

Translation:

Please note that the following purports to be a translation from the Japanese original Notice of the 15th Annual General Shareholders Meeting of TIS Inc. prepared for the convenience of shareholders outside Japan with voting rights. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

(Securities Code: 3626)

Date of sending by postal mail: June 1, 2023

Start date of measures for electronic provision: May 19, 2023

To Our Shareholders:

TIS Inc.

17-1, Nishi-shinjuku 8-chome, Shinjuku-ku, Tokyo
President and Representative Director: Yasushi Okamoto

Notice of the 15th Annual General Meeting of Shareholders

We are pleased to invite you to attend the 15th Annual General Meeting of Shareholders of TIS Inc. (the “Company”) to be held as described below.

In convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of Reference Materials for the Meeting, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information as “Notice of the 15th Annual General Meeting of Shareholders” on each of the websites of the Company below. Please access any of the websites to review the information.

[Company website]

https://www.tis.co.jp/ir/stock/general_meeting/index.html (in Japanese)

The matters, for which measures for providing information in electronic format are to be taken, are also posted on the website of the Tokyo Stock Exchange (TSE). Please check below;

[Tokyo Stock Exchange website (TSE Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Please access the TSE website indicated above, enter “TIS” into the “Issue name (company name)” field or the Company’s securities code “3626” into the “Code” field, and click “Search,” select “Basic information,” then “Documents for public inspection/PR information,” and refer to the information from the “Notice of the General Meeting of Shareholders / Informational Materials for a General Shareholders Meeting” column in “Filed information available for public inspection).”

If you do not attend the meeting, you can exercise your voting rights via the Internet or in writing as described on the next page. Please review the “Reference Materials for the General Meeting of Shareholders” below to exercise your voting rights no later than 5:30 p.m. JST on Thursday, June 22, 2023.

Schedule of the Annual General Meeting of Shareholders

1. Date & Time Friday, June 23, 2023 at 10 a.m. JST

2. Place Meeting room on the 1st floor of the Bellesalle Shinjuku Ground
17-3, Nishi-shinjuku 8-chome, Shinjuku-ku, Tokyo

3. Agenda:

Matters for Report:

1. Business Report, Consolidated Financial Statements and Accounting Auditor’s Report and the Audit & Supervisory Board’s Report on the Audit of the Consolidated Financial Statements for the 15th Fiscal Year of the Company (from April 1, 2022 to March 31, 2023)
2. Non-Consolidated Financial Statements for the 15th Fiscal Year of the Company (from April 1, 2022 to March 31, 2023)

Matters for Approval:

Proposition No. 1: Appropriation of Retained Earnings

Proposition No. 2: Election of Nine (9) Directors

Proposition No. 3: Election of One (1) Audit & Supervisory Board Member

4. Exercising Voting Rights

If you are unable to attend the meeting, you may exercise your voting rights by means of either of the methods described below.

[Exercising Voting Rights via Internet, etc.]

Please check the description entitled “Guidance for the Exercise of Voting Rights via the Internet, etc.,” access the designated site for exercising your voting rights (<https://evote.tr.mufg.jp/>; available only in Japanese), and indicate your approval or disapproval of each of the items no later than 5:30 p.m. JST on Thursday, June 22, 2023. *(The English translation of the “Guidance” is intentionally omitted as the Internet voting service is only available in Japan in the Japanese language.)*

[Exercising Voting Rights via Mail]

Please indicate your approval or disapproval for the propositions below on the enclosed form, and return the form to the Company no later than 5:30 p.m. JST on Thursday, June 22, 2023.

Other information regarding the notice

- * Of the matters for which measure for providing information in electronic format are to be taken, the following matters are not included in the documents to be delivered to shareholders, who have requested to have the documents delivered, in accordance with the provisions of the laws and regulations and Article 16 of the Company’s Articles of Incorporation, but are posted on each of the websites on the Internet as “Notice of the 15th Annual General Meeting of Shareholders (Matters not stated in the documents to be delivered).”
 - (1) “Organizational Design to Ensure Appropriateness of Business Operations and State of Implementation of the Same” and “Results of Analysis and Evaluation of the Effectiveness of the Board of Directors” in the Business Report
 - (2) Notes to Consolidated Financial Statements
 - (3) Notes to Non-Consolidated Financial Statements
- * The business report audited by Audit & Supervisory Board members consists of the “Notice of the 15th Annual General meeting of Shareholders” posted on each of the websites on the Internet and (1) above. The consolidated financial statements and non-consolidated financial statements audited by the financial auditor and Audit & Supervisory Board members consist of the “Notice of the 15th Annual General meeting of Shareholders” posted on each of the websites on the Internet and each of the documents described in (2) and (3) above.
- * If any revision is made to the matters for which measures for providing information in electronic format are to be taken, the matters before and after the revision will be posted on each of the websites on the Internet.

Reference Materials for the General Meeting of Shareholders

Propositions and Reference Matters

Proposition No. 1: Appropriation of Retained Earnings

The Company recognizes returns to shareholders as an important management issue and strives for a sustainable and stable dividend payout in consideration of consolidated business performance while maintaining a level of retained earnings appropriate for business development over a mid- to long-term management perspective.

Based on this policy, in regard to the Medium-term Management Plan (Fiscal 2021 to Fiscal 2023), the Company is raising our total return ratio target from 40% to 45% and has a policy to continually enhance the dividend per share, while balancing the promotion of investment for growth, the maintenance of fiscal health and the strengthening of shareholder returns. In order to continually enhance the return of profits to shareholders, the Company believes it is desirable to return to shareholders based on profits from business activities that are not affected by one-off profits.

In regard to the year-end dividend, as earnings growth in this fiscal year is above the plan, we would like to propose raising the year-end dividend from the original plan of 32 yen per share by 3 yen per share to 35 yen per share as follows; combined with the interim dividend, which has already been paid out, this will bring the annual dividend to 50 yen per share.

- (1) Dividend Types
Cash dividend
- (2) Allotment of Dividend and Total Amount of Dividends
35 yen per common share of the Company
Total payment: 8,502,737,390yen
- (3) Effective Date for the Payment of Dividend from Retained Earnings
June 26, 2023

Moreover, an acquisition of treasury shares worth approx. 30,000 million yen in aggregate conducted during the fiscal year under review brought our consolidated total return ratio to 76.0% for the aforementioned year. However, a consolidated total return ratio calculated with the exclusion of an acquisition of treasury shares worth approx. 24,500 million yen, done for the purpose of making our capital breakdown appropriate, in addition to the above-mentioned interpretation of the Company, is 44.0%, in line with our basic policy.

(Reference) Transition of annual dividends, etc. per share

Category	12th Fiscal Year Fiscal year ended March 31, 2020	13th Fiscal Year Fiscal year ended March 31, 2021	14th Fiscal Year Fiscal year ended March 31, 2022	15th Fiscal year (fiscal year under review) Fiscal year ended March 31, 2023
Annual dividend per share (yen)	30	35	44	50
Annual dividends paid (Millions of yen)	7,571	8,823	11,051	12,167
Payout ratio (%)	25.7	31.9	27.9	22.0
Total return ratio (%)	39.8	42.8	39.3	76.0

(Note) The Company conducted a stock split effective April 1, 2020, whereby one (1) ordinary share was split into three (3) shares. For this reason, the “Annual dividend per share (Yen)” for the 12th Fiscal Year has been calculated as if the stock split had taken place as of the beginning of the 12th Fiscal Year.

Proposition No. 2: Election of Nine (9) Directors

The term of office of all nine (9) current Directors will expire at the close of this Annual General Meeting of Shareholders.

To ensure an effective corporate governance structure toward sustainable growth and medium- to long-term increase in corporate value, the Board of Directors is composed of Directors with abundant management experience, high insight, and varied and highly specialized skills and capabilities. To enhance the supervisory function of the Board of Directors, the Company also elects 1/3 or more of all the Directors from persons who fulfil the Company's Criteria Concerning Independent Officers.

Accordingly, we would like to propose that nine (9) Directors including three (3) External Directors be elected.

The candidates for Directors and Skills Matrix of the Directors are as follows:

List of candidates for Directors

Candidate No.	Name of Candidates for Directors	Current Position and Responsibility at the Company	Rate of Attendance at the Board Meeting (Number of Attendances)
1	Toru Kuwano (Reappointed)	Chairman and Director	100% (Attended all 19 meetings)
2	Yasushi Okamoto (Reappointed)	President and Representative Director In charge of the Audit Department	100% (Attended all 19 meetings)
3	Josaku Yanai (Reappointed)	Representative Director, Executive Vice President Director of Global Div. in charge of Digital Transformation Promotion SBU, Financial Industry SBU, Industries & Public Solutions SBU, Digital Transformation Business Unit, Enterprise Consulting Business Unit, IT Platform SBU, Business Innovation Unit, Digital Society Service Planning Unit.	89.5% (Attended 17 meetings of out of 19 meetings)
4	Shinichi Horiguchi (Newly appointed)	Senior Managing Executive Officer In charge of Corporate Planning SBU, Human Resources SBU, Corporate Management SBU, Technology & Innovation SBU, System Development & Quality Management Innovation SBU of the Company, General Manager of the IT Platform SBU of the Company	-
5	Takayuki Kitaoka (Reappointed)	Directors	100% (Attended all 19 meetings)
6	Shuzo Hikida (Newly appointed)	-	-
7	Koichi Sano (Reappointed, external, independent)	Director (External Director)	100% (Attended all 19 meetings)
8	Fumio Tsuchiya (Reappointed, external, independent)	Director (External Director)	100% (Attended all 19 meetings)
9	Naoko Mizukoshi (Reappointed, external, independent)	Director (External Director)	100% (Attended all 19 meetings)

(Note) "Reappointed" refers to candidates reappointed as Directors, "Newly appointed" refers to candidates newly appointed as Directors, "External" refers to candidates for external Directors, and "Independent" refers to directors for which a notice has been filed with the Tokyo Stock Exchange stating that they are Independent Officers.

Board of Directors Skills Matrix

Candidate No.	Name of Candidates for Directors	Position after close of this Annual General Meeting of Shareholders	Company Management	Industry Knowledge	International Experience	Finance /Accounting	Legal /Intellectual Property
1	Toru Kuwano	Chairman and Director (Reference: Chair of Board of Directors)	•	•	•		
2	Yasushi Okamoto	President and Representative Director	•	•	•		
3	Josaku Yanai	Representative Director	•	•	•	•	
4	Shinichi Horiguchi	Director		•			
5	Takayuki Kitaoka	Director	•	•			
6	Shuzo Hikida	Director		•			
7	Koichi Sano	Director (External Director)	•			•	
8	Fumio Tsuchiya	Director (External Director)	•	•	•		
9	Naoko Mizukoshi	Director (External Director)		•	•		•

<Reference> Policies and Procedures for Election, Dismissal and Nomination of Directors, etc.

In order to realize effective corporate governance and contribute to the sustainable growth of the Company as well as the enhancement of its medium- to long-term corporate value, in nominating candidates for directors and audit & supervisory board members etc., the Board of Directors, following the report from the Nomination Committee whose members comprise a majority of independent external directors will nominate the candidates based on election criteria determined by the Company under which they are selected as directors or audit & supervisory board members. The Board of Directors will nominate candidates with extensive experience, a high level of insight and advanced specialization, while also considering aspects of diversity such as gender, internationality, work history and age.

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

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Responsibility at the Company and Important Positions of Other Organizations Concurrently Assumed		No. of Shares Held in the Company
1	Toru Kuwano (May 3, 1952) <Reappointment Candidate>	April 1976	Joined Toyo Information Systems Co., Ltd. *1	172,800 shares
		June 2000	Director of Toyo Information Systems Co., Ltd.	
		April 2004	Executive Director of TIS Inc.	
		April 2008	Executive Managing Director of TIS Inc.	
		April 2010	Executive Vice President and Representative Director of TIS Inc.	
		April 2011	President and Representative Director of TIS Inc.	
		April 2013	Chairman, President and Representative Director of TIS Inc.	
		June 2013	Chairman, President and Representative Director of TIS Inc. Director of the Company *2	
		June 2016	Chairman, President and Representative Director of TIS Inc. President and Representative Director of the Company	
	July 2016	President and Representative Director of the Company, in charge of Auditing Dept.		
June 2018	Chairman, President and Representative Director of the Company, in charge of Auditing Dept.			
	<Number of Years in Office> 10 years	April 2021	Chairman and Director of the Company (to the present)	

[Reasons for the Selection of Candidate for Director]

After assuming the office of President and Representative Director of the Group company, Toru Kuwano was appointed as a Director of the Company in June 2013 and President and Representative Director in June 2016. Since April 2021, he has assumed the office of Chairman and Director of the Company. He has a wealth of experience and knowledge about the Company's and its Group's business, as well as in business administration.

Since April 2021, he has also assumed the position of Chairman and Director as a non-executive Director, in order to realize fair management supervision. He has promoted a stronger and more effective corporate governance structure and worked toward the sustainable growth and increase in the medium- to long-term corporate value of the Company. He is nominated as a candidate for Director since he is highly expected to continue to fulfill the duties of significant decision-making for the Company's Group as well as the administration and oversight of business management.

*1. Toyo Information Systems Co., Ltd. changed its trade name to TIS Inc. on January 1, 2001.

*2. As of June 2013, the Company's trade name was IT Holdings Corporation.

Effective as of July 1, 2016, an absorption-style merger took effect with the Company (formerly IT Holdings Corporation) being the surviving company and TIS Inc., the Company's wholly-owned subsidiary, being the absorbed company. With the merger, the trade name of the Company was changed from IT Holdings Corporation to TIS Inc.

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Responsibility at the Company and Important Positions of Other Organizations Concurrently Assumed		No. of Shares Held in the Company
2	Yasushi Okamoto (March 3, 1962) <Reappointment Candidate>	April 1985	Joined Toyo Information Systems Co., Ltd. *1	57,056 shares
		April 2010	Managing Executive Officer, Department Manager of Corporate Planning and Management Department of SORUN CORPORATION *2	
		April 2011	Executive Officer, Department Manager of Corporate Planning & Control Dept. of TIS Inc. *2	
		October 2011	Executive Officer, Department Manager of Corporate Planning & Control Dept. and Section Manager of Global Business Planning Office of TIS Inc.	
		January 2012	Executive Officer, Department Manager of Corporate Planning & Control Dept. and Section Manager of Global Business Planning Office of TIS Inc. Managing Director of TISI (Singapore) Pte. Ltd.	
		April 2013	Managing Executive Officer, Division Manager of IT Solutions Services SBU of TIS Inc.	
		April 2016	Senior Managing Executive Officer, Division Manager of Industries & Solutions SBU of TIS Inc.	
		July 2016	Senior Managing Executive Officer, Division Manager of Industries & Solutions SBU of the Company*3	
		April 2017	Senior Managing Executive Officer, in charge of Industries & Solutions SBU, Business Innovation Div., Division Manager of Business Innovation Div. of the Company	
		April 2018	Senior Managing Executive Officer, Sector Director of Service Strategy Sector of the Company	
		June 2018	Director, Senior Managing Executive Officer, Sector Director of Service Strategy Sector of the Company	
		April 2020	Director, Executive Vice President, Sector Director of Service Strategy Sector of the Company	
	<Number of Years in Office> 5 years	April 2021	President and Representative Director of the Company, in charge of Auditing Dept. (to the present)	

[Reasons for the Selection of Candidate for Director]

Yasushi Okamoto served as Senior Managing Executive Officer and Division Manager of the planning and development department of industrial systems from July 2016, and as Director from June 2018, after having been engaged in corporate business in the corporate planning department of the Company for many years. He was appointed to the office of President and Representative Director in April 2021.

Based on these experiences, he is a person who can exert leadership to further promote the sustainable growth and increase in corporate value of the Group through the steady implementation of the current Medium-Term Management Plan (2021-2023). He is

nominated as a candidate for Director since he is highly expected to fulfill the duties of significant decision-making for the Group and oversight of business management.

- *1. Toyo Information Systems Co., Ltd. changed its trade name to TIS Inc. on January 1, 2001.
- *2. Effective as of April 1, 2011, a merger took effect with TIS Inc., the Company's wholly-owned subsidiary, being the surviving company and UFIT Co., Ltd., and SORUN CORPORATION being the absorbed companies.
- *3. Effective as of July 1, 2016, an absorption-style merger took effect with the Company (formerly IT Holdings Corporation) being the surviving company and TIS Inc., the Company's wholly-owned subsidiary, being the absorbed company. With the merger, the trade name of the Company was changed from IT Holdings Corporation to TIS Inc.

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Responsibility at the Company and Important Positions of Other Organizations Concurrently Assumed	No. of Shares Held in the Company	
3	Josaku Yanai (November 14, 1963) <Reappointment Candidate>	April 1987	Joined The Long-Term Credit Bank of Japan, Limited	60,500 shares
		January 2000	Joined Toyo Information Systems Co., Ltd. *1	
		April 2009	Executive Officer, Department Manager of Corporate Planning & Control Dept., Corporate Planning & Control Div. of TIS Inc.	
		April 2011	Executive Officer, Division Manager of Corporate Planning Division of the Company *2	
		May 2015	Managing Executive Officer, Division Manager of Corporate Planning Division of the Company	
		June 2016	Director, Managing Executive Officer and Division Manager of Corporate Planning SBU of the Company	
		July 2016	Director, Managing Executive Officer, in charge of Corporate Planning SBU and Corporate Management SBU and Division Manager of Corporate Planning SBU of the Company	
		April 2018	Director, Senior Managing Executive Officer and Sector Director of Industry Strategy Sector of the Company	
		April 2020	Director, Executive Vice President and Sector Director of Industry Strategy Sector of the Company	
		April 2021	Representative Director, Executive Vice President, in charge of Financial Industry SBU, Industries & Public Solutions SBU, Digital Transformation Business Unit, Enterprise Business Unit, Business Innovation Unit, Digital Society Service Planning Unit, IT Platform SBU, and Global Div., and Director of Global Div. of the Company	
		<Number of Years in Office> 7 years	April 2022	

[Reasons for the Selection of Candidate for Director]

Josaku Yanai was mainly engaged in the corporate section in the corporate planning department of the Company and its Group company for many years. He assumed the office of Executive Officer and Division Manager of corporate planning division of the Company in April 2011. He became a Director of the Company in June 2016 and a Representative Director in April 2021. He has a wealth of experience and knowledge about the business of the Company and its Group, as well as in business administration. Based on these experiences, he is nominated as a candidate for Director since he is highly expected to further promote the sustainable growth and increase in corporate value of the Group through the steady implementation of the current Medium-Term Management Plan (2021-2023) and fulfill the duties of significant decision-making for the Group and the administration and oversight of business management.

