



TIS INTEC Group Logo

Underlying Concepts

The logo portrays the TIS INTEC Group as a tightly knit team, powered forward by the different sets of expertise that each member brings to the table. It features our two main corporate colors: "ocean blue" for the new challenges that we are constantly tackling, and "intelligent gray" for the solid technological foundations that underpin our business.

Brand Message

The brand tagline, "Go Beyond," embodies our constant quest into the beyond in search of new challenges. It represents our firm commitment as a group to delivering solutions that are always one step ahead, not only solving clients' problems but anticipating and meeting their own customers' needs too.

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TIS202009



Make society's
wishes come true
through IT.

Integrated Report 2020

Year Ended March 31, 2020 (From April 1, 2019, to March 31, 2020)

Securities Code: 3626

TIS INTEC Group Philosophy—OUR PHILOSOPHY

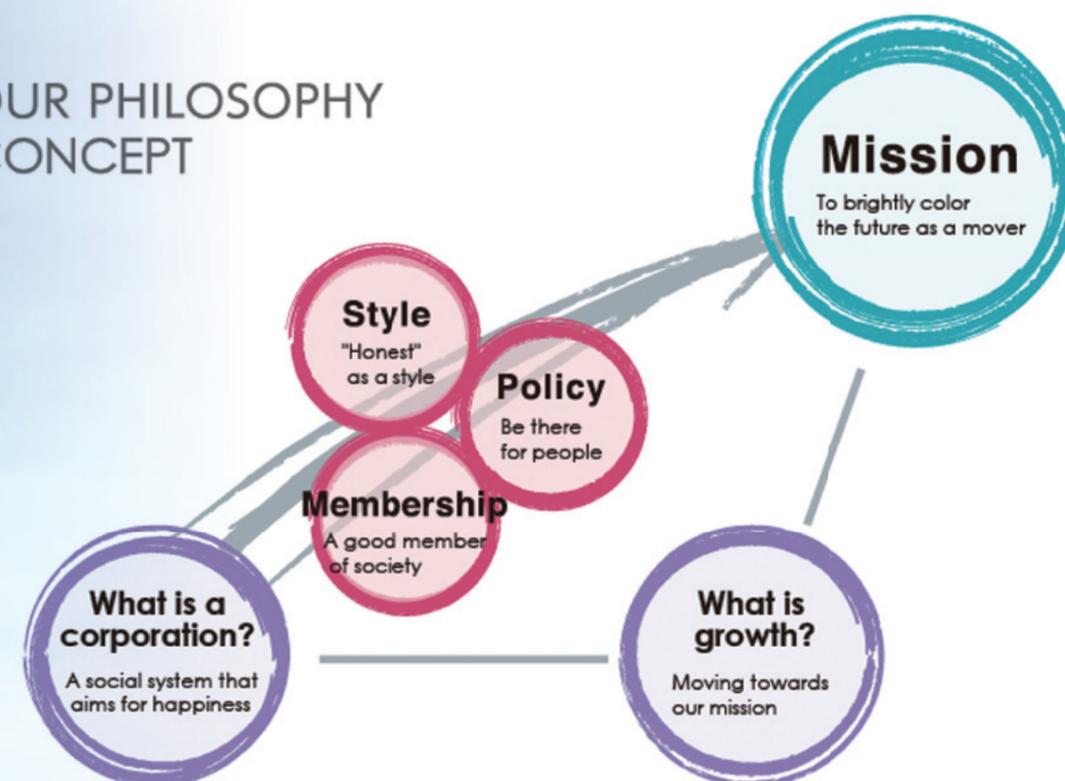
Make society's wishes come true through IT.

Using advanced technology and know-how, we will create vibrancy in a new society and make more people smile.

We will be there to build the future of this society.

Through the power of IT, the TIS INTEC Group will continue to make society's wishes come true.

OUR PHILOSOPHY CONCEPT



Mission To brightly color the future as a mover

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

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Editorial Policy

We have opted for an integrated report that provides key financial as well as non-financial content to enable all stakeholders, particularly shareholders and investors, to better understand the measures that we have taken to achieve sustainable improvement in the corporate value of the TIS INTEC Group. Please check our website for further information, as many of the topics we cover in the report are updated on the website.

Scope of reporting: TIS (parent) and TIS INTEC Group
Issued: September 2020

Disclaimer: Forward-looking statements, such as performance forecasts, described in this report are based on information available to management regarding the TIS INTEC Group—that is, TIS and the subsidiaries under its umbrella—as of the production date and certain assumptions deemed reasonable at this time. No intent of promise is implied by the Company to achieve such forward-looking statements. Indeed, various factors may cause future results to be substantially different from the assumptions presented in these materials.

The names of the products and services described in this report are trademarks or else registered trademarks of the respective company.

About the TIS INTEC Group

Three Strengths of the TIS INTEC Group

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

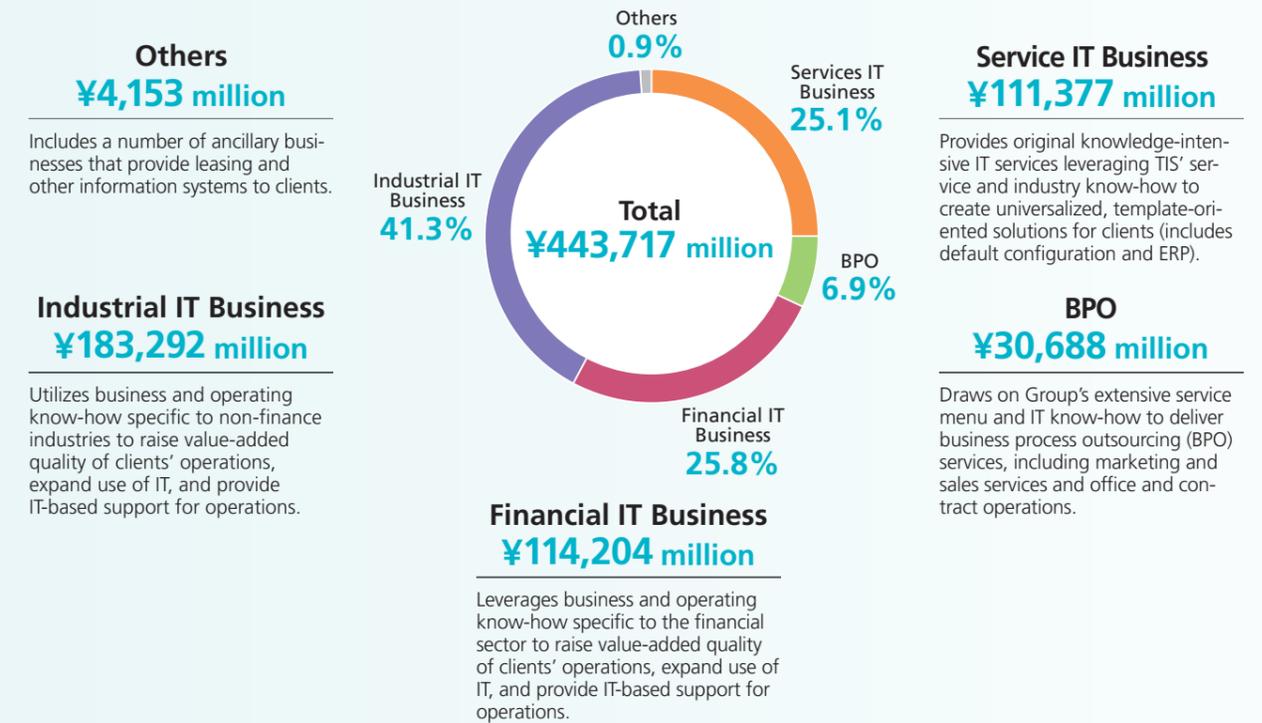
TIS INTEC Group by the Numbers



The TIS INTEC Group is one of Japan's leading IT corporate groups. With some 20,000 employees groupwide, we draw on composite insights and experience and sophisticated technological capabilities accumulated over many years to help solve various social issues.

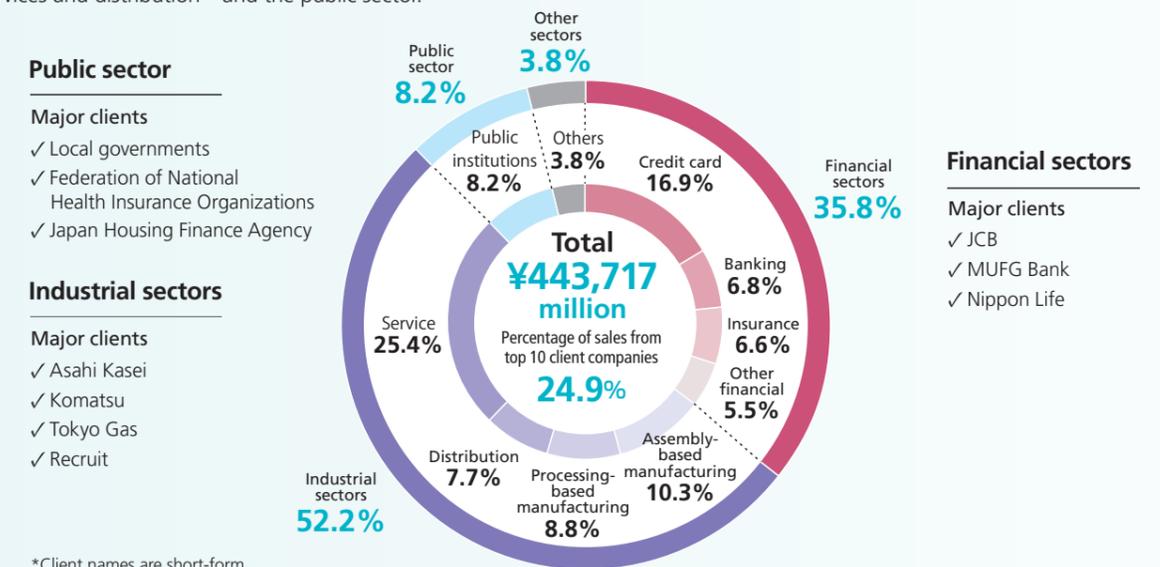
Net Sales by Business Segment (Year ended March 31, 2020)

(Sales to outside customers, excludes intersegment sales)



Net Sales by Client Sector (Year ended March 31, 2020)

We have built an extensive but well-balanced client base covering financial sectors, industrial sectors—including manufacturing, services and distribution—and the public sector.

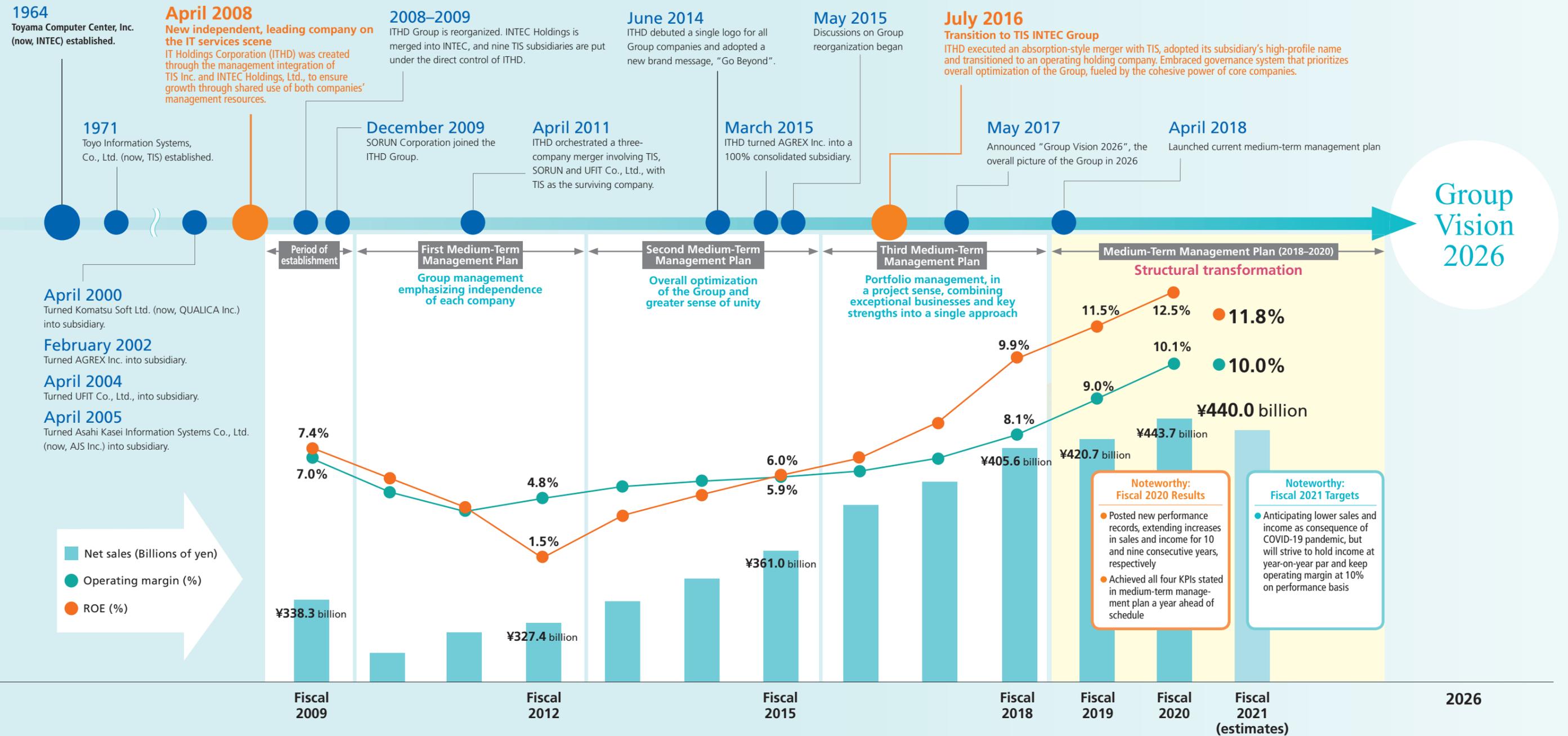


*Client names are short-form.

History of TIS INTEC Group

The TIS INTEC Group was formed in April 2008 as a leading, independent corporate group in the information services industry. TIS took advantage of its transition to an operating holding company in July 2016 to accelerate unified Group management and today the Company leads the Group toward realization of Group Vision 2026 and sustainable improvement in corporate value.

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



Positioning in the IT Services Market

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

<p>Supporting safe and secure, daily credit card settlement</p> <p>Credit cards Core system development results</p> <p>Domestic market share About 50% <small>(On annual transaction volume basis for clients served)</small></p> <p>Of 25 companies in Japan with significant consumer credit transaction volumes, 11 are in the Group's client base for core system development.</p> <p>Credit extended for card-facilitated purchases has reached ¥73 trillion in Japan. The 11 companies that are in the TIS INTEC Group client base have aggregate membership of about 200 million people and credit transaction volume representing about 50% of the total market.</p>	<p>Promoting cashless settlement in Japan</p> <p>Branded debit card-related Service provision/system development results</p> <p>Domestic market share About 80%</p> <p>There are about 450 million debit cards affiliated with an international brand in Japan. Settlement transactions have reached about 370 million per year, with an aggregate value of about ¥1.8 trillion. The TIS INTEC Group boasts an overwhelming share—about 80%—of the market, on a transaction-handling financial institution basis, through such solutions as DebitCube+, which provides one-stop access to services required or branded debit card issuance and operation.</p>	<p>Support centralized information management at financial institutions and raise efficiency and sophistication of operations</p> <p>F³ (F Cube) CRM implementation</p> <p>38 of 64 banks <small>(regional banks)</small></p> <p>Of note, share of top 30 regional banks (total funds) at 80%.</p> <p>F³ CRM System for financial institutions has been installed at more than half of the regional banks in Japan. In addition, demand for a cloud-based application is rapidly expanding, with overall delivery of the F³ series reaching more than 90 financial institutions.</p>
<p>Supporting greater operating efficiency in e-commerce</p> <p>EDI System configuration and operation track record</p> <p>Number of access points About 140,000 <small>identifiers</small></p> <p>We enjoy the largest share of the world market for electronic data interchange (EDI) services, which are used in all industries and sectors. We responded quickly to Internet-based EDI issues affecting payment card industry data security standard (PCI DSS) compliance and the EDI 2024 problem, and have built an extensive track record in building and operating industry EDI platforms.</p>	<p>Highly evaluated as restaurant sector-specific shop management system</p> <p>TastyQube System implementation</p> <p>About 20% <small>(Top 200 companies in the restaurant sector)</small></p> <p>TastyQube is highly versatile and can be applied to any restaurant format, helps to visualize shop operations, and realizes enhanced operating efficiency.</p> <p>The solution has been applied to about 20% of market share, mainly for restaurants, cafes and pubs.</p>	<p>Aiding new entrants to the deregulated power market</p> <p>Enelink Usage</p> <p>Share of switchers in Japan About 40%</p> <p>Enelink is the choice of about 40% of users switching to PPSs since deregulation of Japan's electricity retail market began in April 2016. In addition, the lineup is being expanded to meet wider market participation, including new entrants into city gas and aggregation businesses¹.</p>
<p>Contributing to stable insurance system platform creation</p> <p>For Federation of National Health Insurance Associations Track record in system implementation/operation/maintenance</p> <p>12 of 47 prefectures</p> <p>Of the 47 prefecture-based members of the Federation of National Health Insurance Associations in Japan, the TIS INTEC Group has been tapped to install, operate and maintain systems for 12 members².</p> <p>About 6.1 million people are covered by these 12 insurance associations.</p>	<p>Helping to promote management strategies using BPO services to boost productivity</p> <p>Data entry services Handling volume</p> <p>Annually About 80 million entries</p> <p>The TIS INTEC Group is the expert in domestic BPO services, with more than 50 years of history in the field.</p> <p>Data entry services, facilitated primarily through top-class systems in Japan and networks at home and abroad, have reached about 80 million entries a year.</p>	<p>Note: Market data (market share) is based on TIS research.</p> <p>^{*1} Optimum control by bundling energy sources, such as storage batteries, power-generation facilities and demand-response providers, to stabilize the grid and avoid output control on renewable energy.</p> <p>^{*2} The scope is National Health Insurance system and medical care system for elderly in the latter stage of life.</p>

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

IT Services Market Size in Japan (moderate case)

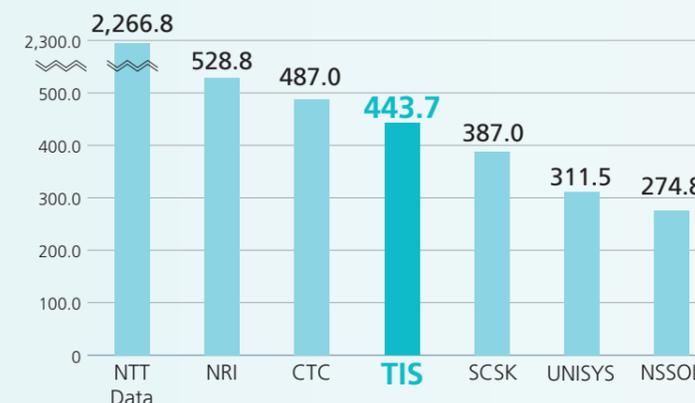
(Billions of yen, %)



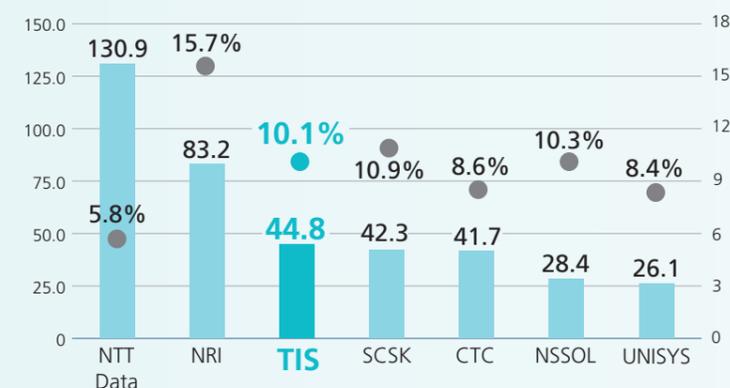
* Gartner "Forecast IT Service Japan by Vertical Industry 2Q20" M. Sawai/August 31, 2020: PFST-J1-MT-2017
End user spending based graph created by TIS based on Gartner research.
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Comparison of Japan's Leading IT Companies (Year ended March 31, 2020)

Net Sales (Billions of yen)

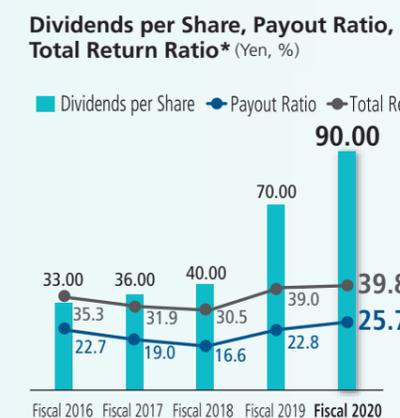
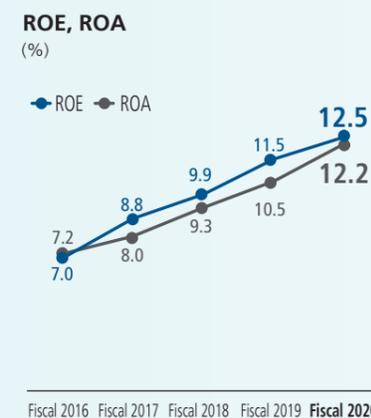
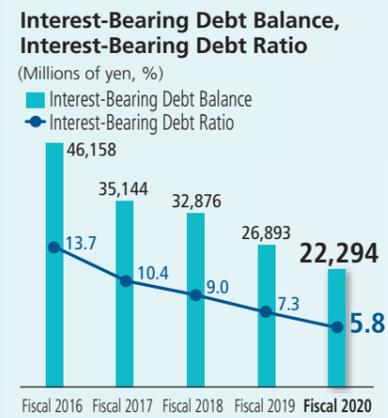
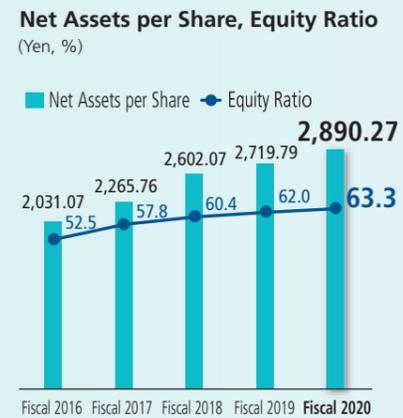
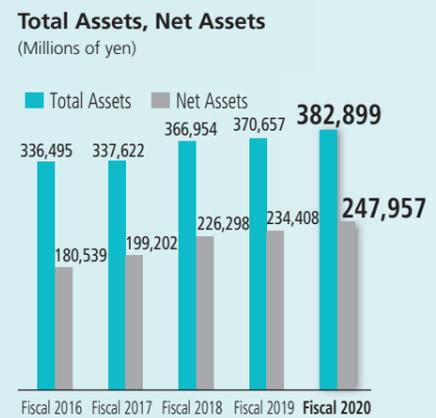
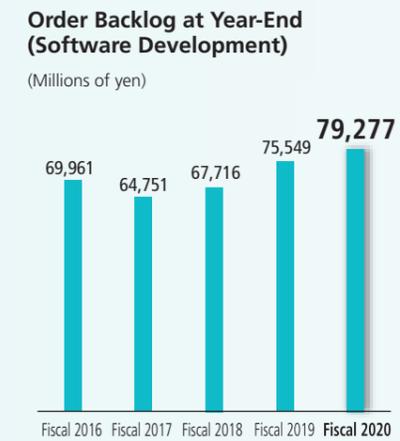
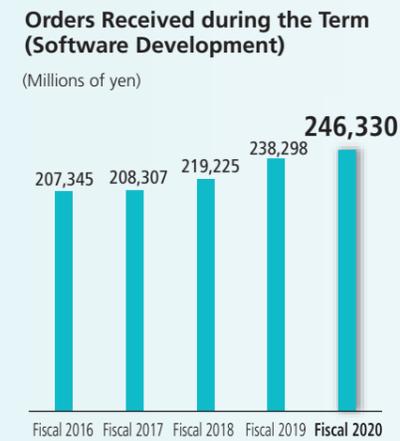
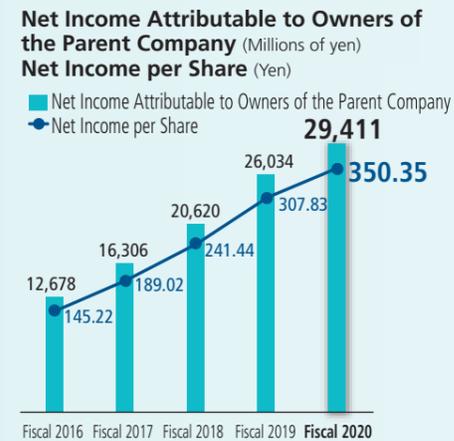
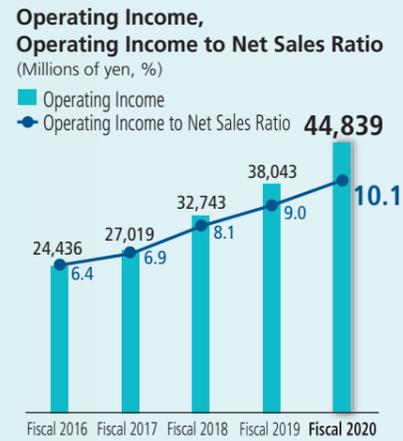
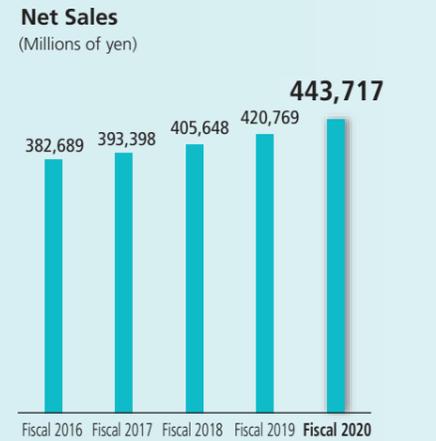


Operating Income, Operating Margin (Billions of yen)

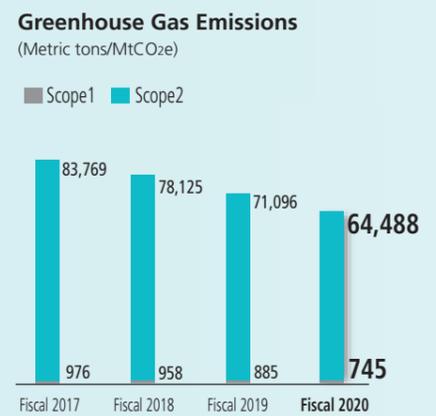


*The graph data indicates consolidated figures (fiscal 2020) of NTT DATA Corporation, Nomura Research Institute, Ltd., ITOCHU Techno-Solutions Corporation (CTC), TIS Inc., SCSK Corporation, Nihon Unisys, Ltd., and NS Solutions Corporation.
^{*}NTT DATA and CTC amounts are based on the IFRS (International Financial Reporting Standards).

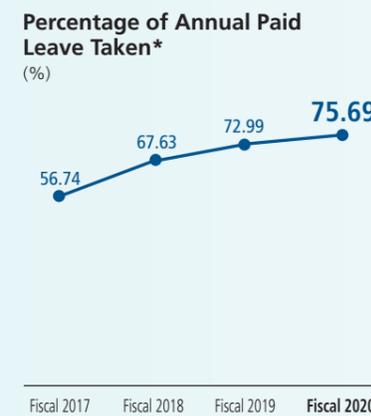
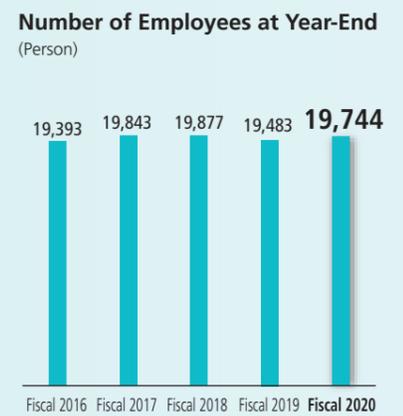
Consolidated Financial/Non-Financial Highlights



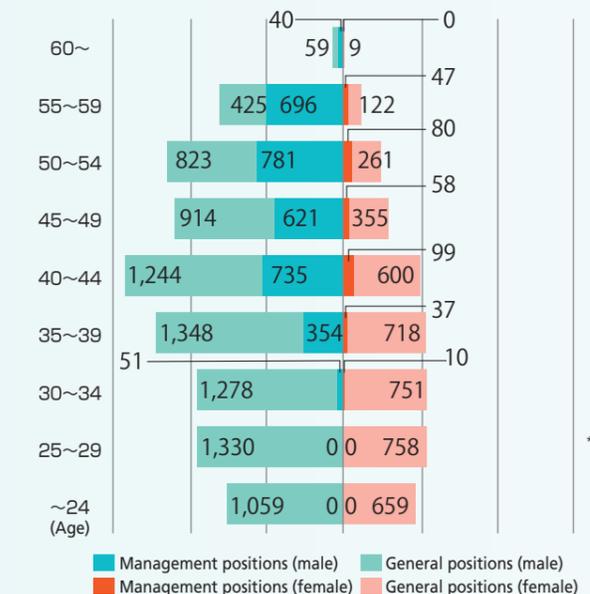
* Total return ratio: Total amount of dividends and treasury stock buybacks as a percentage of net income.
 * The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020. The above figures are presented using the number of shares before the stock split.



* Scope 1: Direct emission of greenhouse gases by business operators
 * Scope 2: Indirect emission through use of electricity or heat/steam provided by other companies



Employee Composition* (As of April 1, 2020) (Person)



* The figures are simple combined averages or weighted averages for the TIS INTEC Group's seven principal companies (TIS, INTEC, AGREX, QUALICA, AIS, TIS System Service, and TIS Solution Link).

TIS INTEC Group Value Creation Process

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

Management Philosophy	TIS INTEC Group Philosophy OUR PHILOSOPHY	Mission: To brightly color the future as a mover	P.2
Vision	Group Vision 2026 (2026 Corporate ideal) "Create Exciting Future"	Utilizing leading-edge technology and know-how to realize business innovation and market creation	P.22

Management Resources
Diverse workforce

Number of employees (consolidated basis) (As of March 31, 2020)
19,744

High technological capabilities

Ample experience and know-how

Extensive service menu

Aggregate number of solutions (As of March 31, 2020)
About 500

State-of-the-art outsourcing network in Japan

Broad customer base

Number of clients (As of March 31, 2020)
About 15,000 companies in Japan

Solid financial position

Net assets (Year ended March 31, 2020)
¥ 247.9 billion

Equity ratio (Year ended March 31, 2020)
63.3 %

Rating (Long-term) (At November 15, 2019)
A / stable

etc

Materiality
P.17

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

3 COORDINATION AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH

Create a comfortable society through innovation and joint activities

3 COORDINATION AND WELL-BEING 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 13 CLIMATE ACTION

Create a safe society through high-quality services

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Enhance corporate governance and earn the trust of society

5 GENDER EQUALITY 10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SUSTAINABLE DEVELOPMENT GOALS

Management strategies/asures for sustainable growth
Medium-Term Management Plan (2018–2020)
"Transformation to 2020" P.21

TIS INTEC Group Business Activities
Providing optimum, one-stop support across client system lifecycles and all types of IT-related services

Service IT Business P.43

BPO P.44

Financial IT Business P.45

Industrial IT Business P.46

Systems to support sustainable growth
Corporate Governance P.48
Risk Management P.63
Quality Control, Product Innovation P.65

Consulting services
Helping clients use IT to raise business value

System integration services
Providing one-stop access to systems perfectly matched to client needs

Outsourcing services
Everything from system operation to full business process outsourcing (BPO)

IT platform configuration services
Building safe and secure computer networks, from host to public cloud, matched to client needs

Research into and access to leading-edge technology
Always on a quest for the latest IT technology to provide systems a step ahead of expectations

Contract development style
Provide systems matched to client requirements

Service offering style
Provide services that anticipate client needs

Secure growth opportunities fueled by trust and fulfilling expectations

Improve value exchange through virtuous cycle

Help solve social issues through use of digital technology

Value provided to society
Make society's wishes come true through IT.

Economic value (Fiscal 2020)

Net sales **¥443.7 billion**
Operating income **¥44.8 billion**
ROE **12.5 %**

Social value

Shareholders and Investors

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

Clients

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

Business Partners

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

Employees

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

Community / Society

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



Toru Kuwano,
Chairman and President

桑野 徹

As a mover using digital technology, we will transform into a company that takes the lead in delivering solutions to social issues.

Toru Kuwano, TIS President and Chairman, talks about the progress under the Medium-Term Management Plan (2018–2020), future initiatives and the social role of the TIS INTEC Group in a post-COVID-19 world.

Q1. TIS realized the four key performance indicators (KPIs) set for the last year of the Medium-Term Management Plan (2018–2020) in fiscal 2020, ended March 31, 2020. This was a year ahead of schedule. How do you evaluate the results achieved over the first two years of the plan?

We saw success through transition to an operating holding company and progress on unified Group management.

Currently, the TIS INTEC Group is working through the Medium-Term Management Plan (2018–2020)—the first step toward achieving Group Vision 2026—under the concept “Transformation to 2020—Achieving structural transformation as a corporate family and taking the lead in finding solutions to social issues.” We promoted various measures, underpinned by a basic policy of constant, rapid transformation through sustainable profit growth, an emphasis on employee self-fulfillment, a concentration on core businesses, a shift to prior investment style of business development and expanded global business. The success of these measures is reflected in the fact that we reached the four KPI targets—strategic domain sales ratio of 50%, operating income of ¥43 billion, operating margin of 10% and ROE of 12%—set for the final year of the current medium-term plan a year ahead of schedule. And we were successful, I feel sure, because of unified Group management, driven by the strong leadership of TIS, which became an operating holding company through Group restructuring in July 2016. By promoting various measures expeditiously and widely throughout the Group and getting everyone actively behind these measures, driven by an emphasis on profitability, we held unprofitable projects to a low level. In addition, we welcomed a major improvement in the gross profit margin—up from around 18% before TIS became an operating holding company to around 24% as of fiscal 2020—which created tremendous momentum and propelled us toward an operating margin of 10%. Not everything unfolded as expected, but areas where we made great strides forward were sufficient to effectively offset areas where we still have room for improvement. Overall, we carried out robust prior investment while elevating our position to a level that compares favorably with top-ranked companies in our industry. I feel we made wonderful progress in enhancing our corporate capabilities.

We are moving vigorously forward on prior investment but must address profitability in service-style business.

Under the Medium-Term Management Plan (2018–2020), we are taking a vigorous approach on growth investment, to the tune of ¥80 billion over three years, to promote structural transformation. We have tapped a total of ¥30 billion for software investment to create new services, human resources investment to fuel structural transformation and R&D investment to acquire advanced technologies, and ¥50 billion for investment, including M&As, to grow strategic domains. Of these applications, software investment to create new services that will underpin service-style business, such as credit SaaS, exceeds initial plans, as we constantly work to develop growth engines for the future. In addition, investment to expand business activities in strategic domains has emphasized alliances with leading companies in terms of marketing channels and technologies as we seek to become a top-class IT group in the ASEAN region. A recent highlight of this investment focus is the capital and business alliance formed in February 2020 with Grab Holdings Inc., a top-class ASEAN super app. These are the components of a more extensive operating presence in the ASEAN region and, I would say, mark the start of a dramatic new stage in the expansion in the scale of the Group’s overseas operations. Going forward, as the pace of activity grows, we will need to provide updates on the status of overseas expansion and other aspects of business development abroad based on concrete numerical targets.

Against this backdrop, sales by the service IT business, which consists of service-style business, are expanding favorably, particularly on demand for payment services. But this segment may have a hard time reaching its operating income and operating margin targets, and this is something we must address. A primary example of the issues currently faced is efforts to promote CreditSaaS. The start of services has been pushed back to the next medium-term management plan, paralleling certain developments, including a larger scale of investment than initially envisioned given the potential for business expansion in the future. Also, we pursued M&A opportunities from the perspective of investment into promising technology for the future but this put pressure on profits in the short term.

Going forward, our policy to vigorously promote prior investment with a view toward business growth for the future and higher corporate value will not change. But we will seek greater sophistication in investment management to facilitate careful tracking of risks and solid capture of investment returns. Through this approach, we will be able to foster growth in service-style businesses and create new markets, and we will be able to boost profitability to the next level through structural transformation.

