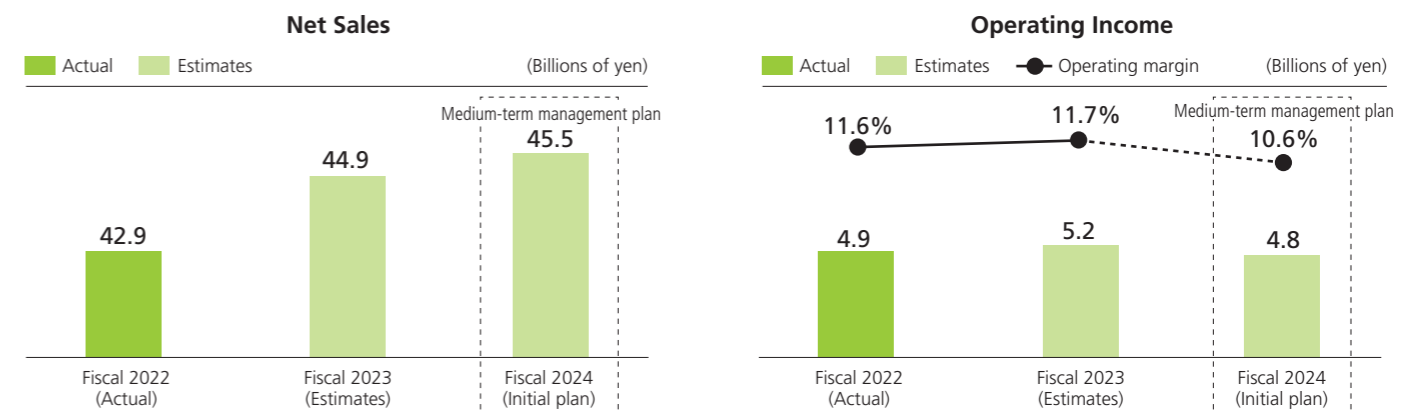
- Unique methodology integrating business process know-how built on more than half a century of hands-on experience.
- Comprehensive capabilities optimizing full spectrum of business processes through fusion of business process outsourcing (BPO) and systems integration services.
- Business knowledge based on track record of outsourcing services for insurance sector.

Business environment

- Labour shortages and workstyle reforms are unlikely to change, fueling gradual growth of the BPO market.
- Demand is solid in the insurance sector, which comprises about 50% of AGREX's BPO business.
- Demand for digitization of business processes is growing.

Toward achievement of medium-term management plan (growth strategies)

- Boost added value beyond simple outsourcing through digitization of business processes.
- Augment presence in forte sectors, such as insurance and securities, by working to cultivate position in new markets.
- Invest in next-generation BPO production platform and translate results into future growth.



Topics

For press releases related to this segment, please visit the following pages:

- Opened Digitization Center as first stage in Evolution BPO concept to turn back-office operations into digital, shared services (Japanese only)
<https://www.agrex.co.jp/news/pdf/508>

Financial IT Business



Shinichi Horiguchi

TIS Senior Managing Executive Officer,
Division Director of Financial Industry SBU and IT Platform SBU

As a true business partner to clients, we will co-create new businesses and contribute to solutions that address social issues.

The Financial IT Business provides one-stop support for the entire system lifecycle based on specialized insights into the finance sector. This segment strengthens partnerships with clients in the finance sector, which represents a core client base, and helps them find solutions to management issues.

In fiscal 2022, the Financial IT Business achieved higher sales and higher income year on year, reflecting an aggressive stance on IT investment, particularly DX, by many clients seeking to hone a sharper competitive edge and restructure their businesses in response to major changes in their business environments caused by the COVID-19 pandemic.

As we address the growing need for IT in business operations where we can showcase insights gained over many years, we will also engage clients in a process of business co-creation, guided by the medium-term management plan. By creating new businesses, we help clients expand business content and, by extension, provide solutions to social problems.

We will strive harder to become a true business partner of our clients.

Strengths

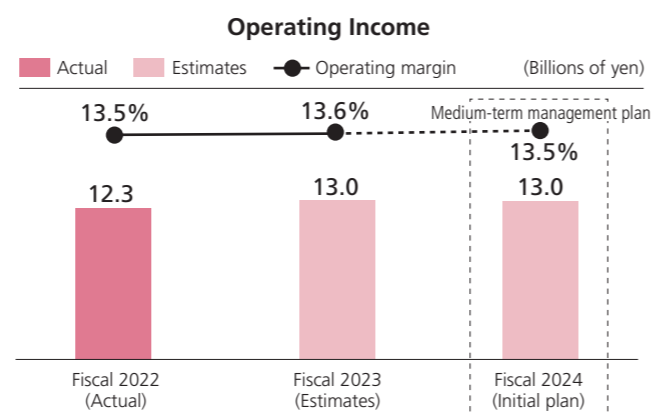
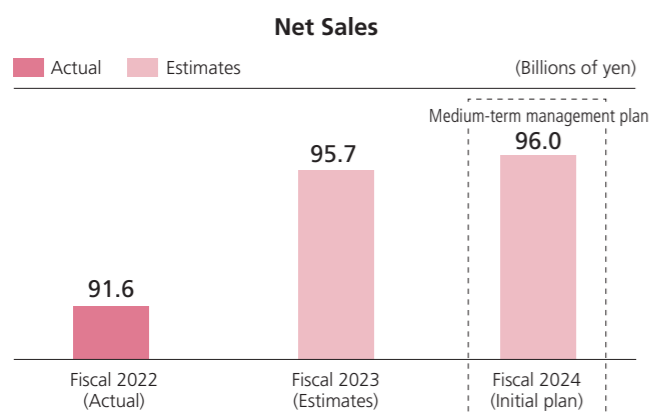
- Overwhelming market share in services related to core system development for credit card companies and branded debit cards.
- Technologies and know-how accumulated in handling core system development and operation for major credit card companies.
- Solid relationships of trust with core clients built through ability to respond to need for high-quality systems.

Business environment

- As a business that supports social infrastructure, this segment enjoys solid demand, underpinned by brisk financial IT market activity.
- Upswing in IT investment, especially for DX.
- Intensifying competition among Fintech and SaaS providers.

Toward achievement of medium-term management plan (growth strategies)

- Respond to IT demand from core clients, particularly that related to credit cards, and improve value provided in DX services.
- Establish various revenue models based on co-creation activities with clients.



Topics

For press releases related to this segment, please visit the following pages:

- TIS establishes tance Co., Ltd., a joint venture, with Japan Card Network (Japanese only)
https://www.tis.co.jp/news/2020/tis_news/20210310_1.html
- Initiated proof of concept on self-sovereign identity (SSI) at facility in Shirahama, Wakayama Prefecture (Japanese only)
https://www.tis.co.jp/news/2021/tis_news/20211109_1.html

Industrial IT Business



Masahiro Hosokawa

TIS Senior Managing Executive Officer,
Division Director of Industries & Public Solutions SBU
and Enterprise Consulting Business Unit

We will earn deeper trust from clients and expand business by cultivating industry knowledge and pursuing lateral development of solutions.

The Industrial IT Business supports clients across a broad base of industries and the public sector in all aspects of system lifecycle, from consulting through system configuration, system enhancement and system operation.

Our track record includes projects for members of the energy, processing- and assembly-based manufacturing and engineering sectors, and we bring our strengths in ERP consulting and modernization services to our clients.

In fiscal 2022, the segment posted higher sales and higher income against a backdrop of brisk IT investment by clients in their efforts to embrace DX.

The value we provide is steeped in a deep understanding of all industries, and it has earned high praise from our clients. In combination with measures to boost productivity, value drives profitability on a groupwide basis. To achieve our targets under the medium-term management plan, we will cultivate knowledge specific to each sector and pursue lateral development of solutions to secure the trust of clients and expand business opportunities.

Strengths

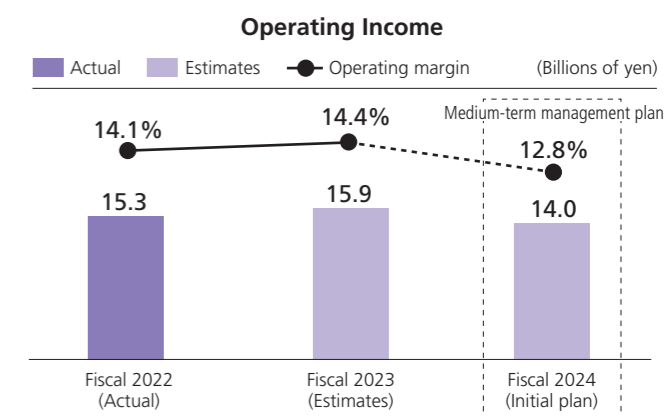
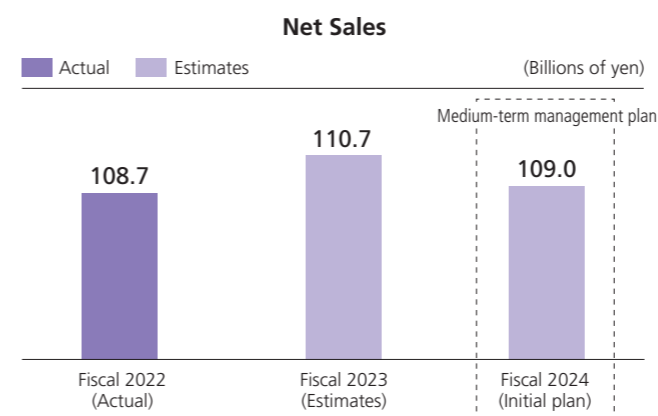
- Knowledge accumulated in processing- and assembly-based manufacturing and energy sectors.
- Platform-building capabilities for ERP templates using accumulated know-how.
- Solid relationships of trust with core clients built through ability to respond to need for high-quality systems.

Business environment

- Favorable IT investment demand driven by active interest in DX, especially among large corporations.
- Electric power sector still on recovery track but impact of high price of oil requires careful monitoring.

Toward achievement of medium-term management plan (growth strategies)

- Respond to IT demand from core clients, and improve value provided in DX services.
- Cultivate industries through lateral application of insights about processing- and assembly-based manufacturing, and establish various revenue models based on co-creation activities with clients.



Topics

For press releases related to this segment, please visit the following pages:

- With Carbony VPP platform, TIS supports electric vehicle (EV) introduction and total service expansion by Hokuriku Electric Power (Japanese only)
https://www.tis.co.jp/news/2022/tis_news/20220628_1.html

Regional IT Solutions



Takayuki Kitaoka
INTEC President

We will reinforce and expand business content by providing IT-driven professional services and solutions and integrate both aspects of business while promoting a virtuous cycle.

Hinging on INTEC, which is headquartered in Toyama Prefecture, Regional IT Solutions provides IT-driven professional services over a wide area, such as a whole community or across client company office networks within the prefecture and beyond, and also accumulates and develops associated know-how, turning it into solutions that support clients' efforts to address issues of concern and help promote business.

With offices all over Japan, not just in the area around Tokyo, INTEC contributes to regional renaissance and community revitalization by providing original solutions and pursuing lateral development of solutions, which complement the strength of network integration, and by engaging in joint activities with local governments on IT issues related to smart cities.

In fiscal 2022, demand for IT-driven professional services for clients in the finance sector was brisk, leading to year-on-year increases in sales and income.

To build our IT-driven professional services, we will collect business insights through close ties with our clients, turn the knowledge into solutions, and leverage lateral development of these solutions. On the solutions-side of business, we will enhance user structure support solutions and strive to expand our share of the national development-style solutions market. As we reinforce and expand both the solution and service sides of business and concurrently integrate these aspects of business while promoting a virtuous cycle for top-line growth, we will achieve the targets stated in the medium-term management plan.

Strengths

- Extensive industry representation in client base, including local governments, financial institutions, manufacturers, service providers and aerospace companies from across Japan.
- Solution development capability underpinned by network integration across the country and synergistic effect with original services.
- Track record includes integrated information solution F3 for financial institutions; system implementation and operation for Federation of National Health Insurance Associations; and implementation of solutions for regional banks and local governments.

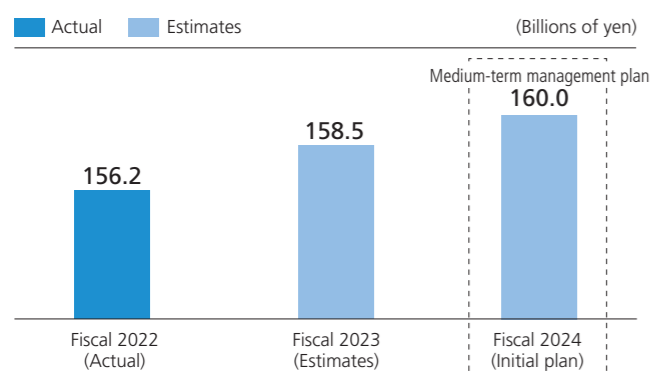
Business environment

- Operating environment for regional financial institutions increasingly more challenging due to low interest rates and sluggish local economic conditions, leading to mergers and accelerating polarization of scale.
- Tangible trend among local governments to implement national government-led standardized system, with standard specifications announced in fiscal 2022.
- Despite variation by industry and company, IT demand is on a recovery track, especially in medical-related fields.

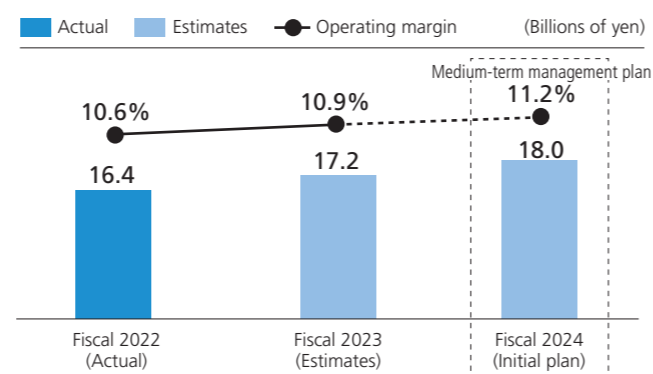
Toward achievement of medium-term management plan (growth strategies)

- Collect business insights through close ties with clients, turn the knowledge into solutions, and leverage lateral development of these solutions.
- Enhance user structure support solutions and expand share of the national development-style solutions market.

Net Sales



Operating Income



Topics

For press releases related to this segment, please visit the following pages:

- INTEC begins joint operation with two Toyama Prefecture-based cable networks (NICE TV and TST) on IoT platform for local governments using regional network infrastructure (Japanese only)
https://www.intec.co.jp/news/2022/0413_1.html

Platform for Value Creation

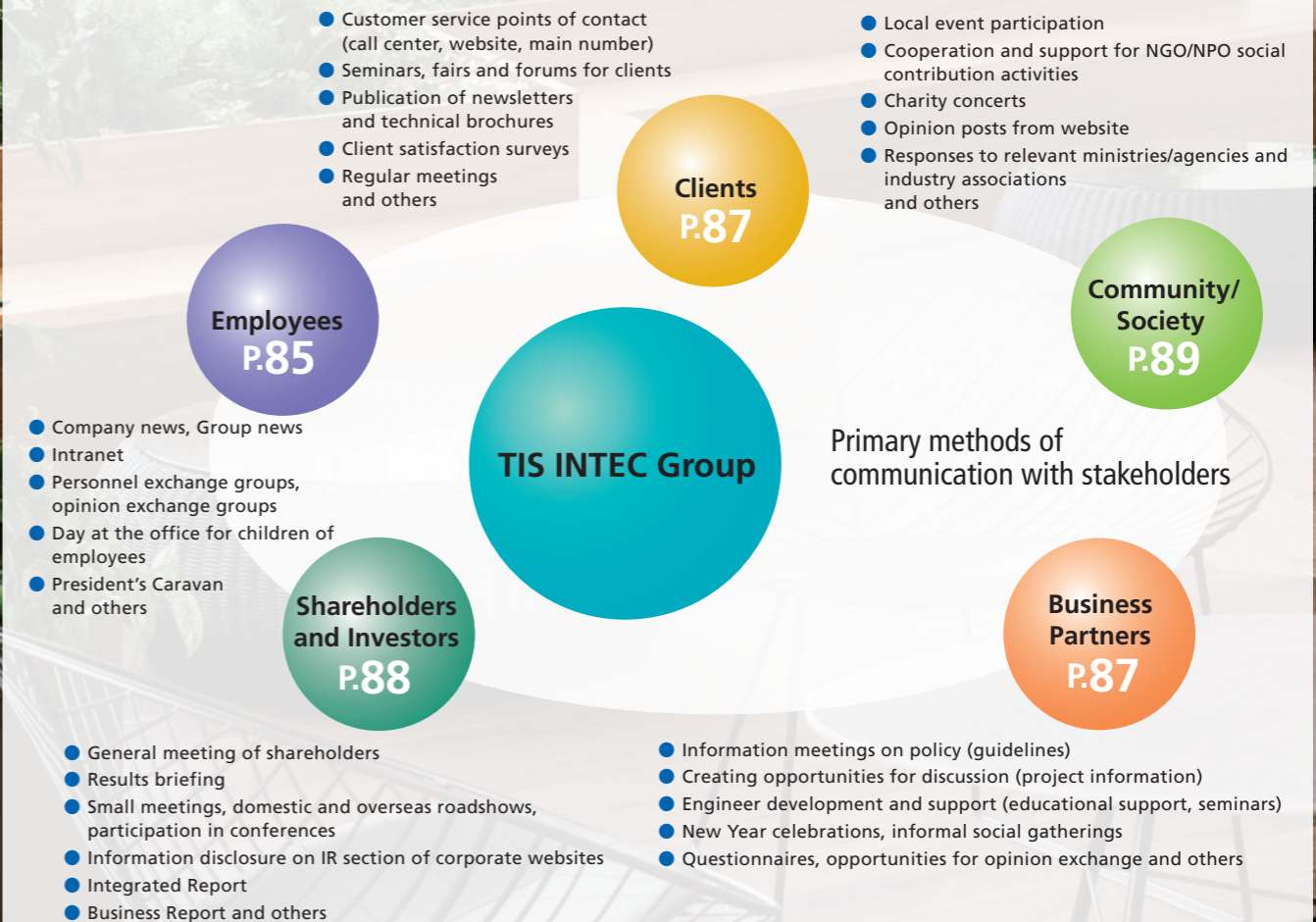
The Group is promoting efforts focusing on E (environment), S (social) and G (governance) as an important framework to support its value creation. In addition, TIS strives to build bonds of trust through active communication with all stakeholders and to promote sustainable corporate value in harmony with the evolving values of society.

Platform that supports value creation of the Group



Stakeholder Engagement

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.



The pursuit of diversity, guided by OUR PHILOSOPHY, is the starting point for sustaining the corporate value of the TIS INTEC Group and is also an essential element of governance.

Looking back on fiscal 2022
I will utilize my insights as an experienced executive to strengthen governance.

Fiscal 2022 is notable in that we made progress on the separation of business execution and supervision. In April 2021, I handed over the corporate reins to Mr. Okamoto and took on the role of chairman with no representative rights. This means that I do not sit with the Management Committee or attend any other executive business meetings, instead being entirely focused on supervision of executive activities as Chairman of the Board of Directors.

In addition, over the past year, I have emphasized my role as a bridge between business execution and supervision to promote fair and transparent, fast and clear-sighted corporate decisions, knowing the importance of having both sides on the same page and closing any gaps in the information that is made available to decision-makers. I believe this to be a role that I, as the only non-executive in-house director at TIS, can fulfill.

Since joining the Company in 1976, I have held positions on the business execution side of operations, and I am proud to have mastered the finer points of moving large-scale system development projects forward. With this kind of expertise, I am certainly qualified to participate in discussions on the executive demands of business, but I am always conscious of the limits that my current supervisory role impose from a governance standpoint. This past year, I tried to raise the vantage point of executive activities by providing a risk management perspective—an ever-present topic for the Board of Directors—and by recounting first-hand experiences about the challenges that accompany the rollout of large-scale projects. At the same time, I endeavored to provide external directors with information, including explanations of technical

jargon and my interpretation of IT industry trends, so that they were suitably prepared to participate in important boardroom discussions. This facilitated more in-depth discussions and promoted good decision-making.

Seeking stronger governance
An issue going forward is how to deepen discussions on medium- to long-term management strategies, based on sustainability management.

I believe the Board of Directors is effective at this point in time, but to achieve a higher level of effectiveness, it is extremely important to pursue discussions on medium- to long-term management strategies more deeply with the involvement of external directors as they bring different experience and knowledge to the conversation. It is true that TIS would benefit greatly by being able to appoint external directors from a pool of candidates who are highly knowledgeable about the IT industry. But the Company's status as an independent systems integrator limits access to IT-specific expertise potentially available to a *keiretsu* network of companies with interlocking business relationships and shareholdings across different industries, a situation compounded by challenges stemming from provisions under Japan's Companies Act. Nevertheless, for TIS, maintaining diversity—including acquired expertise—is vital to enhance Board effectiveness and thereby support a stronger corporate governance structure.

Meanwhile, the revised Corporate Governance Code describes various sustainability-related guidelines for action. But from its earliest days, TIS incorporated the concept of a company as a public entity of society and the concept of *sanpo yoshi* equally, so it is only natural that we stand with society and move forward together. We have always maintained programs in Japan to promote the concepts inherent in OUR PHILOSOPHY, but last year, we began organizing seminars in Thailand, home base to several Group companies, including MFEC. Today, the world is characterized by intense change, and precisely for this reason, diversity becomes a strength. But to realize this, we need a foundation of shared ideology. From this perspective, I believe the most crucial task for us right now is to ensure that growth strategies designed from a business execution point of view align with OUR PHILOSOPHY. This will inevitably lead to sustainable improvement in corporate value for the Group. Going forward, we will stay true to this plan and consistently strive to elevate corporate governance practices.

Toru Kuwano
 Chairman (Chairman of the Board of Directors)



External directors share their thoughts on topics to pursue in the future, and expectations and issues of concern for the TIS INTEC Group as it pushes ahead with structural transformation.



Koichi Sano
 Director (external)

Targeting enhanced corporate governance, conscious of the balance between growth-oriented and profit-driven policies

I commend TIS for constantly striving to improve corporate governance practices, as demonstrated by evaluations looking at the effectiveness of the Board of Directors as well as the implementation status of internal controls. But to sustain improvement in corporate value through more sophisticated business management and a stronger corporate governance structure, the Company must delve deeper into discussion of such topics as organizational design and the concept of creating shared value. I will participate in such discussions from an objective perspective, conscious of the need to strike a balance between growth-oriented and profit-driven policies.

In regard to the Board of Directors, I think TIS needs to embrace a different style, moving from an executive management to a monitoring function by investing greater authority in the divisions actually executing operations and increasing diversity in the Board composition. To this end, an essential step would be to apply Board members' broad range of skills to corporate governance practices when implementing Group strategies. It is also important to assume a proactive approach to strengthening the independence and monitoring function of the Board of Directors, emphasizing and respecting the diversity derived from the varied careers and backgrounds of Board members. Consequently, I am of the opinion that it would be a good idea for the Company to increase the number of external directors on the Board annually so that they eventually become a majority.

In an environment characterized by intense market changes, predictions fluctuate wildly, so diversity management—where diverse values held by diverse human resources are respected and shared—becomes a condition of successful growth strategies and sustainability management. This concept must be firmly rooted in the Company's corporate culture.

TIS has to concentrate on more strategic projects if the Company is to address the four social issues identified as priorities for the TIS INTEC Group. All external directors will vigorously participate in discussion to promote sustainable portfolio management, and I, personally, will strive to utilize accumulated experience and focus specifically on balance-sheet control and cash flow allocation.



Fumio Tsuchiya
 Director (external)

Seeking higher corporate value through business execution divisions and the Board of Directors

The current Board of Directors at TIS comprises three external directors, one of whom is a woman. I believe this to be a suitable balance. Also, ahead of any Board of Directors' meeting, a briefing on the agenda is set up for external directors, giving us sufficient access to information to make decisions. As needed, the Company also provides opportunities for opinion exchange on important management issues so that we can make constructive comments when the Board meets. These efforts definitely underpin animated discussions. However, the emphasis on providing information to the Board of Directors is so great that the number of items on the agenda can swell to the extent that the meeting falls into a classic management style—too many things to discuss for the amount of time available—precluding a move to a more monitoring style.

