



Financial Results for the Fiscal Year Ended March 31, 2023

May 9, 2023

TIS Inc.

Highlights

Fiscal 2023: Financial Highlights

- Higher sales and higher income year on year. Hit performance targets even after upward revisions during fiscal year.
As a result, achieved key KPIs stated in medium-term management plan a year ahead of schedule.
- Driven by improvement in gross profit margin, operating income margin moved into 12% range.
- Order volume and backlog hit record highs.

Fiscal 2024: Performance Forecast

- Expect to absorb higher costs due to robust prior investment, including investment in human resources, and achieve higher sales and higher income.

Return to Shareholders

- Paralleling business growth exceeding estimates for fiscal 2023, year-end dividend will be raised by ¥3.
- In fiscal 2024, TIS will implement return to shareholders in line with total return ratio yardstick of 45%, and increase dividend by ¥3. (With annual dividend at ¥53 per share, treasury stock buyback could total ¥6.2 billion.)

Fiscal 2023: Financial Highlights

Fiscal 2024: 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. (excluding page 12 and 15)
- Segment categories have changed, paralleling application of a new management approach, as of fiscal 2023, beginning April 1, 2022. Figures for fiscal 2022, ended March 31, 2022, have been restated to reflect the new segment structure.

Fiscal 2023: Financial Highlights

Fiscal 2024: Performance Forecast

Return to Shareholders

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

Reference Materials

Fiscal 2023: Performance Highlights (YOY change)

- Higher sales and higher income, thanks to business expansion through accurate responses to clients' IT investment needs, including demand for digital transformation.
- Continued to achieve strong profit growth ratio, with operating income margin landing in 12% range for first time on full-year basis.

[Millions of yen]	Fiscal 2022	Fiscal 2023	YOY change	
Net Sales	482,547	508,400	+25,853	[+5.4]
Operating Income	54,739	62,328	+7,589	[+13.9%]
Operating Margin	11.3%	12.3%	+1.0P	-
Net Income Attributable to Owners of the Parent Company	39,462	55,461	+15,999	[+40.5%]
Net Income to Net Sales Ratio	8.2%	10.9%	+2.7P	-
Net Income per Share [Yen]	157.69	227.11	+69.42	[+44.0%]
ROE	14.0%	18.8%	+4.8P	-

- Non-operating income: ¥2,488 million
(YOY change -¥84 million)

→ Dividend income: ¥779 million, etc.

- Non-operating expenses: ¥1,612 million
(YOY change +¥11 million)

→ Equity in losses of affiliates: ¥1,088 million, etc.

- Extraordinary income: ¥22,040 million
(YOY change +¥10,747 million)

→ Gain on sales of investment securities: ¥19,201 million
Gain on sales of shares of subsidiaries: ¥2,774 million, etc.

- Extraordinary loss: ¥3,752 million
(YOY change -¥1,769 million)

→ Loss on valuation of investments in capital ¥1,121 million
Impairment loss ¥969 million, etc.

Fiscal 2023: Performance Highlights (Compared with estimate)

• All figures exceeded revised estimates disclosed during the fiscal year under review.

[Millions of yen]	Fiscal 2023 estimate *	Fiscal 2023 actual	Compared with estimate	
Net Sales	505,000	508,400	+3,400	[+0.7%]
Operating Income	59,000	62,328	+3,328	[+5.6%]
Operating Margin	11.7%	12.3%	+0.6P	-
Net Income Attributable to Owners of the Parent Company	52,000	55,461	+3,461	[+6.7%]
Net Income to Net Sales Ratio	10.3%	10.9%	+0.6P	-
Net Income per Share [Yen]	213.50	227.11	+13.61	[+6.4%]
ROE	17.8%	18.8%	+1.0P	-

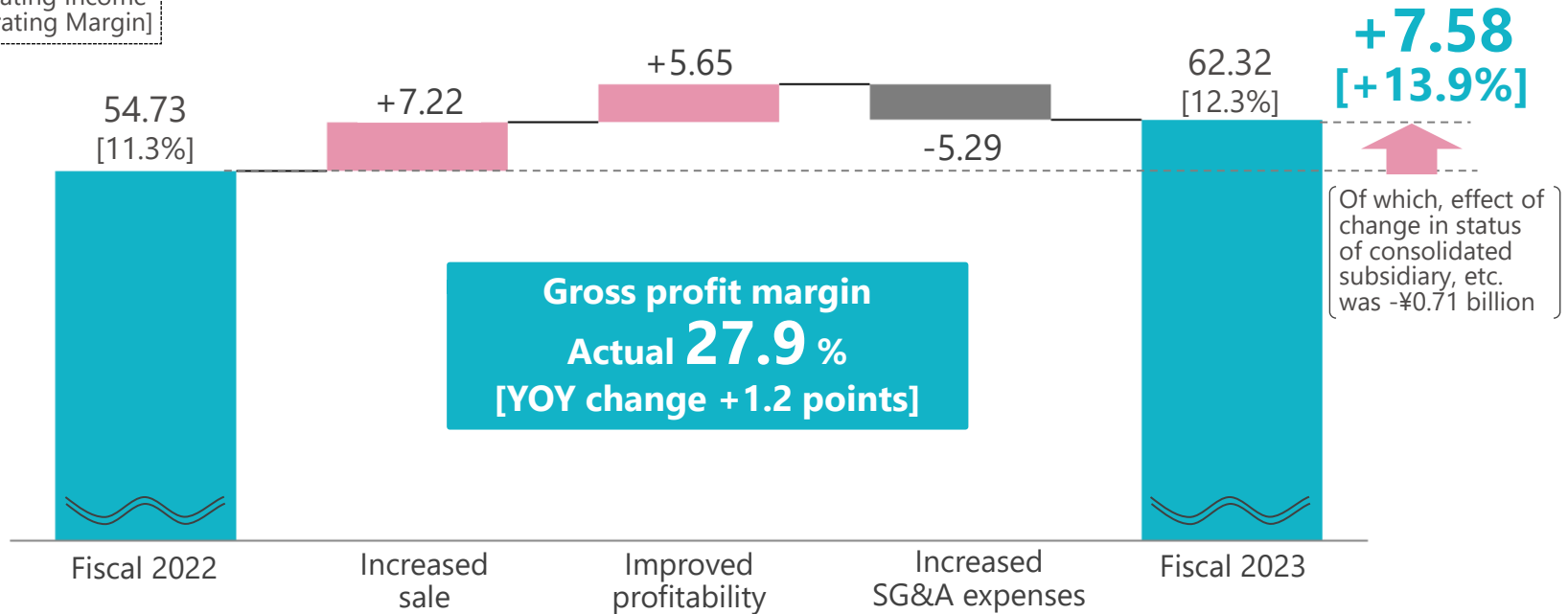
* Latest estimates announced by TIS, and ROE estimate for fiscal 2023 is a calculated value.

Fiscal 2023: Operating Income Analysis, Increase/Decrease Reasons (YOY change)

- Operating income increased, enabling TIS to cover robust prior investment. Gross profit margin rose to 27.9%.

Operating Income
[Operating Margin]

[Billions of yen]



Prior investment costs for promoting structural transformation: Up ¥1.72 billion (YOY change)

(Cost of sales: +¥1.17 billion, SG&A expenses: +¥0.54 billion)
Software investment / Investment in human resources / Investment in R&D
+

Cost of investment in human resources (additional): Up ¥5.15 billion (YOY change)

(Cost of sales : +¥2.83 billion, SG&A expenses : +¥2.32 billion)

Cost of office reform to promote new workstyles: Down ¥0.95 billion (YOY change)

(Cost of sales : -¥0.34, SG&A expenses : -¥0.61 billion)

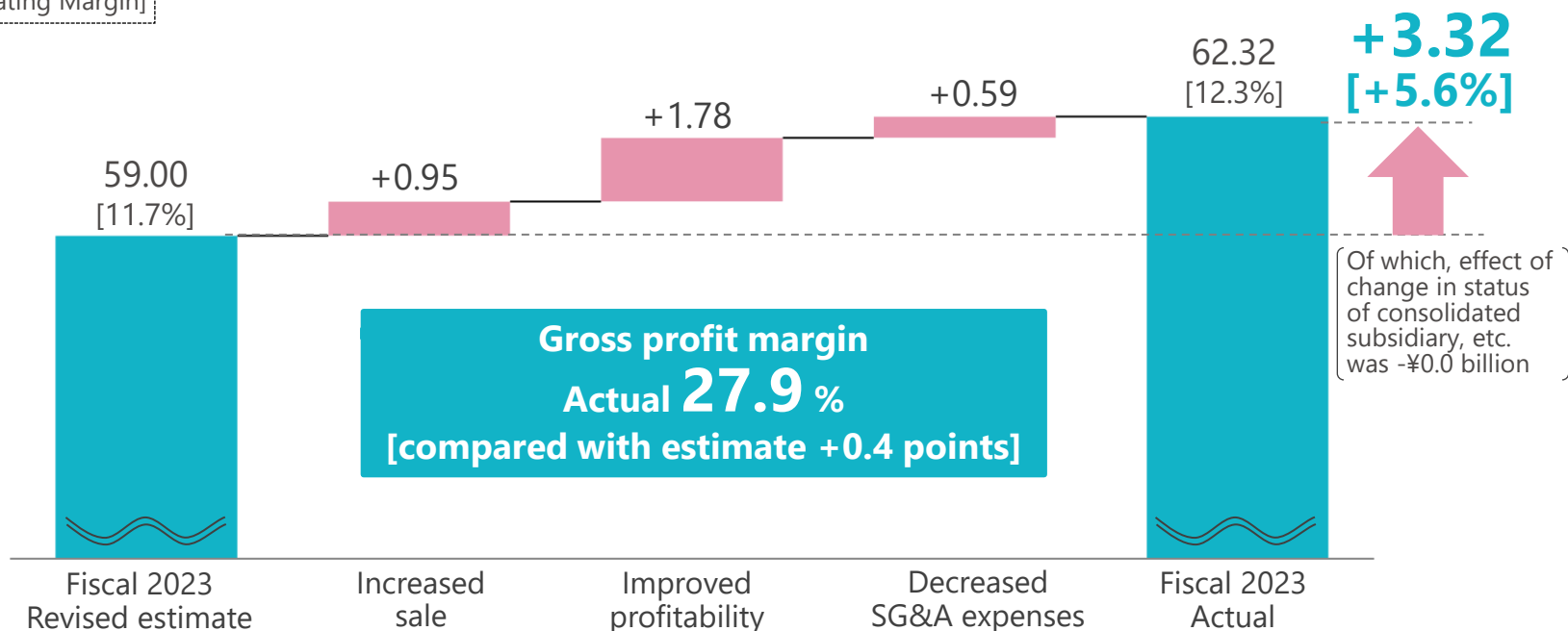
Changes in SG&A expenses

Effect of change in status of consolidated subsidiary, etc.	+0.05
Office reform	-0.61
Prior investment (includes enhanced employee benefits)	+2.87
Lower operating costs, enhanced head office functions	-0.20
Others (includes brand-related costs)	+3.17
Total	+5.29

Fiscal 2023: Operating Income Analysis, Increase/Decrease Reasons (Compared with estimate)

[Billions of yen]

Operating Income
[Operating Margin]



Prior investment costs for promoting structural transformation: Down ¥0.54 billion (compared with estimate)

(Cost of sales: -¥0.17 billion, SG&A expenses: -¥0.36 billion)
Software investment / Investment in human resources / Investment in R&D
+

**Cost of investment in human resources (additional):
Up ¥2.50 billion (compared with estimate)
(Cost of sales : +¥1.51 billion, SG&A expenses : +¥0.99 billion)**

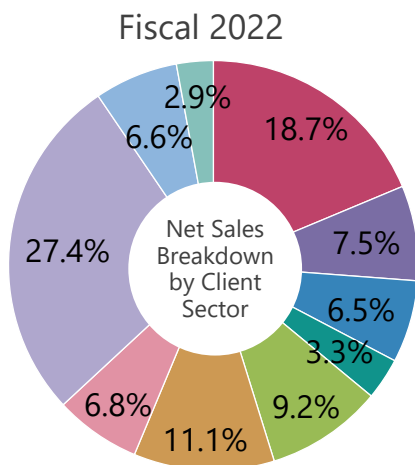
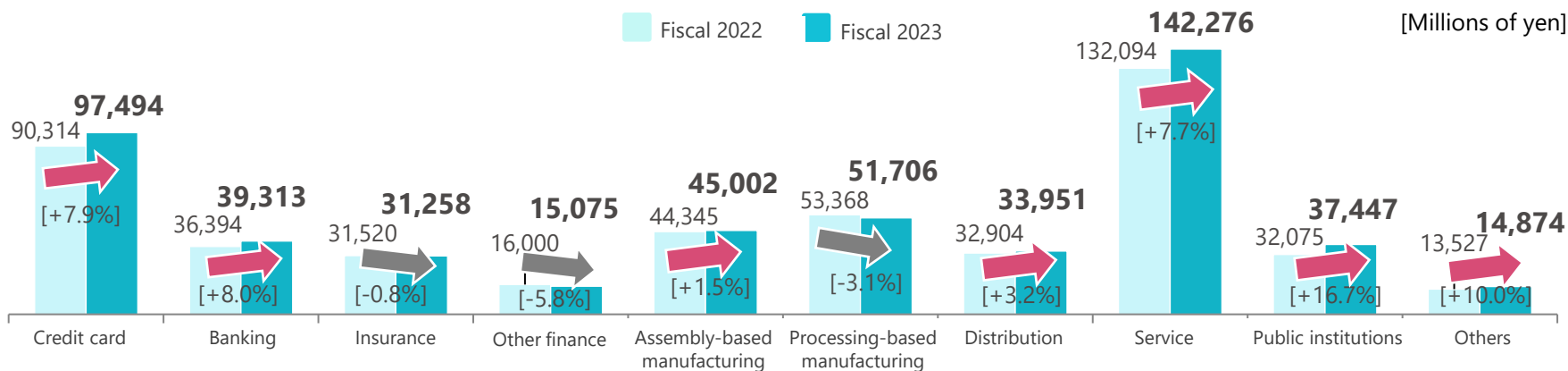
**Cost of office reform to promote new workstyles:
Down ¥0.03 billion (compared with estimate)
(Cost of sales : ±¥0.00, SG&A expenses : -¥0.03 billion)**

Changes in SG&A expenses

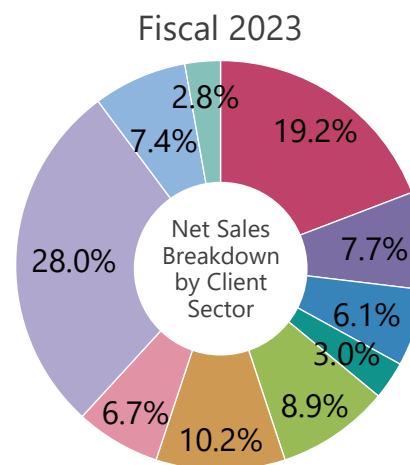
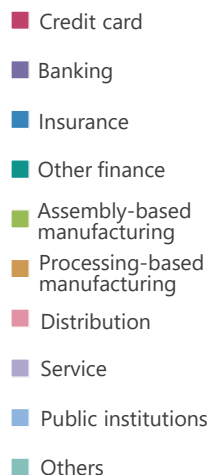
Effect of change in status of consolidated subsidiary, etc.	+0.01
Office reform	-0.03
Prior investment (includes enhanced employee benefits)	+0.62
Lower operating costs, enhanced head office functions	+0.00
Others (includes brand-related costs)	-1.21
Total	-0.59

Fiscal 2023: Sales by Client Sector

• Demand from credit card, services and public sector clients drove sales higher. Sales from processing-based manufacturing sector decreased, owing to reactionary drop reflecting exclusion of subsidiary from scope of consolidation.