* Service-style business: Business that delivers an unspecified number of accessible, standardized services to a certain sector/industry instead of customizing configuration and installation of standard formats, including systems, to individual requirements.
* For details on strategic domains and service-style business, please go to page 25.
* SaaS (Software as a Service): Method, service or business model for providing software through communication networks or other online channels so that the user can access and utilize the required software whenever needed.

Q2. Describe issues that must be addressed to ensure further progress in structural transformation.

We will seek greater diversification of human resources—our No.1 emphasis—and a higher level of capabilities.

I say this all the time but it really is such a key factor of success. Human resources are the Group's most valuable management resource. To truly achieve structural transformation, each and every employee must change and become stronger. With this in mind, we made our human resources strategy a priority in the Medium-Term Management Plan (2018–2020), and we are vigorously pursuing various measures in line with the personnel manifesto. As a result, we have seen a steady rise in employee motivation—an achievement that has earned positive external reviews as well.

Nevertheless, for the TIS INTEC Group to play a role in solving social issues, we must grow beyond the conventional structure of passive system engineers. We must cultivate human resources who anticipate market needs, look beyond social issues and pinpoint service requirements. These are qualities not yet prevalent among our workforce. So we will put more emphasis on personnel exchanges within the Group than before, we will encourage cooperation with various companies and organizations outside the Group, and we will welcome external expertise—people with different know-how and experience—and through this approach, employees will gain enthusiasm and awareness that effervesce, like a chemical reaction, to energize Group activities.



It is imperative that we transform into a corporate group that leads the way in finding solutions to social issues.

Brand strategy is vital, fueling motivation, attracting and keeping human resources, and boosting corporate value.

Currently, the Group is unfurling strategic brand activities. One of the trigger points for this process was an improvement in the enthusiasm that employees have for their work and for the company that they work for. The brand power that a company—or a corporate group—wields is a reflection of the trust that society places in it. Strong brand power is the indispensable fuel that will accelerate growth of the TIS INTEC Group as a truly strong corporate group. Boosting brand power will not only have a favorable impact on recruitment but also elicit greater pride among existing employees and encourage them to strive harder for success. This will perpetuate a virtuous cycle, with a highly motivated workforce delivering enhanced services, which translate into higher sales, which allow us to engage in robust business investment and attract people who have the excellent qualifications we need to keep that cycle going. In the end, we will achieve sustainable improvement in corporate value.

Q3. Describe the activities designed to deepen unified, groupwide management practices.

We will move steadily forward on common systems and core office centralization.

The TIS INTEC Group is working on the “G20” project to elevate head office functions, which will lead to enhanced management efficiency. In April 2020, we began introducing common systems groupwide and shared services. In spring 2021, we will open a new, large-scale office in Toyosu, an area of Tokyo recently attracting attention for huge commercial development projects. This office will be a new base for the Group. Bringing together the business functions of TIS and INTEC, the office will accelerate unified, groupwide management practices and reinforce cooperation from a business perspective, while the Nishi-Shinjuku office will centralize the head office functions of TIS and INTEC and enhance Group management capacity and Group governance. The Toyosu office has been designed with spacious online conference booths and other features compatible with today's new lifestyles as well as spaces where people inside and outside the Group can engage in free and open discussion. We will make effective use of facilities and the office space to best support our human resources, and this is sure to motivate people and cultivate an innovative corporate atmosphere, which in turn generates momentum.

Q4. What do you see as the Group's social role in a post-COVID-19 world, and what business opportunities and risks will characterize the new landscape?

With all aspects of society going digital, the emphasis on IT—and associated expectations—is sure to grow.

The COVID-19 pandemic has been a turning point, reshaping society in major and irreversible ways that continue to unfold. Against this backdrop, the digitization of society is expected to advance at a rapid pace. Going forward, we will analyze short-term effects on client businesses caused by the COVID-19 pandemic as well as other factors, such as climate change and natural disasters, in addition to possible medium- to long-term effects caused by changes to industry structure. The use of IT will increase like never before, becoming absolutely indispensable to companies in continuing their business activities and to people in maintaining safety and peace of mind in their daily routines. The key issue for us, then, is the kind of role we will fulfill. In that sense, I am reminded of the considerable role that the TIS INTEC Group plays in society as a mover using digital technology. This idea is conveyed in our recent genie-themed television commercial which carries the slogan “Make society's wishes come true through IT.” We will transform into a company—and by extension, a corporate group—that takes the lead in delivering solutions to social issues.

A corporation is a social system that fulfils social expectations and contributes to people's happiness via value exchange with stakeholders.

Under OUR PHILOSOPHY, a Group concept announced in January 2019, we made it our mission to fill the future—as yet an unpainted backdrop—with vibrant colors as a mover using digital technology. The meaning of “mover” implies our movement as a corporate group as well as driving changes in society through our activities.

Companies are increasingly viewed as the key to achieving the United Nations' sustainable development goals (SDGs). Given such expectations, TIS will incorporate into the next medium-term management plan strategies and measures built on businesses that have been identified in discussions by the Corporate Sustainability Committee as having the potential to contribute solutions to social issues. Our goal is to leverage activities as only the TIS INTEC Group can to realize a sustainable society.

Integral to these activities is an idea contained within OUR PHILOSOPHY—“A corporation is a social system that fulfils social expectations and contributes to people's happiness via value exchange with stakeholders.” Seeing a corporation as a public instrument, we will not promote business expansion merely in pursuit of economic gain but rather emphasize business activities that help solve social issues at home and abroad, generate social value, meet society's expectations and contribute to people's happiness. Once we accomplish this, we will achieve truly sustainable growth as a corporate group and boost corporate value.

Everyone under the TIS INTEC Group umbrella—directors and employees alike—will continue to work as a cohesive team. I ask for the continued support of all stakeholders as we travel toward future success together.

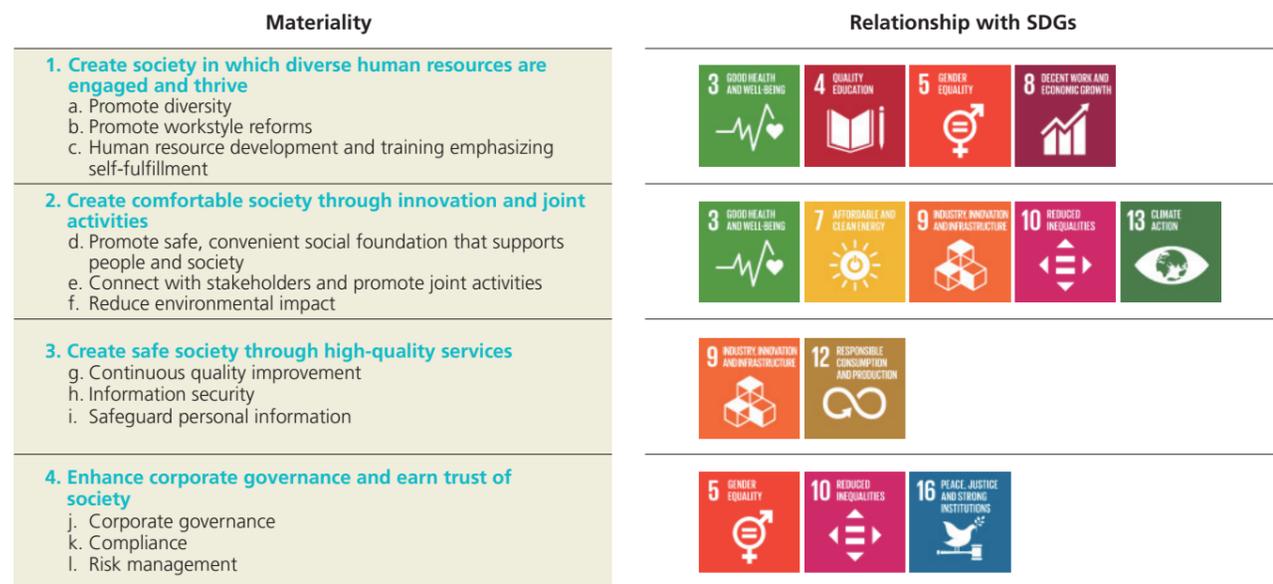
Seeking to deepen sustainability management

In OUR PHILOSOPHY, the Group's basic philosophy, a corporation is defined as "a social system that contributes to realization of social expectations as well as people's happiness through value exchange with stakeholders." Guided by this philosophy, we will strive to deepen sustainability management to realize a sustainable society.

Materiality (Key Issues) for TIS INTEC Group

TIS identified materiality for the Group, taking into account the expectations of stakeholders, impact on society and strengths of the Group, and clarified priority themes where efforts would be focused.

The TIS INTEC Group will contribute to the achievement of the United Nations' social development goals (SDGs) through initiatives that address materiality.



TIS engages in dialogue with external experts to confirm the appropriateness of Group materiality and assessment of the importance assigned to each materiality theme. For details, follow the link below.
<http://www.tis.com/group/csr/gcsr/materiality/#dia>

Sustainable Development Goals

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



Takayuki Kitaoka, Director Sustainability Project Team Manager

We are keenly aware of our social responsibilities and will contribute to value creation from a long-term perspective.

In OUR PHILOSOPHY, TIS has defined a company as a social system that contributes to happiness. As an extension of this definition, the TIS INTEC Group has an obligation to face social issues head-on and present solutions to them through business activities. At the same time, we recognize that our ability to do this requires sustainable growth of the Group itself and improved corporate value. Conscious of this, the Sustainability Project Team imagines what the world might be like in 2030 and 2050, backcasting from those points in time to consider how best to demonstrate the Group's capabilities and potential to find solutions to social issues. This approach—to connect an ultra-long-term view with actual business know-how—was a first for

TIS INTEC Group welcomes start of Sustainability Project

The Sustainability Project was formed to promote a more in-depth approach to finding solutions to social issues and to unifying management within the TIS INTEC Group. Through this project team, TIS will pinpoint social issues and business domains where efforts will be focused over the long term. These issues and domains will be integrated into the next medium-term management plan.

Promotion structures of project team



Approaches



World in 2050

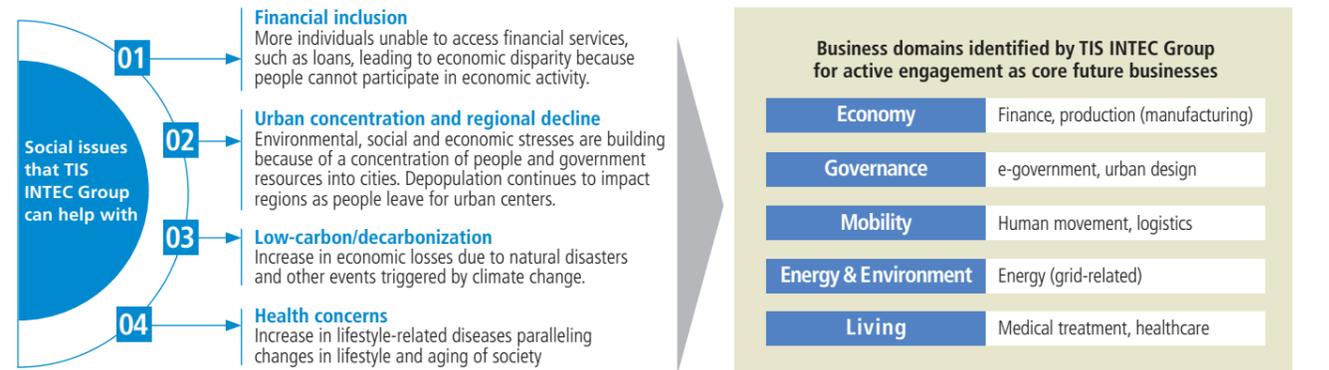
In making assumptions for 2050, we took into account 24 political, economic and social themes, in parallel with technological progress and the impact that such advances might have, and performed PEST analysis.

Results of PEST Analysis

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

TIS INTEC Group activity trajectory

- Identify four social issues where we have the expertise to apply to solutions, based on long-term trends
- Seek to create core businesses for medium to long term, and identify five business domains of particular interest
- Work with business partners to create new value



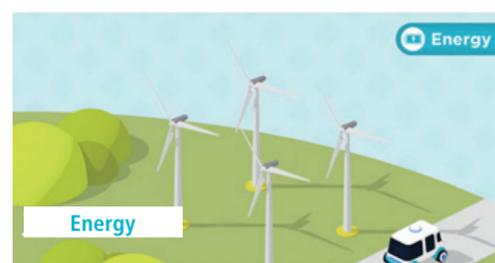
Providing safe, convenient social platforms for people and society

The TIS INTEC Group provides safe, convenient solutions to various daily life predicaments through technology and experience built over many years, and contributes to the realization of a resilient society.



Cashless

Convenient and smart cashless payments that eliminate the hassle of paying with coins and bills. We will realize smooth, safe and secure payment environments using leading-edge technologies, including facial recognition.



Energy

Livable communities for all through the use of power generation systems and the application of power data. The focus will be on smart, local production/local consumption of green energy: generated in the area and used efficiently in the same area.



Robotics

Smart office building management, including guidance and information, will draw on active use of robots. We will create workplaces where leading-edge robotic technology leads to higher productivity.



Healthcare

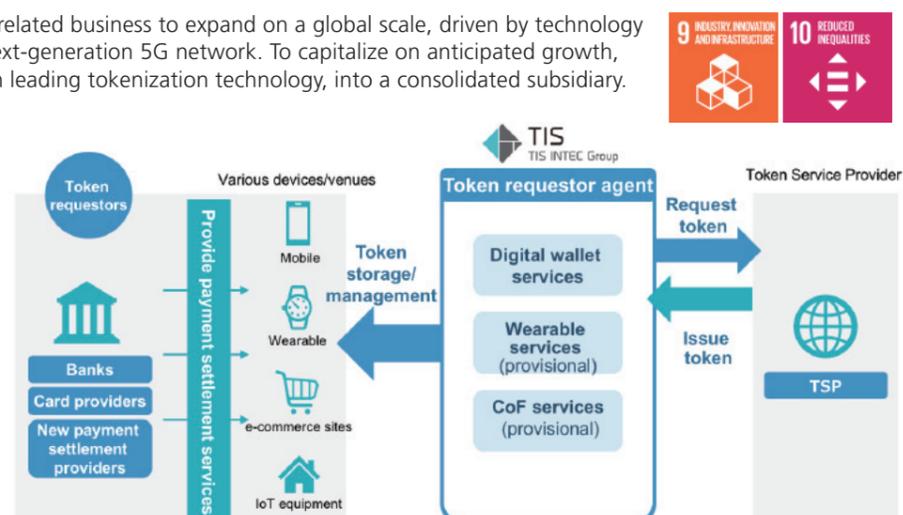
Smart health management integrating health information, including exercise records, photo data of meals, and health check results. We will realize a dynamic society through health platforms.

Drawing on TIS INTEC Group technology to design a vibrant future

The concept of society is currently undergoing a major shift. To make society better, we will apply our inherent strengths to design highly reliable social platforms that deliver greater convenience to secure a comfortable future. We will become more attuned to social issues and contribute solutions to concerns to remain an indispensable partner in supporting people's lives.

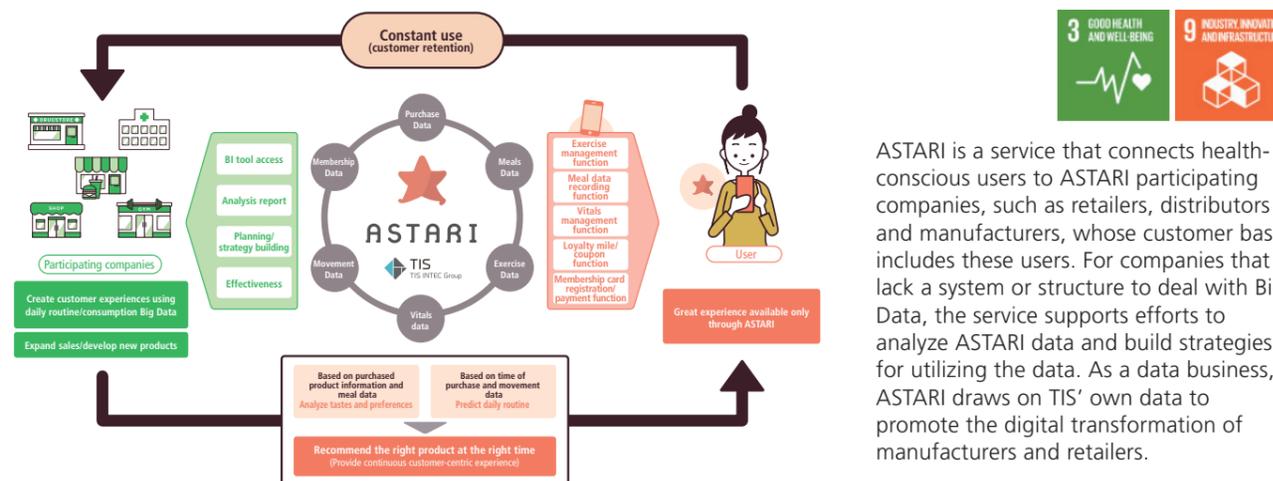
Case study Seek to expand digital wallet service with payment technology compatible with range of devices, even those using newest 5G network

Market-watchers expect tokenization-related business to expand on a global scale, driven by technology for IoT payment solutions using the next-generation 5G network. To capitalize on anticipated growth, TIS turned Sequent Software Inc., with leading tokenization technology, into a consolidated subsidiary. TIS will apply Sequent's tokenization technology to digital wallet services, which integrate different payment methods and interfaces, including in-app payment, into a single app. Against a backdrop of growing demand for cashless payment solutions, TIS will promote digital wallet services and leverage IoT payment solutions using smartphones, wearable devices and other connectivity products to provide convenience, peace of mind and even an aspect of fun when making purchases.



Details: https://www.tis.co.jp/news/2019/tis_news/20200121_1.html

Case study Digital service ASTARI uses daily routine/consumption Big Data to facilitate customer services



ASTARI is a service that connects health-conscious users to ASTARI participating companies, such as retailers, distributors and manufacturers, whose customer base includes these users. For companies that lack a system or structure to deal with Big Data, the service supports efforts to analyze ASTARI data and build strategies for utilizing the data. As a data business, ASTARI draws on TIS' own data to promote the digital transformation of manufacturers and retailers.

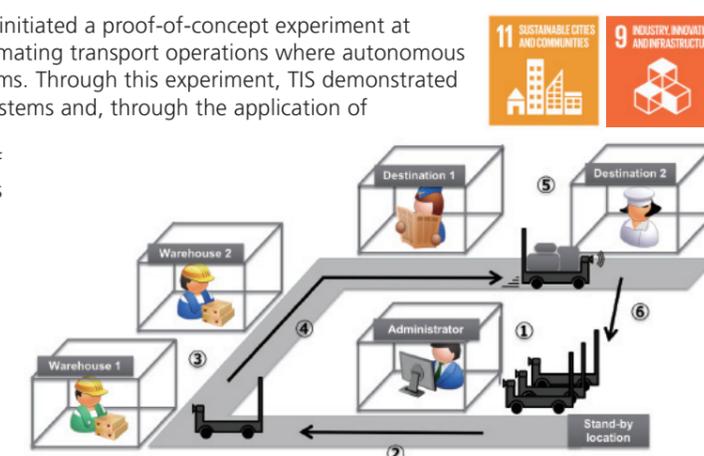
Details: https://www.tis.jp/service_solution/astari/

Case study Standardizing data model for autonomous mobile robots

In November 2019, TIS and the University of Aizu jointly initiated a proof-of-concept experiment at LICTiA (Laboratory for leading-edge ICT in Aizu) on automating transport operations where autonomous mobile robots are linked to inventory management systems. Through this experiment, TIS demonstrated easy connection of RoboticBase and various operating systems and, through the application of standardized interfaces, connection with different types of robots. TIS will now work toward future application of this format to create business services integrating various operating systems and service robots.

By incorporating various service robots into business services, such as logistics and facility management, we will present new approaches to help address social issues.

Details: https://www.tis.co.jp/news/2019/tis_news/20191113_1.html



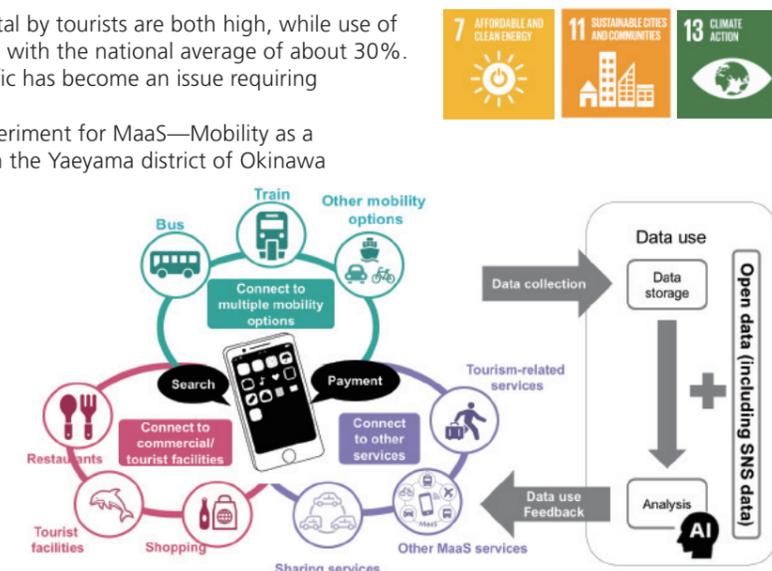
Case study Proof-of-Concept for MaaS in Okinawa

In Okinawa, car use by local residents and car rental by tourists are both high, while use of public transportation is only about 4% compared with the national average of about 30%. Consequently, the impact of local and tourist traffic has become an issue requiring attention.

In fiscal 2020, TIS ran a proof-of-concept experiment for MaaS—Mobility as a Service—using public transportation for tourists in the Yaeyama district of Okinawa Prefecture. In addition, in fiscal 2021, the scope of this experiment will be expanded beyond Yaeyama, promoting use of MaaS by tourists all over Okinawa and residents in some areas of the prefecture. The experiment has been selected by Japan's Ministry of Land, Infrastructure, Transport and Tourism under an initiative called "Project for Promoting and Supporting Japanese MaaS."

All participants in this project seek to boost the use of public transportation by making it more convenient and to utilize data to seamlessly connect multiple modes of transportation as well as diverse services, including commercial and tourist-related services.

Details: https://service.paycierge.com/solution/maas_platform/



Outline of Medium-Term Management Plan

To realize sustainable growth and higher corporate value, we have made the current medium-term management plan our first step toward achieving Group Vision 2026 and through further improvements within the Group, we will promote structural transformation and establish a resilient management foundation.

Transformation to 2020

(From April 2018 to March 2021)

—Achieving structural transformation as a corporate family and taking the lead in finding solutions to social issues—

Corporate Targets in 2020

Company where diverse human resources, reliable, proud and carrying a sense of solidarity, **approach work enthusiastically**

Increase high-value-added quality (boost value of technology/social research results) through **value chain reform**

Budget for growth investment to fuel structural transformation in three years **¥80 billion**

Structural transformation to deliver ratio of **50%*** from strategic domain sales

Net sales **¥430 billion**
Operating income **¥43 billion***
Operating margin **10%***

ASEAN Region Become **top class** group united in IT

Through enhanced management efficiency **ROE 12%***

Become corporate group that contributes **solutions to environment/social issues** through business activities

★Key performance indicators

Basic Policy

- With solutions to social issues derived through business activities, establish structure generating medium- to-long-term benefits for society as well as profits to sustain corporate presence
- Achieve cost reduction through enhanced, more efficient headquarters function

- Create environment, culture and programs that motivate employees to work productively
- Build human resources portfolio that supports structural transformation, and optimize deployment throughout Group

Sustainable profit growth

Emphasis on employee self-fulfillment

Constant and rapid transformation

- Actively invest to rev up growth engines
- Improve value provided to clients, reinforce existing fields through productivity innovation

Concentrate on core businesses

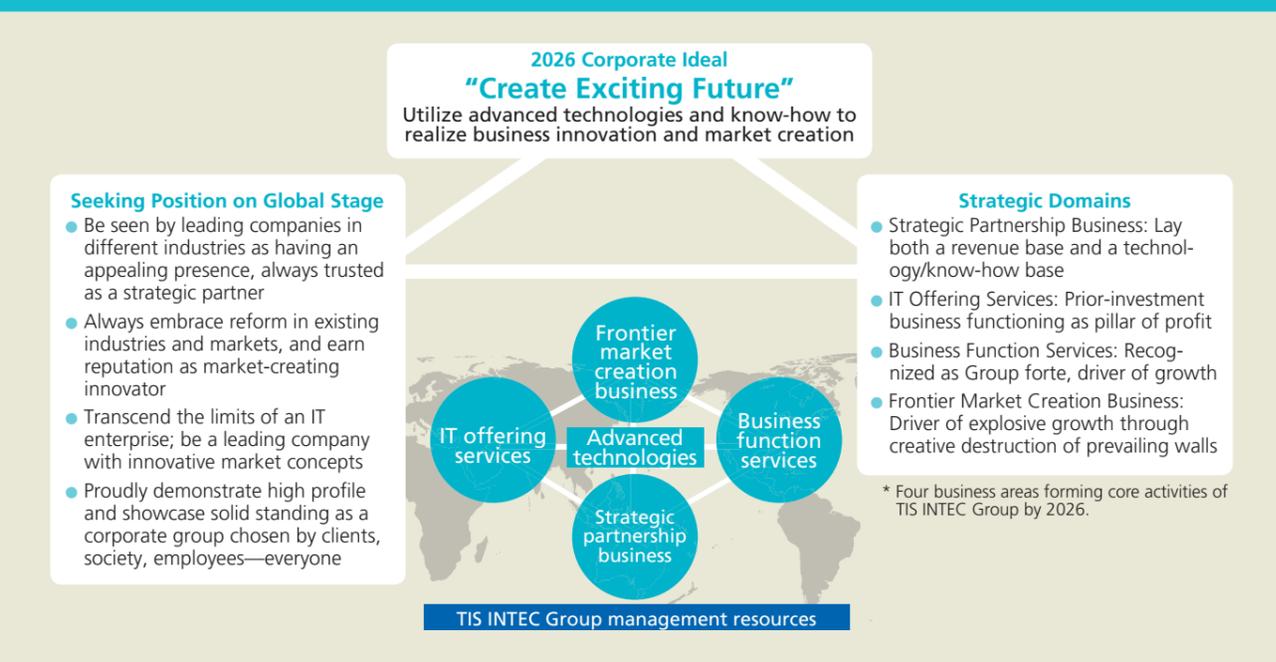
- Proactively propose solutions to markets/clients and transform structure to realize business creation
- Pursue strategically directed, robust investment, mainly through M&A and service investment

Shift to prior investment style of business development

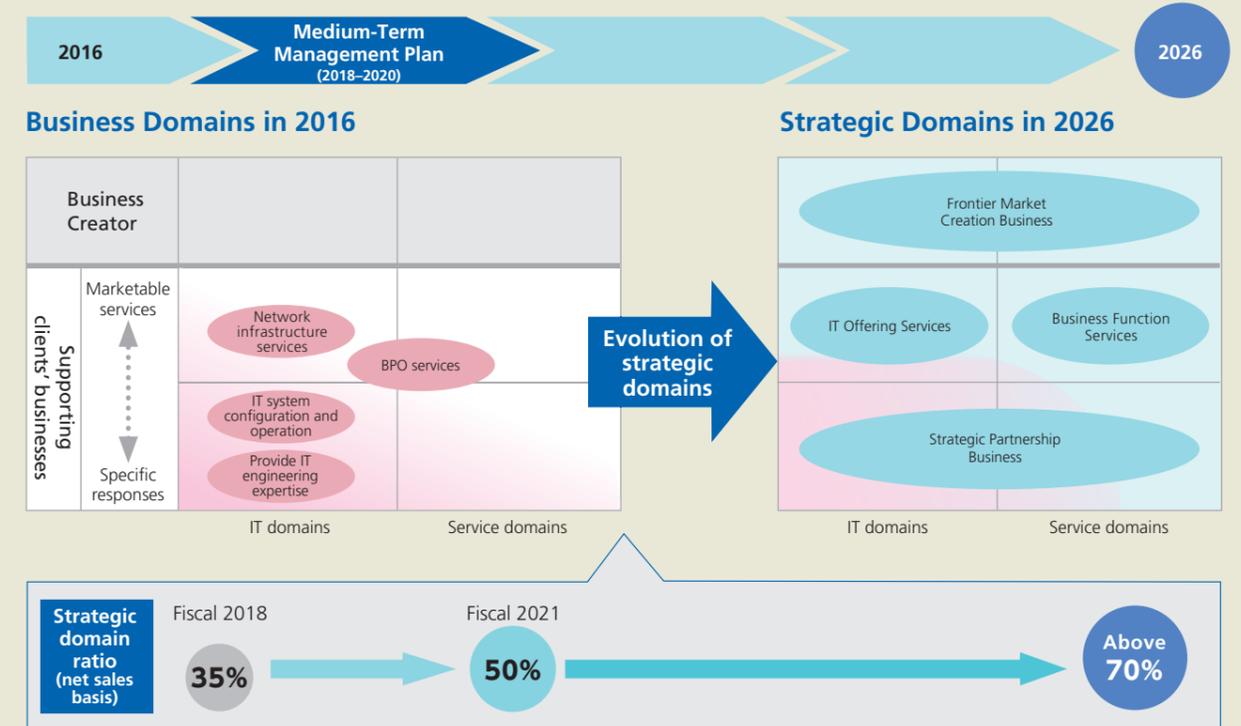
- Become top-class IT group in ASEAN region
- Hone global strengths, emphasizing payment settlement/banking/ERP solutions

Expand global business

Group Vision 2026
Taking advantage of the shift to an operating holding company in July 2016, TIS announced a new Group vision for the future in May 2017 to mobilize the capabilities of Group executives and employees alike and take corporate value higher. The Medium-Term Management Plan (2018–2020) is important because it is the first stage of a journey toward achieving Group Vision 2026.



Medium-Term Management Plan (2018–2020) will guide us in pursuit of rapid structural transformation to build a foundation for Group Vision 2026 success and expansion of strategic domains.



Progress on Medium-Term Management Plan

Fiscal 2020 Overview

Basic Policy and Key Performance Indicators

- All key performance indicators for final year of medium-term management plan—fiscal 2021—achieved a year ahead of schedule, reflecting groupwide business acceleration.

Key Performance Indicators (Fiscal 2021)



Guided by a management policy with a profit emphasis, TIS has set KPIs under the following conditions. From the perspective of progress toward targets and the status of efforts to ensure sustainable profit growth and constant transformation with a sense of speed, as outlined in Medium-Term Management Plan (2018–2020), the chosen KPIs are operating income, the strategic domain ratio and the operating margin. From the perspective of measuring returns over capital costs as the Company vigorously pursues business more conscious of capital costs than before, ROE is the KPI.

Fiscal 2020 Group Management Direction

- Robust prior investment to fuel business expansion and structural transformation**
Selectively invest in growth fields and areas of expertise to turn service-style businesses into growth engines
- Promote measures and review business portfolio with view toward higher profitability**
Concentrate on forte fields and key client businesses, eliminate unprofitable projects, emphasize order profitability and thoroughly implement enhancement reforms
- Promote growth strategy aimed at becoming a top-class IT group in ASEAN region**
Expand business domains and pursue strategic investments through cooperation built over time with overseas partners in line with global strategy
- Boost motivation and take human resource management to higher level**
Strive to create framework and corporate culture in which employees—the driving force behind the Group's growth—can thrive, and steadily realize measures described in personnel manifesto
- Realize enhanced management practices and higher efficiency**
Instill widespread awareness of unified, groupwide management, based on OUR PHILOSOPHY, promote "G20" project to elevate head office functions, and kick off new system "GAIA"

Looking Back on Fiscal 2020

- ▲ Strategic domain ratio surpasses medium-term management plan target of 50% ahead of schedule.
● Driven by demand for payment settlement solutions, Service IT Business achieved sales but posted lower operating income. Qualitative transformation required to achieve medium-term targets, including improvement in profitability on service-type businesses.
- Gross profit margin improved to 23.9% (YOY change, +1.4%), reflecting enhancement upgrades and efforts to reinforce order profitability.
● Development loss ratio held to 0.6%, staying within full-year target level (0.8%)
● Implemented review of Group strategy for platform business, including cloud, security, data center and network operations.
- Reinforced ties with existing targets of capital participations and further fortified overseas business platform by bringing several influential partners under the Group umbrella and by forming new capital and business alliances.
● Utilized composite capabilities derived from alliances in joint expansion of platform services.
- Formulated Diversity and Inclusion Policy and promoted various measures designed to enable employees to achieve self-fulfillment.
● Began groupwide initiative to constantly upgrade the skills of personnel who will drive business growth.
● TIS included in "New Diversity Management Selection 100" by Ministry of Economy, Trade and Industry.
- From April 2020, began implementing common systems and shared development within Group under project to elevate head office functions.
● Brand recognition dramatically improved, hitting 32% (up 13% YOY), through strategic brand investment.
● Finished selling off real estate in and around Metropolitan Tokyo as Group office relocated and centralized.

Looking Back on Past Medium-Term Management Plans

We look back on the three medium-term management plans that have led the TIS INTEC Group to where it is today.

	First Medium-Term Management Plan (Fiscal 2010 – Fiscal 2012) "IT Evolution 2011"	Second Medium-Term Management Plan (Fiscal 2013 – Fiscal 2015) Taking on Transformation "Brave Steps 2014"	Third Medium-Term Management Plan (Fiscal 2016 – Fiscal 2018) "Beyond Borders 2017"			
Theme	Group management emphasizing independence of each Group company	Overall optimization of the Group and greater sense of solidarity	Portfolio management, in a project sense, blending exceptional businesses and key strengths into a single approach			
Basic Concept/ Medium-Term Management Direction	<ul style="list-style-type: none"> Demonstrate composite Group strengths while highlighting uniqueness of the Group and expand scope of business activities Pursue business activities underpinned by client trust Reform production platform and capitalize on new business opportunities 	<ul style="list-style-type: none"> Top-line emphasis as One Company Enterprising and bold ⇒ Embrace reforms. Expect full-fledged V-shaped recovery to get back on growth trajectory. 	<ul style="list-style-type: none"> Profit emphasis IT brain Portfolio management ⇒ Set ROE as key performance indicator and strive for improved corporate value and sustainable growth 			
Major Priorities in Group Management	<ul style="list-style-type: none"> Promote greater management efficiency as a corporate group Cultivate corporate culture that unites the Group Promote measures that fuel corporate growth and motivate employees Strengthen financial position on a consolidated (groupwide) basis 	<ul style="list-style-type: none"> Promote new Group formation Cultivate shared spirit that permeates groupwide Lay resilient financial base to facilitate prior investment activity Streamline and centralize corporate functions Reinforce product brands and corporate image 	<ul style="list-style-type: none"> Integrate/centralize shared functions with the Group ⇒ Make office procedures more efficient, enhance capital and asset efficiency, raise Group profile, and cultivate corporate culture with sense of solidarity Realize higher level of administrative management ⇒ Promote management with profit emphasis, work to enhance accounting, taxation, financial reporting, and implement Group personnel strategies 			
Key indicators	Fiscal 2012		Fiscal 2015		Fiscal 2018	
	Estimates	Actual	Estimates	Actual	Estimates	Actual
Net sales	¥400 billion	¥327.4 billion	¥350 billion	¥361 billion	¥400 billion	¥405.6 billion
Operating income	¥35 billion	¥15.6 billion	¥25 billion	¥21.1 billion	¥30 billion	¥32.7 billion
Operating margin	8.8%	4.8%	Above 7%	5.9%	7.5%	8.1%
ROE	More than 10%	1.5%	7.5%	6.0%	8.0%	9.9%
Policy on return to shareholders	Maintain stable dividend		Strive for payout ratio of 30%		Strive for total return ratio of 35%	
Payout ratio	74.0% in fiscal 2012		25.6% in fiscal 2015		16.6% in fiscal 2018	
Total return ratio	74.0% in fiscal 2012		30.4% in fiscal 2015		30.5% in fiscal 2018	
Reference: Average annual growth rate over three years						
Net sales	-1.1%		+3.3%		+4.0%	
Operating income	-13.1%		+10.6%		+15.7%	
Key reflections	<ul style="list-style-type: none"> Planned to expand business volume by turning SORUN Corporation into consolidated subsidiary, but growth was tempered by significant deterioration in external environment caused by such factors as Lehman shock. Against this backdrop, management decided to pursue course of realignment in Group formation, including merger of SORUN and UFIT Co., Ltd., into TIS, and implemented sweeping structural reforms, including relocation and centralization of Group offices in Tokyo area, to create more resilient management structure. Blueprint for totally revamping operations urgently needed for Group to demonstrate truly comprehensive capabilities because prevailing corporate consortium structure optimized to each company under Group umbrella insufficient to showcase overall capabilities. 	<ul style="list-style-type: none"> Pushed ahead on building unique and obvious strengths (growth engines) and linking strengths, as well as concentrating capabilities into core businesses. Achieved net sales target but failed to hit operating income target as issues continued to sideline efforts to prevent projects from becoming unprofitable and efforts to boost productivity. Progress on approaches to achieve evolution in services and globalize operations fueled expansion in scope of business activities but not enough to create business with revenue-source potential. Realized certain degree of success with measures to restructure operations and reinforce cooperation across business lines. This included turning AGREX Inc. into wholly owned subsidiary. Also unified Group brand to underscore integrated group management, but more extensive approach needed for overall optimization. 	<ul style="list-style-type: none"> Expansion in value-added creation style services, along with assignment solution style services geared to client requests, fueled growth. Shift to market-cultivating style services requires faster responses. Profitability steadily improving, and efforts to control unprofitable projects showing results. But low-level control still required. Transition to operating holding company structure and steady implementation of measures, including business realignment, office consolidation and improved capital efficiency, to achieve overall optimization of the Group. Made progress in cultivating corporate culture with sense of solidarity through design of single logo and creation of Group vision. To achieve sustainable growth and improved corporate value, prioritized structural transformation and establishment of resilient management platform through additional reforms within the Group in anticipation of major changes in society. 			

