

Make society's wishes come true through IT.



## TIS Inc.

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

Guided by this mission, we seek to make society a more colorful and vibrant place and

create a tomorrow full of more smiles than yesterday.

IT has the power to make the future brighter.

Make society's wishes come true through IT.

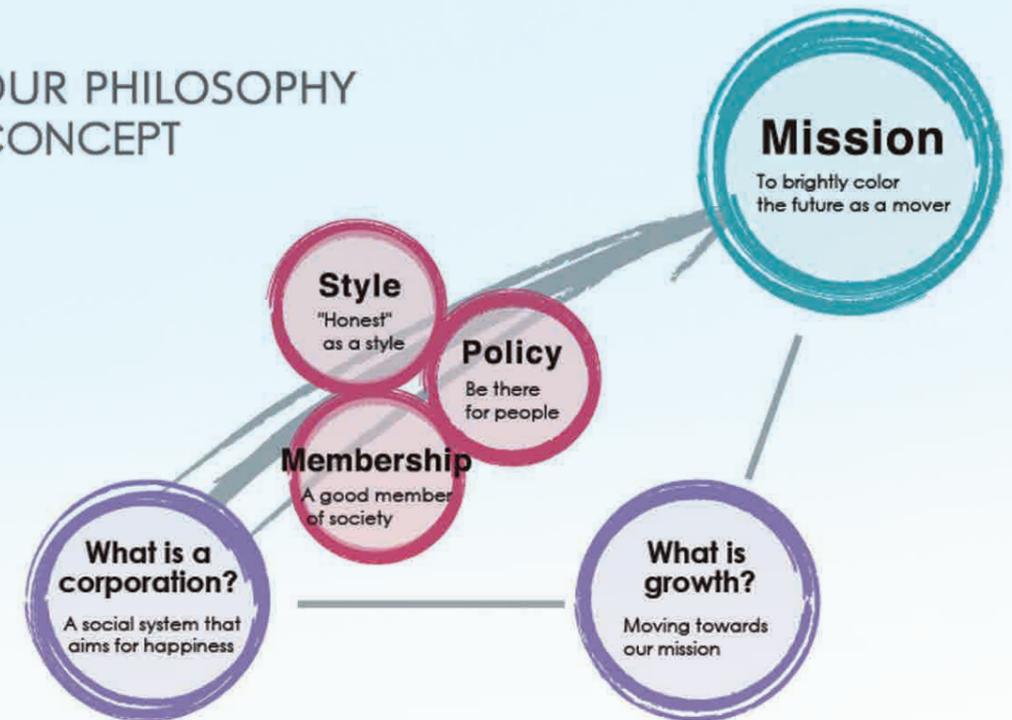


**OUR PHILOSOPHY (TIS INTEC Group Philosophy)**

OUR PHILOSOPHY represents the values of TIS INTEC Group. It clearly and broadly delineates the thinking and ideals that TIS INTEC Group highly values in its group's management, corporate activities, and constituent members. TIS INTEC Group's entire business revolves around OUR PHILOSOPHY.

**Mission | To brightly color the future as a mover**

**OUR PHILOSOPHY CONCEPT**



**Management Platform**

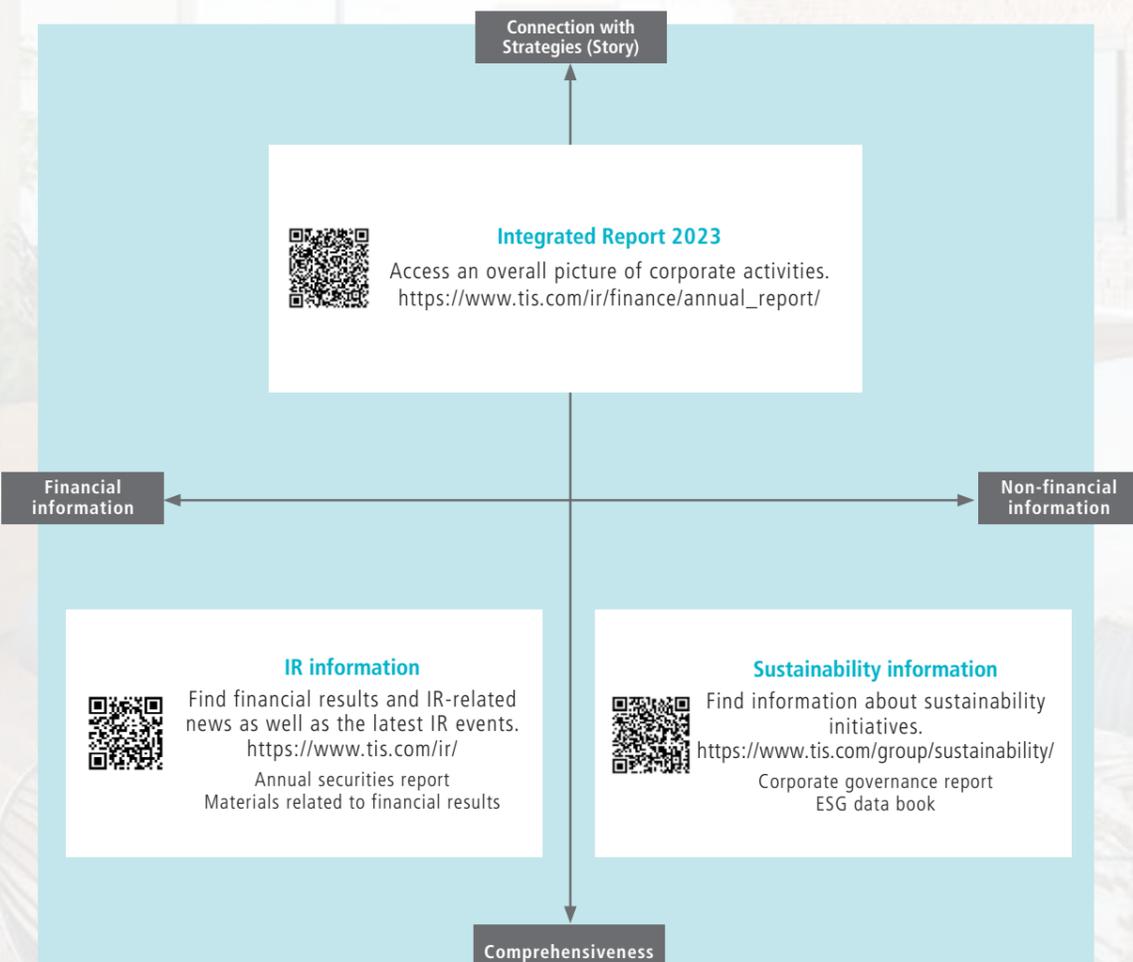
TIS INTEC Group has a clear business management platform. It can be referred to as our business management model. It is constructed with "social," "humanistic," and "rational" approaches in order to allow TIS INTEC Group to actively progress toward its mission, based on the fundamental and underlying concept that the corporation is "a social system that aims for happiness" and engages in value exchange with stakeholders. Let's take a look at the two models within the platform.