The role required of the Board of Directors these days is to establish an environment that gives business execution divisions the ability to vigorously pursue business opportunities with speed and flexibility. This can be accomplished by expanding the scope of delegated authority for decisions made by business execution divisions while ensuring regulatory compliance under the Companies Act. In addition, business execution divisions as well as the Board of Directors would perform better if the Board of Directors pivots to a role that monitors and evaluates the execution of business. For TIS to assume an appropriate level of risk to expand business content and realize sustainable improvement in corporate value, this is the direction that the Company must move in.



Naoko Mizukoshi
 Director (external)
 (Partner, Leftright Law & IP)

Working toward realization of corporate governance that draws on diverse human resources to support global growth

As a member of the Board of Directors over the last year, I ascertained that the new business management and execution structure was working properly and driving progress toward targets for the first year of the new medium-term management plan. I also tracked the status of important management issues. I was involved in deliberations on a range of topics, such as attracting human resources and enabling these people to deploy their inherent skills, as they are indispensable to improved value provided in DX services and underpin higher productivity through optimization of Group formation; strengthening governance and generating synergies globally; creating services and businesses in new domains; and shrinking cross-shareholdings. I also participated in vigorous opinion exchange and discussions on initiatives related to groupwide intellectual property, with thought to the revised Corporate Governance Code, and efforts to maintain diversity among core personnel. Going forward, I will strive to sustain and further improve the effectiveness of the Board of Directors by allocating sufficient time to discuss key issues.

As a member of the Nomination Committee and Compensation Committee, I actually chaired meetings in fiscal 2022 because of a change in structure giving the role of committee chair to an external director. To run the committees more effectively, I set agenda content from the perspective of Group solidarity and other factors so that committee members would see what topics were to be discussed over the course of the year. I was also involved in framing a structure to promote active discussion through collection and dissemination of information useful for deliberations.

I expect the TIS INTEC Group to acquire a wider global presence, underpinned by the diversity of its human resources, and to boost its corporate value over the medium to long term. Toward this end, I will strive to achieve a good balance in stakeholder perspectives and continue to be an active voice on the Board of Directors.

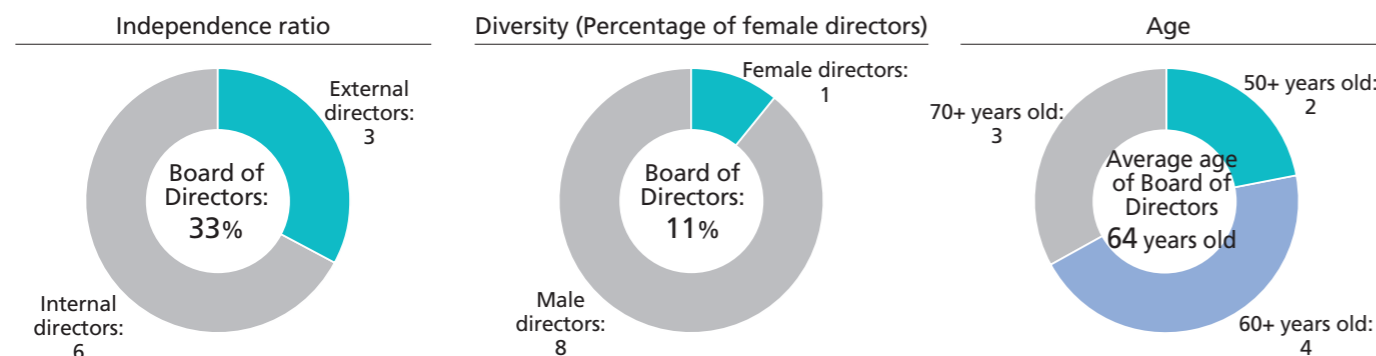
The Group seeks to enhance corporate governance and internal controls, which are its core subjects. The focus is also on promoting quality control/ production innovations, essential for the business of information systems—a key social infrastructure—to function and steadily evolve, as well as evolving risk management processes, including information security and compliance.

Basic Policy

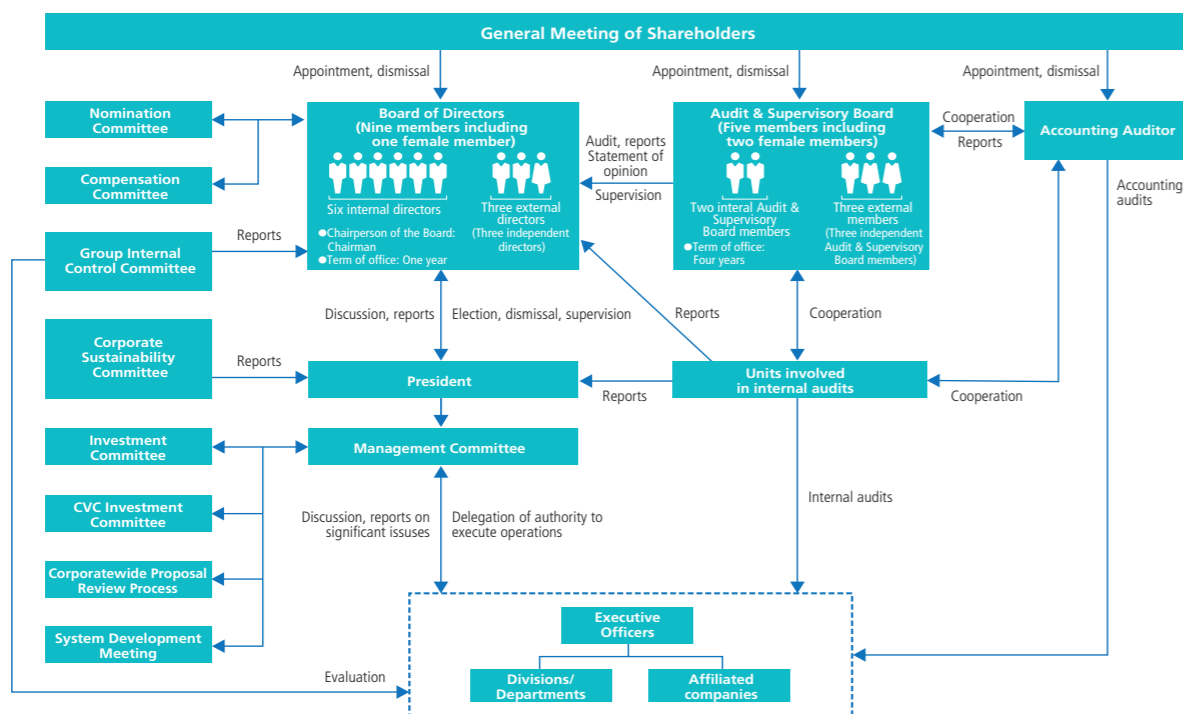
Based on basic corporate governance policies, TIS consistently pursues the best corporate governance practices and constantly works to enhance corporate governance. Management believes that the key to good corporate governance is to ensure transparency and fairness in decision making processes, make full and effective use of management resources, and raise the integrity of management practices through swift and accurate assessment of situations, from the viewpoint of promoting sustainable corporate growth and boosting medium- and long-term corporate value. Accordingly, management at the Company is committed to upholding good corporate governance in line with the following basic principles.

1. To respect the rights of shareholders and to ensure equality in their treatment.
2. To consider the interests of stakeholders, including shareholders, and work with stakeholders in an appropriate manner to achieve stated goals.
3. To disclose corporate information appropriately and ensure transparency.
4. To engage in constructive dialogue with shareholders based on a medium- to long-term investment perspective.

Board of Directors (As of June 24, 2022)



Corporate Governance Structure



Compliance with the Corporate Governance Code

TIS complies with all principles of the Corporate Governance Code. The status of the Company's responses to each principle of the Corporate Governance Code is described in the Corporate Governance Report.

Reason for Selection of Current Corporate Governance Structure

TIS has an Audit & Supervisory Board, a model chosen for its double-check function through which the Board of Directors oversees the execution of business activities and the Audit & Supervisory Board audits activities to ensure operations are legal and appropriate. In addition, the Company aims to strengthen the supervisory function of the Board of Directors by appointing external directors with industry- and corporate-management-related experience and insight. Drawing on advice and recommendations from an independent standpoint ensures the validity and appropriateness of decision-making by the Board of Directors.

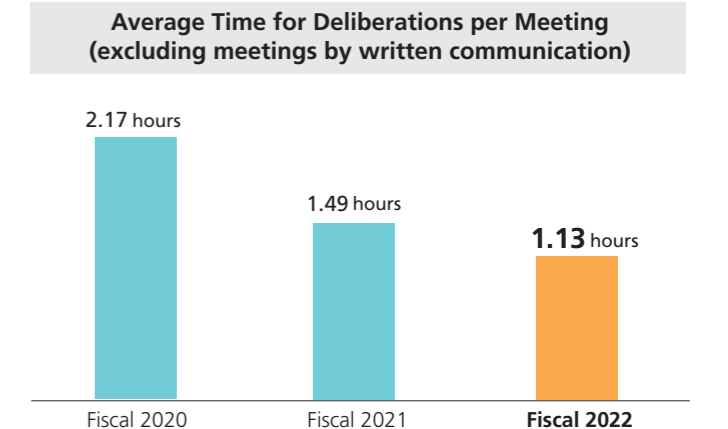
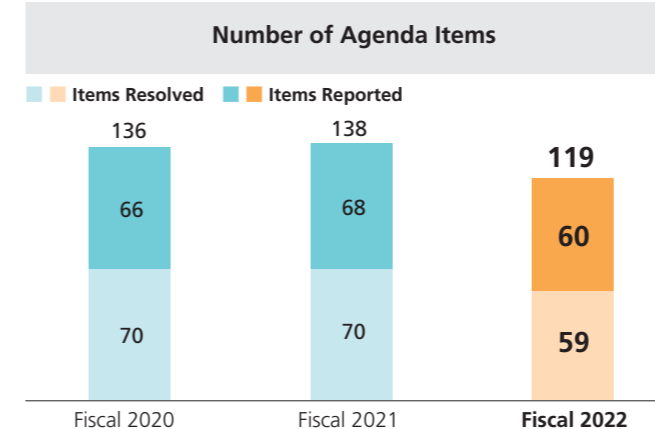
Directors and Board of Directors

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 one-third 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, it convenes in principle once monthly and also meets on an ad hoc basis whenever necessary. TIS holds an information meeting once a year to present management direction as

well as meetings ahead of Board of Directors' meetings—in principle, twice a month—to give external directors and outside members of the Audit & Supervisory Board sufficient background information to participate in discussions. In addition, the Company organizes study sessions with experts—in-house and external—and arranges visits to local Group facilities and offices. TIS also creates opportunities for external directors to exchange opinions with the President and convenes meetings that involve only external directors and external members of the Audit & Supervisory Board. This facilitates smooth but vigorous discussion by the Board of Directors.

Year ended March 31, 2022 **Board of Directors: 22 meetings held; 119 agenda items discussed**
(59 items resolved and 60 items reported)



Number of Meetings Held		
Fiscal 2020	Fiscal 2021	Fiscal 2022
17 (One other by written communication)	20 (One other by written communication)	22 (One other by written communication)

Management Committee

The Management Committee convenes twice a month in principle, where members deliberate and report important matters related to the execution of business activities throughout TIS and the Group. The committee consists of the President and Representative Director, as the chairperson, and general managers, directors in charge, division managers, and the head of the Corporate Planning Department, as attendees. If necessary,

the chairperson can request the attendance of Directors and Executive Officers. If deemed necessary for agenda items related to a Group company, the chairperson can request the attendance of its president and others to get explanations, opinions or reporting. Audit & Supervisory Board members can attend the committee meeting and, if necessary, express opinions.

Year ended March 31, 2022 **Management Committee: 40 meetings held; 262 agenda items discussed**
(142 items resolved and 120 items reported)

Nomination Committee and Compensation Committee

The Nomination Committee and the Compensation Committee were established as advisory bodies to the Board of Directors to ensure objectivity and transparency in decision-making processes for appointment of directors and associated compensation and to strengthen the corporate governance structure.

	Nomination Committee	Compensation Committee
Role of committee members	Provide advice for selecting candidates to the position of director and matters related to the appointment of such individuals	Provide advice on matters related to decisions on compensation for directors
Status of activities by committees (Fiscal 2022)	<ul style="list-style-type: none"> Held four times in fiscal 2022 with 100% attendance of all the members Provided advice on the appointment and retirement of key individuals, including directors, and presented proposals on changes to director composition, based on discussions by Committee members.	<ul style="list-style-type: none"> Held five times in fiscal 2022 with 100% attendance of all the members Provided advice on the appropriateness of the Company's compensation package through a comparative analysis of director compensation amounts at other companies and at TIS, based on the findings of a research company, as well as the appropriateness of the calculation method used to determine performance-linked compensation. Made proposals to the Board of Directors on director compensation upon approval of Committee members.

Committees and Other Bodies

Group Internal Control Committee	Promote various measures to maintain and improve the internal controls of the Company and its subsidiaries, to evaluate the operational status of the internal control systems and to recommend any corrective action to be taken to the Board of Directors, if necessary.
Corporate Sustainability Committee	Check and evaluate the status of the corporate sustainability activities of the Group as a whole.
Investment Committee	Verify/advise on plans for investment projects, monitor ongoing projects and assess whether to continue them with the aim of minimizing related risks and earning higher returns on investments.
CVC Investment Committee	Before making corporate venture capital (CVC) investments for the purpose of enhancing alignment with venture capital companies in the form of open innovation in order to (1) create new business, (2) expand existing businesses, and (3) promote business collaboration with customers, decide whether or not to execute an investment and monitor the executed investment.
Corporatwide Proposal Review Process	For large-scale projects to be addressed by the Group as a whole, review drafts prior to actual proposals to customers, in order to detect and reduce risks as early as possible.
System Development Meeting	Identify potential risk factors in large-scale projects to be undertaken by the Group as a whole, develop measures to prepare for risks and resolve materialized issues, and terminate any project with losses.

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

In nominating candidates for directors, Audit & Supervisory Board members and executive officers, the Board of Directors will nominate persons with abundant experience, a high level of insight and advanced specialization based on the Company's election criteria that make them suitable as directors or Audit & Supervisory Board members in order to realize effective corporate governance and contribute to the sustainable growth of the Company as well as the enhancement of its medium- to long-term corporate value while also considering aspects of diversity such as gender, internationality, career and age. For

directors, the Board of Directors considers nominations based on the advice of the Nomination Committee, which is chaired by an independent external director and comprises a number of directors, the majority of whom are independent external directors.

If a situation arises where a management executive should be dismissed, the Board of Directors shall determine a dismissal proposal. However, the dismissal of a director shall be conducted in accordance with the Companies Act and other relevant provisions.

Training Policy for Directors and Audit & Supervisory Board Members

For directors and auditors, including external directors and external auditors, the Company will arrange and support the cost of training opportunities that are appropriate. 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 Audit & Supervisory Board members when assuming office, as well as to continuously develop these attributes during the term of office.

Summary of Results of Analysis and Evaluation of Effectiveness

Since fiscal 2016, ended March 31, 2016, the Company has evaluated the effectiveness of the Board of Directors each fiscal year. This process reveals issues and points for improvement and leads to initiatives that will raise the effectiveness of the Board of Directors to a higher level. For the fiscal 2022 evaluation, all directors and members of the Audit & Supervisory Board were given a questionnaire to be submitted anonymously. The questionnaire asked them to conduct a comprehensive self-evaluation and self-analysis of the composition and operation of the Board of Directors, and then the Board of Directors held discussions based on the results. The method and results of the evaluation, as well as future issues brought to light through this process and measures to address such issues are described below.

1. Method of evaluation

TIS distributed a questionnaire regarding the effectiveness of the Board of Directors to all directors and members of the Audit & Supervisory Board. In addition, personnel of its administrative office conducted an interview to all directors and members of the Audit & Supervisory Board. The Company's Board of Directors used the results to analyze and evaluate the effectiveness of the Board of Directors.

Note that TIS conducted this evaluation based on advice and verification by an external attorney.

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 execution status of business activities and investments at the Company and Group companies, through deliberation based on Company regulations. In addition, the Board of Directors concluded that the level of effectiveness continues to trend upward, reflecting improvement measures based on the results of effectiveness evaluations conducted in the previous year.

However, management acknowledged the importance of promoting discussions to further improve the functions of the Board of Directors in order to promote more sophisticated management of the Company.

3. Future issues and associated responses, based on analysis and evaluation

In light of the analysis and evaluation previously mentioned, TIS will focus particular efforts on the following issues.

(1) Further improve the functions of the Board of Directors
Aiming at promoting more sophisticated management, the Company will sort out issues, such as the Board of Directors' supervisory function for the medium- to long-term growth and sharing roles of executive officers, to create the management structure for the future.

(2) Promote discussions to improve medium- to long-term corporate value

The Board of Directors will plan and discuss themes for improved corporate value, such as medium- to long-term strategies, and carry out proactive activities to enhance corporate value.

Summary of Content of Liability Agreements

In accordance with Article 427, Paragraph 1, of the Companies Act, each of the external directors and the external Audit & Supervisory Board members 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 provided as Minimum Liability Amount in Article 425, Paragraph 1, of the same law.















(Reference) Our Efforts on Group Management

To improve corporate value through unified group management, the Group focuses on improving performance by completing a PDCA (plan-do-check-act) cycle with reference to current key performance indicators (KPIs).

TIS and Group companies evaluate their performance based on financial indicators, including shared Group KPIs and process indicators related to customers, internal processes, and learn

and growth initiatives. In addition, to ensure completion of the PDCA cycle, a Group Business Meeting is held on a quarterly basis to report on budgets and the progress of major activities at Group companies, and to discuss measures taken to address important issues. A Group President Meeting is also held on a monthly basis to share information on Groupwide issues and performance.

■ Board of Directors and Audit & Supervisory Board Members (As of June 24, 2022)

Directors							Audit & Supervisory Board Members								
															
Chairman	Representative Director, President	Representative Director, Executive Vice President	Representative Director, Executive Vice President	Director	Director		Director	Director	Director	Standing Audit & Supervisory Board Member	Standing Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member	
							External/Independent	External/Independent	External/Independent			External/Independent	External/Independent	External/Independent	
Toru Kuwano	Yasushi Okamoto	Masahiko Adachi	Josaku Yanai	Takayuki Kitaoka	Akira Shinkai		Koichi Sano	Fumio Tsuchiya	Naoko Mizukoshi	Tetsuya Asano	Tatsufumi Matsuoka	Yukio Ono	Akiko Yamakawa	Hiroko Kudo	
Date of birth	May 3, 1952	March 3, 1962	May 9, 1956	November 14, 1963	December 14, 1960	March 24, 1959	August 30, 1948	May 10, 1948	September 23, 1967	October 22, 1960	December 2, 1957	January 1, 1950	April 5, 1973	February 28, 1968	
Cumulative term of office	9 years	4 years	4 years	6 years	4 years	4 years	6 years	5 years	4 years	2 years	3 years	2 years	2 years	—	
Number of shares owned (thousand shares)	171	55	45	58	15	18	3	—	1	8	10	1	—	—	
Attendance at meetings															
Board of Directors Attendance/ Number of meeting (Attendance rate)	22/22 (100%)	22/22 (100%)	22/22 (100%)	22/22 (100%)	22/22 (100%)	21/22 (95.5%)	22/22 (100%)	22/22 (100%)	22/22 (100%)	22/22 (100%)	22/22 (100%)	22/22 (100%)	22/22 (100%)	— (Assumed office on June 24, 2022)	
Audit & Supervisory Board Attendance/ Number of meeting (Attendance rate)	—	—	—	—	—	—	—	—	—	12/12 (100%)	12/12 (100%)	12/12 (100%)	12/12 (100%)	— (Assumed office on June 24, 2022)	
Nomination Committee ●Chairperson ○Committee member		○					●	○	○			○			
Compensation Committee ●Chairperson ○Committee member		○					●	○	○			○			
Skills															
Corporate Management	●	●	●	●	●	●	●	●	●	●	●				
Industry Knowledge	●	●	●	●	●	●		●	●	●				●	
International Experience	●	●		●				●	●			●	●	●	
Finance & Accounting			●				●		●	●	●	●			
Intellectual property and legal									●				●		

Executive Officers

Senior Managing Executive Officer	Masahiro Hosokawa	Executive Officer	Hirofumi Akashi	Executive Officer	Masakazu Kawamura
Senior Managing Executive Officer	Shinichi Horiguchi	Executive Officer	Masahiro Mikami	Executive Officer	Kensaku Furusho
Senior Managing Executive Officer	Kiyotaka Nakamura	Executive Officer	THANAWAT LERTWATTANARAK	Executive Officer	Reiko Oka
Senior Managing Executive Officer	Masahiro Ueda	Executive Officer	Hiroto Ito	Executive Officer	Tetsuya Yuzuri
Managing Executive Officer	Kei Ando	Executive Officer	Manabu Yano	Executive Officer	Hiroyuki Kawai
Managing Executive Officer	Naoto Kita	Executive Officer	Kyoko Takayanagi	Executive Officer	Takuma Tanaka
Managing Executive Officer	Akira Ogane	Executive Officer	Ikuo Shimizu		
Managing Executive Officer	Satoru Tayasu	Executive Officer	Isao Otokita		
Managing Executive Officer	Hidehiko Shimoyama	Executive Officer	Yoshiyuki Hayashi		
Managing Executive Officer	Tsuneyoshi Ito				

■ Criteria for Independence of External Directors and External Audit & Supervisory Board Members

To strengthen the supervisory function of the Board of Directors, the Company has established criteria for ensuring the independence of External Directors and External Audit & Supervisory Board Members. Here, we referred to the requirements of Japan's Companies Act and the rules of the Tokyo Stock Exchange. Please refer to our website for specific details.

<https://www.tis.com/ir/policy/governance/index.html>

■ Message from Newly Appointed Audit & Supervisory Board Member



Hiroko Kudo
External Audit & Supervisory Member

I will draw on my track record of international research activities to fulfill an oversight function.
 As a researcher, I have been studying public sector management and governance. One common central research theme I have addressed is the use of ICT and digitization to enhance the efficiency of an organization's internal management and the services it provides, as well as to improve the quality of life of all citizens. To this end, I have conducted studies in three main areas: (1) Methods to secure human resources needed by an organization, as well as systems for skills development and training, improving motivation, and raising employee satisfaction (ES) and engagement; (2) Soliciting the active participation of citizens, the recipients of services, in order to improve customer satisfaction (CS) and decision-making; and (3) Methods for measuring, evaluating and verifying the results of those activities. Although the purpose and mission of a company as an organization are different from those of a government agency, there are certain things in common. These include the importance of human resources, relationships with customers, communities and other stakeholders, and the need for assessment and monitoring. I would like to demonstrate my knowledge and skills in these areas at the Company.

The Group is aggressively expanding its global operations, particularly in ASEAN regions. Expanding and strengthening overseas partnerships also entails a certain amount of risk. As an external Audit & Supervisory Board Member, I will draw on my track record of international research activities to provide appropriate advice and fulfill an oversight function.