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



Financial sector: 36.0% Industrial sector: 53.8%
Public sector: 7.4% Other sectors: 2.8%

Fiscal 2023: Sales and Income for Key Business Segments (YOY change)

[Millions of yen]		Fiscal 2022	Fiscal 2023	YOY change	
Offering Service Business	Net Sales	103,167	111,752	+8,585	[+8.3%]
	Operating Income	4,692	6,426	+1,733	[+36.9%]
	Operating Margin	4.5%	5.8%	+1.3P	-
Business Process Management	Net Sales	42,951	43,255	+304	[+0.7%]
	Operating Income	4,991	5,123	+131	[+2.6%]
	Operating Margin	11.6%	11.8%	+0.2P	-
Financial IT Business	Net Sales	91,651	101,184	+9,533	[+10.4%]
	Operating Income	12,355	13,896	+1,541	[+12.5%]
	Operating Margin	13.5%	13.7%	+0.2P	-
Industrial IT Business	Net Sales	108,751	113,632	+4,880	[+4.5%]
	Operating Income	15,356	16,728	+1,372	[+8.9%]
	Operating Margin	14.1%	14.7%	+0.6P	-
Regional IT Solutions	Net Sales	156,231	160,010	+3,779	[+2.4%]
	Operating Income	16,492	19,343	+2,851	[+17.3%]
	Operating Margin	10.6%	12.1%	+1.5P	-

Offering Service Business:	Overseas business contributed to sales growth. Higher sales and higher income reflect trend toward greater IT investment in payment settlement and platform systems as well as improved profitability.
Business Process Management:	Existing data entry business struggled but situation was stabilized by rising demand paralleling digital shift.
Financial IT Business:	Higher sales and higher income, thanks to wider IT investment by core clients in credit card sector as well as financial institutions in the public sector.
Industrial IT Business:	Sales and income grew, reflecting improvement in profitability, complemented by growing trend toward IT investment, especially among existing clients in manufacturing and energy sectors.
Regional IT Solutions:	Progress in solution deployment complemented by success in business activities emphasizing profitability to knock back effect of reduced scope of consolidation in first half, ultimately leading to higher sales and higher income.

Fiscal 2023: Sales and Income for Key Business Segments (Compared with estimate)

[Millions of yen]		Fiscal 2023 estimate	Fiscal 2023 actual	Compared with estimate	
Offering Service Business	Net Sales	109,000	111,752	+2,752	[+2.5%]
	Operating Income	6,000	6,426	+426	[+7.1%]
	Operating Margin	5.5%	5.8%	+0.3P	-
Business Process Management	Net Sales	44,000	43,255	-744	[-1.7%]
	Operating Income	5,300	5,123	-176	[-3.3%]
	Operating Margin	12.0%	11.8%	-0.2P	-
Financial IT Business	Net Sales	98,500	101,184	+2,684	[+2.7%]
	Operating Income	12,700	13,896	+1,196	[+9.4%]
	Operating Margin	12.9%	13.7%	+0.8P	-
Industrial IT Business	Net Sales	111,900	113,632	+1,732	[+1.5%]
	Operating Income	16,700	16,728	+28	[+0.2%]
	Operating Margin	14.9%	14.7%	-0.2P	-
Regional IT Solutions	Net Sales	158,800	160,010	+1,210	[+0.8%]
	Operating Income	18,200	19,343	+1,143	[+6.3%]
	Operating Margin	11.5%	12.1%	+0.6P	-

Offering Service Business:	Overseas business contributed to sales growth. Sales and income above estimates, thanks to trend toward greater IT investment in payment settlement and platform systems as well as improved profitability.
Business Process Management:	Digital shift spurred steady demand, but existing data entry services struggled, causing sales and income to fall below estimates.
Financial IT Business:	Sales and income above estimates, thanks to wider IT investment by core clients in credit card sector as well as public sector financial institutions.
Industrial IT Business:	Income was flat against estimate even though sales exceeded estimate. Achieved higher sales thanks to build-up of projects offsetting impact of peak in IT investments, which had been in expansion mode, especially among existing clients.
Regional IT Solutions:	Progress in solution deployment complemented by several factors, including acceleration of business activities with emphasis on profitability, pushing sales and income above estimates.

Fiscal 2023: Sales by Key Business Segment and Operating Activity

*For external clients

[Millions of yen]	Fiscal 2022	Fiscal 2023	YOY change	
Offering Service Business	91,586	99,132	+7,545	[+8.2%]
Software development	47,073	45,662	-1,411	[-3.0%]
Operating/cloud services	25,776	31,441	+5,665	[+22.0%]
Product/software sales	18,736	22,028	+3,292	[+17.6%]
Business Process Management	40,611	40,958	+347	[+0.9%]
Software development	17,290	17,855	+564	[+3.3%]
Operating/cloud services	23,320	23,103	-217	[-0.9%]
Product/software sales	-	-	-	-
Financial IT Business	90,011	99,432	+9,421	[+10.5%]
Software development	46,770	55,720	+8,949	[+19.1%]
Operating/cloud services	36,493	36,952	+459	[+1.3%]
Product/software sales	6,747	6,760	+13	[+0.2%]
Industrial IT Business	106,936	112,916	+5,980	[+5.6%]
Software development	70,135	75,294	+5,159	[+7.4%]
Operating/cloud services	23,504	24,078	+574	[+2.4%]
Product/software sales	13,296	13,543	+246	[+1.9%]
Regional IT Solutions	150,685	153,531	+2,845	[+1.9%]
Software development	78,701	79,396	+694	[+0.9%]
Operating/cloud services	50,339	54,793	+4,453	[+8.8%]
Product/software sales	21,644	19,341	-2,302	[-10.6%]

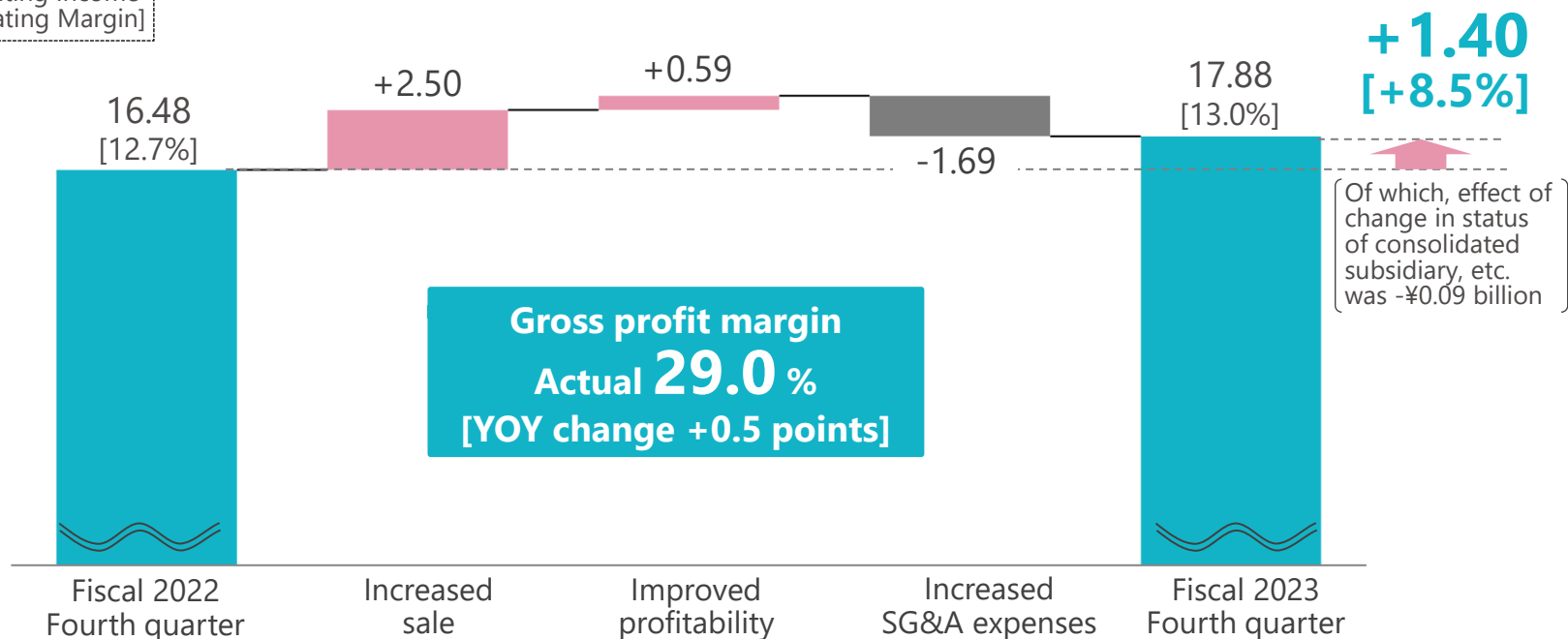
Reference: Fiscal 2023 Fourth Quarter (January-March) Sales and Income for Key Business Segments (YOY change)

[Millions of yen]	Fourth quarter of fiscal 2022	Fourth quarter of fiscal 2023	YOY change	
Net Sales	129,414	138,017	+8,603	[+6.6%]
Operating Income	16,481	17,884	+1,402	[+8.5%]
Operating Margin	12.7%	13.0%	+0.3P	-
Net Income Attributable to Owners of the Parent Company	10,047	23,303	+13,256	[+131.9%]
Net Income to Net Sales Ratio	7.8%	16.9%	+9.1P	-
Key Business Segments				
Offering Service Business	Net Sales	28,249	30,236	+1,987 [+7.0%]
	Operating Income	1,248	1,926	+678 [+54.3%]
	Operating margin	4.4%	6.4%	+2.0P -
Business Process Management	Net Sales	10,910	11,032	+121 [+1.1%]
	Operating Income	1,436	1,478	+41 [+2.9%]
	Operating margin	13.2%	13.4%	+0.2P -
Financial IT Business	Net Sales	23,811	27,105	+3,293 [+13.8%]
	Operating Income	3,223	3,988	+764 [+23.7%]
	Operating margin	13.5%	14.7%	+1.2P -
Industrial IT Business	Net Sales	29,888	31,011	+1,122 [+3.8%]
	Operating Income	4,836	4,604	-232 [-4.8%]
	Operating margin	16.2%	14.8%	-1.4P -
Regional IT Solutions	Net Sales	41,755	44,588	+2,832 [+6.8%]
	Operating Income	5,425	5,773	+348 [+6.4%]
	Operating margin	13.0%	12.9%	-0.1P -

Reference: Fiscal 2023 Fourth Quarter (January-March) Operating Income Analysis, Increase/Decrease Reasons (YOY change)

[Billions of yen]

Operating Income
[Operating Margin]



Prior investment costs for promoting structural transformation: Up ¥0.64 billion (YOY change)

(Cost of sales: +¥0.58 billion, SG&A expenses: +¥0.06 billion)
Software investment / Investment in human resources / Investment in R&D

Cost of investment in human resources (additional): Up ¥2.81 billion (YOY change)

(Cost of sales : +¥1.80 billion, SG&A expenses : +¥1.01 billion)

Cost of office reform to promote new workstyles:
Down ¥0.06 billion (YOY change)
(Cost of sales : -¥0.08, SG&A expenses : +¥0.02 billion)

Changes in SG&A expenses

Effect of change in status of consolidated subsidiary, etc.	+0.11
Office reform	+0.02
Prior investment (includes enhanced employee benefits)	+1.07
Lower operating costs, enhanced head office functions	-0.07
Others (includes brand-related costs)	+0.54
Total	+1.69

Reference: Fiscal 2023 Fourth Quarter (January-March) Sales by Key Business Segment and Operating Activity

*For external clients

[Millions of yen]	Fourth quarter of fiscal 2022	Fourth quarter of fiscal 2023	YOY change	
Offering Service Business	25,080	26,626	+1,545	[+6.2%]
Software development	12,452	11,607	-844	[-6.8%]
Operating/cloud services	6,951	8,708	+1,757	[+25.3%]
Product/software sales	5,677	6,309	+632	[+11.1%]
Business Process Management	10,369	10,453	+84	[+0.8%]
Software development	4,616	4,773	+157	[+3.4%]
Operating/cloud services	5,753	5,680	-73	[-1.3%]
Product/software sales	-	-	-	-
Financial IT Business	23,417	26,596	+3,179	[+13.6%]
Software development	12,636	15,882	+3,245	[+25.7%]
Operating/cloud services	9,455	9,238	-217	[-2.3%]
Product/software sales	1,324	1,475	+151	[+11.4%]
Industrial IT Business	29,406	30,848	+1,442	[+4.9%]
Software development	19,318	19,867	+548	[+2.8%]
Operating/cloud services	5,939	6,207	+268	[+4.5%]
Product/software sales	4,148	4,773	+624	[+15.1%]
Regional IT Solutions	40,533	42,879	+2,345	[+5.8%]
Software development	20,945	21,779	+833	[+4.0%]
Operating/cloud services	12,916	14,063	+1,147	[+8.9%]
Product/software sales	6,671	7,035	+364	[+5.5%]

Fiscal 2023: Order Status (Total)

- Solid year-on-year increases in order volume and backlog. Results driven by Financial IT Business and Regional IT Solutions.
- Decreases for Business Process Management and Industrial IT Business reflect order volume for software development.