3V Management is the basic management platform at TIS INTEC Group. It is a management model centered on the encouragement of Values (Value-based management), Vision (Vision-based management), and Vitality (Vitality-based management), named the 3Vs.

TIS INTEC Group places a great deal of importance on "CPS" in the management of its business. CPS is an acronym for Culture-oriented, People-based, and Social-perspective. It refers to business management that is based on and respects the culture of the country or region where the company is located, is centered and focused on people, and intends to improve sociality.



## Editorial Policy



The Group regards the Integrated Report as an important tool for dialogue with all stakeholders, including shareholders and other investors. To provide a clearer understanding of the Group's approach and efforts to sustainably enhance its corporate value, we compiled this report with a focus on matters of particular importance that we wish to convey while also providing important financial and non-financial information.

In addition to top management's explanation of medium- and long-term growth strategies, this special feature section focuses on the status of service-style businesses in the context of our structural transformation. It also introduces the initiatives to realize sustainable improvement in corporate value, connecting business strategy to human resources strategy. Please refer to our corporate website for more detailed information.

We hope that this report will give readers a better understanding of the Group and encourage greater dialogue.

**Scope of reporting:** TIS (parent) and TIS INTEC Group

**Issued:** September 2023

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.

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### Three Characteristics and Strengths of the TIS INTEC Group

#### 1. Solid management platform

TIS' solid management platform comprises three building blocks—a broad client base, an extensive business base and a stable financial base—which provides the leverage to drive business forward and underpins good financial health and capital efficiency.

#### 2. Dominant presence in payment services domain

TIS has cemented its position as a leading system integrator in the domestic payment services domain. Drawing on capabilities accumulated through SI activities, we are quickly rolling out service-style operations matched to technological innovation and diversifying payment methods.

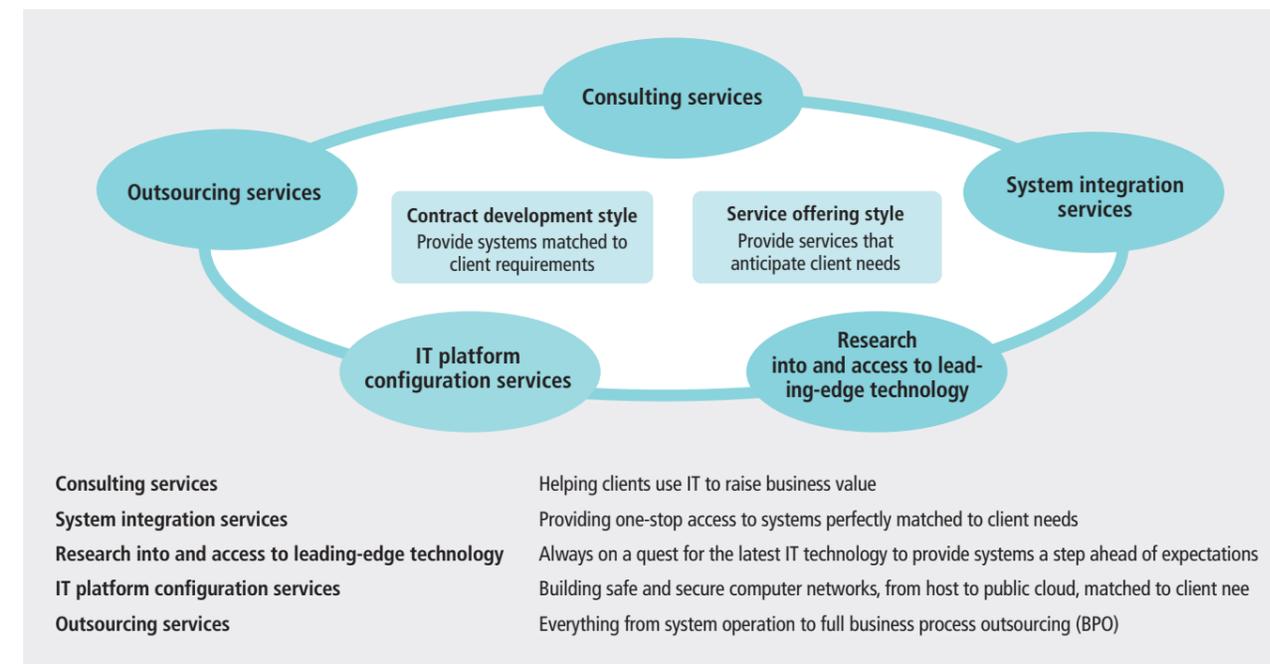
#### 3. Flexible management strategies and speedy decision-making thanks to independent status