Outline of Policy on Officers' Remuneration

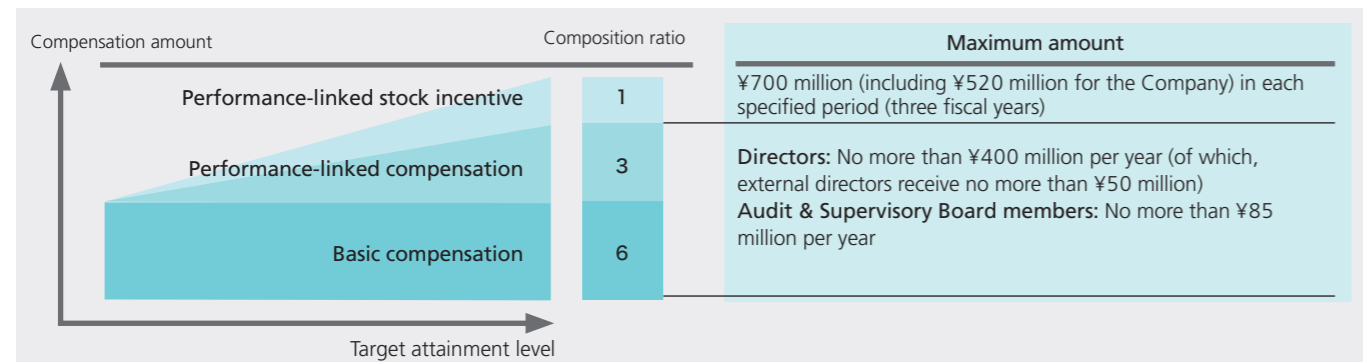
(1) Determination of compensation

The Company has established the Compensation Committee, comprising mainly independent external directors, as an advisory body to the Board of Directors to ensure objectivity and transparency in the process for determining compensation and to strengthen the corporate governance structure.

The basic policy on officers' compensation is to provide greater incentive to improve business results through a system of compensation linked to measures of Company performance, and such amounts are determined through a decision by the Board of Directors, based on discussion with and suggestions by the Compensation Committee.

(2) Structure of officers' compensation

As shown below, compensation to Company directors consists of a basic component, a performance-linked component and performance-linked stock incentive. When measures of Company performance are achieved to the maximum degree, compensation will comprise the basic component, the performance-linked component and the performance-linked stock incentive in a ratio of 6:3:1.



(3) Structure of compensation for External Directors and Audit & Supervisory Board members

Compensation paid to external directors is limited to basic compensation only, with no performance-linked component.

Compensation for Audit & Supervisory Board members is decided through discussion by corporate auditors. From the perspective of maintaining a high degree of independence, compensation is not linked to business performance and consists solely of basic compensation.

(4) Other

- Upon the introduction of the performance-linked stock incentive plan, the Board of Directors decided to stipulate a provision for illegal acts in the Stock Delivery Regulations. The provision allows the Company to reclaim the amount equivalent to the shares delivered to violators and cancel any points accrued under the performance-linked stock incentive scheme explained below.
- To reflect medium- to long-term business performance, directors (excluding outside directors) are asked to contribute a certain portion of their basic compensation toward the purchase of treasury stock through the Company's share ownership plan for directors and officers, and they are expected to retain such stock in full for the duration of their time in office so that the acquired stock shares value with all shareholders.

● Method for calculating executive compensation

(1) Basic compensation

Basic compensation is paid according to the size of the role and scope of responsibilities of each position.

(2) Outline of calculating performance-linked compensation

Performance-linked compensation is paid for the specified period of one year from July of the following fiscal year. The amount is determined by the degree to which measures of corporate performance have been achieved, on the basis of the management plan for each fiscal year, and by applying a performance evaluation coefficient of between 0% and 50% to basic compensation amount for each position.

The amount to be paid is calculated using five-point scale evaluations of organizational performance (with the score of A to E) and individual performance (with the score of a to e) for each director and Audit & Supervisory Board member, based on the amount determined by corporate performance evaluation (the ratio of organizational performance evaluation and individual performance evaluation = 3:7). Under the standard model, 33% is applied to the payment to an individual with A in organizational performance evaluation and a in individual performance evaluation when the corporate performance-linked coefficient is 30%. Similarly, 27%, 20%, 13% and 7% are for B and b, C and c, D and d, and e and E evaluations, respectively.

In fiscal 2022, the amount of performance-linked compensation was determined by applying a performance-linked coefficient of 30% based on the level of attainment of predetermined targets with the corporate performance indicators, including Consolidated Sales, Consolidated Operating Income and Consolidated ROE.

Financial index (Consolidated)	Fiscal 2021	
	Estimates	Actual
Net sales	¥445,000 million	¥448,383 million
Operating income	¥44,500 million	¥45,748 million
ROE	12.0%	10.8%

Organizational Performance Evaluation	Individual Performance Evaluation				
	a	b	c	d	e
	A				
B					
C					
D					
E					

Distribution composition (image)

● Performance-linked stock incentive

For the performance-linked stock incentive, the Board of Directors established the Stock Delivery Regulations when the performance-linked stock incentive plan was introduced. Points are granted to directors on a scale between 0% and 15% of basic compensation set for each position according to the level of achievement made toward reaching performance targets stated in the management plan and as provided for in the Regulations. The number of shares delivered will correspond to the number of points accumulated.

For corporate performance indicators, Consolidated Operating Income, Net Income per Share (EPS), and Service Business Gross Profit were adopted as financial indicators to encourage pursuit of business growth, and Job Satisfaction, Customer/Service Satisfaction, and Business Partner Satisfaction were adopted as nonfinancial indicators to encourage pursuit of higher stakeholder satisfaction, and to ensure attainment of enhanced corporate value as expected by the shareholders.

In fiscal 2022, the amount of performance-linked stock incentive was determined by applying a performance-linked coefficient of 150% based on the evaluation of actual results of the indicators relative to estimates (100% performance-linked coefficient when attained) conducted in accordance with the Stock Delivery Regulations.

Category	Item	Performance indicator	Weight	Fiscal 2022	
				Estimate	Actual result
Financial	Profit	Consolidated operating income	25%	¥48,500 million	¥54,739 million
		Consolidated EPS	25%	¥129.00	¥157.69
	Business transformation	Service-style Business gross profit	25%	¥27,800 million	¥25,389 million
Nonfinancial	Stakeholder engagement	Job satisfaction	12.5%	55% or over	56%
		Customer/service satisfaction	6.25%	55% or over	60%
	Business partner satisfaction ratio	6.25%	77% or over	69%	

Relation between evaluation score and level for each item

Category	Item	Score scale	Standard score	Score allocation
Profit	Consolidated operating income	11-point scale	7	17.5
	Consolidated EPS	11-point scale	7	17.5
Business transformation	Service-style Business gross profit	5-point scale	B	17.5
Stakeholder engagement	Job satisfaction	4-point scale	B	8.75
	Customer/service satisfaction	4-point scale	B	4.38
	Business partner satisfaction	4-point scale	B	4.38

Evaluation level	Total score	Performance-linked coefficient
A	75 points or over	150%
B	65 points or over	100%
C	45 points or over	50%
D	35 points or over	25%

● Outline of performance-linked stock compensation system

An Executive Compensation BIP Trust (hereafter, "BIP Trust scheme") has been introduced as a performance-linked stock compensation system. Those eligible for benefits are directors, executive officers, and executive fellows (excluding external directors, non-full-time directors and residents outside Japan; hereafter, "Directors, etc."), directors (excluding outside directors and non-full-time directors) and executive officers of INTEC Inc., a subsidiary of the Company (hereafter, "Subsidiary Directors, etc.", collectively with Directors, etc., "Eligible Directors, etc.").

a. Organization of the BIP Trust scheme

On introducing the BIP Trust scheme, the Company established the Stock Delivery Regulations for Executive Compensation BIP Trust (Stock Delivery Regulations), under which TIS entrusts a nominated trust bank with money (not exceeding ¥700 million (including ¥520 million for the Company)), and the trust bank acquires TIS shares with the entrusted money.

The scheme grants points to Directors, etc., in accordance with the Stock Issuance Regulations. The number of shares to be delivered will correspond to the number of points accumulated, which is calculated by the formula below.

Calculation Formula

The number of TIS shares to be delivered (points*) = Base amount × Performance fluctuation coefficient ÷ Acquisition cost per unit
* Decimals rounded down

b. 132,100 shares (including 99,000 shares for the Company) in one financial year (upper limit)

c. Scope of individuals able to receive beneficiary rights and other rights under the BIP Trust scheme: Individuals who have retired from being a Director, etc., and meet the beneficiary conditions specified in the Stock Issuance Regulations.

● Establishment of clawback clauses

TIS has established a clause that enables the Company to request an individual who commits an illegal act, as defined under internal rules, to pay restitution equivalent to the value of shares granted, and another clause that enables the Company to confiscate points awarded.

Remuneration for Directors and Audit & Supervisory Board Members (Year Ended March 31, 2022)

(Millions of yen)	Remuneration	Remuneration by type				Recipients (Persons)
		Basic remuneration	Performance-linked remuneration	Performance-linked stock compensation	Nonfinancial compensation included in Performance-linked stock compensation	
Directors (excluding External Directors)	232	164	45	21	21	6
Audit & Supervisory Board members (excluding External Auditors)	41	41	–	–	–	2
External Directors and External Auditors	61	61	–	–	–	6

Notes: 1. For the fiscal year ended March 31, 2022, compensation for directors does not include the employee portion for directors who serve concurrently as employees. The Company has not introduced a retirement benefit system for directors, and does not pay any directors' bonuses.
2. The performance-linked stock incentive is booked as an expense for four directors (excluding external directors and non-full-time directors) in the current business year.

Status of Audits

1. Audits conducted by Audit & Supervisory Board Members

The Audit & Supervisory Board of the Company holds a meeting once a month, in principle, and may meet on an ad hoc basis whenever necessary.

The Audit & Supervisory Board carries out an audit of the execution of operations by directors, an audit of the internal control systems, an audit of the execution of duties by the accounting auditor, and an audit of the status of compliance and risk management on a recurring basis based on the policies and plan determined at its meeting.

In addition, audits were conducted with an emphasis on the progress of the new Medium-term Management Plan (Be a Digital Mover 2023) in the first fiscal year, application status of new accounting standard for revenue recognition, the operational status of Group risk management and compliance structure, the status of measures regarding strategies for human resources as a source of growth and the creation of on-the-job skills, and the impact brought by the novel coronavirus (COVID-19), as key audit items in the year ended March 31, 2022.

2. Internal audits

The department responsible for internal audits (the Auditing Department) at TIS is staffed by 26 people. This department informs the Board of Directors of the annual plan, following approval by the president, and also performs internal audits independent of business units that execute operations, based on the annual plan, presents the results of each internal audit to the president and regularly reports to the Board of Directors. The Auditing Department also draws up plans for internal audits

of the Group as a whole, monitors the status of internal audits at subsidiaries, performs internal audits at subsidiaries that do not have auditing departments and for TIS divisions, offers necessary advice and provides supervision. Complementing these activities, the Auditing Department regularly exchanges information with internal auditing departments at Group companies, sets up information exchange opportunities that involve the department, members of the Audit & Supervisory Board and the independent auditor, and shares information on auditing measures and the results of audits as required.

3. Accounting audits

The Company has appointed Ernst & Young ShinNihon LLC to conduct accounting audits pursuant to the Companies Act, and financial statement audits, quarterly reviews and internal control audits pursuant to the Financial Instrument the Financial Instruments and Exchange Act.

● Key audit matters

Estimate of provision for loss on order received associated with contracts for ordered software development

In calculating provision for loss on order received, critical estimates relate to gross costs, involving key assumptions of man-hours and outsourcing costs expected to be incurred for software development works. As man-hours and outsourcing costs necessary to complete projects for software development may significantly increase from the initial expectation, high uncertainty is involved in the estimate of gross costs which requires judgment by management.

Accordingly, the item was considered as a key audit matter.

Constructive Dialogue with Shareholders

TIS will engage in constructive dialogue with shareholders based on the IR Policy in order to contribute to the Company's sustainable growth and the enhancement of its medium- to long-term corporate value. In addition, the Company will strive to develop a system to promote constructive dialogue with shareholders. The director of the IR Department will supervise the dialogue with shareholders, consider response methods with the President and Representative Director, executive officers in charge, and the IR Department, and will respond appropriately. The IR Department will share information and exchange opinions in a timely manner based on the respective specialist standpoints of relevant departments and will support dialogue with shareholders through organic collaboration.

In relation to shareholders, TIS will strive to broaden the means of dialogue such as through individual face-to-face

interviews as well as telephone interviews, and holding business results briefings and small meetings. Furthermore, in addition to active information disclosure, which will be the premise for dialogue, the Company will strive to expand the contents of the Integrated Report, which will be positioned as an effective tool for dialogue.

TIS will share opinions put forward in constructive dialogue with capital market participants such as shareholders, investors and securities analysts within the Company through reports and briefings to the Board of Directors, and use them in reviewing the Company's management strategy, and for other purposes.

In the case of dialogue with shareholders, TIS will pay attention to the fairness of information disclosure and manage internal information appropriately in accordance with the Rules for Prevention of Insider Trading.

Cross-Shareholdings

1. Criteria for and approach to categorizing investment shares

While TIS has made reduction of domestically listed shares a priority issue and adheres to this as much as possible in accordance with Company-defined basic policy on corporate governance, the Company holds shares in other companies, including start-ups and venture companies, only when management believes that it will contribute to the sustainable growth and higher medium- to long-term corporate value of the Company and the Group.

Specifically, when cooperation, co-creation and stable partnerships with such companies are deemed essential to continuous creation of business opportunities and utilization of technologies to actively promote business development particularly in the areas of financial inclusion, urban concentration and regional decline, low-carbon/decarbonization and health concerns, which are all social issues where the TIS INTEC Group can help to realize a more sustainable society, then such cross-shareholdings are considered investments consistent with the Group's growth strategy and defined as strategic shareholdings.

TIS and other companies under the Group umbrella hold shares in other companies including start-ups and venture companies, only when management believes that it will contribute to the sustainable growth and higher medium- to long term corporate value of the Company and the Group. For the shares held based on the judgment that they would contribute to the sustainable growth and higher medium- to long-term corporate value of the Group, the Board of Directors reviews the relevance of continuous cross-shareholdings each year. It is corporate policy

that TIS reduces any cross-shareholding with diminished significance, as identified through the review.

In the review, shareholdings are divided into the three categories ("capital alliance partners", "customers" and "others" - not applicable to the first two categories) and examined using the method set by category.

Please visit the following page for the details of the examination methods.

<https://www.tis.com/group/sustainability/governance/governance/>

TIS pursues reduction of cross-shareholdings in line with the aforementioned policy and corporate stance, management seeks to push the cross-shareholdings on a balance sheet basis as a percentage of consolidated net assets below to the 10% benchmark.

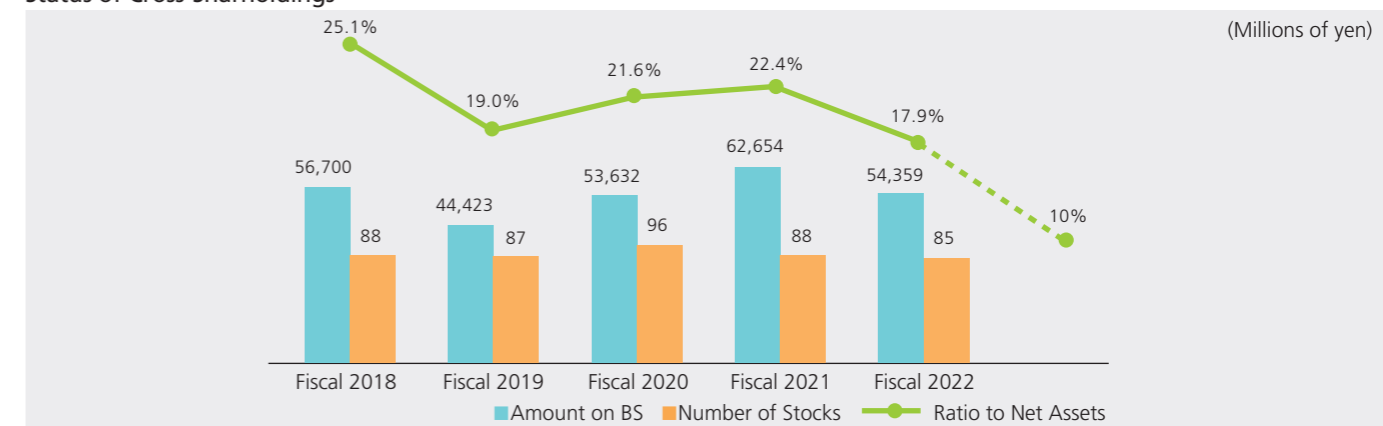
2. Criteria for exercising voting rights for strategically held shares

TIS appropriately exercises voting rights for the listed shares in its possession after comprehensively determining whether such action will contribute to the sustainable corporate growth and higher medium- to long-term corporate value of the TIS INTEC Group and investee company, taking into consideration policy advice from proxy advisory firms.

3. Relationships with strategic shareholders

If strategic shareholders of TIS indicate an intention regarding the sale of TIS shares, we will respond appropriately without preventing such a sale. Moreover, we will not conduct transactions that lack economic rationality with strategic shareholders.

Status of Cross-Shareholdings



Amounts on Balance Sheets [Number of Stocks]

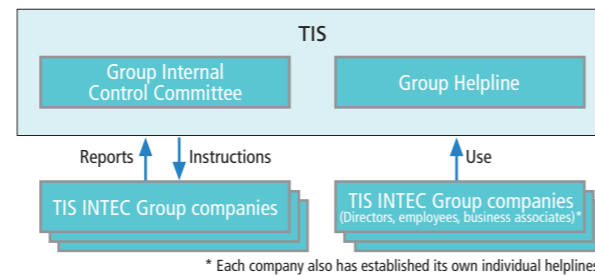
		Fiscal Year					YOY Changes		
		Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Sold	Acquired	Change in Fair Value, etc.
Unlisted stock	Cross-shareholdings				3,836 [23]	3,832 [21]	-1 [-1]	0 [0]	-2 [-1]
	Strategically held shares				20,453 [45]	4,814 [47]	-112 [-1]	646 [5]	-16,173 [-2]
	Subtotal		5,734 [52]	23,889 [65]	24,289 [68]	8,646 [68]	-114 [-2]	646 [5]	-16,175 [-3]
Listed stock	Cross-shareholdings				36,936 [17]	31,580 [12]	-6,739 [-6]	1 [0]	1,381 [1]
	Strategically held shares				1,427 [3]	14,132 [5]	0	0 [0]	12,704 [2]
	Subtotal		38,689 [35]	29,742 [31]	38,364 [20]	45,713 [17]	-6,739 [-6]	1 [0]	14,086 [3]
Total		56,700 [88]	44,423 [87]	53,632 [96]	62,654 [88]	54,359 [85]	-6,853 [-8]	648 [5]	-2,089 [0]

According to the criteria for and approach to categorizing investment shares, TIS sold its entire holdings of eight stocks and partial holdings of one stock for the year ended March 31, 2022. As a result, the number of listed stocks decreased from 35 as of March 31, 2019, to 17, and the amount of previously held cross-shareholdings is steadily reducing. On the other hand, as part of its growth strategy, TIS actively makes investments in start-ups with the objective of developing strategic partnerships to facilitate open innovation and forms capital and business alliances with leading foreign companies, and has newly acquired five unlisted stocks for cross-shareholdings. The graph above shows significant increase in the amount on the balance sheet in the year ended March 31, 2022, mainly due to the listing of Grab Holdings Inc.

Compliance

TIS established TIS INTEC Group Internal Control Committee to ensure appropriate compliance throughout TIS INTEC Group and to guide TIS INTEC Group in activities to further improve compliance practices.

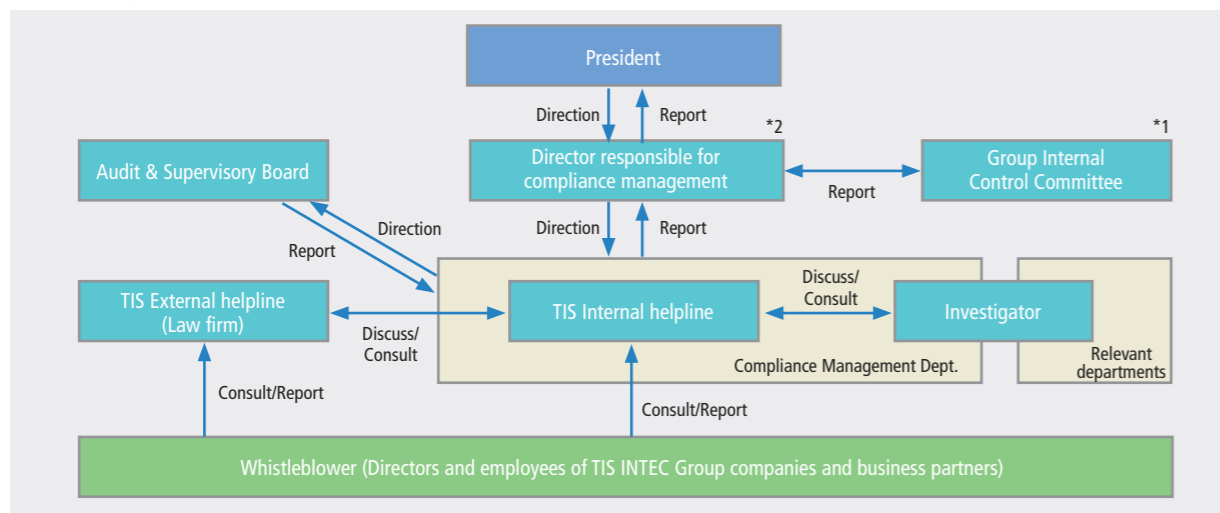
In addition to internal helplines at each company under TIS INTEC Group umbrella, TIS maintains an open channel for use by TIS INTEC Group as a whole. TIS strives to prevent, detect, and correct misconduct as early as possible. The Company is addressing various internal issues in an effort to strengthen compliance management.



Establishment of helplines

TIS maintains a helpline available to all directors and employees, including contract staff and temporary staff, as well as retired employees in addition to employees at providers, such as businesses with contracts to supply products or services to TIS. This helpline (External helpline, Internal helpline) can be accessed by email or telephone and meetings can also be arranged to get advice or report an issue in the event actions within the Company are thought to violate laws, internal rules or social standards or the potential for such misconduct becomes known.

Every effort is made to ensure the privacy of helpline users. In addition, no one who asks for advice or makes a report to the helpline shall suffer any disadvantage in a professional sense. Lawyers with expertise specific to the issue raised or staff at the helpline desk will respond to requests for advice and, when necessary, management will be informed of situations, with the consent of the helpline user, to expedite a solution to the issue.



*1 Group Internal Control Committee members include TIS full-time directors/full-time Audit & Supervisory Board members, presidents of key operating subsidiaries, and others.
 *2 Director responsible for compliance management: Division Manager of Corporate Management SBU

Internal Control

Whistleblower System

In January 2020, TIS obtained whistleblower system certification under the Whistleblowing Compliance Management System (WCMS).

WCMS is a system through which Japanese companies evaluate their own whistleblowing programs and apply to have them registered. Each program undergoes a review by the designated registration organization (the Japan Institute of Business Law) to determine if it meets certification standards. If the application is approved, the submitting company is registered and is granted the right to use the WCMS mark, which indicates that the business has in place an excellent management system to underpin compliance.



Released TIS INTEC Group Tax Policy

The TIS INTEC Group carries out corporate activities as a good member of society based on OUR PHILOSOPHY, which represents the values of the TIS INTEC Group. Under the philosophy, we formulated and released the TIS INTEC Group Tax Policy in April 2022 in order to pay taxes appropriately in compliance with the laws and regulations of each country.

<https://www.tis.com/group/sustainability/policies/taxation/>

We will continue to maintain tax compliance, remit appropriate tax obligations as a company, and conduct initiatives to improve tax transparency for our various stakeholders.

Preventing Corruption

Preventing bribery and corruption

- The TIS INTEC Group declares its commitment to preventing bribery and other forms of corruption in its "Group Code of Conduct (Conducting business with fairness)" and other statements, and works to ensure a full understanding by all officers and employees.
- In addition to TIS (parent company), we apply our "Anti-Bribery Regulations" to domestic and overseas Group companies in order to strengthen our system for preventing bribery.

Oversight of anti-corruption measures at Board of Directors meetings

- As part of our Groupwide compliance promotion activities, we are working to establish a system for preventing corruption, which has been approved by the Board of Directors. Going forward, the system will be developed to involve continuous reporting at the Board of Directors meetings.