*1. Toyo Information Systems Co., Ltd. changed its trade name to TIS Inc. on January 1, 2001.

*2. As of April 2011, the Company's trade name was IT Holdings Corporation.

Effective as of July 1, 2016, an absorption-style merger took effect with the Company (formerly IT Holdings Corporation) being the surviving company and TIS Inc., the Company's wholly-owned subsidiary, being the absorbed company. With the merger, the trade name of the Company was changed from IT Holdings Corporation to TIS Inc.

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Responsibility at the Company and Important Positions of Other Organizations Concurrently Assumed	No. of Shares Held in the Company	
4	Shinichi Horiguchi (June 23, 1962) <Newly Appointed>	April 1987	Joined Toyo Information Systems Co., Ltd. *1	24,719 shares
		December 2002	Department Manager of the Business System Operation Development Department of the Finance / Card Division No.1 of Toyo Information Systems Co., Ltd.	
		November 2006	General Manager, Card Solutions Department. No.6, Card Division No.2 of Toyo Information Systems Co., Ltd.	
		April 2009	General Manager, Human Resources Department, Planning Division of Toyo Information Systems Co., Ltd.	
		April 2012	General Manager, Planning Department, Corporate Division of Toyo Information Systems Co., Ltd.	
		April 2013	Executive Officer and Division Manager of the Credit Platform Division of the Financial Industry SBU No. 1 of Toyo Information Systems Co., Ltd.	
		October 2016	Executive Officer and Deputy General Manager of the Financial Industry SBU cum Division Manager of the Credit Platform Division of the Financial Industry SBU of the Company (*2) Division Manager of the Credit Platform Division	
		April 2017	Managing Executive Officer and General Manager of the Financial Industry SBU cum Division Manager of the Credit Platform Division of the Financial Industry SBU of the Company	
	April 2018	Managing Executive Officer and General Manager of the Financial Industry SBU of the Industry Strategy Sector of the Company		
<Number of Years in Office>	-	April 2020	Senior Managing Executive Officer and officer in charge of Financial Industry SBU of the Industry Strategy Sector and General Manager	

		of the Financial Industry SBU of the Industry Strategy Sector of the Company General Manager of the Financial Industry SBU	
	April 2021	Senior Managing Executive Officer, General Manager of the Financial Industry SBU	
	April 2022	Senior Managing Executive Officer, General Manager of the Financial Industry SBU cum General Manager of the IT Platform SBU of the Company	
	April 2023	Senior Managing Executive Officer in charge of Corporate Planning SBU, Human Resources SBU, Corporate Management SBU, Technology & Innovation SBU, System Development & Quality Management Innovation SBU, General Manager of the IT Platform SBU of the Company (to the present)	

[Reasons for the Selection of Candidate for Director]

Shinichi Horiguchi has been engaged in finance / credit card business for many years, has been promoting corporate business operations at the Human Resources Department and Corporate Planning Department since April 2009, and has served as General Manager of the Financial Systems Planning and Development Department for financial systems as Managing Executive Officer of the Company since April 2017. Based on these experiences, he is nominated as a candidate for Director since he is highly expected to promote the current Medium-Term Management Plan (2021-2023), and fulfill the duties of significant decision-making for the Group and the oversight of business management.

*1. Toyo Information Systems Co., Ltd. changed its trade name to TIS Inc. on January 1, 2001.

*2. Effective as of July 1, 2016, an absorption-style merger took effect with the Company (formerly IT Holdings Corporation) being the surviving company and TIS Inc., the Company's wholly-owned subsidiary, being the absorbed company. With the merger, the trade name of the Company was changed from IT Holdings Corporation to TIS Inc.

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Responsibility at the Company and Important Positions of Other Organizations Concurrently Assumed	No. of Shares Held in the Company
5	Takayuki Kitaoka (December 14, 1960) <Reappointment Candidate>	<p>April 1984 Joined INTEC Inc.</p> <p>January 2005 General Manager of Product Solutions Marketing Dept. of INTEC Inc.</p> <p>April 2008 Manager of N&O Business Promotion Dept. of INTEC Inc.</p> <p>April 2012 Manager of Corporate Planning Department of the Company *1</p> <p>April 2015 General Manager of BPO Division of INTEC Inc.</p> <p>April 2016 Executive Officer, General Manager of Corporate Planning Division of INTEC Inc.</p> <p>April 2017 Managing Executive Officer, General Manager of Corporate Planning Division of INTEC Inc.</p> <p>April 2018 President and Representative Director of INTEC Inc. (to the present)</p> <p>June 2018 Director of the Company (to the present)</p> <p>(Other Important Concurrent Positions) Chairman of Telecom Services Association</p>	17,462 shares
	<Number of Years in Office> 5 years		

[Reasons for the Selection of Candidate for Director]

Takayuki Kitaoka was engaged in business related to IT infrastructure of INTEC Inc., the Company's major subsidiary, and served in management administration of the Group companies at the Company for three years from April 2012. Furthermore, he has assumed the office of President and Representative Director of INTEC Inc. since April 2018 and the office of Director of the Company since June 2018. He is nominated as a candidate for Director since he is highly expected to continue to promote the duties of INTEC Inc. assigned by the current Medium-Term Management Plan (2021-2023) and to fulfill the duties of significant decision-making for the Group and the administration and oversight of business management, based on the above experiences and from the viewpoint of Group management.

*1. As of April 2012, the Company's trade name was IT Holdings Corporation.

Effective as of July 1, 2016, an absorption-style merger took effect with the Company (formerly IT Holdings Corporation) being the surviving company and TIS Inc., the Company's wholly-owned subsidiary, being the absorbed company. With the merger, the trade name of the Company was changed from IT Holdings Corporation to TIS Inc.

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Responsibility at the Company and Important Positions of Other Organizations Concurrently Assumed	No. of Shares Held in the Company	
6	Shuzo Hikida (October 24, 1964) <Newly Appointed>	April 1988	Joined INTEC Inc.	3,500 shares
		June 2007	General Manager, Sales Department No.1, Western Japan Region Division of INTEC Inc.	
		April 2015	Deputy General Manager, Network & Outsourcing Division of cum General Manager, N&O Business Promotion Division of INTEC Inc.	
		April 2018	Executive Officer, Deputy General Manager of the Metropolitan Industry SBU cum Department manager of the MCI Sales Department of INTEC Inc.	
		April 2019	Managing Executive Officer, Deputy General Manager of the Industry & Solutions SBU of INTEC Inc.	
		May 2019	Managing Executive Officer and General Manager of the Network & Outsourcing SBU of INTEC Inc.	
		April 2021	Senior Managing Executive Officer, in charge of the Distribution Service SBU and Network & Outsourcing SBU, and General Manager of the Network & Outsourcing SBU of INTEC Inc.	
	April 2022	Senior Managing Executive Officer in charge of the Distribution Service SBU, the Network & Outsourcing SBU and the Central / West Japan Industry SBU, and General Manager of the Network & Outsourcing SBU of INTEC Inc.		
	<Number of Years in Office> -	April 2023	Director and Executive Vice President in charge of the MCF Operation Department, Network & Outsourcing Division, East Regional Control Headquarters and General Manager of Special Project Management Office of INTEC Inc. (to the present)	

[Reasons for the Selection of Candidate for Director]

Shuzo Hikita is engaged in business activity to create strategic informatization directly connected to business strategy of top-class companies in the industry at INTEC Inc., one of our major group companies, to establish the revenue base of the network & outsourcing business operation and create new services. Also, he was appointed as director and executive vice president of the said company in April 2023. He is nominated as a candidate for Director since he is highly expected to promote the current Medium-Term Management Plan (2021-2023) at the said company to play a sufficient role in supervision of decision-making on significant matters and the oversight of execution of business management for the Group based on his experiences.

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Responsibility at the Company and Important Positions of Other Organizations Concurrently Assumed	No. of Shares Held in the Company
7	Koichi Sano (August 30, 1948) <Reappointment Candidate> External Director Candidate Independent Officer Candidate	<p>April 1971 Joined Mitsui Petrochemical Industries, Ltd. (currently Mitsui Chemicals, Inc.)</p> <p>June 2003 Executive Officer and Manager of Finance Department of Mitsui Chemicals, Inc.</p> <p>June 2005 Executive Director of Mitsui Chemicals, Inc.</p> <p>June 2009 Executive Vice President and Representative Director of Mitsui Chemicals, Inc.</p> <p>June 2013 Senior Councilor of Mitsui Chemicals, Inc.</p> <p>June 2015 Retired from Mitsui Chemicals, Inc.</p> <p>June 2016 External Director of the Company *1 (to the present)</p>	3,900 shares
	<Number of Years in Office> 7 years		

[Reasons for the Selection of Candidate for External Director and Expected Role]

Koichi Sano worked mainly in the finance and accounting departments, and served as Executive Vice President and Representative Director of Mitsui Chemicals, Inc., and has a wide range of experience and a wealth of expertise in corporate management. Since assuming the office of External Director in June 2016, he has given advice and suggestions from an independent perspective to ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate by utilizing these experiences and expertise in the Company's business.

Since June 2022, he has acted as Chairperson of the Nomination and Remuneration Committees which are voluntary advisory bodies to the Board of Directors, and fulfils an important role in the deliberation and advice to the Board of Directors on the nomination and remuneration of directors etc. in response to the consultation of the Board of Directors. He is highly expected to be a person who will continue to contribute to the increase in corporate value and enhancement of corporate governance of the Company. Therefore, we have nominated him as a candidate for external director.

[Items Pertaining to Independence]

While the Company has business transactions with Mitsui Chemicals, Inc. ("MC"), which Mr. Sano belonged to until June 2015, MC's consolidated sales to the Company represent 0.3% and 0.6% of the Company's consolidated and non-consolidated sales, respectively. Because Mr. Sano satisfies the requirements of the "Criteria Concerning Independence of External Officers of the Company" and the proportion of sales is minimal, we have determined that his independence as an External Director is sufficiently secured.

*1. As of June 2016, the Company's trade name was IT Holdings Corporation.

Effective as of July 1, 2016, an absorption-style merger took effect with the Company (formerly IT Holdings Corporation) being the surviving company and TIS Inc., the Company's wholly-owned subsidiary, being the absorbed company. With the merger, the trade name of the Company was changed from IT Holdings Corporation to TIS Inc.

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Responsibility at the Company and Important Positions of Other Organizations Concurrently Assumed	No. of Shares Held in the Company
8	Fumio Tsuchiya (May 10, 1948) <Reappointment Candidate> <External Director Candidate> <Independent Officer Candidate>	<p>July 1971 Joined Japan Airlines Co., Ltd.</p> <p>July 1995 Regional Manager of Madrid Branch of Japan Airlines Co., Ltd.</p> <p>May 1999 Director and Section Manager of Personnel & Corporate Planning Section of JAL Hotels Co., Ltd. (currently Okura Nikko Hotel Management Co., Ltd.)</p> <p>April 2001 Manager of Corporate Planning Section of Japan Airlines Co., Ltd.</p> <p>October 2002 Executive Officer, Deputy Section Manager of Corporate Planning Section of Japan Airlines System, Inc. (currently Japan Airlines Co., Ltd.)</p> <p>April 2004 Executive Officer and Section Manager of Corporate Planning Section of Japan Airlines System, Inc.</p> <p>June 2004 Director and Section Manager of Corporate Planning Section of Japan Airlines Corporation (currently Japan Airlines Co., Ltd.)</p> <p>April 2006 Managing Director, in charge of PR & IR, Legal Affairs and General Affairs of Japan Airlines Co., Ltd.</p> <p>June 2007 President & CEO of JALCard, Inc.</p>	- shares
	<Number of Years in Office> 6 years	<p>June 2010 Retired from JALCard, Inc.</p> <p>August 2010 Section Manager of Internal Auditing Office of Faith, Inc.</p> <p>June 2011 Full-time Audit & Supervisory Board Member of Faith, Inc.</p> <p>June 2017 External Director of the Company (to the present)</p>	

[Reasons for the Selection of Candidate for External Director and Expected Role]

Fumio Tsuchiya previously worked in an important position in overseas offices and the Corporate Planning Department of Japan Airlines Co., Ltd. (“JAL”). After having assumed the office of Director of JAL in June 2004, he served as Managing Director and was thereafter appointed as President & CEO of JALCard, Inc. in June 2007, which is a group company of JAL. He has a wide range of experience and a wealth of expertise in corporate management.

Since assuming the office of External Director of the Company in June 2017, he has given advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company’s business to ensure that the decisions to be made by the Company’s Board of Directors will be reasonable and appropriate. He is nominated as a candidate for External Director as he is highly expected to be a person who will continue to contribute to the increase in corporate value and enhancement of the corporate governance of the Company.

[Items Pertaining to Independence]

While the Company has business transactions with JALCard, Inc. (“JALCard”), which Mr. Tsuchiya belonged to until June 2010, JALCard’s consolidated sales to the Company represent 0.1% and 0.3% of the Company’s consolidated and non-consolidated sales, respectively. Because Mr. Tsuchiya satisfies the requirements of the “Criteria Concerning Independence of External Officers of the Company” and the proportion of sales is minimal, we have determined that his independence as an External Director is sufficiently secured.

Candidate No.	Name (Date of Birth)	Career Summary, Position, and Responsibility at the Company and Important Positions of Other Organizations Concurrently Assumed	No. of Shares Held in the Company
9	Naoko Mizukoshi (September 23, 1967) <Reappointment Candidate> External Director Candidate Independent Officer Candidate	<p>April 1993 Entered the Legal Training and Research Institute of Supreme Court of Japan</p> <p>April 1995 Registered as a lawyer with Osaka Bar Association Joined Miyazaki Sogo Law Office (currently Legal Professional Corporation Miyazaki Sogo Law Office)</p> <p>April 1998 Registered as a lawyer with Yokohama Bar Association (currently Kanagawa Bar Association) Joined Legal Department of Nomura Research Institute, Ltd.</p> <p>September 1999 Registered as a lawyer with Daini Tokyo Bar Association Joined Legal Department of Autodesk, Ltd.</p> <p>September 2002 Qualified as a lawyer in the state of California, Legal Affair Division, Microsoft Corporation (currently Japan Microsoft Corporation)</p> <p>November 2006 Joined TMI Associates</p> <p>January 2008 Partner of TMI Associates (resigned February 2010)</p> <p>March 2010 Founded Endeavour Law Office Partner of Endeavour Law Office</p> <p>June 2018 External Director of the Company (to the present) Partner of Endeavour Law Office (resigned December 2018)</p> <p>December 2018 Partner of Leftright Law & IP (to the present)</p> <p>(Other Important Concurrent Positions) External Director of Nabtesco Corporation</p>	1,400 shares
	<Number of Years in Office> 5 years		

[Reasons for the Selection of Candidate for External Director and Expected Role]

Naoko Mizukoshi is a qualified lawyer and has a wealth of professional knowledge of, and experiences in, intellectual property, ICT and international transactions.

Since assuming the office of External Director of the Company in June 2018, he has given advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business to ensure that the decisions to be made by the Company's Board of Directors will be reasonable and appropriate. He is highly expected to be a person who will continue to contribute to the increase in corporate value and enhancement of the corporate governance of the Company.

She has not participated in corporate management but has expertise in corporate legal works. Therefore, she is nominated as a candidate for External Director since she could discharge duly the duties of External Director.

[Items Pertaining to Independence]

There is no business relationship between the Company and Leftright Law & IP to which Ms. Mizukoshi currently belongs. She fulfils the "Criteria Concerning Independence of External Officers of the Company" and the Company believes that she has no conflict of interest with any shareholders.

(Notes)

1. None of the Director candidates above has any special interest with the Company.
2. The Company has concluded a directors and officers liability insurance agreement provided for in Paragraph 1, Article 430-3 of the Companies Act with an insurance company. In the event of a claim for damages due to an action (including in-action) by the insured as part of their duties as officers etc., damages including compensation for damages and legal expenses to be borne by the insureds shall be compensated under the said insurance agreement. (Damages, etc., incurred

- by officers themselves, who have conducted a criminal act such as bribery and/or intentionally conducted an illegal act, are not subject to compensation.) The candidates are the insured of the said insurance policy.
3. Messrs. Koichi Sano, Fumio Tsuchiya and Ms. Naoko Mizukoshi are candidates for External Directors as set forth under Item 7, Paragraph 3, Article 2 of the Regulations for the Enforcement of the Companies Act. Furthermore, in accordance with the procedures, the Company has designated Messrs. Koichi Sano, Fumio Tsuchiya and Ms. Naoko Mizukoshi as Independent Officers and filed a notice accordingly with the Tokyo Stock Exchange. If the re-election of Messrs. Koichi Sano, Fumio Tsuchiya and Ms. Naoko Mizukoshi is approved, the Company will renew this filing. The Company's independence criteria of External Officers are described on page 23.
 4. Limited Liability Agreement with External Directors
So that External Directors may fully fulfil their expected roles, the Company has entered into an agreement with Messrs. Koichi Sano, Fumio Tsuchiya and Ms. Naoko Mizukoshi to limit their liability for damages as outlined under Paragraph 1, Article 423 of the Companies Act in accordance with Paragraph 1, Article 427 of the Companies Act and Article 32 of the Articles of Incorporation. The maximum amount of liability under said agreement is the minimum liability amount as provided in laws and regulations. If the reappointment of all three individuals is approved at this Annual General Meeting of Shareholders, the Company will renew the agreement with each of them.
 5. The registered family name of Ms. Naoko Mizukoshi is Ms. Naoko Suzuki.
 6. The number of shares of the Company that are held by each of the candidates for Directors includes the unit shares held by each candidate in the Directors' Shareholdings Association of TIS INTEC Group.