Activities under Medium-Term Management Plan

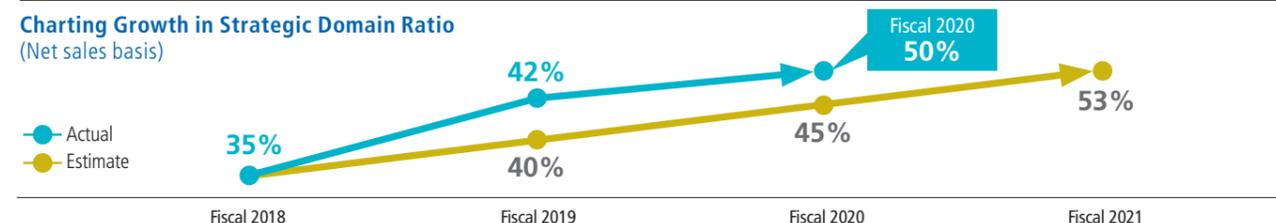
Structural Transformation Strategy

Progress on Structural Transformation Strategy (1)

Medium-Term Management Plan (2018–2020) guiding rapid structural transformation toward success of Group Vision 2026.

- ➔ Marked favorable progress, particularly with expansion in demand for existing Strategic Partnership Business (SPB) and IT Offering Service (IOS), and reached target set for final year of medium-term management plan a year ahead of schedule.
- ➔ Realize structural transformation toward higher-earning-potential, stock-style services in strategic domains.

Charting Growth in Strategic Domain Ratio (Net sales basis)



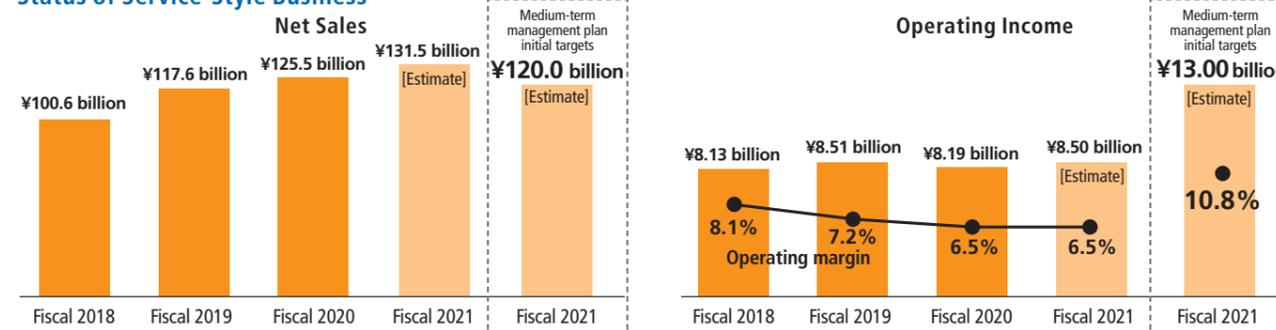
<h4>1. Strategic Partnership Business</h4> <p>For clients at the top of their industry, we will draw on industry foresight and business knowledge that other companies cannot match—our business tools—to explore and promote business strategies with clients and underpin business basics.</p> <p>Desired Status Building strong business partnerships to help clients expand operations by jointly exploring business strategies and identifying and solving business-related concerns.</p>	<h4>3. Business Function Service</h4> <p>We will combine industry and business knowledge accumulated within the Group and utilize advanced technologies to anticipate client needs and provide business functions as services to enhance their value chains.</p> <p>Desired Status Complementing IT Offering Service with new businesses to enhance efficiency, mainly through automation, and providing high-value-added services to clients.</p>
<h4>2. IT Offering Service</h4> <p>We will combine leading-edge technologies and know-how accumulated as a corporate group to create and quickly provide IT solution services that anticipate client needs.</p> <p>Desired Status Allowing TIS INTEC Group strengths to blossom under IT Offering Service banner; switch from labor-intensive style to non-price competition, knowledge-intensive style.</p>	<h4>4. Frontier Market Creation Business</h4> <p>We will utilize Group technology, operating know-how and customer bases to create new markets and business models matched to evolving industry and social needs and develop businesses for these markets on our own.</p> <p>Desired Status Creating new markets that become pillars of business for the Group.</p>

Progress of Structural Transformation Strategy 2

Working to turn service-style business—at core of IT Offering Service—into growth engine and steadily develop business by expanding accumulated strengths, taking a robust approach to investment and actively pursuing open innovation.

- ➔ Going forward, selectively invest in areas of keen interest while focusing on further business expansion and enhanced profitability.

Status of Service-Style Business



Anticipated Core Composition of Net Sales

(Billions of yen)	Fiscal 2018 Actual	Fiscal 2019 Actual	Fiscal 2020 Actual	Fiscal 2021 (Estimates)	Status/Forecast
Payment	10.0	15.0	22.5	28.5	Continue to emphasize payment settlement solutions. Anticipating sales increase.
ERP	28.0	28.0	27.0	25.0	Risk of extended discussion on upgrade projects, with possible drop in sales.
Data centers/cloud/networks	42.0	42.0	43.0	44.0	Cloud attracting interest but existing data center business shrinking. Will capture cloud and security demand to boost sales.

Business Portfolio Review

- As part of the business portfolio review, management looked into Group strategies to reinforce platform businesses, such as those for cloud, security, network and data center use.

Placement of platform business strategy promotion structures

Structures to leverage strategies, with emphasis on investment, sales and personnel, applicable to key platform businesses groupwide placed in TIS.

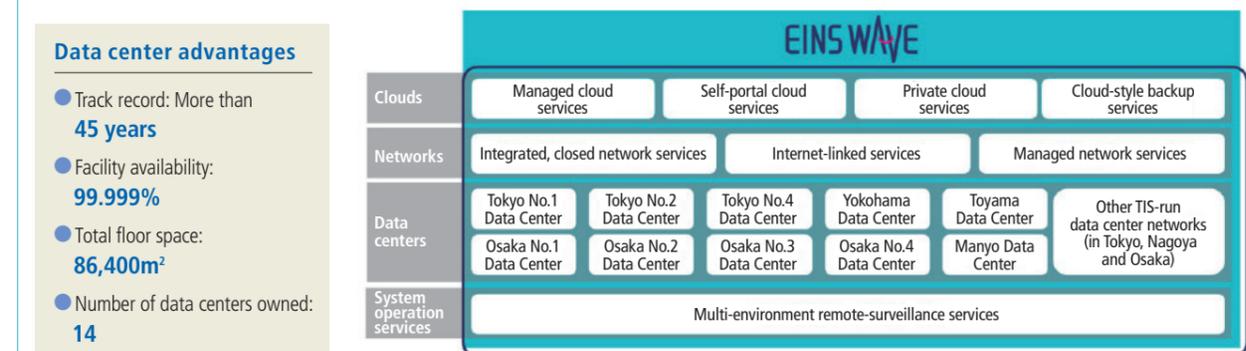
- ➔ Optimize businesses and operate efficiently with sense of speed

Integrating brands for EINS WAVE

Services, including cloud, network and data center services, under TIS and INTEC brands merged into single brand.

- ➔ Add quality of consistency to Group services, raise profile and sharpen competitive edge

Service map under integrated brand (outline)



As a group, we will draw on composite expertise to respond to changes in the market with a sense of speed and strive to sharpen our competitive edge and expand demand for services, especially in the cloud and security domains.

Other recent accomplishments

- All shares in two BPO-related consolidated subsidiaries (AC Medical Inc. and Koushin Inc.) transferred outside the Group (February – March 2019).
- All equity in Tianjin TIS Hi-tech, in China, transferred outside the Group (October 2019).
- TIS' EDI (electronic data interchange) business assumed by INTEC through corporate split to centralize operations (April 2020).
- TIS agreed to acquire a partial stake in TIS Chiyoda Systems Inc., a new company established to assume the IT business divested by Chiyoda System Technologies, a wholly owned subsidiary of Chiyoda Corporation, and decided in February 2020 to make the company a consolidated subsidiary from October 2020.
- ➔ TIS will utilize connection to build strategic partnership designed to promote digital transformation of the Chiyoda Group and, in the future, will provide IT solutions utilizing accumulated know-how through the new company.
- TIS agreed to acquire a partial stake in Miotsukushi Analytics Co., Ltd., which is engaged in data analysis and AI consulting, and turn the company into a consolidated subsidiary (August 2020).
- ➔ TIS will strengthen data analysis and AI-related services, which are key components in clients' digital transformation and pursuit of digital businesses.

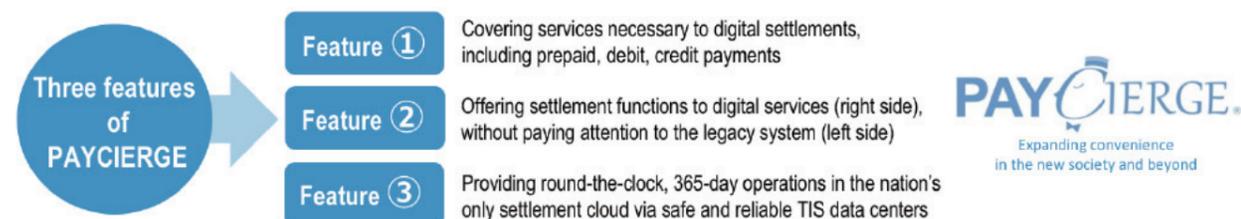
Leveraging our strengths to accelerate business development and realize a cashless society

Our major strengths are the experience, technology, know-how, and abundant human resources we have cultivated over many years handling development and operation of core systems for major credit card companies. Deploying these strengths, we have established a position as the leading system integrator in the domestic settlement field.

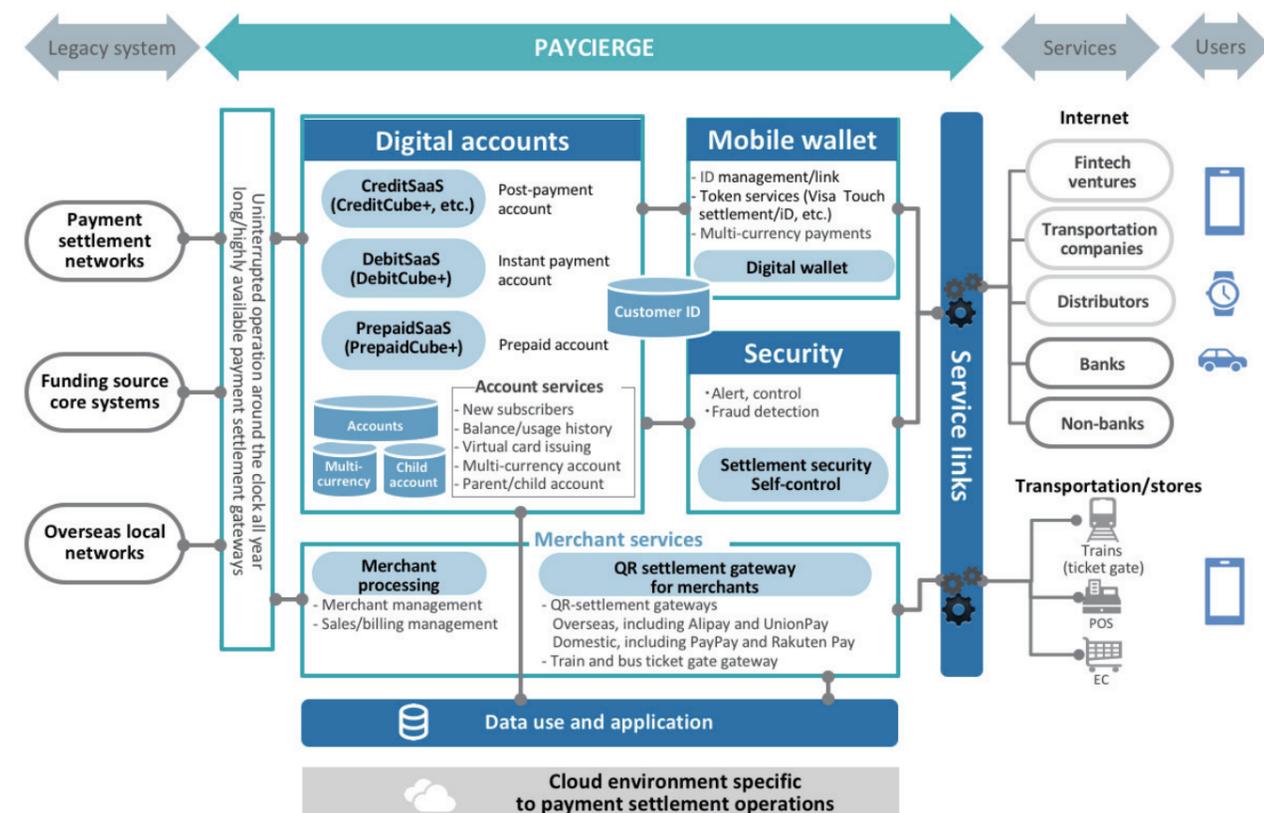
Amid recent advances in cashless payments, conditions in the payment settlement market are changing dramatically due to progress in smartphone and other related technologies, the entry of companies from different sectors, and the rise of FinTech companies. Viewing this situation as a new growth opportunity, we develop and operate core systems for major credit card companies, which represent an important foundation of our business. We are also deploying our PAYCIERGE digital payment platform to accelerate business development.

PAYCIERGE digital payment platform

PAYCIERGE is a comprehensive, highly convenient, and reliable payment solution for all people who require retail payments.



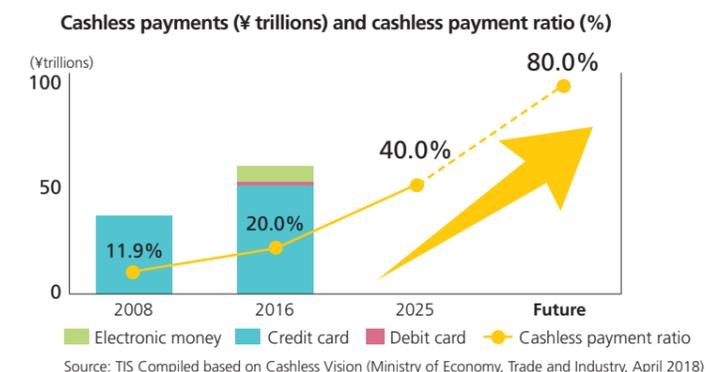
Overview of Payment Services and TIS' Core Focus



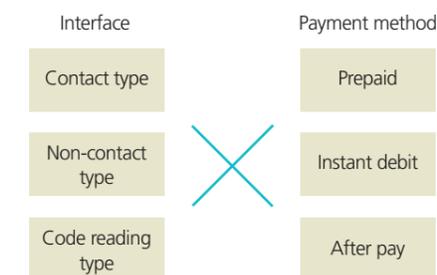
We have a particularly strong competitive advantage in the field of digital account services, which enable us to provide all sorts of processing services, including prepaid, instant debit, and after-pay credit.

Status of cashless payments in Japan

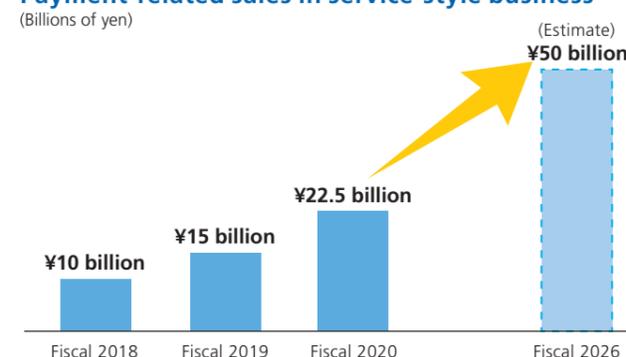
- The Japanese government is promoting cashless payments, which are expected to become more widespread in the future
- The credit card is a typical tool for making cashless payments, and the credit card transaction volume is expected to increase in the future alongside an increase in mechanisms for linking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



Combination of cashless payment methods



Payment-related sales in service-style business



The entire payment processing market is expanding, driven by the spread of cashless options to pay for purchases. Against this backdrop, companies are embracing digital transformation to break into the payment settlement business, which is creating an emerging platformer market that is expected to reach ¥90 billion by fiscal 2026.

Based on this forecast, TIS is targeting emerging platformers, specifically demand in the core area for issuers, which requires a particularly high level of specialization. The Company has exactly this kind of specialization and will maximize it for a competitive advantage. TIS will work toward sales of ¥50 billion, or a 70% share of the market, by focusing on credit SaaS.

Status in fiscal 2020

Digital account services (credit SaaS, debit SaaS, prepaid SaaS)

- Directed efforts into platform-building for providing credit SaaS. Projects for first-time users moving well, steady progress with services expected to go live during the next medium-term management plan.
- With growing demand from consumers for non-cash settlement options and wider interest in e-commerce, debit SaaS and prepaid SaaS also attracted attention. Client base steadily expanding and transaction volume also up.

Digital wallet services

- Initiated services for MUFG Wallet and Toyota Wallet. Business development accelerating.
- Turned U.S.-based Sequent Inc. into subsidiary to ensure quick access to token requester technology.

Other services

- Increasing demand for QR gateway services at money access points and merchants in Japan and overseas.
- Solid steps forward on proof of concept for MaaS and Super City initiative and further involvement in development plans

Topic

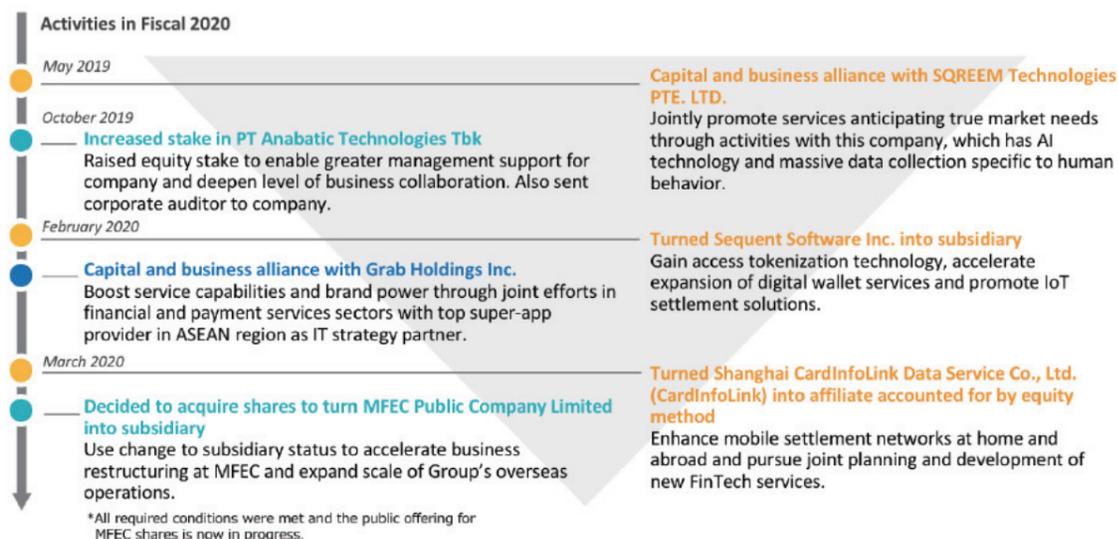
TIS held an information meeting on December 9, 2019, to highlight PAYCIERGE. This was the Company's first event on the PAYCIERGE theme. A total of 80 investors attended, and three TIS executives with business unit responsibilities provided details on areas of emphasis as well as strategies and other initiatives related to payment services.

➡ Presentation materials can be found at <http://www.tis.com/documents/en/ir/finance/meeting/191209.pdf>

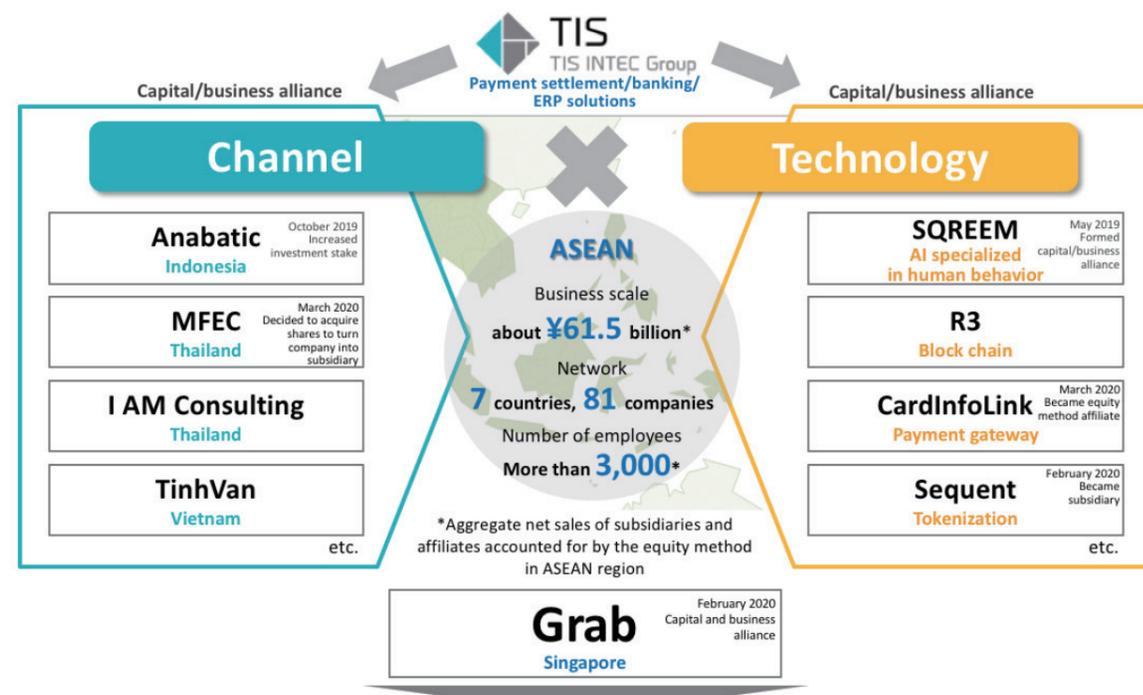
Leverage business domain expansion and strategic investments to become top-class IT group in ASEAN region

Three pillars support expansion of the TIS INTEC Group's overseas operations: providing local support to existing clients as they pursue a presence in other countries, applying know-how accumulated in Japan to develop local markets overseas, and bringing cutting-edge technologies from abroad to Japan to reinforce our capabilities in the domestic market.

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



Steadily reinforce business base in ASEAN region — area of highest priority — to achieve dramatic expansion in our overseas business, which will leverage cutting-edge services matched to local needs for enormous client base



Work toward joint development of platform services, utilizing composite strengths derived through alliances

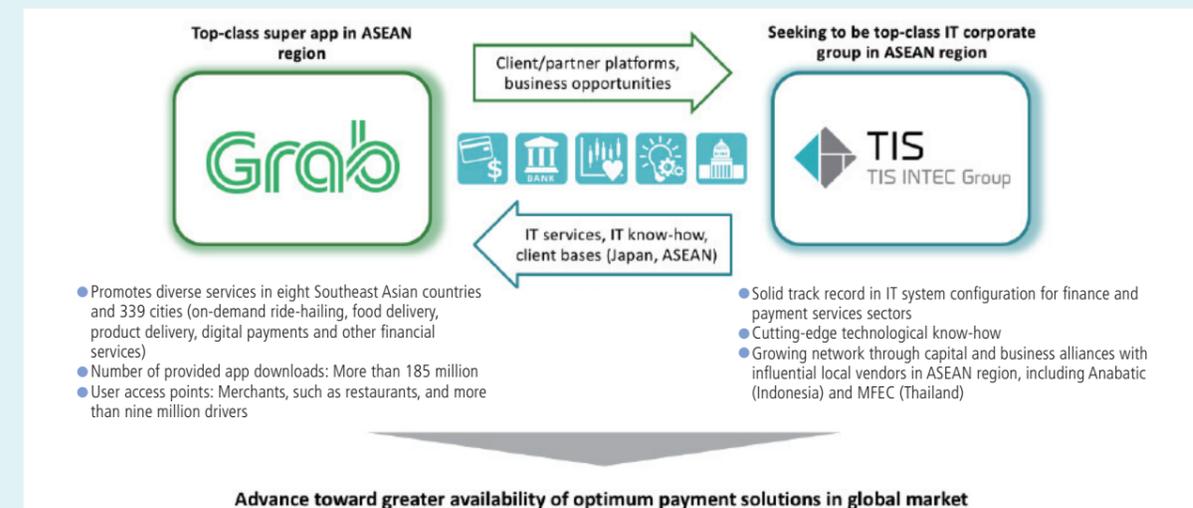
Key M&A Targets in Recent Years, Capital/Business Alliance Results

PT Anabatic Technologies Tbk (Equity-method affiliate = 37.3% stake)	Capital and business alliance in July 2015 Increased stake in October 2019 Indonesia-listed, top-tier local IT company.	Net sales: ¥44.2 billion
MFEC Public Company Limited (Equity-method affiliate = 24.9% stake)	Capital and business alliance in April 2014 Decided to acquire shares toward turning company into subsidiary in March 2020 Thai-listed, leading provider of enterprise IT solutions.	Net sales: ¥13.3 billion
I AM Consulting Co., Ltd. (Consolidated subsidiary = 99.9% stake)	Turned into consolidated subsidiary in June 2014 Thai-based consulting group producing total SAP-related IT solutions.	Net sales: ¥2.5 billion
TinhVan Technologies JSC. (Equity stake: 19.9%)	Capital and business alliance in June 2018 Leading IT service provider with considerable experience introducing solutions to the Vietnamese government and financial institutions.	
SQREEM TECHNOLOGIES PTE. LTD. (Equity stake: 6.8%)	Capital and business alliance in May 2019 A Singapore startup—the world's largest behavioral pattern data aggregator—growing very fast in fields of digital marketing and data analytics using proprietary AI technology based on massive data collection.	
R3 HoldCo LLC (Equity stake: 1.4%)	Capital and business alliance in June 2018 U.S. technology startup boasting global-caliber results and brand in blockchain-related technology for corporate users.	
Shanghai CardInfoLink Data Service Co., Ltd. (CardInfoLink) (Equity-method affiliate = 18.1% stake)	Capital and business alliance in September 2017 Equity-method affiliate in March 2020 FinTech company developing presence in China and around the world, with particular strength in payment gateway solutions and other services.	
PromptNow Co., Ltd. (Consolidated subsidiary = 60.0% stake)	Turned into consolidated subsidiary in May 2016 Leading FinTech company with multiple proprietary mobile services for financial institutions.	
Sequent Software Inc. (Consolidated subsidiary = 60.1% stake)	Capital and business alliance in May 2017, turned into consolidated subsidiary in February 2020 One of very few tokenization vendors in the world, and recognized by multiple international brands	
Grab Holdings Inc.	Capital and business alliance in February 2020 Top-class super app provider in ASEAN region. Expands into one business after another across wide range of sectors, including ride-hailing services, food delivery and financial services. Boasts 196 million downloads on aggregate basis.	

*Net sales for fiscal year ended December 31, 2019, converted at exchange rate prevailing at year-end.
*Equity stakes current as of May 12, 2020.

Capital and business alliance with Grab Holdings Inc.

In February 2020, TIS took a US\$150 million (about ¥16.5 billion) stake in Grab Holdings, which offers diverse services in the ASEAN region. Going forward, the Company aims to be an IT-oriented strategic partner through joint efforts in the areas of financial and payment services in the ASEAN region. The collaborative emphasis will be on ensuring a stable infrastructure for digital payments, a method that is becoming more popular in Southeast Asia, and jointly promoting development of new payment solution technology.



Advance toward greater availability of optimum payment solutions in global market

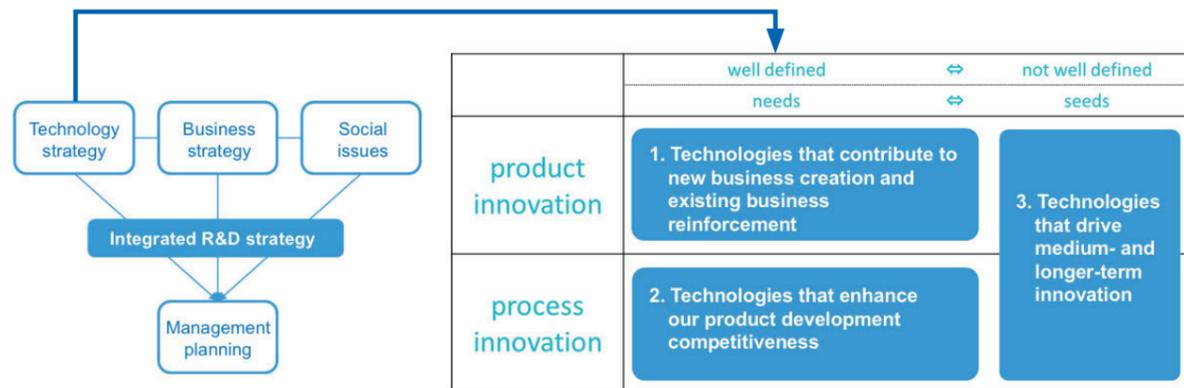
TIS continues to take a robust approach to alliances, including a capital and business alliance formed in May 2020 with Entropica Labs Pte. Ltd., a start-up in Singapore engaged in development of quantum computer software.

Focusing on the development of technologies and the promotion of innovation that contribute to the resolution of social issues and the attainment of a sustainable society

In recent years, the evolution of information technology and the accompanying changes in market needs have become increasingly intense. COVID-19 has also accelerated the shift from real to virtual and analog to digital.

Against this backdrop, TIS is working to develop technologies and create innovations across the entire TIS INTEC Group, aiming to achieve the corporate goal described in Group Vision 2026: "Create Exciting Future – Realizing business innovation and market creation using advanced technology and know-how".

Our activities are based on open innovation in order to categorize technology strategies and to make the results of activities in all areas faster and more broad-ranging.



1. Technologies that contribute to new business creation and existing business reinforcement

With an emphasis on speed, we are strengthening our ability to create new businesses mainly through collaboration with start-ups in Japan and overseas.

Corporate venture capital: Implementing speedy investment in start-ups where collaboration is assumed

Through CVC, which is expected to lead to investment of ¥2 billion by March 2021, we will make investment decisions in a minimum period of about one month from discovery to final approval for start-ups in the rapid growth period from seed to middle stage.

Number of investments: **35** Investment: **¥1.3 billion** (Cumulative total from April 2016 to July 2020)

2. Technologies that enhance our product development competitiveness

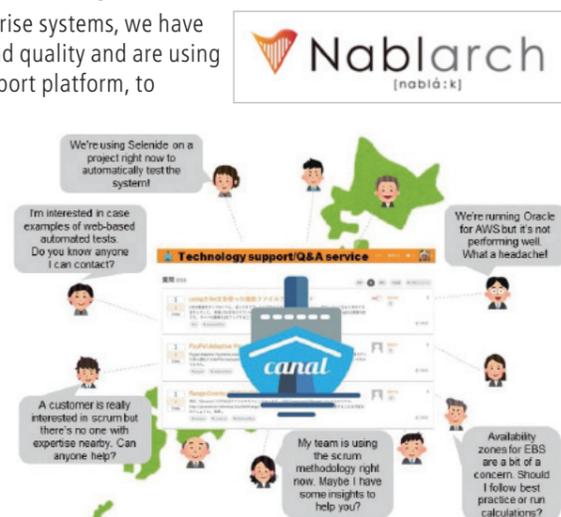
In addition to Nablarch, a platform for developing mission-critical enterprise systems, we have developed a variety of software and processes to improve productivity and quality and are using them throughout the Group. We also use canal, a mutual technology support platform, to respond to rapidly evolving information technology.

canal: Mutual technology support platform for employees

When an employee posts a technical question to canal, it is automatically forwarded to 113 TIG-certified experts, and they can receive highly specialized and useful answers. It is a platform that can quickly respond to customer needs and technical issues by leveraging the Group's expertise and demonstrating the value that only a major corporation can provide.

Seven Group companies have adopted canal, which is used by 6,027 employees, or 60% of the total workforce of companies that have deployed it. canal also fosters a corporate culture of mutual support among Group companies.

Number of users: **6,027** (As of July 2020)

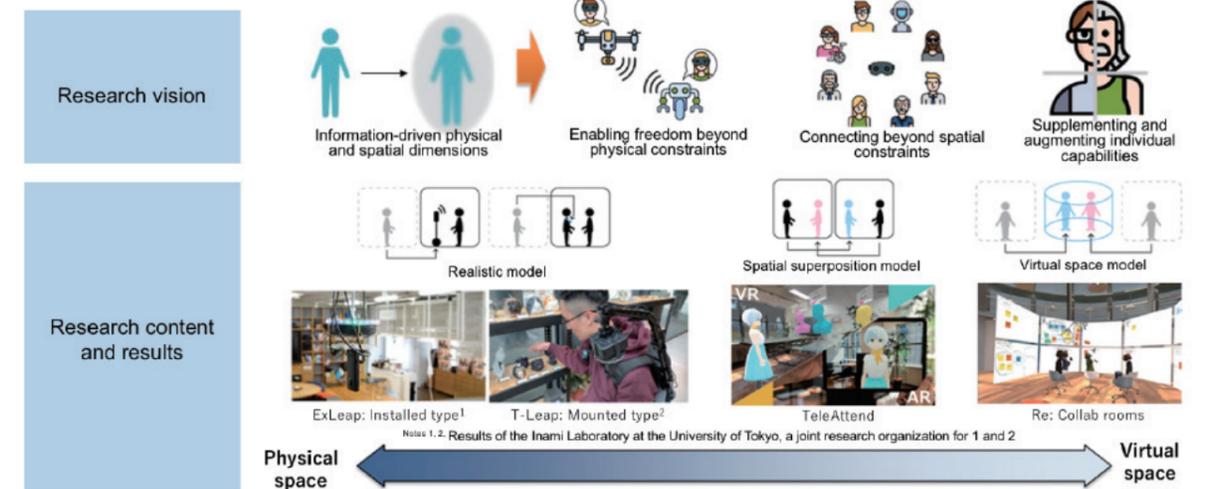


3. Technologies that drive medium- and longer-term innovation

We conduct research and development in collaboration with universities and public research institutions.