Assuring confidentiality and anonymity of whistleblowers

- In addition to setting up a Groupwide helpline at TIS, we have established outside lawyers' contact points at each Group company. In these ways, we are creating an environment that makes it easy to report and receive advice, not only on corruption but also on overall compliance issues.
- We take care to protect whistleblowers in accordance with the Whistleblower Protection Act. This includes ensuring the confidentiality of whistleblowers and being open to receive anonymous notifications.

Conveying our anti-corruption policy to officers and employees

- We conduct Groupwide compliance education based on our "Group Compliance Declaration" and "Group Code of Conduct." We also convey information about preventing bribery and corruption through e-learning and face-to-face meetings.

Corruption risk assessments and countermeasures

- As part of our risk management system, we determine the presence of risk, undertake assessment of risk level, and implement countermeasures.
- Outside Japan, where corruption risks are higher, we undertake individual corruption risk assessments, the results of which are reflected in our risk countermeasures.

Information Security

The TIS INTEC Group has formulated Group Information Security Promotion Rules in accordance with our Group Information Security Policy. Initiatives are promoted to verify, assess, and improve the level of information security management across the Group in accordance with these rules, and the status of these activities is audited. In addition, the Internal Control Committee monitors progress and the audit results.

Safeguarding personal information

TIS has established its rules for protection of personal information in accordance with Group Information Security Policy, Privacy Policy and Policy on Handling of Specific Personal Information and aims at promoting measures to confirm, evaluate and improve the management of personal information received from its customers, suppliers, business partners and shareholders.

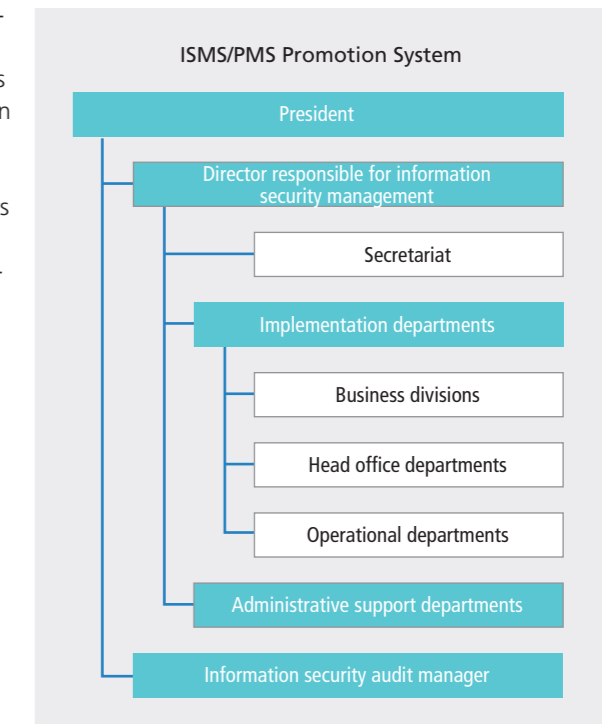
In addition, TIS conducts education and training programs for its officers, employees and partner employees to thoroughly raise their awareness of the importance of protecting personal information, and appropriately operates the personal information protection management system in compliance with Privacy Mark (JIS Q 15001).

Management

TIS has appointed a director to be responsible for information security management to oversee the establishment and operation of a Groupwide information security management system. An information security audit manager, independent from the director responsible for information security management, confirms the effectiveness of the management system.

Employee education

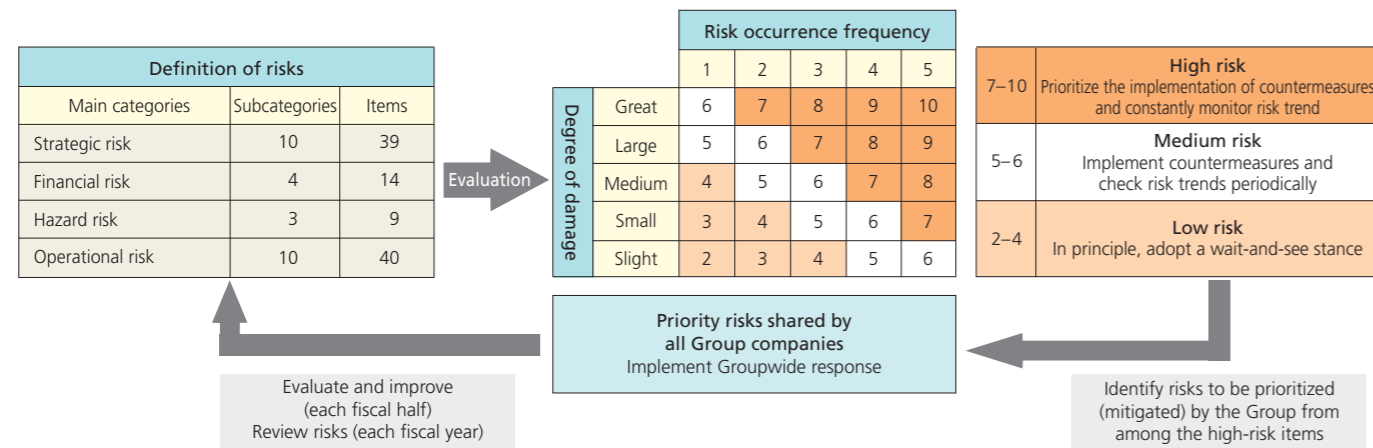
We conduct education programs for all employees (regardless of employment status) based on our "Group Information Security Policy (Education and Training)" and "Handling of Personal Information (VIII-2. Human Security Control Measures)."



The Company strives to enhance the development of risk management system to prevent any losses.

Management process

The Company has established rules for risk management to ensure an accurate understanding of the risks facing the Group and prevent losses from occurring. In accordance with these rules, we have appointed an executive to oversee risk management of the entire Group, and a risk management department has been established to administer a risk management system. In addition, we have established a risk management policy for the entire Group and regularly check the implementation status of measures to control risk. When a Group company becomes exposed to a serious risk, a task force is set up and appropriate measures are taken to minimize damage. As for the development of the risk management system, based on our basic policy and various rules governing internal control systems, we are implementing specific measures for the maintenance and improvement of the internal control of the entire Group, monitoring the development and operational status of the internal control system, deliberating at the Group Internal Control Committee, and developing a process to report the results of these deliberations to the Board of Directors. Based on the reports to the Board of Directors, initiatives will be implemented to further strengthen and improve the Groupwide internal control system.



The Group's risk recognition

The Group defines "risk" as "any factor that may hinder the achievement of the management philosophy, goals, and strategies of the Company and the Group by causing economic loss; the interruption, stagnation, or suspension of business operations; and/or damage to the Company's credit or brand image" and identifies risks.

Strategic risk

Risk items	Overview of risk	Main countermeasures
Human resources	<ul style="list-style-type: none"> High-quality human resources are not secured and developed according to plan. Productivity reduces, costs increase and employee engagement lowers. 	<ul style="list-style-type: none"> Develop human resources portfolio and enhance investments for the purposes of acquisition and growth of personnel. With the aim of enhancing workstyle reform and employee motivation, strive to secure talented human resources by providing a corporate culture, HR systems, and an office environment in which a diverse group of people can thrive. Focus on human resource training by providing support for acquiring certifications, systemizing training programs, and creating plans and targets for the number of training days.
Innovation of production technology	<ul style="list-style-type: none"> Loss of competitive advantage because we fail to respond quickly to advances in information technology and to changing market needs that parallel these advances. 	<ul style="list-style-type: none"> Constantly conduct research into information technologies as well as production and development technologies. Select from a broad technology portfolio the core technologies that will enable us to sustain and improve our development competitiveness, advance R&D and deploy the results. Continuously carry out productivity innovation activities and enhance the digital transformation value it provides.
Intensification of competition, price competition	<ul style="list-style-type: none"> Price competition intensifies more greatly than expected. 	<ul style="list-style-type: none"> Constantly analyze the business environment to better grasp customer needs, offer higher value-added services and take other measures to differentiate from competitors. Improve productivity by curtailing unprofitable projects and engaging in productivity innovation activities.
Investment	<ul style="list-style-type: none"> The expected result or return cannot be obtained. Assets become obsolete. 	<ul style="list-style-type: none"> All investment decisions are made after thorough examination of business plans by either the Board of Directors, the CVC Investment Committee, or the Investment Committee. Progress of each business plan is periodically confirmed after an investment has been made. Keep abreast of such progress by dispatching directors to larger capital investment partners.
Overseas business	<ul style="list-style-type: none"> Overseas business is impacted by various factors, including global economic and foreign exchange trends, legal regulations on investment and competition, local business practices, and labor-management relations. 	<ul style="list-style-type: none"> Improve the management structure by ensuring coordination between overseas Group companies and business sites and corporate management in Japan to maintain an accurate understanding of local conditions and consult on ways to implement rapid countermeasures. Dispatch human resources to operating companies and enhance the system for governance of overseas subsidiaries and affiliates.
Human rights	<ul style="list-style-type: none"> The occurrence and disclosure of any events which may have a direct or indirect negative impact on certain stakeholders result in damage to the reputation and credibility of the Group. 	<ul style="list-style-type: none"> Promote human rights due diligence in line with the Group's human rights policy.
Changes to social conditions due to warfare, civil strife, political upheaval, revolution, terrorism, rioting, etc.	<ul style="list-style-type: none"> Newly emerging international pressures, exchange rate trends, trade issues, or effects on procurement costs affect the Group. 	<ul style="list-style-type: none"> Prepare a system which enables us to quickly conduct analysis of the impact and engage in activities to prevent losses due to the identified risk.

Financial risk

Risk items	Overview of risk	Main countermeasures
Owned securities	<ul style="list-style-type: none"> Sharp fluctuations in the market prices of marketable securities or deterioration in management conditions of issuing entities requires the posting of accounting losses or other similar measures. 	<ul style="list-style-type: none"> Thoroughly examine issuers' financial condition, business results trends, credit ratings, and other relevant indicators. Regularly review the suitability of our securities holdings and reduce them if the significance of continued holding is deemed diminished.

Hazard risk

Risk items	Overview of risk	Main countermeasures
Pandemics	<ul style="list-style-type: none"> A sharp constriction of the productive activities of our employees and those of our business partners 	<ul style="list-style-type: none"> Keep abreast of the responses of the World Health Organization (WHO), the Japanese government, and other relevant authorities. Take action to improve hygiene at our offices, data centers and other work sites, based on the Group's business continuity plan, and refrain from sending employees to work in areas heavily stricken by infection. Establish a work environment that facilitates working from home.
Natural disasters	<ul style="list-style-type: none"> A large natural disaster results in an extended power outage that interrupts the smooth operation of data centers. 	<ul style="list-style-type: none"> Make preparations to facilitate our data centers' response to all manner of disasters based on the Group's business continuity plan. Close older data centers and focus on the development of state-of-the-art data centers equipped with seismic-isolation structures, robust disaster-mitigation equipment, emergency power generators, fuel storage equipment, and highly reliable electric power equipment, and negotiate contracts for prioritized power supply. Establish stockpiles, conduct drills, establish a remote work system aimed at mitigating the impact when conditions make commuting to work difficult, and promote a paperless workflow.

Operational risk

Risk items	Overview of risk	Main countermeasures
System development	<ul style="list-style-type: none"> As systems development is growing more sophisticated and complex and turnaround times are shortening, extra work may be required in order to achieve the planned level of quality or complete the project during the development period, leading to considerably higher-than-expected costs and customer claims for damages. Tasks outsourced to business partners do not meet expectations for productivity or quality and smooth project management is not realized. 	<ul style="list-style-type: none"> Use our proprietary Trinity quality management system based on the ISO 9001 standard to continually enhance quality management and raise productivity by using dedicated work-groups to thoroughly screen business proposals and review projects at each stage of development. Through the Group Quality Executive Meeting, improve quality and promote production innovation throughout the Group while also enhancing management and technological capabilities by strengthening training programs for each employee position. Hold meetings with business partners regularly. Seek to understand the situation and capabilities of business partners using questionnaires and other means and build strong relationships, and secure superior business partners in Japan and overseas.
System operation	<ul style="list-style-type: none"> System problems arise due to human error or equipment malfunctions during system operation and the Group is unable to provide services at the level agreed upon with the client. 	<ul style="list-style-type: none"> Develop a systems maintenance/operation framework based on ITIL (Information Technology Infrastructure Library) practices and improve system operation quality using this framework. Establish and strengthen measures for early detection and confirmation of system failures and measures to reduce and prevent the occurrence of failures.
Information security	<ul style="list-style-type: none"> Confidential information is leaked or manipulated due to a computer virus, unauthorized access, or other reason leading to claims for damages from client companies and to a loss of trust in the Group's services. 	<ul style="list-style-type: none"> Establish and operate an information security management system based on our Information Security Policy that seeks to ensure appropriate information management. Raise employee awareness through education and training programs. Apply the Group's information security promotion guidelines to check and evaluate the status of information security management across the entire Group, and promote continuous improvement in information security. When an information security breach does occur, establish an investigative committee and set up the structure of responsibilities, including looking into the cause, implementing countermeasures, and preventing recurrence, for problem resolution. To protect personal information <ul style="list-style-type: none"> Establish an information management system based on Japan's Personal Information Protection Act and regulations on the handling of individual numbers and information about specific individuals. Conduct education and training programs for employees to thoroughly raise their awareness of the importance of protecting personal information, which will contribute to more appropriate handling of personal information, including stronger management of client information Implement security measures using a zero-trust security model to address the diversification of workplaces with the full-scale implementation of working from home. <p>*TIS and other Group companies have obtained Information Security Management System (ISMS) certification and the JIPDEC PrivacyMark.</p>
Legal systems, compliance	<ul style="list-style-type: none"> A law or regulation is contravened, or a new law or regulation is introduced. 	<ul style="list-style-type: none"> Establish a compliance structure based on our Basic Direction on Corporate Sustainability and Group Compliance Declaration and endeavor to conduct our business activities fairly and in compliance with all laws. In accordance with the Group's compliance regulations, discuss important compliance issues for the entire Group, decide measures to prevent recurrence, and ensure the adoption throughout the Group by monitoring the status of the implementation of these measures. Especially for the tightening of regulations on contracted work and temporary staffing, work on a dedicated risk management system as Group priority because of the transactional nature of the IT services industry, and create Group guidelines and independent inspection checklists that will contribute to the appropriate operation of the system. To prevent illegal activities and detect and correct them at an early stage, introduce a whistle-blowing system and establish a reporting and consultation desk. Raise awareness of legal compliance throughout the Group. Conduct education and awareness-raising activities aimed at building good relationships and establishing smooth communication in order to help prevent discrimination and harassment.
Intellectual property rights	<ul style="list-style-type: none"> The Group is accused of infringing another company's intellectual property rights and presented with an injunction and a claim for damages. 	<ul style="list-style-type: none"> Strengthen our framework for intellectual property rights. Conduct education and training programs to raise employees' awareness. Regard the Company's own intellectual property as an important management resource and take all necessary means to protect this valuable resource.
Climate change	<ul style="list-style-type: none"> The Group's energy costs are significantly impacted by fluctuations in demand for renewable energy. The Group's transition to renewable energy is delayed. 	<ul style="list-style-type: none"> Carry out assessments in accordance with the TCFD recommendations framework, continuously implement countermeasures to the identified risks and opportunities, and disclose the results.

For risks identified during our risk management process, we designate a department in charge of crisis management and promote initiatives to mitigate such risks on a Groupwide basis.

Risk mitigation approaches we focus on, in consideration of the current business environment, are as follows.

Risk mitigation approach for human resources

The TIS INTEC Group sees human resources as our most prized management capital in carrying out our business. When each and every person involved in our business, including those who belongs to our partner companies, embraces the direction aimed at by Group management and upholds appropriate professional values, our management goals will be attained. We also believe that our investments in human resources to attain our business goals will mitigate various management risks as well as realize a comfortable society through IT.

Investments in human capital

Employees

- Investments in compensation
- Investments in education

Outcome

- Accelerated raise in annual salary
- Improved quality of education and enhanced motivation

Business partners

- Support for capacity building
- Promotion of dialogue

Outcome

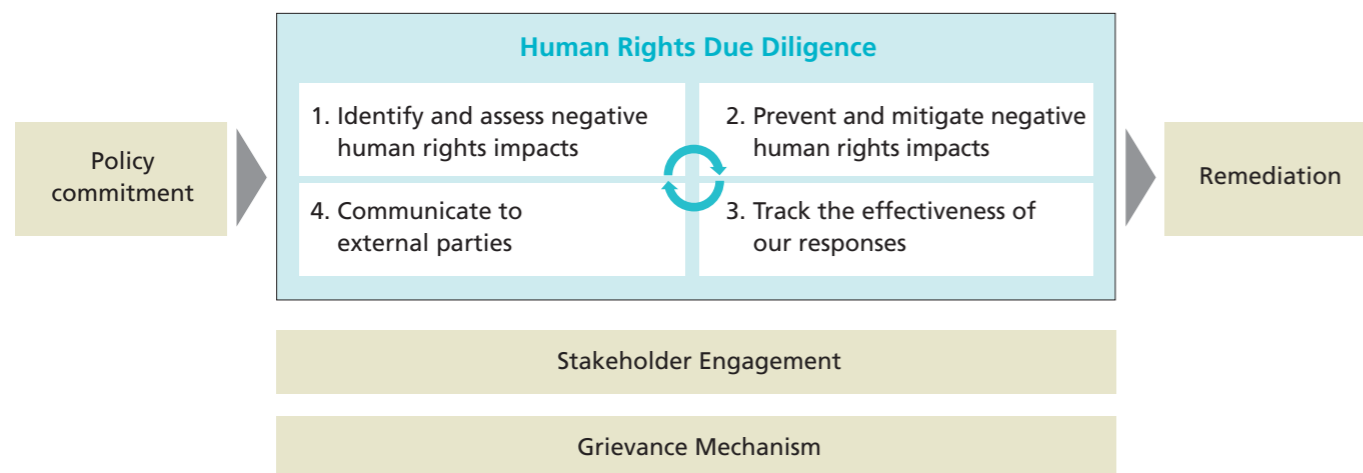
- Stable acquisition of high-caliber partner companies

Risk mitigation approach to human rights issues

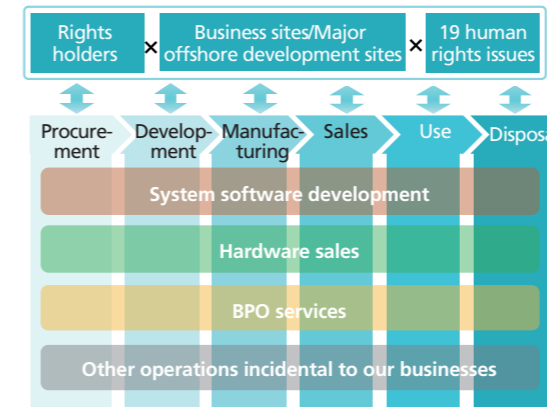
To seriously address human rights issues throughout the value chain, the TIS INTEC Group has established a human rights due diligence system in accordance with the TIS INTEC Group Human Rights Policy, which is based on the United Nations Guiding Principles on Business and Human Rights.

In fiscal 2022, with the cooperation of NPO Caux Round Table Japan, we conducted a human rights risk assessment for the first process, "1. Identify and assess negative human rights impacts". Specifically, we evaluated the potential for negative human rights impacts at each stage of the value chain (procurement, development, manufacturing, sales, use, and disposal) of the Group's operations. Through this process, we identified potential human rights risks and clarified the countries, operations, and rights holders (subjects who may be negatively affected by human rights issues) that should be prioritized for future action. Based on the results of the human rights risk assessment, we will implement countermeasures to prevent and mitigate each of the potential human rights risks identified and make efforts toward remediation of negative human rights impacts in the value chain.

<https://www.tis.com/group/sustainability/social/hrdd/>



Human rights risk assessment conducted



Potential human rights risks identified

Human rights risks	Rights holders	Countermeasures
(1) Labor issues related to TIS Group employees	TIS Group employees	Build a mechanism for engagement Develop systems for diversity
(2) Labor issues related to outsourced employees	Employees of contracted companies	Spread awareness of the Group's human rights policies, and provide education and training Share of the Group's Code of Conduct Establish a grievance mechanism
(3) Labor exploitation in equipment supplier supply chain	Workers of equipment suppliers	Prepare Supplier Code of Conducts
(4) Right to privacy in the handling of personal information	Individuals whose personal information is managed by a Group customer	Assume potential risks and sort out response policies
(5) Unintended use of our products/services	End-users/individuals in society in general	Include provisions to prohibit unintended use in the contracts Assume potential risks and sort out response policies

Risk mitigation approach post service launch (system operation)

To establish a "trusted top brand that epitomizes quality", the TIS INTEC Group aims to be a company to continuously "create a safe society through high-quality services". We have established a structure to conduct quality inspections so that we can stably provide high-quality services after service launch, as well as we elaborate service quality in planning and development phases.

	Quality of operation and maintenance	Quality of system/software
Quality for security	Implementation of examination under ISO/IEC 27017 <ul style="list-style-type: none"> Carry out third-party examination based on checklist compliant with ISO/IEC 27017 Expand acquisitions of ISO/IEC 27017 certification 	Development of environment to verify security vulnerability <ul style="list-style-type: none"> Require using SAST and IAST tools Implement third-party verification of security vulnerability
Quality for areas other than security	Improvement of delivery quality <ul style="list-style-type: none"> Implement third-party examination based on checklist for delivery quality Implement regular inspection of operation and maintenance 	Sophistication of system quality evaluation <ul style="list-style-type: none"> Conduct whole-process quality evaluation in quality evaluation for each phase Incorporate viewpoints of ISO 25000 into quality evaluation

Risk mitigation approach for information security

Once we allow any leakage or manipulation of confidential information due to computer virus infections or unauthorized accesses, claims for damages from client companies and a loss of trust in the Group's services would result from such incidents. Therefore, we have realized an appropriate management of information on a Groupwide basis by unifying information security policies under the Group Information Security Policy throughout the Group and raising them to certain level.

Examples of information security countermeasures in response to recent changes in the environment

Increased external threats ⇒ Standardize countermeasures to be taken on development Monitor behavior of terminals, implemented automatic isolation on infection	Diversity of workplaces ⇒ Assume workstyle which enables employees to work at anywhere Introduce a zero-trust security model And take other measures	Strengthening of regulations related to personal information ⇒ Address Japan's Personal Information Protection Act Consider addressing foreign laws related to personal information protection
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Aiming to be a "trusted top brand that epitomizes quality"

The TIS INTEC Group strongly recognizes the role that information systems play as social infrastructure. For this reason, we work continuously to improve our quality, productivity and technical capabilities.

By always providing high-value-added services while responding flexibly to diversifying business formats, solutions, development techniques and technologies, we aim to entrench TIS INTEC as a "trusted top brand that epitomizes quality" and realize the mission set forth in OUR PHILOSOPHY.

Trinity: Original quality management system based on ISO 9001 and ISO 20000



We strive to provide customers with optimal services based on our policy of "promoting improvement by making use of onsite ingenuity." At sites, we employ ingenuity to tailor each business model appropriately while applying processes, techniques and tools in project management engineering service management.

We are expanding the scope of coverage to include not only scratch development but also a wide variety of business formats.

* In fiscal 2022, a number of our service-development offices were certified under ISO 20000, the international standard for IT service management.

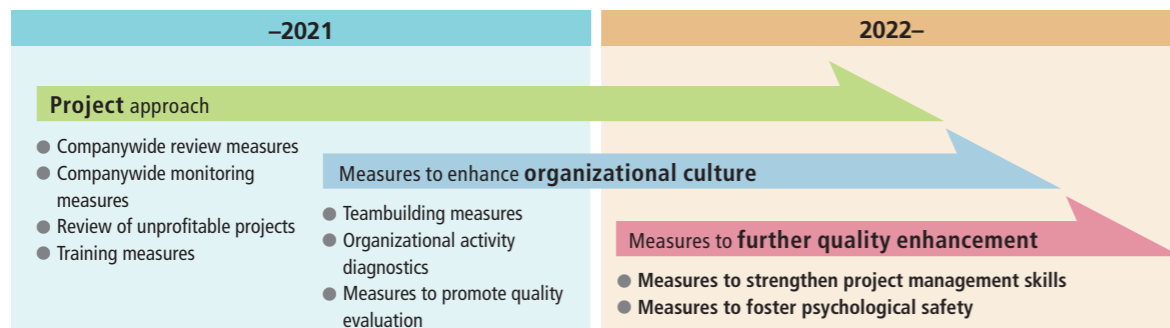
* For more details:

<https://www.tis.com/group/csr/report/social/quality/>

Further Quality Enhancement Initiatives

Efforts to Dispose of Unprofitable Projects

We are strengthening our efforts to dispose of unprofitable projects. In addition to our current approaches to projects, organizational structure, and culture, our priorities will be to further strengthen project management skills and foster psychological safety.