[Millions of yen]	Fiscal 2022	Fiscal 2023	YOY change	
Orders received during Fiscal year	495,291	523,956	+28,665	[+5.8%]
Offering Service Business	96,020	100,617	+4,596	[+4.8%]
Business Process Management	41,900	39,904	-1,995	[-4.8%]
Financial IT Business	90,665	108,841	+18,176	[+20.0%]
Industrial IT Business	114,269	113,115	-1,154	[-1.0%]
Regional IT Solutions	152,435	161,477	+9,042	[+5.9%]
Order backlog at year-end	161,453	180,373	+18,919	[+11.7%]
Offering Service Business	30,780	33,199	+2,419	[+7.9%]
Business Process Management	8,503	7,449	-1,054	[-12.4%]
Financial IT Business	39,390	48,799	+9,409	[+23.9%]
Industrial IT Business	37,865	38,064	+199	[+0.5%]
Regional IT Solutions	44,914	52,861	+7,946	[+17.7%]

Fiscal 2023: Order Status (Software Development)

- Fueled by Financial IT Business, particularly several large projects handled by this segment. Regional IT Solutions capturing broad-based demand.
- Decreases for Offering Service Business and Industrial IT Business largely due to projects reaching peak demand stage.

[Millions of yen]	Fiscal 2022	Fiscal 2023	YOY change	
Orders received during Fiscal year	271,350	282,739	+11,389	[+4.2%]
Offering Service Business	46,950	42,831	-4,119	[-8.8%]
Business Process Management	18,579	16,800	-1,778	[-9.6%]
Financial IT Business	48,576	65,666	+17,089	[+35.2%]
Industrial IT Business	76,999	73,849	-3,150	[-4.1%]
Regional IT Solutions	80,243	83,591	+3,348	[+4.2%]
Order backlog at year-end	94,016	103,282	+9,265	[+9.9%]
Offering Service Business	15,993	13,616	-2,377	[-14.9%]
Business Process Management	8,503	7,449	-1,054	[-12.4%]
Financial IT Business	21,878	31,824	+9,946	[+45.5%]
Industrial IT Business	24,139	22,694	-1,444	[-6.0%]
Regional IT Solutions	23,502	27,697	+4,195	[+17.9%]

Fiscal 2023 Fourth Quarter (January-March): Order Status

Order Status (Total)

[Millions of yen]	Fourth quarter of fiscal 2022	Fourth quarter of fiscal 2023	YOY change	
Orders received during fourth quarter	167,657	179,259	+11,601	[+6.9%]
Offering Service Business	34,968	36,393	+1,424	[+4.1%]
Business Process Management	10,503	9,142	-1,361	[-13.0%]
Financial IT Business	34,588	41,102	+6,513	[+18.8%]
Industrial IT Business	37,730	38,374	+643	[+1.7%]
Regional IT Solutions	49,865	54,246	+4,380	[+8.8%]

Order Status (Software Development)

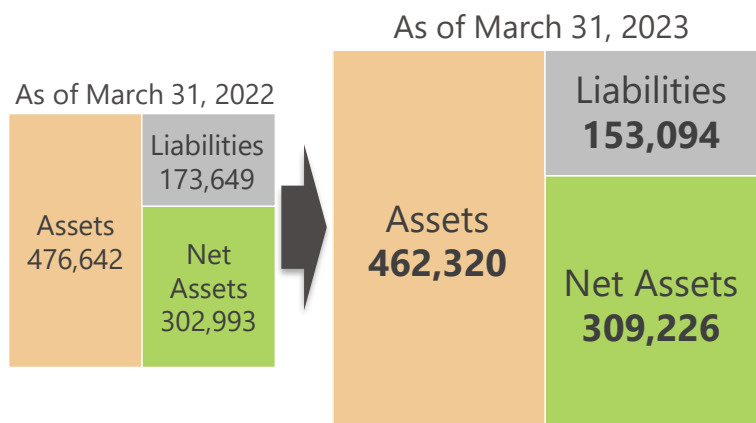
[Millions of yen]	Fourth quarter of fiscal 2022	Fourth quarter of fiscal 2023	YOY change	
Order backlog during fourth quarter	83,008	85,522	+2,513	[+3.0%]
Offering Service Business	15,614	12,622	-2,991	[-19.2%]
Business Process Management	4,749	3,461	-1,287	[-27.1%]
Financial IT Business	16,010	22,567	+6,557	[+41.0%]
Industrial IT Business	21,998	21,516	-482	[-2.2%]
Regional IT Solutions	24,635	25,353	+718	[+2.9%]

Fiscal 2023: Balance Sheets and Cash Flow Status

• Working toward optimal capital composition, TIS reduced strategic shareholdings and implemented a sizable buyback of treasury stock.

Balance Sheets

[Millions of yen]



Assets: -¥14,321 million

-Current assets: +¥9,421 million [Cash and cash deposits -¥19,518 million, Notes, accounts receivable and Contract assets +¥20,126 million, etc.]
 -Fixed assets: -¥23,743 million [Investments in securities -¥24,024 million, etc.]

Liabilities: -¥20,555 million

-Current liabilities: -¥22,057 million [Short-term debt -¥23,239 million, etc.]
 -Fixed liabilities: +¥1,502 million [Long-term debt +¥1,839 million, etc.]

Net Assets: +¥6,233 million

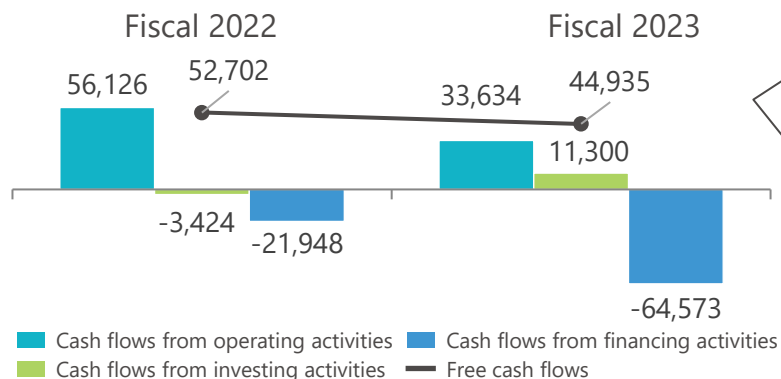
-Shareholders' equity: +¥15,019 million [Additional paid-in capital: -¥24,490 million, retained earnings +¥44,006 million, etc.]
 -Other total comprehensive income: -¥11,105 million [Net unrealized gains on securities -¥13,090 million, etc.]

Equity Ratio: 64.2% [+2.7 points]

Interest-bearing Debt: ¥16,042 million [-¥21,491 million]

Cash Flows

[Millions of yen]



Cash flows from operating activities: -¥22,492 million

-Net income before income taxes: +¥20,010 million
 -Change in receivables and payables related to operating activities: -¥20,653 million
 -Payment for income taxes: -¥15,349 million

Cash flows from investing activities: +¥14,725 million

-Sale of investment securities: +¥16,558 million

Cash flows from financing activities: -¥42,624 million

-Net increase/decrease in debt and corporate bonds: -¥15,528 million
 -Treasury stock: -¥25,171 million

Fiscal 2023: Financial Highlights

Fiscal 2024: Performance Forecast

Return to Shareholders

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

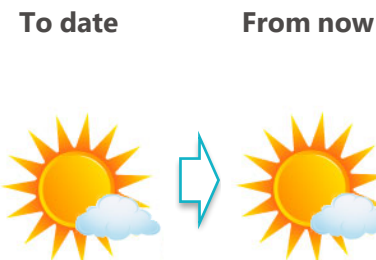
Reference Materials

Fiscal 2024: Understanding the Business Environment

• Must keep close watch on changes in economic environment stemming from such factors as concern over global recession. That said, view on trend toward long-term IT investment expansion remains unchanged.

Offering Service Business

- ✓ Cashless market in growth mode. Expect greater movement of people and recovery in inbound activity.
- ✓ Diverse themes present through finance x operating company efforts (such as regional renaissance and digital payroll).
- ✓ Southeast Asia heading for possible economic slowdown against backdrop of inflation and financial tightening.
- ✓ System updating demand exists in accounting and business administration areas (including responses to new invoicing systems and Law Concerning Preservation of National Tax Records in Electronic Form).
- ✓ Cloud security market will continue to grow.



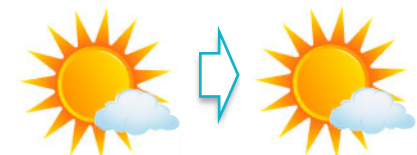
Business Process Management

- ✓ No course correction to labor shortage or workstyle reform, likely keeping business process outsourcing market in gradual growth mode.
- ✓ Demand for simple outsourcing, such as data entry work, shrinking due to digital advances, but demand firm for services to facilitate digital shift in business processes.



Financial IT Business

- ✓ For business supporting social infrastructure, demand is firm, and financial IT market is moving in favorable direction.
- ✓ Payment services market growing, paralleling popularity of cashless purchasing.
- ✓ Growing payment services market drawing new participants, leading to heightened competition.



Industrial IT Business

- ✓ DX demand will continue, creating favorable conditions for segment overall.
- ✓ Tendency toward worsening business confidence in manufacturing sector, while energy sector grapples with such impacts as soaring fuel costs.



Regional IT Solutions

- ✓ Despite variations by industry and company, IT demand is brisk.
- ✓ Mid-sized companies also tending toward higher IT investment.



Fiscal 2024: TIS INTEC Group Management Direction

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



Fiscal 2024 Group Management Direction

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

Continue to facilitate solutions to social issues through business activities and extend efforts to value chain.
Promote efforts to strengthen strategic functions that contribute to improvement in corporate value, while also working to enhance efficiency through digital transformation of head office functions.

Improve value provided to clients and stakeholders through DX

Improve value provided to clients by constantly enhancing DX organizational capacity with deeper reservoir of expertise, including consultants and IT architects.

Constantly promote investment that facilitates business restructuring

Constantly promote investment that fuels progress toward establishing strategic domains, and deliver results.

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 harness diversity, and encourage improvement in added value

Deepen investment—compensation and training—in human resources, promote higher added value over medium to long term, and generate results from such investment. Strengthen management capabilities and capacity.

Fiscal 2024: Performance Forecasts

- Anticipate higher sales and higher income as effect of changes, decided on in fiscal 2023, regarding status of consolidated subsidiaries, will help to absorb higher costs stemming from prior investment activities, including robust investment in human resources.
- The anticipated decrease in net income is primarily due to a reactionary drop in extraordinary income due to such factors as a reduction in strategic shareholdings in fiscal 2023.

[Millions of yen]	Fiscal 2023 actual	Fiscal 2024 estimate	YOY change	
Net Sales	508,400	530,000	+21,599	[+4.2%]
Operating Income	62,328	63,500	+1,171	[+1.9%]
Operating Margin	12.3%	12.0%	-0.3P	-
Net Income Attributable to Owners of the Parent Company	55,461	42,000	-13,461	[-24.3%]
Net Income to Net Sales Ratio	10.9%	7.9%	-3.0P	-
Net Income per Share (Yen)	227.11	174.19	-52.92	[-23.3%]
ROE *	18.8%	13.7%	-5.1P	-

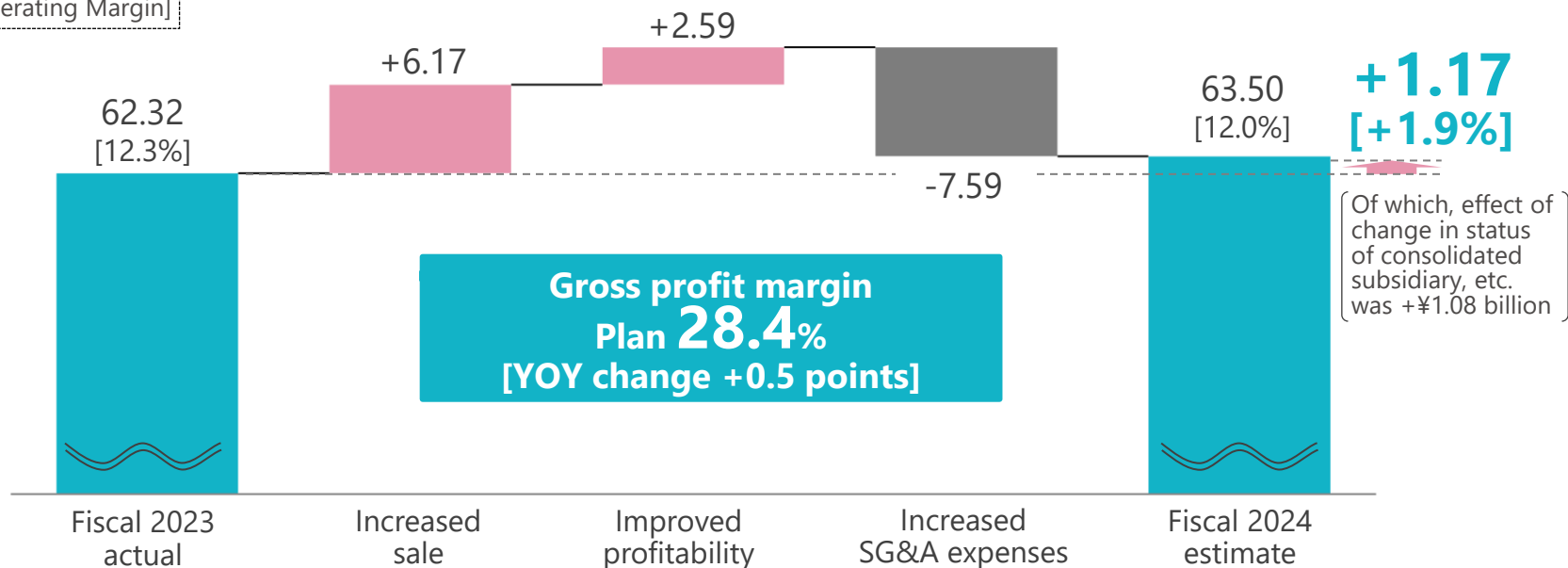
* ROE estimate for fiscal 2024 is a calculated value.