The TIS INTEC Group established itself as the top of Japan's IT services industry as a major, independent corporate group free from *keiretsu* ties. The absence of a controlling shareholder ensures management independence facilitates decisions that leverage robust, flexible and speedy business development of Group operations.

### TIS INTEC Group Business Activities

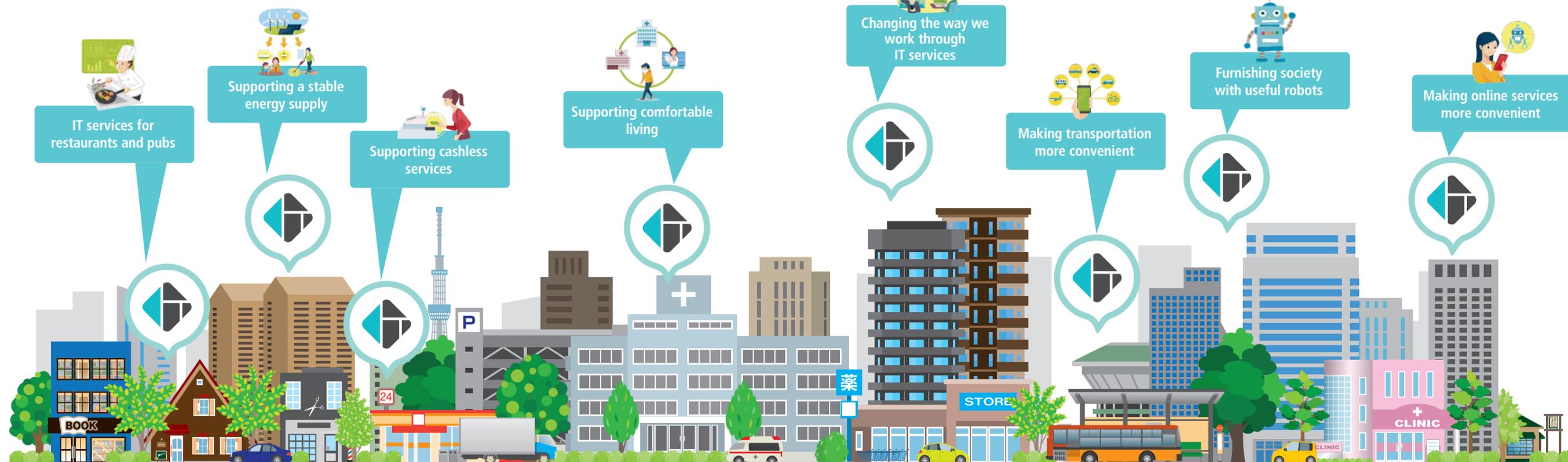
As an IT specialist which partners with clients, the Group handles a wide range of IT services to provide optimal one-stop support.