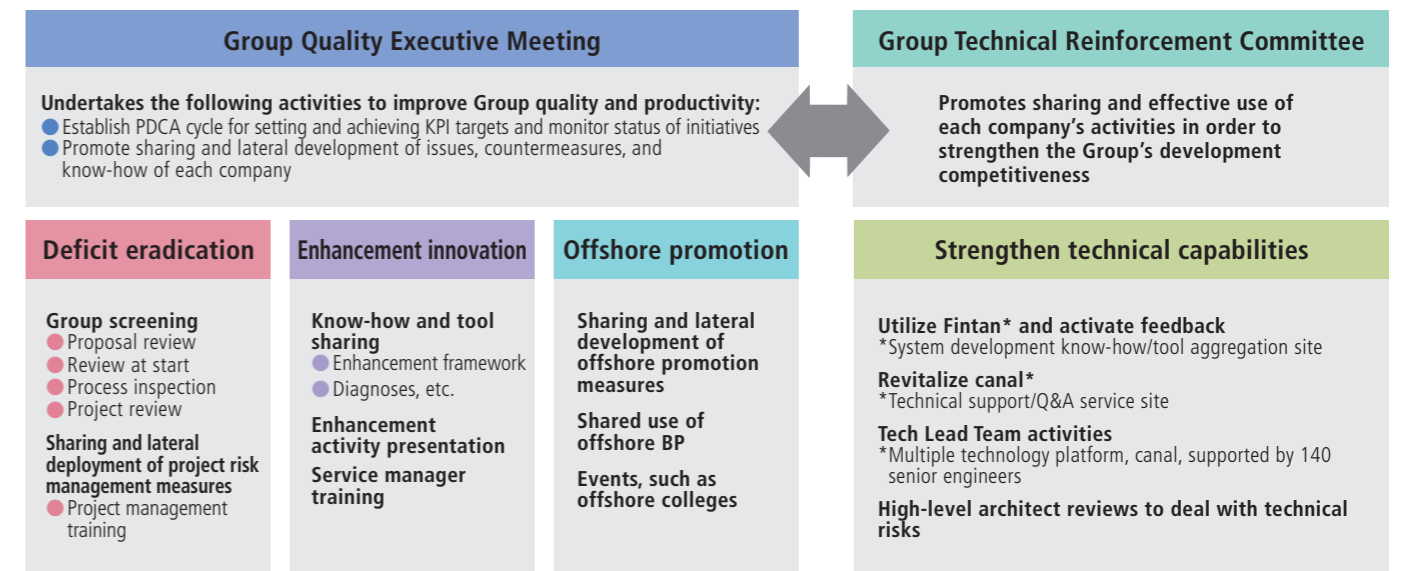
Initiatives to foster psychological safety

Our activities to date have shown that building a team that enjoys a high level of psychological safety is important to curb unprofitable projects. The following three steps will be taken to foster a culture in which employees can safely and securely express their opinions.



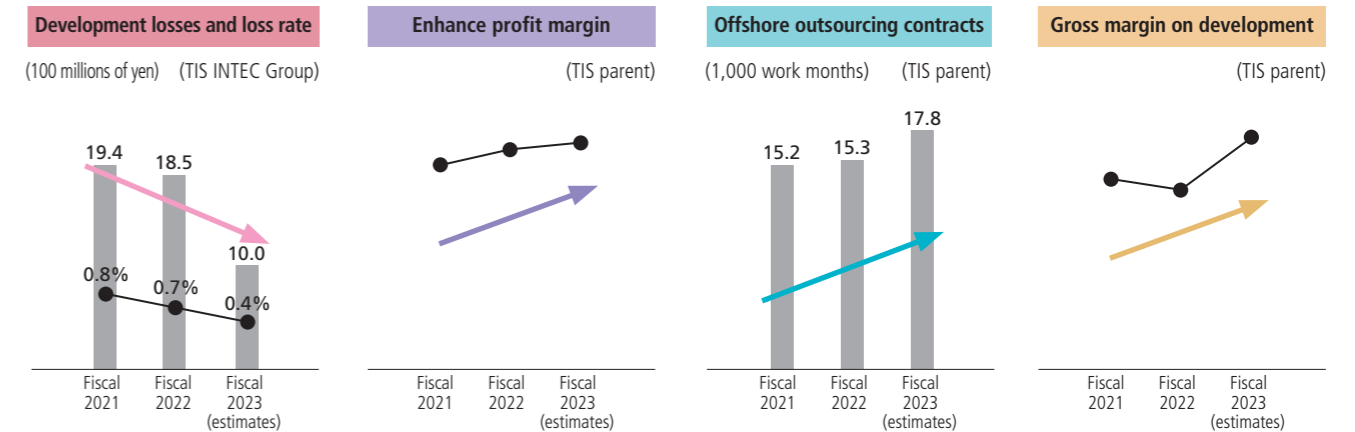
Activities aimed at improving standards across the entire Group

The TIS System Development & Quality Management Innovation SBU and the Technology & Innovation SBU are spearheading the following activities aimed at improving the quality, productivity and technical capabilities of the entire Group and harnessing Group synergies.



Results in fiscal 2022, ended March 31, 2022

- TIS companywide review proposals: 70
- TIS system development meetings: 198
- Group Quality Executive Committee meetings: 35
- Group Technology Enhancement Committee meetings: 12
- Number of Group screenings: 191



The gross margin on development rose through the employment of various measures



Ikuo Shimizu
TIS Executive Officer,
Division Manager of
System Development &
Quality Management
Innovation SBU

Unprofitable projects and major incidents not only affect our Group's business performance, but also have a negative impact on client companies, end users, and the employees who deal with them. The eradication and deterrence of such issues is a key management priority and responsibility. To this end, in addition to the approaches we have taken to date to avoid bad news regarding projects and to foster our organizational culture, we will further strengthen and implement concrete measures to enhance project management skills and foster psychological safety.

When it comes to fostering psychological safety, it is important how we ensure safety and improve the quality of our relationships with each other. While confronting real problems, we aim to build the team best able to create value by gathering wisdom that will lead us closer to our ideals and who we want to be. We have named the activities, re:Bornk (Technology KI), fostering psychological safety *kaika*, meaning "opening" or "blossoming". This focus will maximize the potential of our Group to open itself to new opportunities and experiences.

Initiatives to address climate change

The Group has addressed preservation of the global environment in its Basic Policy on Corporate Sustainability, which is based on its basic philosophy, OUR PHILOSOPHY. In order to realize a sustainable society, we are promoting efforts to preserve the global environment both by reducing the environmental impact of our business activities and by contributing to our customers' and society's efforts to mitigate and adapt to climate change through the provision of our services.

Environmental targets for climate change in the medium and long term

With the aim of becoming carbon neutral in 2050, the Group aims to reduce GHG emissions in fiscal 2031 by 27.5% compared to fiscal 2020, based on the reduction target (WB2C scenario) in line with the 2°C target of the Paris Agreement. This reduction target satisfies the SBT (Science Based Target)* requirement and has been certified as such.

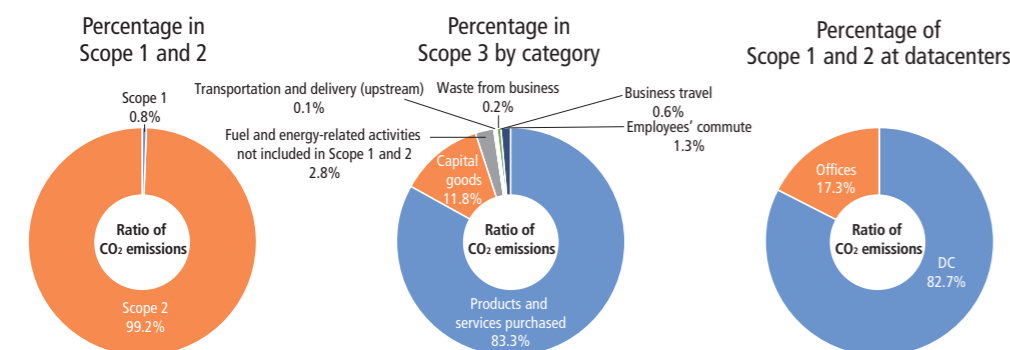


DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Group GHG emission reduction target for fiscal 2031
Scope 1+2 : 27.5% reduction versus fiscal 2020
Scope 3 : 27.5% reduction versus fiscal 2020

*One of the metrics for GHG reduction targets. A framework that encourages the setting of GHG reduction targets, consistent with the 2°C/1.5°C targets (limiting the temperature increase from pre-industrial revolution levels to less than 2°C and referring to efforts to limit the increase to 1.5°C) called for by the Paris Agreement adopted in 2015.

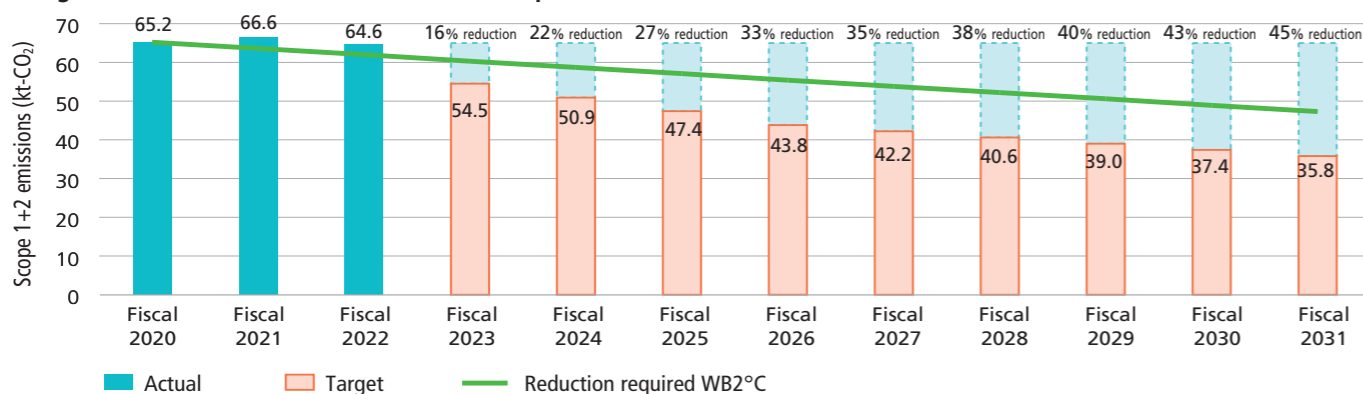
Ratio of GHG emissions in the Group (actual results for fiscal 2022)



*The Group is engaged in the data center business, which accounts for more than 80% of the Group's total Scope 1 and 2 GHG emissions.

	GHG emissions in Scopes 1 and 2		Data center and office GHG emissions in Scopes 1 and 2		GHG emissions by category in Scope 3							Total GHG emissions in Scopes 1-3
	Scope 1	Scope 2	Data centers	Offices	Category 1 Purchased goods and services	Category 2 Capital goods	Category 3 Fuel- and energy-related activities not included in Scopes 1 and 2	Category 4 Transportation and distribution (Upstream)	Category 5 Waste generated in operations	Category 6 Business travel	Category 7 Employee commuting	
Fiscal 2022 (t-CO ₂)	513	64,157	53,483	11,187	300,905	42,690	9,987	405	651	2,000	4,778	426,085
Fiscal 2021 (t-CO ₂)	760	65,867	55,382	11,246	287,633	65,782	9,794	215	345	2,025	6,256	438,678
YoY change (t-CO ₂)	-32.6%	-2.6%	-3.4%	-0.5%	+4.6%	-35.1%	+2.0%	+88.5%	+88.4%	-1.2%	-23.6%	-2.9%

Long-term simulation of GHG reduction in Scopes 1 and 2



Under Scope 1+2, we have established GHG reduction plans for each fiscal year. In line with this, we will manage our GHG emissions by tracking budgets versus actuals and work to achieve our targets.

*The reason for the increase in emissions in fiscal 2021 compared to the previous year is due to the addition of data centers for calculation.

Initiatives to achieve the Group's GHG reduction targets

Measures to reduce GHG emissions in data centers

- Consolidation (optimization) through data center consolidation
Reduce GHG emissions per unit through consolidation
- Implementation of systematic switchover to renewable energy sources
- Improvement of air conditioner efficiency (reduction of air conditioner power consumption)

We have already set a goal of raising the renewable energy utilization rate to 50% by fiscal 2030 for eight of our 14 data centers nationwide.

Together with the effects of the planned data center consolidation by fiscal 2024, we estimate a potential reduction of GHG emissions from data centers of 67% (as compared with fiscal 2020). We plan to expand our efforts to other data centers in due course.

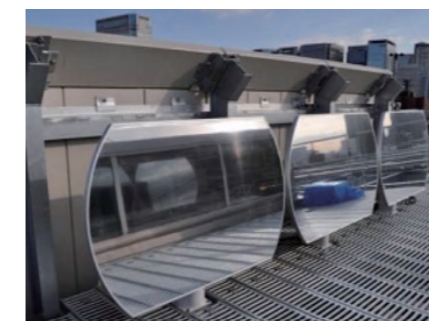
Measures to reduce GHG emissions in offices

- Consolidation of group offices by region
- Implementation of systematic switchover to renewable energy sources
- Consideration and implementation of energy conservation measures involving building owners
Inquiring about LED lighting, energy conservation of air conditioning equipment, etc.

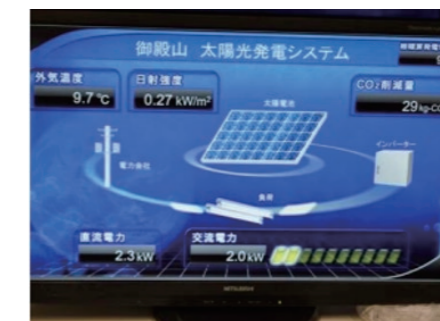
Other measures to reduce GHG emissions

- Further promotion of telework and remote meetings
Reduce the use of public transportation for commuting and business travel, thereby indirectly reducing GHG emissions
- Considering reduction measures in collaboration with suppliers

In addition to the above initiatives, at data centers we are also promoting natural lighting, installation of small-scale solar power generation systems, and rooftop greening.



Natural light (solar tracking equipment)



Solar power generation monitor



Rooftop greening

We are accelerating our environmental response, including the development of reduction targets in line with the 1.5°C target



Tsuneyoshi Ito
TIS Managing Executive Officer,
Division Manager of Corporate
Management SBU

Six and a half years have passed since the Paris Agreement was adopted in 2015 under the United Nations Framework Convention on Climate Change (UNFCCC). 2015 was also the year that the Sustainable Development Goals (SDGs) were adopted at the UN Summit. I think there has been a lot of progress in the last few years, especially in the area of climate change, as exemplified by the Japanese government's 2020 declaration that it will achieve carbon neutrality by 2050.

The Group has been promoting various measures to mitigate the effects of climate change. For GHG emissions reduction, we calculated emissions for each fiscal year, identified business risks associated with climate change, and set reduction targets based on financial impact analysis. We also discussed a transition plan on how to realize the reduction target in concrete terms, mainly with experts within the Group.

As a result, we announced that we aim to achieve a 27.5% reduction in emissions by fiscal 2031 compared to fiscal 2020, based on a reduction target in line with the 2°C target of the Paris Agreement (WB2C scenario).

On the other hand, there are some concerns. Over the past year, the electricity supply situation has changed dramatically on a global scale. Soaring prices of non-fossil fuels have a significant impact on renewable energy prices, and unstable power supply conditions due to repeated power shortages can be a major variable for the data center business, one of the Group's core businesses. As a data center service provider, we recognize that one of the most important management issues for our Group is to be able to purchase energy with low environmental impact at a stable and appropriate price and provide data center services to our customers.

The role that companies must play in addressing global environmental issues has become increasingly important in recent years. The Group believes it should aim for even higher targets without slowing down its efforts to become carbon neutral, and is now considering moving the plan forward and is in the process of formulating new reduction targets in line with the 1.5°C target of the Paris Agreement.

The Group will continue to contribute to the realization of a sustainable society by addressing climate change and other global environmental issues.

Information disclosure in line with TCFD recommendations

The Group endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We disclose information regarding our initiative progress in line with TCFD recommendations, strengthening our measures for climate change.



What are the TCFD recommendations?

The TCFD was established under the Financial Stability Board (FSB), an international organization working to stabilize the financial system, and in June 2017 released recommendations calling for disclosure of information on the risks and opportunities posed by climate change. The recommendations stress the importance of companies recognizing the risks and opportunities of climate change and incorporating them into their business strategies.

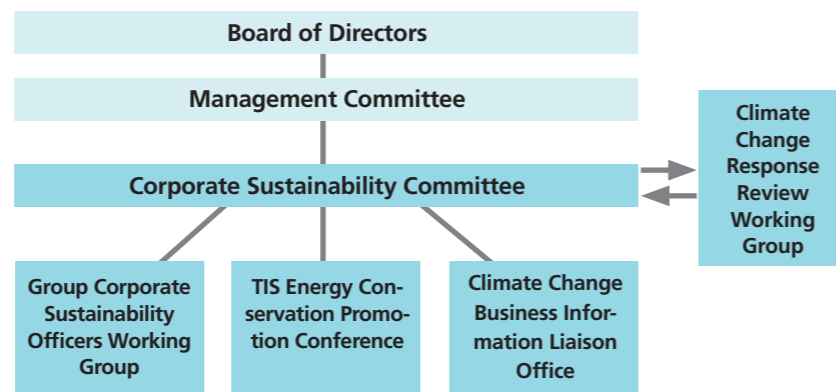
The TCFD requires disclosure in four core areas: governance, strategy, risk management, and metrics and targets.

Governance

The Sustainability Committee assumes a groupwide perspective to explore measures that address issues related to sustainability, including environmental issues such as climate change, and to track progress on implemented measures. This committee is chaired by the president of TIS and meets twice a year with the participation of full-time directors, full-time auditors, the presidents of principal Group companies, and managers of divisions that oversee TIS's progress on materiality. Topics considered by the committee are discussed by the Management Committee and then put forward to the Board of Directors.

As part of the push to embrace sustainability measures and activities, TIS extends measures related to environmental issues groupwide through the Group Corporate Sustainability Officers Working Group. We also set up the TIS Energy Conservation Promotion Conference and the Climate Change Business Information Liaison Office as structures that constantly leverage awareness of risks and opportunities related to measures aimed at mitigating the impact of climate change.

In addition, we take a nimble approach by setting up working groups and assigning specific issues for each to address. The cross-divisional Climate Change Response Review Working Group was created in fiscal 2022 to identify and evaluate risks and opportunities related to climate change and facilitate disclosure in line with TCFD requirements.

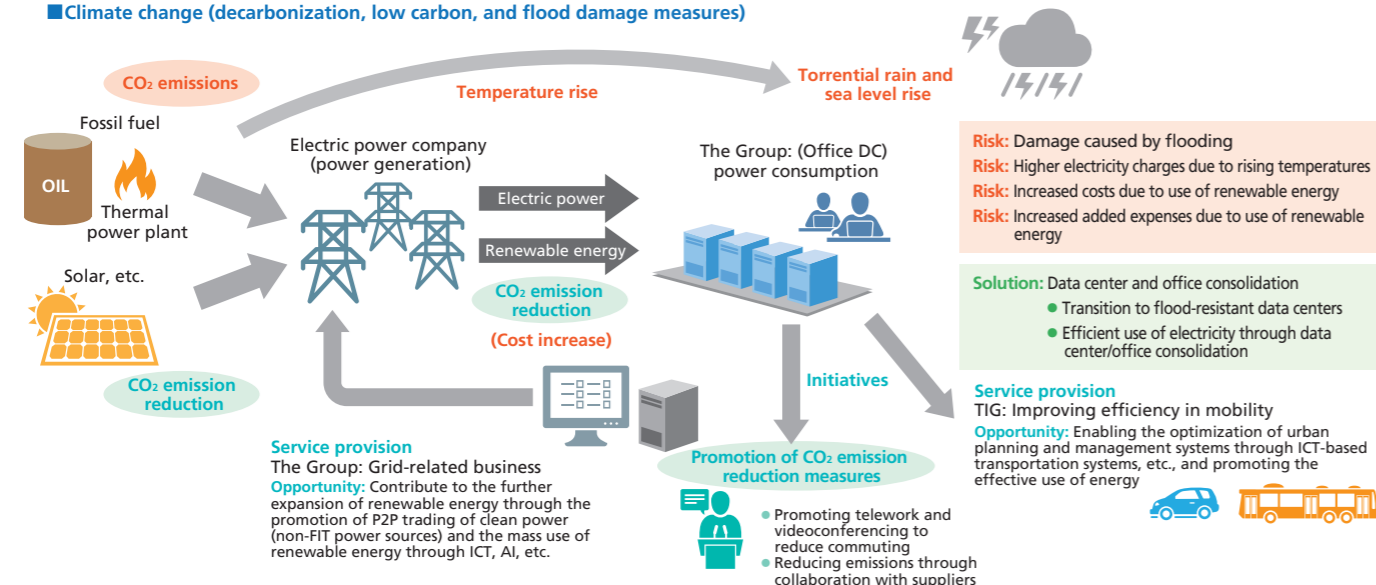


Strategy

Climate-related risks, financial impacts, and opportunities

Based on the correlation diagram between the Group and environmental issues, we organize risks and opportunities in the Group.

Climate change (decarbonization, low carbon, and flood damage measures)



Climate-related risks and financial impacts

Based on the correlation diagram, we listed the short-, medium- and long-term climate-related risks in the Group and assessed the financial impacts in fiscal 2031.

Risk	Short Term	Medium Term	Long Term	Fiscal 2031 Financial Impact	Financial Impact Overview
Risks related to GHG reduction	—	Transition risk (Regulatory) Rising energy prices Regulations based on regional ordinances	Transition risk (Reputation) Trust of society eroded and clients distancing themselves from us because we are unable to achieve GHG reduction Transition risk (Regulatory) Higher costs due to carbon tax	¥8,008 million - ¥8,508 million	Possible loss that could be averted if difficult GHG reduction targets, such as carbon neutral status, are achieved
Risks related to method of GHG reduction	—	Transition risk (Market) Cost to introduce renewable energy	Transition risk (Market) Higher costs due to GHG reduction and introduction of renewable energy	¥100 million - ¥203 million	Potential additional expenses that might be incurred by reducing GHG emissions
Risk of physical impacts	—	Physical risk (acute) Heightened risk due to unusual weather events, including floods	Physical risks (chronic) Higher costs due to rising temperatures	¥9 million	Possible additional expenses caused by physical impacts of climate change

*GHG: Greenhouse gas; short term: immediate impact; medium term: 1–3 years; long term: 4–20 years

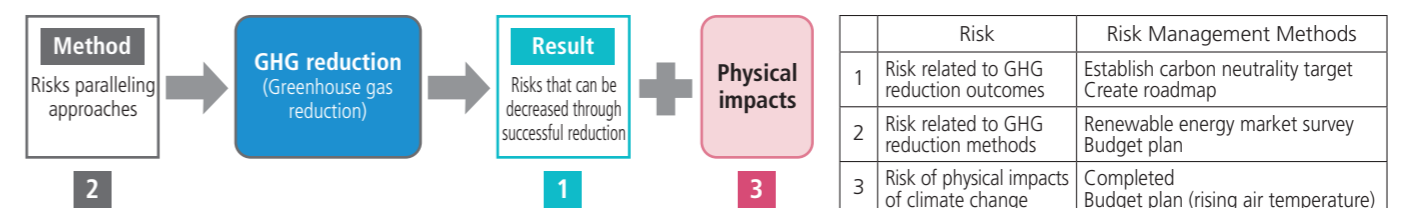
Climate-related opportunities

Based on the correlation diagram, we have also identified the following climate-related opportunities.