Fiscal 2024: Operating Income Analysis, Increase/Decrease Reasons [Forecast]

- Expect higher operating income as further improvement in gross profit margin absorbs rising costs paralleling prior investment activities.
- If considering effect of goodwill and amortization, contribution from Nihon ICS, a newly consolidated subsidiary, will have limited impact on income.

Operating Income
[Operating Margin]

[Billions of yen]



Anticipated prior investment costs for promoting structural transformation:

Up ¥1.47 billion (YOY change)

(Cost of sales: +¥1.00 billion, SG&A expenses: +¥0.47 billion)

Software investment / Investment in human resources / Investment in R&D

+

Anticipated cost of investment in human resources (additional):

Up ¥5.00 billion (YOY change)

(Cost of sales : +¥3.20 billion, SG&A expenses : +¥1.80 billion)

Changes in SG&A expenses

Effect of change in status of consolidated subsidiary, etc.	+2.36
Prior investment (excludes investment in human resources)	+0.47
Prior investment (investment in human resources)	+1.80
Others	+2.94
Total	+7.59

Fiscal 2024: Sales and Income by Key Business Segment [Forecast]

[Millions of yen]		Fiscal 2023 actual	Fiscal 2024 estimate	YOY change	
Offering Service Business	Net Sales	111,752	122,800	+11,047	[+9.9%]
	Operating Income	6,426	7,450	+1,023	[+15.9%]
	Operating Margin	5.8%	6.1%	+0.3P	-
Business Process Management	Net Sales	43,255	44,000	+744	[+1.7%]
	Operating Income	5,123	5,150	+26	[+0.5%]
	Operating Margin	11.8%	11.7%	-0.1P	-
Financial IT Business	Net Sales	101,184	105,500	+4,315	[+4.3%]
	Operating Income	13,896	13,900	+3	[+0.0%]
	Operating Margin	13.7%	13.2%	-0.5P	-
Industrial IT Business	Net Sales	113,632	115,700	+2,067	[+1.8%]
	Operating Income	16,728	16,800	+71	[+0.4%]
	Operating Margin	14.7%	14.5%	-0.2P	-
Regional IT Solutions	Net Sales	160,010	165,100	+5,089	[+3.2%]
	Operating Income	19,343	19,900	+556	[+2.9%]
	Operating Margin	12.1%	12.1%	-0.0P	-

Offering Service Business:	Expect higher sales and higher income, mainly from effect of change in status of consolidated subsidiaries. Expanding demand for payment settlement and other broad-based services will be key contributor to sales.
Business Process Management:	Re-expanding business process outsourcing business, fueled by enhanced added value of services, and concerted efforts, especially to support business optimization, should lead to gradual increase in sales and income.
Financial IT Business:	Anticipate higher sales, underpinned by steady progress on large projects and capture of IT investment demand centered on existing clients. Income on a par.
Industrial IT Business:	Income likely to be flat, despite higher sales through capture of investment demand, particularly from core clients.
Regional IT Solutions:	Expect higher sales and higher income, reflecting capture of IT investment demand from medical services and existing clients.

Fiscal 2023: Financial Highlights

Fiscal 2024: 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

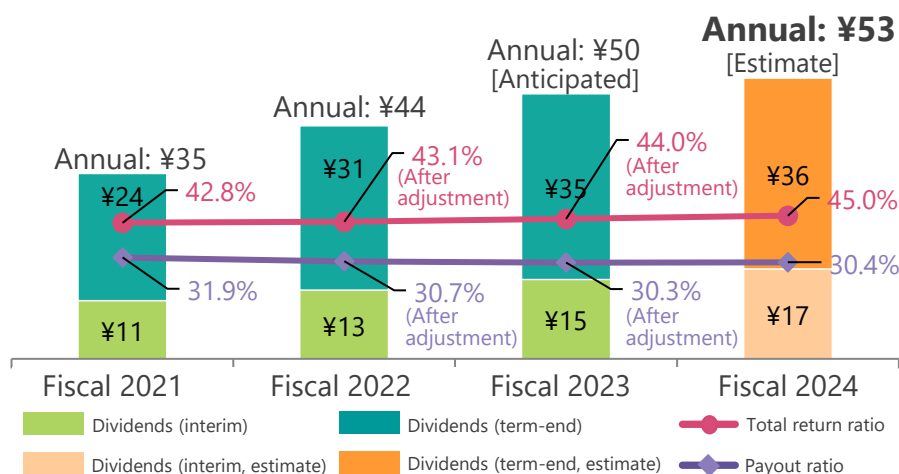
- With yardstick of 45% for total shareholders' return ratio, goal is to continuously enrich dividend per share.
- The amount of treasury stock held by TIS will, in principle, be no more than 5% of total number of shares issued, and any shares exceeding this limit will be canceled.

Status/Targets for Return to Shareholders

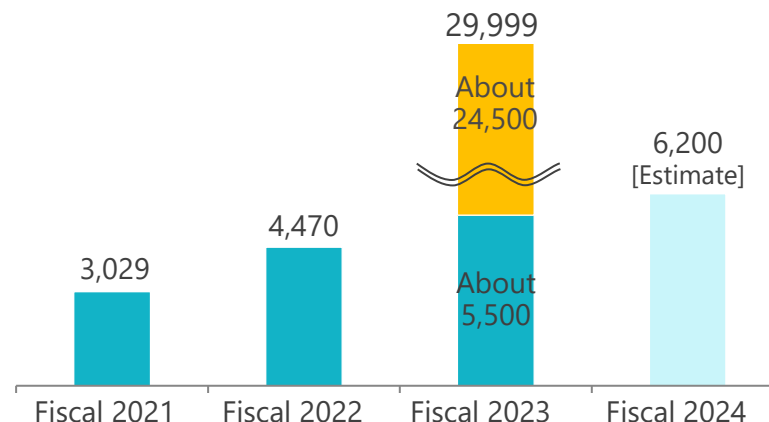
- Offer ¥3 increase in year-end dividend for fiscal 2023. Marks 11th straight year of increase in annual dividend.
- For fiscal 2024, planning for ¥53 annual dividend and treasury stock buyback, in line with basic policy on return to shareholders.

	Fiscal 2023			Fiscal 2024
	[Normal]	[Capital optimized]	[Total]	
Annual dividend per share	¥50 [YOY change +¥6] [Compared with estimate +¥3]	-	¥50	¥53 [YOY change +¥3]
Total dividends	¥12.1 billion	-	¥12.1 billion	¥12.7 billion
Payout ratio [After adjustment *1]	22.0% [30.3%]	-	22.0%	30.4%
Acquired treasury shares	About ¥5.5 billion	About ¥24.5 billion	About ¥30.0 billion	¥6.20 billion *2
Total return ratio [After adjustment *1]	31.9% [44.0%]	-	76.0%	45.0%

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 9, 2023.

Fiscal 2023: Financial Highlights

Fiscal 2024: 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.



TIS INTEC Group Philosophy: OUR PHILOSOPHY

Mission: To brightly color the future as a mover

Basic Policy on Corporate Sustainability

Materiality (Priority issues)

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



2. Create a comfortable society through innovation and joint activities



3. Create a safe society through high-quality services



4. Enhance corporate governance and earn the trust of society



Address social issues through business activities

Social issues where TIS INTEC Group can contribute

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

Improve value exchange with stakeholders

Enhanced management geared to social demands

- Contribute to recycling society
- Achieve sustainable improvement in stakeholder engagement
- Constantly pursue governance that elicits higher level of trust from society

Contribute to sustainable society

Sustainable improvement in corporate value

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

Be a Digital Mover 2023

Basic Policy

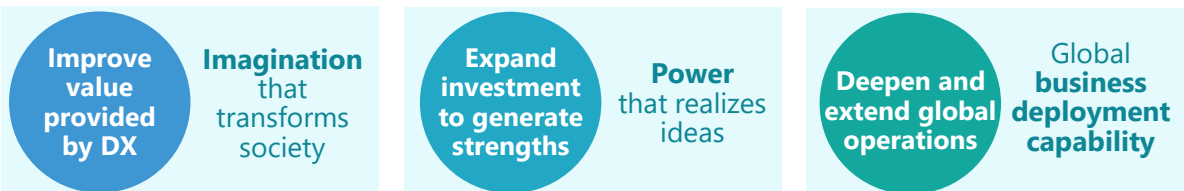


Key Performance Indicators

- Net Sales **¥500.0 billion**
- Operating income/Operating margin **¥58.0 billion/11.6%**
- EPS Growth CAGR **Exceeding 10%**
- Strategic Domain Ratio **51% → 60%**
[¥228.5 billion → ¥300.0 billion]
- Sales of societal issue solution service **¥38.0 billion → ¥50.0 billion** *1
- +**
- Growth Investment **About ¥100.0 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.

Progress on Key Performance Indicators

• Progress favorable, thanks to acceleration in unification of Group management. Hit key KPIs with target date of fiscal 2024—last year of current medium-term management plan—a year ahead of schedule.

Net Sales

¥500 billion / ¥508.4 billion

Fiscal 2024
[at time plan drawn up]

Fiscal 2023 [actual]

EPS Growth CAGR

Exceeding 10% / 43.4%

Fiscal 2024
[at time plan drawn up]

Fiscal 2023 [actual]

Operating Income

¥58.0 billion / ¥62.3 billion

Fiscal 2024
[at time plan drawn up]

Fiscal 2023 [actual]

Strategic Domain Ratio

60% / 56%

Fiscal 2024
[at time plan drawn up]

Fiscal 2023 [actual]

Operating Margin

11.6% / 12.3%

Fiscal 2024
[at time plan drawn up]

Fiscal 2023 [actual]

Sales of Societal Issue Solution Service

¥50.0 billion / ¥48.6 billion

Fiscal 2024
[at time plan drawn up]

Fiscal 2023 [actual]

Medium-Term Management Plan Activities: Overall Progress in Fiscal 2023

Fiscal 2023

TIS INTEC Group Management Direction

- 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**

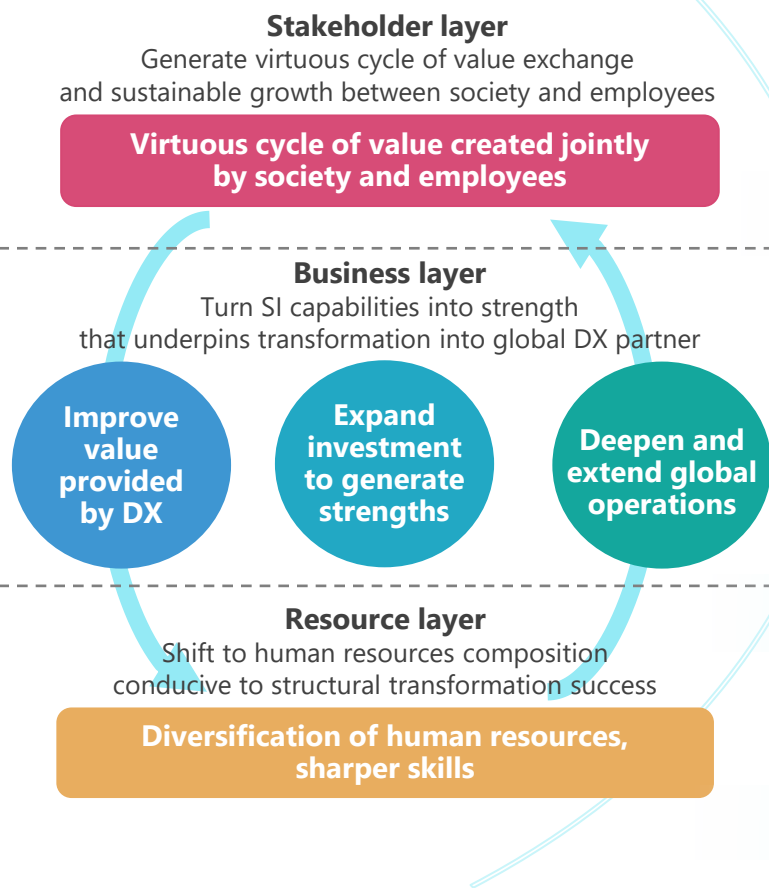
Looking back on fiscal 2023

- | | |
|---|---|
| ○ | <ul style="list-style-type: none"> ➢ Obtained high evaluations from external organizations, substantiated by inclusion in MSCI Japan ESG Select Leaders Index and FTSE4Good Index Series, for sustainability management and stakeholder engagement ➢ Strengthened environment-oriented initiatives, highlighted by carbon neutral declaration ➢ Enhanced sustainability management with initiatives that contribute to higher corporate value and value provided to society from a long-term perspective |
| ○ | <ul style="list-style-type: none"> ➢ Gross profit margin continued to climb, reaching 27.9%, complemented by successful efforts to curb unprofitable projects through activities, including continuous enhancement and innovation. ➢ Shift to strategic domains moving along as planned. (Strategic domain ratio hit 56%, exceeding estimate of 54%) ➢ Enhanced consulting capacity and strengthened data analysis and design function |
| △ | <ul style="list-style-type: none"> ➢ 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 |
| ○ | <ul style="list-style-type: none"> ➢ Marked topline growth, driven primarily by MFEC, en route to becoming top-class IT group in ASEAN region ➢ Leveraged co-creation activities with activities through capital and business alliance with Vector Consulting Group, a major management consulting firm in India. |
| ○ | <ul style="list-style-type: none"> ➢ Revamped human resources system, seeking to improve added value (implemented in April 2023) ➢ Reinforced prior investment into human resources (improved compensation) ➢ Enhanced and encouraged participation in Human Resources Business Partner (HRBP) program |

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

Fiscal 2024: TIS INTEC Group Management Direction

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



Fiscal 2024 Group Management Direction

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

Continue to facilitate solutions to social issues through business activities and extend efforts to value chain.
Promote efforts to strengthen strategic functions that contribute to improvement in corporate value, while also working to enhance efficiency through digital transformation of head office functions.

Improve value provided to clients and stakeholders through DX

Improve value provided to clients by constantly enhancing DX organizational capacity with deeper reservoir of expertise, including consultants and IT architects.

Constantly promote investment that facilitates business restructuring

Constantly promote investment that fuels progress toward establishing strategic domains, and deliver results.

