



Financial Results for the Fiscal Year Ended March 31, 2022

May 11, 2022

TIS Inc.

Highlights

Fiscal 2022: Financial Highlights

- Higher sales and income year on year. Hit performance targets even after upward revision during fiscal year.
- Operating income margin improved to 11.3%. Balanced higher profitability with growth investment.
- Significant built-up of order volume as well as backlog.

Fiscal 2023: Performance Forecast

- Sales and income should continue to increase. Medium-term targets are in sight.
- Seeking greater efficiency in structural transformation and efforts to leverage growth strategies, the Group shifted to a business model-based management framework. Reporting segments were restructured as a result.

Return to Shareholders

- Year-end dividend for fiscal 2022 increased by ¥4. Achieved level in line with basic policy.
- In fiscal 2023, TIS will complement return to shareholders, based on total return ratio yardstick of 45%, with treasury stock buyback of ¥24.5 billion as part of effort to adjust capital structure. (With annual dividend at ¥47 per share, treasury stock buyback could total ¥30 billion.)

Fiscal 2022: Financial Highlights

Fiscal 2023: Performance Forecast

Return to Shareholders

Progress on Medium-Term Management Plan (2021-2023)

Reference Materials

- All statements described in these materials are based on information available to management regarding the TIS INTEC Group—that is, TIS and the subsidiaries under its umbrella—as of the presentation date and certain assumptions deemed reasonable at this time. No intent is implied of promise 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.
- Amounts for each three-month quarter are calculated by subtracting data for the respective period from the cumulative total.
- Segment sales include intersegment sales.
- TIS applies “Accounting Standard for Revenue Recognition” effective from the first quarter of fiscal 2022, ended March 30, 2022.

Fiscal 2022: Financial Highlights

Fiscal 2023: Performance Forecast

Return to Shareholders

Progress on Medium-Term Management Plan(2021-2023)

Reference Materials

Fiscal 2022: Performance Highlights (YOY change)

- Response to clients' IT investment needs, including digital transformation demand, as well as positive effect of M&A activity, underpinned higher sales and income.
- Net income increased significantly, buoyed by extraordinary income through the sale of subsidiary stock and a reduction in strategic shareholdings.
- ROE rose to 14.0%, reflecting improvement in profitability.

[Millions of yen]	Fiscal 2021	Fiscal 2022	YOY change	
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%	+1.1P	-
Net Income Attributable to Owners of the Parent Company	27,692	39,462	+11,769	[+42.5%]
Net Income to Net Sales Ratio	6.2%	8.2%	+2.0P	-
Net Income per Share (Yen)	110.51	157.69	+47.18	[+42.7%]
ROE	10.8%	14.0%	+3.2P	-

- Non-operating income: ¥2,572 million (YOY change +¥560 million)
→ Dividend income: ¥813 million, etc.
- Non-operating expenses: ¥1,601 million (YOY change -¥6,900 million)
→ Equity in losses of affiliates: ¥1,012 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.
- Extraordinary loss: ¥5,521 million (YOY change +¥1,371 million)
→ Loss on valuation of investment securities: ¥2,593 million, etc.

Fiscal 2022: Performance Highlights (Compared with estimate)

•All figures exceeded revised estimates disclosed when first-half results were announced.

[Millions of yen]	Fiscal 2022 Estimate *	Fiscal 2022 Actual	Compared with estimate	
Net Sales	480,000	482,547	+2,547	[+0.5%]
Operating Income	52,000	54,739	+2,739	[+5.3%]
Operating Margin	10.8%	11.3%	+0.5P	-
Net Income Attributable to Owners of the Parent Company	38,000	39,462	+1,462	[+3.8%]
Net Income to Net Sales Ratio	7.9%	8.2%	+0.3P	-
Net Income per Share (Yen)	151.94	157.69	+5.75	[+3.8%]
ROE	13.2%	14.0%	+0.8P	-

* Latest estimates announced by TIS, and ROE estimate for fiscal 2022 is a calculated value.

Fiscal 2022: Sales and Income for Key Business Segments (YOY change)

[Millions of yen]		Fiscal 2021	Fiscal 2022	YOY change	
Service IT Business	Net Sales	136,946	155,104	+18,157	[+13.3%]
	Operating Income	8,695	11,095	+2,400	[+27.6%]
	Operating Margin	6.3%	7.2%	+0.9P	-
BPO	Net Sales	35,453	36,617	+1,163	[+3.3%]
	Operating Income	3,105	3,453	+347	[+11.2%]
	Operating Margin	8.8%	9.4%	+0.6P	-
Financial IT Business	Net Sales	110,660	124,937	+14,276	[+12.9%]
	Operating Income	15,320	16,765	+1,444	[+9.4%]
	Operating Margin	13.8%	13.4%	-0.4P	-
Industrial IT Business	Net Sales	194,414	191,232	-3,182	[-1.6%]
	Operating Income	18,710	22,959	+4,248	[+22.7%]
	Operating Margin	9.6%	12.0%	+2.4P	-

- **Service IT Business:** Captured IT investment demand in payment and marketing segments, paralleling client embrace of digital transformation, which was complemented by successful M&A activity, leading to higher sales and income.
- **BPO:** With rising corporate outsourcing needs in such sectors as the insurance industry, demand moving in favorable direction, sending sales and income higher.
- **Financial IT Business:** Sales and income grew, driven by several factors, particularly trend toward expansion in IT investment among core clients in the credit card industry.
- **Industrial IT Business:** Lower sales, paralleling sale of subsidiary and application of accounting standard for revenue recognition, but income was up, largely due to progress on measures to improve productivity.

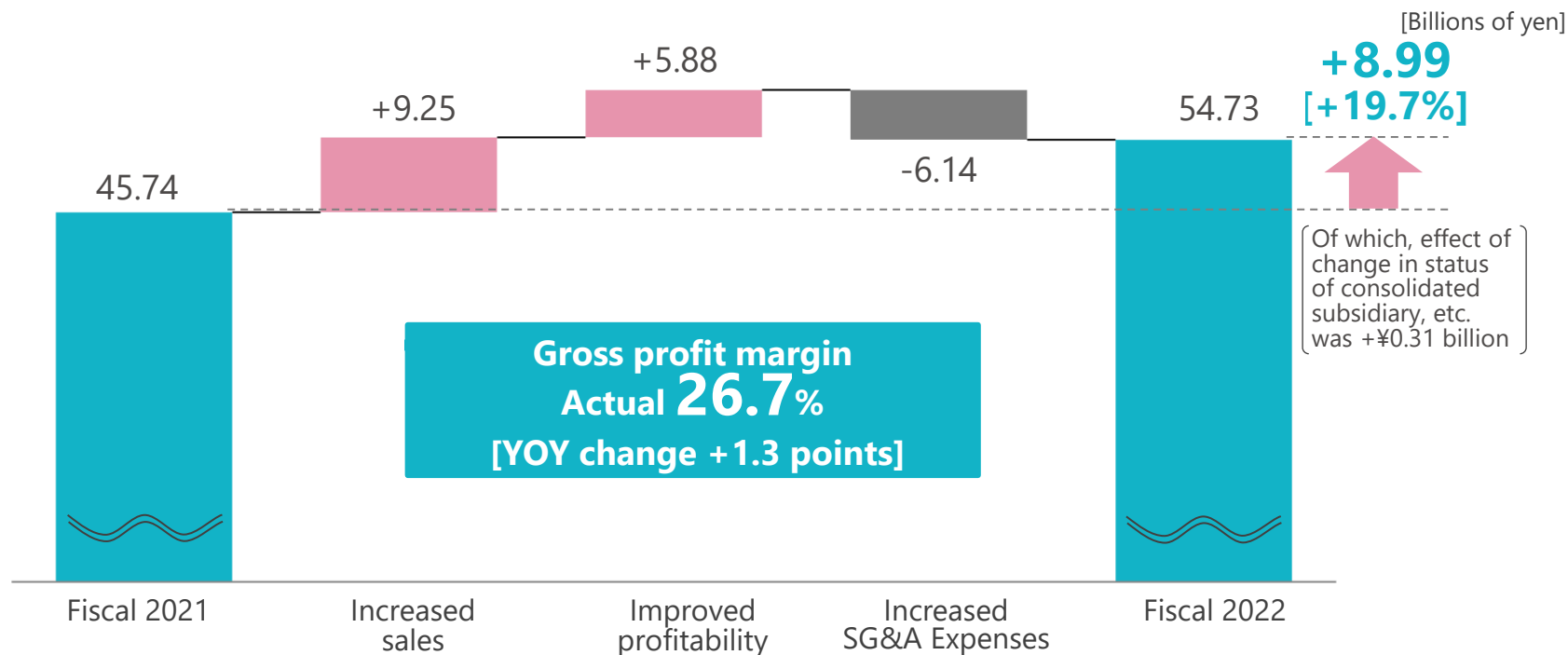
Fiscal 2022: Sales and Income for Key Business Segments (Compared with estimate)

[Millions of yen]		Fiscal 2022 Estimate	Fiscal 2022 Actual	Compared with estimate	
Service IT Business	Net Sales	156,000	155,104	-896	[-0.6%]
	Operating Income	11,300	11,095	-205	[-1.8%]
	Operating Margin	7.2%	7.2%	+0.0P	-
BPO	Net Sales	36,500	36,617	+117	[+0.3%]
	Operating Income	3,400	3,453	+53	[+1.6%]
	Operating Margin	9.3%	9.4%	+0.1P	-
Financial IT Business	Net Sales	121,500	124,937	+3,437	[+2.8%]
	Operating Income	16,700	16,765	+65	[+0.4%]
	Operating Margin	13.7%	13.4%	-0.3P	-
Industrial IT Business	Net Sales	194,500	191,232	-3,268	[-1.7%]
	Operating Income	20,800	22,959	+2,159	[+10.4%]
	Operating Margin	10.7%	12.0%	+1.3P	-

- **Service IT Business:** Saw brisk demand for payment services but sluggish demand for other services. Results also impacted by unprofitable projects. Fell short of targets.
- **BPO:** Exceeded estimates, thanks to brisk outsourcing demand, fueled by clients' emphasis on business continuity plans and acceleration of telework and decentralization of operations.
- **Financial IT Business:** Sales greatly exceeded target, driven by trend toward greater IT investment by core clients. Operating income buoyed by higher sales to reach just above target.
- **Industrial IT Business:** Sales fell short of target, owing to lackluster growth in sales. Efforts to improve profitability successful, with operating income topping estimate.

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

• Maintained robust prior investment activity while pushing profitability higher. Gross profit margin climbed to 26.7%.



Prior investment costs for promoting structural transformation: Up ¥2.18 billion (YOY change)

(Cost of sales: +¥0.80 billion, SG&A expenses: +¥1.38 billion)

- ✓ Software investment to create new services
 - ✓ Investment in human resources to fuel structural transformation
 - ✓ Investment in R&D to acquire advanced technologies
- } Costs related to

Cost of office reform to promote new workstyles: Up ¥2.82 billion (YOY change)

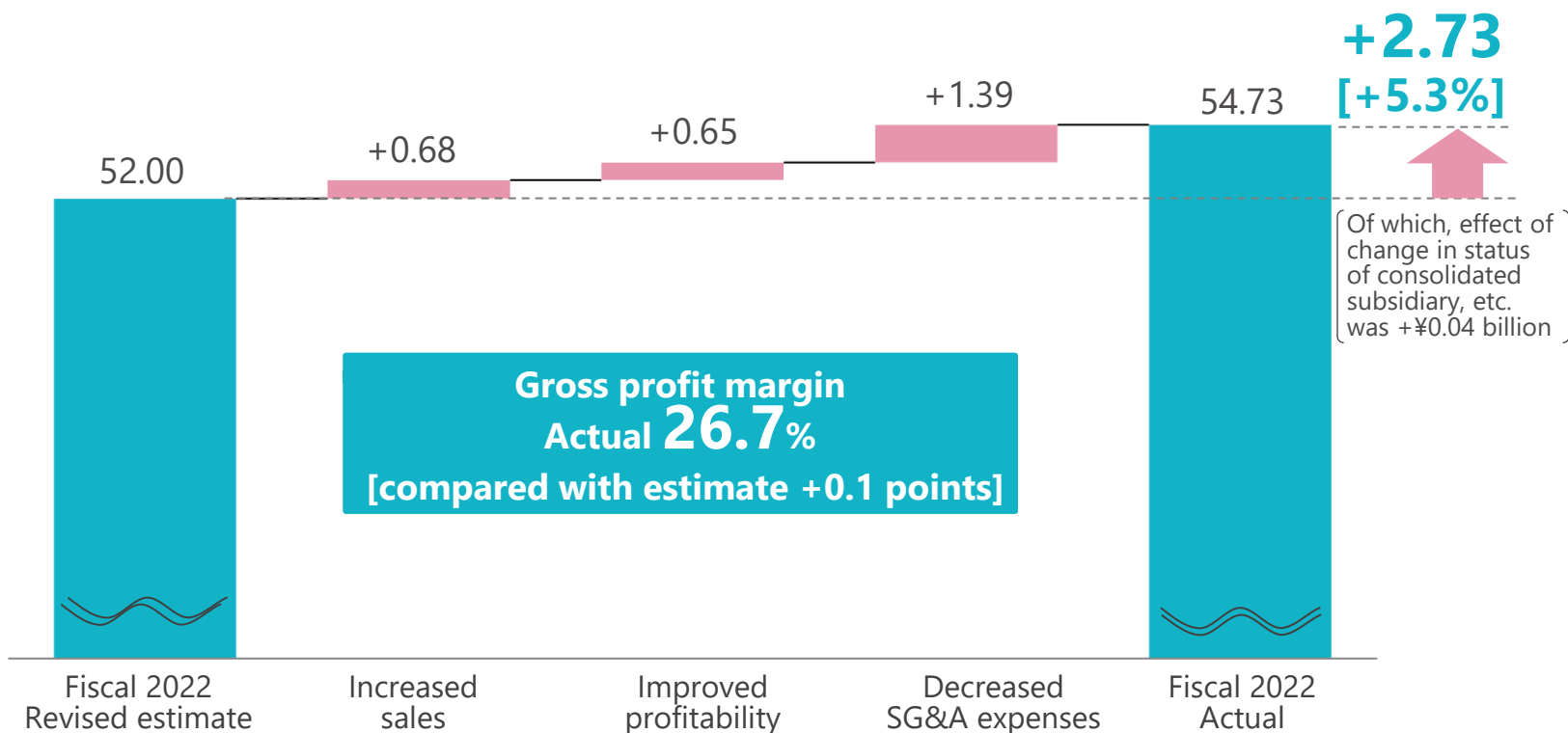
(Cost of sales : +¥0.94 billion, SG&A expenses : +¥1.87 billion)

Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	+1.73
Office reform	+1.87
Brand-related costs	-0.08
Lower operating costs, enhanced head office functions	-0.33
Prior investment, others	+2.95
Total	+6.14

Fiscal 2022: Operating Income Analysis, Increase/Decrease Reasons (Compared with estimate)

[Billions of yen]



**Prior investment costs for promoting structural transformation:
Down ¥0.31 billion (compared with estimate)
(Cost of sales: -¥0.19 billion, SG&A expenses -¥0.11 billion)**

- ✓ Software investment to create new services
 - ✓ Investment in human resources to fuel structural transformation
 - ✓ Investment in R&D to acquire advanced technologies
- } Costs related to

**Cost of office reform to promote new workstyles:
Down ¥0.67 billion (compared with estimate)
(Cost of sales : -¥0.05 billion, SG&A expenses : -¥0.62 billion)**

Changes in SG&A Expenses

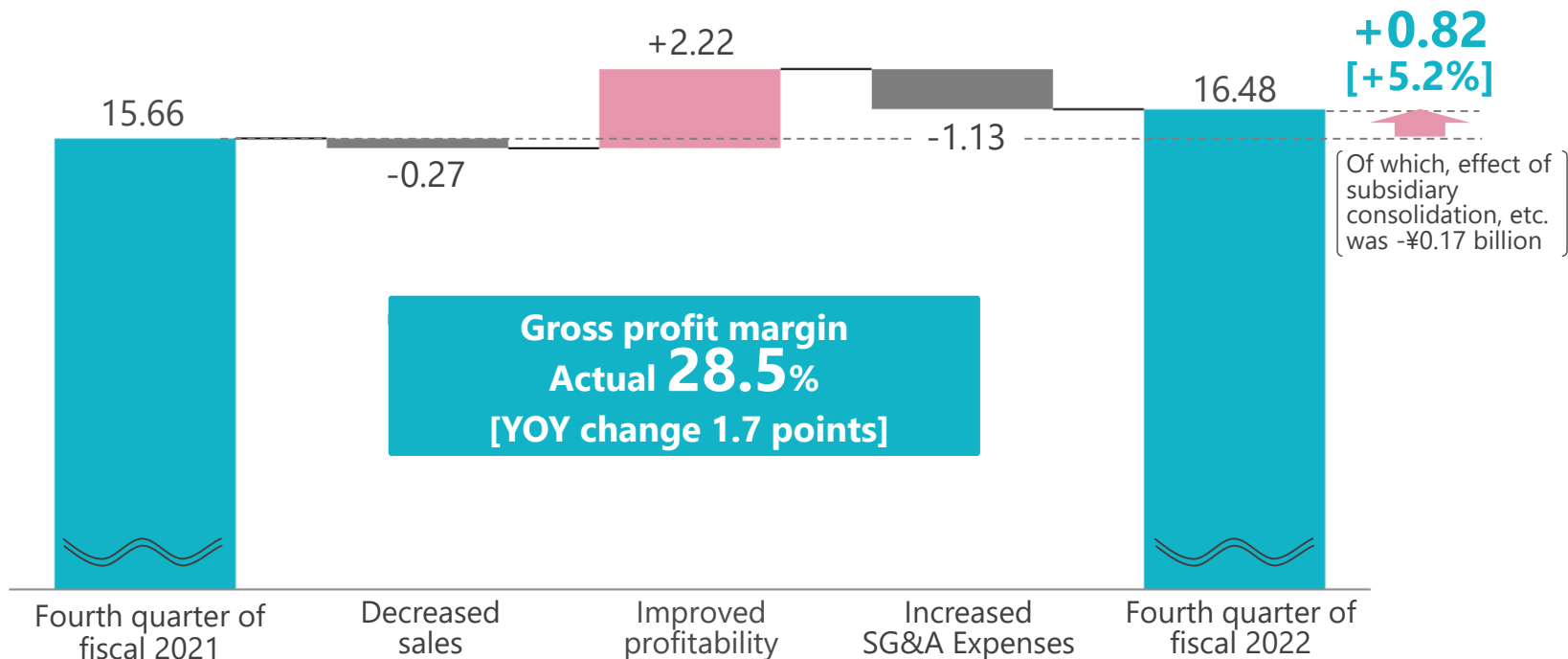
Effect of change in status of consolidated subsidiary, etc.	-0.04
Office reform	-0.62
Brand-related costs	-0.08
Lower operating costs, enhanced head office functions	-0.16
Prior investment, others	-0.49
Total	-1.39

Reference: Fiscal 2022 Fourth Quarter (January-March) Sales and Income for Key Business Segments

[Millions of yen]	Fourth Quarter of Fiscal 2021	Fourth Quarter of Fiscal 2022	YOY change	
Net Sales	130,350	129,414	-936	[-0.7%]
Operating Income	15,660	16,481	+821	[+5.2%]
Operating Margin	12.0%	12.7%	+0.7P	-
Net Income Attributable to Owners of the Parent Company	9,570	10,047	+477	[+5.0%]
Net Income to Net Sales Ratio	7.3%	7.8%	+0.5P	-
Key Business Segments				
Service IT Business	Net Sales	43,251	43,010	-240 [-0.6%]
	Operating Income	3,572	3,478	-93 [-2.6%]
	Operating Margin	8.3%	8.1%	-0.2P -
BPO	Net Sales	9,427	9,379	-48 [-0.5%]
	Operating Income	962	965	+2 [+0.3%]
	Operating Margin	10.2%	10.3%	+0.1P -
Financial IT Business	Net Sales	30,062	32,648	+2,585 [+8.6%]
	Operating Income	4,639	4,634	-4 [-0.1%]
	Operating Margin	15.4%	14.2%	-1.2P -
Industrial IT Business	Net Sales	56,508	51,697	-4,811 [-8.5%]
	Operating Income	6,280	7,197	+917 [+14.6%]
	Operating Margin	11.1%	13.9%	+2.8P -

Reference: Fiscal 2022 Fourth Quarter (January-March) Operating Income Analysis, Increase/Decrease Reasons (YOY change)

[Billions of yen]



Prior investment costs for promoting structural transformation:

Up ¥0.44 billion (YOY change)

(Cost of sales: +¥0.13 billion, SG&A expenses: +¥0.30 billion)

- ✓ Software investment to create new services
 - ✓ Investment in human resources to fuel structural transformation
 - ✓ Investment in R&D to acquire advanced technologies
- } Costs related to

Cost of office reform to promote new workstyles:

Up ¥0.33 billion (YOY change)

(Cost of sales : +¥0.37 billion, SG&A expenses : -¥0.03 billion)

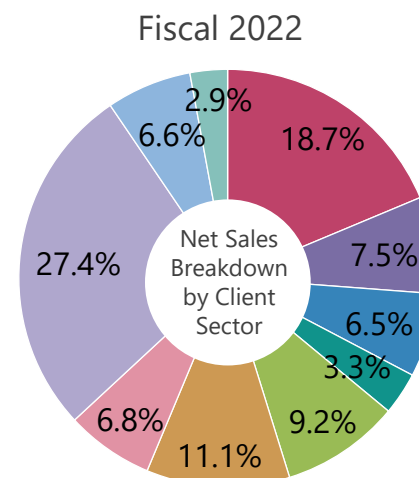
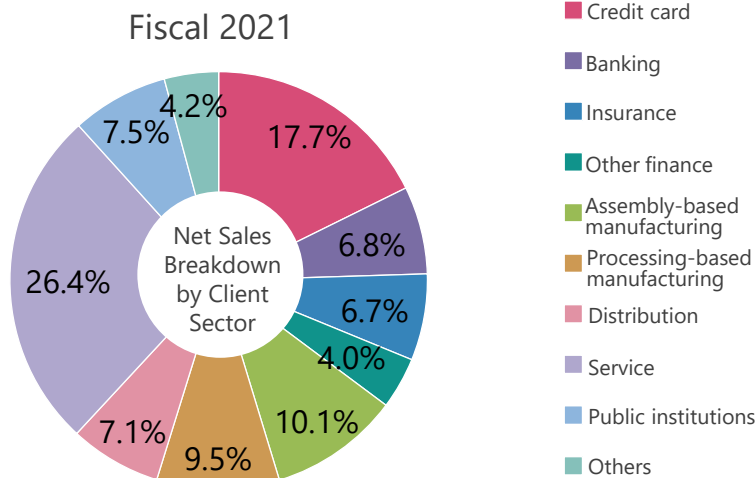
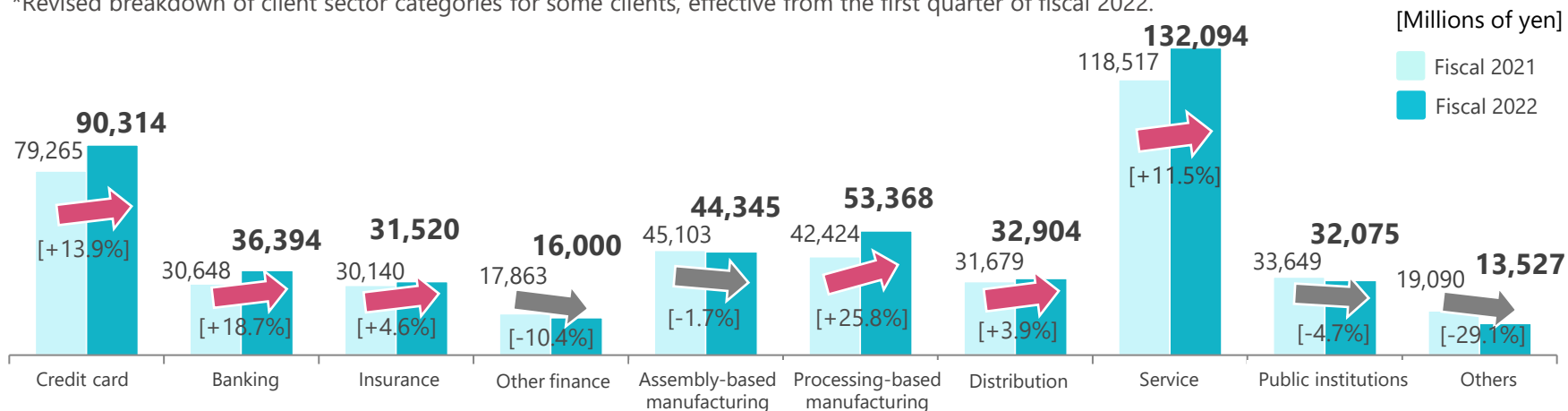
Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	-0.18
Office reform	-0.03
Brand-related costs	+0.07
Lower operating costs, enhanced head office functions	-0.08
Prior investment, others	+1.35
Total	+1.13

Fiscal 2022: Sales by Client Sector

• Favorable demand from clients in credit card and processing-based manufacturing sectors. Successful M&A activity contributed to higher sales from clients in banking and service sectors.

*Revised breakdown of client sector categories for some clients, effective from the first quarter of fiscal 2022.



Financial sector: 35.2% Industrial sector: 53.1%
Public sector: 7.5% Other sectors: 4.2%

Financial sector: 36.0% Industrial sector: 54.5%
Public sector: 6.6% Other sectors: 2.9%

Fiscal 2022: Order Status (Total)

- Order volume and backlog were up year on year, driven by software development.

[Millions of yen]	Fiscal 2021	Fiscal 2022	YOY change	
Orders received during fiscal year	452,284	493,755	+41,470	[+9.2%]
Service IT Business	128,507	151,526	+23,019	[+17.9%]
BPO	32,702	34,519	+1,817	[+5.6%]
Financial IT Business	113,921	125,419	+11,498	[+10.1%]
Industrial IT Business	177,153	182,289	+5,135	[+2.9%]
Order backlog at year-end	147,214	161,453	+14,239	[+9.7%]
Service IT Business	44,421	53,555	+9,134	[+20.6%]
Financial IT Business	48,114	49,117	+1,003	[+2.1%]
Industrial IT Business	54,678	58,780	+4,101	[+7.5%]

Fiscal 2022: Order Status (Software Development)

• Against backdrop of active approach to IT investment by clients, all segments posted year-on-year increases in both order volume and order backlog.