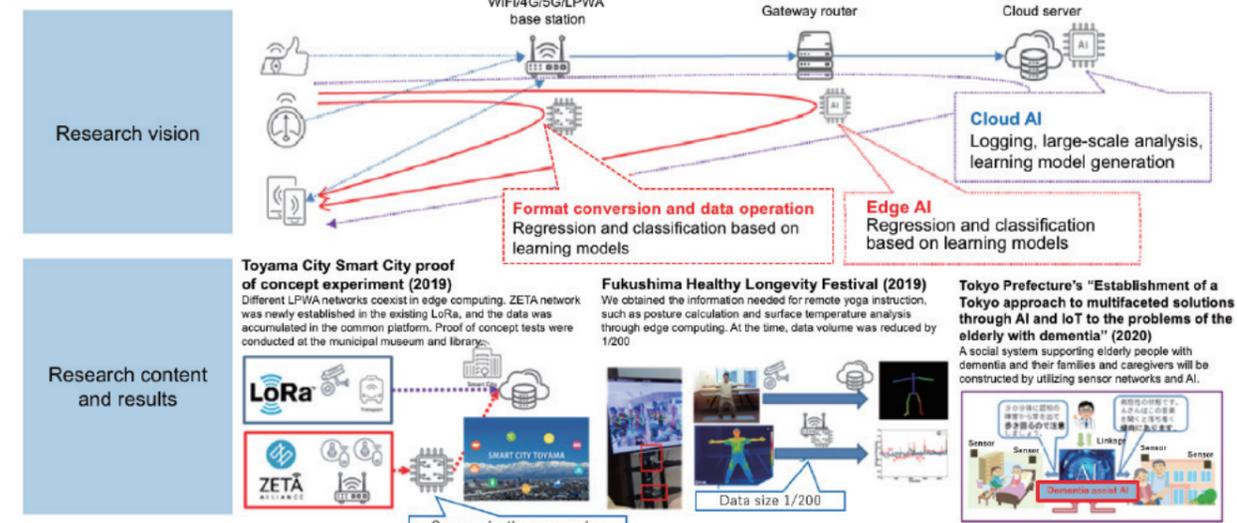
Focusing on XR and multi-level edge computing as core technologies

Focusing on XR (extended reality – incorporating augmented reality (AR), virtual reality (VR), mixed reality (MR), and everything in between) technology as a human augmentation technology, we are researching and developing modeling of physical and spatial information important for remote communication in cyberspace.



Multi Level Edge Computing

Focusing on edge computing as an information service infrastructure technology in the IoT era, we are researching and developing platforms (agile responsiveness, flexible configurations, more intelligent applications, energy savings, software description) that integrate networks and computers.



Our Technology & Innovation SBU pursues a variety of other technological developments, new business developments, and R&D. The results of these activities are shown on Fintan (<https://fintan.jp/>).

Fintan: Development expertise provided for free

The know-how we have accumulated through our research and development, systems development, and new business development projects is published on the Internet. The tools, processes and know-how required to promote open innovation are available free of charge to anyone anywhere.

Fintan's unique monthly users: **9,609** (July 2020)

*Total number of users accessing from the same browser by period



*Fintan is a legendary figure in Celtic mythology who accumulates the knowledge of all humanity. The name has been used for this site to convey the idea of access to all sorts of system development knowledge.

Activities under Medium-Term Management Plan

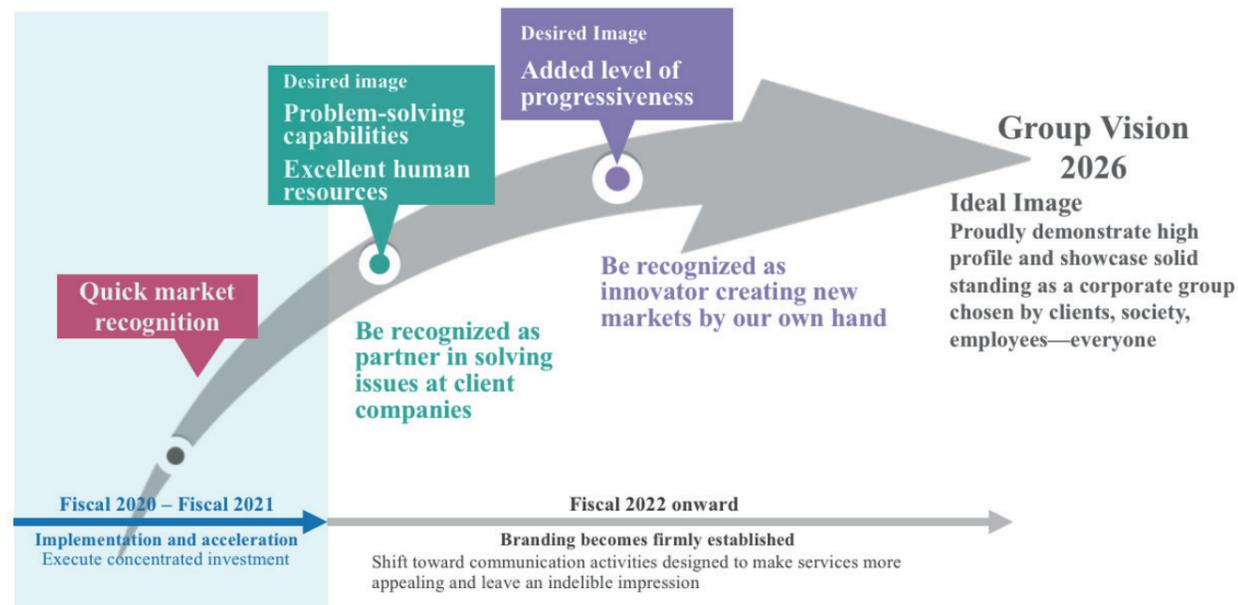
Strategies for Enhanced Management Practices and Improved Efficiency

Enhanced corporate brand

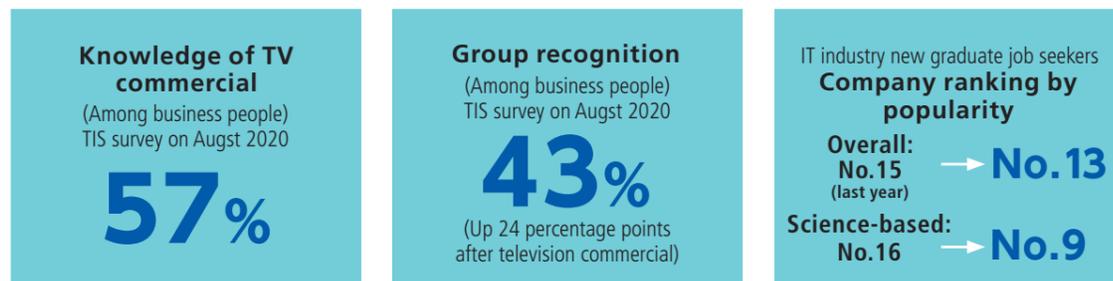
Robust pursuit of strategic brand activities for stronger management foundation built on brand power

- ▶ Implement concentrated investment through fiscal 2021, seeking to ensure market quickly associates brand with business activities. (Increase investment by ¥500 million in second half of fiscal 2020, ¥1 billion in fiscal 2021 (plan))

Branding activities roadmap



- Various measures to boost recognition, including a television commercial — Group's first — delivered a certain degree of success.
- Going forward, measures will be put in place to make TIS INTEC Group the choice of all stakeholders and to raise brand profile



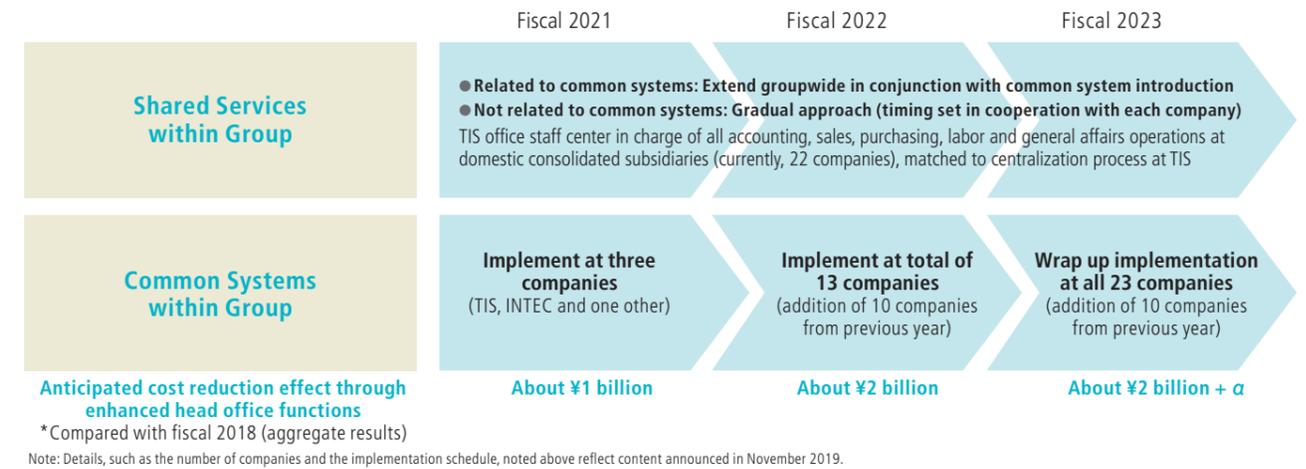
To capitalize on more business opportunities, improve recruiting power and elicit greater pride in working for a company under the TIS INTEC Group umbrella, TIS will make fiscal 2021 a time of intensive investment and maintain strategic brand investment

Progress on G20

G20 project to elevate head office functions progressing well. Gradual introduction of shared services and common systems within the Group, beginning in fiscal 2021.

- ▶ Anticipate cost reduction effect of about ¥1 billion in fiscal 2021, ultimately leading to better-than-expected results.

Overview of G20 Project to Elevate Head Office Functions



Promote activities to enhance management capabilities groupwide and reinforce corporate governance

Group office realignment (in Tokyo area)

Decided to relocate and concentrate Group offices within the Tokyo area, mainly to enhance groupwide business synergies, encourage greater communication within the Group and promote new workstyles. Will open new offices in Toyosu district, scheduled for spring 2021.

- ▶ Concentrate TIS and INTEC business operations at Toyosu Office. Concentrate head office function for both TIS and INTEC at Nishi-Shinjuku Office.

Comparison of the two core offices:

- Nishi-Shinjuku Office:** TIS, INTEC head office function.
- Toyosu Office (new):** TIS, INTEC business operations.

New office concept: New office will be established to shape new future, with an environment in which each and every employee plays a leading role.

- Apply ABW (activity-based working) and implement workstyles that allow employees to choose place to get work done
- Introduce office concierge so employees can concentrate on duties
- Feature showcase function for hands-on understanding of Group's products and services, particularly advanced technologies
- Facilitate business creation through open innovation opportunities with in-house and external experts

The COVID-19 pandemic has ushered in a new normal, and as we consider new workstyles that suit the altered times, we will prioritize a review of how the Toyosu office will be set up.

- Position as place of communication and collaboration
- Dramatic reduction in office area seating (Future target: 50% of initial design ratio)
- Dramatic increase in communication booths —booth-sized workstations—including remote format

With two core offices, we will build a more unified group presence and accelerate structural transformation—a primary goal of the current medium-term management plan—while seeking to reinforce Group governance.

Activities under Medium-Term Management Plan

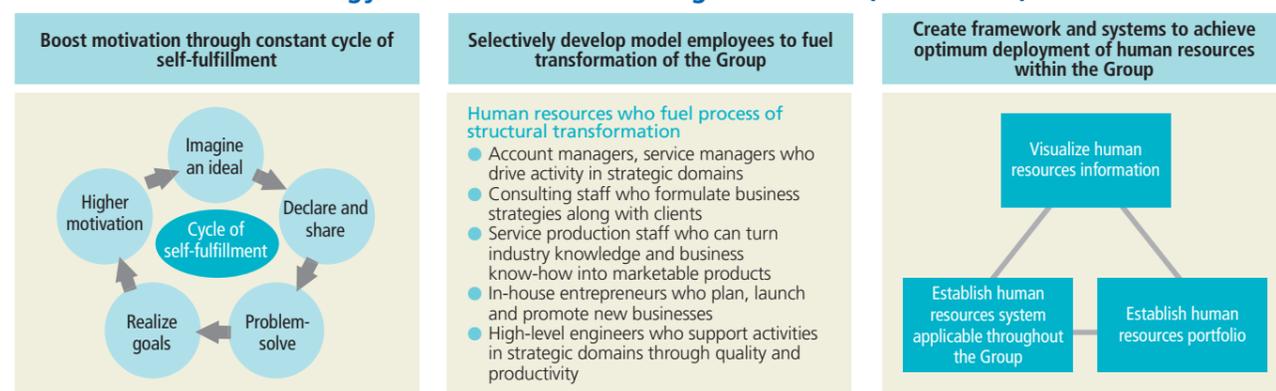
Human Resources Strategies

Emphasize measures to help employees achieve personal career goals and create framework/culture that enables diverse human resources to thrive
 ~Individual cycle of personal fulfillment will be driver of growth for the Group~

Of all the management resources available to the TIS INTEC Group, employees are the most important. One of the basic policies described in Transformation to 2020—the medium-term management plan that TIS launched in April 2018—is to emphasize employee self-fulfillment, and efforts will be directed toward the creation of an environment, corporate culture and systems that make diverse human resources excited about their work.

TIS will promote the environment and opportunities that enable each and every employee under the Group umbrella to fully demonstrate their skills, which will lead to sustainable growth of the Group overall.

Human Resources Strategy in Medium-Term Management Plan (2018–2020)



Activities in fiscal 2020

In fiscal 2020, principal companies under the Group umbrella took up performance management, signed on to the groupwide Diversity and Inclusion Policy, implemented diverse activities to help employees thrive, and promoted health management and workstyle reform. These efforts were designed to accelerate the cycle of self-fulfillment in career goals of employees who are the driving force of corporate growth, based on the personnel manifesto drawn up by the TIS Human Resources SBU.

Activities planned for fiscal 2021

Fiscal 2021—the last year of Medium-Term Management Plan (2018–2020)—will see the culmination of measures and accomplishments achieved in line with the personnel manifesto. This will provide the framework and corporate culture that underpin the development of human resources with top-level skills and who then contribute to structural transformation of the Group.

Boost motivation through constant cycle of self-fulfillment to realize career goals

- Conduct groupwide survey on job motivation and encourage activities to improve motivation
- Extend system that enables employees to continue to be active in the workplace if they are willing and able, regardless of age, through introduction of system for rehiring retired employees up to age 70
- Deepen scope of performance development measures, including 1-on-1 training, career planning, wider open-recruitment and promotions, to encourage personal growth
- Create corporate culture/atmosphere and introduce peer bonus that foster praise and recognition of outstanding efforts

Selectively develop model employees to fuel transformation of Group

- Manage pipeline to human resources who, with training, will go on to become group leaders and corporate management

Create framework and systems to achieve optimum deployment of human resources within Group

- Create a portfolio—a database of objective information about the status of human resources groupwide—that management can access to optimize personnel assignments and promote approaches shaped by TIS throughout Group

Last year of current management plan to achieve goal to boost motivation through constant cycle of self-fulfillment to realize career goals. But look beyond next management plan and promote integrated onsite operations from perspective of understanding individuals and drawing on inherent skills.

Key Themes		Key Fiscal 2021 Measures	
Group management	Create common groupwide framework and promote diversity management	To vigorously promote growth and greater efficiency, TIS will implement measures that balance structure and corporate culture while enforcing a degree of control in its role as parent company	
Support for structural transformation	Enhance programs to train personnel who will drive management and business forward	TIS will identify personnel with potential to drive management and business forward, and then try out measures from skill and mindset perspectives to accelerate personal growth	
Forward-looking personnel	Build robust, sophisticated human resources structure to realize management agility	To build a sophisticated personnel system that quickly responds to changes in management and business environments, TIS will shift to a more strategic human resources structure	
Strong workforce	Reinforce human resources portfolio formation and hiring capabilities to secure workforce	Going forward, TIS will widely reinforce personnel-related measures, from hiring and assignment to training, to secure its required talent pool	
Support for self-fulfillment of goals	Shift from performance management to performance development	TIS will promote change in perception, emphasizing corporate culture that encourages managers to help junior staff develop skills rather than simply managing them, thereby increasing employee engagement and fostering independent growth	



Jun Ikimune
 TIS Senior Managing Executive Officer and General Manager of Human Resources SBU, TIS Inc.

TIS will implement a personnel strategy that matches its corporate direction, and this, I feel, will be the key to future success.

The TIS Human Resources SBU Manifesto, which was unveiled at the same time as Medium-Term Management Plan (2018–2020), is a declaration—a promise—to all employees about what the Company offers and how it supports employees through human resources programs and measures, including compensation, intended to boost motivation. The manifesto was not put in a corporate drawer, so to speak, once completed. It has an ongoing purpose. Every six months, results are evaluated and revisions are considered. I believe this approach fosters greater engagement between TIS and employees. Also of note, the manifesto is not exclusive to TIS, but rather, it is gradually being rolled out to companies under the TIS INTEC Group umbrella as well.

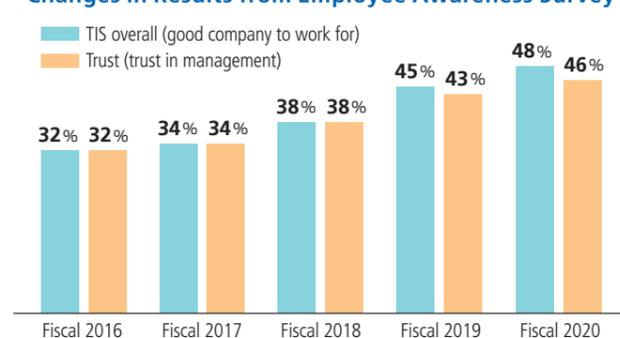
Robust measures have earned major external accolades not only for TIS but other members of the TIS INTEC Group as well. Our approach to human resources policy is recognized as progressive, and our efforts to motivate employees are highly regarded. We conduct employee awareness surveys to gauge employee perceptions, and increasingly positive results are the fuel that keeps a virtuous cycle in motion—where a company with employees who are enthusiastic about their work drive corporate growth, which in turn keeps employees motivated and the company moving forward.

From a group perspective, human resources are our most valuable management resource. People are a driving force, adding significant momentum to the creation and further improvement of corporate value. Therefore, we must continue to leverage our human resources strategy as fully as possible and ensure that constituent measures are aligned with changes in business strategies. To put it another way, our human resources strategy hinges on programs and measures matched to the business direction that we—not just TIS but the Group as a whole—must follow. It is this human resources strategy that will enable us to comfortably meet business targets, and we are committed to it. It is not good enough to go only so far. We must always aspire to a higher level and keep moving to ensure steady progress.

Employee Awareness Survey

Since fiscal 2016, TIS has conducted an annual awareness survey to identify employee motivation. The survey features questions about working toward management targets under each office structure and efforts to foster a good corporate culture. The survey acts as a barometer, gauging employee trust in management, and this result is incorporated into director evaluations. The survey thus helps us boost management effectiveness while maximizing the success of measures in force. Based on survey results, we have seen a huge improvement in the number of employees who answer that TIS is a great company to work for and that management inspires trust. In fiscal 2020, similar surveys were conducted at six Group companies. Approaches found to have been useful in boosting motivation at one company will be shared with the other companies, and personnel programs and measures will be enhanced accordingly.

Changes in Results from Employee Awareness Survey



Note: The survey is outsourced to an external organization. Aggregate results are presented as a percentage, reflecting the ratio of respondents whose answers were positive, that is, they selected “4. Often applies” or “5. Almost always applies” in a five-point rating scale.

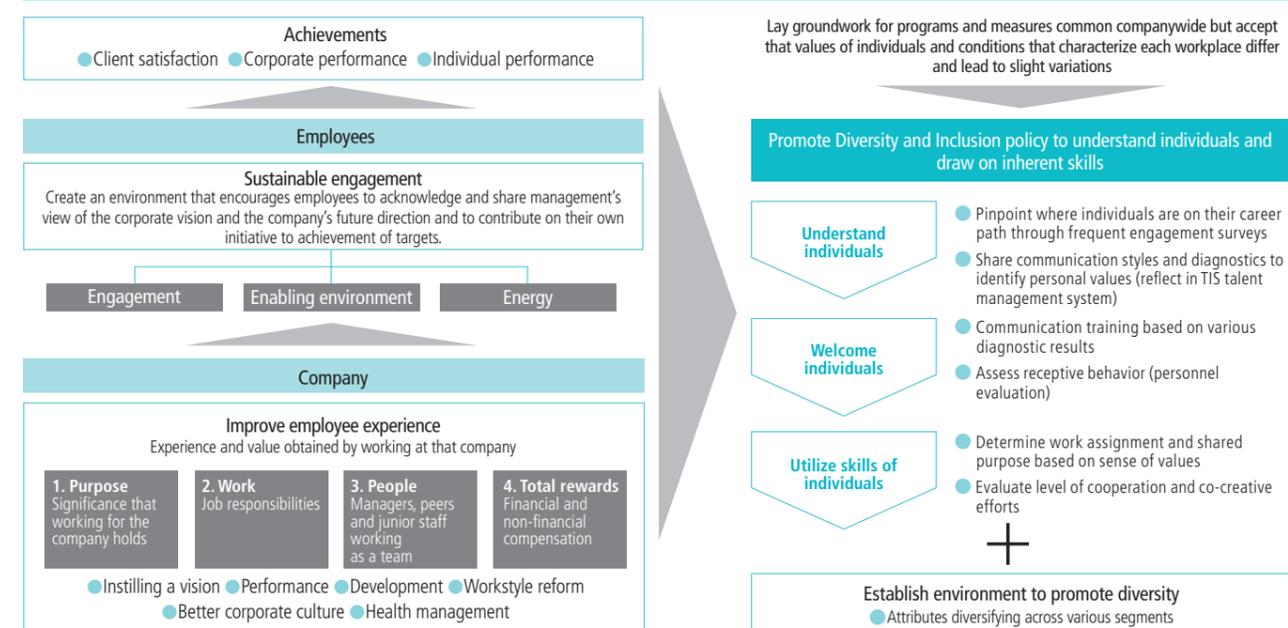
Sustainable engagement

Organizations embody the values of the individuals therein, so we seek to create sustained employee engagement that aligns our purpose as a company with the purpose of individuals traveling the same path and also makes employees more willing to contribute to the company’s—and their own—success.

As equals, we—a company and its employees—will embrace measures to grow and prosper together.

Reference: Sustainable engagement promotion system

A company that never rests in its efforts to deliver a better employee experience will be rewarded with enhanced employee engagement. As a virtuous cycle, this approach will lead to sustainable engagement.

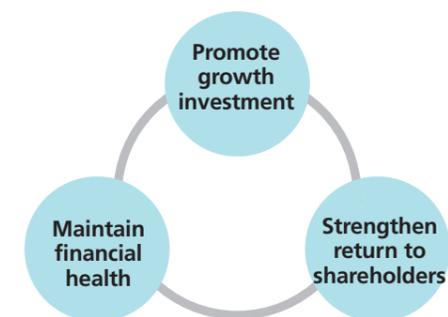


Activities under Medium-Term Management Plan

Financial Strategies

Further improvement in ROE

TIS has always adhered to management practices conscious of capital cost, and set a target of 12% for return on equity (ROE) by March 31, 2021, as a key performance indicator measuring return exceeding capital cost. To reach this target, we will seek more appropriate capital composition and enhanced capital efficiency, with efforts to promote growth investment, maintain financial health and strengthen return to shareholders—all in the right balance.



Promote growth investment

- Pursue growth investment activity, such as prior investment and M&As, more robustly. Envision maximum ¥80 billion in investments over three years. Seek 50% contribution from strategic domains and operating margin of 10% through structural transformation.

Maintain financial health

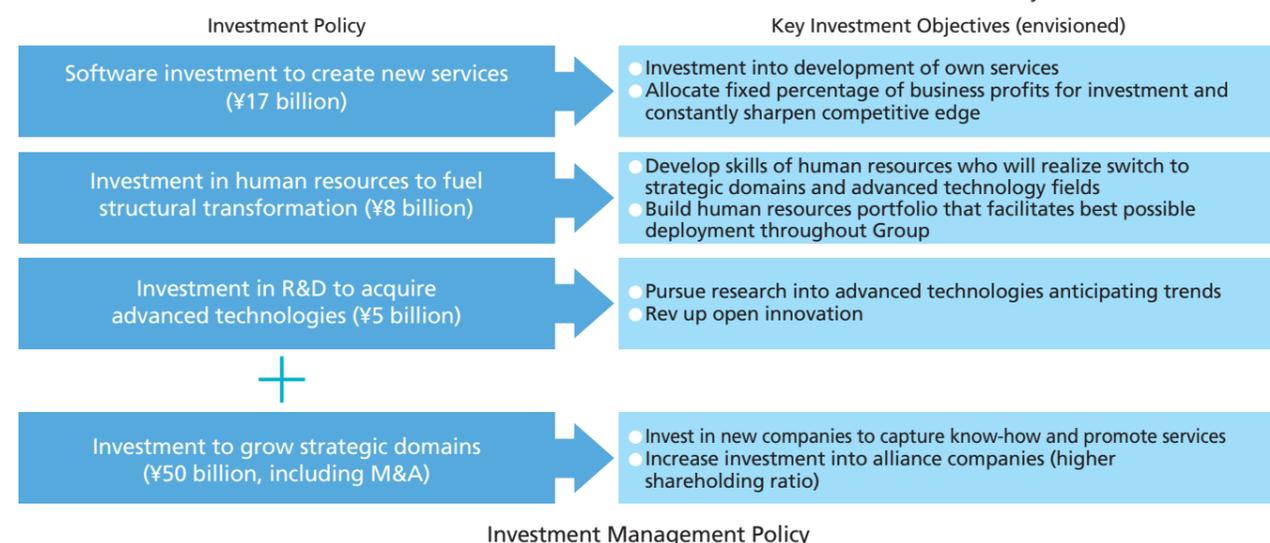
- Keeping in mind goal to maintain A rating, ensure equity ratio above 50% and allow debt-to-equity ratio around 0.5 times.

Strengthen return to shareholders

- Raise total return ratio yardstick to 40%, from 35%, and then aim for payout ratio of 30% by fiscal 2021 through stable dividend growth.
- Set upper limit on treasury stock holdings to 5% of total number of issued shares, with excess of this amount cancelled.

Investment Strategy

- Pursue growth investment activity, such as prior investment and M&As, more robustly to fuel transformation of business structure. Envision maximum ¥80 billion in investments over three years.



Investment Management Policy

Fine-tune investment management practices to capture appropriate return from robust investment activity
Carefully select investment targets, based on investment efficiency index and investment cost, and toughen up rules for exit management

- Accelerate approaches to software investment for creating new services, with more spending than initially planned over two years.
- Maintain policy on robust growth investment to support structural transformation. However, take changes in the economic environment in account and implement individual investment decisions carefully.

(Billions of yen)	Initial Estimate (Cumulative)	Actual (Fiscal 2019 –Fiscal 2020)	Estimate (Fiscal 2021) *Rough estimate	Most Recent Estimate (Cumulative) *Rough estimate
Software investment to create new services	17.0	17.1	8.0	25.0
Investment in human resources to fuel structural transformation	8.0	4.5	2.0	6.5
Investment in R&D to acquire advanced technologies	5.0	2.7	2.0	5.0
Total	30.0	24.3	12.0	36.5

Investment to grow strategic domains (including M&A)	50.0	38.0	To be determined (Will actively investigate if investment target is appropriate project)
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Picture of ROE Success



	Fiscal 2018	Fiscal 2019	Fiscal 2020
ROE	9.9%	11.5%	12.5%
Net income ratio	5.1%	6.2%	6.6%
Total turnover ratio	1.15	1.14	1.16
Financial leverage	1.69	1.63	1.58

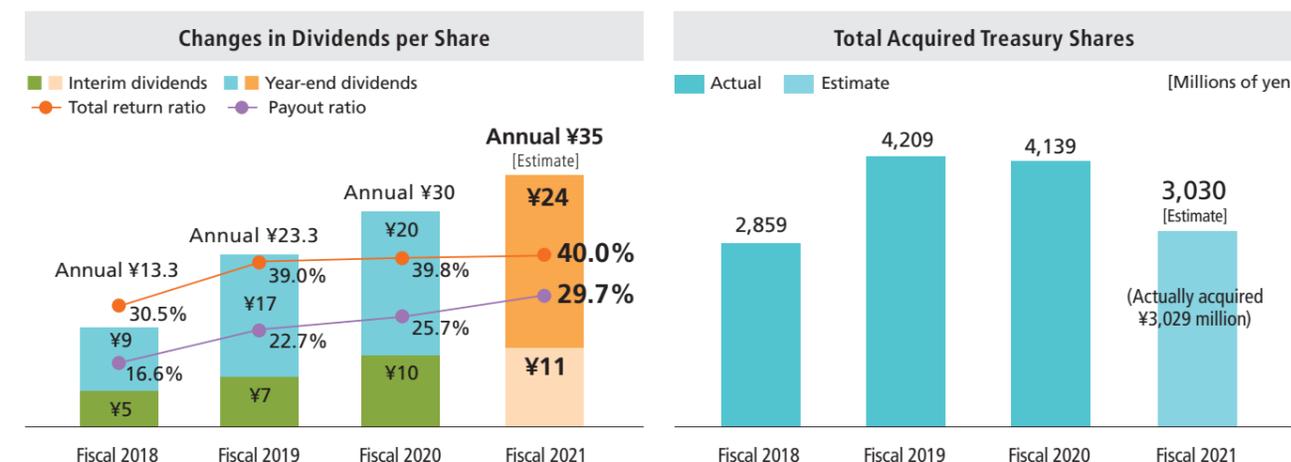
Status on Return to Shareholders



- Year-end dividend increase, reflecting good business results (two consecutive years). Total return ratio at 39.8%.
- Will maintain effective dividend increase in fiscal 2021 as well, working toward payout ratio of 30%.

	Fiscal 2020	Fiscal 2021 (estimate)
	Before 1-for-3 stock split	After 1-for-3 stock split
Annual dividend per share	¥90 [Compared with estimate: +¥10]	¥35 [YOY change: +¥5]
Acquired treasury shares	Total ¥4,140 million	Total ¥3,030 million*
Total return ratio	39.8%	40.0%
Payout ratio	25.7%	29.7%

*Upper limit of treasury stock buyback announced May 12, 2020



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

* The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020 (the effective date). Actual results achieved prior to fiscal 2020 have been converted retroactively to reflect the stock split.

Conscious of capital costs, we will pursue robust growth investment

For the TIS INTEC Group, management—as in the running of business—assumes a capital cost perspective. And in the current medium-term management plan, we set a target of 12% for ROE as a key performance indicator (KPI) measuring return on capital cost. We will achieve this target by building an appropriate capital structure, underpinned by a balanced approach in our efforts to fuel growth investment, ensure good financial health and reinforce shareholder returns. (Reference: Financial strategy described in medium-term management plan on page 37.)

In fiscal 2020, ended March 31, 2020, ROE hit 12.5%, up 1.0 point from fiscal 2019. We not only exceeded our 12% target but did so a year ahead of schedule. The biggest factor in this successful result is that the net income to net sales ratio inched up 0.4 point year on year, to 6.6%. But behind this achievement were the core components—higher income and improved profitability, which is a point of particular emphasis—and it is because we reached our ¥43.0 billion operating income and 10% operating margin targets that we were able to boost ROE as high as we did in fiscal 2020.

In recent years, “DX”—that is, digital transformation—has become a buzzword, reflecting heightened IT investment trends among companies keen to realize management strategies through robust use of digital technology. Consequently, the business environment remains favorable for the information services industry to which the TIS INTEC Group belongs. I am certain that the positive business environment has contributed to growth in demand for the Group’s services, which has in turn led to solid KPI results. However, perhaps even more instrumental was TIS’ transition to an operating holding company in July 2016, which provided an opportunity to accelerate decision-making from a groupwide perspective and roll out measures quickly throughout the Group. Expedited, our efforts to instill the profit emphasis management policy gained broad support and understanding, which definitely drove profitability higher.

Under unified Group management, we moved beyond efforts to curtail unprofitable projects, which had been a major concern, and achieved success through various measures implemented groupwide to reinforce KPI management, including a process to gauge potential for profitability at time of order, and improved productivity in the area of enhancement upgrades. In addition, we made steady progress on a review of the Group’s business portfolio from a profitability perspective. We undertook robust growth investment for the future and put a virtuous cycle into play, where any increase in costs due to such investment is fully absorbed by a higher gross profit margin. We were able to achieve a sharper competitive edge in business, and this translated into increased earning power. Through these efforts, we pushed the operating margin to 10.1%, and the net profit margin followed suit.



We will pursue sustained improvement in the corporate value of the Group.

Masahiko Adachi,
Representative Director,
Executive Vice President

In addition, TIS encourages a vigorous approach to strategic growth investment, including capital and business alliances (a key component of the TIS INTEC Group’s overseas business strategy) and efforts to leverage software investment to turn software into marketable services. This is the primary reason assets increased. But because we have continued to work toward a tighter asset balance—paralleling a review of portfolio assets, including cross-shareholdings and real estate—we are able to maintain a certain level of assets without seeing a drop in total asset turnover. Financial leverage is trending slightly downward at the present time, reflecting the use of generated cash flow as the source of funds for our robust growth investment activity and the capital leeway to ensure sufficient return to shareholders in line with our basic policy. We must consider changes to the economic landscape caused by such factors as the effects of the COVID-19 pandemic, and we must carefully execute individual investment decisions. But growth investment to fuel structural transformation is a policy that we remain totally committed to, and from a business continuity perspective we recognize the importance of ensuring a level of financial resiliency to withstand unexpected risks, especially when conditions are so uncertain.

Fiscal 2020 Results

Business confidence began to deteriorate rapidly in the fourth quarter of fiscal 2020, reflecting issues related to the COVID-19 pandemic. But the TIS INTEC Group was able to escape a major impact on its performance, cementing a strong position with net sales and operating income rising to record highs for the 10th and ninth consecutive year, respectively. On a consolidated basis, TIS exceeded the upwardly revised targets announced when first-half results were disclosed, and also achieved the four key performance indicators stated in the medium-term management plan a year ahead of schedule.

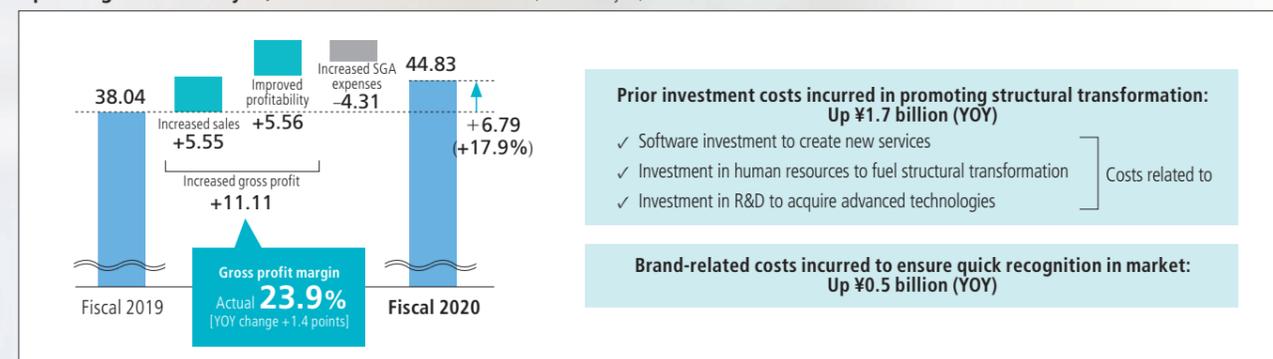
Net sales, rising 5.5% year on year, benefited from a favorable trend in IT investment by companies seeking to realize management strategies through robust use of digital technology. Operating income climbed 17.9%, as the higher net sales starting point more than covered our sustained approach to vigorous investment, particularly prior investment to fuel structural transformation as well as brand strategy costs. The operating margin edged up 1.4 point, to 23.9%, with a very commendable shift into the 25% range in the second half of fiscal 2020. We steadily strengthened our earning power from business activities, including successful measures to limit unprofitable projects (a management priority) to a low level of about ¥1.5 billion. This was certainly a factor in our ability to hit our operating margin target of 10%. Progress made on various measures driven by a management policy that emphasizes profitability was instrumental—of that I am sure.

TIS booked extraordinary income of ¥10,696 million and extraordinary losses of ¥12,128 million. The primary components of each line item are described below but all are connected to bold management decisions aimed at fueling sustainable growth of the TIS INTEC Group.