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

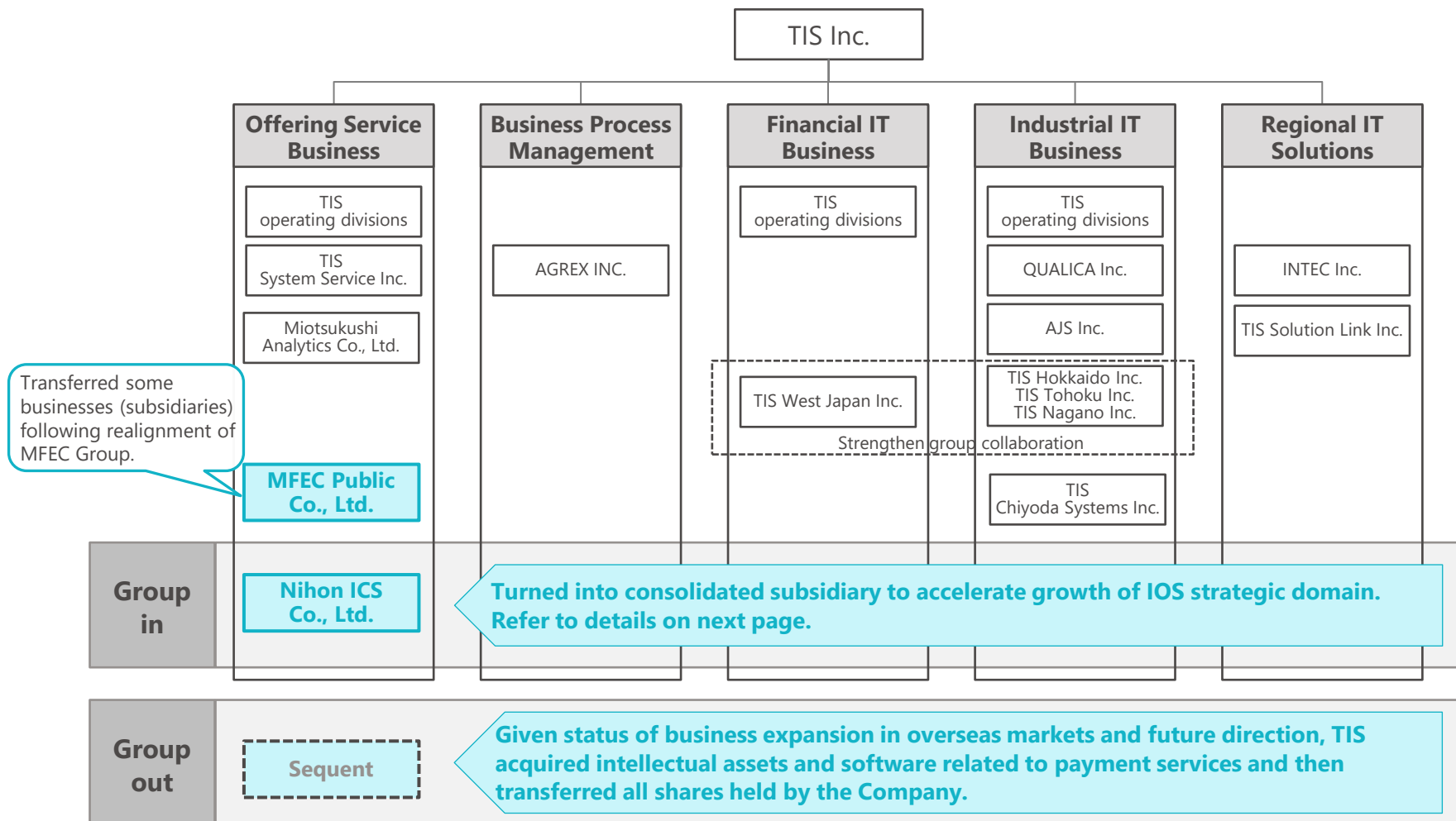
Reinforce ties with investment portfolio companies, based on overseas business strategy, and promote joint activities, and extend global partnership network to further cultivate market

Ratchet up investment into human resources to sharpen skills and harness diversity, and encourage improvement in added value

Deepen investment—compensation and training—in human resources, promote higher added value over medium to long term, and generate results from such investment. Strengthen management capabilities and capacity.

Activities Under Medium-Term Management Plan (Topics): Business Portfolio Review (1)

• To underpin progress in structural transformation and growth strategies, TIS focused on review of Offering Service Business portfolio in fiscal 2023.



Activities Under Medium-Term Management Plan (Topics): Business Portfolio Review (2)

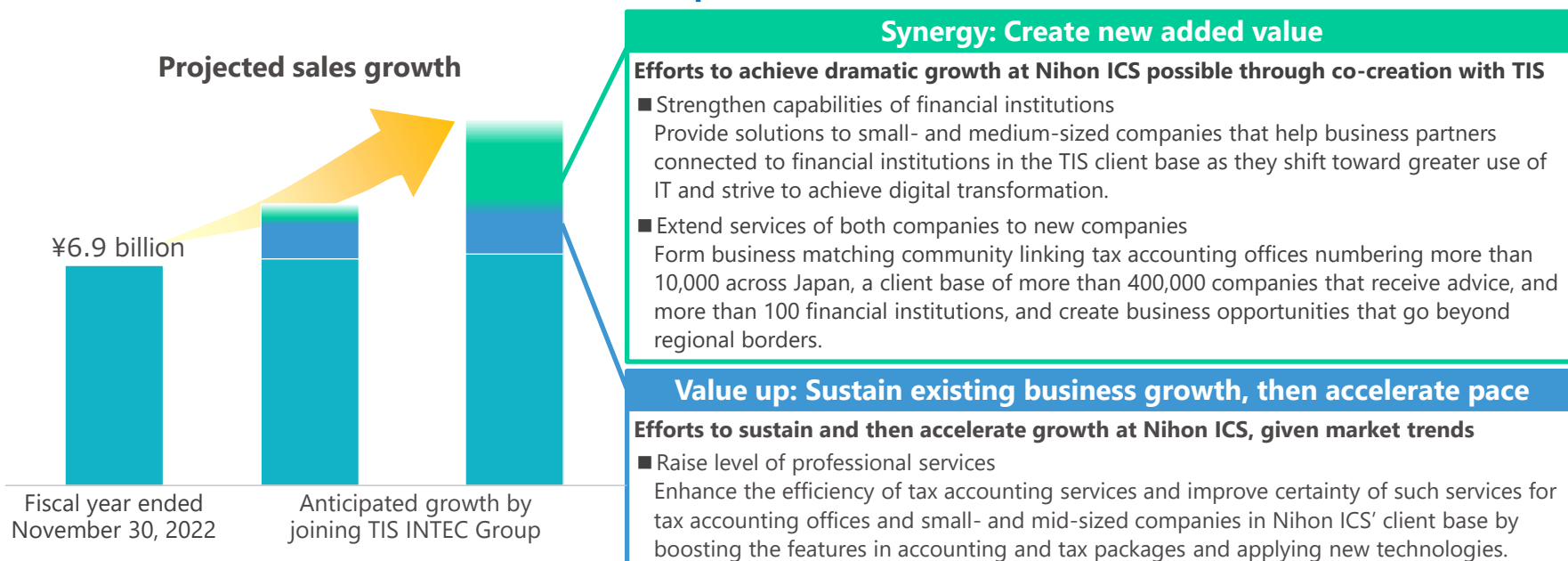
• Seeking to strengthen IOS strategic domain, TIS turned Nihon ICS into a consolidated subsidiary in April 2023.

Name of company	Nihon ICS Co., Ltd.
Business activities	<ul style="list-style-type: none"> • Provide accounting/tax packages used by tax accounting offices • Offer IT introduction support • Provide packages to client companies for back-office operations, such as accounting and payroll
Business results	Net sales: ¥6.9 billion Operating income: ¥2.0 billion [Fiscal year ended November 30, 2022]
Number of employees	370 [as of April 1, 2023]

Investment amount	¥22.5 billion
Goodwill*	Goodwill: About ¥9.0 billion Client-related assets: About ¥22.0 billion Deferred tax liabilities: About ¥6.5 billion
Amortization policy	Client-related assets: 20 years; goodwill: 15 years
Deemed acquisition date	June 30, 2023

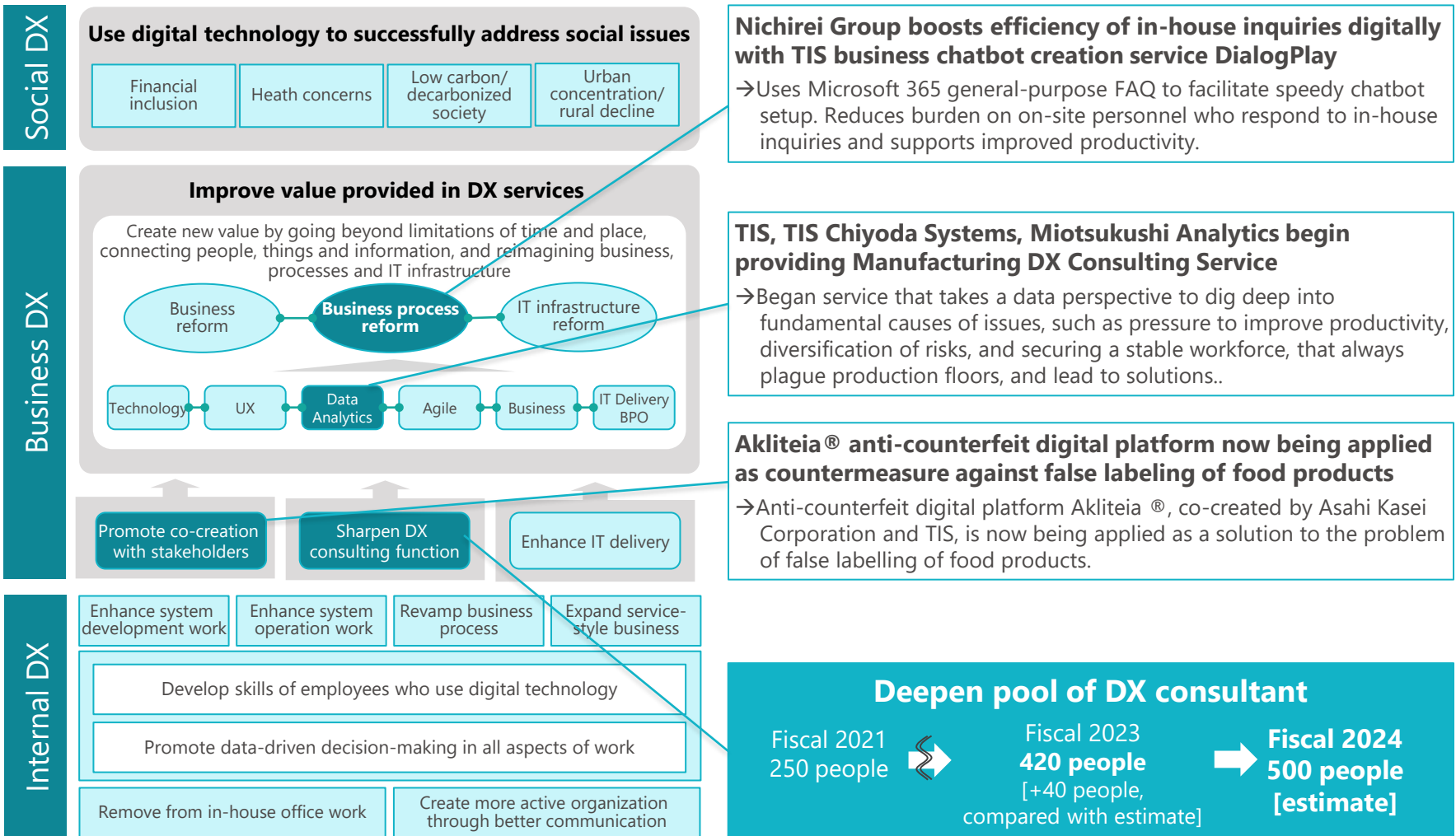
*Acquisition cost allocation not determined yet, so goodwill amounts might change.

Combine TIS' business content for financial institutions and Nihon ICS' business content for tax accountants and others to expand client base and realize new business schemes.



Activities Under Medium-Term Management Plan (Topics): DX Business Strategy

- Seek to grow DX business through virtual cycle of value driving social DX, business DX and internal DX.
- Work toward enhanced business creation capability, constantly striving to increase number of DX consultants, who are vital to a stronger frontline.



Deepen pool of DX consultant

Fiscal 2021 250 people → Fiscal 2023 420 people [+40 people, compared with estimate] → Fiscal 2024 500 people [estimate]

Activities Under Medium-Term Management Plan (Topics): Service-style Business Strategy—Societal issue solution services

• Moving steadily along in line with fiscal 2024 estimate of ¥50 billion in net sales.

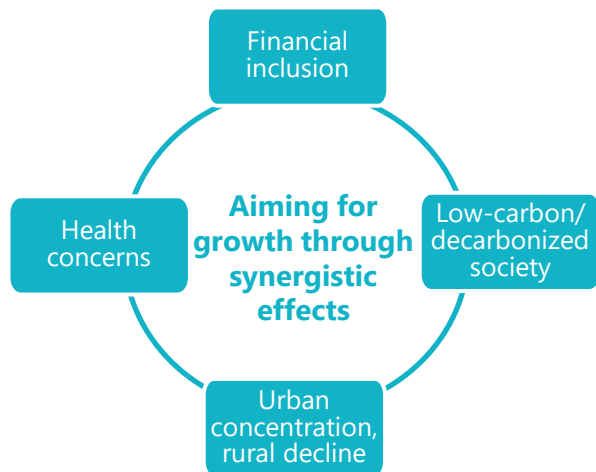
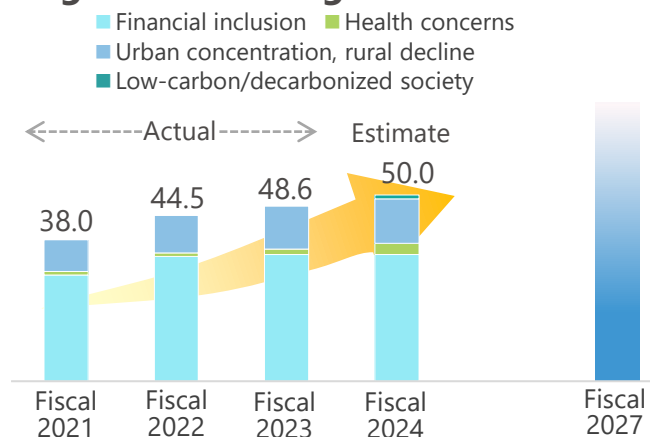


Image of net sales growth [Billions of yen]



Relationship between social issue solution services and business segments

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

Key activities in Offering Services Business

<p>Payment</p>	<ul style="list-style-type: none"> • CreditSaaS launched as planned • TIS, au PAY introduce system for digital salary payments • Start of Aizu Coin, digital regional currency service that addresses issues faced by small, local stores in accepting cashless payment.
<p>Societal Issue Solution Service *</p>	<ul style="list-style-type: none"> • Build data-linking platform for smart city in Hakui, Ishikawa Prefecture, to support efficient administration. • Roll out WOOD DREAM DECK, a program using web3 to build eco-system that balances economic cycle and environmental protection through utilization of forest resources.