[Millions of yen]	Fiscal 2021	Fiscal 2022	YOY change	
Orders received during fiscal year	237,323	271,350	+34,027	[+14.3%]
Service IT Business	55,037	64,248	+9,211	[+16.7%]
Financial IT Business	68,490	78,349	+9,858	[+14.4%]
Industrial IT Business	113,795	128,752	+14,956	[+13.1%]
Order backlog at year-end	83,797	94,016	+10,219	[+12.2%]
Service IT Business	20,367	22,447	+2,079	[+10.2%]
Financial IT Business	28,541	30,559	+2,017	[+7.1%]
Industrial IT Business	34,887	41,009	+6,122	[+17.5%]

Reference: Fiscal 2022 Forth Quarter (January-March): Order Status

Order Status (Total)

[Millions of yen]	Fourth quarter of fiscal 2021	Fourth quarter of fiscal 2022	YOY change	
Orders received during fourth quarter	156,188	167,264	+11,075	[+7.1%]
Service IT Business	45,595	56,160	+10,565	[+23.2%]
BPO	8,646	8,899	+252	[+2.9%]
Financial IT Business	43,690	45,019	+1,328	[+3.0%]
Industrial IT Business	58,255	57,184	-1,070	[-1.8%]

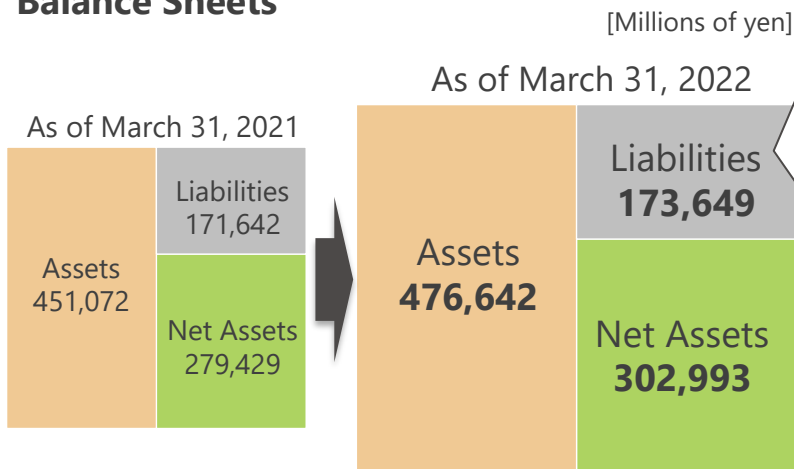
Order Status (Software Development)

[Millions of yen]	Fourth quarter of fiscal 2021	Fourth quarter of fiscal 2022	YOY change	
Orders received during fourth quarter	75,303	83,008	+7,705	[+10.2%]
Service IT Business	13,974	20,774	+6,800	[+48.7%]
Financial IT Business	24,784	25,010	+226	[+0.9%]
Industrial IT Business	36,544	37,223	+678	[+1.9%]

Fiscal 2022: Balance Sheets and Cash Flow Status

- Ability to generate cash flow from operating activities improved, thanks to brisk sales activities, and other factors, including a review of the business portfolio and a reduction in strategic shareholdings, led to a high level of cash.

Balance Sheets



Assets: +¥25,569 million

- Current assets: +¥29,295 million [Chiefly cash and cash deposits +¥30,875 million, etc.]
- Fixed assets: -¥3,725 million [Chiefly investments in securities -¥9,181 million, Deferred tax assets +¥8,870 million, etc.]

Liabilities: +¥2,006 million

- Current liabilities: +¥38,321 million [Chiefly short-term debt +¥29,436 million, Income taxes payable +¥13,034 million, etc.]
- Fixed liabilities: -¥36,314 million [Chiefly long-term debt -¥35,112 million, etc.]

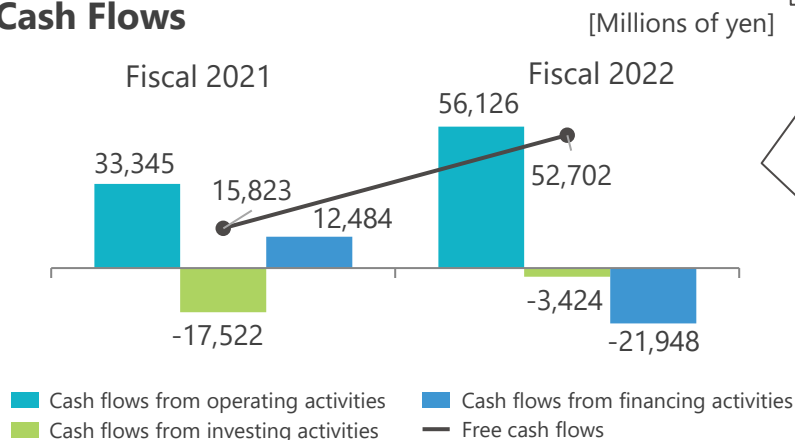
Net Assets: +¥23,563 million

- Shareholders' equity: +¥26,344 million [Chiefly retained earnings +¥30,026 million, Additional paid-in capital: -¥19,376 million, Treasury stock: +¥15,694 million, etc.]
- Other total comprehensive income: +¥3,700 million [Chiefly net unrealized gains on other securities -¥4,523 million, etc.]

Equity Ratio: 61.5% [+ 1.5 points]

Interest-bearing Debt: ¥37,517 million [-¥6,113 million]

Cash Flows



Cash flows from operating activities: +¥22,781 million

- Net income before income taxes: +¥16,664 million
- Change in receivables and payables related to operating activities: +¥10,799 million

Cash flows from investing activities: +¥14,098 million

- Acquisitions of intangible fixed assets: +¥5,232 million
- Sale of investment securities: -¥3,842 million
- Purchase of shares of subsidiaries resulting in change in scope of consolidation: +¥7,019 million

Cash flows from financing activities: -¥34,432 million

- Net increase/decrease in debt and corporate bonds: -¥27,379 million

Fiscal 2022: Financial Highlights

Fiscal 2023: Performance Forecast

Return to Shareholders

Progress on Medium-Term Management Plan(2021-2023)

Reference Materials

Fiscal 2023: Understanding the External Business Environment

- Digital transformation demand is strong, and IT investment in all industries will continue to trend in recovery direction.
- View on trend toward long-term IT investment expansion and expectation of acceleration post-pandemic remains unchanged.

Offering Services Business

- ✓ Cashless market continues to grow. Push for Fintech, Big Data, AI and [data utilization also continues](#).
- ✓ [Finance x non-finance](#) efforts, [foreign interests](#)' entry into Japan's cashless market, active trend toward [practical use of digital currency](#)
- ✓ Slowdown in China economy despite ASEAN recovery reverberate in Japan, dampening economic outlook

Business Process Management

- ✓ No course correction to [labor shortage and workstyle reform](#), likely keeping [BPO market in gradual growth mode](#).
- ✓ Demand is firm in insurance sector, which provides about 50% of our BPO business.
- ✓ Demand expanding for digital business processes.

Financial IT Business

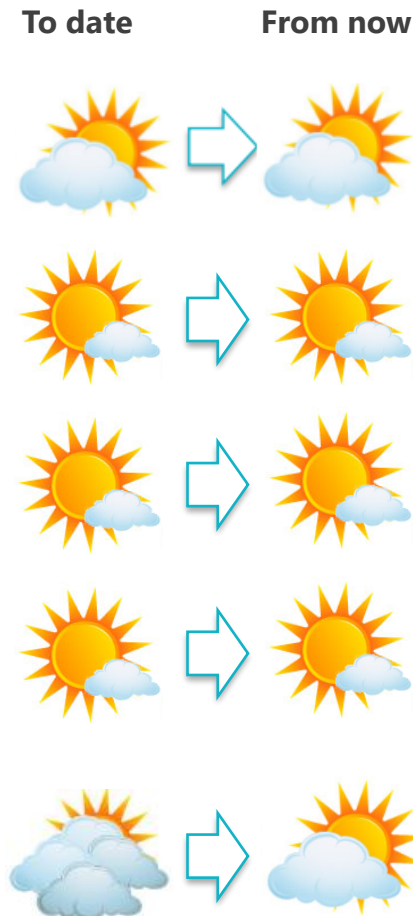
- ✓ As business supporting social infrastructure, [demand is firm](#), and financial IT market is moving favorable direction.
- ✓ IT investment, particularly in DX, on upswing.
- ✓ Intensifying competition among Fintech and SaaS providers.

Industrial IT Business

- ✓ IT investment demand solid thanks to [active DX interest, especially from large corporations](#).
- ✓ Electric power sector still on recovery track but impact of high price of oil requires careful monitoring.

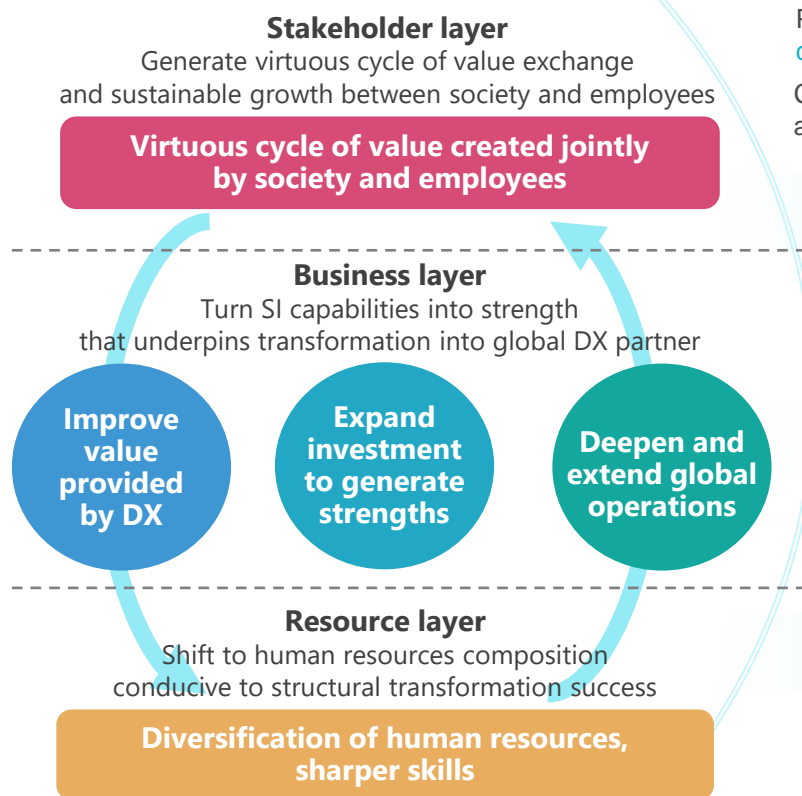
Regional IT Solutions

- ✓ [Business environment for regional financial institutions more challenging](#), due to low interest rates and sluggish local economic conditions, leading to accelerated trend toward merger.
- ✓ [In agriculture sector, IT investment is a top priority](#) reflecting shift toward online procedures. [Local governments feeling budget constraints due to drop in municipal taxes](#), but IT demand to meet new normal situation expanding, especially in mid-sized and large cities.
- ✓ Despite variations by industry and company, IT demand is on recovery track, especially in [medical-related fields](#).



Fiscal 2023: TIS INTEC Group Management Direction

Medium-Term Management Plan (2021-2023) Basic Policies



Fiscal 2023 Group Management Direction

Leverage long-term growth strategy for corporate value and value provided to society through sustainability management

Promote enhanced ESG content, including **environment, human rights and human capital**, while also facilitating solutions to social issues through business activities

Constantly upgrade management foundation by raising level of head office functions and enhancing efficiency

Accelerate improvement of added value through enhanced DX organizational capacity and investment

Pour more investment in human resources, R&D and software development, which are sources of improved added value over medium-to long-term

M&A activity also a focus for growth in strategic domains

Promote business restructuring and measures to improve medium- to long-term asset and capital efficiency

Promote **initiatives to enhance stability of business management** paralleling progress in structural transformation and to **improve medium-to long-term asset and capital efficiency** based on this enhanced stability

Leverage growth strategy designed to become top-class IT group in ASEAN region, and strengthen governance position

Reinforce ties with investment portfolio companies, based on overseas business strategy, and promote joint activities, and extend global partnership network to further cultivate market

Ratchet up investment into human resources to sharpen skills and promote diversity

Seek to boost added value, **improve compensation and training investment**, and continue robust hiring activity, including mid-career recruitment

Fiscal 2023: Performance Forecasts

- Against backdrop of brisk IT investment demand, expect higher sales and higher income, with medium-term management plan targets in sight. Possible drop in net income due to decrease in extraordinary income. ROE to hover at target level despite year-on-year decrease.
- To realize structural transformation, will reinforce investment in human resources, who are the driving force that fuels this effort.

[Millions of yen]	Fiscal 2022 Actual	Fiscal 2023 Estimate	YOY change	
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%	+0.1P	-
Net Income Attributable to Owners of the Parent Company	39,462	37,500	-1,962	[-5.0%]
Net Income to Net Sales Ratio	8.2%	7.5%	-0.7P	-
Net Income per Share (Yen)	157.69	154.22	-3.47	[-2.2%]
ROE *1	14.0%	12.9%	-1.1P	-

*1 ROE estimate for fiscal 2023 is a calculated value.