No.	Opportunity	Duration	Needs, Increasing in Line with Measures and Targets to Address Climate Change	TIS and TIS Intec Group Responses
1	More opportunities to provide data center services and cloud services to meet needs of low-carbon/decarbonized society	Short term to long term	More companies are taking advantage of on-premise cloud setups and using renewable energy to power highly energy-efficient hardware. Notably, we anticipate wider demand from companies that have set reduction targets under RE100 and TCFD standards.	We see expanding opportunities to provide data center services by raising the renewable energy ratio and energy efficiency at TIS INTEC Group data centers. The current target is to lift the renewable energy ratio at data centers to 50% by fiscal 2031. (TIS seeks to integrate data center operations at environmentally favorable locations and cut GHG emissions by 67% relative to fiscal 2020 levels.)
2	Greater need for system upgrades to improve environment for electric power companies and redesign power infrastructure	Short term to long term	Society urgently needs to transition from its reliance on thermal power generation to renewable energy, with an emphasis on hydro, wind and solar power, to reduce GHG emissions in the energy conversion sector, which accounts for 40% of emissions in Japan. In conjunction with this shift, demand is sure to rise for power transmission / distribution network rebuilds and upgrades suitable for a society using distributed energy resources.	Drawing on business know-how amassed over 30 years of business with energy companies, we are indirectly involved in shaping electric power infrastructures and promoting the decarbonization of energy companies, driven by their embrace of DX in power generation and system changes based on legal revisions.
3	More opportunities to provide IT services and solutions to address new needs related to climate change	Short term to long term	We apply AI and IoT technologies used to automatically control virtual power plants (VPPs), the pinnacle of energy conservation and energy production, and achieve energy efficiency. We anticipate an increase in the need for various IT services that help to better materialize hidden power sources and for resilience services to address climate change risk.	To make it a future strength, we are promoting various IT services and we are in the process of planning and developing such services through development driven by forward-looking investment and through collaboration and co-creation with stakeholders. We will vigorously engage in initiatives to promote VPP solutions and non-financial information reference and checking services for companies, and to set up businesses based on new technologies, such as environmental value exchange and transfer certification.

Risk Management

We have classified and organized risks into three categories—risks that can be decreased by reducing greenhouse gases, risks related to methods for reducing greenhouse gases, and risks that accompany the physical impacts of climate change—and are considering approaches to deal with these risks.



Metrics and Targets

TIS uses groupwide greenhouse gas emissions, renewable energy introduction ratio and financial impacts as metrics for evaluating climate-related risks. For evaluating climate-related opportunities, TIS uses market scale, sales and other factors as reference values to assess opportunities.

Aiming to realize a human resources strategy that supports management

Expansion of human resources that contribute to business strategy

The Group is pushing forward with structural transformation toward its medium-term management goal, **Group Vision 2026**, and has formulated a human resource strategy that contributes to business innovation and market creation in four strategic domains.

Collaboration among HR Business Partners and SBUs

The skill levels, areas of expertise, and number of personnel required to execute each strategic domain are analyzed using career frames* to create human resources portfolios based on the current situation. We conduct periodic reviews based on actual performance and expand our human resources taking a medium- to long-term perspective.

*The **"career frame"** clarifies the human resources required by the Company and their levels to realize the longer-term business strategy.

In terms of human resource development, recruitment, appointment, and assignment, senior executives and HR business partners (HRBPs) share business and organizational issues and work through a cycle of activities aimed at achieving business goals.



HRBP support menu tailored to site needs

- Organizational management**: Data-driven decision making, Recruitment and selection talent
- Employment**: Recruitment plan for structural transformation personnel, Recruitment analysis, onboarding
- Education**: Employee skills, career analysis, Development of DX consultants and business leaders
- Placement**: Rotation for right person in right position, Providing opportunities for diverse work experiences
- Organizational culture**: Improving employee engagement, Retention, wellbeing

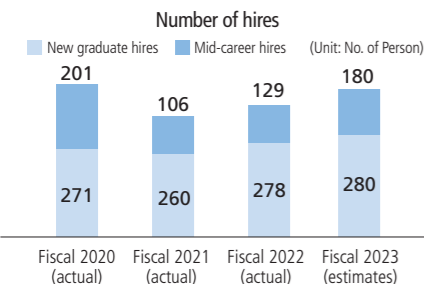
Acquisition of diverse human resources: Investments to promote participation

In addition to promoting human resource strategies through collaboration between HRBP and business organizations, TIS is making investments aimed at **acquiring diverse talent and promoting their participation** throughout the Company. The medium-term management plan sets a goal of adding 500 DX consultants, and 300 were hired during fiscal 2022. We will continue to invest in areas such as increases to employee recompense in conjunction with the HR system reforms scheduled in fiscal 2024 that will strengthen career recruitment, developing a foundation for growth and success, and bolstering our corporate culture.

Major Investments in Talent at TIS (Fiscal 2022)

Investment in recruiting ¥480 million

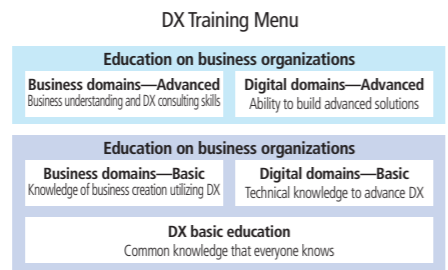
In addition to consistent hiring of new graduates, the Company is strengthening its hiring of **personnel with diverse work experience, careers, and expertise**. This is contributing to the acquisition of DX consultants. In fiscal 2023, we will continue to invest aggressively in mid-career recruitment with the aim of acquiring high-level human resources.



Investment in education ¥1 billion

To respond flexibly to changes in society and business, and to enhance our ability to transform our business, we focus on developing **human resources who will play a key role in the DX of society**.

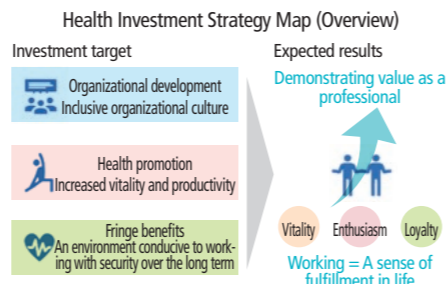
We provide opportunities to learn the thinking and skills required in each of the DX business and digital domains.



Investment in health ¥410 million

We promote measures in line with the Health Investment Strategy Map to **improve the quality of life and strong performance** of our employees.

We are promoting communication and organizational revitalization measures, with particular emphasis on social health.



HRDX supporting the human resources strategy participation

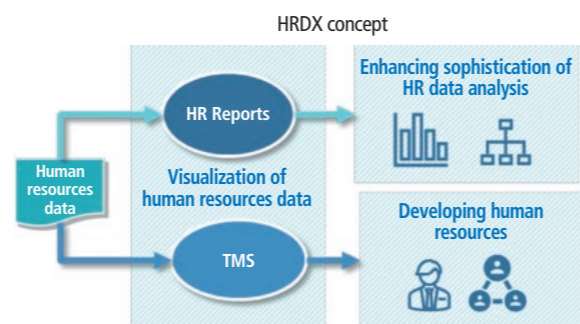
TIS has begun to **develop an HRDX platform** to measure the results of its human resource strategies and visualize the value of its human resources. Through HR reports and our Talent Management System (TMS), we support the execution of data-driven management strategies and the autonomous career development of each employee.

HR Reports

Monitoring performance indicators, supporting data-driven decision making

Talent Management System (TMS)

Supporting employees' autonomous career development by integrating human resource portfolios and employee career plans



Sustainable engagement, the cornerstone of our human resources strategy

In our Medium-Term Management Plan (2021–2023), we have positioned **"sustainable engagement"** as the cornerstone of our human resources strategy. To enable employees to demonstrate their strengths as professionals with a high level of motivation to contribute, the TIS INTEC Group will increase the value it provides to society by enhancing the value exchange between employees and the Company through active investment in human resources, including evaluation and compensation commensurate with human resource value, providing opportunities for diverse human resources to play an active role, and improving employee health and the working environment.



To be a company where diverse human resources share the company's values and philosophy, and can enjoy job satisfaction and professional development

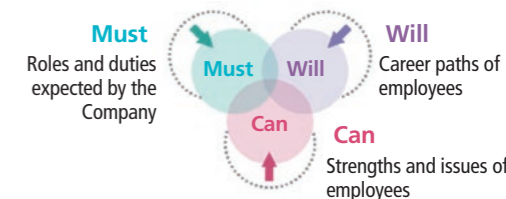
Create a corporate culture in which all employees become movers and continue to change and take on a variety of challenges

A human resources system that encourages each employee to act autonomously and achieves the development of human resources

TIS will introduce a new HR system from April 2023. The new HR system will encourage employee growth and the development of human resources by recognizing actions that provide value as independent professionals and embody the Group's basic philosophy, OUR PHILOSOPHY.

Must/Will/Can framework

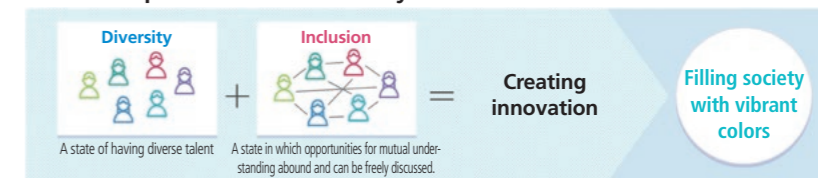
We have introduced the **"Must/Will/Can framework"** as a management foundation to improve the value exchange between the Company and individuals, and to work towards becoming a company where employees feel fulfillment and growth and can play an active role by having employees share the Company's corporate philosophy and direction, and increasing the overlap between the Company's goals and what they want to do. Based on the concept of the new personnel system, each Group company plans to align its approach to goal-setting and performance evaluation while taking business characteristics into consideration.



Diversity and Inclusion that leverages diverse individuals to provide value to society

We promote diversity management with the aim of achieving **"diversity fusion"**, a state in which diverse personalities are fused together to create continuous change and new value.

We will promote measures based on the three concepts of development of diverse talent, health management, and work style reform so that employees with different ideas, careers, knowledge, and values, in addition to gender and age differences, can be active movers.



- Development of diverse talent:** All employees grow and demonstrate individual strengths
- Health management:** Nurturing the performance of employees and the organization as a whole
- Work style reform:** Providing different work options and encouraging employee independence

*For more information on individual D&I measures, please visit our corporate website.
<https://www.tis.com/group/sustainability/social/diversity/>

Performance monitoring of talent strategies

In the Group, each company sets performance indicators based on its own issues and priorities, and implements the PDCA cycle. In particular, we set group targets (KPIs) for indicators that we deem important, monitor and analyze them over time, and use them to make management decisions.

Group-wide monitoring indicators

Human resource strategy	Measures of effectiveness	Performance indicators	Group performance	TIS parent results	Shared goals (KPIs)
Education	Increased value as a professional	Number of training days per person	13.3 days	15.2 days	9 days (Annually)
Diversity	Demonstration of individuality and strength Creation of new value	Percentage of female employees in management positions	10.3%	11.0%	11.2% (April 2024)
Desire to contribute	Identification with the corporate philosophy	Employee satisfaction (Questionnaire)	51% (up 5 points)	61% (up 5 points)	50% or more company-wide (Increased by 3–5pt annually)
Health	Enhancing employee vitality and performance	Absenteeism (Injury and sickness absence rate)	1.0%	1.1%	1.1% or less (Annually)

*Actual figures for fiscal 2022 (Group includes 7 major companies)

With Clients

TIS INTEC Group Business Summit 2022 held

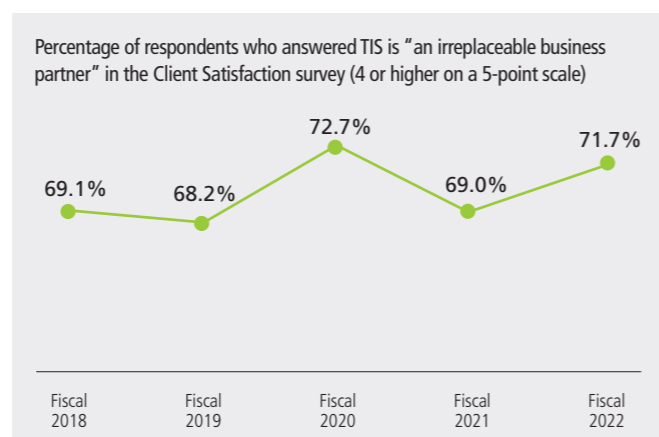
The TIS INTEC Group holds the TIS INTEC Group Business Summit every year as a forum to introduce its services and initiatives that make full use of advanced technologies and know-how to realize a sustainable digital society. In fiscal 2022, in addition to a keynote speech on the theme of “Metaverse” by Koji Koizumi, President of loTNEWS, 35 sessions and 33 exhibited solutions were presented by Group companies. We will continue to strive to invigorate communication with our clients so that we can catch up with their issues as quickly as possible and provide proactive support.

*This event was held online in July 2022 and attracted many clients.



Implementation of Client Satisfaction Survey

We conduct an annual Client Satisfaction Survey of clients with whom we have continuous business relationships, which is used as a tool to determine our improvement activities. As the percentage of respondents who answered we are “an irreplaceable business partner” continues to increase, backed by the high evaluation of our earnest and sincerity in response and quality, more proactive proposals and information provision are expected of us. To live up to such expectations, it’s important to strengthen our sales and consulting capabilities, which serve as touchpoints with clients and society. We are therefore pursuing initiatives in this area. As part of the groupwide promotion of improvement activities, similar initiatives that have been conducted by each major Group company have been gradually integrated into this survey.



*The survey covered TIS Inc.

With Business Partners

TIS Business Partner Forum/Business Policy Briefing 2022 convened

We held the online TIS Business Partner Forum/Business Policy Briefing 2022 for our business partners to help them better understand our management policy and various other initiatives and measures. This year, under the main theme of “promoting collaboration with business partners”, each organization presented its new initiatives and measures and ambitions for collaboration and co-creation. Going forward, we will continue to strive to expand our business and improve satisfaction through collaboration.

*This event was held online in July 2022 and attracted many business partners.

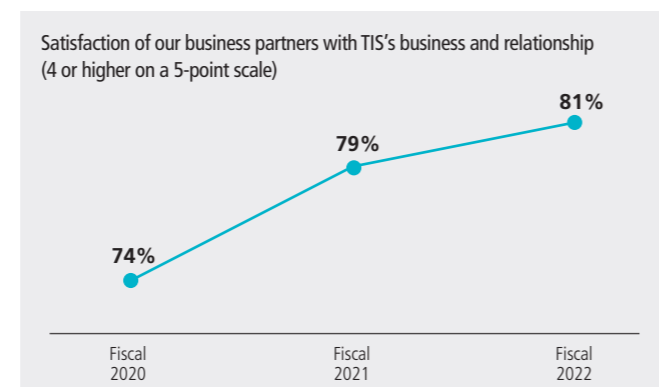


Implementation of Business Partner Satisfaction Survey

We conduct a Business Partner Satisfaction Survey every year to learn from our business partners about changes in the environment, trends in guidelines and unit prices, and their level of satisfaction with us.

This time, we added “good points/bad points” of the Company as perceived by surveyed business partners and received valuable feedback that will undoubtedly lead to improvements.

We will continue to analyze the survey to surface issues and make improvements to expand collaboration with our business partners and improve their satisfaction with our services.



*Fiscal 2021 and fiscal 2022 results indicate that clients are satisfied doing business with us.

*The survey covered TIS Inc.

Fast, fair and impartial information disclosure, and dialogue with shareholders

We provide performance results and the latest news on our business activities through events, such as results briefings and individual meetings, and through production of pamphlets and our website. In addition, we engage in constructive dialogue with stakeholders to achieve sustainable improvement in corporate value.

IR Events in Fiscal 2022	Frequency	Contents
Results briefings for analysts and institutional investors	4 times	Quarterly briefings (in May, August and November 2021 and February 2022).
Business briefings for analysts and institutional investors	Once	Held a meeting regarding sustainability management (in December 2021).
Small meetings for analysts and institutional investors*	221 times	Over course of fiscal year, provided IR-oriented information to analysts and institutional investors. Total coverage: 363 companies (454 people). Of these meetings, 95 were for overseas investors.
Small meetings by President	Twice	President held two meetings with analysts (sell-side analysts: once, buy-side analysts: once).
Overseas roadshows	Twice	President, director responsible for overseas IR and other members of senior management met with shareholders and investors (in Europe, the United States and other regions) (in June and November 2021).
IR conference for individual investors	Once	Live-streamed conference (628 participants) (in March 2022).
Production of materials for individual investors	Twice	Issued Business Report (in June and December 2021)

*With some exceptions, meetings were held online.

Initiatives to revitalize the General Meeting of Shareholders and facilitate the exercise of voting rights

Initiatives	Contents
Early notification of General Meeting of Shareholders	It is Company policy to physically distribute the convocation notice at least three weeks before the General Meeting of Shareholders takes place. The notice for the 14th Annual General Meeting of Shareholders scheduled for June 24, 2022, was sent out on June 1, 2022.
Disclosure of convocation notice prior to physical distribution	The convocation notice is posted on our corporate website before it is physically distributed. Based on Company policy to post the convocation notice about one month prior to the date of the General Meeting of Shareholders, we uploaded the convocation notice for the latest General Meeting of Shareholders on May 19, 2022.
Setting dates for the General Meeting of Shareholders that avoid the peak day	To enable as many shareholders as possible to attend our General Meeting of Shareholders, we avoid dates when most other companies hold their meetings. The most recent General Meeting of Shareholders was held on June 24, 2022
Voting by electronic means	We have adopted an electronic voting system that allows shareholders to exercise their voting rights via the Internet (PC, smartphone or mobile phone).
Participation in electronic voting platforms and other initiatives to improve the environment for institutional investors to exercise voting rights	We participate in the voting platform for institutional investors operated by Investor Communications Japan (ICJ, Co., Ltd.).
Access to Notice of Convocation (summary) in English	A summary of the Notice of Convocation for the General Meeting of Shareholders, in English, was posted to our corporate website on May 19, 2022, the same day that the full Japanese original was posted in advance of physical distribution of the document.
Other	To prevent the spread of COVID-19 and to facilitate attendance by all shareholders at the General Meeting of Shareholders, without disadvantage to regional shareholders, and provide greater opportunity to observe the proceedings, we live-streamed the event.

IR Policy

Purpose of IR Activities

As part of its pursuit of fair and transparent management, the Company engages in investor relations activities in order to fulfill its accountability obligations to not only the shareholders who entrust management to it, but also to investors, securities analysts and capital market participants in general. By engaging in proper disclosure and constructive dialogue through its investor relations activities, the Company also aims to promote understanding of the Group, develop long-term trusting relationships, and earn fair assessments of its corporate value.

Basic Policy on IR Activities

Recognizing that investor relations activities are an important element of its management activities, the Company is committed to fulfilling its accountability obligations to shareholders, investors, securities analysts, and other capital market participants and to building trusting relationships based on full communication achieved through ongoing conscientious and positive engagement in investor relations activities.

To promote understanding of the Group, the Company will endeavor to disclose and explain its management policies, details of its business operations, business strategies, earnings performance, finances and other corporate information in a timely, fair, accurate and clear manner by participating in interviews and responding to inquiries pertaining to investor relations, holding earnings briefings and small meetings, and engaging in other such activities. Opinions and other feedback on the Group obtained through constructive dialogue will be shared within the Company through reports to the Board of Directors and similar channels, and will be used for purposes such as reviewing the Company’s management strategies.

Basic Policy on Disclosure

1. Disclosure standards

To ensure transparency by promoting information disclosure, the Company discloses material information that could influence investment decisions, including information disclosed in conformance with the Securities Listing Regulations of the Tokyo Stock Exchange and the Financial Instruments and Exchange Law (meaning information on decisions made by the Company, occurrences of material facts, and business results and similar information; the same applies hereinafter). In addition to the above, the Company also discloses, to the maximum extent possible, information judged useful for furthering understanding of the Company and the Group.

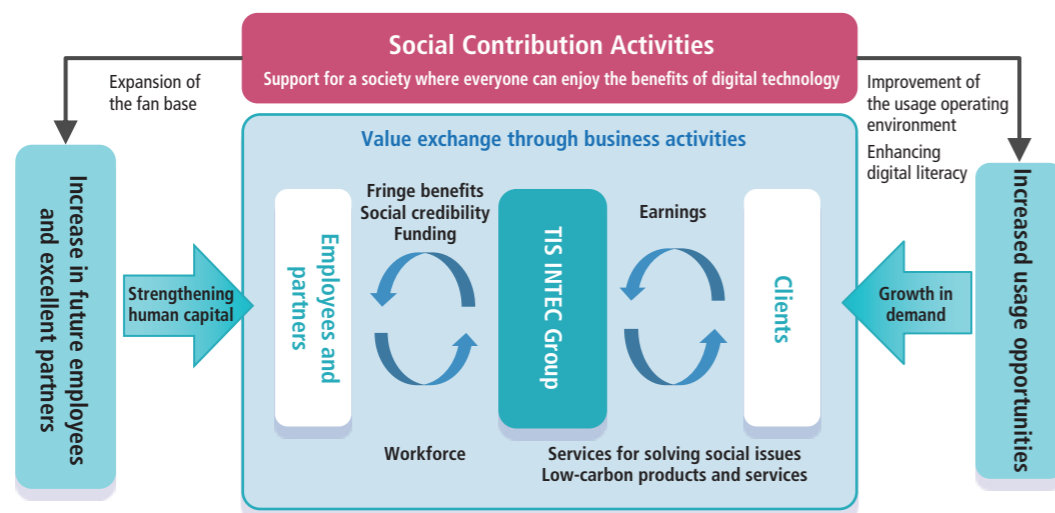
2. Information disclosure system

The Company has developed a communications structure linking divisions and member companies of the Group, and it has established a structure for disclosing material information that could influence investment decisions, including information disclosed in conformance with the Securities Listing Regulations of the Tokyo Stock Exchange and the Financial Instruments and Exchange Law, in a fair and timely manner. The Company is committed to rigorous information management and preventing insider trading.

* Please see the Company’s web site regarding “3. Methods of Disclosure”, “4. Spokespersons for Investor Relations Activities”, “5. Yet-to-Be-Released Material Information”, “6. Quiet Period”, “7. Response to Rumors, etc.”, “8. Earnings Forecasts, etc. by Third Parties”, “9. Framework for Disclosing Information on Company Website” of Basic Policy on Disclosure. <https://www.tis.com/ir/other/policy/>

Social contribution activities

The Group will accelerate value exchange with local communities by promoting social contribution activities that support the realization of a society in which everyone can enjoy the benefits of digital technology. We expect the continuation of these activities to lead to an increase in demand for our services by strengthening our human capital through the expansion of our fan base and increasing opportunities to use our services.



Social Contribution Activities at TIS Inc.

Support for a society where everyone can enjoy the benefits of digital technology based on the following three themes

(1) Activities to support future users

We will conduct activities to enhance the ability of children—the next generation—to use digital technology.

(2) Activities to spread the benefits of digital technology to society

We aim to reduce the number of people who do not have access to digital technology due to economic and location factors through activities such as support for infrastructure projects.

(3) Activities to mitigate the negative impacts of digital technology on society

We will work to prevent the misuse of digital technology and help people having difficulty adapting to change.

Project to Develop an Information Infrastructure around Three Inhabited Islands (Setouchi Town, Kagoshima Prefecture)

As part of our activities to spread the benefits of digital technology to society, we supported the installation of submarine optical fiber cables and provision of services on three inhabited islands (Kakeroma, Hojima, and Yoroshima) in Setouchi Town, Kagoshima Prefecture, via the corporate version of hometown tax donations. These locals face information disparity due to the lack of an optical broadband connection to the islands.