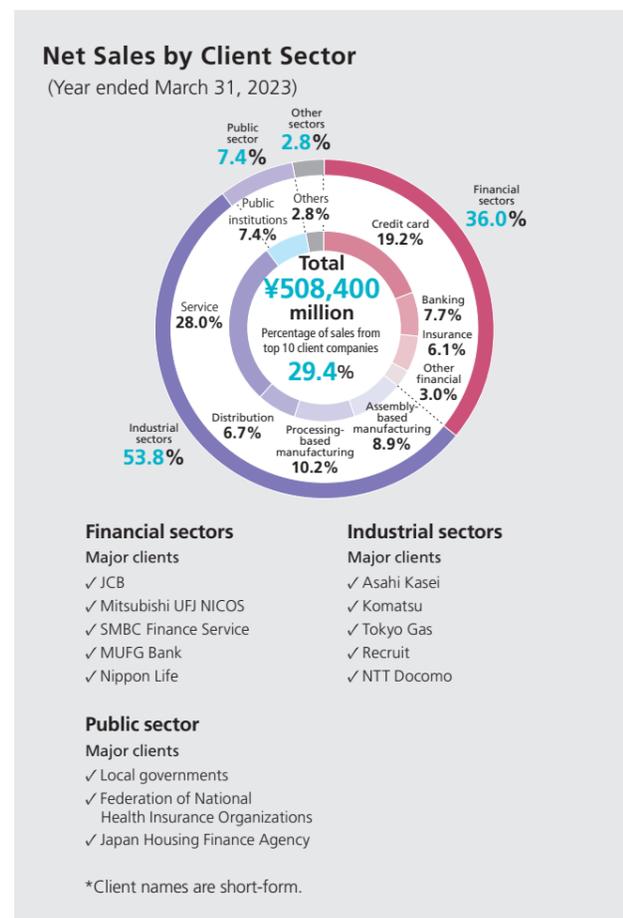
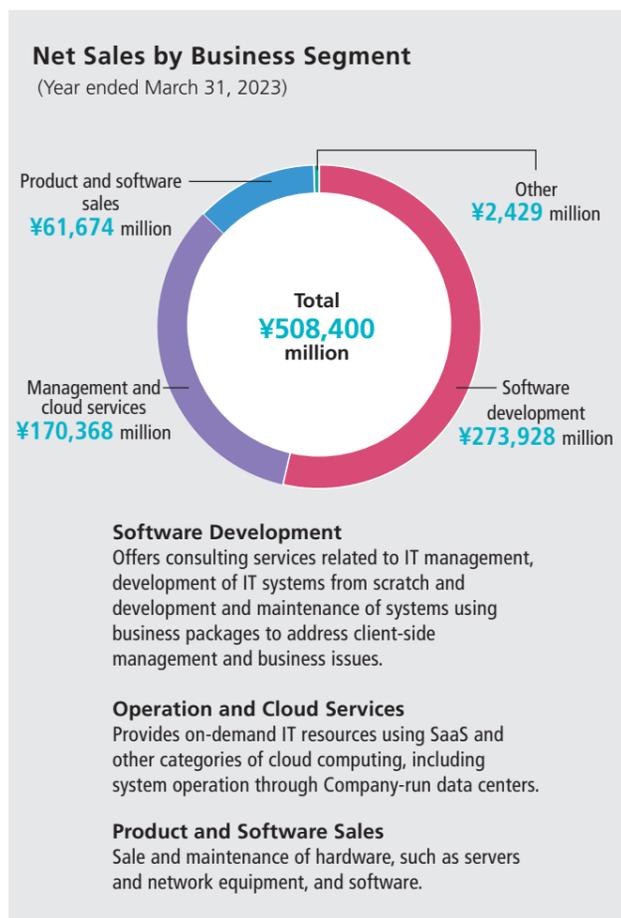
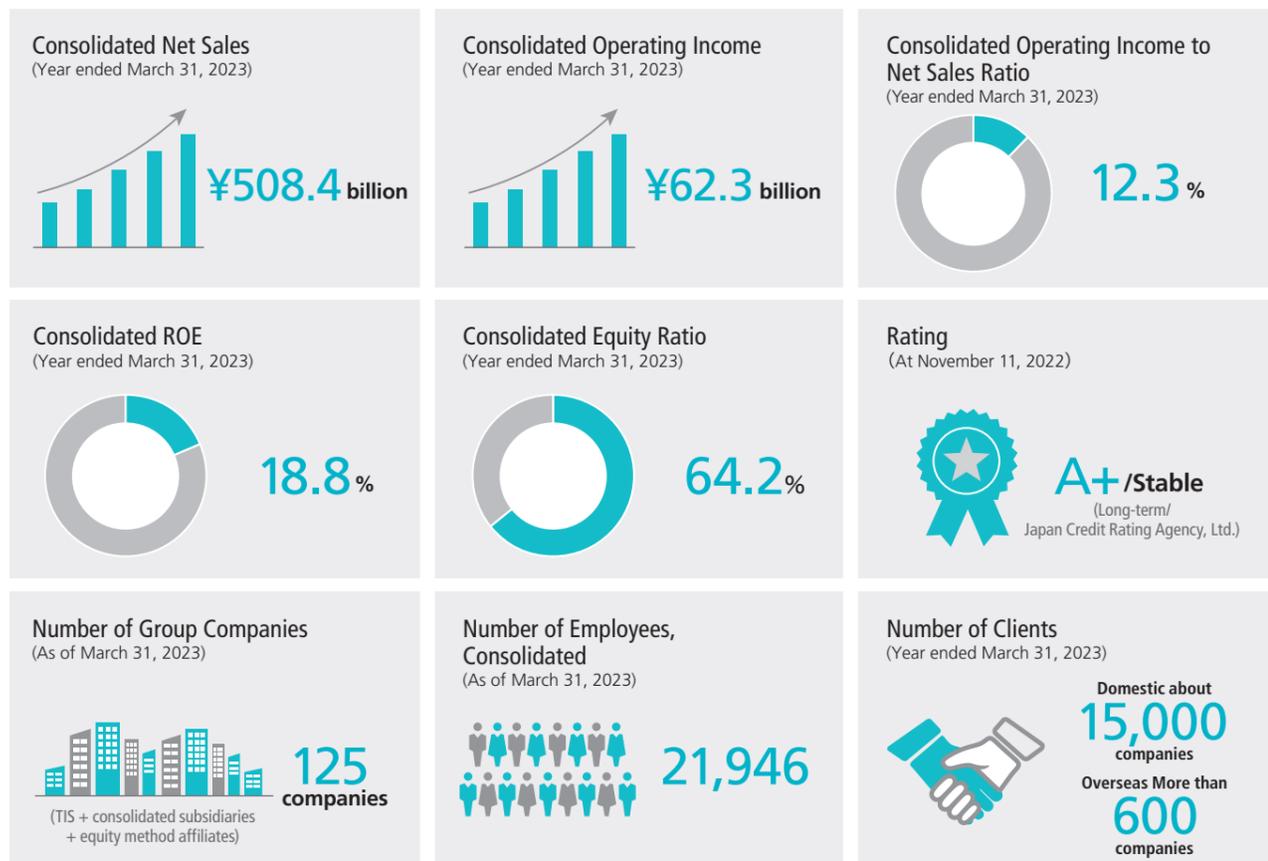
The Group's IT services supports society in ways some may take for granted, and contributes to meeting social needs through its business.