Segment Restructuring

- Seeking greater efficiency in structural transformation and efforts to leverage growth strategies, the Group shifted to a business model-based management framework, effective from fiscal 2023, ending March 31, 2023.
- Paralleling the above, reporting segments were changed based on management approach.

Key points in segment restructuring

- Improve effectiveness of measures to promote growth strategy through stricter application of management approach perspective
- Offering Service Business will become separate business unit under prior investment style business model, accelerating service transformation
- Regional IT Solutions, with broad client base, will become separate business unit, providing IT professional services and solutions

Old reporting segment classification

Service IT Business

BPO

Financial IT Business

Industrial IT Business

New reporting segment classification

Offering Service Business	Configures services through own investment based on best practices accumulated groupwide and provides knowledge-intensive IT services
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
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
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
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

Strategic domains critical to growth

IT Offering Service (IOS)
Business Function Service (BFS)
Strategic Partnership Business (SPB)
Strategic Partnership Business (SPB)
Strategic Partnership Business (SPB), IT Offering Service (IOS)

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

Fiscal 2023: Sales and Income for Key Business Segments

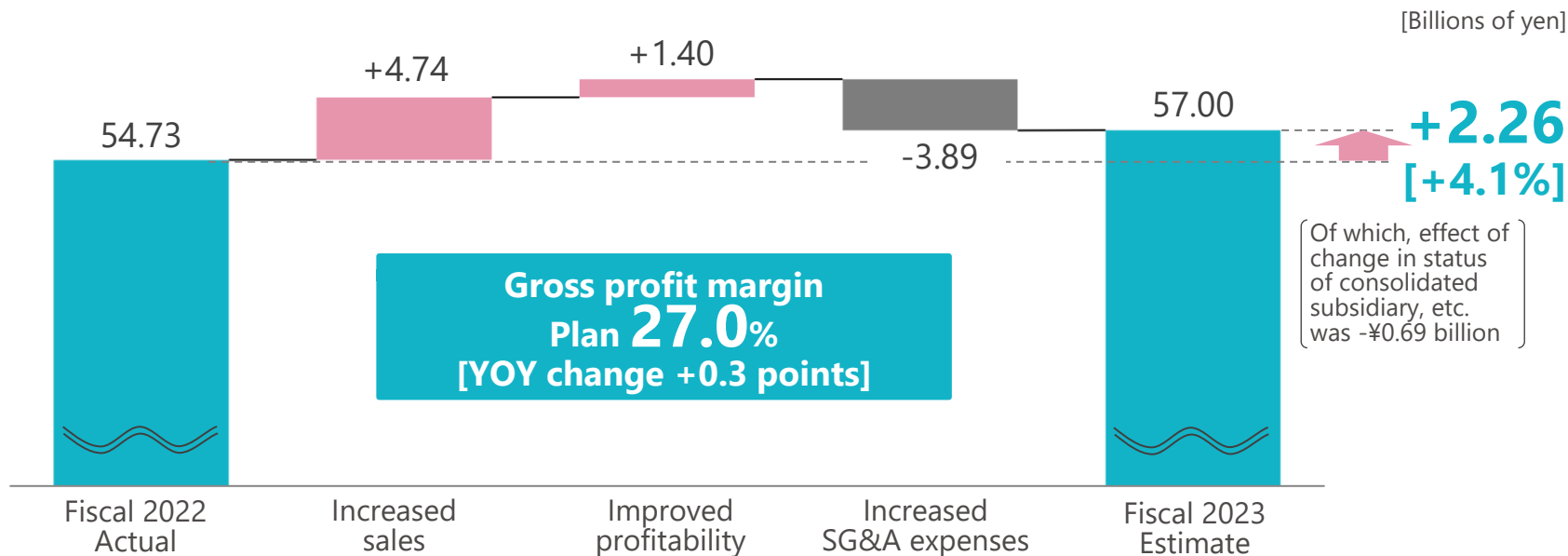
[Forecast]

[Millions of yen]		Fiscal 2022 Actual*	Fiscal 2023 Estimate	YOY change	
Offering Service Business	Net Sales	103,167	106,300	+3,133	[+3.0%]
	Operating Income	4,692	6,100	+1,408	[+30.0%]
	Operating Margin	4.5%	5.7%	+1.2P	-
Business Process Management	Net Sales	42,951	44,900	+1,949	[+4.5%]
	Operating Income	4,991	5,250	+259	[+5.2%]
	Operating Margin	11.6%	11.7%	+0.1P	-
Financial IT Business	Net Sales	91,651	95,700	+4,049	[+4.4%]
	Operating Income	12,355	13,000	+645	[+5.2%]
	Operating Margin	13.5%	13.6%	+0.1P	-
Industrial IT Business	Net Sales	108,751	110,700	+1,949	[+1.8%]
	Operating Income	15,356	15,900	+544	[+3.5%]
	Operating Margin	14.1%	14.4%	+0.3P	-
Regional IT Solutions	Net Sales	156,231	158,500	+2,269	[+1.5%]
	Operating Income	16,492	17,200	+708	[+4.3%]
	Operating Margin	10.6%	10.9%	+0.3P	-

- **Offering Service Business:** Expect higher sales and higher income, hinging on expansion of payment-related business. CreditSaaS will launch and begin to contribute to segment performance.
- **Business Process Management:** Expect higher sales and higher income, reflecting response to BPO needs and robust support for greater business optimization demand from clients.
- **Financial IT Business:** Expect higher sales and higher income, hinging on wider demand from core clients in credit card sector.
- **Industrial IT Business:** Some aspects of multiple projects are likely to hit peak, but still expect higher sales and higher income, hinging on wider demand from core clients.
- **Regional IT Solutions:** Expect higher sales and higher income through wider demand from existing clients and lateral development of solutions.

Fiscal 2023: Operating Income Analysis, Increase/Decrease Reasons [Forecast]

• Progress on high-value-added business and improved productivity will be key factors that absorb rising costs paralleling robust growth investment, including costs incurred in better treatment of employees, and this will underpin higher operating income.



Anticipated prior investment costs for promoting structural transformation:

Up ¥2.81 billion (YOY change)

(Cost of sales: +¥1.90 billion, SG&A expenses +¥0.91 billion)

- ✓ Software investment to create new services
 - ✓ Investment in human resources to fuel structural transformation
 - ✓ Investment in R&D to acquire advanced technologies
- } Costs related to

Anticipated cost of office reform to promote new workstyles:

Down ¥0.98 billion (YOY change)

(Cost of sales: ±¥0.00 billion, SG&A expenses -¥0.98 billion)

Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	+0.08
Office reform	-0.98
Brand-related costs	+1.20
Lower operating costs, enhanced head office functions	-0.30
Prior investment, others	+3.89
Total	+3.89

Fiscal 2022: Financial Highlights

Fiscal 2023: Performance Forecast

Return to Shareholders

Progress on Medium-Term Management Plan(2021-2023)

Reference Materials

Basic Policy on Return to Shareholders

Total return ratio*
45%

Dividends per share
Constantly enrich the dividend

Upper limit on treasury stock holdings
at 5%

* 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

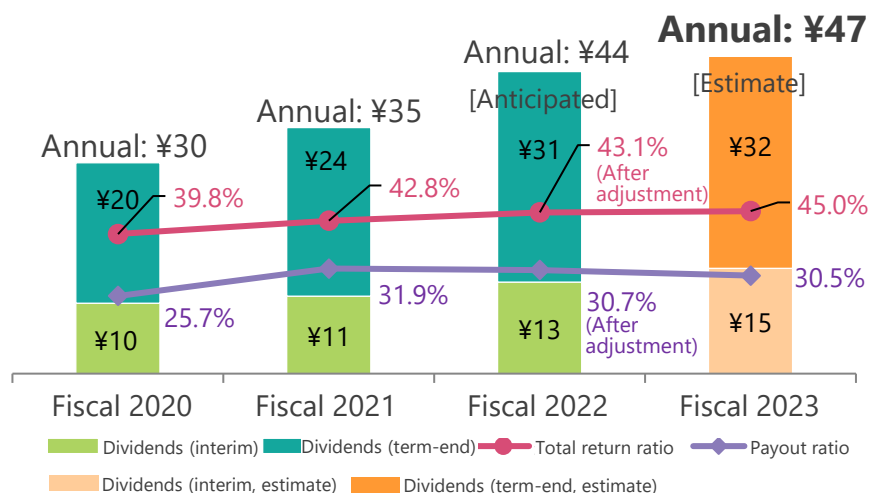
- With yardstick of 45% for total shareholders' return ratio, goal is to continuously enrich dividend per share.
- The amount of treasury stock held by TIS will, in principle, be no more than 5% of total number of shares issued, and any shares exceeding this limit will be canceled

Status/Targets for Return to Shareholders

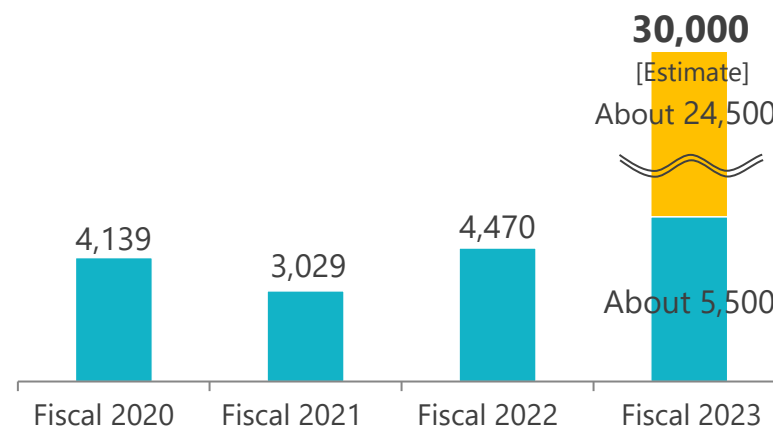
- Implemented ¥4 increase in year-end dividend for fiscal 2022. In line with policy on total return ratio (after adjustment) of 45%.
- In fiscal 2023, TIS will complement normal portion of return to shareholders with treasury stock buyback of ¥24.5 billion.

[Millions of yen]	Fiscal 2022	Fiscal 2023		
		[Normal]	[Capital optimized]	[Total]
Annual dividend per share [Compared with estimate +¥4]	¥44	¥47 [YOY change +¥3]	-	¥47
Total dividends	¥11.0 billion	¥11.3 billion	-	¥11.3 billion
Payout ratio [After adjustment *1]	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 *1]	39.3% [43.1%]	45.0%	-	110.3%

Changes in Dividends per Share



Total Acquired Treasury Shares [Millions of yen]



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

*2 Upper limit based on treasury stock buyback announced May 11, 2022.

Fiscal 2022: Financial Highlights

Fiscal 2023: Performance Forecast

Return to Shareholders

Progress on Medium-Term Management Plan(2021-2023)

Reference Materials

TIS INTEC Group's Approach to Sustainability Management

- We will create social and economic value through management hinging on OUR PHILOSOPHY, contribute to a sustainable society and realize sustainable improvement in corporate value.



Main Points of Medium-Term Management Plan (2021–2023)

Be a Digital Mover 2023

Basic Policy



Key Performance Indicators

- Net Sales **¥500 billion**
- Operating income/Operating margin **¥58 billion/11.6%**
- EPS growth CAGR **Exceeding 10%**
- Strategic domain ratio **51% → 60%**
[¥228.5 billion → ¥300 billion]
- Sales of societal issue solution service **¥38 billion → ¥50 billion** *1
- +**
- Growth investment **About ¥100 billion**

Virtuous cycle of value created jointly by society and employees

Solving social issues through joint creation with stakeholders



Diversification of human resources, sharper skills

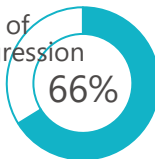
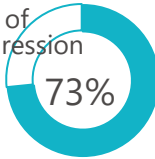
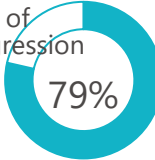

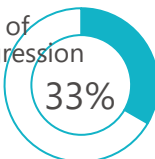
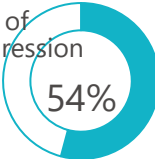
Diverse employees active as professionals

By promoting enhanced frontline strengths based on IT configuration capabilities created jointly with society and clients, we will help **solve social issues** using **digital technology** and realize **outstanding growth** toward **realization of Group Value 2026**.

*1 Sales from services that provide solutions to social issues of concern to TIS INTEC Group. Manage business growth as part of strategic domain operations.

Status of Progress on Key Performance Indicators

• Favorable progress toward achieving KPIs set for fiscal 2024, thanks to acceleration of unified management of Group operations.