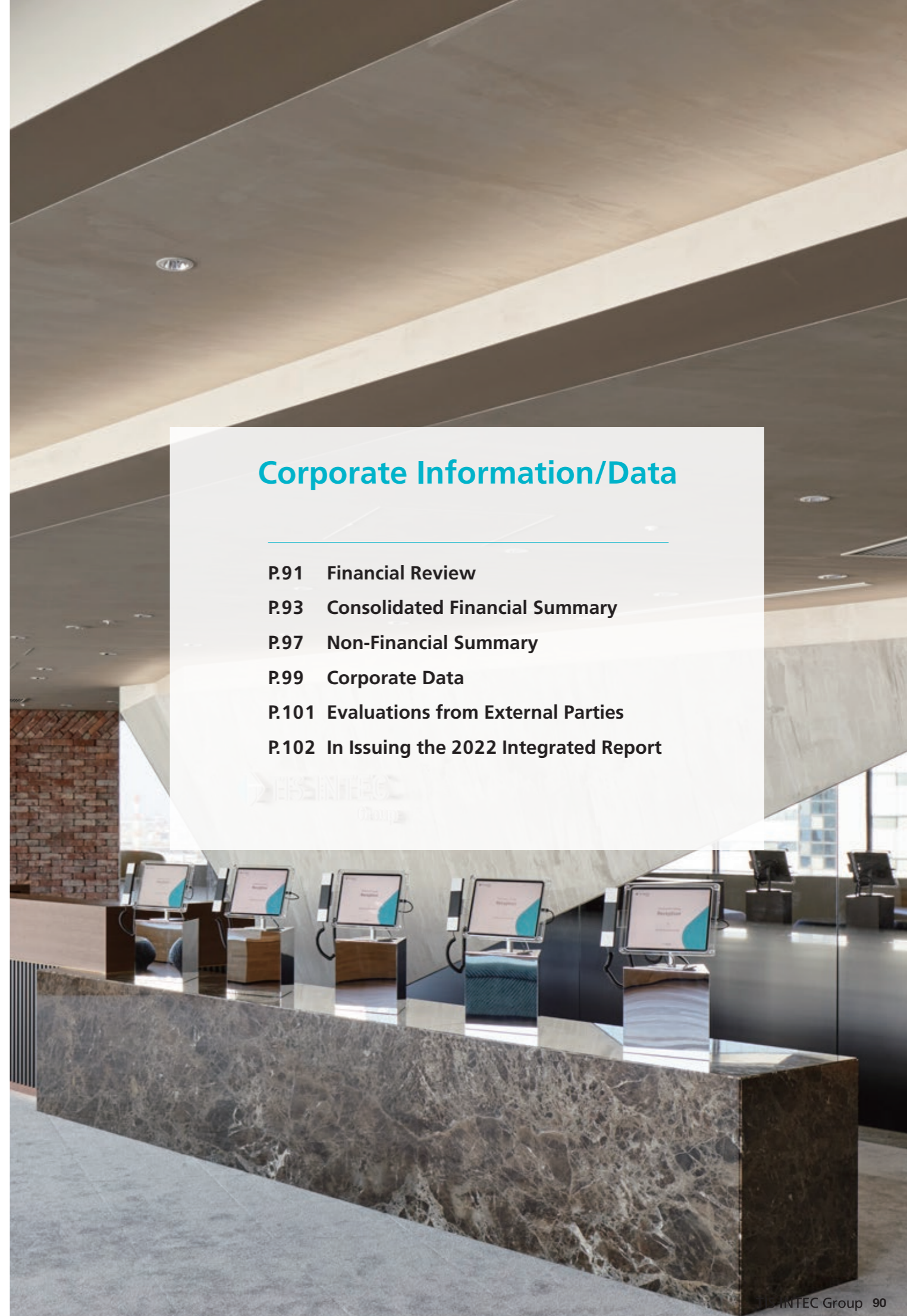
We expect that the installation of submarine optical fiber cables will improve the communication conditions for mobile phone carriers and develop an information infrastructure to realize the introduction of ICT in the educational field.

Through such activities, we hope to reduce the number of people who cannot benefit from digital technology due to their location and contribute to the realization of a society in which all members of society can enjoy the benefits of digital technology.

We also hope that this will be an opportunity to promote the development of telework/shared office space, attract more companies to Setouchi Town, and increase opportunities for moving to and settling in the town, thereby revitalizing the local community.



* For more information on other activities, please refer to the TIS INTEC Group website.
Social contribution activities: <https://www.tis.com/group/sustainability/social/community/>



Corporate Information/Data

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Amid the COVID-19 pandemic and highly uncertain economic conditions, there is increasing demand to make IT investments aimed at transforming business processes and business models. Taking advantage of this situation, we will continue promoting structural transformation to achieve sustainable growth.

Fiscal 2022 Results

Performance Highlights

(Millions of yen)	Fiscal 2021	Fiscal 2022	YOY changes	
Net sales	448,383	482,547	+34,163	(+7.6%)
Operating income	45,748	54,739	+8,990	(+19.7%)
Operating margin	10.2%	11.3%	+1.1 points	—
Net income attributable to owners of the parent company	27,692	39,462	+11,769	(+42.5%)
Net income ratio	6.2%	8.2%	+2.0 points	—
Net income per share (Yen)	110.51	157.69	+47.18	(+42.7%)
ROE	10.8%	14.0%	+3.2 points	—

- Non-operating income: ¥2,572 million (YOY change +¥560 million)
Dividend income: ¥813 million, etc.
- Extraordinary income: ¥11,293 million (YOY change +¥1,583 million)
Gain on sales of shares of subsidiaries: ¥6,362 million
Gain on sales of investment securities: ¥4,910 million, etc.
- Non-operating expenses: ¥1,601 million (YOY change -¥6,900 million)
Equity in losses of affiliates: ¥1,012 million, etc.
- Extraordinary loss: ¥5,521 million (YOY change +¥1,371 million)
Loss on valuation of investment securities: ¥2,593 million, etc.

The first year of Medium-Term Management Plan (2021–2023) got off to a good start, with all performance figures exceeding the targets of the revised plan announced when we disclosed our results for the first half of fiscal 2022.

Net Sales

During the year, we responded appropriately to IT investment needs, including demand among customers for digital transformation. Companies that became subsidiaries in the previous year also performed well. As a result, net sales increased significantly year on year.

Operating Income

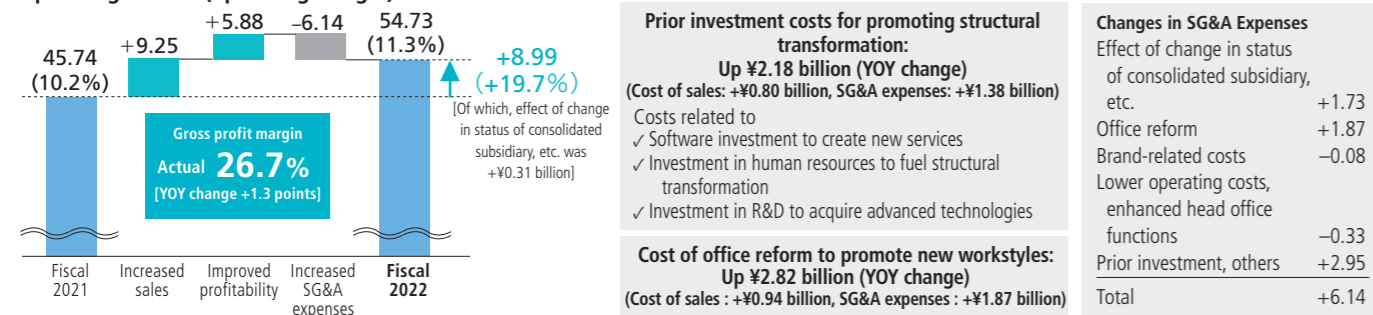
The gross margin improved 1.3 points, to 26.7%, thanks to the Group’s provision of high-value-added services and measures to improve productivity, as well as the increase in net sales. This compensated for an increase in selling, general, and administrative expenses, mainly office conversion costs and other investments in future growth. As a result, the operating margin rose 1.1 points, to 11.3%.

Net Income Attributable to Owners of the Parent Company

Net income attributable to owners of the parent company increased year on year. In addition to a rise in recurring profit, this was due to a significant jump in extraordinary income stemming from a ¥6,362 million gain on sales of shares in subsidiaries (transfer of shares of Chuo System Corporation, a consolidated subsidiary) and a ¥4,910 million gain on sales of investment securities (reduction of cross-shareholdings, reported as extraordinary income).

Fiscal 2022: Operating Income Analysis, Increase/Decrease Reasons (YOY change) (Billions of yen)

Operating income (operating margin)



Highlights of Financial Position

(Millions of yen)	Fiscal 2021	Fiscal 2022	YOY changes	
Total assets	451,072	476,642	+25,569	
Total liabilities	171,642	173,649	+2,006	
Interest-bearing debt (Interest-bearing debt ratio)	43,629 (9.7%)	37,517 (7.9%)	-6,112 (-1.8 points)	
Net assets	279,429	302,993	+23,563	
Equity ratio	60.0%	61.5%	+1.5 points	

Assets

Total assets increased ¥25,569 million year on year, to ¥476,642 million. This resulted from a ¥30,875 million rise in cash and deposits, as well as an ¥8,870 million increase in deferred tax assets, mainly due to a gain on transfer of shares for tax purposes stemming from the listing in the U.S. market of an overseas company in which we hold shares through a capital/business alliance. On the other hand, investment securities declined ¥9,181 million due to a reduction of cross-shareholdings.

Liabilities

Total liabilities rose ¥2,006 million, to ¥173,649 million. This was mainly due to a ¥13,034 million increase in income taxes payable stemming from a gain on transfer of shares for tax purposes associated with the listing in the U.S. market of an overseas company in which we hold shares through a capital/business alliance. By contrast, we posted a ¥6,112 million decline in interest-bearing debt.

Net Assets

Net assets increased ¥23,563 million year on year, to ¥302,993 million, mainly due to ¥39,462 million in net income attributable to owners of the parent company, which contrasted with ¥9,327 million in dividend payments. Treasury stock declined ¥15,694 million. This was mainly due to ¥20,527 million in disposal of treasury stock, which contrasted with ¥4,833 million in acquisition of treasury stock. Both treasury stock and capital surplus decreased ¥19,363 million year on year, due to the retirement of treasury stock in accordance with the Company’s basic policy on shareholder return. (Please refer to Shareholders’ Return on page 52)

Highlights of Cash Flows

(Millions of yen)	Fiscal 2021	Fiscal 2022	YOY changes	
Net cash from operating activities	33,345	56,126	22,781	
Net cash from financing activities	-17,522	-3,424	14,098	
Net cash from investing activities	12,484	-21,948	-34,432	
Free cash flows	15,823	52,702	36,879	
Cash and cash equivalents at the end of the term	82,924	113,820	30,896	

Net cash provided by operating activities amounted to ¥56,126 million, up ¥22,781 million from the previous year. This was mainly due to ¥61,481 million in income before income taxes and ¥15,083 million in depreciation (both non-cash profit/loss items), which contrasted with ¥14,363 million in income taxes paid.

Net cash used in investing activities totaled ¥3,424 million, down ¥14,098 million. This was mainly due to ¥9,048 million in acquisitions of property and equipment and ¥6,231 million in acquisitions of intangible assets. Contrasting factors included ¥7,126 million in proceeds from sale and redemption of investment securities (mainly due to reduction of cross-shareholdings) and ¥7,019 million in proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation.

Net cash used in financing activities was ¥21,948 million, down ¥34,432 million. This was mainly due to ¥9,327 million in dividends paid, ¥7,012 million in repayments of long-term debt and ¥4,833 million in purchase of treasury stock. Contrasting factors included a ¥1,320 million net increase in short-term borrowings.

Free cash flows increased ¥36,879 million year on year, to ¥52,702 million, driven by strong operating cash inflows. We believe this is due to the progress we have made in structural transformation through growth investments, which has improved our ability to increase profits and generate stable cash.

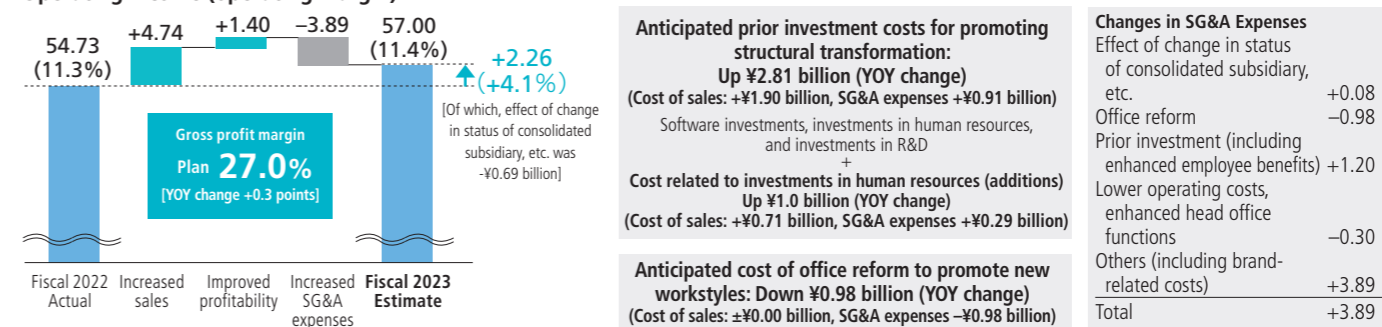
Fiscal 2023 Forecast

(Millions of yen)	Fiscal 2022	Fiscal 2023 (Estimates)	YOY changes	
Net sales	482,547	500,000	+17,453	(+3.6%)
Operating income	54,739	57,000	+2,261	(+4.1%)
Operating margin	11.3%	11.4%	+0.1 points	—
Net income attributable to owners of the parent company	39,462	37,500	-1,962	(-5.0%)
Net income ratio	8.2%	7.5%	-0.7 points	—
Net income per share (Yen)	157.69	154.22	-3.47	(-2.2%)
ROE*	14.0%	12.9%	-1.1 points	—

* ROE for fiscal 2023 is a calculated value.

Fiscal 2023: Operating Income Analysis, Increase/Decrease Reasons [Forecast] (Billions of yen)

Operating income (operating margin)



The targets of Medium-Term Management Plan (2021–2023) are shown above. Our aim is to further improve profitability by providing high-value-added services and conducting productivity improvement measures. At the same time, we will continue making investments in business expansion and future growth by accurately meeting customers’ demand for digital transformation. To further instill structural transformation and sustainable growth, meanwhile, we are looking to increase investments in human resources, our driving force in the future. In fiscal 2023 (ending March 2023), we expect net income attributable to owners of the parent company to decline compared with fiscal 2022, when we posted extraordinary income totaling ¥11,293 million.

Consolidated Financial Summary 1

TIS Inc., and consolidated subsidiaries
Years ended March 31

(Millions of yen)

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	
Performance Status												
Net sales	327,417	337,834	346,647	361,025	382,689	393,398	405,648	420,769	443,717	448,383	482,547	
Cost of sales	266,159	276,935	283,881	294,927	312,153	317,440	321,286	325,985	337,820	334,671	353,699	
Gross profit	61,258	60,899	62,766	66,097	70,535	75,958	84,362	94,784	105,896	113,712	128,848	
Gross profit ratio (%)	18.7%	18.0%	18.1%	18.3%	18.4%	19.3%	20.8%	22.5%	23.9%	25.4%	26.7%	
Selling, general and administrative expenses	45,636	42,727	43,255	44,976	46,099	48,938	51,618	56,740	61,057	67,963	74,108	
Selling, general and administrative expenses ratio (%)	13.9%	12.6%	12.5%	12.5%	12.0%	12.4%	12.7%	13.5%	13.8%	15.2%	15.4%	
Operating income	15,621	18,171	19,510	21,121	24,436	27,019	32,743	38,043	44,839	45,748	54,739	
Operating margin (%)	4.8%	5.4%	5.6%	5.9%	6.4%	6.9%	8.1%	9.0%	10.1%	10.2%	11.3%	
Recurring profit	15,393	17,440	18,971	21,251	24,521	27,092	32,795	38,603	46,070	39,257	55,710	
Recurring profit ratio (%)	4.7%	5.2%	5.5%	5.9%	6.4%	6.9%	8.1%	9.2%	10.4%	8.8%	11.5%	
Net income attributable to owners of the parent company	2,135	5,868	7,913	10,275	12,678	16,306	20,620	26,034	29,411	27,692	39,462	
Net income ratio (%)	0.7%	1.7%	2.3%	2.8%	3.3%	4.1%	5.1%	6.2%	6.6%	6.2%	8.2%	
Financial Position												
Current assets	142,442	138,219	143,519	140,450	166,666	152,162	162,064	176,231	181,543	229,965	259,261	
Fixed assets	167,560	164,083	170,091	205,401	169,828	185,459	204,889	194,426	201,356	221,106	217,381	
Software assets	12,197	11,769	12,928	13,252	15,428	16,056	16,866	19,177	22,887	27,797	26,486	
Total assets	310,003	302,302	313,610	345,851	336,495	337,622	366,954	370,657	382,899	451,072	476,642	
Current liabilities	83,065	91,063	72,790	77,666	91,508	78,676	81,310	91,126	88,479	100,915	139,236	
Non-current liabilities	75,972	53,079	76,316	79,395	64,447	59,743	59,344	45,121	46,462	70,726	34,412	
Total liabilities	159,038	144,143	149,107	157,062	155,955	138,420	140,655	136,248	134,942	171,642	173,649	
Net assets	150,965	158,159	164,502	188,789	180,539	199,202	226,298	234,408	247,957	279,429	302,993	
Total liabilities and net assets	310,003	302,302	313,610	345,851	336,495	337,622	366,954	370,657	382,899	451,072	476,642	
Total interest-bearing debt	76,515	60,550	58,869	52,114	46,158	35,144	32,876	26,893	22,294	43,629	37,517	
Cash Flow Status												
Cash flow from operating activities	23,658	21,515	25,770	22,938	25,496	18,952	36,386	37,558	38,569	33,345	56,126	
Cash flow from investing activities	(15,158)	(14,391)	(5,334)	(17,744)	8,688	(23,488)	(14,202)	(1,213)	(26,437)	(17,522)	(3,424)	
Cash flow from financing activities	(4,230)	(19,883)	(5,872)	(19,067)	(14,979)	(18,327)	(10,543)	(16,773)	(14,544)	12,484	(21,948)	
Cash and cash equivalents at the end of the term	41,119	28,433	43,142	29,485	48,651	25,730	37,545	57,083	54,684	82,924	113,820	
Free cash flow	8,500	7,124	20,436	5,194	34,184	(4,536)	22,184	36,345	12,132	15,823	52,702	
Others												
Capital expenditures	14,096	12,287	12,544	16,873	14,210	15,159	16,907	13,334	16,702	25,085	13,783	
Depreciation	12,745	12,920	12,454	12,809	11,952	11,801	12,572	12,783	12,020	13,318	15,083	
Research and development expenses	962	1,002	853	1,097	1,086	1,178	996	1,003	1,702	1,789	2,784	
Amortization of goodwill	1,882	1,741	1,166	1,052	339	326	289	289	171	312	497	
Goodwill balance at the end of the term	3,672	1,914	830	2,021	1,393	1,332	1,118	503	355	2,550	1,556	

- Notes: 1. Software assets indicates the total sum of software and software in progress.
2. Total interest-bearing debt indicates the total sum of borrowed money and corporate bonds.
3. Free cash flows indicate the total sum of cash flows from operating activities and cash flows from investing activities.
4. 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.
5. From the first quarter of fiscal 2022, TIS applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued March 31, 2020).

Consolidated Financial Summary 2

TIS Inc., and consolidated subsidiaries
Years ended March 31

(Millions of yen)

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Order Status (Total)											
Orders received during the term								427,210	439,748	452,284	493,755
Order backlog at year-end							122,067	132,935	133,121	147,214	161,453
Order Status (Software development)											
Orders received during the term	174,680	179,352	172,721	199,842	207,345	208,307	219,225	238,298	246,330	237,323	271,350
Order backlog at year-end	57,778	62,055	58,869	71,095	69,961	64,751	67,716	75,549	79,277	83,797	94,016
Financial Indicators											
Equity ratio (%)	46.3%	49.8%	49.9%	53.3%	52.5%	57.8%	60.4%	62.0%	63.3%	60.0%	61.5%
Net income to equity capital ratio (ROE) (%)	1.5%	3.9%	5.1%	6.0%	7.0%	8.8%	9.9%	11.5%	12.5%	10.8%	14.0%
Total asset turnover ratio	1.07	1.10	1.13	1.09	1.12	1.17	1.15	1.14	1.16	1.08	1.04
Financial leverage	2.13	2.08	2.01	1.93	1.89	1.81	1.69	1.63	1.58	1.63	1.65
Recurring profit to total assets ratio (ROA) (%)	5.0%	5.7%	6.2%	6.4%	7.2%	8.0%	9.3%	10.5%	12.2%	9.4%	12.0%
Interest-bearing debt ratio (%)	24.7%	20.0%	18.8%	15.1%	13.7%	10.4%	9.0%	7.3%	5.8%	9.7%	7.9%
Payout ratio (%)	74.0%	31.4%	27.7%	25.6%	22.7%	19.0%	16.6%	22.8%	25.7%	31.9%	27.9%
Total return ratio (%)	74.0%	31.4%	27.7%	30.4%	35.3%	31.9%	30.5%	39.0%	39.8%	42.8%	39.3%
Per share data											
Net income per share—basic (yen)*	24.33	66.86	90.16	117.40	145.22	189.02	241.44	307.83	350.35	110.51	157.69
Net income per share—diluted (yen)*	24.33	66.83	90.12	—	—	—	—	—	—	—	—
Annual dividends per share (yen)*	18.00	21.00	25.00	30.00	33.00	36.00	40.00	70.00	90.00	35.00	44.00
Net assets per share (yen)*	1,636.72	1,714.88	1,782.23	2,108.19	2,031.07	2,265.76	2,602.07	2,719.79	2,890.27	1,078.60	1,173.60
Stock information											
Stock price at fiscal year-end (yen)	968	1,243	1,694	2,193	2,664	2,832	4,210	5,240	5,361	2,641	2,877
Highest stock price during the term	978	1,328	1,854	2,257	3,085	2,959	4,410	6,040	7,320	2,670	3,630
Lowest stock price during the term	654	798	1,020	1,524	2,156	2,180	2,742	4,060	4,045	1,723	2,466
Price earning ratio (PER) (times)	39.8	18.6	18.8	18.7	18.3	15.0	17.4	17.0	15.3	23.9	18.2
Price book-value ratio (PBR) (times)	0.59	0.72	0.95	1.04	1.31	1.25	1.62	1.93	1.85	2.45	2.45
Aggregate market value (millions of yen)	84,979	109,121	148,714	192,521	233,870	248,618	369,592	460,014	470,637	695,553	722,589
Number of outstanding shares at fiscal year-end (thousands)	87,789	87,789	87,789	87,789	87,789	87,789	87,789	87,789	87,789	263,367	251,160
Number of treasury stock at fiscal year-end (thousands)	16	19	4	320	864	1,701	2,613	3,358	3,952	12,595	1,394
Average number of shares during the term (thousands)	87,773	87,771	87,774	87,522	87,305	86,268	85,406	84,574	83,948	250,574	250,246
Sales by Client Sector											
Net sales	327,417	337,834	346,647	361,025	382,689	393,398	405,648	420,769	443,717	448,383	482,547
Credit card	45,084	48,846	49,402	53,743	59,274	65,006	73,314	73,648	75,118	79,265	90,314
Banking	26,702	26,230	29,049	25,444	27,867	28,233	27,452	26,583	30,100	30,648	36,394
Insurance	22,931	23,836	25,269	24,972	26,339	25,356	26,262	27,279	29,274	30,140	31,520
Other finance	23,416	21,337	23,481	23,312	20,406	20,857	22,127	19,502	24,289	17,863	16,000
Assembly-based manufacturing	40,363	38,824	40,904	45,785	49,455	42,723	43,777	46,028	45,739	45,103	44,345
Processing-based manufacturing	31,074	38,468	33,843	34,960	35,061	36,953	38,366	38,081	38,998	42,424	53,368
Distribution	26,267	27,398	30,009	31,775	32,702	31,773	28,872	32,908	33,976	31,679	32,904
Services	71,012	73,425	72,666	77,535	79,601	89,607	93,258	103,531	112,722	118,517	132,094
Public institutions	30,107	28,225	30,393	29,891	36,603	37,002	35,923	34,863	36,286	33,649	32,075
Others	10,456	11,241	11,626	13,604	15,376	15,882	16,292	18,343	17,209	19,090	13,527

*The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020.