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

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

• Business is steadily growing against backdrop of continued expansion of payment settlement market overall. Will maintain robust approach to investment to create new services and broaden forward-looking activities.
 → Progress in sales on track toward achieving overall PAYCIERGE target, but must work on turning this into recurring sales

Fiscal 2023 topics

Core areas (CreditSaaS, DebitSaaS, PrepaidSaaS)

- CreditSaaS** Stable operation since service launch as scheduled in fiscal 2023
Continue to push marketing activities to attract second user and more.
- DebitSaaS** Brisk expansion in transactions for all participating banks.
- PrepaidSaaS** Working with major credit card companies to promote new programs utilizing prepaid solutions, expanding use, and accelerating preparations for embedded finance business

Front areas

- Provided F Village Pay for Nippon Ham Fighters, with launch in March 2023
- Rolled out room key delivery service for hotels through collaboration with Miwa Lock Co., Ltd.

Beyond Payment

- Supported selection of digital garden city projects in Sapporo, and accelerate activities
- Began providing Aizu Coin, digital regional currency service that addresses issues faced by small, local stores in accepting cashless payments
- au Payment Corporation decides to introduce gateway service to facilitate digital salary payments

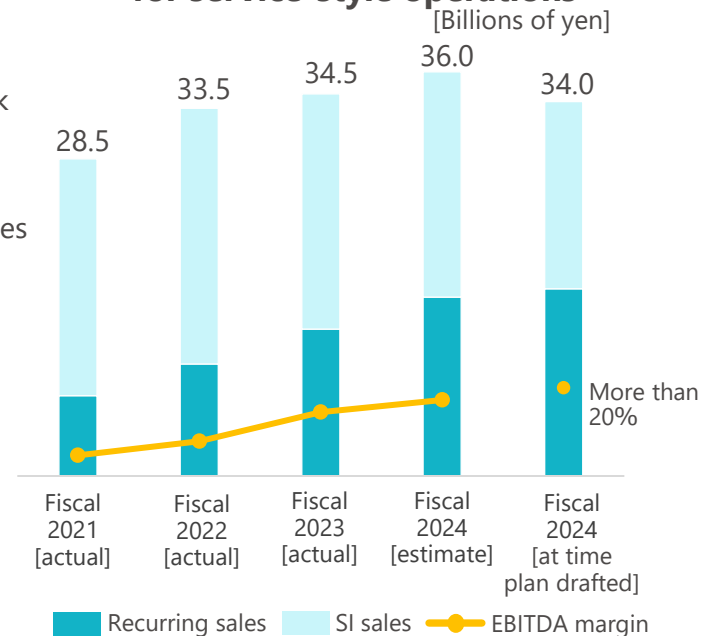
Priority themes in fiscal 2024

- Start up embedded finance business, and attract users
- Launch new PrepaidSaaS Program
- Kickstart activities for B-to-B payments



Expanding convenience
in the new society and beyond

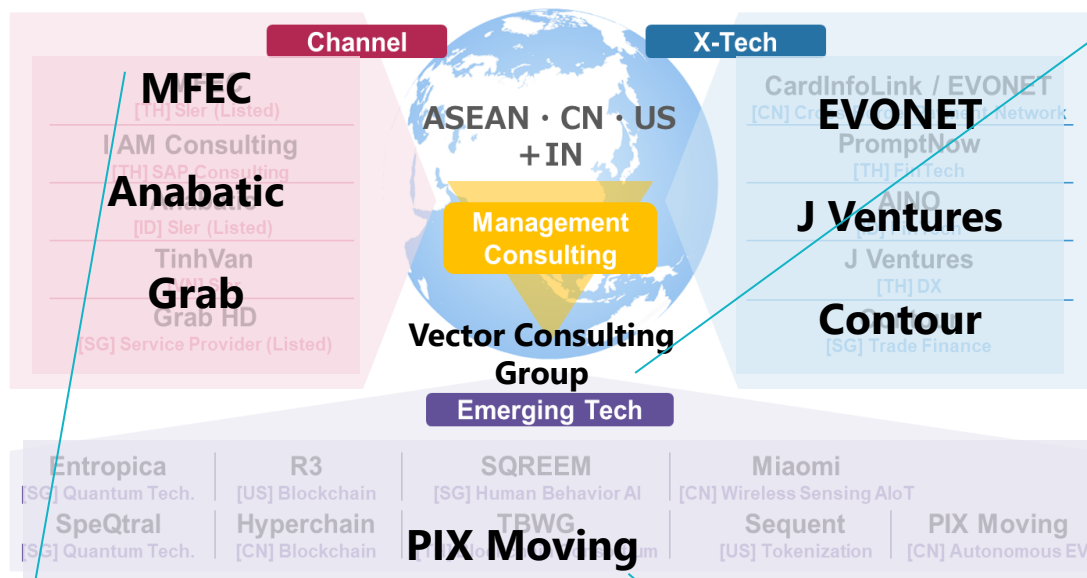
Payment-related business scale for service-style operations



Activities Under Medium-Term Management Plan (Topics): Global Business Strategy

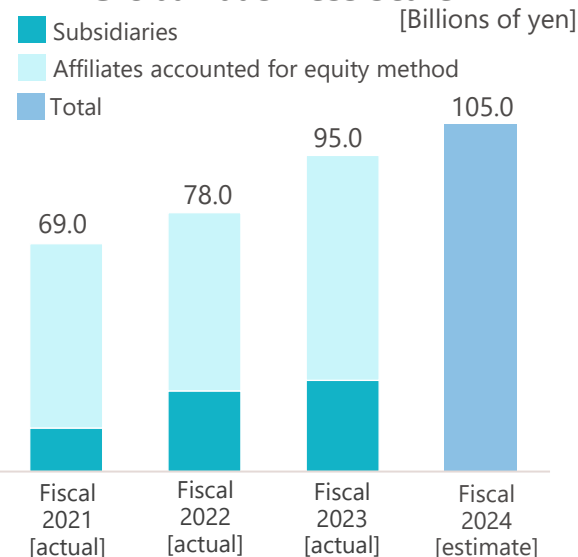
- Added management consulting arm to realize position as top-class IT Group in ASEAN region.
- Will emphasize further development of global business toward numerical target of ¥100 billion in overseas consolidated net sales by fiscal 2026.

Key activities in fiscal 2023



Formed capital and business alliance with Vector Consulting Group, a major management consulting firm in India, to strengthen value chain from upstream down.

Global business scale



Transferred some businesses (subsidiaries) following realignment of MFEC Group to underpin business restructuring. Emphasized reinvestment into areas that contribute significantly to business results.

Formed capital and business alliance with PIX Moving, a self-driving electric vehicle start-up in China.

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

Priority themes in fiscal 2024

- Enhance added value, improve earnings and revamp existing business activities through expansion into consulting field.
- Broaden access to useful channels, technologies and services through diversification and localization of investment capabilities
- Strive to cultivate Indian market, the world's third largest technology market after the U.S. and China.

Activities Under Medium-Term Management Plan (Topics): Human Resources Strategy

- Maintain passionate commitment to robust prior investment in human resources, the most important management capital we have.
- Reinforce incentives that self-motive employees to enhance their skills and thus contribute to business results, leading to improvement in provided value.

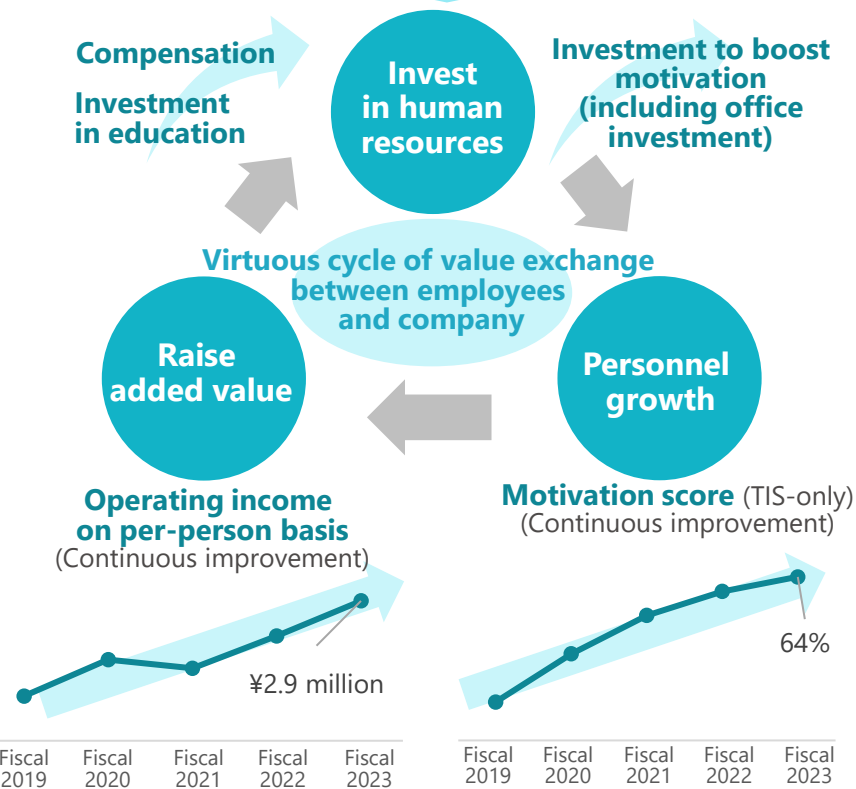
Overall Picture of Ideal Human Resources Strategy

External environment

Increasingly competitive hiring market and greater fluidity

Internal environment

Improvement in added value necessary for sustained growth



Activities in Fiscal 2023

Sharpen/enhance skills of human resources

HRBP worked together with on-site executives and leveraged measures fine-tuned to business needs, creating human resources portfolio linked to business strategies

Sustainable engagement

Career advancement to human resources who exemplify TIS INTEC Group Philosophy, and leverage review of personnel system and boosts in pay that forge a closer link between results and compensation

Personnel DX

Built platform for collecting and analyzing information about human resources throughout Group, visualizing HR data and supporting decision-making in business activities to more efficiently manage human capital

Diversity & Inclusion

Implement organizational improvements and create better workplace environments matched to on-site conditions to enable diverse workforce to reach targets and demonstrate individual strengths

Priority themes in fiscal 2024

- Promote measures to sharpen skills of human resources who will drive structural transformation (DX consultants, IT architects and other specialists)
- Reinforce engagement to fuel improvement in human resource value

Activities Under Medium-Term Management Plan (Topics): Higher-Level, More-Effective Management (ESG Activities) (1)

- Strengthen efforts to create intangible value—the source of enhanced long-term corporate value.
- Seek to balance continuous improvement in corporate value with contribution to sustainable society.

Activities in fiscal 2023

Environment

Contribute to decarbonized society and recycling society

- Carbon neutral declaration (December 1, 2022)
- Expanded scope of measures to control greenhouse gas emissions (began extending measures to overseas Group companies)
- Began considering biodiversity response

Governance

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

- Established offices dedicated, respectively, to improving ability to achieve constructive dialogue with stakeholders and to enhance corporate governance
- Strengthened involvement of Board of Directors in Corporate Sustainability Committee
- Took steps to reduce strategic shareholdings

Social

Sustainable improvement in stakeholder engagement

- New human resources system introduced at TIS, effective April 2023, that completely redefines compensation, evaluation and rating systems, including a maximum 17% increase in basic salary
- Formulated and announced multi-stakeholder policy to clarify emphasis on joint efforts and co-creation with diverse shareholder groups

Progress toward KPIs in medium-term management plan

Stakeholder satisfaction	Fiscal 2021 [actual]	Fiscal 2022 [actual]	Fiscal 2023 [actual]	Fiscal 2024 [estimate]*
Motivation level	51%	56%	58%	62%
Client/service satisfaction	53%	60%	59%	60%
Business partner satisfaction	-	69%	74%	81%

*Estimate set at time medium-term management plan drafted.

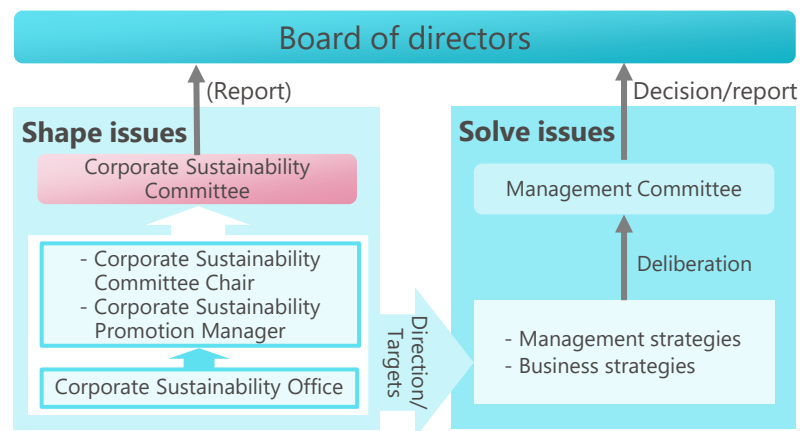
Priority themes in fiscal 2024

- Strengthen efforts to create intangible value from long-term perspective
- Continuously enhance ESG measures

Activities Under Medium-Term Management Plan (Topics): Higher-Level, More-Effective Management (ESG Activities) (2)

Building a stronger Corporate Sustainability Committee

- ✓ To reinforce and enhance depth of understanding of sustainability management, establish Corporate Sustainability Committee, hinging on participation of all directors, including outside directors, and place this committee under Board of Directors in executive hierarchy.
- ✓ Through discussion about issues related to sustainability, committee sets direction of responses and desired targets.