Net Sales	 <p>Rate of progression 66%</p> <p>+¥34.1 billion / +¥51.7 billion</p>	Fiscal 2021 ¥448.3 billion Actual	Fiscal 2022 ¥482.5 billion Actual	Fiscal 2024 ¥500.0 billion Estimate
Operating Income	 <p>Rate of progression 73%</p> <p>+¥9.0 billion / +¥12.3 billion</p>	Fiscal 2021 ¥45.7 billion Actual	Fiscal 2022 ¥54.7 billion Actual	Fiscal 2024 ¥58.0 billion Estimate
Operating Margin	 <p>Rate of progression 79%</p> <p>+1.1 points / +1.4 points</p>	Fiscal 2021 10.2% Actual	Fiscal 2022 11.3% Actual	Fiscal 2024 11.6% Estimate
EPS Growth CAGR	 <p>+42.7% (single year) / Exceeding +10%</p>	Fiscal 2021 10.2% Actual	Fiscal 2022 42.7% (single year) Actual	Fiscal 2024 Exceeding 10% Estimate
Strategic Domain Ratio	 <p>Rate of progression 33%</p> <p>+3.0 points / +9.0 points</p>	Fiscal 2021 51% Actual	Fiscal 2022 54% Actual	Fiscal 2024 60% Estimate
Sales of Societal Issue Solution Service	 <p>Rate of progression 54%</p> <p>+¥6.5 billion / +¥12.0 billion</p>	Fiscal 2021 ¥38.0 billion Actual	Fiscal 2022 ¥44.5 billion Actual	Fiscal 2024 ¥50.0 billion Estimate

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

Medium-Term Management Plan Activities: Overall Progress in Fiscal 2022

Fiscal 2022

TIS INTEC Group Management Direction

① **Leverage initiatives to improve corporate value and value provided to society through sustainability management**

② **Reinforce efforts to make services more high-value-added through productivity innovation and improvement in value provided in DX services**

③ **Firmly maintain financial health while emphasizing growth investment to enhance ability to provide DX value**

④ **Leverage growth strategy seeking to become top-class IT group in ASEAN regions and cement strong governance**

⑤ **Constantly boost employee motivation and develop human resources brimming with diversity to fuel DX shift**

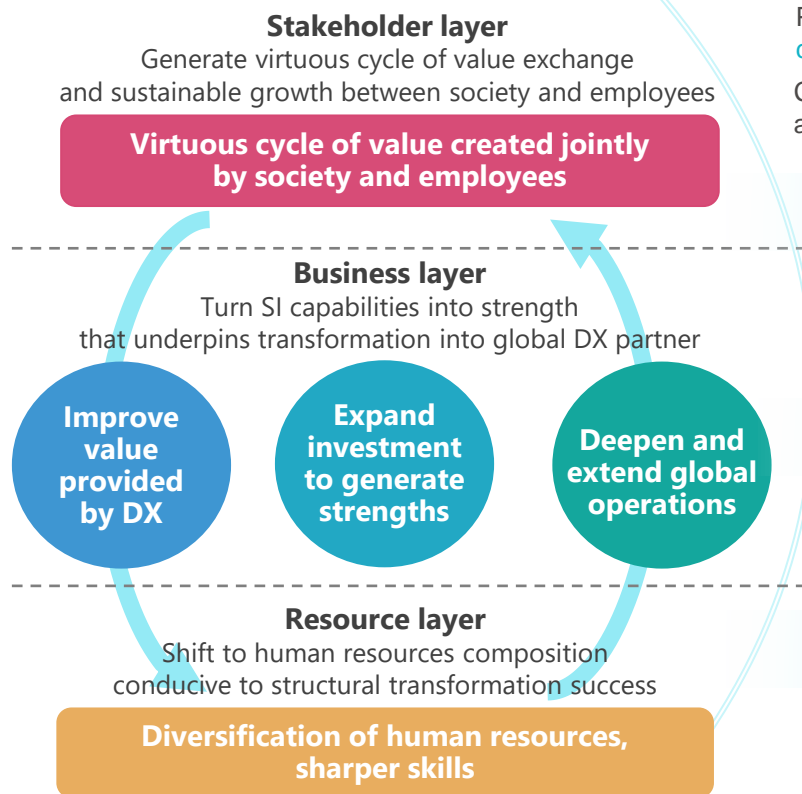
Looking back on fiscal 2022

- ➤ 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 social 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 I AM 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

Through robust engagement by the president, including activities to instill a deeper awareness of OUR PHILOSOPHY—the Group's basic philosophy—as well as Group Vision 2026 and the medium-term management plan, TIS is making progress toward unified Group management.

Fiscal 2023: TIS INTEC Group Management Direction

Medium-Term Management Plan (2021-2023) Basic Policies



Fiscal 2023 Group Management Direction

Leverage long-term growth strategy for corporate value and value provided to society through sustainability management

Promote enhanced ESG content, including [environment](#), [human rights and human capital](#), while also facilitating solutions to social issues through business activities

Constantly upgrade management foundation by raising level of head office functions and enhancing efficiency

Accelerate improvement of added value through enhanced DX organizational capacity and investment

[Pour more investment in human resources, R&D and software development](#), which are sources of improved added value over medium to long term

M&A activity also a focus for growth in strategic domains

Promote business restructuring and measures to improve medium- to long-term asset and capital efficiency

Promote [initiatives to enhance stability of business management](#) paralleling progress in structural transformation and to [improve medium-to long-term asset and capital efficiency](#) based on this enhanced stability

Leverage growth strategy designed to become top-class IT group in ASEAN region, and strengthen governance position

Reinforce ties with investment portfolio companies, based on overseas business strategy, and promote joint activities, and extend global partnership network to further cultivate market

Ratchet up investment into human resources to sharpen skills and promote diversity

Seek to boost added value, [improve compensation and training investment](#), and continue robust hiring activity, including mid-career recruitment

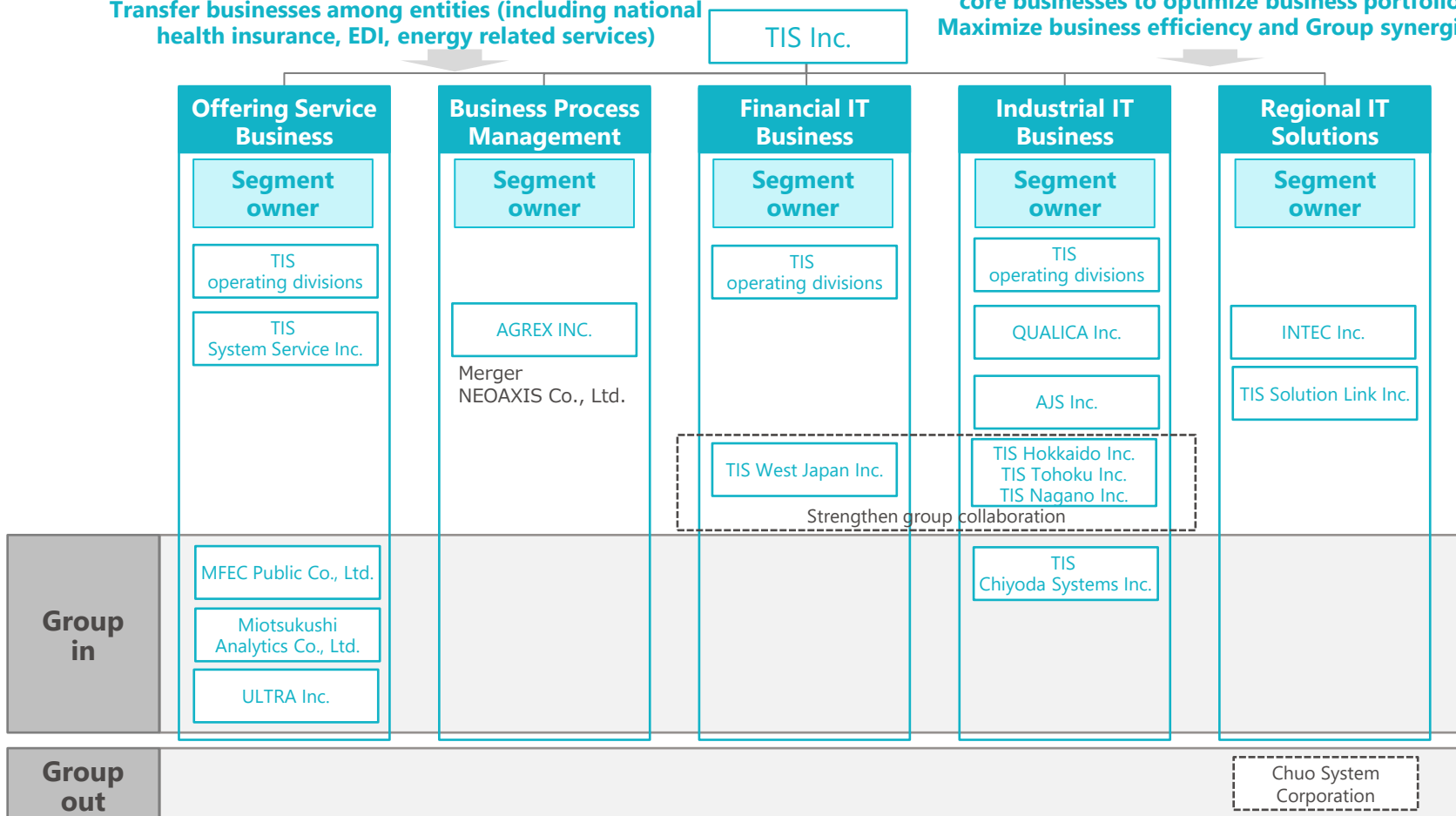
Medium-Term Management Plan Activities (Topics)

Business Portfolio Review

- Seeking greater efficiency in structural transformation and efforts to leverage growth strategies, the Group shifted to a business model-based management framework, effective from fiscal 2023, ending March 31, 2023.
- Paralleling the above, reporting segments were changed based on management approach.

Emphasize optimal position of entities with strength according to business model
Transfer businesses among entities (including national health insurance, EDI, energy related services)

Replace assets through investment and sale of non-core businesses to optimize business portfolio
Maximize business efficiency and Group synergies

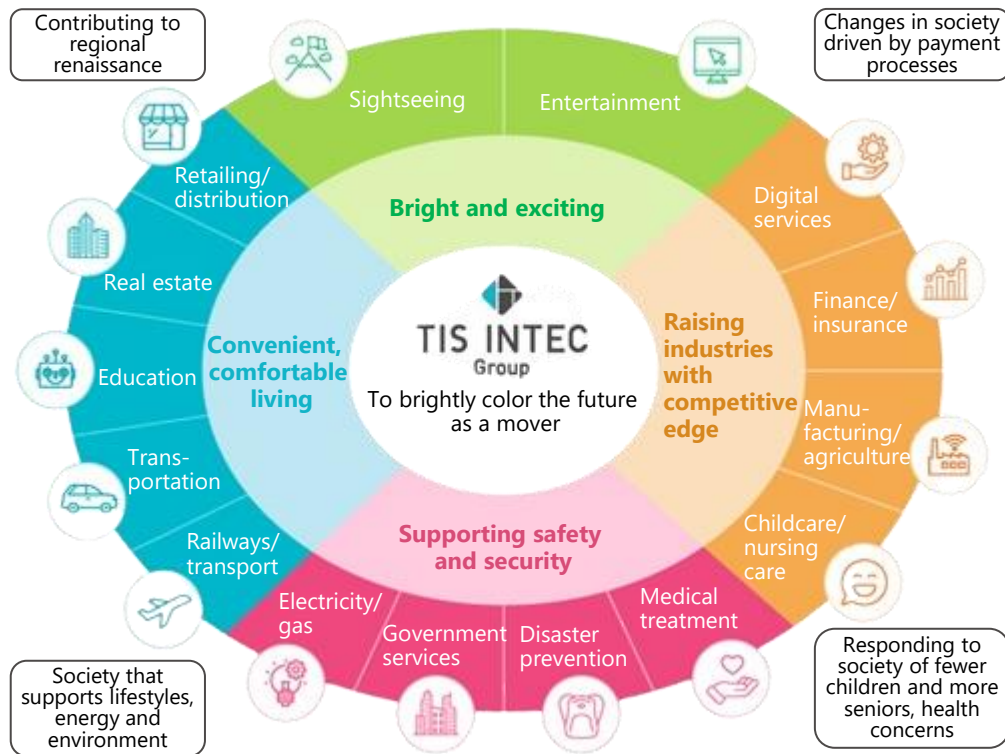


Medium-Term Management Plan Activities (Topics)

DX Business Strategy

• As a partner keen to raise corporate value of client companies in various industry sectors, the Group has steadily built a track record of results using reliable implementation capabilities ranging from DX strategy proposals to system configuration to help clients deliver solutions to social issues.