Proposition No. 3: Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Tatsufumi Matsuoka will expire at the close of this Annual General Meeting of Shareholders due to his resignation. Accordingly, we would like to propose that one (1) Audit & Supervisory Board Member be elected.

In addition, prior consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The candidate for Audit & Supervisory Board member is as follows;

Name (Date of Birth)	Career Summary, Position, and Responsibility at the Company and Important Positions of Other Organizations Concurrently Assumed	No. of Shares Held in the Company
<p>Makoto Tsujimoto (December 7, 1960) <Newly Appointed></p>	April 1983 Joined Toyo Information Systems Co., Ltd. *1	61,700 shares
	March 1991 Seconded to Toyo Information Systems (NY) Co., Ltd., Vice President	
	October 2001 Seconded to TIS System Service Inc., General Manager, Outsourcing Promotion Department	
	April 2002 Seconded to QUALICA Inc., General Manager of the Outsourcing Department	
	October 2005 General Manager, Outsourcing Planning Department, TIS Inc.	
	April 2009 Executive Officer, Deputy General Manager, IT Infrastructure Service Division of TIS Inc.	
	April 2010 Executive Officer, General Manager, IT Infrastructure Service Division of TIS Inc.	
	April 2013 Managing Executive Officer, General Manager, IT Infrastructure Service SBU of TIS Inc.	
	April 2015 Managing Executive Officer, General Manager of Public Services SBU of TIS Inc.	
	April 2018 Managing Executive Officer and General Manager of the Industries & Public Solutions SBU of the Industry Strategy Sector cum General Manager of the IT Platform SBU of the of the Industry Strategy Sector of the Company (*2)	
	October 2018 Managing Executive Officer and General Manager of the IT Platform SBU of the Industry Strategy Sector of the Company	
	April 2019 President and Representative Director, QUALICA Inc.	
	April 2023 Advisor to the Company (to the present)	
<p><Number of Years in Office> - years</p>		

[Reasons for the Selection of the Candidate for Director]

Makoto Tsujimoto has abundant experience and knowledge of systems and center operations, which form the foundation of the service business of the Company. In addition, he has knowledge of corporate management as he has served as representative director of QUALICA Inc., a consolidated subsidiary of the Company, since April 2019. He is nominated as a candidate for an Audit & Supervisory Board member because it is expected that he can perform accurate and fair monitoring and oversight functions for the Company's business contents and internal audits as well as the execution of business by the directors of the Company by taking advantage of these experiences.

*1. Toyo Information Systems Co., Ltd. changed its trade name to TIS Inc. on January 1, 2001.

*2. Effective as of July 1, 2016, an absorption-style merger took effect with the Company (formerly IT Holdings Corporation) being the surviving company and TIS Inc., the Company's wholly-owned subsidiary, being the absorbed company. With the merger, the trade name of the Company was changed from IT Holdings Corporation to TIS Inc.

(Notes)

1. The Audit & Supervisory Board Member candidate above has no special interest relationship with the Company.
2. The Company has concluded a directors and officers liability insurance agreement provided for in Paragraph 1, Article 430-3 of the Companies Act with an insurance company. In the event of a claim for damages due to an action (including in-action) by the insured as part of their duties as officers etc., damages including compensation for damages and legal expenses to be borne by the insured shall be compensated under the said insurance agreement. The insurance premiums, including coverage of special conditions, will be fully borne by the Company. (Damages, etc., incurred by officers themselves, who have conducted a criminal act such as bribery and/or intentionally conducted an illegal act, are not subject to compensation.) If the appointment of Mr. Tsujimoto is approved, he will be included as an insured of the said insurance policy.
3. The number of shares of the Company, that are held by each of the candidates for Audit & Supervisory Board members, includes the unit shares held by each candidate in the Directors' Shareholdings Association of TIS INTEC Group.

<Reference>

If Proposition No. 3 is approved as originally proposed, the composition of the Audit & Supervisory Board will be as follows.

The number of Audit & Supervisory Board Members will remain unchanged (Internal: 2; External: 3).

Name	Current Position of the Company	Attendance of the meetings of the Board of Directors	Attendance of the meetings of the Audit & Supervisory Board
Tetsuya Asano Currently in office	Full-Time Audit & Supervisory Board Member	100% (Attended all 19 meetings)	100% (Attended all 12 meetings)
Makoto Tsujimoto Newly-Appointed	-	-	-
Yukio Ono Currently in office External Independent	Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	94.7% (Attended 18 out of 19 meetings)	100% (Attended all 12 meetings)
Akiko Yamakawa Currently in office External Independent	Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	100% (Attended all 19 meetings)	100% (Attended all 12 meetings)
Hiroko Kudo Currently in office External Independent	Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	100% (Attended all 15 meetings)	100% (Attended all 10 meetings)

(Notes)

1. “External” refers to External Audit & Supervisory Board Members and candidates for the same, and “Independent” refers to Audit & Supervisory Board Members who have been or will be filed with the Tokyo Stock Exchange as Independent Officers.
2. The meetings of the Board of Directors and the Audit & Supervisory Board, which were held after her appointment on June 24, 2022 are included in the scope of the status of attendance of Ms. Hiroko Kudo at meetings of the Board of Directors and the Audit & Supervisory Board.

<Reference> Criteria Concerning Independence of External Officers of the Company (revised on December 21, 2016)
In order to reinforce the supervisory function of its Board of Directors, the Company has established as follows the judgment criteria for ensuring the independence of its external directors and external audit & supervisory board members (hereafter, the “external officers”) as described below, with reference to the rules of the Tokyo Stock Exchange, etc., in addition to the requirements of the Companies Act.

1. External directors (including candidates) are defined by Article 2, Paragraph 15 of the Companies Act (Requirements of External Directors) and shall have never served as an executive director, manager or other employee of the TIS INTEC Group (Note 1) even in the past.
2. External audit & supervisory board members (including candidates) are defined by Article 2, Paragraph 16 of the Companies Act (Requirements of External Company Auditors) and shall have never served as a director, manager or other employee of the TIS INTEC Group even in the past.
3. In the current fiscal year and during the past three fiscal years, external officers shall fall under none of each of the following items.
 - i. A counterparty which has transactions principally with the Company (Note 2) or a person who executes that counterparty’s business
 - ii. A counterparty which has transactions principally with the TIS INTEC Group (Note 3) or a person who executes that counterparty’s business
 - iii. A consultant, accounting professional or legal professional who has received a large amount of money or other assets (Note 4) other than executive remuneration from the Company. In addition, when these are received by an organization such as a corporation or partnership, this includes persons who belong to the applicable organization.
 - iv. A major shareholder of the Company (Note 5). In addition, when the major shareholder is a corporation, this includes a person who executes the business of the corporation.
 - v. A person other than those in (i), (ii) and (iii) above who executes the business of a counterparty of the Company (Note 6)
 - vi. A person who was formerly a member of a counterparty which is in a situation of cross-assumption of offices of external officers
 - vii. A counterparty or former member of the counterparty that receives donations from the Company
4. External officers must not be a relative within the second degree of a person who falls under each of the following items;
 - i. A person mentioned in (i) to (iii) of the previous clause
 - ii. A person who executes the business of a subsidiary of the Company
 - iii. A non-executive director of a subsidiary of the Company (limited to external audit & supervisory board members)
 - iv. A person who fell under (ii) or (iii) above or a person who executes the business of the Company (including a non-executive director in the case of an audit & supervisory board member) recently (in the current fiscal year and during the past four (4) fiscal years)
5. In addition to the above, there shall be no circumstances in which duties imposed on an independent external officer are reasonably deemed not to be achieved.

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

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

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

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

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

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

—END—

Business report for the 15th period
(From April 1, 2022 to March 31, 2023)

1. Matters related to the current situation of the corporate group

(1) Business progress and achievement

During the consolidated fiscal year under review, the Japanese economy showed signs of recovery due to the effects of various policies under the COVID-19 pandemic. As for the future prospects, as monetary tightening continues worldwide, it is necessary to pay close attention to the impacts of the risks of downward pressure on the Japanese economy due to a downturn in overseas economies, price increases, supply-side constraints and fluctuations in the financial and capital markets.

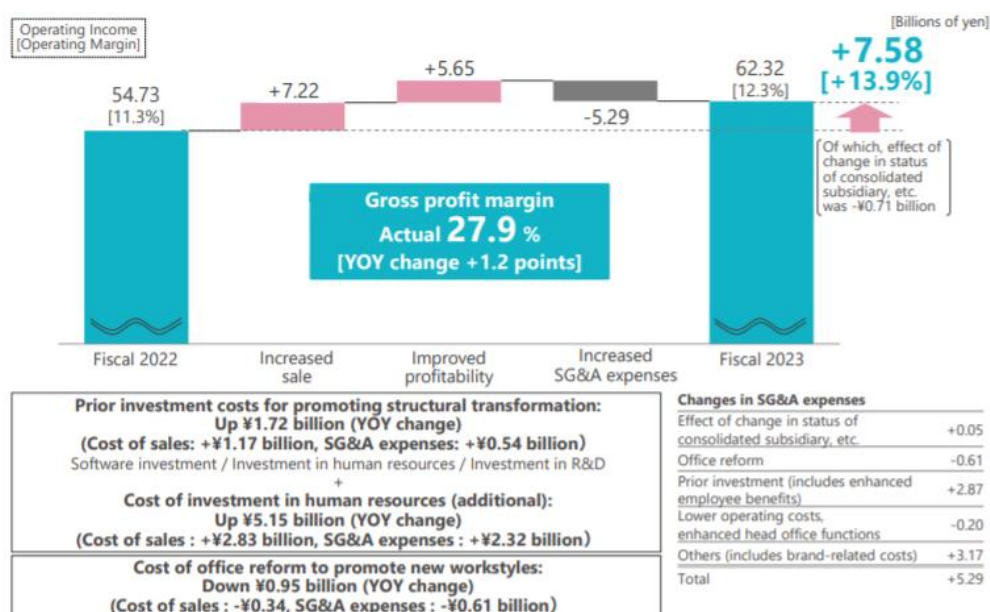
In the information service industry to which the Group belongs, demand for IT investment is expected to increase further as business processes and business model reforms utilizing digital transformation technology progress globally as the Bank of Japan's Short-term Economic Survey of Principal Enterprise in Japan, which was released during the period, indicated that all the software investment plans (all the industries, including financial institutions) showed a year-on-year increase.

In such a situation, at the Group we will continue to work to accelerate the transformation of our business structure by focusing on improving the value provided by digital transformation based on the medium-term management plan (2021–2023) currently being implemented in order to achieve further growth toward the achievement of Group Vision 2026.

In the consolidated fiscal year under review, net sales were 508,400 million yen (up 5.4% year on year), operating income was 62,328 million yen (up 13.9% year on year), recurring profit was 63,204 million yen (up 13.5% year on year) and the net income attributable to owners of the parent company was 55,461 million yen (up 40.5%).

Net sales increased year on year due to business expansion by accurately responding to IT investment needs including customers' digital transformation demand. Operating income grew year on year due to the increase in profit from higher revenue as well as by absorbing increases in selling, general and administrative expenses centered on upfront investment costs to promote structural transformation and investments that facilitates future growth such as improvement of work conditions. Meanwhile, the gross profit margin improved to 27.9% (up 1.2 percentage points year on year) by providing high value-added businesses and promoting measures to improve productivity and quality among others. The operating margin was 12.3% (up 1.0 percentage points year on year). Recurring profit increased year on year due to the increase in operating income. Net income attributable to owners of the parent company substantially increased year on year due to an increase in recurring profit and a significant improvement in extraordinary income/loss. Extraordinary income in the consolidated fiscal year under review was 22,040 million yen (up 10,747 million yen year on year) from gains on sale of investment securities and sale of subsidiaries, and extraordinary loss was 3,752 million yen (down 1,769 million yen year on year) due to losses on valuation of investments and impairment losses among others.

<Analysis of the increase/decrease in key factors of operating income (YOY change)>



The situation by segment is as follows: The Group has change the segment classification from the consolidated fiscal year under review as the management framework has been changed in the entire group to further promote structural transformation. Net sales for each segment include net sales between segments, and year-on-year figures are based on figures obtained by re-arranging the figures for the previous fiscal year into the new segments.

1) Offering Service Business

We provide knowledge-intensive IT services by constructing services based on the best practices accumulated in our group through our own investments.

Net sales in the consolidated fiscal year under review were 111,752 million yen (up 8.3% year on year), and operating income was 6,426 million yen (up 36.9% year on year). Income and profit increased year on year with the operating margin of 5.8% (up 1.3 percentage points year on year) as overseas business contributed to net sales growth and profitability improved through promotion of measures to increase productivity and quality in addition to the movement toward expanding IT investment in payment and infrastructure systems.

2) Business Process Management

We realize and provide advancement, improvement in efficiency and outsourcing through IT technology, business know-how, human resources, etc. for issues related to business processes.

Net sales in the consolidated fiscal year under review were 43,255 million yen (up 0.7% year on year), and operating income was 5,123 million yen (up 2.6% year on year). Although the existing data entry business struggled, income and profit increased year on year with an operating profit margin of 11.8% (up 0.2 percentage points year on year) as it remained stable with a background of growing needs for digitalization.

3) Financial IT Business

We examine and promote both business and IT strategy and support business promotion based on our business/operational know-how specialized in the financial industry.

Net sales in the consolidated fiscal year under review were 101,184 million yen (up 10.4% year on year), and operating income was 13,896 million yen (up 12.5% year on year). Driven by large-scale projects for core credit card customers and public financial institutions, both income and profit increased year on year with an operating margin of 13.7% (up 0.2 percentage points year on year).

4) Industrial IT Business

We examine and promote both business and IT strategy and support business promotion based on our business/operational know-how specialized in each industrial field other than the financial industry.

Net sales in the consolidated fiscal year under review were 113,632 million yen (up 4.5% year on year), and operating income was 16,728 million yen (up 8.9% year on year). Income and profit increased year on year with an operating margin of 14.7% (up 0.6 percentage points year on year) as profitability improved through promotion of measures to increase productivity and quality in addition to the movement toward expanding IT investment mainly by core customers in the manufacturing industry and the energy sector.

5) Regional IT Solutions

We provide a wide range of IT professional services involving regions and customer sites and accumulate and deploy our know-how as solutions to support problem-solving and business promotion.

Net sales in the consolidated fiscal year under review were 160,010 million yen (up 2.4% year on year), and operating income was 19,343 million yen (up 17.3% year on year). In addition to progress in deployment of solutions, due to promotion of business activities placing importance on profitability among others, as the exclusion of the performance of the company (Chuo System Co., Ltd.) whose stock was transferred outside the Group during the previous consolidated fiscal year had repeated effects, both income and profit increased year on year and the operating margin was 12.1% (up 1.5 percentage points year on year).

6) Others

It consists of incidental businesses, etc. upon providing various IT services.

Net sales in the consolidated fiscal year under review were 8,957 million yen (up 40.6% year on year), operating income was 878 million yen (up 13.9% year on year), and the operating margin came to 9.8% (down 2.3 points year on year). This was mainly due to the absorption-type demerger, in which the Group's shared service business was transferred from the Company to TIS Business Services Inc. with the effective date of April 1, 2022.

As mentioned earlier, the Group has been implementing medium-term management plan (2021–2023) as the second step toward achieving “Group Vision 2026” since the previous consolidated fiscal year. Under the slogan of “Be a Digital Mover 2023,” we will promote the concentration of business into the strategic domains and continue to work to accelerate the transformation of our business structure based on improving the value provided by digital transformation.

Note) Strategic domains: Four business areas that should become the core of the Group in 2026 as targeted in “Group Vision 2026.”

In the consolidated fiscal year under review, which is the second year of the medium-term management plan (2021–2023), we energetically worked on various measures based on the following group management policies.



The major issues and the situation of the activities in the group management policies are as follows. As a result of these activities, we achieved the key management indicators set forth in the medium-term management plan (2021–2023) (net sales, operating income and operating margin) one year ahead of schedule.

1) Promote the long-term growth strategy for value provided for society as well as corporate value through sustainability management

In addition to promoting the resolution of social issues through business operations, we will continually promote the development of the management foundations by advancing ESG, such as the environment, human rights and human capital, and advancing and improving the efficiency of the head office functions.

Based on the basic policies for corporate sustainability, we will continue to carry out activities related to human rights and the environment, which are high-priority themes, as urgent important social issues. Of these, as for the human right issues, we have carried out human right risk assessment in the previous consolidated fiscal year to extract potential human right risks and clarified the countries, businesses and rights holders (those who may be negatively affected in human rights) that should be preferentially responded to in the future. In response to this, in the current consolidated fiscal year, we will sequentially promote measures to identify human rights risks caused by labor problems at our own company as well as subcontractors and equipment suppliers, create a mechanism to remedy them and develop the unintended use in the services of the Group. Also, as for the environment issues, in order to realize a decarbonized society, we have decided to reduce greenhouse effect gas emissions in association with business activities to aim to achieve carbon neutrality in the Group's own greenhouse gas emissions by fiscal year 2040 and net zero greenhouse gas emissions in the entire value chain by fiscal year 2050. Especially, as for the operation of the data center that uses the most amount of electricity in the Group, we have decided to use electricity derived from renewable energy for all the electricity used at our major four data centers from April 2023, and we are preparing for it.

In addition, as one of the ideal ways that the Group ought to contribute to local communities, we have started utilizing the corporate version of hometown tax and launching projects to work with NPOs in three areas that cannot be covered by business operations (activity to support future users, activity to spread the benefit of digital technology to society and activity to reduce negative impacts of digital technology on society) among others.

Also, while aiming to establish our presence as a leading company in sustainability, we have changed the positioning and composition of the Corporate Sustainability Committee since April 2023. The new Corporate Sustainability Committee consists of mainly all the Directors including External Directors and aims to grasp the trends upon practicing sustainability management and to indicate the direction and goals through discussing issues.