Carbon neutral declaration

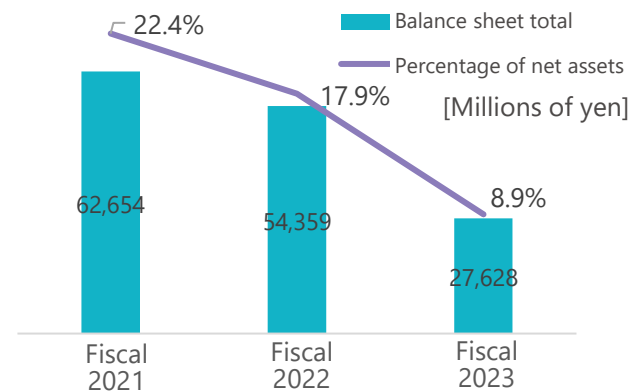
~Realize carbon neutral status for Scope 1, 2 by fiscal 2040~

- ✓ Scope 1, 2 : Realize carbon neutral status by fiscal 2024
(Cut greenhouse gas emissions 100% from fiscal 2019 level)
- ✓ Scope 1, 2, 3 : Realize net zero by fiscal 2050

For the above targets, TIS applies SBTi's recommendation of 1.5°C as the value conforming to the 1.5°C target in the Paris Agreement, the parent treaty of the United Nations Framework Convention on Climate Change.

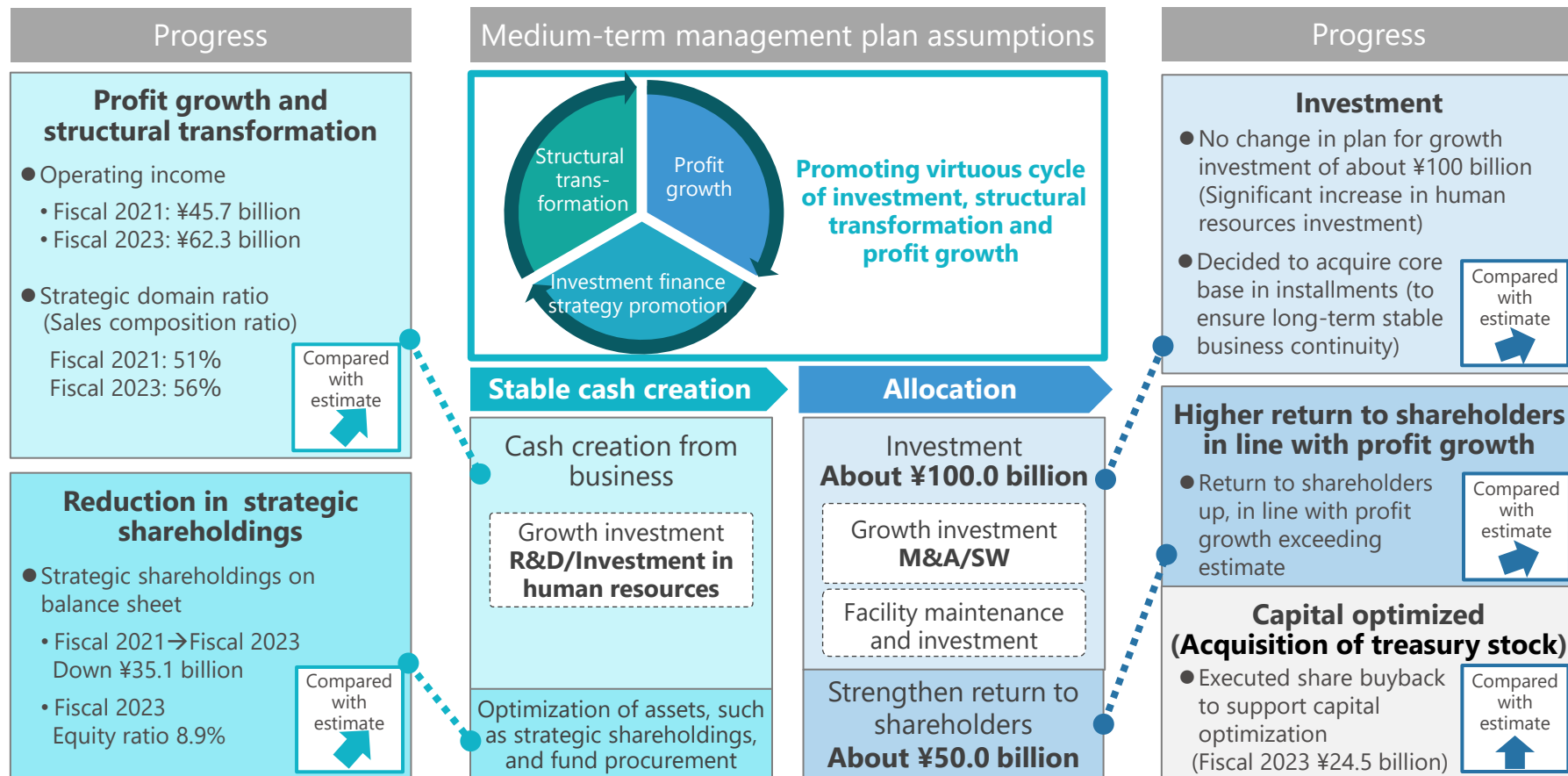
Reducing strategic shareholdings

- ✓ Strategic shareholdings as of March 31, 2022, stood at ¥54.3 billion. This amount was reduced to ¥27.6 billion as of March 31, 2023. Welcomed early achievement of goal to push ratio of strategic shareholdings on balance sheet to consolidated net assets to 10% level.



Activities Under Medium-Term Management Plan (Topics): Financial Investment Strategy (1): Status of Cash Allocation

• Ability to generate cash was stronger than initially assumed and, complemented by efforts to boost investment and return to shareholders, vigorously implemented financial measures to optimize capital structure and ensure financial health.



In addition to promoting a virtuous cycle from/to investment, structural transformation and profit growth, improve capital efficiency through financial measures designed to optimize capital.

Activities Under Medium-Term Management Plan (Topics): Financial Investment Strategy (2)

- Robust prior investment, in line with estimate, to reinforce in-house capabilities.
- 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 -Fiscal 2023 actual	Fiscal 2024 estimate	Current estimate [Three-year cumulative total]
Reinforce in-house capabilities	Software investment to create new services	10.0	10.8	6.2	17.1
	Investment in human resources to fuel structural transformation	8.0	4.3	2.6	6.9
	Investment in R&D to acquire advanced technologies	12.0	5.8	3.3	9.1
	Investment in human resources [Prior investment amount]	-	-	5.0	5.0
Subtotal		30.0	21.1	17.1	38.2
			+		
M&A (Capital contribution)		70.0	6.4	22.5 *1	28.9 *2
Total		100.0	27.5	39.6	67.1

*1 Only completed Nihon ICS investment amount. If excellent opportunity presents, will actively consider allocation of remaining investment budget.

*2 Will actively consider investment if excellent opportunity presents.

Topics: Acquisition of Fixed Assets (Real Estate Trust Beneficiary Rights)

• Switch from leasing to ownership of facility as hub for providing system operation services and own-brand of cloud services, and ensure long-term stable business continuity.

Key points underpinning decision to acquire

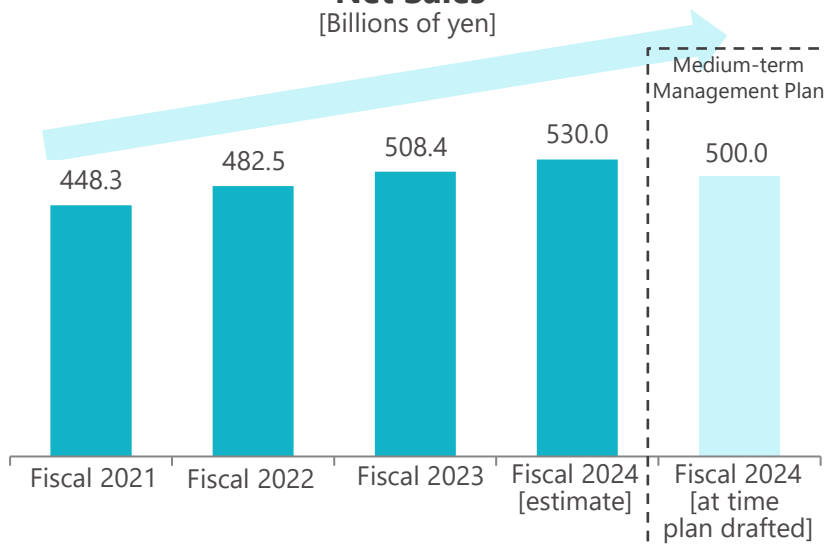
- 1) Large-scale business-use facilities, such as data centers, are a huge rarity, and ownership is desirable from the perspective of ensuring long-term, stable business continuity.
- 2) Given such factors as a changing business environment and aging structures, outmoded facilities are being shuttered with operations gradually being consolidated at new, modern facilities.
- 3) This particular facility is a hub for providing system operation services and TIS' own brand of cloud services, and will continue to be extremely crucial to the Company in the long term.
- 4) TIS expects cost reduction benefit—decrease of about ¥1.7 billion/year after final step of acquisition is complete—related to this facility through switch from the leasing format to ownership.
- 5) TIS' current financial position allows for execution of large-scale investment.

Decision was made to acquire real estate trust beneficiary rights in this facility, in allotments, because TIS would be able to enjoy the benefits of ownership and grab the opportunity to ensure long-term, stable business continuity.

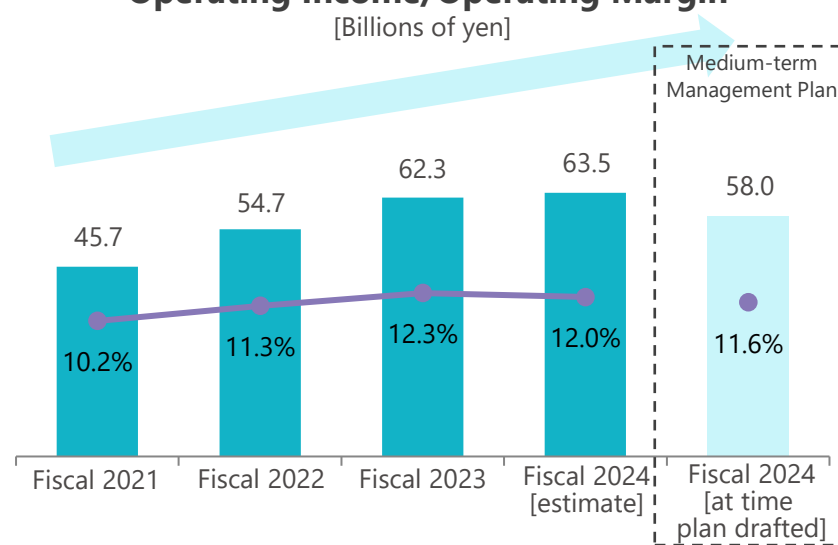
Item	Details
Building overview	Gotenyama SH Building (Shinagawa-ku, Tokyo, [Land]Site area 6,858.68 m ² , [Building]Total floor area 19,812.85 m ²)
Seller	Sekisui House Reit, Inc.
Acquisition price	¥72 billion (real estate trust beneficiary rights ¥70 billion/Portion of land held 100%, brokerage fees about ¥2 billion)
Acquisition method	Will gradually acquire quasi-co-ownership interest, with total amount broken in single payments of ¥7 billion a total of 10 times. First payment will be on October 31, 2023, with nine subsequent payments made every six months. Payment process will be complete with final payment on April 30, 2028.
Acquisition capital	Planning to use cash on hand and loans from financial institutions

Numerical Targets

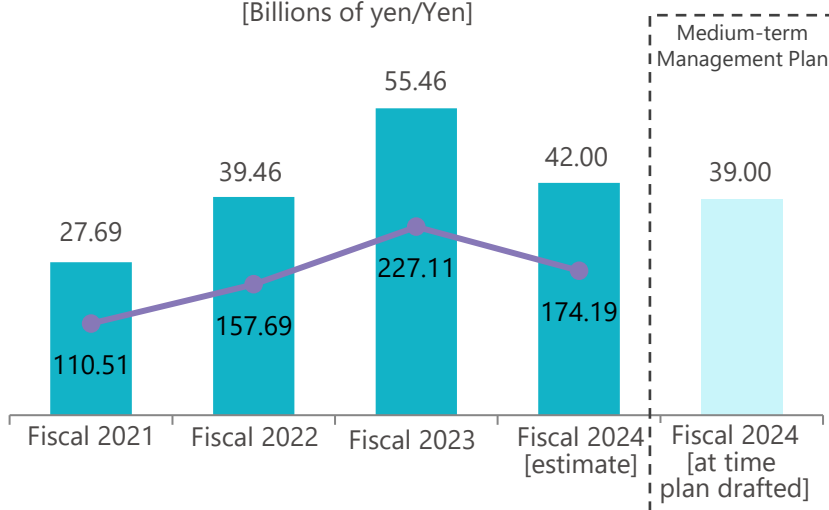
Net Sales
[Billions of yen]



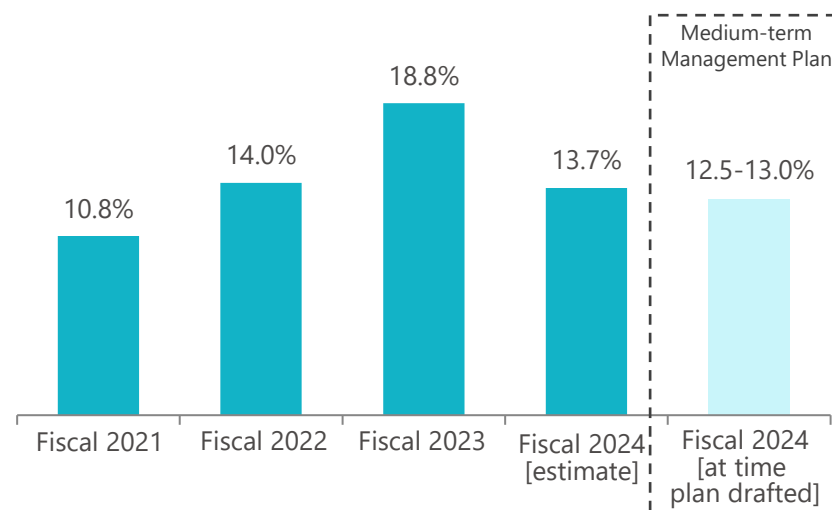
Operating Income/Operating Margin
[Billions of yen]



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

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



December 2009
SORUN Corporation Joined the ITHD group.