- Extraordinary income: ¥6,927 million in gain on sale of investment securities
¥3,178 million in gain on sale of fixed assets as part of reduction and consolidation of property and equipment
- Extraordinary loss: ¥4,112 million total comprising expenses (transfer to provision for office restructuring costs) related to the relocation and centralization of Group offices in the Tokyo area and impairment loss on reorganization of some existing offices
¥2,254 million impairment loss related to full amortization of goodwill arising following Sequent Software Inc.’s change in status to subsidiary

(Millions of yen)	Fiscal 2019	Fiscal 2020	YOY changes
Net Sales	420,769	443,717	+22,947 [+5.5%]
Operating Income	38,043	44,839	+6,796 [+17.9 %]
Operating Margin	9.0%	10.1%	+1.1 points –
Net Income Attributable to Owners of Parent Company	26,034	29,411	+3,376 [+13.0 %]
Net Income Ratio	6.2%	6.6%	+0.4 points –
Net Income per Share (Yen)	307.83	350.35	+42.52 [+13.8 %]
ROE	11.5%	12.5%	+1.0 points –

Operating Income Analysis, Increase/Decrease Reasons (Billions of yen)



Fiscal 2021 Performance Forecast

With regard to the business environment surrounding the TIS INTEC Group, I have to say that the path ahead is extremely uncertain, requiring careful attention to the still-evolving consequences of the COVID-19 pandemic. The situation is unpredictable and is likely to remain so for the time being, due to such factors as a growing trend toward tighter IT budgets following a turndown in economic activity and worsening corporate performances.

Some aspects of our business activities have indeed been affected. It was, for example, rather difficult to make service proposals to new clients during the state of emergency in Japan. Companies went back to work in June, when the government order was lifted, and with some ingenuity in executing meetings non-face-to-face, marketing activities are gradually being reimplemented. But the view that a challenging business environment will continue through the second quarter remains unchanged.

Against this backdrop, it is impossible to reasonably predict when the COVID-19 pandemic might end, and this hinders our ability to form a performance forecast for fiscal 2021 with a high degree of accuracy. Consequently, management prepared a provisional forecast that assumes efforts to contain the spread of the novel coronavirus will begin to bring the pandemic to a close in the second quarter of fiscal 2021, and then economic activity will gradually recover. From the third quarter, the business environment for the TIS INTEC Group should normalize.

Due to the challenging business environment that is likely to persist through the second quarter, management sees a drop in net sales year on year. The same will apply to operating income. Nevertheless, we remain committed to a management policy that emphasizes profitability while pursuing investment opportunities to ensure future growth. We will continue with measures to improve productivity and strengthen cost-control efforts to keep profitability at a year-on-year par, on a continuing business basis that excludes impact from newly consolidated subsidiaries. It is our goal to maintain the 10% operating margin we reached in fiscal 2020.

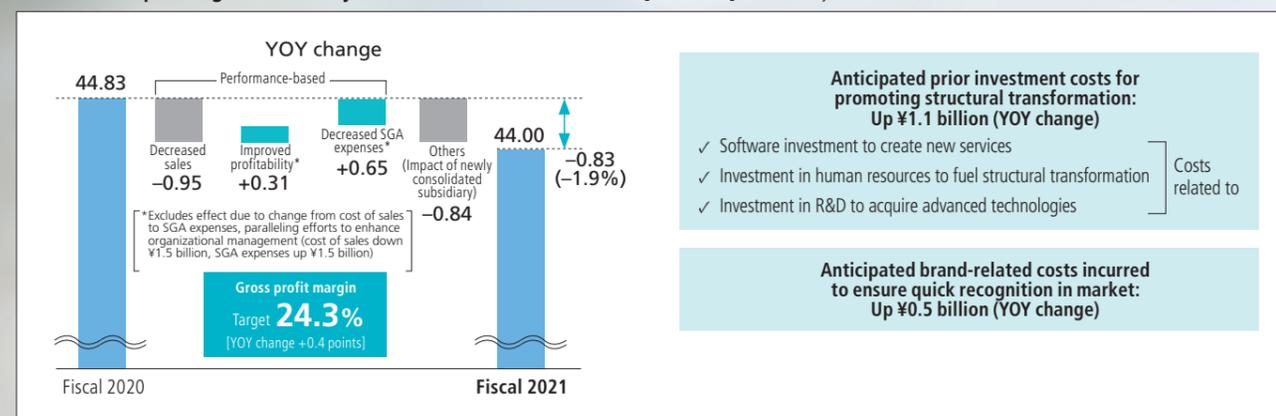
- Currently, not possible to realistically predict when COVID-19 will be stamped out, making it difficult to estimate business results.
- Performance forecast for fiscal 2021 will be calculated on assumption of reduced impact from COVID-19 pandemic from second quarter, with economic activity gradually recovering, so that TIS INTEC Group's business environment normalizes from third quarter.
- Possibility that performance forecast will change, based on actual status of COVID-19 pandemic.

(Millions of yen)	Fiscal 2020	Fiscal 2021 (estimates)	YOY changes
Net Sales	443,717	440,000	-3,717 [-0.8%]
Operating Income	44,839	44,000	-839 [-1.9 %]
Operating Margin	10.1%	10.0%	-0.1 points -
Net Income Attributable to Owners of Parent Company	29,411	29,500	+89 [+0.3 %]
Net Income Ratio	6.6%	6.7%	+0.1 points -
Net Income per Share (Yen)	116.78	117.95	+1.17 [+1.0 %]
ROE	12.5%	11.8%	-0.7 points -

* The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020. Earnings per share for fiscal 2020 is presented using the number of shares after the stock split.

* ROE for fiscal 2021 is a calculated value.

Fiscal 2021: Operating Income Analysis, Increase/Decrease Reasons [Forecast] (Billions of yen)



The TIS INTEC Group has made business continuity a priority and is currently engaged in various initiatives conditional upon its mission to support key social infrastructures and ensure the safety of employees. Attitudes of society as a whole are changing significantly, and against this backdrop, we must be sensitive to developments in the external environment, including changes in industry structures and evolving social issues, and we must anticipate customer needs. Right and ready responses will fuel business growth. In addition, we must take a flexible approach, including introduction of new workstyles, to mitigate challenging circumstances and leverage quick and bold management decisions. This will underpin sustained improvement in the corporate value of the Group.

Fiscal 2021 Group Management Direction

- 1 Deepen unified, groupwide management practices and ensure safe office environment and higher efficiency to better cope with sudden changes in operating environment
- 2 Maintain financial health while creating social value and engaging in robust growth investment to strengthen ability to provide digital transformation value
- 3 Promote measures and review business portfolio to build stable revenue base
- 4 Promote growth strategy aimed at becoming top-class IT group in ASEAN region
- 5 Motivate employees and invest in richly diverse human resources who will drive growth in services and fuel demand for digital transformation

Business continuity efforts in response to COVID-19 pandemic

TIS INTEC Group taking various approaches, premised upon good balance of efforts to uphold mission to support key social infrastructures and efforts to ensure safety of employees.

Priority measure : allowing work from home Wider scope of work under work-from-home measure	<ul style="list-style-type: none"> ● TIS employees work from home, in principle, and if that is just not possible, then Company encourages staggered office hours. ● Clients have been advised of Company policy, and on-site work at client offices has been modified as much as possible.
Employees at data centers	<ul style="list-style-type: none"> ● Each data center decides on essential workers needed to maintain operations and ensures means for these employees to commute to assigned offices, so operations continue as normal ● Thorough approach to prevent infection among staff (everyone wears a mask, temperature checked, surfaces regularly disinfected)
Provide masks, sanitizing spray and other protection	<ul style="list-style-type: none"> ● Distribute equipment to employees who have no choice but to go to the office because the work they do supports social infrastructure so that the work environment is safe and affords peace of mind.

Return to Shareholders

At TIS, our basic policy on return to shareholders is to keep internal reserves at a level sufficient to ensure business development from a medium- to long-term perspective, while continuing to pay a stable dividend after review of consolidated financial results. Based on this policy, we seek to enhance return to shareholders by boosting the total return ratio yardstick to 40%, from 35%, during Medium-Term Management Plan (2018–2020) and then realize a payout ratio of 30% by fiscal 2021 through stable dividend growth.

The annual dividend for fiscal 2020 was higher than in fiscal 2019, extending dividend growth for the eighth consecutive year. And, as in fiscal 2019, better-than-anticipated business results allowed us to boost the year-end dividend by ¥10 per share. Consequently, the total return ratio hit 39.8%, after combining treasury stock buybacks amounting to ¥4.14 billion.

Looking to fiscal 2021, we aim to achieve our stated yardstick of a 40% total return ratio and a 30% dividend payout ratio through effective dividend increase taking into account a 1-for-3 stock split, effective April 1, 2020, and treasury stock buybacks totalling ¥3.0 billion (completed in May 2020).

	Fiscal 2020	Fiscal 2021 (estimates)
Annual dividend per share	Before 1-for-3 stock split ¥90 [Compared with estimate: +¥10]	After 1-for-3 stock split ¥35 [YOY change: +¥5]
Acquired treasury shares	Total ¥4.14 billion	Total ¥3.03 billion*
Total return ratio	39.8%	40.0%
Payout ratio	25.7%	29.7%

*Upper limit of treasury stock buyback announced May 12, 2020

Business Strategies and Performances by Segment

Service IT Business

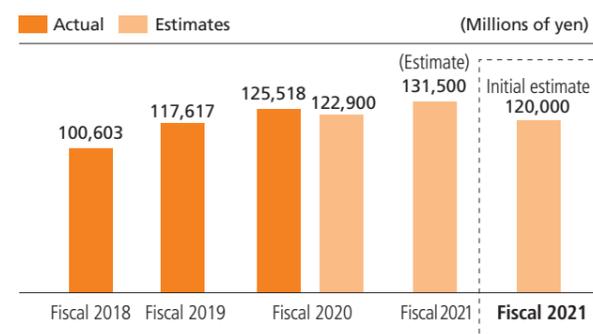
Provides original knowledge-intensive IT services leveraging TIS' service and industry know-how to create universalized, template-oriented solutions for clients (includes default configuration and ERP).

Business Growth Strategies, Focus Points of Medium-Term Management Plan

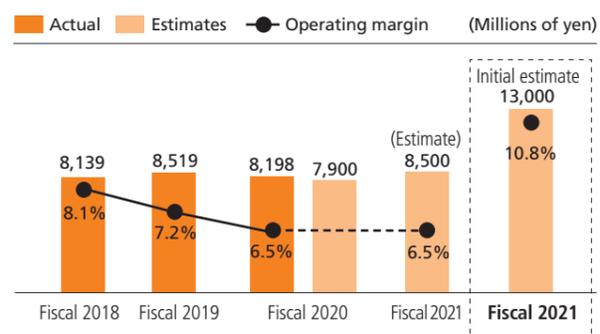
- With priority allocation of management resources toward growth engines and use of advanced technologies, expand business (IT Offering Services) through shift toward business anticipating prior investment by clients
- Watch for changes in structure of payment settlement business and expand prior investment style services not only for debit and prepaid card transactions but for credit card transactions as well

Segment sales include intersegment sales.

Net Sales



Operating Income



Fiscal 2020 Performance Results

Payment services expanded, boosting sales, but higher prior investment expenses and the booking of one-time losses led to lower income. Exceeded target reset in first half, owing to greater demand for payment services.

Fiscal 2021 Performance Forecast

Anticipate higher sales and income year on year as clients' investment in IT, such as for payment services and the cloud, generates demand that offsets costs involved in bringing new companies into Group as consolidated subsidiaries.

Understanding the External Environment*

- Even amid sudden changes in the business environment, demand for digital transformation and the trend toward a cashless society should remain firm. The payment market remained stable, supported by an increase in e-commerce transactions and government assistance. Payment methods are diversifying but challenges exist for clients due to heightened competition and a sharp decrease in inbound demand.
- Social landscape marked by major evolving need for certain companies to provide cloud-based access. Growth in security market accelerating, prompting wider demand.
- In ERP, despite reinvigorated demand to support migration to S/4HANA before SAP's 2025 end-of-service deadline on the existing platform, there's a high possibility that mission-critical upgrades will be postponed, especially in the manufacturing industry.

Note: Due to a shift from business based on expert service know-how specific to the financial sector to knowledge-intensive business using a template of general, financial sector know-how, transactions with certain clients were booked under Financial IT Business in fiscal 2020 and will be booked under Service IT Business in fiscal 2021.

We will establish service-style business as a growth engine and strive to boost profitability on a groupwide basis.



Yasushi Okamoto
Director, Executive Vice President,
TIS Inc.

Service IT is a segment that hinges on service-style business, which symbolizes structural transformation of the TIS INTEC Group. Developing and extending the strengths that exist already within the Group leads to new capabilities. For this reason, we have pursued a robust prior investment strategy over the past two years to build the service-style business into a future growth engine that provides platforms that many clients can make use of. Consequently, the scope of business, particularly payment solutions, where the Group can best demonstrate its expertise, has steadily expanded. We recognize that the next step must be to drive profitability higher.

The COVID-19 pandemic has significantly impacted the way society functions. The business activities of the Group have been similarly affected. For our clients, the need to respond accurately in a rapidly changing world is sure to fuel a preference for system use over system ownership. We

BPO

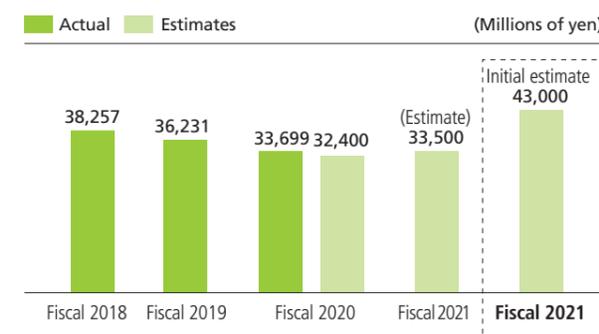
Draws on Group's extensive service menu and IT know-how to deliver business process outsourcing (BPO) services, including marketing and sales services and office and contract operations.

Business Growth Strategies, Focus Points of Medium-Term Management Plan

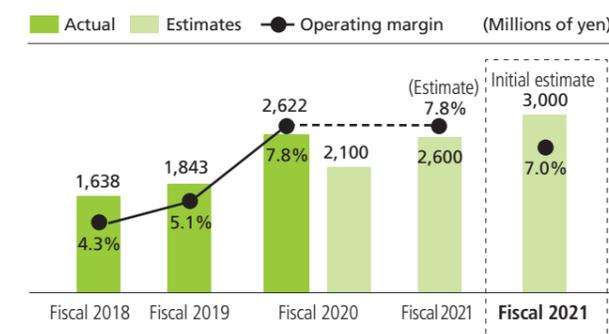
- Improve gross profit ratio on existing entry services through BPO concentration effect and business restructuring
- Expand business and boost profitability (Business Function Service) through more sophisticated BPO drawing on shift to high-level, combined BPO and use of forte business knowledge and advanced technologies

Segment sales include intersegment sales.

Net Sales



Operating Income



Fiscal 2020 Performance Results

Sale of subsidiaries undertaken in previous fiscal year had a major negative impact on segment sales but profitability continued to improve, driving income higher. Efforts to improve profitability fueled significantly higher operating margin. Met targets.

Fiscal 2021 Performance Forecast

New orders may be impacted by prevailing challenges, but changes in the business environment will probably have only minimal overall impact. Nevertheless, expecting slightly lower sales and operating income.

Understanding the External Environment*

- Continuing growth in demand for BPO services that help companies improve operations on an administrative level.
- Even greater need for digital innovation due to prolonged labor shortage and changes in workstyle, including working remotely.

* Due to the still-unfolding consequences of the COVID-19 pandemic, the operating environment for the TIS INTEC Group is, and will likely continue to be, impacted by uncertainty, at least in the short term, as sluggish economic activity and deteriorating corporate performances fuel a trend among corporate clients to tighten their IT investment budgets. For assumptions pertaining to the fiscal 2021 performance outlook for the TIS INTEC Group, please turn to page 41.

always strive to anticipate such needs and are always mentally prepared and ready to act quickly when needs materialize. This is how we grow our businesses and how we will fulfill our social mission to contribute to the realization of a bright future.

The BPO segment is one of our forte fields. Our current view is that companies will increasingly look to outsourced service providers to handle administrative procedures as demographic trends—fewer children and more seniors—cause the working population to shrink. This view is unlikely to change. Over the last two years, revenues decreased, reflecting the sale of subsidiaries in line with a review of the business portfolio. But through measures, including efforts to make services more high-value-added, we have dramatically improved profitability. Going forward, we will accelerate access to digital BPO to chart further growth.

Financial IT Business

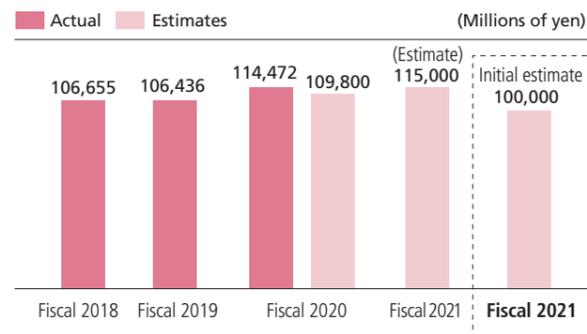
Leverages business and operating know-how specific to the financial sector to raise value-added quality of clients' operations, expand use of IT, and provide IT-based support for operations.

Business Growth Strategies, Focus Points of Medium-Term Management Plan

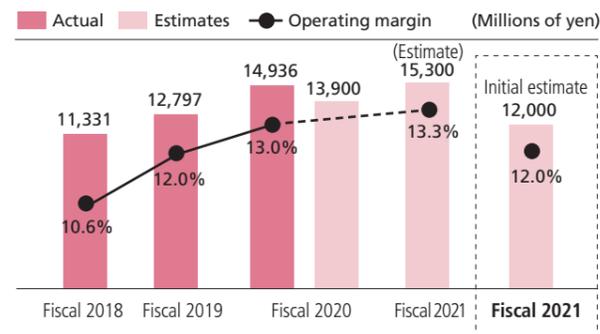
- Expand business (Strategic Partnership Business) by strengthening connection to extensive client base of credit card companies, banks and insurers, and creating business together
- Increase provided value by utilizing Mode2 and other digital innovations as well as AI and other advanced technologies, and boost profitability by promoting measures, such as enhancement innovation activities, to improve productivity

Segment sales include intersegment sales.

Net Sales



Operating Income



Fiscal 2020 Performance Results

Recorded higher sales and income thanks to wider IT investment by core clients, which made up for a drop in demand for large system development projects.

Met target, mainly due to greater IT investment by core clients.

Fiscal 2021 Performance Forecast

Will capture IT investment demand from core clients, emphasize value-added services and improve productivity, which should underpin higher sales and income.

Understanding the External Environment*

- Demand solid for businesses that support key social infrastructure, such as payments.
- IT investment to sharpen competitive edge, paralleling changes in payment structure, will continue to grow but must watch timing.

Note: Due to a shift from business based on expert service know-how specific to the financial sector to knowledge-intensive business using a template of general, financial sector know-how, transactions with certain clients were booked under Financial IT Business in fiscal 2020 and will be booked under Service IT Business in fiscal 2021.

We will lead reforms at client companies as a true business partner and promote business growth along with solutions to social issues.



Josaku Yanai
Director, Executive Vice President,
TIS Inc.

Financial IT and Industrial IT are core segments of the TIS INTEC Group. Through the course of business development over many years, we have built an extensive client base, hinging on top-caliber Japanese companies that lead in their respective industries. Over the past two years, we have actively helped clients, regardless of industry sector, in pursuing digital transformation by providing high-value-added services. As a result, the Financial IT Business and the Industrial IT Business reached performance targets stated in Medium-Term Management Plan (2018–2020) a year ahead of schedule. These two segments drive growth of the TIS INTEC Group overall.

Industrial IT Business

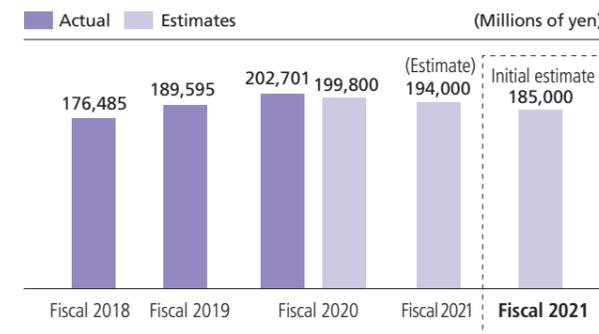
Utilizes business and operating know-how specific to non-finance industries to raise value-added quality of clients' operations, expand use of IT, and provide IT-based support for operations.

Business Growth Strategies, Focus Points of Medium-Term Management Plan

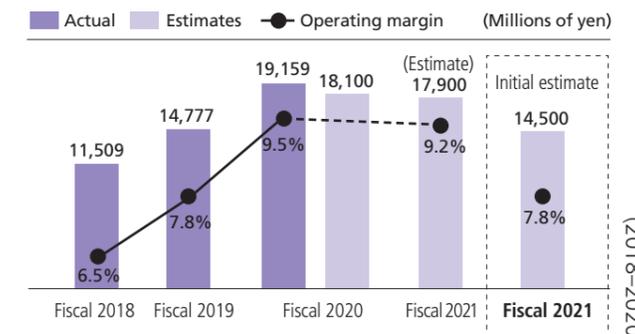
- Expand business (Strategic Partnership Business) by strengthening connection to extensive client base in industry and public sectors, and creating business together
- Increase provided value by utilizing Mode2 and other digital innovations as well as AI and other advanced technologies, and boost profitability by promoting measures, such as enhancement innovation activities, to improve productivity

Segment sales include intersegment sales.

Net Sales



Operating Income



Fiscal 2020 Performance Results

Sales and income up, largely reflecting more IT investment across a wide range of industries, including core clients in energy- and manufacturing-based industries.

Met target, thanks to greater IT investment across a wide range of industries, including core clients in manufacturing industry.

Fiscal 2021 Performance Forecast

Anticipate negative effect from reduced IT investment by clients in manufacturing sector and small and medium-sized companies, causing drop in sales and income.

Understanding the External Environment*

- Deteriorating business results and pressure on investment budgets, regardless of industry, will be unavoidable due to sudden changes in the business environment. The biggest impact will be felt in manufacturing industry and small and medium-sized companies.
- Expect changes in social structure to be drivers of demand creation, especially in public sector and medicine.

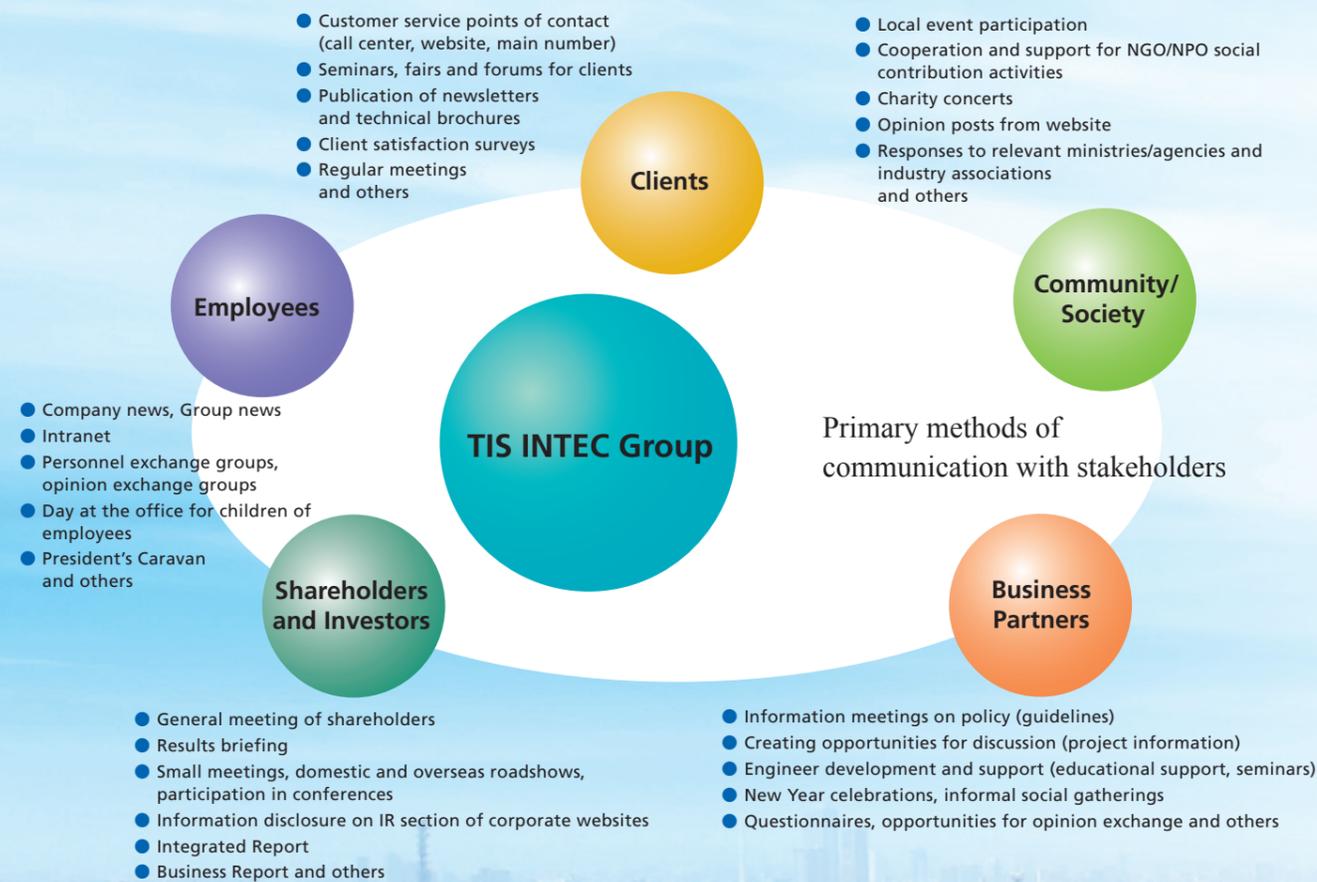
* Due to the still-unfolding consequences of the COVID-19 pandemic, the operating environment for the TIS INTEC Group is, and will likely continue to be, impacted by uncertainty, at least in the short term, as sluggish economic activity and deteriorating corporate performances fuel a trend among corporate clients to tighten their IT investment budgets. For assumptions pertaining to the fiscal 2021 performance outlook for the TIS INTEC Group, please turn to page 41.

Platform that Supports Value Creation Process

The Group seeks to enhance corporate governance and internal controls, which are vital to support sustainable corporate growth. The focus is also on promoting quality control/production innovations, essential for the business of information systems—a key social infrastructure—to function and steadily evolve, as well as evolving risk management processes, including information security and compliance. In addition, TIS strives to build bonds of trust through active communication with all stakeholders and to promote sustainable corporate value in harmony with the evolving values of society.

Communication with Stakeholders

The TIS INTEC Group strives to build bonds of trust through communication with all stakeholders, including clients, employees, shareholders and investors, and business partners, and to boost corporate value.



Corporate Governance

*Please visit the following page for details of our corporate governance. <http://www.tis.com/ir/policy/governance/>

Based on OUR PHILOSOPHY (TIS INTEC Group Philosophy) and Group Vision, we have formulated basic corporate governance policies aimed at improving the Group's corporate value in a sustainable way.

Basic Policy

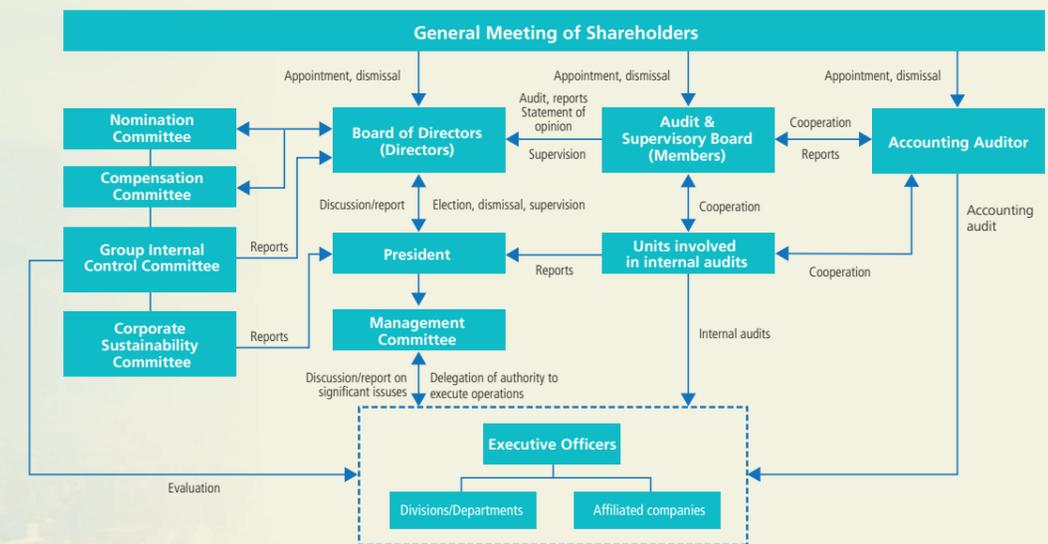
TIS consistently pursues the best corporate governance practices and constantly works to enhance corporate governance. Management believes that the key to good corporate governance is to ensure transparency and fairness in decision-making processes, make full and effective use of management resources,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

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

Corporate Governance Structure

Organizational Structure	Company with Audit & Supervisory Board
Chairman of the Board	Chairman and President
Number of Directors	Nine, including three external directors
Directors' term of office	One year
Number of Audit & Supervisory Board members	Five, including three external Audit & Supervisory Board members
Term of office for Audit & Supervisory Board members	Four years
Number of independent directors	Six, including three external directors and three external Audit & Supervisory Board members

Organizational Chart



Reason for Selection of Current Corporate Governance Structure

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

Directors and Board of Directors

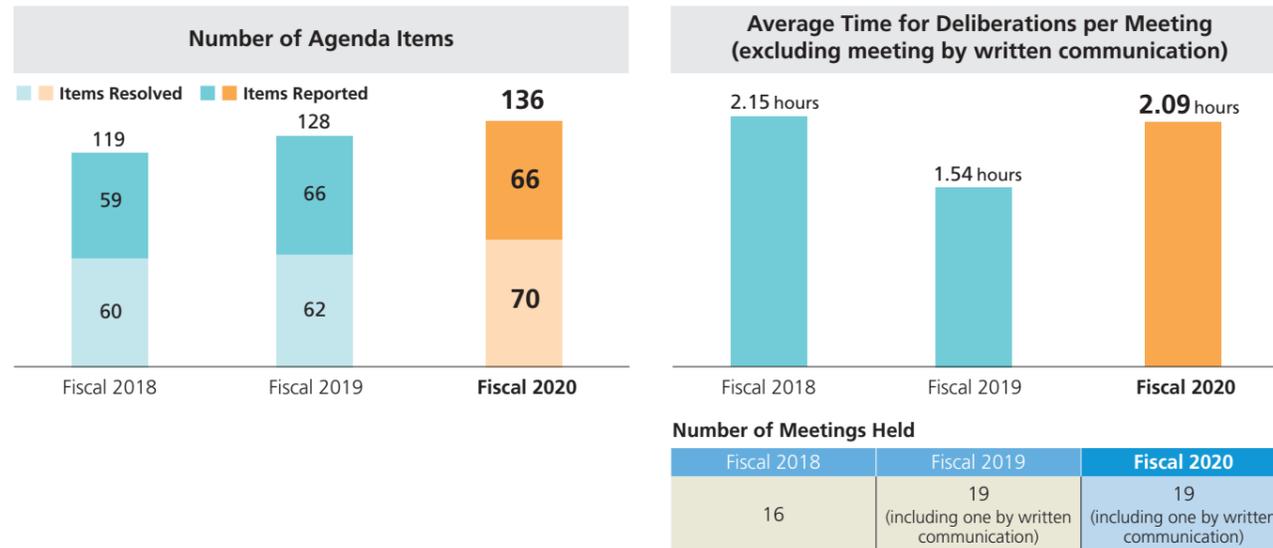
As stipulated in its Articles of Incorporation, the Company's Board of Directors will comprise at least three and no more than 15 directors, and to strengthen the supervisory functions of the Board of Directors, a policy has been established that two or more of the directors must be independent external directors. At present, three independent external directors have been appointed.

For swift and dynamic decision-making by the Board of Directors, it convenes in principle once monthly and also meets on an ad hoc basis whenever necessary. TIS holds an information meeting once a year to present management direction as well as meetings ahead of Board of Directors' meetings—in principle, twice a month—to give external directors and outside members of the Audit & Supervisory Board sufficient background information to participate in discussions. In addition, the Company organizes study sessions with experts—in-house and external—and arranges visits to

local Group facilities and offices. TIS also creates opportunities for external directors to exchange opinions with the President and convenes meetings that involve only external directors and external members of the Audit & Supervisory Board. This facilitates smooth but vigorous discussion by the Board of Directors.

The Group seeks to enhance corporate governance and internal controls, which are vital to support sustainable corporate growth. The focus is also on promoting quality control/production innovations, essential for the business of information systems—a key social infrastructure—to function and steadily evolve, as well as evolving risk management processes, including information security and compliance. In addition, TIS strives to build bonds of trust through active communication with all stakeholders and to promote sustainable corporate value in harmony with the evolving values of society.

Year ended March 31, 2020 Board of Directors: **19** meetings held (including **one** by written communication); **136** agenda items discussed (**70** items resolved and **66** items reported)



Management Committee

The Management Committee convenes twice a month in principle, where members deliberate and report important

matters related to the execution of business activities throughout TIS and the Group. The committee consists of the

President and Representative Director, as the chairperson, and general managers, directors in charge, division managers, and the head of the Corporate Planning Department, as attendees. If necessary, the chairperson can request the attendance of Directors and Executive Officers. If deemed necessary for

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

Year ended March 31, 2020 Management Committee: **37** meetings held **315** agenda items discussed (**179** items resolved and **136** items reported)

(Reference) Our Efforts on Group Management

To improve corporate value through unified group management, the Group focuses on improving performance by completing a PDCA (plan-do-check-act) cycle with reference to current key performance indicators (KPIs). TIS and Group companies evaluate their performance based on financial indicators, including shared Group KPIs and process indicators related to customers, internal processes, and learn and growth

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

Summary of Results of Analysis and Evaluation of Effectiveness of Entire Board of Directors

Since fiscal 2016, ended March 31, 2016, the Company has evaluated the effectiveness of the Board of Directors each fiscal year. This process reveals issues and points for improvement and leads to initiatives that will raise the effectiveness of the Board of Directors to a higher level. For the fiscal 2020 evaluation, all directors and members of the Audit & Supervisory Board were given a questionnaire to be submitted anonymously. The questionnaire asked them to conduct a comprehensive self-evaluation and self-analysis of the composition and operation of the Board of Directors, and then the Board of Directors held discussions based on the results. The method and results of the evaluation, as well as future issues brought to light through this process and measures to address such issues are described below.

1. Method of evaluation

TIS distributed a questionnaire regarding the effectiveness of the Board of Directors to all directors and members of the Audit & Supervisory Board. The Company's Board of Directors used the responses to analyze and evaluate the effectiveness of the Board of Directors. Note that TIS conducted this evaluation based on advice and verification by an external attorney.

2. Results of analysis and evaluation of effectiveness of the Board of Directors

The Company's Board of Directors concluded, based on Company regulations, that sufficient effectiveness had been

achieved to appropriately supervise the approval of important management matters and business execution, such as the status of business activities and investments at the Company and Group companies. In addition, the Board of Directors concluded that the level of effectiveness continues to trend upward, reflecting improvement measures based on the results of effectiveness evaluations conducted in previous years.

However, the Company's Board of Directors acknowledged the importance of strengthening governance at each Group company through their respective boards of directors and improving the appropriateness of explanations for issues discussed at board meetings.

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

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

(1) Strengthening governance of the Group

The Board of Directors will hold a meeting to exchange opinions on governance of the Group to clarify issues to be improved and respond to them.

(2) Improving the appropriateness of explanations for each agenda item at the meeting

The Board of Directors will improve the appropriateness of explanations for agenda items at the meeting and focus on the issues to be discussed, so that the Board can contribute to management promptly.

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

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

diversity such as gender and internationality. For directors, the Board of Directors considers nominations based on the advice of the Nomination Committee, the majority of members of which are independent external directors.