As a result of steady progress in these activities related to corporate sustainability, we were selected as a component of the “MSCI Japan ESG Select Leaders Index” for the first time in June 2022.

Also, as part of our effort to increase the brand understanding and value of the Group, we have launched the owned media “TIS INTEC Group MAGAZINE” to introduce the specifics of the Group activities to solve social issues in various areas with our brand message “Make society’s wishes come true through IT.” as a main theme as well as its future prospects.

From the viewpoint of developing the management foundations through advancement and improvement of the efficiency of the head office functions, we expand the scope of the application of the “head office system function advancement project G20,” which we have been working on for some time, and promote shared services and digital transformation for back office business activities for the entire group through the framework centered on TIS Business Service Inc. as part of our efforts to make indirect business activities shared and further advanced.

2) Accelerate the improvement of added value by strengthening organizational capabilities of and investments in digital transformation

We will continuously promote M&A for the purpose of expanding the strategic domains in addition to further strengthening investments in human resources, R&D and software that will be the sources of medium- to long-term improvement of added value.

Upon further strengthening the front line, which is a point of contact with stakeholders, it is necessary to strengthen the consulting function in the upstream areas such as drawing up a strategy and forming issues to promote digital transformation especially for customers. Therefore, we continue to strengthen cooperation with Miotsukushi Analytics Inc., our consolidated subsidiary that is strong in data analysis and AI consulting. Also, in September 2022, we acquired Fixel Inc., which is engaged in UI (Note 1)/UX (Note 2) design consulting of business systems for enterprises as well as support of construction and operation of design systems for business companies, and made it into a subsidiary. We also launched a dedicated team for digital transformation design to help customers design their products and services, extract business issues, come up with ideas and develop concepts. By adding the said company to the Group, we will strengthen the value provided by digital transformation by fusing their excellent design consulting capabilities and our customer dealing capabilities and system construction capabilities. We will continue to be committed to expanding the framework to provide value for customers to promote digital transformation by further increasing the number of digital transformation consultants through strategic management resource allocation and human resource development.

In the payment area, which the Group is strong at, a “credit card processing service” (Note 3) has been launched. In addition, we are developing business in the payment area as a whole such as covering elements required for digitalized payment including digital accounts, mobile wallets, service coordination, security and data utilization. In addition, we acquired ULTRA Inc. that provides an international brand prepaid payment service, and made it into our consolidated subsidiary in March 2022. We are preparing to develop the business of “Embedded Finance” by making it possible to comprehensively embed the payment function by combining the strengths of the payment frontend function owned by the said company and the strengths in constructing the payment backend function, which the Group has had for a long time. We will continue to contribute to further spread of cashless payment through expanding access points and boosting the business scale by expanding the service lineup in

the total retail payment solution brand “PAYCIERGE” for the payment area, which is expected to grow, according to the progress of the cashless society. By grasping digital transformation in three areas, the Group will continue to be committed to “social digital transformation” to realize a better society, “business digital transformation” to innovate the businesses of our customers and “internal digital transformation” to evolve the Group itself as a chain of elements that strongly affect each other from a comprehensive perspective in order to create a virtuous cycle of new value.

Also, in March 2023, we decided to acquire the real estate trust beneficiary rights in installments for the core facilities currently being rented for system operation business activities and providing cloud services of our own brand. Our basic policies are to own large-scale and highly scarce facilities required as infrastructure to support our business from a viewpoint of ensuring long-term stable business continuity. And we had an opportunity to own the relevant facilities that used to be rented, so we have made this decision by judging that it will contribute to the improvement of the corporate value of the Group from a medium- to long-term viewpoint as a result of comprehensively considering economic rationality of switching from renting to owning as well as the current financial conditions of the Company in which it is possible to make large-scale investments.

Note 1) User Interface. A mechanism of entry and display methods for when the users interact with personal computers.

Note 2) User Experience. User experience obtained through services, etc.

Note 3) Service to totally provide the necessary environment for credit card issuing business activities. Develop and provide highly original systems and card products to meet the current requirements of the credit card industry such as “advancement of customer orientation,” “flexibility for open innovation” and “high profitability.” As it is provided in the form of SaaS, it is possible to use the necessary functions and services while suppressing the cost incurred for implementation.

3) Promote business structure transformation, and promote measures to improve the efficiency of assets and capital from a medium- to long-term viewpoint

We will promote initiatives to improve the stability of the management in association with the progress of structural transformation and improve the medium- to long-term efficiency of the assets and capital based on it.

With the aim of further improving the effectiveness of business management, we will implement business management with an awareness of capital cost, promote group formation management, expand business operations through M&A of domestic and overseas companies, and replace the business portfolio. Also, we have adopted a management framework according to the business model in the entire group from the consolidated fiscal year under review and changed the segment classification accordingly in order to further promote structural transformation and improve effectiveness. We have clarified who has authority and responsibility by placing a segment owner in each segment in order to realize a growth strategy taking advantage of the strengths of each company of the Group. In March 2023, we decided to acquire all the shares of Nihon ICS Co., Ltd. (hereinafter referred to as “Nihon ICS”) that provides accounting/tax packages, etc. for accounting firms and their client companies, and made it into our consolidated subsidiary in April 2023. While carrying our various measures for structural transformation in the medium-term management plan (2021–2023), we have judged that it is important to acquire the business model and customer base of the said company. We can do this by incorporating Nihon ICS, which provides financial accounting packages and related services as a business mainly targeting accounting firms and their client companies in order to accelerate growth of the IT offering service (Note 1), which is one of our strategic domains. We will aim to expand the customer base and realize a new business scheme. We will do this by improving the efficiency of the business activities of accountants by strengthening the functions of the accounting/tax packages and related services for small and medium-sized enterprises and accounting firms, which are customer base of Nihon ICS, improving certainty and providing solutions for small and medium-sized enterprises to realize IT and digital transformation for business partners in collaboration with

financial institutions that are our customer segments. Sequent Software Inc. was acquired and made into our consolidated subsidiary in January 2020 for the purpose of expanding our digital wallet services. However, as a result of conducting an examination in response to a proposal from a minority shareholder of the said company to aim for a different business from the payment business based on the status of the business development in the overseas markets, after the Company acquired the payment business-related intellectual property rights and software owned by the said company, all the shares held by the Company have been transferred outside the Group.

Under these circumstances, we have made steady progress in structural transformation by concentrating management resources in the strategic domains and have strengthened our revenue base through such means as profit growth and improved cash generation. Based on this, as part of our efforts to optimize the capital structure, we finished acquiring approximately 30 billion yen (8,223,000 shares) of treasury stock including the equivalent of approximately 5.5 billion yen for the purpose of returning profits to shareholders based on a total return ratio of 45% in December 2022. Of this amount, approximately 24.5 billion yen worth of treasury stock (6,715,483 shares, 2.7% of the total number of issued shares before cancellation) acquired as part of efforts to optimize the capital structure was canceled on February 28, 2023, as originally planned, taking into account the Company's policies and dispelling concerns about future stock dilution. On the other hand, as for the treasury stock (equivalent to approximately 5.5 billion yen) acquired from the perspective of return to shareholders, we are going to hold up to 5% of the total number of issued shares in principle and to take action in accordance with our treasury stock holding policies that those held in excess of 5% should be cancelled.

Also, the Group is striving to reduce cross-shareholdings from the perspective of improving the asset efficiency and improving its financial position. The cross-shareholdings were reduced from 54.3 billion yen recorded at the end of the previous fiscal year to 27.6 billion yen at the end of the fiscal year under review. As a result, the ratio of the shares held as cross-shareholdings, which are recorded on the balance sheet, to the consolidated net assets became 8.9%. We have achieved the goal of lowering it to the 10% level early.

Note 1) A business area to create IT solution services ahead of customers and speedily provide them by combining the know-how accumulated in the Group and the advanced technology it owns.

4) Promote growth strategy and establish governance aiming to become an IT corporate federation of the top level in ASEAN

We will further deepen the market by strengthening the relationship with the investees and deploying joint businesses based on our business strategy, and expand our global partnership network.

As part of this, we accelerate collaboration with PT Aino Indonesia (hereinafter referred to as "AINO") in Indonesia, which was made an affiliated company accounted for by the equity method in March 2022. Partially because the results of the joint development of "Acasia," a traffic payment package for Southeast Asia on the premise of smartphones, and the joint case study on MaaS (Mobility as a Service) as a next-generation traffic service have been recognized, as a core company of the JATeL Consortium (Note 1), AINO contributed to receiving an order for the project of "JakLingko" (Note 2), Indonesia's first integrated traffic payment infrastructure in Jakarta, and "Acasia" has been adopted as a backend system of "JakLingko." In June 2022, a MaaS service in collaboration with "Grab," Southeast Asia's largest vehicle allocation service (company) which has a capital and business alliance with us, was added. In the future, in addition to supporting digitalization of transportation expense settlement in Southeast Asia, we will work to expand the business areas such as Park and Ride data utilization.

Also, in July 2022, we formed a capital and business alliance with HanKaiSi Intelligent Technology Co., Ltd. in China, which develops a common chassis for automatic driving EV's (electric vehicles). While the automobile industry undergoes a major transformation and the

importance of software is increasing as vehicles shift to EV's and automatic driving technology progresses, we aim to create new IT services in such areas as MaaS and smart cities through our alliance with the said company.

In addition, in order to further ensure the realization of “ASEAN’s top-class IT body of business cartels,” in addition to the conventional channel technology, we have decided to strengthen our presence and capability as a global “consulting + IT” player with consulting as a new axis. In November 2022, we concluded a capital and business alliance agreement with Vector Consulting Group, a major management consulting company in India, and we made it our equity-method affiliate in January 2023. While the fusion of consulting and technology progresses worldwide, we aim to realize high value-added IT services for the Group’s customers in India, Japan, the ASEAN region and China by utilizing the said company’s know-how in the management consulting area.

At the same time, in addition to the above-mentioned transfer of all the shares of Sequent Software Inc., which were held by the Company, we work to accelerate business structure transformation overseas by focusing on re-investment in areas with high earnings contribution by MFEC Public Company Limited transferring shares of the said consolidated subsidiary.

Note 1) A consortium formed for the purpose of bidding on the projects of PT JAKARTA LINGKO INDONESIA, which was formed by the four companies of PT Jatelindo Perkasa Abadi, AINO, Thales and Lyko.

Note 2) A service that integrates the fare structure of the four public traffic facilities that exist in Jakarta and allows users to use Ride hailing (a vehicle allocation service using an application) across public traffic facilities with a single application. It is possible to search for routes including the traffic means from the departure point to getting on public transportation and from getting off public transportation to the destination, make reservations, purchase tickets and ride.

5) Further expand the investments in human resources to sharpen and diversify the human resources

We have decided to continue to carry out proactive recruitment activities including increase of remuneration and investment in education and mid-career recruitment aiming to increase added value.

We are promoting initiatives such as improving employees’ engagement and supporting their autonomous career development by developing an environment and organizational culture in which diverse individuals can play an active role, promoting next-generation work style reform in anticipation of a new work environment, advancing human resource portfolio management through digitalization of the human resource database and having full-scale operation of HR business partners. Also, in order to further accelerate structural transformation, we strive to strategically secure and develop cutting-edge human resources in such areas as consulting, global and service business, and optimally allocate human resources.

Also, the Group has constructed a group promotion framework and is promoting “health & productivity management” under the group diversity & inclusion policies. We are promoting measures to realize “physical and mental health,” “improvement of job satisfaction” and “improvement of viability” with the aim of improving the quality of life of each and every employee working in the Group. As a result of these efforts, a total of four companies including the Company and INTEC Inc. have been certified as ones of the “2023 Health & Productivity Management Outstanding Organizations” by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. Furthermore, the Company and INTEC Inc. have also been certified as ones of “2023 Health & Productivity Management Outstanding Organizations: White 500.”

Furthermore, in order to fulfill “structural transformation” toward the realization of the Group Vision 2026, the Group has set a goal of the current medium-term management plan to promote the resolution of social issues through co-creation with stakeholders by making full use of digital technology, and is focusing on our effort for increasing added value through

the growth of human resources that are the most important management capital in charge of it. We have been investing in human resources to increase employees' engagement with three axes of "meaning of work," "work environment" and "remuneration." In order to further promote the reform of "meaning of work" and "remuneration," we introduced a new personnel system that completely renewed the remuneration, evaluation and grade systems, etc. in April 2023. Under the remuneration system, we selectively invest in highly skilled human resources, who drive the business, and young people, and promote initiatives to improve the work conditions in the entire group including raising the basic salaries by up to 17% and by 6% on average. As a result, labor cost is expected to increase by about 5 billion yen year on year in the fiscal year ending March 31, 2024. However, we position this as upfront investment in human capital that is essential for sustainable growth of the Group. We will continue to implement these measures with the aim of "accelerating corporate growth by improving corporate competitiveness through the growth of human resources" by encouraging employees to think and act proactively and demonstrate higher performance than expected to lead to increased added value.

We will continue to make proactive investments in order to increase the value of human resources in the entire group to create a virtuous cycle of adding high value to the company, employees and society with the aim of further growth and increase of corporate value of the Group and realization of a more prosperous society.

(2) Capital investments

In the consolidated fiscal year under review, as a result of making software investments, etc. to promote the service-type business in addition to investments for the purpose of further expansion and renovation, etc. for regular equipment renewal, the total amount of capital investment (including intangible fixed assets) was 11,230 million yen.

(3) Financing

In the consolidated fiscal year under review, the Group as a whole borrowed 3,500 million yen in long-term debts and repaid 35,450 million yen.

(4) Issues Requiring a Response

The Company has established the following basic management policies.

(Basic philosophy)

As a common value to the Group, we have drawn up and announced our basic group philosophy "OUR PHILOSOPHY." "OUR PHILOSOPHY" broadly clarifies the way of thinking we value and way things ought to be for group management, corporate activities and officers, employees and other members. All the activities of the Group are to be carried out based on "OUR PHILOSOPHY." The Group will aim to be an entity that "adds vivid color to the scene of the future as a mover that makes full use of digital technology" as a role to be fulfilled for society.

Also, the Group will aim to realize the ideals that the TIS INTEC Group aims at, and further increase corporate value by sharing the group vision, which we have set, with all the members of the TIS INTEC Group and putting it into practice in the day-to-day business activities of each member.

(Group vision)

1) Enterprise image to aim for

With "Create Exciting Future" as our enterprise image for 2026, we will realize business innovation and market creation by making full use of advanced technology and know-how.

We aim to be an innovator that is relied on by our customers as a strategic partner, always takes on the challenge of transforming the existing industries and markets and creates new markets.

2) Strategic domains

We have defined four strategic domains to realize our corporate vision:

<Strategic domain>

Strategic partnership business	We will discuss and promote business strategies for top-class customers in the industry together to play a fundamental role in business with foresight in the industry as well as business and knowledge which other companies cannot emulate.
IT offering services	Create IT solution service ahead of customers and speedily provide them by combining the know-how accumulated in the Group and the advanced technology it owns.
Business function service	We will provide a group of business functions of the customer value chain as services in advance by combining the accumulated knowledge about the industry and business activities at the Group and making use of cutting edge technology.
Frontier market creation business	We will create new markets and business models that meet new needs of society and industry and take the initiative to deploy business by making use of the technology, the know-how and the customer base, which the Group possesses.

The market environment surrounding society is significantly changing, and the elements required of companies including the resolution of social issues are diversifying. Under these circumstances, activities have expanded more than ever for business process transformation and business model transformation utilizing a digital technology called digital transformation (DX) in order to enhance corporate growth and competitiveness. In response to this situation, competition in the IT market is substantially changing such as great advances of global IT platformers and consulting firms. Also, as for the outlook, as the severe situation caused by the COVID-19 pandemic gradually eases and a new work environment permeates, it is necessary to closely observe many things such as supply-side constraints due to uncertainty of the global economy and downward risks due to the trends of raw material prices.

Under these circumstances, the Group has grown by constructing an important corporate infrastructure for business, supporting it stably and providing speedy services through flexible responses mainly in the payment area in the domestic market. Also, by recognizing that global value chain collaboration can be a force to dramatically accelerate our business, incorporating the overseas business capability to take prompt actions and combining the Group's strengths in Japan with it, we have established a position with global competitiveness and superiority.

We recognize that it is necessary to further increase our superiority in the existing domestic business areas and create and develop new businesses that will lead to the resolution of social issues in order for the Group to realize further sustainable growth.

Based on the above-mentioned recognition and issues of the management environment, the Group has set up four initiatives to focus on in order to realize continuous business expansion and sustainable society through exchange of value with stakeholders in all directions: "Enhance provided digital transformation value," "Deepen and expand global management," "Advance and diversify human resources" and "Enhance Group management."