Seek happiness for people in a sustainable future society



Fiscal 2022 Topics

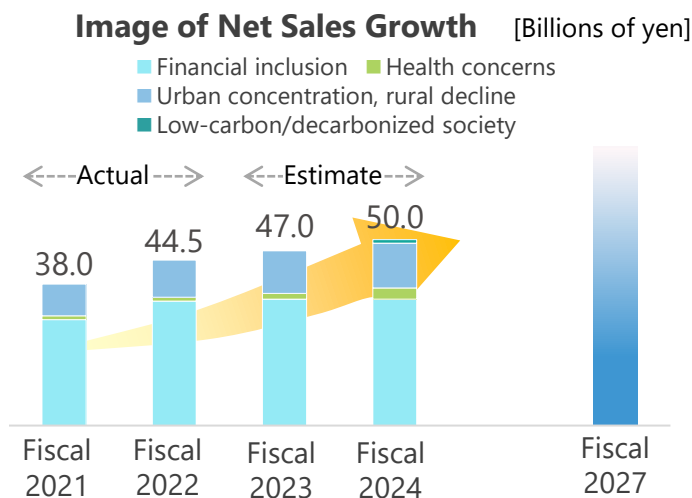
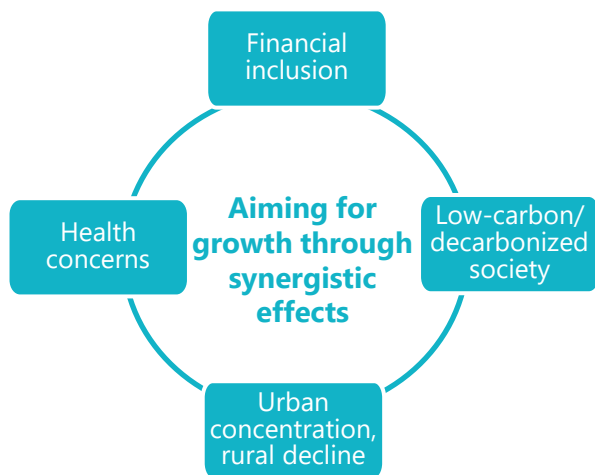
- **DX on RoboticBase**
 - Platform integrating and controlling multiple robots that will be introduced at Tokyo Midtown Yaesu.
- **PAYCIERGE: Community wallet**
 - Linked Aizu Wallet with smartphone payment service J-Coin Pay
- **MaaS platform**
 - Okinawa MaaS and CCC Marketing Group collaboration
 - Use of transportation-based e-ticket service in Northern Kanto and Tohoku areas
- **IoT platform for Local Government**
 - Accelerated regional DX aimed at creating digital Denentoshi
- **Healthcare platform**
 - Launched SustainaCare, a personalized healthcare program to achieve strategic healthcare investment
- **Decarbonization solution (VPP platform)**
 - Announced Carbony decarbonization solution brand
- **XR Campas**
 - Opened virtual space event using XR technology

Promote stronger DX consulting expertise

(Staffing level expanded from 250 to 300 people in fiscal 2021, with goal to exceed 500 people by fiscal 2024. Expansion results on track)

Medium-Term Management Plan Activities (Topics) Offering Services Business Strategy—Societal issue solution services

• Progress favorable toward goal of ¥50 billion in net sales by fiscal 2024.



Relationship between societal issue solution services and segments

- Financial inclusion (payment) and health concerns are covered by Offering Services segment
- Cities and rural districts are at core of Regional IT Solutions segment

Key Offering Services

Sales
(Fiscal 2021 – Fiscal2022)

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 	<p>¥28.5 billion → ¥33.5 billion</p>
Societal Issue Solution Service*1	<ul style="list-style-type: none"> • Launched SustainaCare, a personalized healthcare program to achieve strategic healthcare investment • Began providing DX on Robotic Base to realize DX using robotics. 	<p>¥38.0 billion → ¥44.5 billion</p>

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

Activities Under Medium-Term Management Plan (Topics) Offering Service Business Strategy –Payment Business–

- Against backdrop of continuing expansion of payment market, will accelerate activities and expand scale of operations, including start of new services.
→ Progressing well toward target of ¥34 billion in sales in fiscal 2024.

Financial Inclusion

Fiscal 2022 Topics

Core areas (CreditSaaS, DebitSaaS, PrepaidSaaS)

- CreditSaaS**... On track to complete service in first half of fiscal 2023
Sales activities continue to attract second user and more
- DebitSaaS**... Favorable expansion in transactions among participating banks
(up 123% year on year)
- PrepaidSaaS**... ULTRA, which provides international branded prepaid payment settlement services, turned into consolidated subsidiary

Front areas (Wallet)

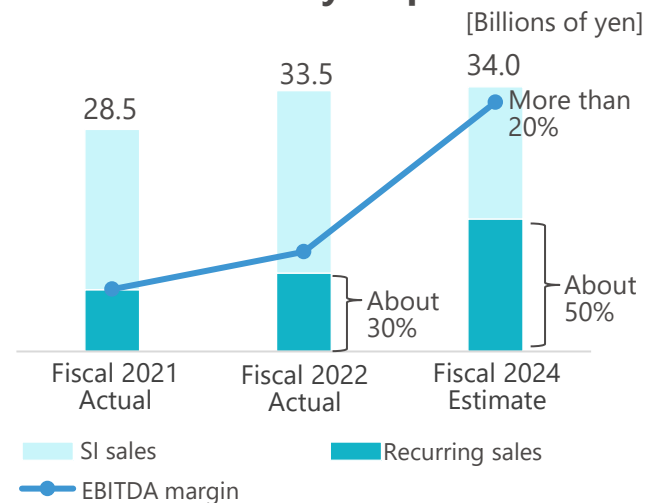
- Secured new orders for wallet service and currently working on introduction and development

Beyond Payment

- Began offering smart key service through joint efforts with other companies
- Used MaaS development (SatsuNavi) as leverage to elevate initiatives for Sapporo Smart City
- Ran verification trials on Japan's first two-tiered local digital currency platform (in Aizuwakamatsu and Kesenuma)



Payment-related business scale for service-style operations



Priority Theme in fiscal 2023

- CreditSaaS service completion and stable operation
- Explore operating scheme aimed at launching embedded finance business
- Accelerate digital currency activities

Activities Under Medium-Term Management Plan (Topics)

Global Business Strategy

- Given prolonged effects of COVID-19 pandemic and challenges for cross-border businesses, focus on creating synergies among overseas subsidiaries and with portfolio companies. Global business scale expanding well.

Fiscal 2022 Activities

Capital and business ties with technology partners

- (CN) Top-class blockchain technology company in China "Hangzhou Qulian Technology (HyperChain) "
- (CN) Start-up with wireless sensing AIoT technology "Miaomi Technology "
- (SG) Provides trade financing using blockchain technology "Contour"
- (SG) Venture firm developing space-based quantum systems for delivery of secure encryption keys "SpeQtral"

Growth of existing business in ASEAN region

- (TH) Joint orders through MFEC and I AM Consulting on large projects to introduce SAP into state-run Electricity Generating Authority of Thailand
- (TH) Linked J Ventures cryptocurrency JFIN Coin and point system of BTS, Bangkok's largest train operator
- (TH) Expanded service to Grab Driver, using base of Jaymart Group, the parent company of J Ventures
- (ID) Tech company Aino, which provides transportation payment solutions, signed strategic alliance agreement with Grab to integrate Grab service and JakLingko, an intermodal payment system for public transportation operators

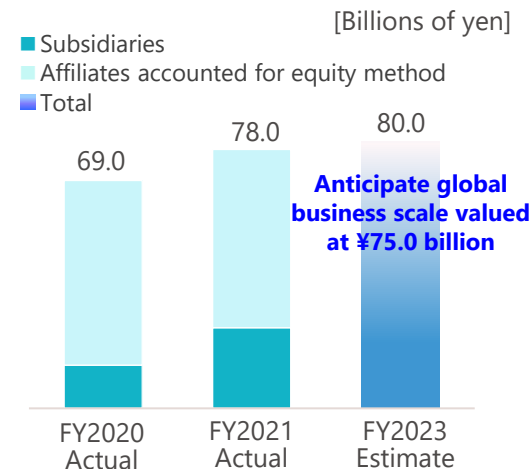
Strengthening human resources base for global business

- (CN) Support for start-up development program at Tsinghua University, a top-class post-secondary institution in Asia
- (TH) Set up MFEC Venture Lab, specializing in new business, to develop entrepreneurs

Priority Theme in fiscal 2023

- Value chain expansion: Reinforce upstream consulting capabilities
- New market cultivation: Explore new markets, building on presence in China and ASEAN region
- Acquire new technologies: Strengthen sourcing and promote localization

Global Business Scale



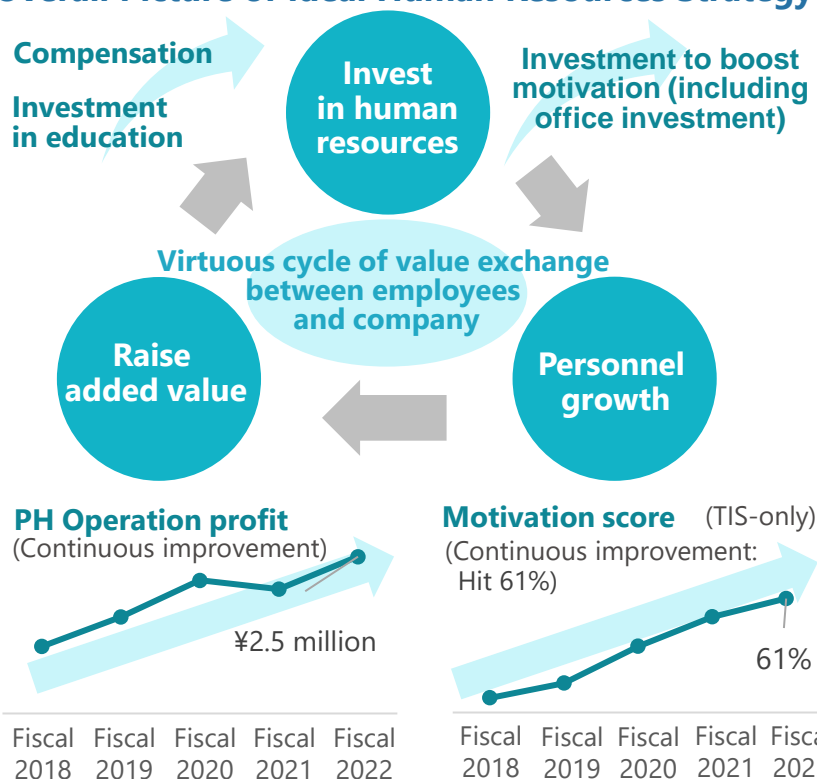
Global business scale:
Subsidiaries (consolidated and nonconsolidated)
+ Affiliates accounted for by equity method

Activities Under Medium-Term Management Plan (Topics)

Human Resources Strategy

- Pushed ahead on various strategies seeking to promote growth and improve added value by investing in human resources.
- Going forward, will strive for further improvement in added value and bolster leading human resources investment

Overall Picture of Ideal Human Resources Strategy



Activities and Results in Priority Areas



Sharpen/enhance skills of human resources

- Expanded DX consultant pool to 300 as planned
- Developed, strengthened skills of IT architects, project managers and others

Personnel DX

- Promoted talent management throughout Group
- Use data to help shape careers, ensure best assignment

Diversity & Inclusion

- Obtained White 500 status for four consecutive years for health management
- Continuous awareness activities, including Diversity & Inclusion training

Sustainable engagement

- Motivation score rose from 56% last year to 61%

Strengthen HRBP system

Bolster leading human resources investment to further improve added value

(Increase of ¥1.2 billion in fiscal 2023 over fiscal 2022 *1)

*1 Increase of ¥1 billion for enhanced employee benefits, ¥200 million in investment in education

Priority Themes in Fiscal 2023

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

Activities Under Medium-Term Management Plan (Topics)

Strategy to Raise Level of Management Capabilities –Promoting sustainability management and ESG–

- Drafted human rights policy and taxation policy, looking to contribute to sustainable society and realize higher corporate value.
- Aim for higher level of corporate governance and highly transparent information disclosure befitting a company listed on Prime Market.

Environment

Contribute to decarbonized society and recycling society

Activities in Fiscal 2022

- Obtained SBTi certification (June 2021), captured CDP-B score
- Committed to TCFD, disclosed information based on recommendation (January 2022)
- Encouraged use of renewable energy

Priority Theme in Fiscal 2023

- Explored further reduction of GHG emissions and obtaining various certifications
- Began looking into water and waste management

Social

Sustainable improvement in stakeholder engagement

Activities in Fiscal 2022

- Implemented human rights due diligence in line with Group human rights policy (Plan to disclose results of risk evaluation in first half of 2022)
- Promote diversity, elevate engagement inside and outside the company

Priority Theme in Fiscal 2023

- Strengthen and enhance management practices to address latent human rights risk
- Update human resources strategy and investment level matched to human capital management

Governance

Constantly pursue level of corporate governance that elicits greater trust from society

Activities in Fiscal 2022

- Responded to revised Corporate Governance Code and prepared disclosure document (Revised December 2021)
- Drafted Group Taxation Policy (Disclosed April 2022)
- Streamlined strategic shareholdings (Total disposal: 8 issues; partial disposal: 1 issue; reduced ¥7.5 billion)

Priority Theme in Fiscal 2023

- Lift management and governance practices to higher level

Status on Progress toward Medium-Term Management Plan KPI

	Fiscal 2021 Actual	Fiscal 2022 Actual	Fiscal 2024 Estimate
Sustainable improvement in stakeholder engagement			
Motivation level	51%	56%	62%
Client/service satisfaction	53%	60%	60%
Business partner satisfaction	-	69%	81%

Medium-Term Management Plan Activities (Topics)

Financial Investment Strategy-1

- Robust prior investment, in line with estimate, to reinforce in-house capabilities. Stance on M&A-oriented investment (capital contribution) calls for vigorous activity while carefully watching the situation, taking into account changes in economic environment.
- Still earmarking investment of about ¥100 billion but will be flexible, revising allocation as conditions warrant.