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

Fields of Members' Specialization

	Title	Name	Corporate Management	Industry Knowledge	International Experience	Finance & Accounting	Legal
Directors	Representative Director, Chairman and President	Toru Kuwano	●	●	●		
	Representative Director, Executive Vice President	Masahiko Adachi	●	●		●	
	Director, Executive Vice President	Yasushi Okamoto	●	●	●		
	Director, Executive Vice President	Josaku Yanai	●	●	●		
	Director	Takayuki Kitaoka	●	●			
	Director	Akira Shinkai	●	●			
	Director (External)	Koichi Sano	●			●	
	Director (External)	Fumio Tsuchiya	●	●	●		
	Director (External)	Naoko Mizukoshi		●	●		●
Audit & Supervisory Board members	Standing Audit & Supervisory Board Member	Tetsuya Asano	●			●	
	Standing Audit & Supervisory Board Member	Tatsufumi Matsuoka	●			●	
	Audit & Supervisory Board Member (External)	Sadahei Funakoshi		●	●		
	Audit & Supervisory Board Member (External)	Yukio Ono			●	●	
	Audit & Supervisory Board Member (External)	Akiko Yamakawa			●		●

Reason for Election of Directors and Audit & Supervisory Board Members

Directors



Toru Kuwano, Chairman and President

Date of Birth: May 3, 1952 Number of shares owned: 53,000 shares Term of office: seven years

Reason for Election

After assuming the office of President and Representative Director of the Group company, Mr. Kuwano was appointed as a Director of the Company in June 2013. Since June 2016, he has assumed the office of President and Representative 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.

He was appointed as a Director since he is expected to continue to promote the Medium-Term Management Plan (2018–2020) and fulfill the duties of significant decision-making for the Group as well as the administration and oversight of business management.



Masahiko Adachi, Representative Director, Executive Vice President

Date of Birth: May 9, 1956 Number of shares owned: 13,400 shares Term of office: two years

Reason for Election

Mr. Adachi has been in the office of Representative Director since June 2018 following his holding the office of Division Manager of the corporate department and the financial system department of a financial institution and the Company's Group company.

Based on these experiences, he was appointed as a Director since he is expected to continue to promote group governance as set out in the Medium-Term Management Plan (2018–2020), centered on the corporate function, and fulfill the duties of significant decision-making for the Group and oversight of business management.



Yasushi Okamoto, Director, Executive Vice President

Date of Birth: March 3, 1962 Number of shares owned: 16,152 shares Term of office: two years

Reason for Election

Mr. Okamoto has been serving as Senior Managing Executive Officer and Division Manager of the planning and development department of industrial systems since July 2016, and has been in the office of Director since June 2018, after having been engaged in corporate business in the corporate planning department of the Company for many years.

Based on these experiences, he was appointed as a Director since he is expected to continue to promote the Medium-Term Management Plan (2018–2020), and fulfill the duties of significant decision-making for the Group and oversight of business management.



Josaku Yanai, Director, Executive Vice President

Date of Birth: November 14, 1963 Number of shares owned: 16,900 shares Term of office: four years

Reason for Election

Mr. Yanai was mainly engaged 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 the corporate planning division of the Company in April 2011. Since June 2016, he has been serving as a Director of the Company.

He has a wealth of experience and knowledge about the business of the Company and the Group, as well as in business administration. Based on these experiences, he was appointed as a Director since he is expected to continue to promote the Medium-Term Management Plan (2018–2020), and fulfill the duties of significant decision-making for the Group and the administration and oversight of business management as a Director.



Takayuki Kitaoka, Director

Date of Birth: December 14, 1960 Number of shares owned: 3,554 shares Term of office: two years

Reason for Election

Mr. 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 since April 2012.

Furthermore, he assumed the office of President and Representative Director of INTEC Inc. in April 2018 and the office of Director of the Company in June 2018. He was appointed as a Director since he is expected to continue to promote the duties of INTEC Inc. assigned by the Medium-Term Management Plan (2018–2020) 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.



Akira Shinkai, Director

Date of Birth: March 24, 1959 Number of shares owned: 5,100 shares Term of office: two years

Reason for Election

Mr. Shinkai was engaged in the business of new service planning and marketing and assumed the office of Director and Executive Vice President of INTEC Inc., the Company's major subsidiary, in April 2018, and the office of Director of the Company in June 2018.

Based on these experiences, he was appointed as a Director since he is expected to continue to promote the Medium-Term Management Plan (2018–2020), and fulfill the duties of significant decision-making for the Group and the administration and oversight of business management.

External Directors



Koichi Sano*, External Director

Date of Birth: August 30, 1948 Number of shares owned: 700 shares Term of office: four years

(Other Important Concurrent Positions)

External Director of Nippon Yakin Kogyo Co., Ltd.

Reason for Election

Mr. 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. He was appointed as an External Director since his advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business will ensure that the decisions made by the Company's Board of Directors will be reasonable and appropriate, and he is expected to be a person who will contribute to the enforcement of the corporate governance of the Company.



Fumio Tsuchiya*, External Director

Date of Birth: May 10, 1948 Number of shares owned: — Term of office: three years

Reason for Election

Mr. Tsuchiya previously worked in an important position in overseas offices and the Corporate Planning Department of Japan Airlines Co., Ltd. After having assumed the office of Director of Japan Airlines 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 Japan Airlines. He has a wide range of experience and a wealth of expertise in corporate management.

He was appointed as an External Director since his advice and suggestions from an independent perspective by utilizing these experiences and expertise in the Company's business will ensure that the decisions made by the Company's Board of Directors will be reasonable and appropriate, and he is expected to be a person who will contribute to the enforcement of the corporate governance of the Company.



Naoko Mizukoshi* (Partner of Leftright Law & IP), External Director

Date of Birth: September 23, 1967 Number of shares owned: 200 shares Term of office: two years

Reason for Election

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

Her advice and suggestions from an independent perspective will ensure that the decisions made by the Company's Board of Directors will be reasonable and appropriate by utilizing these experiences and expertise in the Company's business, and she is expected to be a person who will contribute to the enforcement of the corporate governance of the Company.

She has not participated in corporate management but has expertise in corporate legal work. Therefore, she was appointed as an External Director since she could discharge duly the duties of External Director.

Audit & Supervisory Board Members



Tetsuya Asano, Standing Audit & Supervisory Board Member

Date of Birth: October 22, 1960 Number of shares owned: 1,300 shares
Term of office: — (assumed office in June 2020)

Reason for Election

Mr. Asano has a wealth of expertise in finance and accounting as well as in corporate management, accumulated through many years of experience of working at financial institutions and managing companies. He was appointed as an Audit & Supervisory Board Member, as he is expected to discharge audit and supervisory duties regarding the execution of duties of the Company's directors in a fair and appropriate manner.



Tatsufumi Matsuoka, Standing Audit & Supervisory Board Member

Date of Birth: December 2, 1957 Number of shares owned: 3,200 shares Term of office: one year

Reason for Election

Mr. Matsuoka has a wealth of expertise in finance and accounting as well as corporate management based on experience accumulated through his service at financial institutions and management of companies over many years.

He was appointed as an Audit & Supervisory Board Member as he is expected to discharge audit and supervisory duties regarding the execution of duties of the Company's directors in a fair and appropriate manner.

External Audit & Supervisory Board Members



Sadahei Funakoshi*, External Audit & Supervisory Board Member

Date of Birth: August 15, 1954 Number of shares owned: 200 shares Term of office: four years

Reason for Election

Mr. Funakoshi has a wealth of experience and knowledge in corporate management, with his experience in the management of investment and loan, credit and administrative departments of Mitsubishi Corporation, as well as his service as an auditor at IT companies. He was appointed as an External Audit & Supervisory Board Member in expectation of obtaining his overall management advisory and management oversight on execution of duties from an external perspective.



Yukio Ono* (President of Accounting Offices of Yukio Ono),
 External Audit & Supervisory Board Member
 Date of Birth: January 1, 1950 Number of shares owned: —
 Term of office: — (assumed office in June 2020)

Reason for Election

Mr. Ono is a certified public accountant and is qualified to help strengthen the Group's auditing system by virtue of his expertise in finance, accounting, and other fields, as well as his long experience in corporate auditing.

Although he has not participated in corporate management, he was appointed as an External Audit & Supervisory Board Member based on the judgment that he would be able to perform his duties appropriately for the abovementioned reasons.

I will use my experience as a certified public accountant to contribute to the enhancement of our Group's corporate value.

Due to the rapid development of digital technology, society and the economy have undergone great changes, and the Fourth Industrial Revolution—at the core of which AI and IoT are embedded—is currently underway. All industrial revolutions have included groundbreaking inventions and innovations. In this context, our Group's business of utilizing digital technology is the driving force that will usher in a new era. In addition, as with infections in the past, the COVID-19 pandemic is transforming society.

At the same time, modern companies contribute to society and grow through organic relationships with stakeholders such as customers, shareholders and investors, and employees as well as local communities and society at large. Our Group can ensure sustainable growth by procuring capital, investing, and achieving results while maintaining these organic relationships.

Under these circumstances, our Group's business of utilizing digital technology is the driving force that will usher in a new era. To assist the Group in contributing to society as a digital technology mover under OUR PHILOSOPHY, I would like to use my experience in accounting and auditing to contribute to the sustainable improvement of corporate value through the further strengthening of governance in our Group.



Akiko Yamakawa* (Partner of Vanguard Lawyers Tokyo),
 External Audit & Supervisory Board Member
 Date of Birth: April 5, 1973 Number of shares owned: —
 Term of office: — (assumed office in June 2020)

Reason for Election

After registering as an attorney, Ms. Yamakawa joined a foreign law firm and was responsible for legal affairs at global companies. She is expected to be someone who can appropriately supervise and monitor the lawful execution of the Company's global business.

Although she has not participated in corporate management, she was appointed as an External Audit & Supervisory Board Member based on the judgment that she would be able to perform her duties appropriately for the abovementioned reasons.

I will utilize my experience as a lawyer to contribute to business growth through appropriate risk management.

In its medium-term management plan, the Company identifies its corporate targets as becoming a "Company where diverse employees who are reliable, proud, and adopt a unified approach work enthusiastically" and becoming "a top-class IT group in the ASEAN region" in addition to the attainment of management goals and the pursuit of structural transformation. Because the greatest asset of a company is its people, it cannot grow without an appropriate and advanced human resource system. At the same time, overseas expansion is essential to survive in a globalized world. However, risks are inherent in both human resources and overseas expansion, and appropriate risk management—that is, "avoid risks that should be avoided and take risks that should be taken"—is extremely important for dynamic and proactive business development. As an attorney, I have provided advice mainly on labor relations, dispute resolution, and crisis management to a variety of companies with global operations. Drawing on this experience, I intend to use my role as an external auditor to help the Company achieve business development while complying with the laws and regulations of each country in which it operates and appropriately managing risks.

* Designated as an Independent Director/Auditor as specified by the Tokyo Stock Exchange in Japan.

Notes: 1. As of July 1, 2020.

2. As of July 1, 2016, the Company (previous name, IT Holdings Corporation) changed its name to TIS Inc. due to the absorption-type merger with the previous TIS Inc. (an absorbed subsidiary of the IT Holdings Corporation (a surviving company)).

Training Policy for Directors and Audit & Supervisory Board Members

For directors and auditors, including external directors and external auditors, the Company will arrange and support the cost of training opportunities that are appropriate. The objective of such training is to provide an opportunity to acquire necessary knowledge regarding the Group's businesses,

financial affairs and organization and to understand the duties and responsibilities required of directors and Audit & Supervisory Board members when assuming office, as well as to continuously develop these attributes during the term of office.

Primary Activities of External Directors and External Auditors (Year Ended March 31, 2020)

Attendance at Board of Directors meetings

	Name	Attendance rate	Primary activities
External Directors	Koichi Sano	100%	Attended all 17 meetings of the Board of Directors held in fiscal 2020
	Fumio Tsuchiya	100%	Attended all 17 meetings of the Board of Directors held in fiscal 2020
	Naoko Mizukoshi	100%	Attended all 17 meetings of the Board of Directors held in fiscal 2020
External Audit & Supervisory Board members	Taigi Ito*	94.1%	Attended 16 of 17 meetings of the Board of Directors held in fiscal 2020
	Muneaki Ueda*	88.2%	Attended 15 of 17 meetings of the Board of Directors held in fiscal 2020
	Sadahei Funakoshi	100%	Attended all 17 meetings of the Board of Directors held in fiscal 2020

Attendance at Audit & Supervisory Board meetings

	Name	Attendance rate	Primary activities
External Audit & Supervisory Board members	Taigi Ito*	92.3%	Attended 12 of 13 meetings of the Audit & Supervisory Board held in fiscal 2020
	Muneaki Ueda*	100%	Attended all 13 meetings of the Audit & Supervisory Board held in fiscal 2020
	Sadahei Funakoshi	100%	Attended all 13 meetings of the Audit & Supervisory Board held in fiscal 2020

* Taigi Ito and Muneaki Ueda retired due to expiration of term at the conclusion of the 12th Annual General Meeting of Shareholders on June 24, 2020.

Summary of Content of Liability Agreements

In accordance with Article 427, Paragraph 1, of the Companies Act, each of the external directors and the external Audit & Supervisory Board members enters into an agreement with the Company that limits legal responsibility for liability compensation as set forth under Article 423,

Paragraph 1, of the same law.
 The limit of liability compensation, based on these agreements, is an amount provided as Minimum Liability Amount in Article 425, Paragraph 1, of the same law.

Outline of Policy on Officers' Remuneration

(1) Determination of compensation

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

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

(2) Structure of officers' compensation

As shown below, compensation to Company directors consists of a basic component, a performance-linked component and performance-linked stock incentive. When measures of Company performance are achieved to the maximum degree, compensation will comprise the basic component, the performance-linked component and the performance-linked stock incentive in a ratio of 7:2:1.

Base component 68%	Performance-linked component 21%	Performance-linked stock incentive 11%
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*TIS introduced this performance-linked stock compensation system in fiscal 2019 for directors, executive officers and executive fellows (excluding external directors, nonexecutive directors and residents outside Japan) with the objective of making eligible directors more aware of their contribution to enhanced business performance and improved corporate value over the medium to long term and to align their interests with those of shareholders.

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

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

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

(4) Other

To boost medium- to long-term business performance, directors (excluding outside directors) are asked to contribute a certain portion of their basic compensation toward the purchase of treasury stock through the Company's share ownership plan for directors and officers, and they are expected to retain such stock in full for the duration of their time in office so that the acquired stock shares value with all shareholders.

● Process for determining executive compensation

- Attainment of business plans formulated at the beginning of the fiscal year in accordance with the mid-term management plan is confirmed by the Performance Evaluation Committee.
- The President and Representative Director evaluates the directors and Audit & Supervisory Board members at the meeting of the Performance Evaluation Committee referred to in a. above.
- The Compensation Committee meets to consult on the results of the evaluation in b. above and amounts of compensation based on the results of evaluation.
- The Board of Directors votes on whether to approve the amounts of executive compensation considered by the Compensation Committee in c. above.

Performance-linked stock compensation is calculated in accordance with the Stock Issuance Regulations. The Board of Directors and the Compensation Committee have no room for discretion.

● Basic compensation

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

● Performance-linked compensation

Performance-linked compensation is determined by the degree to which measures of corporate performance have been achieved, on the basis of the management plan for each fiscal year, and shall fall within a performance evaluation coefficient of between 0% and 30% of basic compensation for each position.

The performance evaluation coefficient consists of organizational performance component and individual performance component in a ratio of 3:7. Organizational performance and individual performance are each evaluated on a five-point scale to determine the amount of performance-linked compensation.

		Individual Performance Evaluation				
		A	B	C	D	E
Organizational Performance Evaluation	A					
	B					
	C					
	D					
	E					

Distribution composition (image)

In fiscal 2020, performance-linked compensation was determined by applying a 30% performance evaluation coefficient based on the level of attainment of targets in the previous fiscal year including Consolidated Sales, Consolidated Operating Income, and Consolidated ROE.

Performance indicators	Fiscal 2020, ended March 2020		Fiscal 2019, ended March 2019
	Estimates	Actual	Actual
Consolidated Sales	¥436,000 million	¥443,717 million	¥420,769 million
Consolidated Operating Income	¥42,000 million	¥44,839 million	¥38,043 million
Consolidated ROE	12.1%	12.5%	11.5%

● Performance-linked stock incentive

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

For corporate performance indicators, Consolidated Operating Income, Consolidated ROE, and Service Business Sales were adopted as financial indicators to encourage pursuit of business growth, and employee satisfaction was adopted as a nonfinancial indicator to encourage pursuit of higher job satisfaction among employees, and to ensure attainment of enhanced corporate value as expected by the shareholders.

In fiscal 2020, the amount of performance-linked stock compensation was determined by applying a performance-linked coefficient of 150% because actual results exceeded estimates (100% performance-linked coefficient when attained) by a wide margin.

Performance indicators	Fiscal 2020, ended March 2020	
	Estimates	Actual
Consolidated Operating Income	¥42,000 million	¥44,839 million
Consolidated ROE	12.1%	12.5%
Service Business Sales	¥40,941 million	¥42,091 million ¹
Employee Satisfaction	45.0%	46.0% ²

Notes: 1. Predefined as a target in the Stock Issuance Regulations based on operations selected for their contribution to the structural transformation of the Company on a non-consolidated basis. They do not represent service business sales on a consolidated basis.

2. Determined by a questionnaire survey conducted by an outside organization. Satisfaction is scored based on the proportions of employees who answered "often applies (4)" or higher regarding "trust."

● Outline of performance-linked stock compensation system

An Executive Compensation BIP Trust (hereafter, "BIP Trust scheme") was introduced as a performance-linked stock compensation system by resolution of the 10th General Meeting of Shareholders held on June 26, 2018. Those eligible for benefits are directors (excluding external directors and non-executive directors), executive officers with portfolios, executive officers, and executive fellows (hereafter, "Directors, etc.").

a. Organization of the BIP Trust scheme

On introducing the BIP Trust scheme, the Company established the Stock Delivery Regulations for Executive Compensation BIP Trust (Stock Delivery Regulations), under which TIS entrusts a nominated trust bank with money (not exceeding ¥500 million), and the trust bank acquires TIS shares with the entrusted money.

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

Calculation Formula

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

* Decimals rounded down

b. Total number of shares to be granted to Directors, etc.: 183,900 shares in one financial year (upper limit)

Note: The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020. Accordingly, the upper limit on the number of shares delivered through the trust represents the post-stock-split number of shares.

c. Scope of individuals able to receive beneficiary rights and other rights under the BIP Trust scheme:

Individuals who have retired from being a Director, etc., and meet the beneficiary conditions specified in the Stock Issuance Regulations.

Remuneration for Directors and Audit & Supervisory Board Members (Year Ended March 31, 2020)

(Millions of yen)	Recipients (Persons)	Remuneration	Remuneration by type		
			Basic remuneration	Performance-linked remuneration	Performance-linked stock compensation
Directors (External Directors)	9 (3)	287 (31)	214 (31)	47 (—)	25 (—)
Audit & Supervisory Board members (External Auditors)	6 (3)	67 (25)	67 (25)	— (—)	— (—)
Total (External Directors and External Auditors)	15 (6)	354 (57)	281 (56)	47 (—)	25 (—)

Notes: 1. For the fiscal year ended March 31, 2020, compensation for directors does not include the employee portion for directors who serve concurrently as employees. The Company has not introduced a retirement benefit system for directors, and does not pay any directors' bonuses.
 2. As of March 31, 2020, the Company has nine directors, including three external directors, and five Audit & Supervisory Board members, including three external auditors. The discrepancy in Audit & Supervisory Board members between this number and the number of recipients above is attributable to the inclusion of one member who retired at the conclusion of the 11th Annual General Meeting of Shareholders on June 25, 2019.
 3. Limits on compensation (basic compensation and performance-linked compensation) for directors and members of the Audit & Supervisory Board were approved at the First Annual General Meeting of Shareholders on June 25, 2009, with the limit on compensation for directors set at ¥400 million per year (of which, external directors receive no more than ¥50 million) and that for members of the Audit & Supervisory Board set at ¥85 million.
 4. The performance-linked stock incentive is booked as an expense for four directors (excluding external directors and non-full-time directors) in the current business year.
 Note that this performance-linked stock incentive was approved by shareholders at the 10th Annual General Meeting of Shareholders on June 26, 2018, wherein the upper limit on the number of shares is 183,900* per fiscal year, to be delivered through a trust into which the Company contributes up to ¥500 million in each specified period (three fiscal years) for eligible directors (excluding external directors, non-full-time directors), executive officers and executive fellows.
 * The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020. Accordingly, the upper limit on the number of shares represents the post-stock split number of shares.

Total remuneration amounts and other information about officers who received remuneration in an amount of ¥100 million or more on a consolidated basis is as follows.

Name	Remuneration (Millions of yen)	Type of officer	Type of company	Remuneration by type (Millions of yen)		
				Basic remuneration	Performance-linked remuneration	Performance-linked stock compensation
Toru Kuwano	100	Director	Submitting company	73	15	11

Nomination Committee and Compensation Committee

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

	Nomination Committee	Compensation Committee
Composition of members	All committee members: 4 (internal Directors: 1, external Directors: 3) Chairman: President and Representative Director of TIS	
Role of committee members	Provide advice for selecting candidates to the position of director and matters related to the appointment of such individuals	Provide advice on matters related to decisions on compensation for directors
Status of activities by committees (Fiscal 2020)	<ul style="list-style-type: none"> Held six times in fiscal 2020 with 100% attendance of all the members Provided advice on the appointment and retirement of key individuals, including directors, and presented proposals on changes to director composition, based on discussions by Committee members Gave advice on future approaches for a succession plan based on the current status shared by the members 	<ul style="list-style-type: none"> Held twice in fiscal 2020 with 100% attendance of all the members Discussed the appropriateness of the Company's compensation package through a comparative analysis of director compensation amounts at other companies and at TIS, based on the findings of a research company, as well as the appropriateness of the calculation method used to determine performance-linked compensation Made proposals to the Board of Directors on director compensation, based on the results of discussion by the Committee
Remarks	To provide sufficient information for members to facilitate smooth proceedings, the committees are chaired by Chairman and President, an internal director. To promote higher effectiveness of the Committee, the Company encourages forthright discussions among the members.	

Constructive Dialogue with Shareholders

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

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

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

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

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

Strategically Held Shares

1. Policy and viewpoint regarding reduction of strategically held shares

TIS and other companies under the Group umbrella hold shares in other companies only when management believes this is necessary for such purposes as establishing long-term, stable relationships with customers and promoting business that will contribute to the sustainable growth and higher medium- to long term corporate value of the Company and the Group.

Each year, the Board of Directors reviews the relevance of cross-shareholdings. It is corporate policy for any cross-shareholding that the Board of Directors deems to be of diminished significance for the cross-shareholding to be sold at the earliest possible opportunity.

To determine relevance, TIS uses business-related revenue if the issuing company is a customer of a Group company or annual transaction amount if the issuing company is a strategic partner to calculate a percentage on a balance sheet basis, and management will consider selling any issue with a ratio that falls below a benchmark set by the Company.

For cross-shareholdings with diminished significance, as identified through the aforementioned method, TIS moves to reduce cross-shareholdings in accordance with this basic policy.

2. Policy on exercising voting rights relating to strategically held shares

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

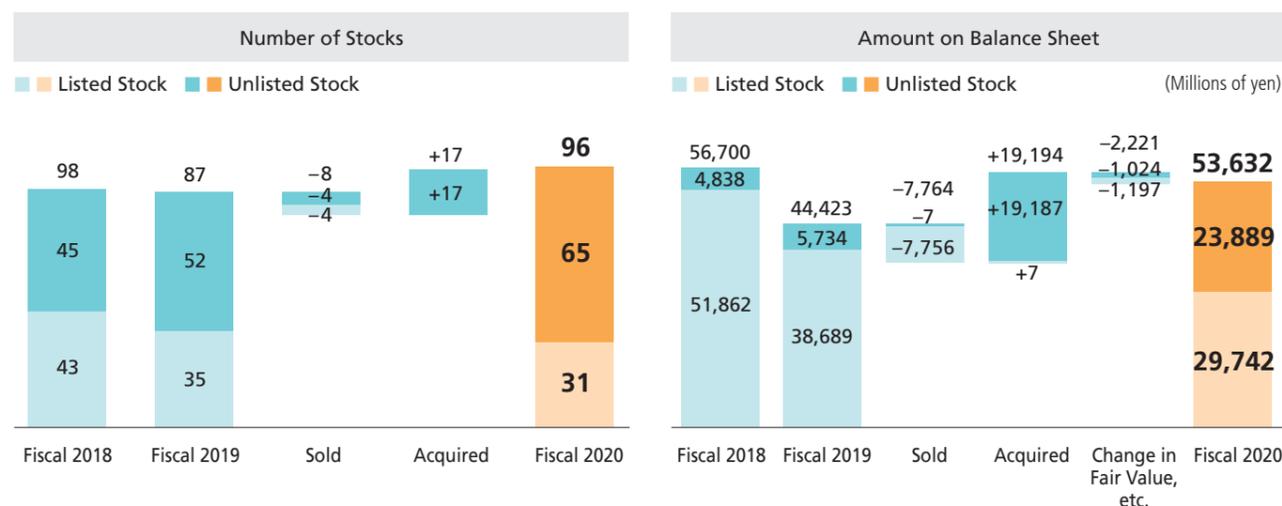
3. Relationships with strategic shareholders

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

Numbers of stocks held by the Company for purposes other than portfolio investment and total amounts recorded in the balance sheet are as follows.

	Fiscal 2019, ended March 2019	Fiscal 2020, ended March 2020
Number of stocks	87 stocks	96 stocks
Total amount on balance sheet	¥44,423 million	¥53,632 million

According to the policy on strategically held shares, TIS sold entire holdings of eight stocks and partial holdings of one stock for the year ended March 31, 2020, steadily reducing the amount of previously held cross-shareholdings. On the other hand, as part of its growth strategy, TIS actively makes investments in startups with the objective of developing strategic partnerships to facilitate open innovation, and forms capital and business alliances with leading foreign companies. In fiscal 2020, 17 unlisted stocks were newly acquired, including an issue of Grab Holdings Inc. (approximately ¥16.5 billion).



Messages from Our External Directors

We will utilize the experience and knowledge of external directors to enhance the corporate value of the TIS INTEC Group.

We received the following messages from our external directors regarding future themes, expectations, and issues of the Group as it undergoes structural transformation.



Koichi Sano, External Director

Strengthening sustainability through ESG management

In the fiscal year ended March 2020, the Board of Directors passed a total of 17 resolutions (excluding statutory matters, etc.) and these covered almost all major areas evenly, such as investment and financing for growth strategies, corporate governance and sustainability, and finance and balance sheet control, as well as discussing current management issues.

Furthermore, the number of affiliated companies increased approximately 150%, to 122, after the transition to an operating holding company.

The Board of Directors, whose effectiveness has been improving year by year, recognizes the important themes of promoting growth strategies that emphasize investment returns and building a solid financial base, risk management related to the expansion of overseas Group companies, and strengthening corporate governance. I focus on making sure the Group pays close attention to the relationship between the overall strategy and the business portfolio, the differentiation strategy, the validity of feasibility studies and assumptions, and the appropriateness of post-merger integration of investment projects. In light of this, I will advocate for prudent yet bold decision-making and monitoring of business execution from an independent and objective perspective, while contributing to proactive and protective governance in response to management issues, thereby enhancing corporate value.

Opportunities to contribute to solutions to social issues and emerging needs through business activities are increasing. With TIS' status as a public entity, environmental, social and corporate governance (ESG) management aims to balance and improve economic value and social value by giving consideration to the concerns of a wide range of stakeholders. ESG management (E for Economy) aims also to increase corporate value and thereby enhance sustainability through portfolio management, and I want to participate by imparting a sense of priority and speed. In the pursuit of sustainability, I will emphasize the process of developing strategies from our long-span, deductive value-creating corporate image. I will also focus on human resource strategies that support this process and on strengthening our ability to respond flexibly to continuous change.



Fumio Tsuchiya, External Director

"Open and flexible thinking" and "healthy skepticism" will lead to the achievement of structural transformation

One of the main pillars of the Company's medium-term management plan is "structural transformation". In addition to the build-to-order business—in which IT systems are built in response to customer requests—the Company is focusing on expanding into the proposal-driven business, which anticipates customer requests. The Company is also actively expanding its business in overseas markets, primarily through capital tie-ups with leading IT companies in the ASEAN region, and the results of these initiatives have been steadily reflected in its performance in recent years. To promote such structural transformation, I believe it is essential to move beyond conventional methods and encourage "open and flexible thinking" to tackle challenges aggressively.

On the other hand, in new business domains such as overseas operations operating under different laws and business practices, it is important to recognize and address the inherent risks. In the process of expanding our business, various risks are sometimes encountered for which there is little accumulated experience. When this occurs, I believe that it is necessary to have a "healthy skepticism" backed by calm judgment in order to conduct appropriate risk assessment. I also feel it is important to strike a balance between vigorously promoting business and taking a step back to judge the situation calmly. Using this as the basis of decisions by external directors, I intend to do what I can to contribute to promoting structural transformation.



Naoko Mizukoshi, External Director (Partner of Leftright Law & IP)

Enhancing corporate governance to support steady transformation and sustainable growth

The Board of Directors is charged with focusing on important issues that are essential for disciplined and sustainable growth. Deliberations are not limited directly to the matter at hand, but include discussions on the purpose, background, impact, and root cause of issues under consideration. The agenda items for discussion increasingly include such topics as investments to capture innovation, stock acquisitions to expand the business base in ASEAN, and strategic alliances. Human resource development, organizational diversity, and the prevention of impropriety and adverse events continue to be important, and we prepare for substantive deliberations at the Board of Directors after holding prior briefings.

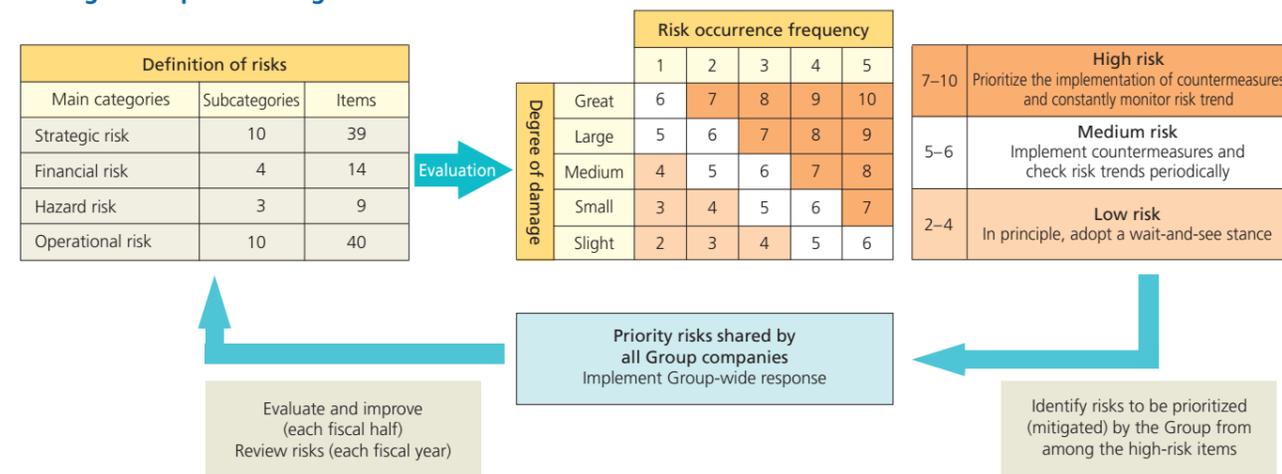
As an external director, I participate in discussions to assess the social significance, competitive advantage, efficiency, and feasibility of proposals from the perspective of stakeholders, including shareholders. In particular, in our overseas business, while systems and practices differ from country to country, I believe that we need to further enhance our corporate governance in order to deepen relationships of trust with our business partners in ASEAN and grow together with the aim of providing high-quality services and resolving social issues. In addition, now that we are coping with the impact of COVID-19, I believe it is necessary to ensure the health of our workforce, while making dynamic decisions in the execution of business and considering the environment. I will strive to contribute to the Group's growth and fulfill my responsibilities while responding to changes in the operating environment.

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

The Company has established rules for risk management to ensure an accurate understanding of the risks facing the Group and prevent losses from occurring. In accordance with these rules, we have appointed an executive to oversee risk management of the entire Group, and a risk management department has been established to administer a risk management system. In addition, we have established a risk management policy for the entire Group and regularly check the implementation status of measures to control risk. When a Group company becomes exposed to a serious risk, a task force is set up and appropriate measures are taken to minimize damage.

As for the development of the risk management system, based on our basic policy and various rules governing internal control systems, we are implementing specific measures for the maintenance and improvement of the internal control of the entire Group, monitoring the development and operational status of the internal control system, deliberating at the Group Internal Control Committee, and developing a process to report the results of these deliberations to the Board of Directors. The Group Internal Control Committee examines the risks faced by the Group twice a year, corroborating issues related to those risks and evaluating the status of reform measures. Based on its reports to the Board of Directors, initiatives will be implemented to further strengthen and improve the Groupwide internal control system.

Management process diagram



Strategic risk

Risk items	Overview of risk	Main countermeasures
Human resources	High-quality human resources are not secured and developed according to plan.	<ul style="list-style-type: none"> With the aim of enhancing workstyle reform and employee motivation, strive to secure talented human resources by providing a corporate culture, HR systems, and an office environment in which a diverse group of people can thrive. Focus on human resource training by providing support for acquiring certifications, systemizing training programs, and creating plans and targets for the number of training days.
Innovation of production technology	Loss of competitive advantage and inability to provide the high-quality services that our customers have come to expect because we fail to take appropriate measures, or let our technologies and knowhow become obsolete.	<ul style="list-style-type: none"> Constantly conduct research into information technologies as well as production and development technologies. Select from a broad technology portfolio the core technologies that will enable us to sustain and improve our development competitiveness, advance R&D and deploy the results. Constantly carry out enhancement and innovation activities.
Intensification of price competition	Price competition may intensify, resulting in greater-than-expected price competition.	<ul style="list-style-type: none"> Constantly analyze the business environment to better grasp customer needs, offer higher value-added services and take other measures to differentiate from competitors. Improve productivity by curtailing unprofitable projects and engaging in enhancement and innovation activities.
Investment	Unanticipated changes in the business environment result in investments failing to yield the expected result or return, or make assets obsolete.	<ul style="list-style-type: none"> All investment decisions are made after thorough examination of business plans by either the Board of Directors, the CVC Investment Committee, or the Investment Committee, depending on the investment project. Progress of each business plan is periodically confirmed after an investment has been made. Keep abreast of such progress by dispatching directors to larger capital investment partners.
Overseas business	Overseas business may be impacted by various factors, including global economic and foreign exchange trends, legal regulations on investment and competition, local business practices, and labor-management relations. One of these factors may manifest itself in an unanticipated manner.	<ul style="list-style-type: none"> Improve the management structure by ensuring coordination between overseas Group companies and business sites and corporate management in Japan to maintain an accurate understanding of local conditions and consult on ways to implement rapid countermeasures.