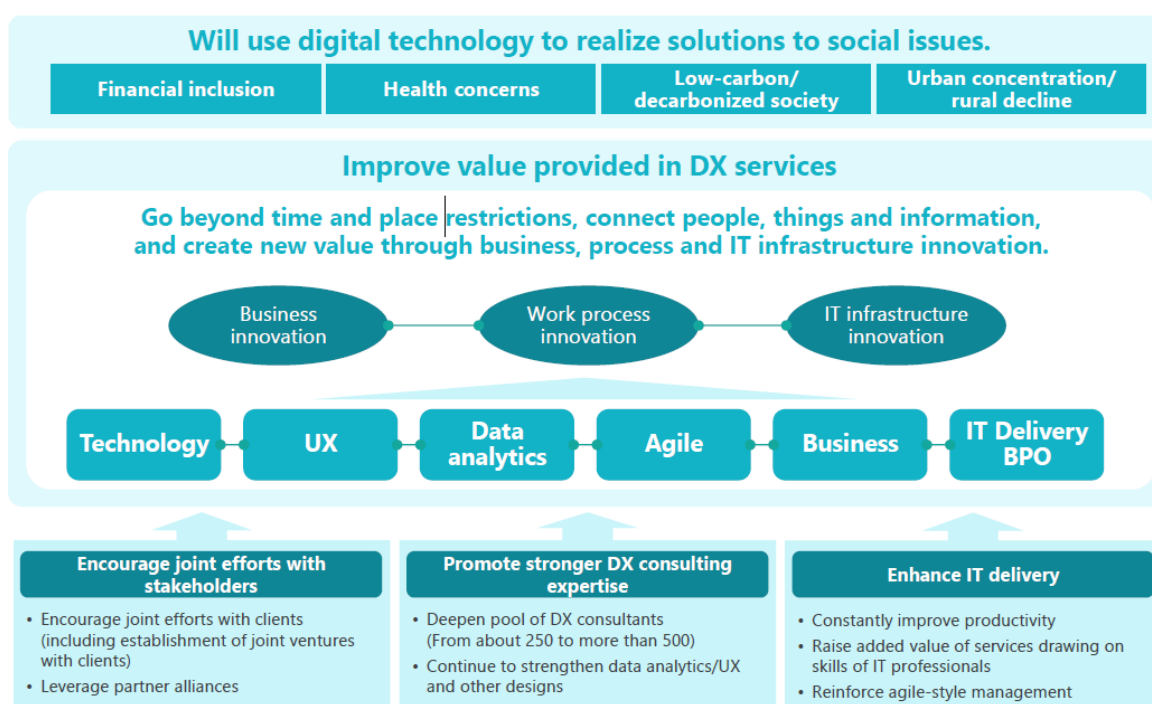
For the progress status, etc. of each initiative in the consolidated fiscal year under review, refer to page 24 "(1) Business progress and achievement" under "1. Matters related to the current situation of the corporate group."

1) Enhance provided digital transformation value

In the DX area, we will continuously work to expand our business as a digital transformation partner to our clients to assist in current business process reform, infrastructure reform and to drive further innovation of their business operations. We will do this by taking advantage of the strengths cultivated by the Group including Japan’s top-level payment domain, data analytics, AI/robotics, health care and energy management.

As the initiatives required to increase this value provided by digital transformation, we are going to “promote co-creation with stakeholders,” “strengthen the digital transformation consulting functions” and “strengthen IT delivery.”

In the fiscal year under review, as enhancement of the upstream consulting function, we continued to strategically allocate management resources and develop human resources, strengthened system UI/UX design consulting for enterprises and design system construction/operation support for operating companies among others and made Fixel Inc. into a subsidiary in order to enhance the value provided by digital transformation.



2) Deepen and expand global management

Aiming to form a “top-class IT consortium in ASEAN” (consolidated net sales of 100 billion yen in global business in FY2026), we are expanding our business domain by maximizing alliances through strategic investments based on the two axes of “channel” and “technology,” developing businesses that integrate the strengths of each company, and building and strengthening collaborative capabilities that can cover ASEAN in terms of area. Under these circumstances, our business in Thailand is progressing favorably as MFEC Public Company Limited, our consolidated subsidiary, leverages its position as a leading player in providing IT solutions for enterprises in Thailand. Also, cross-selling of solutions with the Company and strengthening of deep cultivation of Japanese companies mainly in finance are progressing, too. We have started receiving orders for joint large-scale projects. Also, in the strategic partnership with overseas companies including Grab Holdings Inc. that deploys the biggest digital payment platform in Southeast Asia, cooperation between our overseas operating companies is in full swing. We also jointly work to enhance digital payment infrastructure and develop new payment technologies in Southeast Asia and Japan. We will continue to expand our IT offering services and frontier market creation business

globally by strengthening the alliances with our partners in ASEAN countries and utilizing cutting-edge and disruptive technologies.

Also, based on the fact that the fusion of consulting and technology is progressing around the world and these competitors are becoming threats for conventional IT players, we will strengthen our presence and capabilities as a “consulting + IT” player by adding “consulting” as a new axis and expanding the value chain and focus on exploration of the Next ASEAN to accelerate global business deployment.



3) Advance and diversify human resources

We will propel a human resource strategy focusing on diversification and advancement of individuals in order to continuously enhance the value exchange between the employees and the company. We will work to improve employees’ engagement by developing an environment and organizational culture in which diverse individuals can play an active role, promoting next-generation work style reform in anticipation of a new work environment and advancing human resource portfolio management through digitalization of the human resource database among others. Also, we strive to strategically secure and develop highly sophisticated personnel human resources in such areas as consulting, global and service business, and promote their optimal placement.

We have proactively made upfront investments in human resources regarding human resources as the most important management capital for a long time. In the human resource strategy in the current medium-term management plan, we have been making human resource investments to increase employees’ engagement with three axes of “meaning of work,” “work environment” and “remuneration,” and will further propel reforms of “meaning of work” and “remuneration” through the new personnel system to be implemented in April 2023. In the new personnel system, the remuneration, evaluation and grading systems have been completely renewed. We will strive to further grow our company by creating a virtuous cycle of high added value for the company, employees and society and secure excellent domestic and overseas human resources who will realize growth.

4) Enhance Group management

We aim to improve value exchangeability with our stakeholders by solving social issues through business activities and enhancing management in response to social demands with

our basic group philosophy “OUR PHILOSOPHY” as a firm axis to promote sustainability management to achieve both sustainable contribution to society and continuous improvement of corporate value.

< TIS INTEC Group’s Overall Vision for Sustainability Management >



To date, the Group has established an execution framework to advance sustainability management such as setting up a Corporate Sustainability Committee, identifying materiality and identifying four social issues it aims to solve, and has promoted initiatives related to human rights and the environment, which are high-priority themes as urgent and important social issues based on the basic corporate sustainability policies. In addition to continuing these initiatives, we recognize that it is important to review not only the Group’s direct corporate activities but also the Group’s corporate activities in the entire value chain. We will strengthen our management framework with the aim of establishing our presence as a leading company in sustainability by further deepening our sustainability management.

Also, even in an increasingly uncertain environment, we will continue to develop and strengthen the management foundation in order to realize sustainable growth. We have appointed segment owners to clarify who has authority and responsibility to promote realization of growth strategy taking advantage of the strengths of each group company. We are also pursuing optimal group formation by replacing the business portfolio through business management with an awareness of the cost of capital as well as M&A of domestic and overseas companies and working to further enhance and improve the efficiencies of the head office functions including getting indirect business activities shared in the Group. In addition, we will propel enhancement of investment management to acquire proper returns while proactively making growth investments that contribute to future growth (software investment, human resource investment, research & development investment, M&A investment, etc.).

At the same time, we will continue to carry out strategic brand activities by broadcasting TV commercials and posting articles on advertisement media among others as part of activities to increase corporate value and the degree of recognition. Even now, we are steadily seeing results such as an increase in recognition of the Group and the corresponding effect in

terms of employee job satisfaction and recruitment. We will continue to be committed to it in order to strengthen the appeal of our service brand based on our corporate brand among others.

Based on the recognition of these issues to be addressed, we have drawn up the medium-term management plan (2021–2023) with the aim of becoming a corporate group that plays a role in realizing a prosperous future society. In this medium-term management plan, with the slogan of “Be a Digital Mover 2023,” in order to accelerate growth to achieve Group Vision 2026, we aim to continuously expand our business and increase corporate value through business structure transformation with the improvement of the value provided by digital transformation as a key. We put out the following important management indicators we aim to achieve in the fiscal year ending March 31, 2024, which is the final fiscal year of the plan; “net sales of 500 billion yen,” “operating income of 58 billion yen (operating margin of 11.6%),” “average annual EPS (earnings per share) growth rate of over 10%,” “strategic domain percentage of 60%” and “net sales from the social issue resolution-type service business of 50 billion yen.”

In the fiscal year under review, we achieved key management indicators in the medium-term management plan (2021–2023) (net sales, operating income and operating margin) one year ahead of schedule. We will continue to accelerate structural transformation set forth in Group Vision 2026 and strive to improve sustainable value exchangeability with the stakeholders.

(5) Change of the status of properties and profit and loss

1) Properties and profit and loss of the corporate group

Category	The 12th Period: Fiscal year ended March 31, 2020	The 13th Period: Fiscal year ended March 31, 2021	The 14th Period: Fiscal year ended March 31, 2022	The 15th Period: Fiscal year ended March 31, 2023 (Consolidated fiscal year under review)
Net sales (millions of yen)	443,717	448,383	482,547	508,400
Operating income (millions of yen)	44,839	45,748	54,739	62,328
Recurring profit (millions of yen)	46,070	39,257	55,710	63,204
Net income attributable to owners of parent company (millions of yen)	29,411	27,692	39,462	55,461
Net income per share (yen)	116.78	110.51	157.69	227.11
Total assets (millions of yen)	382,899	451,072	476,642	462,320
Net assets (millions of yen)	247,957	279,429	302,993	309,226
Net assets per share (yen)	963.42	1,078.60	1,173.60	1,227.44

(Notes)

- “Net income per share” is calculated based on the average total number of shares issued during the fiscal year, and “net assets per share” is calculated based on the total number of shares issued at the end of the fiscal year.
Both the average total number of shares issued during the period and the total number of shares issued at the end of the period are calculated by deducting treasury stock. Also, the respective shares of the Company, which are held by the dedicated trust account of the TIS INTEC Group Employees’ Shareholding Association and the Board Incentive Plan (BIP) Trust account are included in treasury stock to be deducted.
- In the 12th period, profit increased year on year because the greater gross profit with the improved gross profit rate of 23.9% (up 1.4 percentage points year on year) due to the effect of increased revenue and the improvement of profitability absorbed the increase of selling, general and administrative expenses mainly for deployment of measures for enhancement of actions for structural transformation and brand enhancement.
- In the 13th period, because the increase in selling, general and administrative expenses mainly for strategic investments for the future was absorbed as the gross profit rate improved to 25.4% (up 1.5 percentage points year on year) due to the improvement of productivity, profit increased year on year.
- In the 14th period, profit increased year on year because revenue increased and also the increase in the gross profit rate to 26.7% (up 1.3 percentage points year on year) due to promotion of measures to provide a high-added-value business and improve productivity absorbed the selling, general and administrative expenses mainly for investments for future growth including office reform cost.
- The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan No. 29, March 31, 2020) has been applied since the beginning of the 14th period. The figures for the consolidated fiscal year in and after the 14th period are the figures with the relevant accounting standards applied.
- The Company conducted a stock split effective April 1, 2020, whereby one (1) ordinary share was split into three (3) shares. Therefore, “basic earnings per share” and “amount of net assets per share” are

calculated based on the assumption that such a stock split was conducted at the beginning of the 12th period.

2) Properties and profit and loss of the Company

Category	The 12th Period: Fiscal year ended March 31, 2020	The 13th Period: Fiscal year ended March 31, 2021	The 14th Period: Fiscal year ended March 31, 2022	The 15th Period: Fiscal year ended March 31, 2023 (Fiscal year under review)
Net sales (millions of yen)	196,661	199,354	222,986	238,140
Operating income (millions of yen)	19,596	22,198	25,298	29,450
Recurring profit (millions of yen)	27,866	33,282	38,833	41,599
Net income (millions of yen)	19,618	27,279	33,563	40,323
Net income per share (yen)	77.90	108.87	134.12	165.12
Total assets (millions of yen)	307,775	368,578	396,315	362,079
Net assets (millions of yen)	203,786	227,995	242,920	228,815
Net assets per share (yen)	810.25	909.17	972.59	945.52

(Notes)

- “Net income per share” is calculated based on the average total number of shares issued during the fiscal year, and “net assets per share” is calculated based on the total number of shares issued at the end of the fiscal year.

Both the average total number of shares issued during the period and the total number of shares issued at the end of the period are calculated by deducting treasury stock. Also, the respective shares of the Company, which are held by the dedicated trust account of the TIS INTEC Group Employees’ Shareholding Association and the Board Incentive Plan (BIP) Trust account are included in treasury stock to be deducted.
- The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan No. 29, March 31, 2020) has been applied since the beginning of the 14th period. The figures for the fiscal year in and after the 14th period are the figures with the relevant accounting standards applied.
- The Company conducted a stock split effective April 1, 2020, whereby one (1) ordinary share was split into three (3) shares. Therefore, “basic earnings per share” and “amount of net assets per share” are calculated based on the assumption that such a stock split was conducted at the beginning of the 12th period.

(6) Significant status of subsidiaries

1) Significant status of subsidiaries

Company name	Common stock	Voting rights ratio	Principal lines of business
INTEC Inc.	¥20,830 million	100.0%	Outsourcing network, software development, system integration
AGREX INC.	¥1,292 million	100.0	Business process outsourcing, software development, system integration
QUALICA Inc.	¥1,234 million	80.0	Outsourcing network, software development, solutions
AJS Inc.	¥800 million	51.0	Outsourcing network, software development, solutions
TIS Solution Link Inc.	¥230 million	100.0	Software development, system operation
TIS System Service Inc.	¥100 million	100.0	System operation
MFEC Public Company Limited	441 million Thai baht	49.0	IT service, system integration
TIS Business Service Inc.	¥50 million	100.0	Shared service business, security system business, staff service business, etc.
Sorun Pure Inc.	¥65 million	100.0	Cleaning business

(Notes)

1. MFEC Public Company Limited is considered to be a subsidiary because it is substantially controlled by us even though our ownership ratio of voting rights is less than 50/100.
2. Sorun Pure Inc. is a special subsidiary for employing people with disabilities.

2) Specified wholly owned subsidiaries as of the end of the fiscal year

Not applicable.

3) Other important business combinations

Based on the resolution of the meeting of the Board of Directors, which was held on March 1, 2023, the Company sold 100% of the shares of Sequent Software Inc., a consolidated specified subsidiary of the Company on March 31, 2023.

(7) Major business contents (as of March 31, 2023)

The Group consists of the Company and 50 consolidated subsidiaries as well as 74 affiliated companies accounted for by the equity method.

The business categories and business contents in the Group are as follows:

Category	Principal business
Offering Service Business	We provide knowledge-intensive IT services by constructing services based on the best practices accumulated in our group through our own investments.
Business Process Management	We realize and provide advancement, improvement in efficiency and outsourcing through IT technology, business know-how, human resources, etc. for issues related to business processes.
Financial IT Business	We examine and promote business and IT strategies together to support business promotion based on our business/operational know-how specialized in the financial industry.
Industrial IT Business	We examine and promote business and IT strategies together to support business promotion based on our business/operational know-how specialized in each industrial field other than the financial industry.
Regional IT Solutions	We provide a wide range of IT professional services involving regions and customer sites and accumulate and deploy our know-how as solutions to support problem-solving and business promotion.

(8) Major offices (as of March 31, 2023)

1) The Company

Tokyo Head Office:	17-1, Nishi-shinjuku 8-chome, Shinjuku-ku, Tokyo
Toyosu Office:	2-1, Toyosu 2-chome, Koto-ku, Tokyo
Nagoya Head Office:	6-1, Ushijima-cho, Nishi-ku, Nagoya
Osaka Head Office:	2-1, Dojimahama 1-chome, Kita-ku, Osaka
Kyushu Branch:	5-1, Hakataeki-higashi 2-chome, Hakata-ku, Fukuoka

2) Major subsidiaries

INTEC Inc.:	(Head office) Toyama City, Toyama Prefecture, (Tokyo Head Office) Shinjuku-ku, Tokyo
AGREX INC.:	(Head office) Shinjuku-ku, Tokyo
QUALICA Inc.:	(Head office) Shinjuku-ku, Tokyo
AJS Inc.:	(Head office) Shinjuku-ku, Tokyo
TIS Solution Link Inc.:	(Head office) Shinjuku-ku, Tokyo
TIS System Service Inc.:	(Tokyo Head Office) Shinjuku-ku, Tokyo, (Nagoya Head Office) Naka-ku, Nagoya (Osaka Head Office) Kita-ku, Osaka
MFEC Public Company Limited:	(Head office) Bangkok, Thailand
TIS Business Service Inc.:	(Head office) Shinjuku-ku, Tokyo
Sorun Pure Inc.:	(Head office) Shinjuku-ku, Tokyo

(9) Employees (as of March 31, 2023)

1) Employees of the corporate group

Number of employees	Increase/decrease from the previous fiscal year-end
21,946	Increased by 237 employees

(Notes)

1. The number of employees is the number of those who are at work.
2. In the number of employees, 1,943 temporary employees (full-time temporary employees and part-time employees) are not included.

2) Number of employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average years of service
5,695	Increased by 226 employees	40 years and 5 months old	14 years and 6 months

(Notes)

1. The number of employees is the number of those who are at work.
2. Upon calculating average length of service, the length of service at each company is aggregated for the employees who work at the Company on loan.

(10) Major creditors (as of March 31, 2023)

Creditors	Amount of borrowings (million yen)
MUFG Bank, Ltd.	10,000
Sumitomo Mitsui Banking Corporation	2,000
Bank of Ayudhya Public Company Limited	1,520
Mizuho Bank, Ltd.	1,500

(11) Other important matters related to the current situation of the corporate group

INTEC Inc., a consolidated subsidiary of the Company, is in a lawsuit for damages regarding the system development and other business activities entrusted in the said company from Mitsubishi Shokuhin Co., Ltd. (amount of damages claimed: 12,703 million yen, date of receipt of complaint: December 17, 2018).

2. Matters related stock of the company (as of March 31, 2023)

- (1) Total number of authorized shares 840,000,000
- (2) Total number of issued shares 244,445,411 (including 1,510,057 shares of treasury stock)

(Note) Due to the cancellation of treasury stock, which was implemented on February 28, 2023, the total number of issued shares decreased by 6,715,483 compared with the previous consolidated fiscal year.