[Billions of yen]		Medium-term management plan (Three-year cumulative total)	Fiscal 2022 Actual	Fiscal 2023 Estimate (*Rough calculation)
Reinforce in-house capabilities	Software investment to create new services	10.0	5.7	3.0
	Investment in human resources to fuel structural transformation	8.0	2.0	2.5
	Investment in R&D to acquire advanced technologies	12.0	2.7	3.5
Subtotal		30.0	10.6	9.0
		+		
M&A (Capital contribution)		70.0	2.4	Undecided
Total		100.0	13.0	-

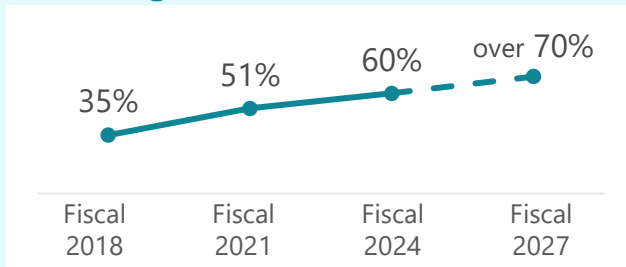
Medium-Term Management Plan Activities (Topics)

Financial Investment Strategy-2

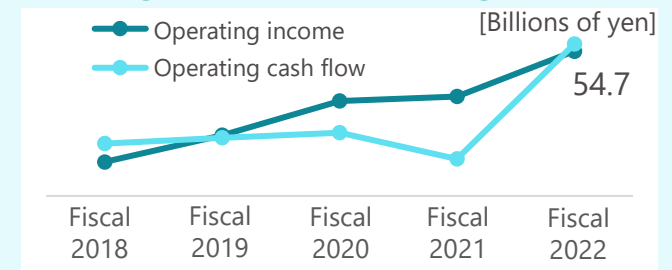
- Implemented treasury stock buyback seeking capital optimization, based on changes in management quality paralleling progress in structural transformation.

Profit growth and heightened ability to generate stable cash flow fueled by progress in investment-based structural transformation

Strategic Domain Ratio



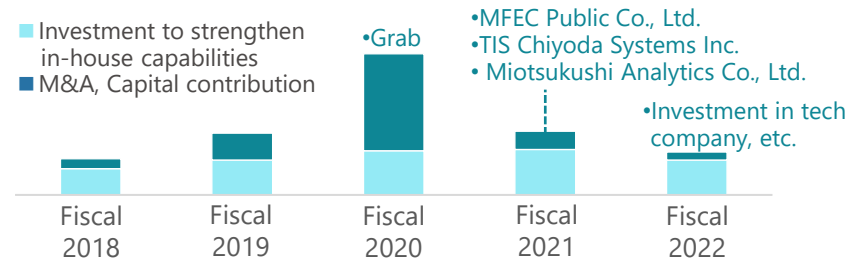
Operating Income, Operating Cash Flow



Investment Strategy

Progress in structural transformation through enhanced investment

- Maintained M&A activity to grow strategic domains
- Continued to reinforce software development and R&D capabilities
- Enhanced investment in human resources, including compensation and education



Financial Strategy

Profit growth and heightened ability to generate cash flow, paralleling growth in strategic domains

Promote capital optimization based on solid management platform
Execute treasury stock buyback worth about ¥24.5 billion to complement regular return to shareholders

Return to shareholders
Acquired treasury shares
¥5.5 billion

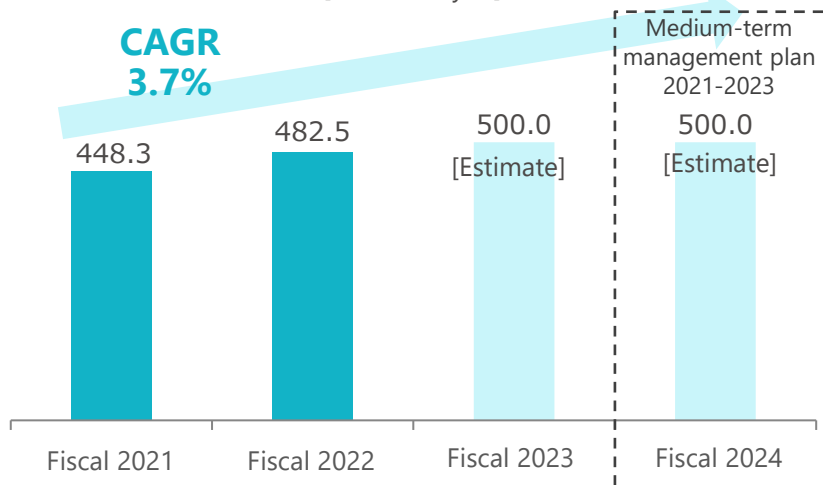
+

Capital optimization
Acquired treasury shares
¥24.5 billion

Numerical Targets

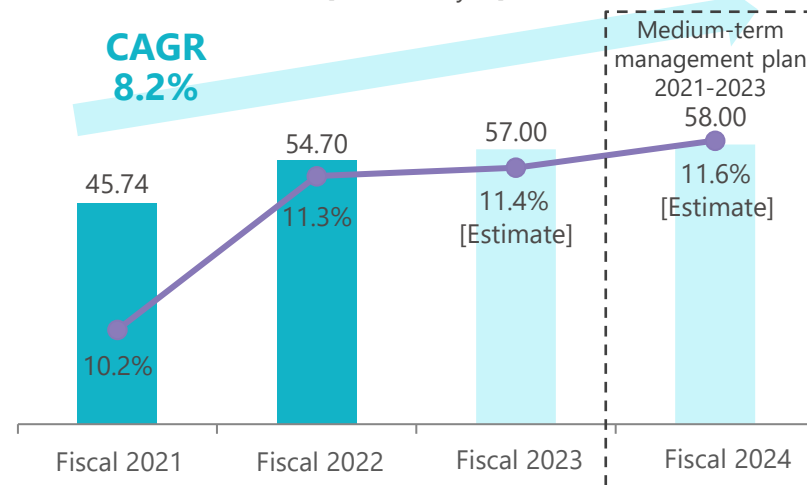
Net Sales

[Billions of yen]



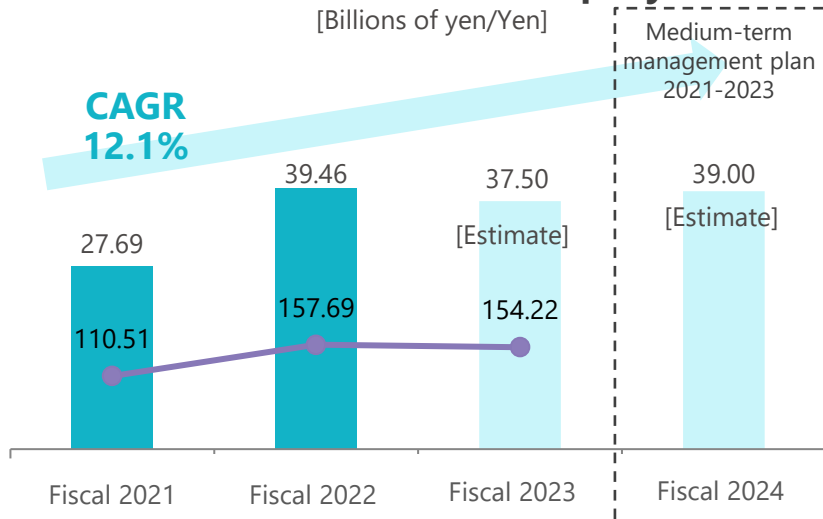
Operating Income/Operating Margin

[Billions of yen]

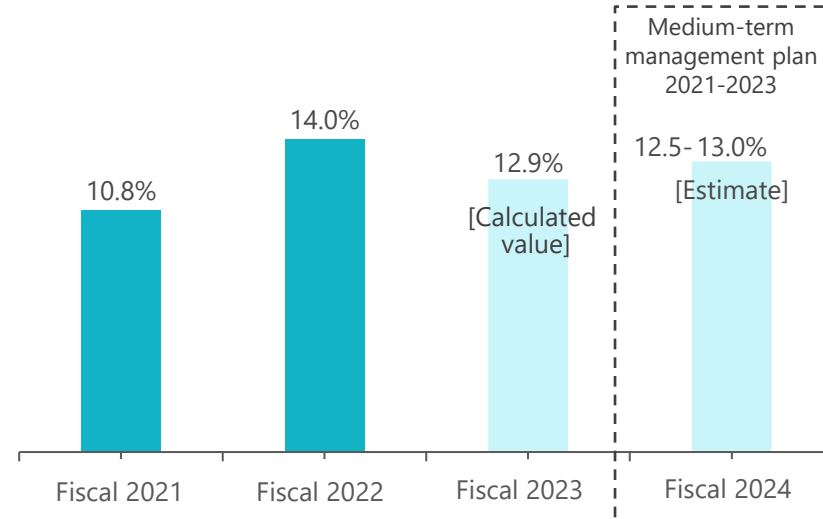


Net Income Attributable to Owners of the Parent Company/EPS

[Billions of yen/Yen]



ROE



Seeking to Raise Corporate Value

April 2008 : IT Holdings Corporation (ITHD) was created through the management integration. New independent, leading company on the IT services scene

July 2016: Transition to TIS INTEC Group, with an operating holding company

December 2009
SORUN Corporation
Joined the ITHD group.

April 2011
ITHD orchestrated a three company merger involving TIS, SORUN and UFIT Co., Ltd., with TIS as the surviving company.

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

October 2020
MFEC Public Company Limited (Thailand) under consolidation.



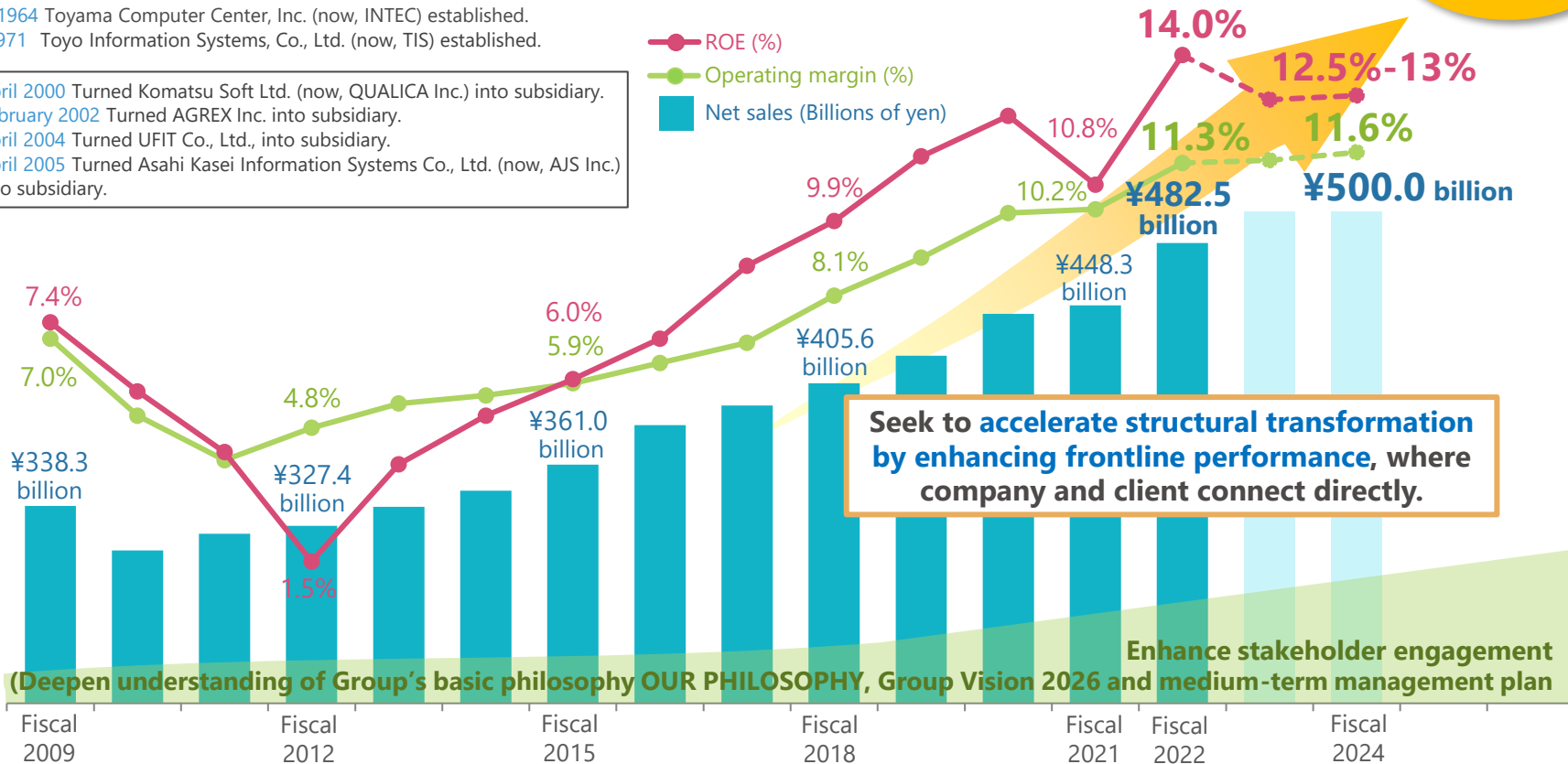
- January 1964 Toyama Computer Center, Inc. (now, INTEC) established.
- April 1971 Toyo Information Systems, Co., Ltd. (now, TIS) established.