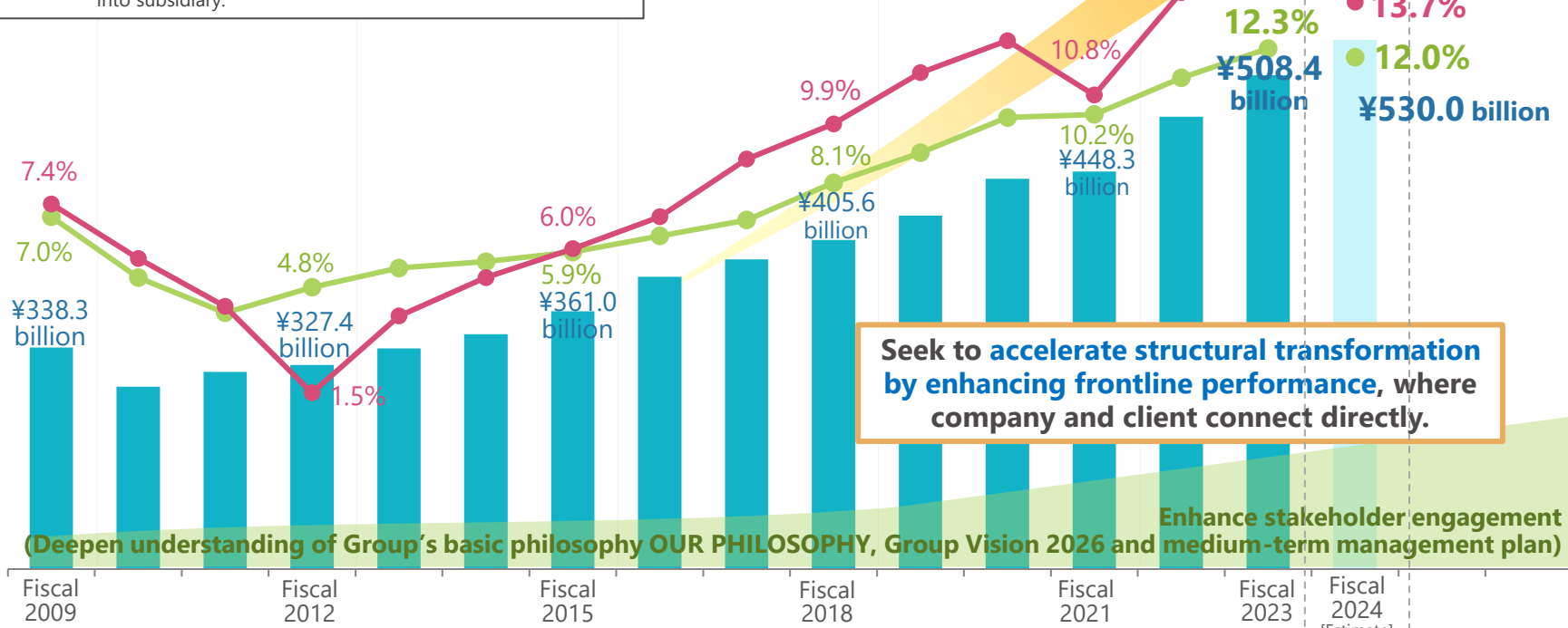
April 2011
ITHD orchestrated a three company merger involving TIS, SORUN and UFIT Co., Ltd., with TIS as the surviving company.

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

● 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)



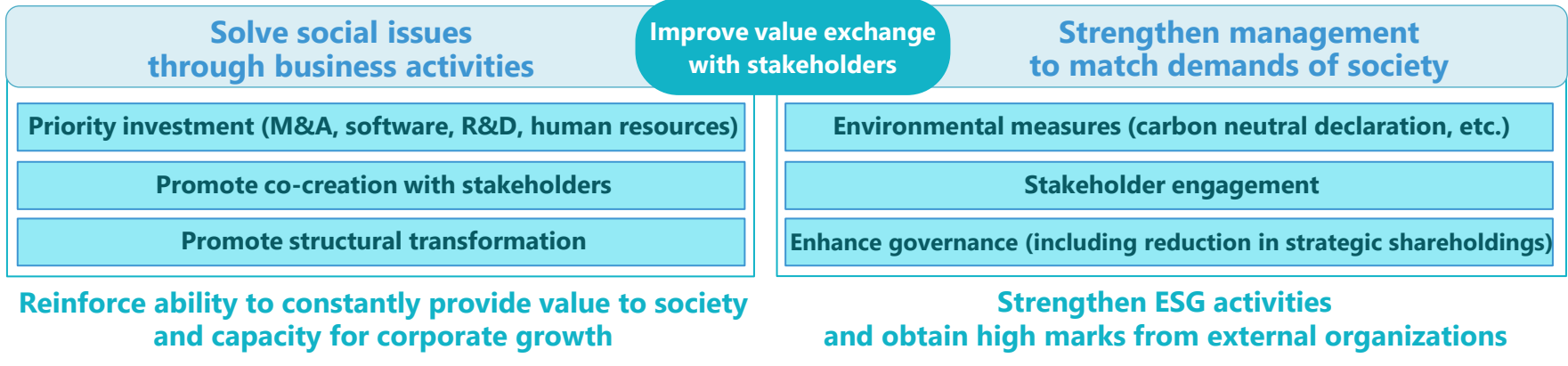
Seek to accelerate structural transformation by enhancing frontline performance, where company and client connect directly.

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

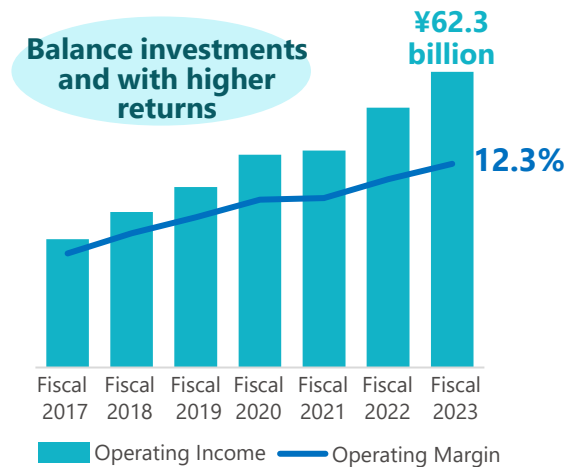


Reference: Working toward Realization of Management Aware of Capital Costs and Share Price

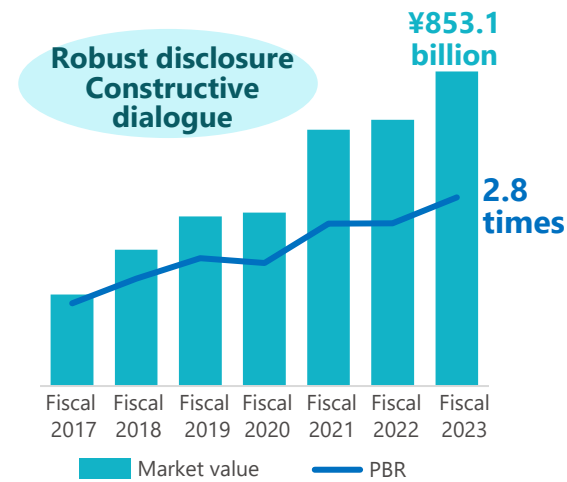
Promote sustainability management based on TIS INTEC Group Philosophy OUR PHILOSOPHY



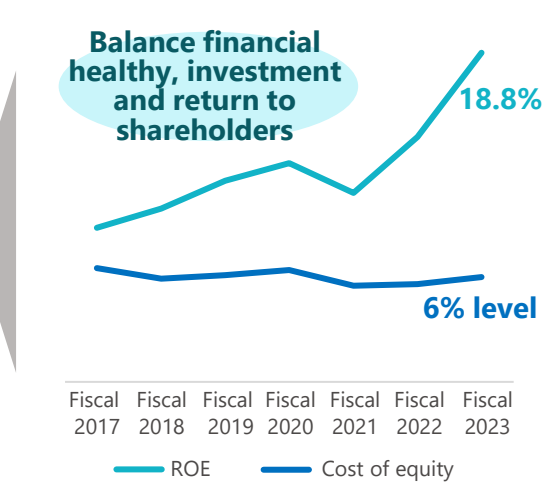
Business profit/profitability



Market evaluations



Capital efficiency



Fiscal 2023: Financial Highlights

Fiscal 2024: Performance Forecast

Return to Shareholders

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

Reference Materials

Fiscal 2024 First Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]	Fiscal 2023 first half	Fiscal 2024 first half	YOY change	
Net Sales	245,305	261,000	+15,694	[+6.4%]
Operating Income	27,709	29,500	+1,790	[+6.5%]
Operating Margin	11.3%	11.3%	+0.0P	-
Net Income Attributable to Owners of the Parent Company	18,834	19,500	+665	[+3.5%]
Net Income to Net Sales Ratio	7.7%	7.5%	-0.2P	-
Key Business Segments				
Offering Service Business	Net Sales	53,887	58,400	+4,512 [+8.4%]
	Operating Income	2,494	2,800	+305 [+12.2%]
	Operating Margin	4.6%	4.8%	+0.2P -
Business Process Management	Net Sales	21,490	21,800	+309 [+1.4%]
	Operating Income	2,405	2,400	-5 [-0.2%]
	Operating Margin	11.2%	11.0%	-0.2P -
Financial IT Business	Net Sales	48,718	54,200	+5,481 [+11.3%]
	Operating Income	6,311	7,500	+1,188 [+18.8%]
	Operating Margin	13.0%	13.8%	+0.8P -
Industrial IT Business	Net Sales	55,219	56,100	+880 [+1.6%]
	Operating Income	7,763	7,700	-63 [-0.8%]
	Operating Margin	14.1%	13.7%	-0.4P -
Regional IT Solutions	Net Sales	76,304	81,600	+5,295 [+6.9%]
	Operating Income	8,352	9,000	+647 [+7.7%]
	Operating Margin	10.9%	11.0%	+0.1P -

Fiscal 2024 Second Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]	Fiscal 2023 second half	Fiscal 2024 second half	YOY change	
Net Sales	263,095	269,000	+5,904	[+2.2%]
Operating Income	34,618	34,000	-618	[-1.8%]
Operating Margin	13.2%	12.6%	-0.6P	-
Net Income Attributable to Owners of the Parent Company	36,627	22,500	-14,127	[-38.6%]
Net Income to Net Sales Ratio	13.9%	8.4%	-5.5P	-
Key Business Segments				
Offering Service Business	Net Sales	57,865	64,400	+6,534 [+11.3%]
	Operating Income	3,931	4,650	+718 [+18.3%]
	Operating Margin	6.8%	7.2%	+0.4P -
Business Process Management	Net Sales	21,765	22,200	+434 [+2.0%]
	Operating Income	2,717	2,750	+32 [+1.2%]
	Operating Margin	12.5%	12.4%	-0.1P -
Financial IT Business	Net Sales	52,466	51,300	-1,166 [-2.2%]
	Operating Income	7,585	6,400	-1,185 [-15.6%]
	Operating Margin	14.5%	12.5%	-2.0P -
Industrial IT Business	Net Sales	58,412	59,600	+1,187 [+2.0%]
	Operating Income	8,965	9,100	+134 [+1.5%]
	Operating Margin	15.3%	15.3%	-0.0P -
Regional IT Solutions	Net Sales	83,706	83,500	-206 [-0.2%]
	Operating Income	10,990	10,900	-90 [-0.8%]
	Operating Margin	13.1%	13.1%	-0.0P -

Fiscal 2024: Sales and Income for Key Business Segments [Forecast]

[Billions of yen]	Fiscal 2024 estimate* [at time plan drafted]	Fiscal 2024 estimate	Compared with medium-term management plan		
Net Sales	500.0	530.0	+30.0	[+6.0%]	
Operating Income	58.0	63.5	+5.5	[+9.5%]	
Operating Margin	11.6%	12.0%	+0.4P	-	
Net Income Attributable to Owners of the Parent Company	39.0	42.0	+3.0	[+7.7%]	
Net Income to Net Sales Ratio	7.8%	7.9%	+0.1P	-	
Key Business Segments					
Offering Service Business	Net Sales	108.5	122.8	+14.3	[+13.2%]
	Operating Income	9.5	7.5	-2.0	[-21.5%]
	Operating Margin	8.8%	6.1%	-2.7P	-
Business Process Management	Net Sales	45.5	44.0	-1.5	[-3.2%]
	Operating Income	4.8	5.2	+0.4	[+7.3%]
	Operating Margin	10.6%	11.7%	+1.1P	-
Financial IT Business	Net Sales	96.0	105.5	+9.5	[+9.9%]
	Operating Income	13.0	13.9	+0.9	[+7.0%]
	Operating Margin	13.5%	13.2%	-0.4P	-
Industrial IT Business	Net Sales	109.0	115.7	+6.7	[+6.1%]
	Operating Income	14.0	16.8	+2.8	[+20.0%]
	Operating Margin	12.8%	14.5%	+1.7P	-
Regional IT Solutions	Net Sales	160.0	165.1	+5.1	[+3.2%]
	Operating Income	18.0	19.9	+1.9	[+10.6%]
	Operating Margin	11.2%	12.1%	+0.8P	-

Business Models by Segment

Offering Service Business

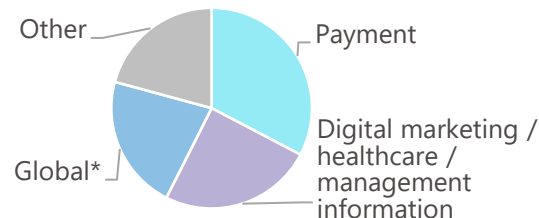
Definition

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



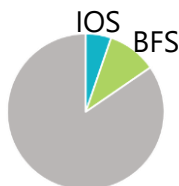
*Some aspects included in other segments

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**

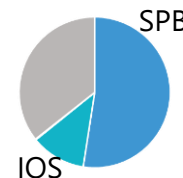


Industrial IT Business

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

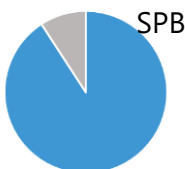


Financial IT Business

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

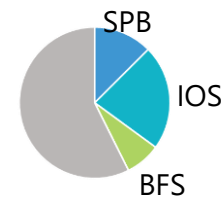


Regional IT Solutions

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.



TIS INTEC
Group

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