- (3) Number of shareholders 14,312

(4) Major shareholders (top 10 shareholders)

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	33,646	13.85
Ichigo Trust Pte. Ltd.	23,171	9.54
Custody Bank of Japan, Ltd. (trust account)	12,843	5.29
TIS INTEC Group Employees' Shareholding Association	6,595	2.72
SSBTC CLIENT OMNIBUS ACCOUNT	6,235	2.57
Nippon Life Insurance Company	6,219	2.56
The Master Trust Bank of Japan, Ltd. (Retire benefit trust account/Mitsubishi Electric Corporation account)	4,796	1.97
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	4,731	1.95
MACQUARIE BANK LIMITED DBU AC	4,550	1.87
STATE STREET BANK WEST CLIENT-TREATY 505234	4,152	1.71

(Notes)

- The ratio of shareholding is calculated after deducting treasury stock (1,510,057 shares). Treasury stock does not include 727,000 shares of stock of the Company, which are held by the dedicated trust account for the TIS INTEC Group Employee Shareholding Association Trust, and 208,000 shares of the stock of the Company, which are held by the Board Incentive Plan (BIP) Trust.
- Mitsubishi Electric Corporation retains the right to direct the exercise of voting rights for the 4,796,000 shares held by the Master Trust Bank of Japan, Ltd. (retirement benefit trust account/Mitsubishi Electric Corporation account).

(5) Status of shares delivered to officers of the Company as compensation for the execution of duties during the fiscal year under review

Not applicable.

(6) Other important matters related to stock

- Acquisition of treasury stock
Based on the resolution of the meeting of the Board of Directors, which was held on May 11, 2022, treasury stock was acquired as follows:
Type and number of shares acquired Common shares 8,223,000
Acquisition cost ¥29,999 million
Acquisition period From May 27, 2022, to December 19, 2022
- Cancellation of treasury stock
Based on the resolution of the meeting of the Board of Directors, which was held on February 3, 2023, treasury stock was cancelled as follows:

Type and numbers of shares cancelled	Common shares: 6,715,483
Amount of treasury stock canceled	¥24,498 million
Cancellation date	February 28, 2023

3. Matters related to the share acquisition rights of the company

Not applicable.

4. Basic policies for shares held as cross-shareholdings and exercise of voting rights related to cross-shareholdings

(1) Policies for cross-holdings of shares

In accordance with the basic corporate governance policies set by the Company, the Company works to reduce domestic listed shares as much as possible by positioning it as a priority issue. On the other hand, only if it is judged that it will contribute to the sustainable growth of the Group as well as the enhancement of its medium- to long-term corporate value, shares of companies including start-up and venture companies may be strategically held. Specifically, in order to proactively promote business deployment focusing on the social issues to be resolved, which the Company has selected to contribute to the realization of a sustainable society, including “financial inclusion,” “concentration in cities/decline in rural areas” and “health issues,” collaboration and co-creation activity with those companies and stable alliance and cooperative relationships may be essential for continuous creation of business opportunities and utilization of technologies. We position share holdings for that case as an investment that meets the growth strategy of the Group, and define them as “strategically held shares.”

Upon verifying the rationality of continuing to hold shares, we classify shares held into the following three categories and set a verification method for each of them.

<Capital alliance partners>

After making an investment, the Company will continue to hold the shares for a certain period of time determined by the Company as a period to establish the foundation of the strategic alliance.

After a certain period of time has passed, we will verify to check the progress status of the collaborative business and to see whether or not there are ongoing transactions through qualitative evaluation. As a result of the verification, if it is judged that there is little significance in holding them, listed shares will be sold based on the market conditions, etc. and unlisted shares will be sold as soon as a buyer is found in consultation with the issuer.

<Customers>

We will calculate the percentage of the total amount of the business-related revenue and dividends from each issuer and its affiliated companies against the amount of shares of each stock held as cross-shareholdings, which is recorded on the balance sheet to check to see whether or not it exceeds 10%. As a result of the verification, also considering the qualitative evaluation such as future transaction prospects, if it is judged that there is little significance in holding them, listed shares will be sold based on the market conditions, etc. and unlisted shares will be sold as soon as a buyer is found in consultation with the issuer.

<Others (what does not fall under the above categories)>

We will check to see whether or not the scale of business transactions with each issuer in the previous fiscal year increased by 5% or more compared with the average of the past three years. As a result of the verification, if it is judged that there is little significance in holding them, listed shares will be sold based on the market conditions, etc. and unlisted shares will be sold as soon as a buyer is found in consultation with the issuer unless it interferes with securing human resources and technology in business operations.

Also, while proceeding with reduction in line with the above-mentioned policies and concepts, we aim to lower the percentage of the amount of the cross-shareholding shares recorded on the balance sheet against the consolidated net assets to the 10% level. To achieve this goal, we reduced 17 issues of shares held for cross-holdings including 14 issues sold in full. Due to fluctuations in the market value in the stock market in addition to the above-mentioned reduction, the amount recorded on the balance sheet for the fiscal year ended March 31, 2023 decreased by 26.7 billion yen to 27.6 billion yen. As a result, the above-mentioned percentage in the fiscal year ended March 31, 2023, is 8.9% (down 9.0 percentage points year on year), and the percentage excluding strategically held shares is 4.0%.

(2) Criteria for exercising voting rights for cross-shareholdings

We will exercise voting rights for listed shares held properly after comprehensively judging whether or not it will contribute to the sustainable growth of the Group and the investees as well as the enhancement of their medium- to long-term corporate value among others also while considering the proxy advisory policies of proxy advisory firms.

(3) Number of issues held by the Company for purposes other than portfolio investment and total amounts recorded on the balance sheet

Category	The 14th Period: Fiscal year ended March 31, 2022	The 15th Period: Fiscal year ended March 31, 2023 (the consolidated fiscal year under review)
Number of issues	85	74
(Breakdown) Strategically held stock	52	50
Shares held as cross-shareholdings	33	24
Total amount recorded on the balance sheet	54,359 million yen	27,628 million yen
(Breakdown) Strategically held stock	18,946 million yen	15,185 million yen
Shares held as cross-shareholdings	35,413 million yen	12,443 million yen

(Note) During the fiscal year under review, for the purpose of strategic collaboration to promote open innovation, etc., we newly acquired shares of three capital alliance partner companies including a venture company (301 million yen).

5. Matters related to corporate officers

(1) Name, etc. of the Director and Audit & Supervisory Board Member (as of March 31, 2023)

Position	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Chairman and Director	Toru Kuwano	
President and Representative Director	Yasushi Okamoto	in charge of the Audit Department
Representative Director Executive Vice President	Masahiko Adachi	In charge of Corporate Planning SBU, Human Resources SBU, Corporate Management SBU, Technology & Innovation SBU, System Development & Quality Management Innovation SBU
Representative Director Executive Vice President	Josaku Yanai	In charge of Digital Transformation Promotion SBU, Financial Industry SBU, Industries & Public Solutions SBU, Digital Transformation Business Unit, Enterprise Consulting Business Unit, IT Platform SBU, Business Innovation Unit, Digital Society Service Planning Unit, and Director of Global Div.
Director	Takayuki Kitaoka	President and Representative Director, INTEC Inc. Chairman of Telecom Services Association
Director	Akira Shinkai	Director and Executive Vice President of INTEC Inc.
Director (External Director)	Koichi Sano	
Director (External Director)	Fumio Tsuchiya	
Director (External Director)	Naoko Mizukoshi	Partner of Leftright Law & IP External Director of Nabtesco Corporation
Full-Time Audit & Supervisory Board Member	Tetsuya Asano	
Full-Time Audit & Supervisory Board Member	Tatsufumi Matsuoka	
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Yukio Ono	Director of the Accounting Offices of Yukio Ono External Audit & Supervisory Board Member, SEIKITOKYU KOGYO CO., LTD.
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Akiko Yamakawa	Partner of the Vanguard Lawyers Tokyo
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	*Hiroko Kudo	Professor, Chuo University Faculty of Law

(Notes)

- Changes in officers during the fiscal year under review
 - Appointment: Audit & Supervisory Board Member Hiroko Kudo* was newly elected and appointed at the 14th Annual General Meeting of Shareholders, which was held on June 24, 2022.
 - Retirement: Sadahei Funakoshi resigned as an Audit & Supervisory Board Member at the conclusion of the 14th Annual General Meeting of Shareholders, which was held on June 24, 2022.
- The Company has submitted notification to the Tokyo Stock Exchange that all the External Directors and External Audit & Supervisory Board Members have been designated as independent officers as provided for by the aforementioned exchange.

3. Both Audit & Supervisory Board Members Tetsuya Asano and Tatsufumi Matsuoka have experience in financial institutions and company management for many years and considerable knowledge of finance and accounting.
4. Audit & supervisory board member Yukio Ono is a certified public accountant and has considerable knowledge of finance and accounting.
5. Change of “position and responsibility” of directors after the fiscal term
Change as of April 1, 2023

Position	Name	Responsibility
Representative Director	Masahiko Adachi	
Director	Akira Shinkai	Grand executive fellow (quality innovation), INTEC Inc.

(2) Amount of remuneration for Directors and Audit & Supervisory Board Members for the fiscal year under review

1) Total amount of remuneration, etc. for the fiscal year under review

Category	Number of eligible persons	Total amount of remuneration	Total amount of remuneration, etc. by type		
			Base remuneration	Performance-linked remuneration	Performance-linked stock remuneration
		million yen	million yen	million yen	million yen
Directors (External directors)	9 Directors (3 External Directors)	282 (32)	193 (32)	67 (-)	21 (-)
Audit & Supervisory Board Members (External Audit & Supervisory Board Members)	6 External Audit & Supervisory Board Members (4 External Audit & Supervisory Board Members)	70 (28)	70 (28)	- (-)	- (-)
Total (External officers)	15 persons (7 External Officers)	352 (61)	263 (61)	67 (-)	21 (-)

(Notes)

1. There is no employee portion of salaries for Directors who concurrently serve as employees for the fiscal year under review. Also, no bonuses were paid because the Company has not implemented an Officer retirement benefit system.
2. As of the end of the fiscal year under review, there are nine (9) Directors (including three (3) External Directors) and five (5) Audit & Supervisory Board Members (including three (3) External Audit & Supervisory Board Members). It is different from the above-mentioned number of Audit & Supervisory Board Members because it includes one (1) External Audit & Supervisory Board Member who retired at the conclusion of the 14th Annual General Meeting of Shareholders, which was held on June 24, 2022.
3. It has been resolved at the first Annual General Meeting of Shareholders, which was held on June 25, 2009, that the amount of remuneration for Directors and Audit & Supervisory Board Members (base remuneration and performance-linked remuneration) shall be 400 million yen or less per year (of which, 50 million yen or less for External Directors) and 85 million yen or less per year for Audit & Supervisory Board Members. At the conclusion of the relevant General Meeting of Shareholders, there are eight (8) Directors (including two (2) External Directors) and four (4) Audit & Supervisory Board Members (including three (3) External Audit & Supervisory Board Members).
4. Performance-linked stock remuneration is the amount of expenses recorded during the fiscal year under review for four (4) Directors (excluding External Directors and part-time Directors). As for the relevant performance-linked stock remuneration, it was resolved at the 10th Annual General Meeting of Shareholders, which was held on June 26, 2018, that the number of shares of the Company to be delivered through the trust shall be limited to 132,100 shares per fiscal year (including 99,000 shares for the Company) by contributing a maximum of 700 million yen (including 520 million yen for the Company) to the relevant trust for each target period (three fiscal years) for Directors (excluding four (4) External Directors and part-time Directors), corporate executive officers and executive fellows and also partial revisions such as adding directors (excluding external

directors and part-time directors) and executive officers of INTEC Inc., a subsidiary of the Company, as eligible persons and continuation of the system were resolved at the 13th Annual General Meeting of Shareholders, which was held on June 24, 2021.

2) Total amount of officers’ remuneration, etc. received by external officers from subsidiaries

Not applicable.

(3) Overview of the policies for determination of remuneration, etc.

1) Remuneration determination policies

In order to ensure objectivity and transparency of the remuneration determination process and further strengthen the corporate governance framework, the Company has set up an arbitrary remuneration committee consisting mainly of Independent External Directors as an advisory body to the Board of Directors.

Officers’ remuneration is determined by the resolution of the Board of Directors after consulting and reporting to the Remuneration Committee with the basic policy of strengthening incentives to improve performance by implementing a remuneration system linked to the company performance indicators.

2) Remuneration structure for officers

The remuneration for Directors of the Company consists of the base remuneration, performance-linked remuneration and performance-linked stock remuneration as shown in the diagram below. If the company performance indicators set are achieved at the maximum level, the remuneration composition rate will be as follows: Base remuneration: Performance-linked remuneration: Performance-linked stock remuneration = 6:3:1.

Base remuneration 60%	Performance-linked remuneration 30%	Performance-linked stock remuneration 10%
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* The performance-linked stock remuneration system has been implemented since fiscal 2018 for the purpose of increasing awareness of the need to help improve medium- to long-term performance and increase corporate value and sharing interests with shareholders for the Company’s Directors, Executive Officers and executive fellows (excluding External Officers and part-time Directors and those who do not reside in Japan).

3) Remuneration structure for External Directors and Audit & Supervisory Board Members

The remuneration for External Directors consists of only base remuneration without performance-linked remuneration paid.

Also, remuneration for Audit & Supervisory Board Members is determined through discussions among Audit & Supervisory Board Members. Only base remuneration is paid without linking to performance from the perspective of ensuring a high degree of independence.

Remuneration ratio by position

	Base remuneration	Performance-linked remuneration	Performance-linked stock remuneration
Directors (excluding part-time Directors)	60%	30%	10%
External Director	100%	-	-
Audit & Supervisory Board Member(s)	100%	-	-
External Audit & Supervisory Board Member(s)	100%	-	-

4) Others

- i) When the performance-linked stock remuneration system was introduced, the Board of Directors resolved to stipulate activities that are not complying with the stock delivery regulations and a clause that makes it possible to request that a person who has violated returns the amount equivalent to the delivered shares, etc. and a clause that makes it possible to confiscate the awarded points.
- ii) We have a rule that Directors (excluding External Directors) shall uniformly acquire shares of the Company through the Officers' Stock Ownership Association based on the contribution calculated from the position and remuneration amount from the perspective of reflecting medium- to long-term performance and shall hold all of the acquired shares during their tenure of office for the purpose of sharing value with shareholders.

5) Process to determine officers' remuneration

- a. Based on the medium-term management plan, evaluate the results including the status of achievement of the business plans drawn up at the beginning of the fiscal year at a performance evaluation meeting to be held in late May, every year.
- b. At the performance evaluation meeting mentioned in a. above, the President and Representative Director evaluates officers.
- c. Consult on the evaluation result of b. above and the amount of remuneration based on the evaluation result at the Remuneration Committee to be held in mid-June each year.
- d. The Board of Directors shall resolve the amount of remuneration for officers, which has been mentioned to and discussed with the Remuneration Committee mentioned in c. above.
- e. Pay the annual amount of officers' remuneration for officers, which has been resolved at the meeting of the Board of Directors as described in d. above, in monthly installments from July.
- f. As for the level of the amount of officers' remuneration, we ask a third-party organization to conduct a survey on officers' remuneration to analyze trends of other companies from July each year.
- g. We report the result of the officers' remuneration survey conducted by the third-party in f. above to the Remuneration Committee in November each year to inquire about a revision of the amount of officers' remuneration.

Performance-linked stock remuneration is calculated based on the stock delivery regulations, and there is no room for discretion of the Representative Director or the Remuneration Committee.

6) Activities of the Advisory Committee with respect to determination of officers' remuneration

A total of three Remuneration Committee meetings were held in the fiscal year ended March 31, 2023, to inquire about the validity of the remuneration of the Company based on

comparative analysis between the officers' remuneration amount of the Company and the officers' remuneration of other companies, which had been made by the research company. The Board of Directors put a proposal on officers' remuneration on the agenda based on the result of the advice given by the relevant organization.

In addition to the consultation, two sessions of exchanging opinions on the theme of the way officers' remuneration as an incentive for officers ought to be were held to discuss the direction of revising the officers' remuneration that will contribute to the improvement of corporate value.

7) Method of calculating remuneration

i) Base remuneration

Paid based on the magnitude of the role and the scope of responsibility for each position.

ii) Overview of calculation of performance-linked remuneration

We have decided to pay within a range of 0% to 50% of the performance evaluation coefficient specified for each position against the base remuneration amount in conjunction with the degree of achievement against the company performance indicators specified based on the annual management plans for each fiscal year.

The amount of payment is calculated by making organizational performance evaluation and individual performance evaluation each on a scale of five points for each officer for the performance-linked remuneration amount determined according to the company performance evaluation. (Organizational performance evaluation: personal performance evaluation = 3:7)

In the standard model for the allowance, in case that performance evaluation coefficient of the company is 30%, if the organizational performance evaluation/individual performance evaluation is AA, it will be 33%. Similarly, it will be 27% for BB, 20% for CC, 13% for DD, and 7% for EE.

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

For the company performance indicators specified in the fiscal year ended March 31, 2022, the performance-linked remuneration amount has been determined by applying a performance evaluation coefficient of 50% according to the degree of achievement of the preset target values including "consolidated net sales," "consolidated operating income" and "EPS."

Performance indicators	Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2021
	Plan	Actual	Actual
Consolidated net sales	¥470,000 million	¥482,547 million	¥448,383 million
Consolidated operating income	¥48,500 million	¥54,739 million	¥45,748 million
EPS	¥128.78	¥157.69	¥110.51

3) Performance-linked stock remuneration

For performance-linked stock remuneration, "stock delivery regulations" were established upon introducing the system. Based on the degree of achievement against

the company performance indicators of the management plans as stipulated in the regulations, points are to be awarded within a range of 0% to 15% of the base remuneration amount specified for each position, and shares are to be granted according to the points.

As for the reason for selecting the corporate performance indicators, in order to steadily realize the corporate value improvement expected by shareholders, we have set “consolidated operating income amount,” “EPS” and “gross profit from service-type business” as financial indicators to pursue growth of business, and “job satisfaction,” “customer/service satisfaction” and “business partner satisfaction” as non-financial indicators to pursue improvement of satisfaction of stakeholders with the Company.

In the fiscal year ended March 31, 2023, we evaluated the degree of achievement of each indicator against the planned value (a performance-linked coefficient of 100% if achieved) in accordance with the “stock delivery regulations,” and determined the performance-linked stock remuneration amount by applying a performance-linked coefficient of 150%.