Non-Financial Summary

TIS Inc., and consolidated subsidiaries
Compilation period: April 1 to March 31 of each year or the base date

	Scope of data collection		Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Independent Practitioner's Assurance
	2018~2021	Fiscal 2022						
Employee-related data (Note 1) *Averages are calculated as simple combined averages or weighted averages.								
Number of employees	D	D	15,638	15,948	16,109	17,497	17,265	
Number of employees		B					19,498	☑
Number of male employees	D	B	11,435	11,529	11,560	12,342	14,017	☑
Number of female employees	D	B	4,203	4,419	4,549	5,155	5,481	☑
Percentage of female employees	D	B	26.9%	27.7%	28.2%	29.5%	28.1%	☑
Percentage of career hires		B					24.0%	
Number of non-Japanese employees	D	D	156	155	155	1,161	1,379	
Average age	E	E	38.7	38.9	39.1	39.2	40.0	
Average age of male employees	E	E	39.9	40.0	40.3	40.5	41.3	
Average age of female employees	E	E	35.6	35.9	36.0	36.1	37.0	
Average length of service (years)	E	E	14.4	12.9	12.8	13.3	14.2	
Average length of service of male employees (years)	E	E	15.5	13.7	14.0	14.2	15.0	
Average length of service of female employees (years)	E	E	11.5	10.8	11.0	11.2	12.2	
Percentage of employees with a disability (Note 2)	F	F	2.14%	2.28%	2.35%	2.40%	2.30%	
Number of employees in management positions	E	E	3,328	3,443	3,609	3,782	3,836	☑
Number of male employees in management positions	E	E	3,056	3,147	3,278	3,410	3,440	☑
Number of female employees in management positions	E	E	272	296	331	372	396	☑
Percentage of female employees in management positions	E	E	8.2%	8.6%	9.2%	9.8%	10.3%	☑
Percentage of career hires in management positions		G					29.2%	
Average total working hours per month	E	E	168.4	166.4	162.6	162.9	164.0	
Average monthly overtime hours		E					17.5	
Average monthly overtime hours exceeding 45 hours (persons)		E					931	
Percentage of annual paid leave taken	E	E	67.6%	73.0%	75.7%	66.3%	64.4%	
Number of employees on childcare leave	E	E	463	447	467	537	589	
Number of male employees on childcare leave	E	E	27	38	53	80	106	
Number of employees working shorter hours to care for young children	E	E	670	681	679	638	677	
Number of male employees working shorter hours to care for young children	E	E	12	9	10	9	13	
Number of employees on nursing care leave	E	E	13	13	19	9	19	
Number of employees working shorter hours to care for elderly family	E	E	3	3	6	6	2	
Turnover rate	E	E	4.6%	4.8%	5.0%	3.3%	3.7%	
Absenteeism (Note 3)		E					1.0%	
Spending on learning and research (millions of yen)	E	E	1,702	1,805	1,915	1,534	1,863	
Number of days spent on learning and research per person	E	E		8.1	10.8	11.2	13.3	
Average annual income (10,000 yen)	G	G	668.8	681.3	701.9	717.4	741.0	
Average male annual income		G					777.4	
Average female annual income		G					625.6	
Results of employee awareness surveys (Note 4)	G	G	38%	45%	48%	56%	61%	
Results of employee awareness surveys (Note 4)	E	E			38%	46%	51%	
Number of new graduate recruits (Note 5)	E	E	700	663	720	679	679	
Number of career hires	E	E	266	339	386	271	233	
Percentage of female recruits (new graduates and career)		E					34.0%	

<Independent Assurance Report>

Non-financial data marked with a checkmark ☑ for the year ended March 2022 in the Integrated Report 2022, has received independent practitioner's assurance from Ernst & Young ShinNihon LLC. to improve data reliability.
https://www.tis.com/documents/en/ir/finance/annual_report/assurance_ar2022.pdf

	Scope of data collection		Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Independent Practitioner's Assurance
	2018~2021	Fiscal 2022						
Environmental data								
Scope 1 emissions (t-CO ₂) (Note 6)	C	C	958	885	745	760	513	☑
Scope 2 emissions (t-CO ₂) (Note 6)	C	C	78,125	71,096	64,488	65,867	64,157	☑
Scope 3 emissions (t-CO ₂) (Note 7)	E	E			365,595	372,051	361,415	
Category 1 (purchased goods and services)	E	E			304,297	287,633	300,905	☑
Category 2 (capital goods)	E	E			40,986	65,782	42,690	☑
Category 3 (fuel-and energy-related activities)	E	E			9,900	9,794	9,987	☑
Category 4 (upstream transport and delivery)	E	E			698	215	405	
Category 5 (waste generated in operations)	E	E			1,118	345	651	
Category 6 (business travel)	E	E			1,987	2,025	2,000	
Category 7 (employee commuting)	E	E			6,607	6,256	4,778	
Energy consumption (Electricity MWh)	C	C	157,623	149,523	143,383	141,620	139,560	
Energy consumption (Heavy oil KL)	C	C	28	32	25	21	25	
Energy consumption (Light oil KL)	C	C	11	10	0	0	0	
Energy consumption (City gas, km ³)	C	C	379	343	302	313	199	
Energy consumption (LPG km ³)	C	C					0	
Energy consumption (kerosene KL)	C	C				1	0	
Energy consumption (steam GJ)	C	C				1,301	19,116	
Industrial waste (ton)	E	E			1,035	290	472	
Other non-financial data								
Social contribution expenses (millions of yen)	G	B	115	143	99	80	75	
Political contributions (10 thousands of yen)	G	B	—	—	—	—	27	
Number of serious information security incidents		B					0	
Number of employees receiving regular training on information security		B					18,542	
Number of violations of the Act on the Protection of Personal Information		G					0	
Number of requests for disclosure of information related to personal information		B					1	
Development loss rate	A	A	0.9%	0.9%	0.6%	0.8%	0.7%	
Results of customer satisfaction surveys	G	G	69.1%	68.2%	72.7%	69.0%	71.7%	
Number of directors (Note 8)	G	G	10	9	9	9	9	
Number of female directors (Note 8)	G	G	0	1	1	1	1	
Percentage of female directors (Note 8)	G	G	0.0%	11.1%	11.1%	11.1%	11.1%	
Number of external directors (Note 8)	G	G	3	3	3	3	3	
Percentage of external directors (Note 8)	G	G	30.0%	33.3%	33.3%	33.3%	33.3%	

Scope of data collection

- TIS INTEC Group consolidated
- TIS and consolidated subsidiaries in Japan
- TIS, INTEC, AGREX, QUALICA, AJS, SorunPure, Chuo System (until fiscal 2021), TIS System Service, TIS Solution Link, TIS Tohoku, TIS Total Service, TIS Nagano, TIS West Japan, TIS Hokkaido, and NEOAXIS (until fiscal 2021)
- TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service, TIS Solution Link, and MFEC (from fiscal 2021)
- TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service, and TIS Solution Link
- TIS, SorunPure, TIS System Service, TIS Solution Link, and TIS Total Service
- TIS parent

Notes: 1. Figures for fiscal 2018, fiscal 2019, fiscal 2020, fiscal 2021 and fiscal 2022 are based respectively on April 1, 2018; April 1, 2019; April 1, 2020; April 1, 2021; and March 31, 2022.

2. Figures for fiscal 2018, fiscal 2019, fiscal 2020, fiscal 2021 and fiscal 2022 are based respectively on June 1, 2018; June 1, 2019; June 1, 2020; June 1, 2021, and June 1, 2022.

3. Percentage of employees absent from work for more than 30 consecutive days due to injury or illness (at fiscal year-end).

4. Percentage of employees who responded positively to the question, "Overall, the company is a good place to work".

5. Number of employees hired during the fiscal year and hired on April 1 of the following fiscal year.

6. Scope 1, Scope 2 emissions are calculated using the following formulas.

Scope 1 emissions: Fuel consumption x heating value per unit x CO₂ emission factor. CO₂ emission factor based on Law Concerning the Promotion of the Measures to Cope with Global Warming.

Scope 2 emissions: Consumption of electricity/steam x CO₂ emission factor. CO₂ emission factor based on Act on the Rational Use of Energy.

7. Scope 3 emissions are calculated in accordance with "Basic guideline (version 2.4) concerning calculation of greenhouse gas emissions through the supply chain (Ministry of the Environment)".

8. Fiscal 2018, fiscal 2019, fiscal 2020, fiscal 2021, and fiscal 2022 are based respectively on June 30, 2017; June 30, 2018; June 30, 2019; June 30, 2020; and June 30, 2021.

■ Corporate Profile

(As of March 31, 2022)

Company name	TIS Inc.
Founded	April 28, 1971
Established	April 1, 2008
Main business	Outsourcing services, software development, and solution services regarding investments in information technology. Management and business execution of group companies that carry on information and communication business
Head office	Sumitomo Fudosan Shinjuku Grand Tower, 17-1, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo, 160-0023, Japan Tel. +81-3-5337-7070 Fax +81-3-5337-7555
Paid-in capital	¥10 billion
Number of shares authorized	840,000,000 shares
Number of shares issued	251,160,894 shares
Number of shareholders	15,266
Stock listing	Tokyo Stock Exchange, Prime Market (as of April 4, 2022) (Securities code: 3626)
Number of employees (consolidated)	21,709 (full-time employees)

■ TIS INTEC Group

(As of March 31, 2022)

TIS Inc., and 53 consolidated subsidiaries (domestic 25, overseas 28) (As of March 31, 2022)

Main consolidated subsidiaries

TIS and main group companies	Shareholding ratio	Description of Business	Fiscal 2022, ended March 31, 2022 (Millions of yen, non-consolidated basis)	
			Net sales	Operating income (operating margin)
TIS Inc. (operating holding company)	—	Focuses on credit card companies but pursues business opportunities in a wide range of sectors, including services and manufacturing. Promote to expand payment business. Merged with pure holding company IT Holdings Corporation in July 2016 and became operating holding company. (Incorporated April 1971)	222,986	25,298 (11.3%)
INTEC Inc.	TIS 100%	Focuses on megabanks and life insurers, and assists with CRM for regional banks and offers a wide selection of services to regional public corporations, particularly in the Hokuriku region. (Established January 1964)	106,593	10,579 (9.9%)
AGREX INC.	TIS 100%	Leading company in BPO sector, with emphasis on insurance industry needs. Turned into a wholly owned subsidiary in March 2015, becoming core company for BPO business within the Group. (Established September 1965)	38,215	4,193 (11.0%)
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. (Established November 1982)	19,973	2,074 (10.4%)
AJS Inc.	TIS 51% Asahi Kasei 49%	Formerly, information systems subsidiary of Asahi Kasei. Focuses on companies under the Asahi Kasei Group umbrella. (Established March 1987)	17,436	2,422 (13.9%)
MFEC Public Company Limited	TIS 49% (based on control criteria)	Thai-listed, leading provider of enterprise IT solutions, which has strength in banking, communication, and governments. 11 subsidiaries under the company. (Established March 1997)	17,858 ^{*1}	1,135 ^{*1} (6.4%)

Domestic subsidiaries

IUK Inc.	TIS System Service Inc.	TIS Hokkaido Inc.
INTEC Solution Power Inc.	TIS Solution Link Inc.	Registration Network, Ltd.
ULTRA Inc.	TIS Tohoku Inc.	Nexway Co., Ltd.
KOUSHI INTEC Inc.	TIS Total Service Inc. ^{*2}	HOKKOKU INTEC SERVICE Inc.
SKY INTEC INC.	TIS Nagano Inc.	MicroMates Corp.
SorunPure Inc.	TIS West Japan Inc.	Miotsukushi Analytics Inc.

*1 MFEC Group, consolidated basis (fiscal year ended December 31, 2021). Numerical values based on accounting standards in home country of Thailand using rate prevailing at end of fiscal year.

*2 Changed company name to TIS Business Service Inc. on April 1, 2022.

Overseas Subsidiaries

- China
QUALICA (SHANGHAI) Inc.
TISI (Shanghai) Co., Ltd.
- Thailand
I AM Consulting Co., Ltd.
(Six subsidiaries under the company)
PromptNow Co., Ltd.
TISI (Thailand) Co., Ltd.
QUALICA (Thailand) Co., Ltd.
- Vietnam
AGREX DNP Vietnam Co., Ltd.
- United States
Sequent Software Inc.
TIS Ventures, Inc.

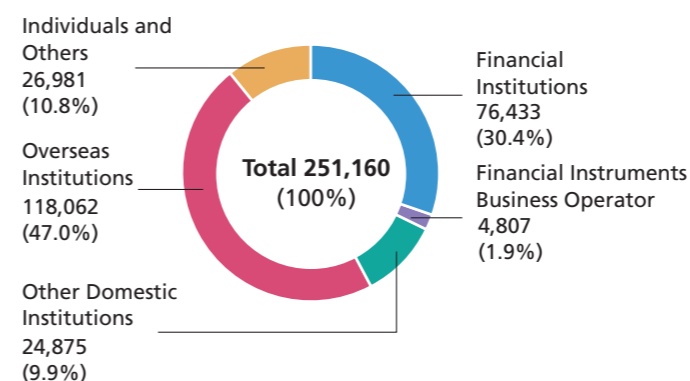
76 Equity Method Affiliates (domestic Five, overseas 71) (As of March 31, 2022)

Main equity method affiliates

- China
Shanghai CardInfoLink Data Service Co., Ltd. (CardInfoLink)
(Voting rights ownership ratio 18.1%, 11 subsidiaries under the company)
- Indonesia
PT Anabatic Technologies Tbk
(Voting rights ownership ratio 37.3%, acquired convertible bonds with stock acquisition rights, 53 subsidiaries under the company)

■ Share Composition by Shareholder

(As of March 31, 2022; Thousands of Shares)

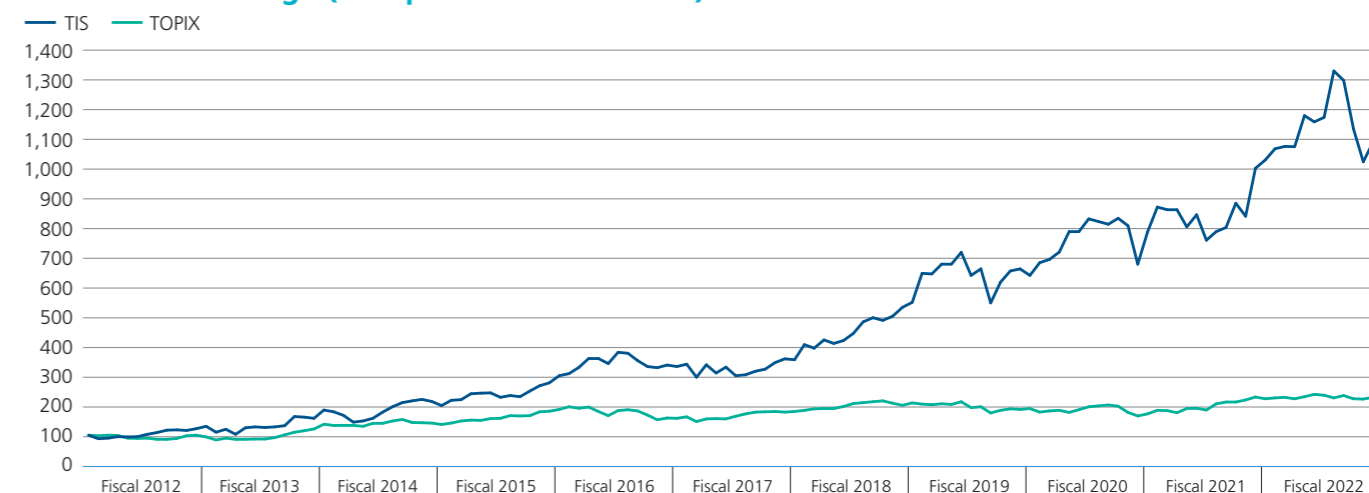


■ Rating

(At November 17, 2021)

Japan Credit Rating Agency, Ltd.	Long-term	A/positive
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■ Stock Price Range (Comparison with TOPIX)



Notes: 1. The TIS stock price and TOPIX (Tokyo Stock Exchange Price Index) are indexed at 100 based on the closing price of stock on April 30, 2011.

2. The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020. Figures before fiscal 2020 are presented assuming this stock split was conducted.

Evaluations from External Parties

Inclusion in SRI indexes

FTSE4Good Index Series/FTSE Blossom Japan Index/
FTSE Blossom Japan Sector Relative Index



FTSE4Good



FTSE Blossom
Japan Index



FTSE Blossom
Japan Sector
Relative Index

MSCI Japan ESG Select Leaders

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

*The inclusion of TIS Inc. in any MSCI INDEX, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of TIS Inc. by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

HR-related activities

Semi-Nadeshiko Brand

A joint initiative of the Japan Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange that selects publicly listed companies showing exceptional progress in advancing women in the workplace. Our measures to promote women's advancement, and systems for popularizing and embedding those measures within the organization, were recognized with this designation.



New Diversity Management Selection 100

The Ministry of Economy, Trade and Industry runs the program that recognizes companies that utilize the skills of diverse human resources to create value. This approach has enabled us to raise employee satisfaction and attract and train human resources who will fuel structural transformation, and the results have earned us stellar external recognition.



Grand Prize in Good Career Company Award 2020

TIS earned a grand prize in 2020 in recognition of its "talented management that emphasizes the self-realization of each individual and the provision of career support that encourages women to play active roles."



Eruboshi (L-Star)

The "Eruboshi (L-Star)" is bestowed by the Minister for Health, Labour and Welfare to corporations that excel in supporting the advancement of women. There are three levels of certification based on five evaluation criteria set by the Ministry: recruitment, continued employment, workstyles (including working hours), proportion of women in managerial roles, and diversity of career options. TIS, INTEC and AGREX captured Grade 3 certification of the top-level grade.



Tomonin

The "Tomonin" mark is given to companies by the Ministry of Health, Labour and Welfare in recognition of measures that support improvement and promotion of a workplace environment that enables employees to balance work and nursing care. To prevent a situation where an employee has to quit to care for elderly family members, TIS is creating a workplace environment that makes it easier for employees to balance work and nursing care obligations.



DC Excellent Company

The DC Excellent Company award is presented by the Defined Contribution Pension Education Association to companies that have distinguished themselves in their ongoing education and management of defined contribution pension plans. TIS was recognized as a "DC Excellent Company (Continuing Investment Education category)" in fiscal 2020, and "DC Excellent Company (Institutional Management (Governance) Category)" in fiscal 2022.

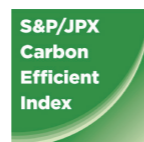


Pride Index

The PRIDE Index is an index to evaluate the efforts of companies and other organizations related to LGBTQ issues, developed by Work with Pride, a voluntary organization that aims to realize workplaces where LGBTQ people can work with pride. In order to realize a safe working environment for everyone, regardless of gender identity or sexual orientation, TIS has worked for understanding and acceptance, and was certified as "Bronze" in the Pride index.



S&P/JPX Carbon Efficient Index



SOMPO Sustainability Index



Sompo Sustainability Index

Certified Health & Productivity Management Outstanding Organizations

The Program, run by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (NKK), recognizes companies that engage in activities to address health issues and maintain particularly good health management practices to promote well-being. TIS and INTEC are ranked at top 500 companies as Certified Health and Productivity Management Outstanding Organizations (large enterprise category).



Kurumin, Platinum Kurumin

The "Kurumin" mark is bestowed on companies that have formulated action plans for supporting a balance between work and childcare based on the Act on Advancement of Measures to Support Raising the Next Generation of Children, and achieved the goals of those plans. TIS received "Platinum Kurumin" certification in 2019 as an exceptional child-rearing support company.



Nikkei Smart Work Management

The Nihon Keizai Shimbun Group promotes the campaign that aims to grow the Japanese economy by linking workstyle reforms-gained through the introduction of advanced technology, innovation, and structural transformation-to the improvement of corporate productivity. TIS won 4.5 stars in the fifth Nikkei Smart Work Management Survey.



White Company Recognition

The Japan Next Generation Enterprise Promotion Organization, known more commonly as the White Foundation, defines companies that have a future and should last for the next generation as those that balance appropriate profits and growth with the trust of customers and employee satisfaction. Such companies are recognized as white companies. TIS earned this title in 2020.



In Issuing the 2022 Integrated Report

This is the seventh issue of the TIS INTEC Group Integrated Report. The Group regards the Integrated Report as an important tool for dialogue with all stakeholders, including shareholders and other investors. We also aim to provide comprehensive and easy-to-understand information on medium- to long-term growth strategies and initiatives to create corporate value. We also provide information regarding our environmental, social and governance (ESG) activities, which serve as a foundation to support these strategies and initiatives. We hope the Integrated Report will help you gain a better understanding of the Group, and we would appreciate your frank opinions and comments, which we will use to further enhance information disclosure and improve management transparency.

In April 2021, under a new management structure, the TIS INTEC Group embarked on Medium-Term Management Plan (2021–2023) under the tagline "Be a Digital Mover 2023." Under OUR PHILOSOPHY, we aim to further accelerate structural transformation toward sustainable enhancement of corporate value, based on a foundation of sustainable management centered on addressing social issues through our business activities and revitalizing management in response to social demands. In the fiscal year ended March 31, 2022, the first year of the plan, we posted record-high results by balancing profitability with aggressive upfront investments for future growth. While there were some individual challenges, we achieved steady overall progress and positive outcomes. With a strengthened belief that the

quality of our management is changing for the better, we implemented drastic financial measures designed to optimize our capital structure and improve capital efficiency.

Although social conditions remain extremely turbulent, we note that digital technology has become indispensable for addressing social issues and realizing a sustainable society. Accordingly, we recognize that the roles and responsibilities that the Group should fulfill are becoming more and more important.

As a member of the management team, I will continue working diligently to improve the Group's sustainable corporate value so we can fully meet the expectations of our stakeholders. I will target further corporate growth through disciplined management, prompt and pivotal decision-making, and appropriate risk-taking. At the same time, I will continue focusing on building long-term relationships of trust with customers through accountability, appropriate information disclosure, and constructive dialogue. I look forward to your ongoing support.



Masakazu Kawamura,
TIS Executive Officer,
Division Manager of
Corporate Planning SBU

IR-related activities



Fiscal 2021 Homepage Quality Ranking
Survey of All Listed Companies
(Nikko Investor Relations Co., Ltd.)
Received highest award as excellent website in
comprehensive ranking for seven consecutive
years since fiscal 2015.



2021 Internet IR Commendation Award
(Daiwa Investor Relations Co., Ltd.)
Awarded for nine consecutive years
since 2013.



Gomez IR Site Comprehensive Ranking 2021
(Morningstar Japan K.K.)
Awarded for seven consecutive years since 2015
as an excellent company.

Other

JPX-Nikkei Index 400

TIS has been included in a new index of 400 companies with high appeal for investors that meet criteria required by global investment standards, such as efficient use of capital and investor-focused management perspectives.



"Corporate Value Improvement Award"
TIS is selected as candidates (50 companies) of the "Corporate Value Improvement Awards" by Tokyo Stock Exchange, in 2017 and 2019.

DX Certification

The DX Certification System is designed to certify companies that are ready to take action in accordance with the "Digital Governance Code" established by the Ministry of Economy, Trade and Industry (METI) and to address social changes brought about by digital technologies through dialogue with stakeholders.