Financial risk

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

Hazard risk

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

Operational risk

Risk items	Overview of risk	Main countermeasures
System development	As systems development is growing more sophisticated and complex and turnaround times are shortening, extra work may be required in order to achieve the planned level of quality or complete the project during the development period, leading to considerably higher-than-expected costs and customer claims for damages.	<ul style="list-style-type: none"> Use our proprietary Trinity quality management system based on the ISO 9001 standard to continually enhance quality management and raise productivity by using dedicated workgroups to thoroughly screen business proposals and review projects at each stage of development. Through the Group Quality Executive Meeting, improve quality and promote production innovation throughout the Group while also enhancing management and technological capabilities by strengthening training programs for each employee position.
	Tasks outsourced to business partners do not meet expectations for productivity or quality and smooth project management is not realized.	<ul style="list-style-type: none"> Seek to secure superior business partners in Japan and overseas. That effort includes regular meetings with our partners so that we fully understand their situation and capabilities, and are able to build strong relationships.
System operation	System problems arise due to human error or equipment malfunctions during system operation and the Group is unable to provide services at the level agreed upon with the client.	<ul style="list-style-type: none"> Develop a systems maintenance/operation framework based on ITIL (Information Technology Infrastructure Library) practices and improve system operation quality using this framework. Establish and strengthen measures for early detection and confirmation of system failures and measures to reduce and prevent the occurrence of failures.
Information security	Confidential information is leaked or manipulated due to a computer virus, unauthorized access, or other reason leading to claims for damages from client companies and to a loss of trust in the Group's services.	<ul style="list-style-type: none"> Establish and operate an information security management system based on our Information Security Policy that seeks to ensure appropriate information management. Raise employee awareness through education and training programs. Apply the Group's information security promotion guidelines to evaluate the status of information security management across the entire Group, and promote continuous improvement in information security. When an information security breach does occur, take responsibility and establish an investigative committee to look into the cause, implement countermeasures, and prevent recurrence. <p>To protect personal information</p> <ul style="list-style-type: none"> Establish an information management system based on Japan's Personal Information Protection Act and establish regulations on the handling of information about specific individuals. Conduct education and training programs for employees to raise awareness of the importance of protecting personal information. <p>*TIS and other Group companies have obtained Information Security Management System (ISMS) certification and the JIPDEC PrivacyMark.</p>
Legal systems, compliance	A law or regulation is contravened, or a new law or regulation is introduced.	<ul style="list-style-type: none"> Establish a compliance structure based on our Basic Direction on corporate social responsibility (CSR) and Group Compliance Declaration and endeavor to conduct our business activities fairly and in compliance with all laws. In accordance with the Group's compliance regulations, discuss important compliance issues for the entire Group, decide measures to prevent recurrence, and ensure the adoption throughout the Group by monitoring the status of the implementation of these measures. <p>Regulations on contracted work and temporary staffing</p> <ul style="list-style-type: none"> Work on a dedicated risk management system as Group priority because of the transactional nature of the IT services industry. Create Group guidelines and independent inspection checklists that will contribute to the appropriate operation of the system. To prevent illegal activities and detect and correct them at an early stage, introduce a whistle-blowing system and establish a reporting and consultation desk. Raise awareness of legal compliance throughout the Group.
Intellectual property rights	The Group is accused of infringing another company's intellectual property rights and presented with an injunction to cease use of the intellectual property concerned and a claim for damages.	<ul style="list-style-type: none"> Strengthen our framework for intellectual property rights. Conduct education and training programs to raise employees' awareness. <p>*The Company regards its own intellectual property as an important management resource and takes all necessary means to protect it.</p>

Important notice

INTEC Inc., a consolidated subsidiary of the Company, is currently in litigation with Mitsubishi Shokuhin Co., Ltd., which filed a claim for compensation in connection with services including systems development provided by INTEC Inc. (Amount of compensation demanded: ¥12,703 million; date the complaint was received: December 17, 2018).

Aiming to be a "trusted top brand that epitomizes quality"

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

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

TIS Quality Policy (from TIS "Quality Control Rules")

- Strive to improve stakeholder satisfaction, provide original and attractive services, and create abundant value.
- Provide optimal services to earn the trust of customers.
- Provide high-quality services through continuous business transformation with technology as the core.
- Use standard repetition and ingenuity to promote improvement activities aimed at enhancing quality, productivity, technical capabilities, and competitiveness.

Trinity: Original quality management system based on ISO 9001

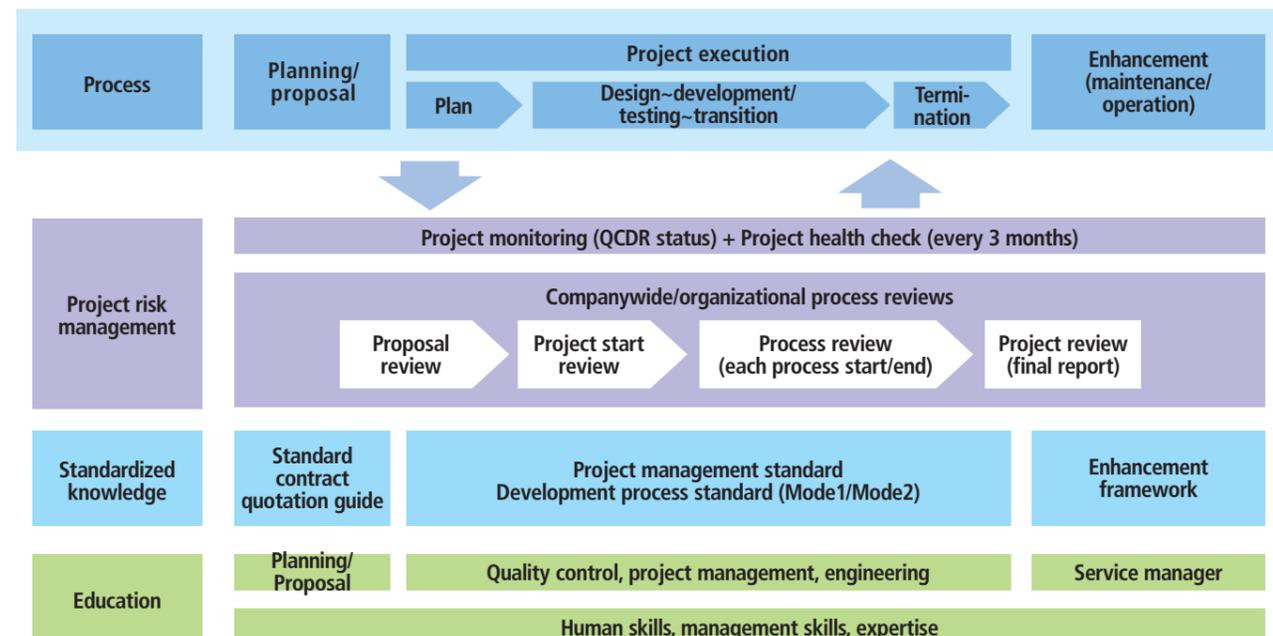


We strive to provide customers with optimal services based on our policies of "emphasizing proficiency through on-site standardization and its repeated use" and "promoting improvement by minimizing essential implementation items and making use of onsite ingenuity." At development sites, we add ingenuity to suit each business model while applying project management and engineering processes, techniques, and tools.

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

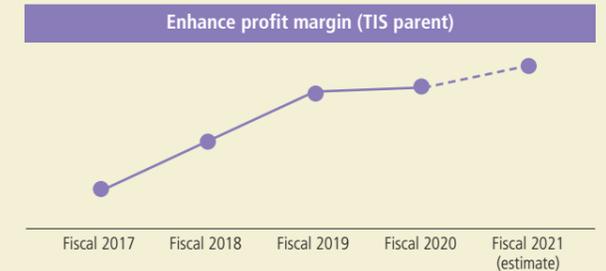
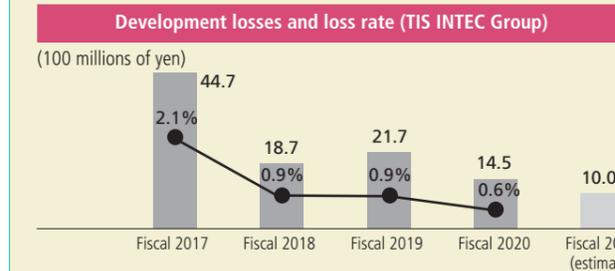
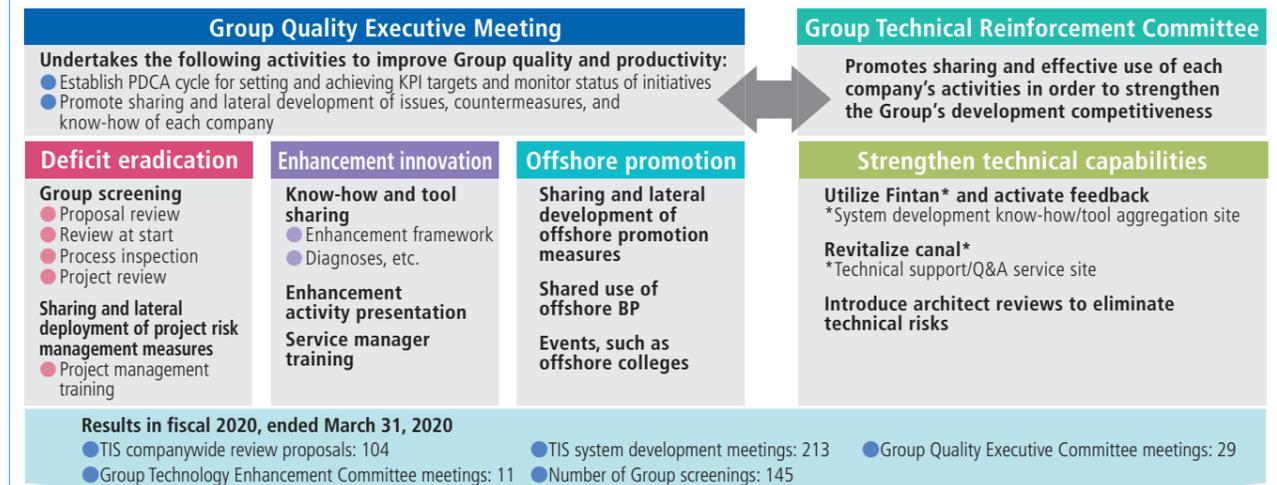
* Trinity means the "three elements of quality, productivity, and technological capabilities" and also incorporates the notion of "customers, TIS, and partners" working together to improve those elements.

* For more details:
<http://www.tis.com/group/csr/report/social/quality/>



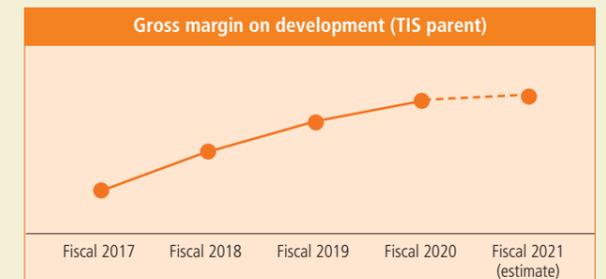
Activities aimed at improving standards of entire Group

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



Continue implementing measures to eliminate losses and strengthen Group governance to prevent and control unprofitable projects → Improve profitability by reducing development loss rates

Constantly improve profitability through companywide innovation and Group resource redeployment



Initiative 1: Use fewer contractors, especially major project participants (four major companies)
 Initiative 2: Promote lab utilization for maintenance and enhancement work
 Triple outsourcing contracts in four years. Achieve more than 10,000 work months.

Improved gross profit margin as a result of various measures



Ikuo Shimizu
Executive Officer,
in charge of System
Development & Quality
Management Innovation SBU,
General Manager, System
Development & Quality
Management Innovation SBU,
TIS Inc.

The gross margin on development sales has improved significantly, and we will continue our efforts to prepare for the new normal.

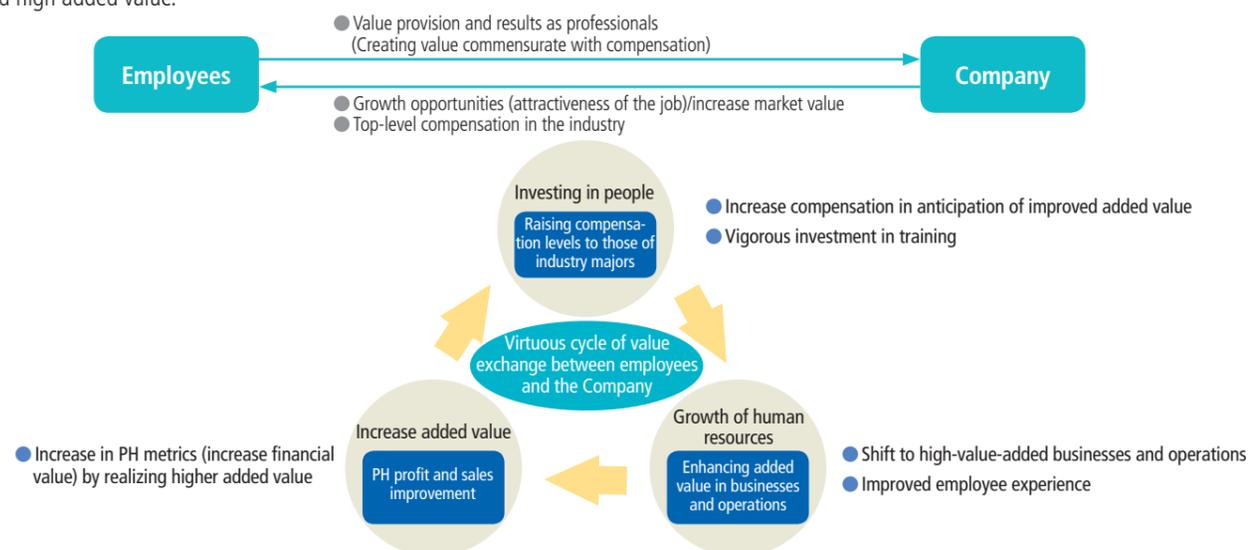
The gross profit margin on development sales has improved significantly in recent years as a result of the steady implementation of various measures to eliminate losses, enhance innovation, and promote offshore activities. This improvement in business profitability is reflected not only in the Company's results but also in those of the Group as a whole, as our transition into a business holding company structure accelerated innovation and strengthened systems to promote efficiency at Group companies.

Although the business environment is highly uncertain due to the COVID-19 pandemic, we will continue to rely on our Trinity quality management system, testing the true value of this monitoring process. Trinity was developed as a quality management system that prioritizes the realization of customer requirements in a traditional systems integration sense. However, in the service provision business, which our Group is focusing on, we need to set our own service quality standards as well as respond to market demands and social imperatives. We will continue to develop Trinity in line with these business parameters.

Communication with Employees

Continuous enhancement of value exchanges between employees and the Company

We will continue to enhance the exchange of value between employees and the Company through a virtuous cycle of investment, growth, and high added value.

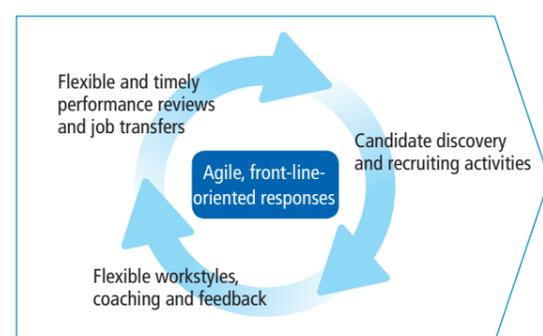


Timely utilization of human resources at the front lines

We are working to strengthen our human resources management in order to increase added value through performance development initiatives targeted at every employee. We promote management aimed at achieving business goals while at the same time boosting the skills and motivation of employees.

Pursuit of performance development that promotes employee engagement and self-directed growth, shifting from a corporate culture of micromanagement to one that supports employees' professional development.

Performance development – a virtuous cycle



Key points

- Revitalize communication Strengthen management capabilities**
 - Enhance 1-on-1 interactions (Training and development)
 - Entrench peer bonuses
 - 360-degree feedback (expansion of scope)
 - Coaching (Boss Style)
- Flexible workstyles**
 - Increase flexibility in work schedules and locations
 - Encourage new workstyles with an eye on the post-COVID-19 era
- Systems and programs that are responsive to business needs**
 - Strengthen the workforce through human resource development
 - Introduce a new HR system
 - Introduce the HR Business Partner system



Kyoko Takayanagi
Executive Officer, Department Manager of Human Resources Department,
Deputy Division Manager of Human Resources SBU, TIS Inc.

We will continue to evolve our system with an easy-to-understand message that is friendly to our employees.

When I was appointed to the Human Resources SBU in April 2019, the TIS workstyle was based on the "Human Resources SBU Manifesto" and to a certain extent had been set in stone. As a first step, we prioritized the devolution of workstyles to individual workplaces and employees. To assist each employee to understand and put into effect human resource initiatives, we zealously conducted training programs for all executives and consulted with junior employees, and have instituted a number of measures aimed at providing know-how and raising employee awareness of the need for self-realization (for example, employing 1-on-1 and 360-degree feedback). As a result, I feel that the understanding of employees has steadily improved over the past year. More than anything else, it was a year in

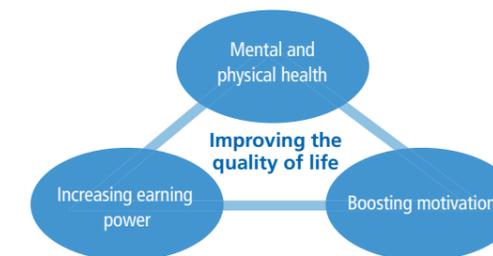
Diversity and Inclusion Policy

In fiscal 2020, ended March 31, 2020, the TIS INTEC Group introduced its Diversity and Inclusion Policy and Health Management Policy as initiatives designed to improve the caliber of people and the performance of Group companies, and to solidify a corporate culture based on OUR PHILOSOPHY.

The TIS INTEC Group values diverse human resources and encourages staff members to demonstrate their individuality by freely expressing their opinions. We will continue to promote diversity and inclusion through human resource engagement activities, proactive health management and workstyle reform. Our aim is to motivate the workforce and continue to foster flexible, continuous change and untapped value.

Health Management Initiatives

To lead an enriching and happy life is important for each and every employee, and will lead them to work more enthusiastically and productively. In accordance with the Group's health management policy, TIS is promoting activities specifically targeting improvement in the quality of employees' lives.



- Improving health literacy**
 - We continue to provide employees with information and educational opportunities so that they can be more informed about and engaged with their health.
- Collaborative health initiatives**
 - We encourage open communication to create a cohesive organization, and a comfortable and secure workplace.
- Health management**
 - We have collaborated with the Health Insurance Association to raise employee awareness of health issues and implement health promotion measures.
 - We provide opportunities for health checkups, comprehensive medical examinations, and stress checks, and achieved a 100% checkup rate. Health consultation and counseling services have also been established.
- Support for a healthy work-life balance**
 - We established a system to help balance work with childcare as well as other caregiving and medical treatment, with provision of consultation services and practical support.
- Work-interval system**
 - We have stipulated an 11-hour gap between work shifts to prevent burnout as well as to improve concentration and performance.
- Enhancement of benefit programs**
 - We offer welfare services that employees can use to promote their well-being and a long-term disability (LTD) program (income compensation insurance).

Advancement of diverse talent

In order for the human resources who will drive structural change to be true to themselves, it is essential to create an organizational culture that respects and embraces difference, such as in values and living circumstances, as well as age and sexual orientation. For women and senior citizens in particular, on whom there may be high social demands, we strive to develop systems and environments that make it easier for them to fulfil their potential. We also foster a culture in which differences are embraced through workshops aimed at developing people's abilities and careers.

- Contributions of the senior generation**
 - In addition to the abolition of the retirement age for company posts, we have introduced an optional retirement system for employees up to age 65. We are also promoting age-specific career education to help employees visualize their future careers.
 - In fiscal 2021, ending March 31, 2021, we introduced the "Elder Employee System" which enables the re-employment of retired employees until the age of 70.
- Employment of people with a disability**
 - Through SorunPure, a specially recognized subsidiary, we employ many people with disabilities and create a rewarding work environment for them.
- Women's empowerment**
 - We are working to create an environment in which women can play an even more active role in the Group through career support aimed at promoting female managers and directors, the formation of promotion guidelines, and the establishment of a women's network.
 - We provide guidance and consultations to prepare women for life events and to promote career development after women return from maternity leave.
- Support for LGBTI+**
 - We have established a system that ensures equality of treatment of employees with nontypical gender identity or sexual orientation, and introduced measures to prevent harassment

which I felt the joy as Department Manager of being able to see employees actively utilize our programs and work energetically.

At the start of fiscal 2021, we were forced to focus on working at home due to the COVID-19 situation, and we questioned the results of the measures we had taken so far. We are confident that the current TIS environment and systems are advanced enough to be as close as possible to the new ways of working that we are aiming for in the COVID-19 era, and this has given us great confidence. We are now in a position to significantly change employees' sense of values and further evolve our programs to help each employee achieve self-realization. At the same time, we will continue to provide easy-to-understand messages tailored to the needs of our employees.

Major Group Companies' Initiatives to Promote Female Employees (Five Major Companies)

*Excerpted from action plans for "the promotion of female participation and career advancement" published by each company.

Company name	Plan duration	Goals during the plan period	Outline of measures
TIS Inc.	Four years (April 2020 to March 2024)	<ul style="list-style-type: none"> Percentage of female directors: 9.0% Percentage of female employees in management positions: 12.8% No workers who work an average of 60 hours or more of overtime per month over a fiscal year, including those in managerial positions 	<ol style="list-style-type: none"> Guidelines for the promotion of women will be set in the "pipeline management process" for the development of senior management, and female candidates will be targeted for development <ul style="list-style-type: none"> Assess candidate status and confirm future development policies Selection of candidates and formulation of development plan for each organization Guidelines will be established for promoting female employees and measures will be taken to raise awareness of opportunities among candidates Ascertain the status of the average overtime hours of workers, including managers, and provide guidance on corrective measures if necessary <ul style="list-style-type: none"> Monthly provision of actual values by department, strengthening of acquisition of objective records, monitoring by personnel and guidance for improvement Dissemination of workstyle reform-related program and fostering a corporate culture (continuation of current measures)
INTEC Inc.	Five years (April 2016 to March 2021)	<ul style="list-style-type: none"> Percentage of female employees in management positions: 7% or higher 	<ol style="list-style-type: none"> Hold exchanges across departments Conduct interviews with employees before and after returning to work following maternity leave Establishment of medium- and long-term career goals for young female employees
AGREX INC.	Three years (April 2019 to March 2022)	<ul style="list-style-type: none"> Create a system to promote more women to managerial positions, aiming to increase the percentage of women in managerial positions to at least 25% 	<ol style="list-style-type: none"> We will further promote reform of workstyles in order to create an environment in which employees with time restrictions can play an active role and to change the mindset of both employees and managers Promote measures to support the career development of female employees
QUALICA Inc.	Five years (April 2016 to March 2021)	<ul style="list-style-type: none"> Percentage of female employees among new graduate hires: 30% or higher Percentage of female employees: 20% or higher Percentage of female employees in management positions: 8.5% (15) or higher 	<ol style="list-style-type: none"> In order to increase the number of female applicants, the company will strengthen information dissemination for female students through its own website and recruitment websites Support career advancement for female employees and the creation of networks among female employees Create an environment in which women can work stress-free and play more active roles in the company, and conduct human resource management training
AJS Inc.	Five years (April 2016 to March 2021)	<ul style="list-style-type: none"> Facilitate female employees' promotion to managerial positions 10% increase in the number of candidates for managerial positions versus fiscal 2016 	<ol style="list-style-type: none"> Launch women's career development project Implement various programs to raise awareness of women's participation in the workplace Encourage employees to participate in training on requirements for promotion

Programs to achieve flexible workstyles

By increasing employees' options regarding working hours and location, we will maximize performance, improve the quality and speed of results, and reduce overheads. At the same time, we will foster opportunities for self-awareness and autonomy by allowing employees to control the pace of work and coordinate on and off time according to their own needs and initiative.

The various systems of workstyle reform have been rapidly implemented under COVID-19 conditions.

Moving forward, we will continue to provide flexible options that will contribute not only to the realization of work-life balance for individuals, but also to the growth of each individual and the development of our business.

<ul style="list-style-type: none"> ■ Flextime working system 	<ul style="list-style-type: none"> ● In principle, all employees can use flextime without core time. Employees who work for two hours are deemed to have worked for one day.
<ul style="list-style-type: none"> ■ Teleworker system 	<ul style="list-style-type: none"> ● We encourage telework (in a secure environment) at satellite offices, shared offices, and at home. ● Employees can apply to work as a teleworker who does not come to the office.
<ul style="list-style-type: none"> ■ Discretionary work program 	<ul style="list-style-type: none"> ● We have adopted a system in which employees have the discretion to perform their jobs in a self-directed manner in departments responsible for research, consulting (strategy and IT), new business creation, etc.
<ul style="list-style-type: none"> ■ Work smart allowance 	<ul style="list-style-type: none"> ● We have introduced a "deemed overtime allowance" to enhance employees' value-added through the more effective use of time.
<ul style="list-style-type: none"> ■ Taking time off 	<ul style="list-style-type: none"> ● The Group has set targets for the use of annual leave to promote the use of such leave. Refresh leave to encourage the taking of consecutive days off ● We have our original programs, such as volunteer leave with pay and backup leave for unexpected needs.

Communication with Clients and Business Partners

Becoming an Irreplaceable Partner for Our Customers

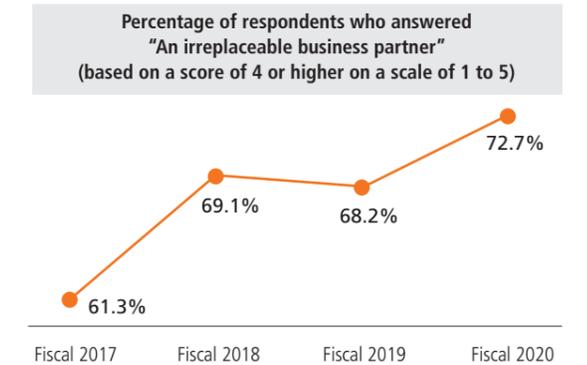
TIS INTEC Group Business Summit 2019 – Exciting Future

In July 2019, the TIS INTEC Group held the TIS INTEC Group Business Summit 2019 – Exciting Future in Tokyo. A total of 1,238 clients attended the event, where we presented our Group's advanced technologies and various initiatives through sessions and exhibitions. (We have decided not to hold the event in fiscal 2021 in light of the COVID-19 situation.)



Implementation of Customer Satisfaction Survey

TIS Inc. conducts an annual Customer Satisfaction Survey for customers with whom it does business on an ongoing basis to gauge our performance from the customer's perspective. In fiscal 2020 we received high marks for our activities aimed at realizing our vision of becoming "A business partner contributing to our customers' business expansion." In the survey, 72.7% of customers answered that we were "An irreplaceable business partner" based on a score of 4 or higher on a scale of 1 to 5. Yet there is still room for improvement, as shown responses to the question on "Proactive proposals, information provision, etc.", and we are working to improve this aspect of our service provision companywide. We will continue to solicit feedback and listen to our customers to further improve our contribution as a business partner.



Strengthening Relationships with a Wide Range of Partners

Convening TIS Business Partner Socials

TIS holds TIS Business Partner Socials in Tokyo, Osaka, and Nagoya every year to thank its business partners for their ongoing patronage. More than 100 major business partners regularly participate in these events. We also use these events to introduce TIS's management policies, share the direction that TIS is heading in, and express our expectations of our business partners in order to strengthen our relationships with them.

* In 2020, in view of the spread of COVID-19, social gatherings were cancelled and instead letters and commemorative gifts were presented to business partners.



Base for the Promotion of Open Innovation Established

Established in September 2016, bit & innovation is a communication space that brings together the resources of startups, operating companies and TIS INTEC Group companies to create new businesses through open innovation. This initiative enables us to facilitate collaboration across corporate boundaries.

<http://bit-innovation.tis.co.jp/>

Location: Nishi-Shinjuku, Tokyo

Number of members (as of July 2020): about 300 companies* and 950 individuals

*Total of both startup and operating companies

Application

- Co-working
- Meetings
- Program acceleration site
- Holding various events such as pitches and ideathons



Disclosure of sustainable procurement policies

The TIS INTEC Group believes that in order to fulfill its social responsibilities, it is important to collaborate with stakeholders to implement measures throughout the entire supply chain. Accordingly, the Group discloses its sustainable procurement policies. For more information, visit the following link: http://www.tis.com/group/csr/report/governance/procurement_policies/.

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

We provide performance results and the latest news on our business activities through events, such as information meetings, the production of pamphlets, and engage in constructive dialogue with shareholders and investors for the Company's sustainable growth.

IR Events in Fiscal 2020	Frequency	Contents
Results briefings for analysts and institutional investors	4 times	Quarterly briefings
Business briefings for analysts and institutional investors	Once	Held a meeting regarding payment business
Small meetings for analysts and institutional investors	245 times	Provide IR-oriented information for analysts and institutional investors. Of these meetings, 81 were for overseas investors. Total coverage: 291 companies (395 people)
Small meetings	Once	President held one meeting with sell-side analysts
Overseas roadshows	3 times	President, director responsible for overseas IR and other members of senior management met with shareholders and investors in Europe, United States, and Asia
IR conferences for individual investors	Once	Held a conference in Tokyo (334 participated people)
Production of materials for individual investors	2 times	Issued "Business Report"

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

	Contents
Early dispatch of notice of General Meetings of Shareholders	Based on our policy of sending the notice at least three weeks before the General Meeting of Shareholders, we sent the notice of convocation for the 12th Annual General Meeting of Shareholders scheduled for June 24, 2020, on June 2, 2020.
Setting dates for the General Meeting of Shareholders that avoid clashes with other such meetings	The date has been set so as to make it easier for more shareholders to attend the General Meeting of Shareholders. The latest General Meeting of Shareholders was held on June 24, 2020.
Voting by electronic means	We have adopted an electronic voting system that allows voting rights to be exercised via the Internet and other means (PC, smartphone or cell phone).
Participation in electronic voting platforms and other initiatives to improve the environment for institutional investors to exercise voting rights	We participate in the voting platform for institutional investors operated by Investor Communications Japan (ICJ, Inc.).
Provision of Notice of Convocation (summary) in English	A Notice of Convocation of the General Meeting of Shareholders (in Japanese and English) is posted on the corporate website.
Other	The Notice of Convocation is disclosed prior to distribution on the corporate website. Based on our policy of disclosing the convocation notice about one month prior to the date of the General Meeting of Shareholders, we disclosed the convocation notice of the latest General Meeting of Shareholders on May 20, 2020.

IR Policy

Purpose of IR Activities

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

Basic Policy on IR Activities

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

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

Basic Policy on Disclosure

1. Disclosure Standards

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

2. Information Disclosure System

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

* Please see the Company's web site regarding "3. Methods of Disclosure", "4. Spokespersons for Investor Relations Activities", "5. Yet-to-Be-Released Material Information", "6. Quiet Period", "7. Response to Rumors, etc.", "8. Earnings Forecasts, etc. by Third Parties", "9. Framework for Disclosing Information on Company Website" of Basic Policy on Disclosure.

<http://www.tis.com/ir/other/policy/>

*Please visit the following page for details of our Group activities. <http://www.tis.com/group/csr/report/social/community/>

Our Group engages in multifaceted initiatives in cooperation with local communities and society at large under the themes of social welfare, environmental conservation, sports, arts and culture, contribution to local communities, and fostering the next generation.

Major Activities

Smile Kids Camp—Supporting Seriously Ill and Disabled Children and Their Families

This itinerant event for children with serious illnesses or disabilities and their families is planned and undertaken by a committee of volunteers. Employees from TIS INTEC Group companies volunteer their time to staff the event, providing a valuable opportunity to witness the real difference made by CSR and volunteer activities.



Taking Part in Asahi no Mori Forest Conservation Project

From 2010, AJS has been supporting the Asahi no Mori forest conservation project in the northern part of Miyazaki Prefecture spearheaded by Asahi Kasei Corporation. The aims are to prevent global warming, protect the natural environment and also contribute to the prefecture where the company's office is located.



Performances by Friends of Music Society

TIS INTEC Group Gakuyukai (Friends of Music Society) is a registered ensemble mainly comprising employees of the TIS INTEC Group and family members. It performs lunchtime concerts in the Tokyo head office building and at local recital halls.



Fostering the Next Generation

- Internships for college students
We offer internships to help university students with career planning and as an opportunity to gain work experience. To date, the program has provided opportunities to more than 1,000 students.
- Corporate training for teachers
This is a program where teachers receive training at private companies during their summer vacation. TIS has participated in a program run by Keizai Koho Center, an organization affiliated with the Japan Business Federation (Keidanren), and has welcomed more than 70 teachers since 2010.
- Linkages with Universities (Student Development)
At Keio University, we fund an endowed course entitled "Overview of Entrepreneurship" in which case studies of entrepreneurs and companies, lectures on laws related to the creation of new business, and simulated business creation experiences are provided to nurture entrepreneurial talent. We also offer courses to support students' career development at Ritsumeikan University, Aichi Prefectural University and Doshisha University, among others.

Signatory to the UN Global Compact

TIS—and by extension, the TIS INTEC Group—signed on to the U.N. Global Compact and was registered as a participant as of July 19, 2018. Through strategies and actions in line with 10 principles encompassing four categories—human rights, labor, environment and anti-corruption—we encourage every employee to get involved in fulfilling our corporate social responsibilities and promote activities that support sustainable social development.



Initiatives to Reduce Environmental Impact

Our Group recognizes that environmental issues have become important for all humankind and is actively involved in environmental protection through its business activities. Against a backdrop of growing international concern for the environment in recent years, in fiscal 2020 we formulated an environmental vision and policy and established an environmental promotion system.



Creating a Vibrant, Environmentally Conscious Society

Our vision for a bright future cannot be realized without enriching the global environment in which we live. Yet the current global environmental issues are now so complex and serious that they require a global approach. The TIS INTEC Group has been adopting business practices that are appropriate for this new era, taking into consideration initiatives such as the UN's Sustainable Development Goals (SDGs), the Task Force on Climate-Related Financial Disclosures, the Carbon Disclosure Project, Science-Based Targets, and RE100 (a global corporate renewable energy initiative bringing together hundreds of large businesses committed to 100% renewable electricity). In 2019, we completely overhauled our promotion structure. We have also launched initiatives to integrate environmental measures with business activities in recognition that medium- to long-term perspectives and strategic activities are essential to solving global environmental issues. During the next medium-term management plan, we will prioritize businesses that use our Group's digital technologies to help improve the energy efficiency of society as a whole, and make stringent efforts to reduce greenhouse gas emissions in our Group's business activities. We will continue to advance our Group's initiatives by disclosing information on our progress as compared with global standards.

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

Environmental Vision

Through our corporate activities and the provision of new services, we aim to be a company that infuses the global environment of the future with vibrant colors.

Environmental Declaration

We recognize that addressing global environmental issues is one of our most important priorities as a responsible member of society. In order to realize the mission of OUR PHILOSOPHY, we formulated our Environmental Vision to reflect our long-term environmental goals. To achieve this vision, we established a set of Environmental Action Guidelines. Through our various corporate activities, all of our executives and employees will strive to reduce their environmental impact and foster protection of the global environment.

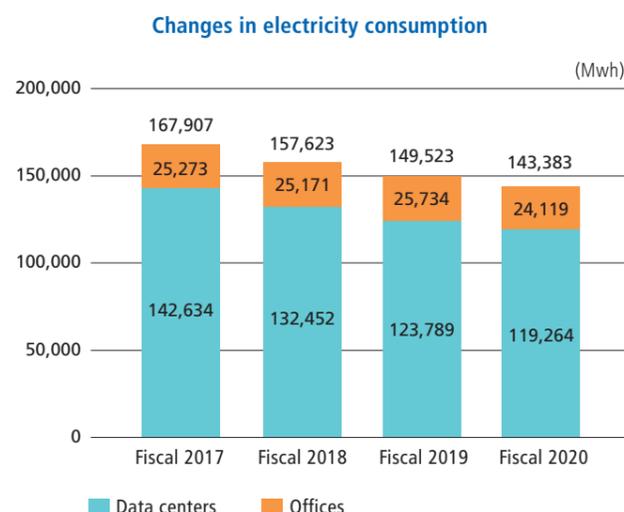
Environmental Action Guidelines

1. Contribute to environmental conservation through business activities
2. Reduce environmental impact through the value chain
3. Comply with environmental laws and regulations and management initiatives
4. Pursue initiatives aimed at sustained improvement
5. Promote awareness and full participation
6. Disclose information to engender trust from society

Based on these Action Guidelines, we have acquired ISO 14001 certification, an international standard for environmental management, at our offices and data centers. We are promoting continuous improvements based on ISO 14001 standards and are working to establish an environmental management structure for the entire Group.

Energy conservation initiatives

At our data centers and offices, which account for the bulk of our corporate activities, we are promoting initiatives that take the global environment into consideration, such as measures to conserve energy and reduce greenhouse gases. We are integrating and concentrating our data centers into high-spec, environmentally friendly data centers with high energy efficiency, employing measures such as outdoor air for cooling and rainwater utilization as well as use of renewable energy (geothermal power utilization, solar power etc.).



The TIS INTEC Group is taking an environment-conscious approach at offices and data centers, which form the bedrock of corporate activities, by introducing measures to save energy and cut greenhouse gas emissions.