Performance indicators	Weight	Fiscal year ended March 31, 2023		Remarks
		Plan	Actual	
Amount of consolidated operating income	25.00%	¥52,500 million	¥62,328 million	
ESP	25.00%	¥141.00	¥227.11	
Gross profit from service-type business	25.00%	¥31,349 million	¥32,162 million	(Notes) 1
Job satisfaction	12.50%	59% or higher	58%	(Notes) 2
Customer/service satisfaction	6.25%	57% or higher	59%	(Notes) 3
Business partner satisfaction	6.25%	79% or higher	74%	(Notes) 4

(Notes)

1. We have set gross profit for the consolidated service-type business as a target value to calculate the evaluation points based on the result.
2. Questionnaire surveys are outsourced to an external organization. Evaluation points are calculated according to the percentage of employees who have selected “Often applicable (4)” or higher for the “comprehensive question (it can be said that the company is a worthwhile place to work from a comprehensive viewpoint)” among the survey results.
3. Questionnaire surveys are conducted in-house. Evaluation points are calculated according to the percentage of the respondents who have selected (4) or higher for the question to measure the degree of satisfaction of the “account service” among the survey results.
4. Questionnaire surveys are conducted in-house. Evaluation points are calculated according to the percentage of the respondents who have selected (4) or higher for the question to measure the degree of satisfaction “as a project and a business partner” among the survey results.

<Overview of the performance-linked stock remuneration system>

According to the resolution at the 10th Annual General Meeting of Shareholders, which was held on June 26, 2018, a performance-linked stock remuneration system “Officers’ Remuneration BIP Trust” (hereinafter referred to as “BIP trust system”) has been implemented. Eligible persons are Directors, Executive Officers and executive fellows (excluding external officers, part-time Directors and those who do not reside in Japan) (hereinafter referred to as “Directors, etc.”).

Also, at the 13th Annual General Meeting of Shareholders, which was held on June 24, 2021, it was resolved that a partial revision should be made to it such as additionally including the directors (excluding external director and part-time directors) of INTEC Inc., a subsidiary of the Company, as well as executive officers (hereinafter referred to as “directors, etc. of subsidiaries,” and as “eligible directors, etc.” together with the director of the Company) in the scope of this BIP trust system and that this BIP trust system should be continued.

a. Mechanism of the BIP trust system

When introducing the BIP trust system, “stock delivery regulations for officers’ remuneration BIP trust” (hereinafter referred to as “stock delivery regulations”) were established. Based on the stock delivery regulations established, in order to acquire the

shares to be granted in the future in advance, we entrusted money (up to 700 million yen (including 520 million yen for the Company)), and the trust bank acquired the shares of the Company according to the entrusted money.

The BIP trust system is a mechanism to award points to directors, etc. based on the stock delivery regulations and to grant stock to directors, etc. according to the points. The calculation method is as follows:

(Calculation formula) Number of shares to be provided (points *) = Base amount × performance variation coefficient/acquisition unit price

* Truncated to the nearest decimal point

- b. Total number of shares scheduled to be provided for the eligible directors, etc.
One fiscal year 132,100 (including 99,000 shares for the Company) (maximum)
- c. Scope of those eligible for receiving beneficiary rights and other rights under the BIP trust system
Persons who have retired as directors, etc. and meet the beneficiary requirements stipulated in the stock delivery regulations

(4) Overview of the contents of the officers' liability insurance contract

The Company has concluded an officer liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company as follows:

1) Scope of the insured

- i) Directors, audit & supervisory board members and executive officers of the Company and consolidated subsidiaries of the Company
- ii) Executive officers and employees who are dispatched to or concurrently serving at overseas subsidiaries and overseas investment companies of the Company

2) Overview of the contents of the insurance contract

In the event of a claim for damages due to an action (including in-action) by the insured as part of their duties as officers of the company, that falls under (1), damages including compensation for damages and legal expenses to be borne by the insured shall be compensated for under the said insurance agreement. However, damages, etc., incurred by officers themselves who have conducted a criminal act such as bribery and/or intentionally conducted an illegal act are not subject to compensation. This way, measures are taken to ensure that the appropriateness of the execution of duties by officers, etc. is not impaired.

The Company bears the full amount of insurance premiums including the rider portion, and there are no substantial premiums borne by the insured.

(5) External officers

1) Significant concurrent positions at other organizations and relationships with such other organizations

Position at the Company	Name	The corporation at which the concurrent positions are held and the details of the concurrent positions
Director	Naoko Mizukoshi	Partner of Leftright Law & IP External Director of Nabtesco Corporation
Audit & Supervisory Board Member	Yukio Ono	Director of the Accounting Offices of Yukio Ono External Audit & Supervisory Board Member, SEIKITOKYU KOGYO CO., LTD.
Audit & Supervisory Board Member	Akiko Yamakawa	Partner of the Vanguard Tokyo Law Firm
Audit & Supervisory Board Member	Hiroko Kudo	Professor, Chuo University Faculty of Law

(Note) There is no special relationship between the Company and the above-mentioned organizations at which the External Director(s) and each External Auditor & Supervisory Board Member(s) hold a concurrent position.

2) Major activities during the fiscal year

Position at the company	Name	Attendance status, activity status and an overview of the duties performed in relation to the roles expected of External Directors
Director	Koichi Sano	He attended all 19 meetings of the Board of Directors, which were held in the fiscal year under review, and provided advice and recommendations to ensure validity and appropriateness of decision-making of the Board of Directors based on his abundant experience and insight in corporate management. Also, since June 24, 2022, he has served as chairman of the Nomination Committee and the Remuneration Committee, which are voluntary advisory bodies to the Board of Directors, put together opinions in nomination and remuneration of Directors, etc. in response to the inquires of the Board of Directors and played an important role upon reporting to the Board of Directors.
Director	Fumio Tsuchiya	He attended all 19 meetings of the Board of Directors, which were held during the fiscal year under review, and provided advice and recommendations to ensure validity and appropriateness of decision-making of the Board of Directors based on his abundant experience and insight in corporate management. Also, he serves as a member of the Nomination Committee and the Remuneration Committee, which are voluntary advisory bodies to the Board of Directors, and plays an important role upon responding to inquiries about nomination and remuneration of Directors, etc. from the Board of Directors and reporting to the Board of Directors.

Position at the company	Name	Attendance status, activity status and an overview of the duties performed in relation to the roles expected of External Directors
Director	Naoko Mizukoshi	She attended all 19 meetings of the Board of Directors, which were held during the fiscal year under review, and provided advice and recommendations to ensure validity and appropriateness of decision-making of the Board of Directors from her professional viewpoint as a lawyer. Also, she has serves as a member of the Nomination Committee and the Remuneration Committee, which are voluntary advisory bodies to the Board of Directors, and has served as chairperson of the respective committee until June 23, 2022, playing an important role upon reporting to the Board of Directors in response to the inquires of the Board of Directors about nomination and remuneration of Directors, etc.
Audit & Supervisory Board Member	Yukio Ono	He attended 18 out of the 19 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Board, each of which were held during the fiscal year under review, and provided recommendations to ensure appropriateness of decision-making of the Board of Directors from his professional viewpoint as a certified public accountant. Also, he made the necessary remarks as appropriate at meetings of the Audit & Supervisory Board. In addition, he serves as a member of the Nomination Committee and the Remuneration Committee, which are voluntary advisory bodies to the Board of Directors, and plays an important role upon responding to inquiries about nomination and remuneration of directors, etc. from the Board of Directors and reporting to the Board of Directors.
Audit & Supervisory Board Member	Akiko Yamakawa	She attended all 19 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Board, each of which were held during the fiscal year under review, and provided recommendations to ensure appropriateness of decision-making of the Board of Directors from her professional viewpoint as a lawyer. Also, she made the necessary remarks as appropriate at meetings of the Audit & Supervisory Board.
Audit & Supervisory Board Member	Hiroko Kudo	She attended all 15 meetings of the Board of Directors and all 10 meetings of the Audit & Supervisory Board, each of which were held after she assumed office on June 24, 2022, and provided recommendations to ensure appropriateness of decision-making of the Board of Directors with her high level of knowledge and insight as an academic expert. Also, she made the necessary remarks as appropriate at meetings of the Audit & Supervisory Board.

(Note) In addition to the above-mentioned number of meetings of the Board of Directors that were held, we have made one written resolution deemed to have been made by the Board of Directors based on the provisions of Article 370 of the Companies Act and Article 27 of the Articles of Incorporation.

3) Overview of the contents of limited liability agreement

The Company and each External Director and each External Audit & Supervisory Board Member have concluded an agreement to limit liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act based on the provisions of Article 427, Paragraph 1 of the said Act.

The amount of limit of liability for damages under the relevant agreement is the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the said Act.

6. Financial auditor

(1) Name of the financial auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration for the financial auditor for the fiscal year

Category	Amount paid (million yen)
1) Amount of remuneration as the financial auditor for the fiscal year under review	153
2) Total of money and other economic benefits to be paid by the Company and its subsidiaries to the financial auditor	260

(Note)

1. In the audit contract between the Company and the financial auditor, the amount of remuneration, etc. for audits in terms of the Companies Act and the amount of remuneration for audits in terms of the Financial Instruments and Exchange Act are not distinguished and cannot be actually distinguished. Therefore, the amount of money in 1) above is the total amount of these.
2. The Audit & Supervisory Board makes the necessary verification to check the contents of the audit plans for the financial auditor, status of fulfillment of the duties of accounting auditing and whether or not the grounds for calculating the estimates of remuneration, etc. are appropriate to decide whether to agree on the amount of remuneration, etc. of the financial auditor.

(3) Details of the non-audit business activities

The Company outsources the following business activities other than the business activities stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act to the financial auditor, and pays consideration to them.

Advice and guidance on accounting

(4) Policy on decisions of dismissal or non-reappointment of financial auditor

In case that it is difficult for the financial auditor to execute their duties, the Audit & Supervisory Board will determine the contents of a proposal on dismissal or non-reappointment of the financial auditor to be submitted to the General Meeting of Shareholders if they deem it necessary.

Also, if the financial auditor is deemed to fall under what is stipulated in each item of Article 340, Paragraph 1 of the Companies Act, the financial auditor will be dismissed based on the consent of all the Audit & Supervisory Board Members. In this case, the Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the dismissal of the financial auditor and the reason for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

7. Basic policies for control of stock companies

We are not considering any introduction of so-called takeover defense measures as of now.

8. Policies for dividends

The Company recognizes returns to shareholders as an important management issue and strives for a sustainable and stable dividend payout in consideration of consolidated business performance while maintaining a level of retained earnings appropriate for business development from a medium- to long-term management perspective.

Based on this policy, in regard to the medium-term management plan (2021–2023), the Company is raising its total return ratio target to 45% from 40% and has a policy to continually enhance the dividend per share, while balancing the promotion of investment for growth, the maintenance of financial health and the strengthening of shareholder returns. In order to continually enhance the return of profits to shareholders, the Company believes it is desirable to return to shareholders based on profits from business activities that are not affected by one-off profits.

.....
 The numbers shown are truncated to the nearest number of digits displayed.
 Note that percentages and numeric values per share are rounded to the nearest digits displayed.

Consolidated balance sheet (As of March 31, 2023)

		(million yen)	
Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	268,682	Current liabilities	117,179
Cash and deposits	94,675	Notes and accounts payable - trade	26,976
Notes receivable, accounts receivable and contract assets	131,488	Short-term borrowings	11,990
Lease receivables and lease investment assets	4,542	Income taxes payable	13,354
Marketable securities	284	Accrued bonuses to directors and employees	17,540
Merchandise and finished goods	3,518	Provision for loss on orders received	607
Work in process	1,758	Other allowances	160
Raw materials and supplies	207	Others	46,549
Prepaid expenses	27,810	Non-current liabilities	35,914
Others	4,858	Long-term debts	4,052
Allowance for doubtful accounts	(461)	Lease obligations	4,011
Fixed assets	193,637	Deferred tax liabilities	344
Property and equipment	62,318	Deferred tax liabilities for revaluation of land	272
Buildings and structure	33,635	Accrued retirement benefits to directors	0
Machinery and equipment	8,336	Other allowances	218
Land	9,650	Net defined benefit liability	12,038
Leased assets	3,835	Asset retirement obligation	6,924
Others	6,861	Others	8,051
Intangible assets	27,671	Total liabilities	153,094
Software	22,039	(Net assets)	
Software in progress	3,609	Shareholders' equity	290,120
Goodwill	692	Common stock	10,001
Others	1,329	Additional paid-in capital	40,470
Investments and other assets	103,647	Retained earnings	247,263
Investment securities	52,799	Treasury stock	(7,614)
Net defined benefit asset	8,089	Accumulated other comprehensive income	6,918
Deferred tax assets	21,159	Net unrealized gains on other securities	7,900
Others	24,174	Deferred gains or losses on hedges	(31)
Allowance for doubtful accounts	(2,575)	Revaluation reserve for land	(2,672)
		Foreign currency translation adjustments	628
		Remeasurements of defined benefit plans	1,093
		Non-controlling interests	12,186
		Total net assets	309,226
Total assets	462,320	Total liabilities and net assets	462,320

Consolidated statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Account title	Amount	
Net sales		508,400
Cost of sales		366,668
Gross profit		141,732
Selling, general and administrative expenses		79,403
Operating income		62,328
Non-operating income		
Interest income	563	
Dividend income	779	
Foreign exchange gain	385	
Others	759	2,488
Non-operating expense		
Interest expenses	235	
Equity in losses of affiliated companies	1,088	
Others	289	1,612
Recurring profit		63,204
Extraordinary income		
Gain on sale of investment securities	19,201	
Gain on sale of shares of subsidiaries	2,774	
Others	64	22,040
Extraordinary loss		
Loss on sale of investment securities	887	
Loss on valuation of investment securities	631	
Impairment losses	969	
Loss on valuation of investments in capital	1,121	
Other	141	3,752
Income before income taxes		81,492
Income taxes: current	21,552	
Income taxes: deferred	1,370	22,922
Net income		58,570
Net income attributable to non-controlling interests		3,108
Net income attributable to owners of parent company		55,461

Consolidated statement of changes in net assets

(From April 1, 2022 to March 31, 2023)

(million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2022	10,001	64,960	203,256	(3,117)	275,100
Changes during the consolidated fiscal year					
Dividends from surplus	-	-	(11,451)	-	(11,451)
Net income attributable to owners of parent company	-	-	55,461	-	55,461
Acquisition of treasury stock	-	-	-	(30,005)	(30,005)
Disposal of treasury stock	-	8	-	1,009	1,017
Cancellation of treasury stock	-	(24,498)	-	24,498	-
Change in scope of consolidation	-	(112)	(2)	-	(115)
Change in scope of equity method	-	-	(1)	-	(1)
Capital increase of consolidated subsidiaries	-	112	-	-	112
Sale of shares of consolidated subsidiaries	-	0	-	-	0
Items other than changes in shareholders' equity, net	-	-	-	-	-
Net changes during the consolidated fiscal year	-	(24,490)	44,006	(4,496)	15,019
Balance as of March 31, 2023	10,001	40,470	247,263	(7,614)	290,120

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gains on other securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2022	20,990	(4)	(2,672)	(70)	(219)	18,024	9,867	302,993
Changes during the consolidated fiscal year								
Dividends from surplus	-	-	-	-	-	-	-	(11,451)
Net income attributable to owners of parent company	-	-	-	-	-	-	-	55,461
Acquisition of treasury stock	-	-	-	-	-	-	-	(30,005)
Disposal of treasury stock	-	-	-	-	-	-	-	1,017
Cancellation of treasury stock	-	-	-	-	-	-	-	-
Change in scope of consolidation	-	-	-	-	-	-	-	(115)
Change in scope of equity method	-	-	-	-	-	-	-	(1)
Capital increase of consolidated subsidiaries	-	-	-	-	-	-	-	112
Sale of shares of consolidated subsidiaries	-	-	-	-	-	-	-	0
Items other than changes in shareholders' equity, net	(13,090)	(27)	-	699	1,312	(11,105)	2,319	(8,786)
Net changes during the consolidated fiscal year	(13,090)	(27)	-	699	1,312	(11,105)	2,319	6,233
Balance as of March 31, 2023	7,900	(31)	(2,672)	628	1,093	6,918	12,186	309,226

Balance sheet (As of March 31, 2023)

(million yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	161,032	Current liabilities	110,801
Cash and deposits	68,704	Accounts payable	13,339
Notes receivable	576	Short-term borrowings	10,000
Accounts receivable and contract assets	68,347	Short-term borrowings from subsidiaries and associates	54,614
Merchandise and finished goods	1,038	Lease obligations	470
Work in process	4	Accounts payable - other	503
Prepaid expenses	17,735	Accrued expenses	6,345
Short-term loans receivable from subsidiaries and associates	2,828	Income taxes payable	6,584
Other	2,733	Contract liabilities	9,693
Allowance for doubtful accounts	(936)	Deposit received	585
Fixed assets	201,047	Accrued bonuses to directors and employees	6,368
Property and equipment	23,544	Provision for loss on orders received	194
Buildings	11,452	Other allowances	27
Structure	0	Asset retirement obligation	32
Machinery	4,879	Other	2,043
Tools, furniture and fixtures	2,142	Non-current liabilities	22,462
Land	3,065	Long-term debts	4,052
Lease assets	1,432	Long-term debts from subsidiaries and associates	4,090
Construction in progress	573	Lease obligations	1,238
Intangible assets	19,871	Deferred tax liabilities for revaluation of land	272
Software	17,151	Reserve for retirement benefits	1,099
Software in progress	2,649	Other allowances	142
Other	69	Asset retirement obligation	4,331
Investments and other assets	157,631	Other	7,235
Investment securities	30,774	Total liabilities	133,263
Shares of subsidiaries and associates	96,533	(Net assets)	
Investments in capital of subsidiaries and associates	2,559	Shareholders' equity	229,103
Guarantee deposits	10,035	Common stock	10,001
Long-term prepaid expenses	1,664	Additional paid-in capital	84,106
Prepaid pensions costs	736	Legal capital surplus	4,111
Long-term loans receivable from subsidiaries and associates	3,747	Other additional paid-in capital	79,994
Deferred tax assets	13,632	Retained earnings	142,610
Other	262	Other retained earnings	142,610
Allowance for doubtful accounts	(2,315)	Retained earnings brought forward	142,610
		Treasury stock	(7,614)
		Valuation and translation adjustments	(287)
		Net unrealized gains on other securities	2,384
		Revaluation reserve for land	(2,672)
		Total net assets	228,815
Total assets	362,079	Total liabilities/net assets	362,079

Statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Account title	Amount	
Net sales		238,140
Cost of sales		172,239
Gross profit		65,901
Selling, general and administrative expenses		36,450
Operating income		29,450
Non-operating income		
Interest income	616	
Dividend income	11,635	
Others	367	12,620
Non-operating expense		
Interest expenses	241	
Commission expenses	119	
Bad debt loss	75	
Others	34	470
Recurring profit		41,599
Extraordinary income		
Gain on sale of investment securities	18,984	
Others	0	18,984
Extraordinary loss		
Loss on sale of investment securities	880	
Loss on valuation of shares of subsidiaries and affiliates	4,198	
Loss on valuation of investments in capital	1,121	
Others	1,438	7,639
Profit (loss) before income taxes		52,944
Income taxes: current	10,739	
Income taxes: deferred	1,881	12,620
Net income		40,323

Statement of changes in net assets

(From April 1, 2022 to March 31, 2023)

(million yen)

	Shareholders' equity							
	Common stock	Additional paid-in capital			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other additional paid-in capital	Total additional paid-in capital	Other retained earnings	Total retained earnings		
Balance as of April 1, 2022	10,001	4,111	104,485	108,596	113,994	113,994	(3,117)	229,474
Change during the fiscal year								
Dividends from surplus	-	-	-	-	(11,451)	(11,451)	-	(11,451)
Net income	-	-	-	-	40,323	40,323	-	40,323
Acquisition of treasury stock	-	-	-	-	-	-	(30,005)	(30,005)
Disposal of treasury stock	-	-	8	8	-	-	1,009	1,017
Cancellation of treasury stock			(24,498)	(24,498)	-	-	24,498	-
Decrease by corporate division - split-off type	-	-	-	-	(256)	(256)	-	(256)
Items other than changes in shareholders' equity, net	-	-	-	-	-	-	-	-
Net change during the fiscal year	—	—	(24,490)	(24,490)	28,616	28,616	(4,496)	(370)
Balance as of March 31, 2023	10,001	4,111	79,994	84,106	142,610	142,610	(7,614)	229,103

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on other securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance as of April 1, 2022	16,118	(2,672)	13,446	242,920
Change during the fiscal year				
Dividends from surplus	-	-	-	(11,451)
Net income	-	-	-	40,323
Acquisition of treasury stock	-	-	-	(30,005)
Disposal of treasury stock	-	-	-	1,017
Cancellation of treasury stock	-	-	-	-
Decrease by corporate division - split-off type	-	-	-	(256)
Items other than changes in shareholders' equity, net	(13,734)	-	(13,734)	(13,734)
Net change during the fiscal year	(13,734)	-	(13,734)	(14,104)
Balance as of March 31, 2023	2,384	(2,672)	(287)	228,815

Accounting Audit Report for Consolidated Financial Statements

Independent auditor's audit report

May 16, 2023

To the Board of Directors
TIS, INC.

Ernst & Young ShinNihon LLC
Tokyo Office

Osamu Kimura
Designated limited liability partner Engagement partner
Certified Public Accountant

Takanori Miyake
Designated limited liability partner Engagement partner
Certified Public Accountant

Taro Kuramochi
Designated limited liability partner Engagement partner
Certified Public Accountant

Audit opinions

In accordance with the provisions of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of TIS, INC. for the fiscal year from April 1, 2022 to March 31, 2023, that is, the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated notes.

We acknowledge that the above-mentioned consolidated financial statements properly represent the status of the assets and profit and loss for the period of time for the relevant consolidated financial statements of the corporate group that consists TIS INC. and its consolidated subsidiaries in all the important points in accordance with the generally accepted accounting principles in Japan.

Grounds for the audit opinions

We have conducted audits in accordance with the generally accepted accounting principles in Japan. Our responsibilities in the standards for audits are described in "auditor's responsibilities in audits of consolidated financial statements" We are independent of the Company and its consolidated subsidiaries in accordance with the regulations on professional ethics in Japan, and fulfill our other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence used as the basis to express our opinions.

Other content

Other content includes the business report and supplementary schedules. Management is responsible for preparing and disclosing other content. Further, Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of duties by directors in development and management of the reporting process for other content.

Other content is not included in the scope of our audit opinions on the consolidated financial statements, and we do not express any opinions on other content.

Our responsibility in the audit of the consolidated financial statements is to read through other content, and examine whether or not there are any material discrepancies between the other content and the consolidated financial statements or the knowledge we obtained in the process of the audit, in the process of reading it through, and also to pay attention to whether or not there are any signs of significant errors in the other content other than such material discrepancies.

Based on the work carried out, if it is judged that there are any significant errors in the other content, we are required to report that fact.

There are no matters to be reported by us regarding the other content.

Responsibilities of management, Audit & Supervisory Board members and the Audit & Supervisory Board for the consolidated financial statements

Management is responsible for preparing and properly representing consolidated financial statements in accordance with the generally accepted accounting principles in Japan. This includes developing and

managing internal controls deemed necessary by management in order to prepare and properly represent consolidated financial statements that are free from material misstatements due to fraud or error. Upon preparing consolidated financial statements, management is responsible for assessing whether or not it is appropriate to prepare consolidated financial statements based on the premise of going concern. If it is necessary to disclose matters related to going concern in accordance with the generally accepted accounting principles in Japan, they are responsible for disclosing the relevant matters.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of duties by the directors in the development and management of the financial reporting process. The auditor's responsibility in auditing consolidated financial statements is to obtain reasonable assurance that there are no material misrepresentations due to fraud or error in the consolidated financial statements as a whole based on the audits conducted by the auditor and to express opinions on the consolidated financial statements from an independent standpoint in the audit report. Misrepresentation may be caused by fraud or error and are considered to be material if it is reasonably expected to affect decision-making of the users of the consolidated financial statements individually or in aggregate.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism concerning the following:

- Identify and evaluate the risk of material misrepresentation due to fraud or error. Further, to draw up and implement audit procedures that address the risk of material misrepresentations. The audit procedures shall be selected and applied at the discretion of the auditor. In addition, obtain sufficient and appropriate audit evidence used as a basis to express opinions.
- The purpose of auditing consolidated financial statements is not to express any opinions on the efficiency of internal controls. However, the auditor shall examine internal controls related to audits in order to draw up appropriate audit procedures according to the relevant circumstances when conducting a risk assessment.
- Evaluate the appropriateness of the accounting policies and methods of application adopted by management as well as the method to apply them and rationality of the accounting estimates made by management and the validity of related notes.
- Conclude whether or not it is appropriate for management to prepare consolidated financial statements on the premise of going concern and whether or not any incident that would cause any significant doubt to the premise of going concern or any significant uncertainty is recognized regarding the situation based on the audit evidence obtained. If any significant uncertainty regarding the premise of going concern is recognized, it is required to call attention in notes of the consolidated financial statements in the audit report. Or, if the notes of the consolidated financial statements on the significant uncertainty are not appropriate, it is required to express opinions with exclusions on the consolidated financial statements. Although the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, future incidents and/or circumstances may prevent the Company from continuing as a going concern.
- Evaluate whether or not the representation and notes on the consolidated financial statements comply with generally accepted accounting principles in Japan and whether or not the representation, structure and content of the consolidated financial statements, including related notes and the consolidated financial statements properly represent underlying transactions and accounting incidents.
- In order to express opinions on the consolidated financial statements, obtain sufficient and appropriate audit evidence regarding financial information of the Company and its consolidated subsidiaries. The auditor is responsible for providing instruction, supervision and implementation of the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinions. The auditor shall report to Audit & Supervisory Board members and the Audit & Supervisory Board on the planned scope of the audit and the timing of its implementation, important findings in the audit, including material weaknesses in internal controls identified in the course of carrying out the audit, and other matters required by auditing standards.

The auditor shall report to Audit & Supervisory Board members and the Audit & Supervisory Board on compliance with the regulations on professional ethics in Japan regarding independence, matters reasonably considered to affect independence of the auditor and the details of safeguards in place to remove or mitigate the factors of inhibition if there are any.

Interest

Our audit firm or executive partners have no interest with the Company and its consolidated subsidiaries, which should be described in accordance with the provisions of the Certified Public Accountants Act.

END

Accounting Audit Report for Financial Statements

Independent auditor's audit report

May 16, 2023

To the Board of Directors
TIS, INC.

Ernst & Young ShinNihon LLC
Tokyo Office

Osamu Kimura
Designated limited liability partner Engagement partner
Certified Public Accountant

Takanori Miyake
Designated limited liability partner Engagement partner
Certified Public Accountant

Taro Kuramochi
Designated limited liability partner Engagement partner
Certified Public Accountant

Audit opinions

In accordance with the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements of TIS, INC. for the 15th fiscal year from April 1, 2022 to March 31, 2023, that is, the balance sheet, the income statement, the statement of changes in equity and the individual notes as well as supplementary schedules (hereinafter referred to as “financial statements, etc.”).

We acknowledge that the above-mentioned financial statements, etc. properly represent the status of the assets and profit and loss for the period of time for the relevant financial statements, etc. in all the important points in accordance with generally accepted accounting principles in Japan.

Grounds for the audit opinions

We have conducted audits in accordance with the generally accepted accounting principles in Japan. Our responsibilities in the standards for audits are described in “auditor’s responsibilities in audits of financial statements, etc.” We are independent of the Company in accordance with the regulations on professional ethics in Japan, and we are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence used as the basis to express our opinions.

Other content

Other content includes the business report and supplementary schedules. Management is responsible for preparing and disclosing other content. Further, Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of duties by the directors in the development and management of the reporting process for other content.

Other content is not included in the scope of our audit opinions on the financial statements, etc., and we do not express any opinions on other content.

Our responsibility in the audit of the financial statements, etc. is to read through other content, and examine whether or not there are any material discrepancies between the other content and the financial statements, etc. or the knowledge we obtained in the process of the audit in the process of reading it through, and also pay attention to whether or not there are any signs of significant errors in the other content other than such material discrepancies.

Based on the work carried out, if it is judged that there are any significant errors in the other content, we are required to report that fact.

There are no matters to be reported by us regarding the other content.

Responsibilities of management, Audit & Supervisory Board members and the Audit & Supervisory Board for the financial statements, etc.

Management is responsible for preparing and properly representing financial statements, etc. in accordance with generally accepted accounting principles in Japan. This includes developing and managing internal controls deemed necessary by management in order to prepare and properly represent financial statements, etc. that are free from material misstatements due to fraud or error.

Upon preparing financial statements, etc., management is responsible for assessing whether or not it is appropriate to prepare financial statements, etc. based on the premise of going concern. If it is necessary to disclose matters related to going concern in accordance with generally accepted accounting principles in Japan, they are responsible for disclosing the relevant matters.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of duties by the directors in the development and management of the financial reporting process.

Responsibility of the auditor in auditing the financial statements, etc.

The auditor's responsibility is to obtain reasonable assurance that there are no material misrepresentations due to fraud or error in the financial statements, etc. as a whole based on the audits conducted by the auditor and to express opinions on the financial statements, etc. from an independent standpoint in the audit report. Misrepresentation may be caused by fraud or error and are considered to be material if it is reasonably expected to affect decision-making of the users of the financial statements, etc. individually or in aggregate.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism concerning the following:

- Identify and evaluate the risk of material misrepresentation due to fraud or error. Further, to draw up and implement audit procedures that address the risk of material misrepresentations. The audit procedures shall be selected and applied at the discretion of the auditor. In addition, obtain sufficient and appropriate audit evidence used as a basis to express opinions.
- The purpose of auditing consolidated financial statements is not to express any opinions on the efficiency of internal controls. However, the auditor shall examine internal controls related to audits in order to draw up appropriate audit procedures according to the relevant circumstances when conducting a risk assessment.
- Evaluate the appropriateness of the accounting policies and methods of application adopted by management as well as the method to apply them and rationality of the accounting estimates made by management and the validity of related notes.
- Conclude whether or not it is appropriate for management to prepare consolidated financial statements on the premise of going concern and whether or not any incident that would cause any significant doubt to the premise of going concern or any significant uncertainty is recognized regarding the situation based on the audit evidence obtained. If any significant uncertainty regarding the premise of going concern is recognized, it is required to call attention in notes of the financial statements, etc. in the audit report. Or, if the notes of the financial statements, etc. on the significant uncertainty are not appropriate, it is required to express opinions with exclusions on the financial statements, etc. Although the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, future incidents and/or circumstances may prevent the Company from continuing as a going concern.
- Evaluate whether or not the representation and notes on the consolidated financial statements comply with generally accepted accounting principles in Japan and whether or not the representation, structure and content of the consolidated financial statements, including related notes and the consolidated financial statements properly represent underlying transactions and accounting incidents.

The auditor shall report to Audit & Supervisory Board members and the Audit & Supervisory Board on the planned scope of the audit and the timing of its implementation, important findings in the audit, including material weaknesses in internal controls identified in the course of carrying out the audit, and other matters required by auditing standards.

The auditor shall report to Audit & Supervisory Board members and the Audit & Supervisory Board on compliance with the regulations on professional ethics in Japan regarding independence, matters reasonably considered to affect independence of the auditor and the details of safeguards in place to remove or mitigate the factors of inhibition if there are any.

Interest

Our audit firm or executive partners have no interest with the Company, which should be described in accordance with the provisions of the Certified Public Accountants Act.

END

Audit Report of the Audit & Supervisory Board

Audit report

The Audit & Supervisory Board has deliberated and has prepared the audit report based on the audit report prepared by each Audit & Supervisory Board member regarding the execution of duties of the directors for the 15th fiscal year from April 1, 2022 to March 31, 2023, and hereby reports as follows;

1. Auditing methods and content of audits by audit & supervisory board members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established audit policies, audit plans, etc., received a report on the implementation and result of the audit from each Audit & Supervisory Board member as well as the execution of duties from the directors, etc. and the financial auditor, and requested explanations as necessary.
- (2) Each Audit & Supervisory Board member has communicated with the directors, the Internal Audit Department and other employees, etc. to strive to collect information and establish an appropriate audit environment, and carried out the audit using the following method while utilizing means via telephone or the Internet, etc. in accordance with the Audit & Supervisory Board Members' Auditing Standards provided by the Audit & Supervisory Board as well as the audit policies and audit plans, etc.;
 - 1) We attended the meetings of the Board of Directors, management meetings and other important meetings, received reports from directors and employees, etc. on the execution of their duties, and requested explanations as necessary, perused important approval documents, etc. to investigate the status of the business activities and assets. Further, in regard to subsidiaries, we have communicated and exchanged information with the directors and Audit & Supervisory Board members of the subsidiaries in person and online, and received business reports from the subsidiaries as necessary.
 - 2) In regard to the content of resolutions made by the Board of Directors regarding the preparation and maintenance of systems to ensure that the execution of duties by the directors as described in the business report, complies with laws and regulations and the Articles of Incorporation as well as the systems prepared and maintained as necessary to ensure the appropriateness of the business activities of the corporate group, consisting of the stock company and its subsidiaries as stipulated in the enforcement rules of Article 100, Paragraphs 1 and 3 of the Companies Act and the systems prepared and maintained based on the relevant resolution (internal control system), we have regularly received reports from the directors and employees, etc. on the status of construction and operation, requested explanations as necessary and expressed opinions.
 - 3) We have monitored and verified to confirm whether the financial auditor maintained an independent position and conducted an appropriate audit, received reports from the financial auditor on the status of the execution of duties, and requested explanations as necessary. Further, we have been notified by the financial auditor that the "systems to ensure that duties are performed properly" (matter listed in each item of Article 131 of the Regulations on Corporate Accounting) in accordance with the "the Quality Control Standards for Audits" (October 28, 2005 Business Accounting Council), etc., and requested explanations as necessary. We have discussed the major audit matters to be examined with the financial auditor, received reports on the status of implementation of the audit, and requested explanations as necessary.

Based on the above method, we have examined the business report and its supplementary schedules, financial statements (balance sheet, income statement, statement of changes in equity and individual notes) and supplementary schedules as well as consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated notes) for the relevant fiscal year.

2. Results of the audit

- (1) Results of the audit of the business report, etc.
 - i. We acknowledge that the business report and supplementary schedules properly represent the status of the Company in accordance with the laws and regulations and the Articles of Incorporation.
 - ii. We have not found any illegal acts or material violations of the laws and regulations or the Articles of Incorporation, that are related to the execution of duties by the Directors.
 - iii. We acknowledge that the content of resolutions made by the Board of Directors regarding internal control systems are appropriate. Further, we have not found any matters to be pointed out regarding the description of the business report and the execution of duties by the directors in relation to the relevant internal control systems.
- (2) Results of audit of financial statements and the accompanying supplementary schedules

We acknowledge that the methods applied and results of the audit by the accounting auditor Ernst & Young ShinNihon LLC are appropriate.

(3) Results of audit of the consolidated financial statements

We acknowledge that the methods applied and results of the audit by the accounting auditor Ernst & Young ShinNihon LLC are appropriate.

May 17, 2023

Audit & Supervisory Board, TIS, INC.

Tetsuya Asano (Seal)
Full-Time Audit & Supervisory Board Member
Tatsufumi Matsuoka (Seal)
Full-Time Audit & Supervisory Board Member
Yukio Ono (Seal)
External Audit & Supervisory Board Member
Akiko Yamakawa (Seal)
External Audit & Supervisory Board Member
Hiroko Kudo (Seal)
External Audit & Supervisory Board Member

END