- April 2000 Turned Komatsu Soft Ltd. (now, QUALICA Inc.) into subsidiary.
- February 2002 Turned AGREX Inc. into subsidiary.
- April 2004 Turned UFIT Co., Ltd., into subsidiary.
- April 2005 Turned Asahi Kasei Information Systems Co., Ltd. (now, AJS Inc.) into subsidiary.

ROE (%)

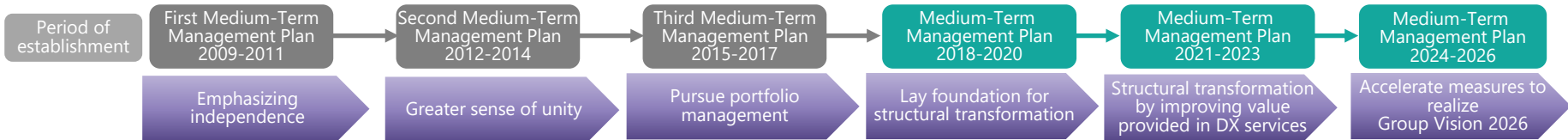
Operating margin (%)

Net sales (Billions of yen)



Seek to accelerate structural transformation by enhancing frontline performance, where company and client connect directly.

Enhance stakeholder engagement
(Deepen understanding of Group's basic philosophy OUR PHILOSOPHY, Group Vision 2026 and medium-term management plan)



Fiscal 2022: Financial Highlights

Fiscal 2023: Performance Forecast

Return to Shareholders

Progress on Medium-Term Management Plan(2021-2023)

Reference Materials

Fiscal 2023 First Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]	Fiscal 2022 First half*	Fiscal 2023 First half estimate	YOY change		
Net Sales	234,332	240,000	+5,668	[+2.4%]	
Operating Income	23,866	25,000	+1,134	[+4.8%]	
Operating Margin	10.2%	10.4%	+0.2P	-	
Net Income Attributable to Owners of the Parent Company	15,521	16,500	+979	[+6.3%]	
Net Income to Net Sales Ratio	6.6%	6.9%	+0.3P	-	
Key Business Segments					
Offering Service Business	Net Sales	49,786	50,500	+714	[+1.4%]
	Operating Income	2,158	2,200	+42	[+1.9%]
	Operating Margin	4.3%	4.4%	+0.1P	-
Business Process Management	Net Sales	21,230	21,900	+670	[+3.2%]
	Operating Income	2,225	2,300	+75	[+3.4%]
	Operating Margin	10.5%	10.5%	±0.0P	-
Financial IT Business	Net Sales	44,342	47,000	+2,658	[+6.0%]
	Operating Income	5,916	6,300	+384	[+6.5%]
	Operating Margin	13.3%	13.4%	+0.1P	-
Industrial IT Business	Net Sales	51,959	54,000	+2,041	[+3.9%]
	Operating Income	5,934	7,000	+1,066	[+18.0%]
	Operating Margin	11.4%	13.0%	+1.6P	-
Regional IT Solutions	Net Sales	77,529	76,000	-1,529	[-2.0%]
	Operating Income	7,144	7,400	+256	[+3.6%]
	Operating Margin	9.2%	9.7%	+0.5P	-

Fiscal 2023 Second Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]	Fiscal 2022 Second half*	Fiscal 2023 Second half estimate	YOY change		
Net Sales	248,215	260,000	+11,785	[+4.7%]	
Operating Income	30,873	32,000	+1,127	[+3.7%]	
Operating Margin	12.4%	12.3%	-0.1P	-	
Net Income Attributable to Owners of the Parent Company	23,941	21,000	-2,941	[-12.3%]	
Net Income to Net Sales Ratio	9.6%	8.1%	-1.5P	-	
Key Business Segments					
Offering Service Business	Net Sales	53,380	55,800	+2,420	[+4.5%]
	Operating Income	2,534	3,900	+1,366	[+53.9%]
	Operating Margin	4.7%	7.0%	+2.3P	-
Business Process Management	Net Sales	21,720	23,000	+1,280	[+5.9%]
	Operating Income	2,766	2,950	+184	[+6.7%]
	Operating Margin	12.7%	12.8%	+0.1P	-
Financial IT Business	Net Sales	47,308	48,700	+1,392	[+2.9%]
	Operating Income	6,438	6,700	+262	[+4.1%]
	Operating Margin	13.6%	13.8%	+0.2P	-
Industrial IT Business	Net Sales	56,792	56,700	-92	[-0.2%]
	Operating Income	9,421	8,900	-521	[-5.5%]
	Operating Margin	16.6%	15.7%	-0.9P	-
Regional IT Solutions	Net Sales	78,702	82,500	+3,798	[+4.8%]
	Operating Income	9,347	9,800	+453	[+4.8%]
	Operating Margin	11.9%	11.9%	±0.0P	-

*Figures for fiscal 2022 have been restated under new segment classification.

Segment Restructuring: Fiscal 2022 Results under New Segment Structure—Net sales, Operating income

Net Sales and Operating Income

[Millions of yen]

Old Segment	Fiscal 2022
Net Sales	482,547
Service IT Business	155,104
BPO	36,617
Financial IT Business	124,937
Industrial IT Business	191,232
Other	8,889
Intersegment Elimination (deduction)	-34,233
Operating Income	54,739
Service IT Business	11,095
BPO	3,453
Financial IT Business	16,765
Industrial IT Business	22,959
Other	850
Intersegment Elimination (deduction)	-384



[Millions of yen]

New Segment	Fiscal 2022
Net Sales	482,547
Offering Service Business	103,167
Business Process Management	42,951
Financial IT Business	91,651
Industrial IT Business	108,751
Regional IT Solutions	156,231
Other	6,369
Intersegment Elimination (deduction)	-26,576
Operating income	54,739
Offering Service Business	4,692
Business Process Management	4,991
Financial IT Business	12,355
Industrial IT Business	15,356
Regional IT Solutions	16,492
Other	770
Intersegment Elimination (deduction)	79

*Restated under new segment classification.

Segment Restructuring: Fiscal 2022 Results under New Segment Structure—Order Status (Total)

Order Volume and Backlog (Total)

[Millions of yen]

Old Segment	Fiscal 2022
Net Sales	493,755
Service IT Business	151,526
BPO	34,519
Financial IT Business	125,419
Industrial IT Business	182,289
Order backlog	161,453
Service IT Business	53,555
BPO	-
Financial IT Business	49,117
Industrial IT Business	58,780



[Millions of yen]

New Segment	Fiscal 2022
Net Sales	495,291
Offering Service Business	96,020
Business Process Management	41,900
Financial IT Business	90,665
Industrial IT Business	114,269
Regional IT Solutions	152,435
Order backlog	161,453
Offering Service Business	30,780
Business Process Management	8,503
Financial IT Business	39,390
Industrial IT Business	37,865
Regional IT Solutions	44,914

*Following segment restructuring, some transactions included under Other were transferred to Regional IT Solutions, causing a discrepancy in numbers before and after the change.

Segment Restructuring: Fiscal 2022 Results under New Segment Structure—Order Status (Software Development)

Order Volume and Backlog (Software Development)

[Millions of yen]

Old Segment	Fiscal 2022
Net Sales	271,350
Service IT Business	64,248
BPO	-
Financial IT Business	78,349
Industrial IT Business	128,752
Order backlog	94,016
Service IT Business	22,447
BPO	-
Financial IT Business	30,559
Industrial IT Business	41,009



[Millions of yen]

New Segment	Fiscal 2022
Net Sales	271,350
Offering Service Business	46,950
Business Process Management	18,579
Financial IT Business	48,576
Industrial IT Business	76,999
Regional IT Solutions	80,243
Order backlog	94,016
Offering Service Business	15,993
Business Process Management	8,503
Financial IT Business	21,878
Industrial IT Business	24,139
Regional IT Solutions	23,502

*Restated under new segment classification.

Segment Restructuring: New Segment Base—Fiscal 2024 Estimates Net sales, Operating income

New reporting segment growth strategies

Offering Service Business	<ul style="list-style-type: none"> • Growth in payment business, hinging on CreditSaaS, conversion from SI to recurring business and improved profitability • Growth based on payment x digital marketing and healthcare synergies, and higher added value through vertical integration with cloud and security platforms
Business Process Management	<ul style="list-style-type: none"> • Higher added value beyond simple outsourcing, driven by digitization of business processes • Explore demand in industries such as insurance and securities
Financial IT Business	<ul style="list-style-type: none"> • Respond to IT demand from core clients, especially credit card sector, and improve value provided through DX services • Establish different revenue models based on co-creation with clients
Industrial IT Business	<ul style="list-style-type: none"> • Respond to IT demand from core clients and improve value provided through DX services • Explore demand in industries based on lateral application of insights into processing- and assembly-based manufacturing, and establish different revenue models based on co-creation with clients
Regional IT Solutions	<ul style="list-style-type: none"> • Collect business insights through close ties with clients, turn into solutions and leverage lateral expansion • Reinforce user organization support solutions and expand share of solutions that are rolled out nationwide

Old reporting segment

Fiscal 2024 Estimate

Service IT Business	Net Sales	¥165.0 billion
	Operating Income	¥17.0 billion
	Operating Margin	10.3%
BPO	Net Sales	¥38.5 billion
	Operating Income	¥3.5 billion
	Operating Margin	9.1%
Financial IT Business	Net Sales	¥125.0 billion
	Operating Income	¥17.5 billion
	Operating Margin	14.0%
Industrial IT Business	Net Sales	¥202.5 billion
	Operating Income	¥21.0 billion
	Operating Margin	10.4%



New reporting segment

Fiscal 2024 Estimate

Offering Service Business	Net Sales	¥108.5 billion
	Operating Income	¥9.5 billion
	Operating Margin	8.8%
Business Process Management	Net Sales	¥45.5 billion
	Operating Income	¥4.8 billion
	Operating Margin	10.6%
Financial IT Business	Net Sales	¥96.0 billion
	Operating Income	¥13.0 billion
	Operating Margin	13.5%
Industrial IT Business	Net Sales	¥109.0 billion
	Operating Income	¥14.0 billion
	Operating Margin	12.8%
Regional IT Solutions	Net Sales	¥160.0 billion
	Operating Income	¥18.0 billion
	Operating Margin	11.2%

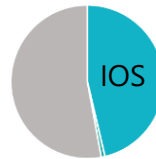
Business Models by Segment

Offering Service Business

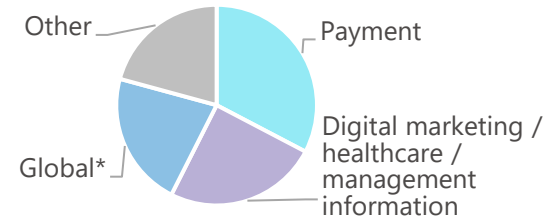
Definition

Strategic domain

Configures services **through own investment** based on **best practices** accumulated groupwide and provides **knowledge-intensive IT services**



Supplementary: Picture of Offering Services Business Composition



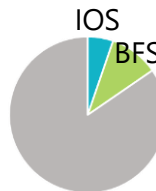
*Some aspects included in other segments

Business Process Management

Definition

Strategic domain

Addresses issues related to business processes with IT technology, business know-how and skilled human resources to provide **more sophisticated, more efficient outsourcing services**

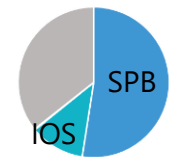


Industrial IT Business

Definition

Strategic domain

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

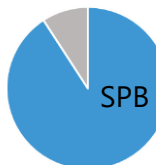


Financial IT Business

Definition

Strategic domain

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

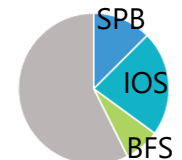


Regional IT Solutions

Definition

Strategic domain

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



Strategic Domains Repost: Picture of Desired Status and Promotion Measures (Creation, Transformation, Expansion)

1. 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

Desired Status

Building strong business partnerships to help clients expand operations by jointly exploring business strategies and identifying and solving business-related concerns

Promotion Measures

- Help solve clients' management concerns through hypotheses and proposals
- Demonstrate composite strengths of Group; utilize advanced technologies and forte products
- Build closer client connections at each level, hinging on management class
- Launch joint projects with business partners

3. 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.

Desired Status

Complementing IT Offering Service with new businesses to enhance efficiency, mainly through automation, and providing high-value-added services to clients

Promotion Measures

- Take on responsibility for clients' value chain and contribute to business expansion
- Escape from labor-intensive business through greater use of machines and automation
- Add business services to Group's IT Offering Service
- Utilize and provide access to Group's market channels

2. 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.

Desired Status

Allowing TIS INTEC Group strengths to blossom under IT Offering Service banner; switch from labor-intensive style to non-price competition, knowledge-intensive style

Promotion Measures

- Establish schemes/systems emphasizing speed
- Build eco-systems in cooperation with business partners
- Utilize and provide access to Group's marketing channels

4. 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.

Desired Status

Creating new markets that become pillars of business for the Group

Promotion Measures

- Team up with clients to pursue new business opportunities
- Demonstrate innovation through creative alliances with business partners
- Encourage business creation using business ideas of individuals

Make society's wishes come true through IT.



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