### Meeting Various Social Needs by Providing IT Services

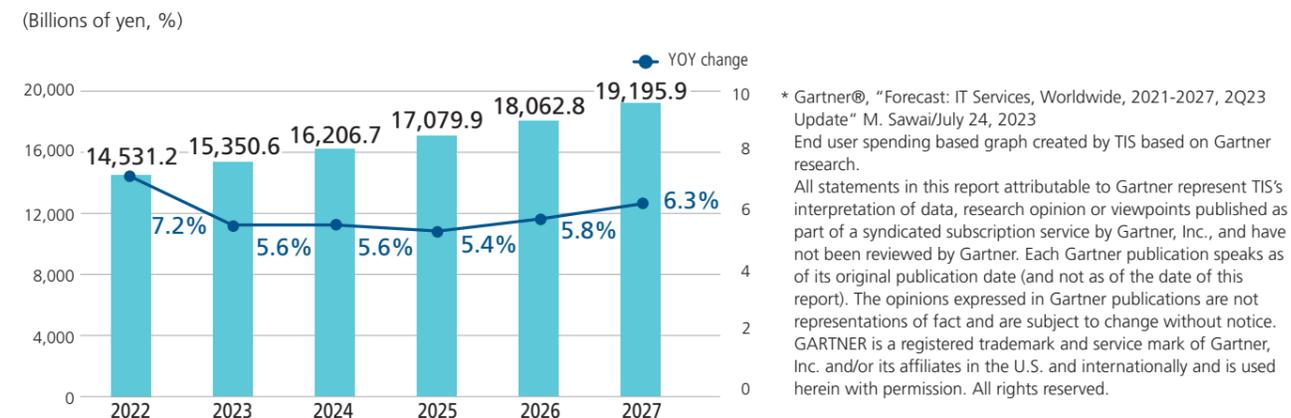
— The TIS INTEC Group operates across all these domains —



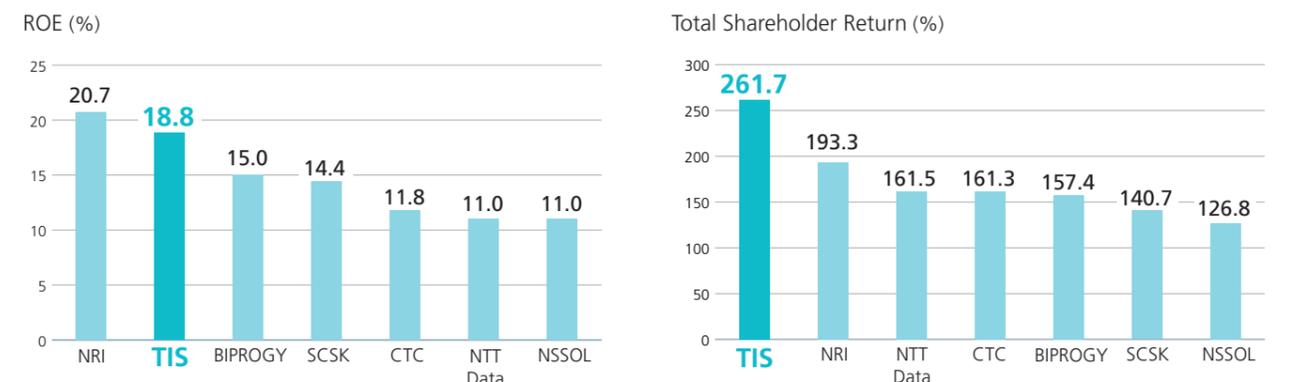
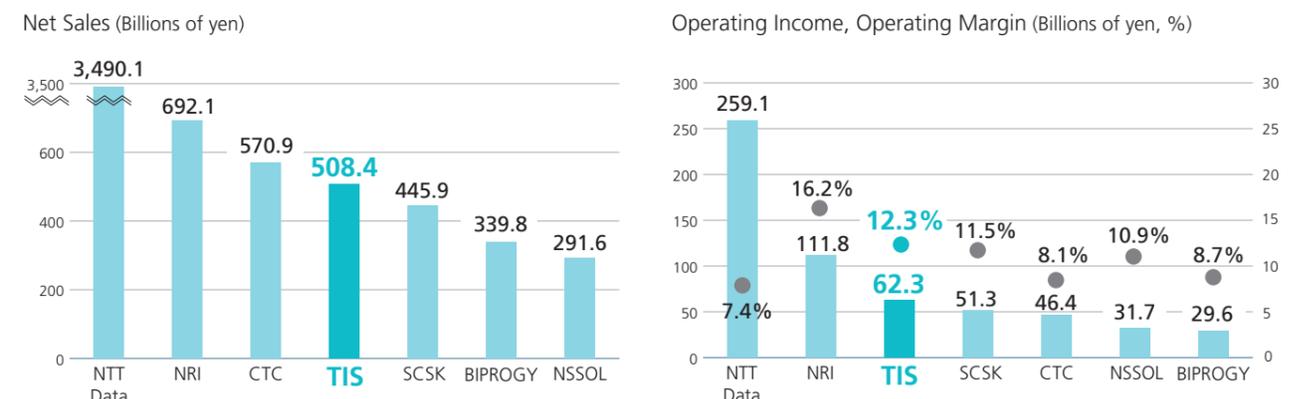


TIS INTEC Group has cemented a position as a leading, independent prime contractor in Japan's IT services industry—a market that is expected to continue growing against a backdrop of robust corporate demand for digital technology.