Examples of Environment-Friendly Activities at Data Centers

- Outdoor air for cooling
- Use of geothermal energy
- Use of rainwater
- Use of well water
- Lighting equipment run on solar power
- Green power procurement
- Natural lighting
- LED lighting
- Optimized lighting with motion sensors and ambient light sensors
- Highly efficient equipment
- Rooftop greenery
- Landscaping
- External appearance harmonizing with the local surroundings
- Noise-damping, heat-insulating sashes



Natural light (solar tracking equipment)



Solar power generation monitor



Rooftop greenery

Examples of Environmentally Conscious Activities at Offices

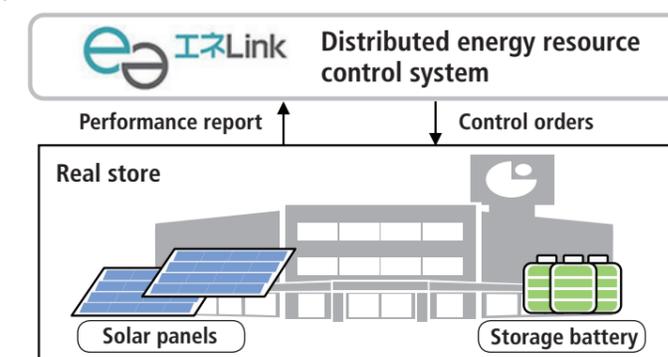
- Cool Biz
- Going paperless (monitors set up in meeting rooms)
- Recycling PCs
- Confidential documents being solution-treated by a provider
- Garbage being sorted for appropriate and in disposal
- Participating in eco-cap movements
- Partnering in Table for Two program
- Turning off lights in work areas during lunch hour and unused and absence areas
- Reducing use of lighting
- Employing more environmentally friendly air conditioner settings
- Stopping running air barrier fans
- Switching power off on machines, such as copiers and shredders, during periods of non-use
- Turning off heating in washrooms, and disabling hot water setting
- Banning vehicle idling
- Ensuring water taps are closed
- Encouraging use of stairs instead of elevators
- Ending superfluous wrapping
- Encouraging employees to use personal thermos bottles and reusable shopping bags
- Encouraging employees to take vacation during summer

Case study: Start of joint proof-of-concept experiments at stores for distributed energy resource generation

Since February 2020, in cooperation with Kansai Electric Power Co., Inc., TIS has been conducting a series of proof-of-concept experiments at stores to employ distributed energy resources (DER) – small-scale electricity generation and use at source. These facilities will use solar panels to harness a renewable energy source and batteries for energy storage. Solar power generation doesn't emit CO₂, but the amount of power generated by solar panels depends on the weather. By installing storage batteries together with solar panels, excess power can be stored when there is a large amount of power generation and used as needed. This project aims to demonstrate the value of distributed energy resources and maximize the efficiency of energy management, in the process contributing directly to a low-carbon society as well as to business continuity planning (BCP).



Overview of proof of concept experiments for distributed energy resource control



*Please visit the following page for details (Japanese only).
https://www.tis.co.jp/news/2019/tis_news/20200219_1.html

Consolidated Financial Summary

TIS Inc., and consolidated subsidiaries
Years ended March 31

(Millions of yen)

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Net sales	313,856	323,173	327,417	337,834	346,647	361,025	382,689	393,398	405,648	420,769	443,717
Cost of sales	254,827	261,145	266,159	276,935	283,881	294,927	312,153	317,440	321,286	325,985	337,820
Gross profit	59,029	62,027	61,258	60,899	62,766	66,097	70,535	75,958	84,362	94,784	105,896
Gross profit ratio (%)	18.8%	19.2%	18.7%	18.0%	18.1%	18.3%	18.4%	19.3%	20.8%	22.5%	23.9%
Selling, general and administrative expenses	43,032	49,209	45,636	42,727	43,255	44,976	46,099	48,938	51,618	56,740	61,057
Selling, general and administrative expenses ratio (%)	13.7%	15.2%	13.9%	12.6%	12.5%	12.5%	12.0%	12.4%	12.7%	13.5%	13.8%
Operating income	15,996	12,818	15,621	18,171	19,510	21,121	24,436	27,019	32,743	38,043	44,839
Operating margin (%)	5.1%	4.0%	4.8%	5.4%	5.6%	5.9%	6.4%	6.9%	8.1%	9.0%	10.1%
Recurring profit	15,719	12,625	15,393	17,440	18,971	21,251	24,521	27,092	32,795	38,603	46,070
Recurring profit ratio (%)	5.0%	3.9%	4.7%	5.2%	5.5%	5.9%	6.4%	6.9%	8.1%	9.2%	10.4%
Net income attributable to owners of the parent company	7,659	5,985	2,135	5,868	7,913	10,275	12,678	16,306	20,620	26,034	29,411
Net income ratio (%)	2.4%	1.9%	0.7%	1.7%	2.3%	2.8%	3.3%	4.1%	5.1%	6.2%	6.6%
Current assets	141,967	128,455	142,442	138,219	143,519	140,450	166,666	152,162	162,064	176,231	181,543
Fixed assets	171,109	172,620	167,560	164,083	170,091	205,401	169,828	185,459	204,889	194,426	201,356
Software assets	10,578	11,337	12,197	11,769	12,928	13,252	15,428	16,056	16,866	19,177	22,887
Total assets	313,077	301,076	310,003	302,302	313,610	345,851	336,495	337,622	366,954	370,657	382,899
Current liabilities	86,255	73,090	83,065	91,063	72,790	77,666	91,508	78,676	81,310	91,126	88,479
Non-current liabilities	71,746	76,875	75,972	53,079	76,316	79,395	64,447	59,743	59,344	45,121	46,462
Total liabilities	158,001	149,965	159,038	144,143	149,107	157,062	155,955	138,420	140,655	136,248	134,942
Net assets	155,075	151,110	150,965	158,159	164,502	188,789	180,539	199,202	226,298	234,408	247,957
Total liabilities and net assets	313,077	301,076	310,003	302,302	313,610	345,851	336,495	337,622	366,954	370,657	382,899
Total interest-bearing debt	91,646	77,454	76,515	60,550	58,869	52,114	46,158	35,144	32,876	26,893	22,294
Interest-bearing debt ratio (%)	29.3%	25.7%	24.7%	20.0%	18.8%	15.1%	13.7%	10.4%	9.0%	7.3%	5.8%
Cash flow from operating activities	31,400	27,236	23,658	21,515	25,770	22,938	25,496	18,952	36,386	37,558	38,569
Cash flow from investing activities	(25,726)	(18,957)	(15,158)	(14,391)	(5,334)	(17,744)	8,688	(23,488)	(14,202)	(1,213)	(26,437)
Cash flow from financing activities	6,139	(18,755)	(4,230)	(19,883)	(5,872)	(19,067)	(14,979)	(18,327)	(10,543)	(16,773)	(14,544)
Cash and cash equivalents at the end of the term	46,987	36,492	41,119	28,433	43,142	29,485	48,651	25,730	37,545	57,083	54,684
Free cash flow	5,674	8,279	8,500	7,124	20,436	5,194	34,184	(4,536)	22,184	36,345	12,132
Capital expenditures	15,676	18,325	14,096	12,287	12,544	16,873	14,210	15,159	16,907	13,334	16,702
Depreciation	11,978	12,308	12,745	12,920	12,454	12,809	11,952	11,801	12,572	12,783	12,020
Research and development expenses	912	1,062	962	1,002	853	1,097	1,086	1,178	996	1,003	1,702
Amortization of goodwill	1,389	1,901	1,882	1,741	1,166	1,052	339	326	289	289	171
Goodwill balance at the end of the term	6,863	5,551	3,672	1,914	830	2,021	1,393	1,332	1,118	503	355
Number of employees at the end of the term	20,476	20,831	20,347	19,553	19,081	19,090	19,393	19,843	19,877	19,483	19,744
Number of new-graduate recruits	974	928	649	356	455	620	688	674	712	892	810
Number of regular recruits	512	370	450	379	549	499	687	575	840	661	731
Order Status (Software development)											
Orders received during the term	146,621	162,287	174,680	179,352	172,721	199,842	207,345	208,307	219,225	238,298	246,330
Order backlog at year-end	49,569	47,967	57,778	62,055	58,869	71,095	69,961	64,751	67,716	75,549	79,277

Notes: 1. Software assets indicates the total sum of software and software in progress.
2. Total interest-bearing debt indicates the total sum of borrowed money and corporate bonds.
3. Free cash flows indicate the total sum of cash flows from operating activities and cash flows from investing activities.
4. From the first quarter of fiscal 2019, TIS applies "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan, Statement No. 28, February 16, 2018). Figures for fiscal 2018 have been retrospectively restated in line with the aforementioned partial amendments.

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Equity ratio (%)	44.2%	47.7%	46.3%	49.8%	49.9%	53.3%	52.5%	57.8%	60.4%	62.0%	63.3%
Net income to equity capital ratio (ROE) (%)	5.7%	4.2%	1.5%	3.9%	5.1%	6.0%	7.0%	8.8%	9.9%	11.5%	12.5%
Total asset turnover ratio	1.03	1.05	1.07	1.10	1.13	1.09	1.12	1.17	1.15	1.14	1.16
Financial leverage	2.26	2.18	2.13	2.08	2.01	1.93	1.89	1.81	1.69	1.63	1.58
Recurring profit to total assets ratio (ROA) (%)	5.2%	4.1%	5.0%	5.7%	6.2%	6.4%	7.2%	8.0%	9.3%	10.5%	12.2%
Net income per share—basic (yen)	89.25	68.19	24.33	66.86	90.16	117.40	145.22	189.02	241.44	307.83	350.35
Net income per share—diluted (yen)	—	—	24.33	66.83	90.12	—	—	—	—	—	—
Annual dividends per share (yen)	32.00	32.00	18.00	21.00	25.00	30.00	33.00	36.00	40.00	70.00	90.00
Payout ratio (%)	35.9%	46.9%	74.0%	31.4%	27.7%	25.6%	22.7%	19.0%	16.6%	22.8%	25.7%
Total return ratio (%)	35.9%	46.9%	74.0%	31.4%	27.7%	30.4%	35.3%	31.9%	30.5%	39.0%	39.8%
Net assets per share (yen)	1,602.77	1,636.56	1,636.72	1,714.88	1,782.23	2,108.19	2,031.07	2,265.76	2,602.07	2,719.79	2,890.27
Stock price at fiscal year-end (yen)	1,138	870	968	1,243	1,694	2,193	2,664	2,832	4,210	5,240	5,361
Highest stock price during the term	1,995	1,377	978	1,328	1,854	2,257	3,085	2,959	4,410	6,040	7,320
Lowest stock price during the term	952	655	654	798	1,020	1,524	2,156	2,180	2,742	4,060	4,045
Price earning ratio (PER) (times)	12.8	12.8	39.8	18.6	18.8	18.7	18.3	15.0	17.4	17.0	15.3
Price book-value ratio (PBR) (times)	0.71	0.53	0.59	0.72	0.95	1.04	1.31	1.25	1.62	1.93	1.85
Aggregate market value (millions of yen)	98,293	76,376	84,979	109,121	148,714	192,521	233,870	248,618	369,592	460,014	470,637
Number of outstanding shares at fiscal year-end (thousands)	86,373	87,789	87,789	87,789	87,789	87,789	87,789	87,789	87,789	87,789	87,789
Number of treasury stock at fiscal year-end (thousands)	22	15	16	19	4	320	864	1,701	2,613	3,358	3,952
Average number of shares during the term (thousands)	85,821	87,772	87,773	87,771	87,774	87,522	87,305	86,268	85,406	84,574	83,948
Sales by Client Sector											(Millions of yen)
Net sales	313,856	323,173	327,417	337,834	346,647	361,025	382,689	393,398	405,648	420,769	443,717
Credit card	57,151	52,614	45,084	48,846	49,402	53,743	59,274	65,006	73,314	73,648	75,118
Banking	23,480	25,819	26,702	26,230	29,049	25,444	27,867	28,233	27,452	26,583	30,100
Insurance	21,088	23,448	22,931	23,836	25,269	24,972	26,339	25,356	26,262	27,279	29,274
Other finance	19,062	19,178	23,416	21,337	23,481	23,312	20,406	20,857	22,127	19,502	24,289
Assembly-based manufacturing	40,196	46,323	40,363	38,824	40,904	45,785	49,455	42,723	43,777	46,028	45,739
Processing-based manufacturing	29,630	26,135	31,074	38,468	33,843	34,960	35,061	36,953	38,366	38,081	38,998
Distribution	24,983	22,870	26,267	27,398	30,009	31,775	32,702	31,773	28,872	32,908	33,976
Services	61,874	70,017	71,012	73,425	72,666	77,535	79,601	89,607	93,258	103,531	112,722
Public institutions	28,217	28,015	30,107	28,225	30,393	29,891	36,603	37,002	35,923	34,863	36,286
Others	8,175	8,754	10,456	11,241	11,626	13,604	15,376	15,882	16,292	18,343	4,044

Non-Financial Summary

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

	Scope of data collection	Related materiality	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Employee-related data (Note 1)						
*Averages are calculated as simple combined averages or weighted averages.						
Number of employees	C		15,357	15,638	15,948	16,109
Number of male employees	C	1-a	11,306	11,435	11,529	11,560
Number of female employees	C	1-a	4,051	4,203	4,419	4,549
Percentage of female employees	C	1-a	26.38%	26.88%	27.71%	28.24%
Number of non-Japanese employees	C	1-a	141	156	155	155
Average age	C	1-a	38.35	38.73	39.07	39.29
Average age of male employees	C	1-a	39.49	39.87	40.24	40.31
Average age of female employees	C	1-a	35.22	35.63	36.09	36.23
Average length of service (years)	C	1-a	13.61	14.40	12.88	12.84
Average length of service of male employees (years)	C	1-a	14.21	15.49	13.69	13.95
Average length of service of female employees (years)	C	1-a	11.03	11.47	10.78	11.04
Percentage of employees aged 60 and over (Note 2)	C	1-a	1.69%	1.97%	2.17%	1.71%
Number of employees with a disability (Note 2)	D	1-a	390.5	186.0	199.5	212.0
Percentage of employees with a disability (Note 2)	D	1-a	1.97%	2.18%	2.23%	2.23%
Number of employees in management positions	C	1-a	3,238	3,328	3,443	3,609
Percentage of employees in management positions	C	1-a	21.08%	21.28%	21.59%	22.40%
Number of male employees in management positions	C	1-a	2,999	3,056	3,147	3,278
Percentage of male employees in management positions	C	1-a	26.53%	26.72%	27.30%	28.36%
Number of female employees in management positions	C	1-a	239	272	296	331
Percentage of female employees in management positions	C	1-a	5.90%	6.47%	6.70%	7.28%
Average total working hours per month	C	1-b	171.98	168.37	166.36	162.64
Average non-scheduled hours worked per month	C	1-b	22.64	20.63	19.87	18.28
Percentage of annual paid leave taken	C	1-b	56.74%	67.63%	72.99%	75.69%
Number of employees on childcare leave	C	1-b	445	463	447	467
Number of male employees on childcare leave	C	1-b	29	27	38	53
Number of employees working shorter hours to care for young children	C	1-b	549	670	681	679
Number of male employees working shorter hours to care for young children	C	1-b	9	12	9	10
Number of employees on nursing care leave	C	1-b	8	13	13	19
Number of employees working shorter hours to care for elderly family	C	1-b	2	3	3	6
Turnover rate	C	1-b	4.17%	4.63%	4.82%	5.03%
Spending on learning and research (millions of yen)	C	1-c		1,702	1,805	1,915
Number of days spent on learning and research per person	F	1-c	7.03	12.54	14.39	14.20
Average annual income (10,000 yen)	F	1-c	653.3	668.8	681.3	701.9
Results of employee awareness surveys (See P.36)	F	1-c	34%	38%	45%	48%

	Scope of data collection	Related materiality	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Environmental data						
Scope 1 emissions (metric tons)	E	2-f	976	958	885	745
Scope 2 emissions (metric tons)	B	2-f	83,769	78,125	71,096	64,488
Energy consumption (Electricity Mwh)	B	2-f	167,907	157,623	149,523	143,383
Energy consumption (Heavy oil kL)	E	2-f	26	28	32	25
Energy consumption (Light oil kL)	E	2-f	11	11	10	0
Energy consumption (City gas, km ³)	E	2-f	389	379	343	302
Other non-financial data						
Social contribution expenses (millions of yen)	F	2-e	20	115	143	99
Political contributions (millions of yen)	F	2-e	—	—	—	—
Development loss rate (See P.66)	A	3-g	2.1%	0.9%	0.9%	0.6%
Results of customer satisfaction surveys (See P.70)	F	3-g	61.3%	69.1%	68.2%	72.7%
Number of directors (Note 3)	F	4-j	10	10	9	9
Number of female directors (Note 3)	F	4-j	0	0	1	1
Percentage of female directors (Note 3)	F	4-j	0.0%	0.0%	11.1%	11.1%
Number of external directors (Note 3)	F	4-j	3	3	3	3
Percentage of external directors (Note 3)	F	4-j	30.0%	30.0%	33.3%	33.3%

Related materiality

- Create a society in which diverse human resources are engaged and thrive
 - Promote diversity
 - Promote workstyle reforms
 - Human resource development and training emphasizing self-fulfillment
- Create a comfortable society through innovation and joint activities
 - Promote a safe, convenient social foundation that supports people and society
 - Connect with stakeholders and promote joint activities
 - Reduce environmental impact
- Create a safe society through high-quality services
 - Continuous quality improvement
 - Information security
 - Safeguard personal information
- Enhance corporate governance and earn the trust of society
 - Corporate governance
 - Compliance
 - Risk management

Scope of data collection

- TIS INTEC Group consolidated
- TIS, INTEC, AGREX, QUALICA, AJS, SorunPure, Chuo System, TIS System Service, TIS Solution Link, TIS Tohoku, TIS Total Service, TIS Nagano, TIS West Japan, TIS Hokkaido, and NEOAXIS
- TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service, and TIS Solution Link
- TIS, SorunPure, and affiliated specially recognized companies under the Group umbrella (11 companies in fiscal 2017 and five companies since fiscal 2018)
- TIS and INTEC
- TIS parent

- Notes: 1. Figures for fiscal 2017, fiscal 2018, fiscal 2019, and fiscal 2020 are based respectively on April 1, 2017; April 1, 2018; April 1, 2019; and April 1, 2020.
2. Figures for fiscal 2017, fiscal 2018, fiscal 2019, and fiscal 2020 are based respectively on June 1, 2017; June 1, 2018; June 1, 2019; and June 1, 2020.
3. Figures for fiscal 2017, fiscal 2018, and fiscal 2019, and fiscal 2020 are based respectively on June 30, 2016; June 30, 2017; June 30, 2018; and June 30, 2019.

TIS INTEC Group

(As of March 31, 2020)

TIS Inc., and 40 consolidated subsidiaries (As of March 31, 2020)

Domestic subsidiaries

TIS and main group companies	Shareholding ratio	Description of Business	Fiscal 2020, ended March 31, 2020 (Millions of yen, non-consolidated basis)	
			Net sales	Operating income (Operating income to net sales ratio)
TIS Inc. (operating holding company)	—	Focuses on credit card companies but pursues business opportunities in a wide range of sectors, including services and manufacturing. Promote to expand payment business. Merged with pure holding company IT Holdings Corporation in July 2016 and became operating holding company. (Incorporated April 1971)	196,661	19,597 (10.0%)
INTEC Inc.	TIS 100%	Focuses on megabanks and life insurers, and assists with CRM for regional banks and offers a wide selection of services to regional public corporations, particularly in the Hokuriku region. (Established January 1964)	116,360	10,055 (8.6%)
AGREX INC.	TIS 100%	Leading company in mainstay BPO field. Began global BPO services in October 2013. Became wholly owned subsidiary in March 2015, and centralized Group's BPO operations at AGREX. (Established September 1965)	33,729	2,149 (6.4%)
QUALICA Inc.	TIS 80% Komatsu 20%	Formerly, information systems subsidiary of Komatsu. Focuses on assembly-based manufacturers, mainly those under the Komatsu Group umbrella, while expanding business with companies in the distribution and restaurant sectors. (Established November 1982)	21,176	2,195 (10.4%)
AJS Inc.	TIS 51% Asahi Kasei 49%	Formerly, information systems subsidiary of Asahi Kasei. Focuses on companies under the Asahi Kasei Group umbrella. (Established March 1987)	16,865	1,892 (11.2%)

IUK Inc.
INTEC Solution Power Inc.
KOUSHI INTEC Inc.
SKY INTEC INC.
SorunPure Inc.
Chuo System Corporation
TIS System Service Inc.
TIS Solution Link Inc.
TIS Tohoku Inc.
TIS Total Service Inc.
TIS Nagano Inc.
TIS West Japan Inc.
TIS Business Consultants Inc.
TIS Beijing Inc.
TIS Hokkaido Inc.
Registration Network, Ltd.
NEOAXIS Co., Ltd.
Nexway Co., Ltd.
HOKKOKU INTEC SERVICE Inc.
MicroMates Corp.

Overseas Subsidiaries

● China

QUALICA (SHANGHAI) Inc.
TISI (Shanghai) Co., Ltd.

● Singapore

QUALICA Asia Pacific Pte. Ltd.

● Thailand

Baseline Technology Consultants Co., Ltd.
CODE IT Consulting Co., Ltd.
ECM Consulting Co., Ltd.
I AM Consulting Co., Ltd.
i Coach Co., Ltd.
iHR Consulting Co., Ltd.
iTS-Tradeship Co., Ltd.
PromptNow Co., Ltd.
TISI (Thailand) Co., Ltd.
QUALICA (Thailand) Co., Ltd.

● Vietnam

AGREX DNP Vietnam Co., Ltd.
(Changed company name in June 2020)

● United States

Sequent Software Inc.
TIS Ventures, Inc.

82 Equity Method Affiliates

(As of March 31, 2020)

Main equity method affiliates

● China

Shanghai CardInfoLink Data Service Co., Ltd. (CardInfoLink)
(Voting rights ownership ratio 18.2%, 11 subsidiaries under the company)

● Thailand

MFEC Public Company Limited
(Voting rights ownership ratio 24.9%, 10 subsidiaries under the company)

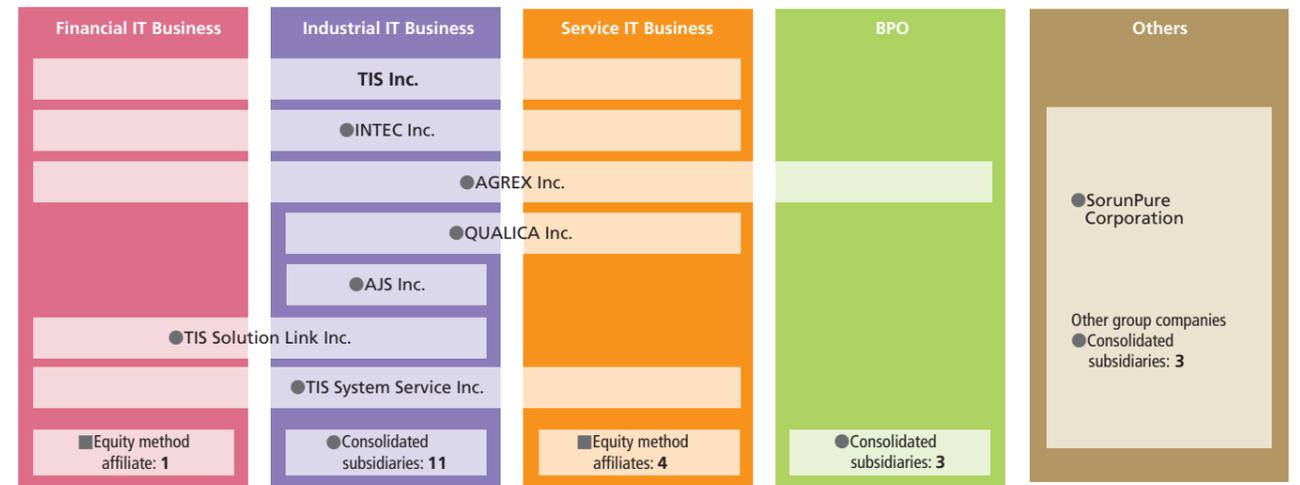
● Indonesia

PT Anabatic Technologies Tbk
(Voting rights ownership ratio 37.3%, acquired convertible bonds with stock acquisition rights, 53 subsidiaries under the company)

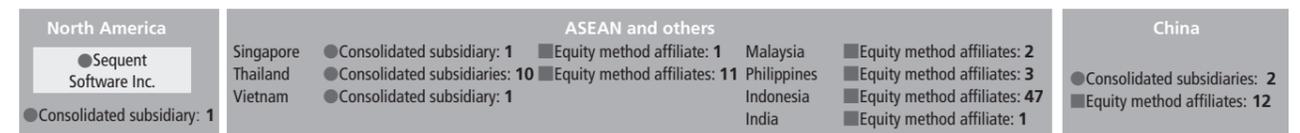
Group Formation

As of March 31, 2020, the TIS INTEC Group consists of 123 companies, including the parent company, 40 consolidated subsidiaries, and 82 equity method affiliates.

Domestic

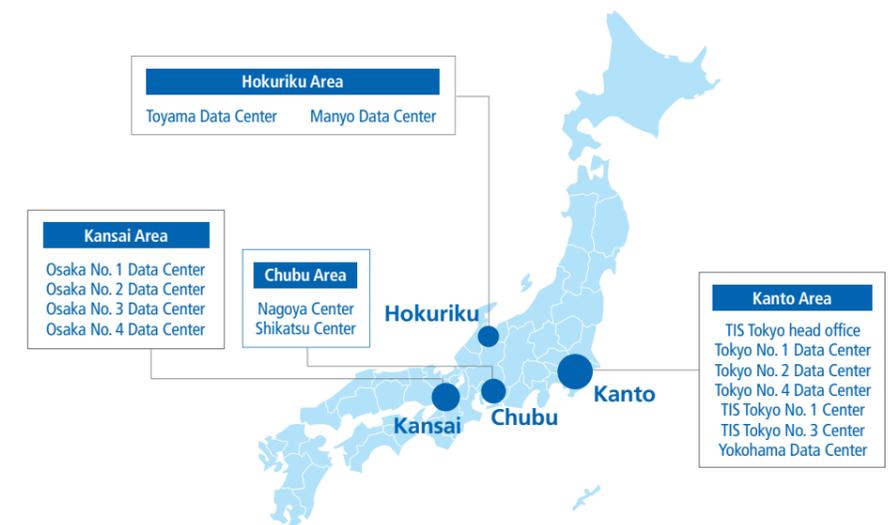


Overseas



Domestic Business Hubs

TIS INTEC Group has an extensive business presence, particularly in Tokyo, Nagoya, Osaka and Toyama. It has 14 data centers in Japan, with locations in major urban centers.



International Business Hubs

We are pursuing development mainly in the ASEAN region, shifting our focus from creation of offshore development hubs to setting up business hubs.

We have established an office in Silicon Valley, United States, to conduct state-of-the-art research and create new business.



Corporate Profile

(As of July 1, 2020)

Company name	TIS Inc.
Founded	April 28, 1971
Established	April 1, 2008
Main business	Outsourcing services, software development, and solution services regarding investments in information technology. Management and business execution of group companies that carry on information and communication business
Head office	Sumitomo Fudosan Shinjuku Grand Tower, 17-1, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo, 160-0023, Japan Tel. +81-3-5337-7070 Fax +81-3-5337-7555
Paid-in capital	¥10 billion
Number of shares authorized	840,000,000 shares
Number of shares issued	263,367,294 shares
Number of shareholders	11,753 (As of March 31, 2020)
Stock listing	Tokyo Stock Exchange, First Section (Securities code: 3626)
Number of employees (consolidated)	19,744 (full-time employees, as of March 31, 2020)

Board of Directors, Audit & Supervisory Board Members

(As of July 1, 2020)

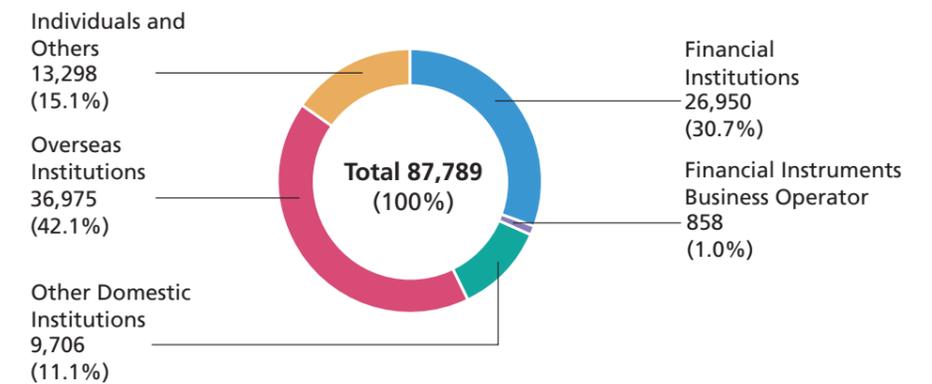
Chairman and President	Toru Kuwano
Representative Director, Executive Vice President	Masahiko Adachi
Director, Executive Vice President	Yasushi Okamoto
Director, Executive Vice President	Josaku Yanai
Director	Takayuki Kitaoka (President and Representative Director of INTEC Inc.)
Director	Akira Shinkai (Director, Executive Vice President of INTEC Inc.)
External Director	Koichi Sano*
External Director	Fumio Tsuchiya*
External Director	Naoko Mizukoshi* (Partner of Leftright Law & IP)
Standing Audit & Supervisory Board Member	Tetsuya Asano
Standing Audit & Supervisory Board Member	Tatsufumi Matsuoka
External Audit & Supervisory Board Member	Sadahei Funakoshi*
External Audit & Supervisory Board Member	Yukio Ono* (President of Accounting Offices of Yukio Ono)
External Audit & Supervisory Board Member	Akiko Yamakawa* (Partner of Vanguard Lawyers Tokyo)

* Designated as an Independent Director/Auditor as specified by the Tokyo Stock Exchange in Japan.

Senior Managing Executive Officers	Jun Ikimune Masahiro Hosokawa	Shinichi Horiguchi
Managing Executive Officers	Masahiro Ueda Kiyotaka Nakamura Tsuyoshi Fukuda Kei Ando	Naoto Kita Hisashi Shimizu Teruaki Akutsu
Executive Officers	Hirofumi Akashi Fumiyasu Mase Akira Ogane Satoru Tayasu Thanawat Lertwattanak Hiroto Ito Manabu Yano Hidehiko Shimoyama	Kyoko Takayanagi Tsuneyoshi Ito Yasushi Tajima Ikuo Shimizu Isao Otokita Yoshiyuki Hayashi Masakazu Kawamura

Share Composition by Shareholder

(As of March 31, 2020;
Thousands of Shares)



Major Shareholders

(As of March 31, 2020)

Name	Number of shares (Thousands)	Shareholding ratio (%)
ICHIGO TRUST PTE. LTD.	7,155	8.51
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,371	6.38
Japan Trustee Services Bank, Ltd. (Trust Account)	3,990	4.74
Employees' Shareholding Association of TIS INTEC Group	2,197	2.61
Nippon Life Insurance Company	2,073	2.46
MACQUARIE BANK LIMITED DBU AC	2,000	2.38
MUFG Bank, Ltd.	1,654	1.97
The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account)	1,598	1.90
BNYMSANV RE GCLB RE JP RD LMGC	1,415	1.68
JP MORGAN CHASE BANK 385151	1,396	1.66

Notes: 1. The Company holds 3,660 thousand shares of treasury stock. These are excluded from the table of major shareholders above. The 3,660 thousand shares of treasury stock do not include 212 thousand shares of Company stock held by TIS INTEC Group Employees' Shareholding Association Exclusive Trust, and 79 thousand shares of Company stock held by Board Incentive Plan (BIP) Trust.
2. Percentage shareholdings are calculated after deducting treasury stock.
3. Regarding 1,598 thousand shares held by The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account), Mitsubishi Electric Corporation reserves exercise of voting rights by Instruction.

Stock Price Range



Notes: 1. The TIS stock price and TOPIX (Tokyo Stock Exchange Price Index) are indexed at 100 based on the closing price of stock on April 30, 2009.
2. The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020. The above figures are presented using the number of shares before the stock split.

Evaluations from External Parties

Inclusion in SRI indexes

We have received high marks from various ESG (Environment, Social and Governance) rating agencies in Japan and overseas for our inclusion in the SRI (socially responsible investment) indexes and SRI funds listed below.

FTSE Blossom Japan Index



FTSE Blossom Japan

FTSE4Good Index Series



FTSE4Good

MSCI Japan Empowering Women Index (WIN)

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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

HR-related activities

TIS INTEC Group has endeavored to create a corporate culture and environment that allow diverse individuals to maximize their potential. It has produced results in reducing overtime hours, acquisition rates for annual leave, and various employment programs (shortened work schedules, working from home, flextime, etc.). Its HR-related activities have been highly evaluated by various external organizations.



IR-related activities

The Company believes the disclosure of information to shareholders and investors in a timely, appropriate, and fair manner is an important responsibility of listed companies, and is working to enhance IR activities and improve the content and functionality of its IR website. As one of the achievements in this area, we received the following awards.



2019 Internet IR Commendation Award
(Daiwa Investor Relations Co., Ltd.)
Awarded for nine consecutive years since 2013.



Fiscal 2019 Homepage Quality Ranking Survey of
All Listed Companies
(Nikko Investor Relations Co., Ltd.)
Received highest award as excellent website in comprehensive ranking for five consecutive years since fiscal 2015.



Gomez IR Site Comprehensive Ranking 2019
(Morningstar Japan K.K.)
Awarded for five consecutive years since 2015 as an excellent company.



Selected as one of the 50 candidates for the Tokyo Stock Exchange's
"Corporate Value Improvement Award"
(Fiscal 2017 and fiscal 2019)

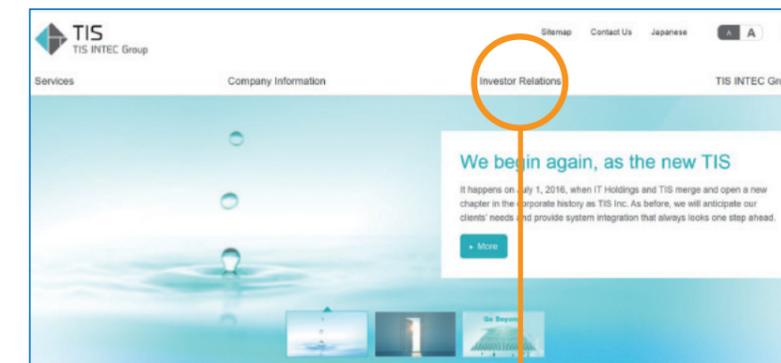
Selected for inclusion in the JPX-Nikkei Index 400
(Since August 2018)

Introduction to Our Website

In addition to the latest annual IR schedule, the latest corporate and financial information is published on our Company website and updated as needed.

Homepage

<http://www.tis.com/>

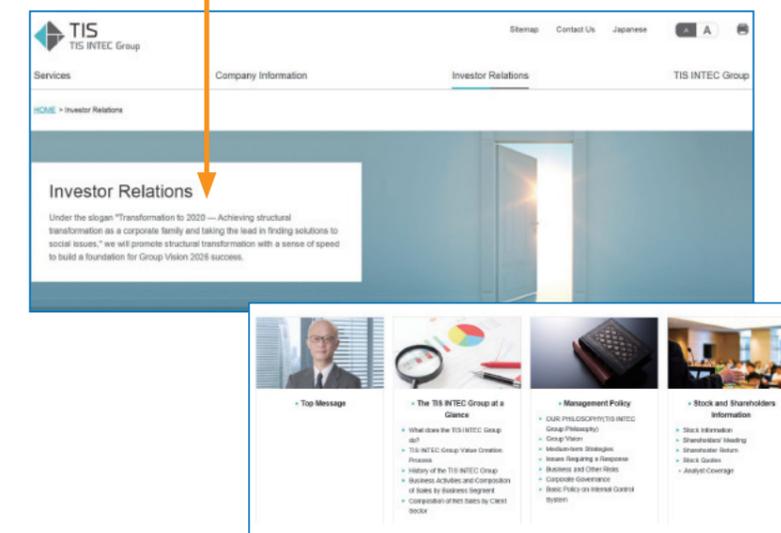


IR Information

<http://www.tis.com/ir/>



Download the latest IR information on financial information, such as integrated reports, from this page.



Corporate Governance

<http://www.tis.com/ir/policy/governance/>



Sustainability

<http://www.tis.com/group/csr/>