IT Services Market Size in Japan



Comparison of Japan's Leading IT Companies (Year ended March 31, 2023)\*1



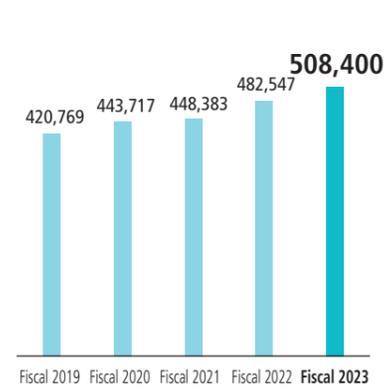
\*1The full company names used in the above graphs (NTT Data, NRI, CTC, SCSK, BIPROGY, and NSSOL) are: NTT Data Group Corporation, Nomura Research Institute, Ltd., ITOCHU Techno-Solutions Corporation, SCSK Corporation, BIPROGY Inc., and NS Solutions Corporation. NTT Data, NRI, CTC, SCSK, BIPROGY, and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

# Consolidated Financial/Non-Financial Highlights

## Financial Highlights

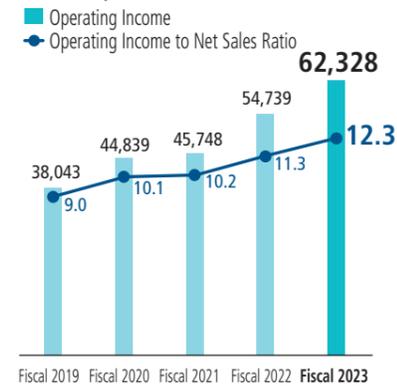
### Net Sales

(Millions of yen)



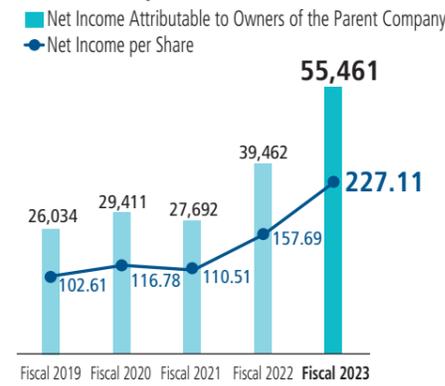
### Operating Income, Operating Income to Net Sales Ratio

(Millions of yen, %)



### Net Income Attributable to Owners of the Parent Company, Net Income per Share\*1

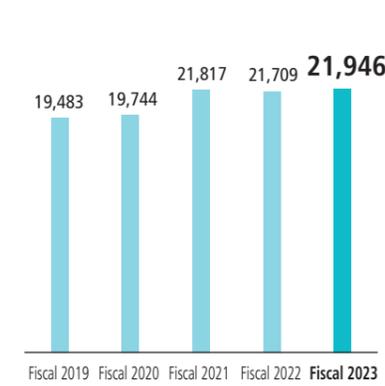
(Millions of yen, Yen)



## Non-Financial Highlights

### Number of Employees at Year-End (Consolidated)

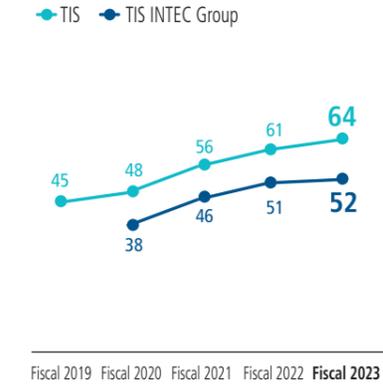
(Person)



### Results of Employee Awareness Surveys\*2

(%)

● TIS ● TIS INTEC Group



### Number of Days Spent on Learning and Research per Person\*2

(Day)

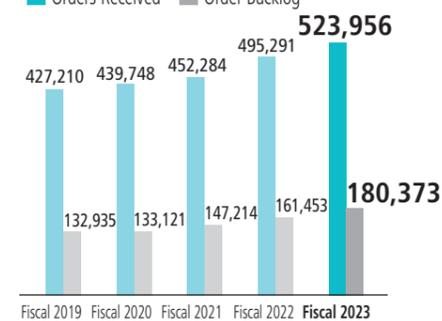
● TIS ● TIS INTEC Group



### Orders Received during the Term, Order Backlog at Year-End (Total)

(Millions of yen)

■ Orders Received ■ Order Backlog



### Free Cash Flow

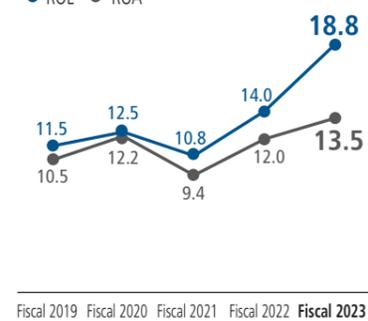
(Millions of yen)



### ROE, ROA

(%)

● ROE ● ROA



### Percentage of Female Employees in Management Positions\*2, 3

(%)

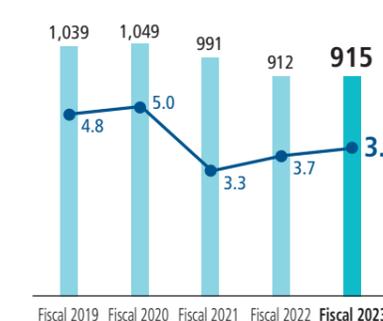
● TIS ● TIS INTEC Group



### Number of People Hired/Turnover Rate\*2

(Person, %)

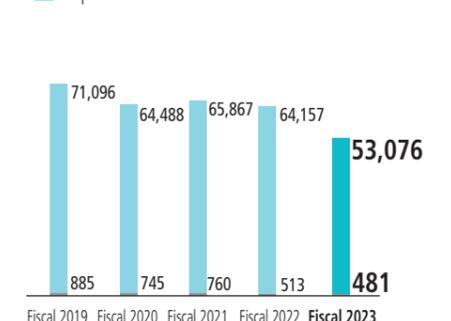
■ Number of new graduate recruits and mid-career hired ● Turnover rate



### Greenhouse Gas Emissions\*4

(t-CO<sub>2</sub>)

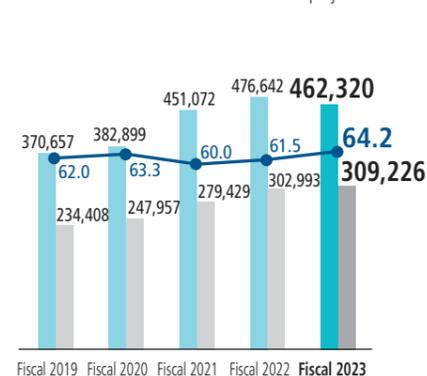
■ Scope 1 ■ Scope 2



### Total Assets, Net Assets, Equity Ratio

(Millions of yen, %)

■ Total Assets ■ Net Assets ● Equity Ratio



### Dividends per Share\*1, Payout Ratio, Total Return Ratio

(Yen, %)

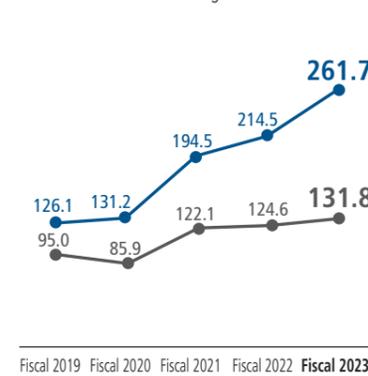
■ Dividends per Share (annual) ● Payout Ratio ● Total Return Ratio



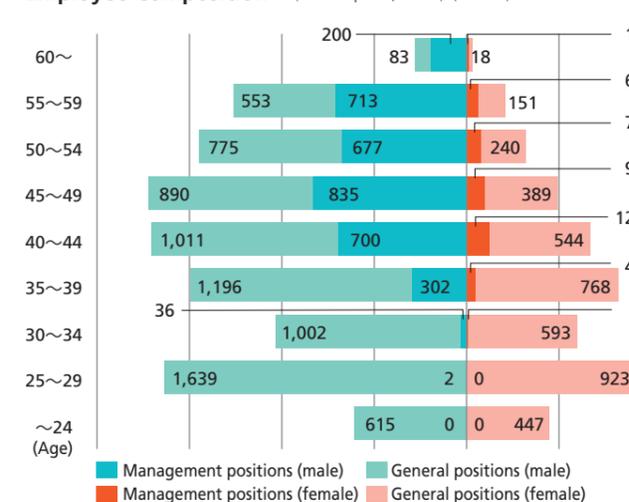
### Total Shareholder Return

(%)

● TIS ● TOPIX including dividends



### Employee Composition\*2 (As of April 1, 2023) (Person)



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

\*2 The figures include the TIS INTEC Group's seven principal companies (TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service, and TIS Solution Link).

\*3 Figures for fiscal 2019, fiscal 2020, fiscal 2021, fiscal 2022, and fiscal 2023 are based respectively on April 1, 2019; April 1, 2020; April 1, 2021; March 31, 2022; and March 31, 2023.

\*4 The figures include TIS, 12 consolidated subsidiaries (domestic) and nine consolidated subsidiaries (overseas).

\*Other non-financial data and scope of collection, details refer to "6. Nonfinancial data" of the "ESG Data Book".

[https://www.tis.com/group/sustainability/esg\\_databook/index.html](https://www.tis.com/group/sustainability/esg_databook/index.html)



Yasushi Okamoto, President

## A reinforced frontline will fuel progress on structural transformation that underpins sustainable improvement in corporate value.

Yasushi Okamoto, TIS President and Representative Director, looks back on fiscal 2023, ended March 31, 2023, highlights progress on the current medium-term management plan and key themes going forward, and comments on the Group's vision for the future.

### Looking back on fiscal 2023

It was a year marked by favorable business results and progress on frontline reinforcement.

Fiscal 2023 delivered higher sales and higher income year on year, breaking past performance records and enabling TIS to achieve net sales, operating income and operating margin targets stated in the medium-term management plan a year ahead of schedule. These results reflect a huge amount of work and solid backup by everyone—management and employees alike—throughout the TIS INTEC Group to respond diligently to the active IT investment needs of clients, particularly thriving demand for digital transformation (DX). We also achieved a very commendable increase in return-on-equity through measures to enhance management, namely reduction of cross-shareholdings and execution of treasury share buybacks to optimize capital structure.

I also get a real sense of progress on frontline reinforcement—a management theme I have emphasized since becoming president. The current medium-term management plan is the second step toward achieving our corporate vision—“Create Exciting Future”—by 2026, and during this step, we are fully engaged in efforts to improve the value of DX services provided to better address social issues, promote further structural transformation, and strengthen value exchange with stakeholders through this process. Frontline reinforcement is essential to structural transformation, and my message is and will continue to be that all employees and management, including myself, be proactive in thought and deed—that is, look beyond strengthening skills in marketing and planning from a client perspective—and thereby respond to the needs of all the stakeholders we connect with.

Frontline reinforcement is a long-term process, like using traditional herbal medicine to improve health, and progress or markers of success may be hard to define numerically. But I can tell you we explored many different avenues in fiscal 2023 that will ultimately reinforce the frontline. Of note, we rolled out training programs to develop DX consultants, with more than 400 people already qualified, moving ever closer toward our goal of 500 by fiscal 2024. We also extended a business partner satisfaction survey into the entire group, which complements existing client satisfaction and employee awareness surveys, to deepen engagement with business partners who are indispensable in executing projects. And we reviewed the new human resources structure, which was introduced in April 2023, as well as the associated compensation system. These are extremely major steps toward enhancement of human resources, our most valuable corporate asset. Of course, we actively provided opportunities for dialogue with shareholders and investors, as well, and encouraged a deeper level of engagement across stakeholder groups.

### Structural transformation and human resources strategy

We are creating an environment in which employees are comfortable taking on new challenges.

The TIS INTEC Group has been involved in a process of structural transformation, including expansion of service-based businesses, since 2018. From our earliest days, our strength has always been system integration (SI) capabilities for customized development of clients' large-scale core systems. We will continue to polish these capabilities as a core competence. However, a current ask from clients these days is to reduce the time and cost associated with system development, so we will focus on template-type service-based solutions developed through anticipation of shared client needs. SI and service-based solutions are, fundamentally, a form of production, but the approaches taken are the polar opposite. SI is customized support defined by individual client requirements whereas service-based solutions reflect an understanding of wider market needs that we ourselves address with upfront investment to create software as a service available to anyone. Frontline reinforcement that fuels active participation is essential to this evolution of our form of production, and we are boldly engaged in this process.

Engagement with human resources—the champions of structural transformation and the energy that fuels corporate growth—has always featured prominently in our human resources strategy. We have highlighted three themes—the significance of work, the work environment, and compensation—and have seized on new opportunities, including workstyle reform and the opening of the state-of-the-art Toyosu Office, to showcase our commitment to human resources. In fiscal 2023, TIS took steps to update its human resources system, with changes scheduled to be implemented from April 2023. Of note, under the new compensation system, the underlying goal is to increase base salaries, with an upper limit of 17% and an average of 6%, and we have prepared for a ¥5 billion increase in aggregate personnel costs, including improved employee perks on a groupwide basis.

Compensation for employees comprises two components: a bonus and base salary. It is incumbent upon management to ensure employees fully understand that the bonus component corresponds to fiscal results and individual performance in terms of contributing to such results. That said, to encourage employees to be active participants in structural transformation and gamely embrace challenges—thus providing support indispensable to the Group's future—we have to keep base salaries high and lay the foundation for a stable standard of living resilient to changes in the market environment and business results. For some time already, we have maintained annual salary increases in line with other companies, but I believe it is the duty of management to

create an environment that draws talented people to the Group and enables them to fully demonstrate their capabilities in a comfortable working environment. This was the determining factor in our bold approach to upfront investment in human resources at this time.

**Growth strategy for IOS strategic domain, tapped as most powerful growth engine**  
**We will leverage the payment solutions business as a key component of our growth strategy.**

The TIS INTEC Group boasts a long track record of involvement in building financial systems, especially mission-critical systems for clients in the credit card sector, and has strong solution capabilities. TIS, in particular, can lay claim to being Japan's No.1 system integrator in the payment services sector, a position cemented by PAYCIERGE, which is a digital payment settlement platform infused with know-how accumulated over many years in the SI business.

PAYCIERGE addresses all digital payment processes associated with prepaid, debit and credit formats and covers SaaS-type services, which eliminates the need for a client to build its own system, as well as smartphone payment, security and other functions basic to a payment platform. That said, peripheral services related to payment settlement are expanding all the time to meet changing payment settlement needs, and PAYCIERGE continues to evolve as well. For example, Japan lifted restrictions on digital salary payments, effective April 1, 2023, and with employee consent, companies are now permitted to deposit wages into designated funds transfer service provider accounts, including payments through various apps instead of traditional bank accounts. A completely new trend in money circulation has emerged, and through tie-ups with companies to which we

have provided salary payment packages in PAYCIERGE, the platform is already prepared for providing digital salary payment services. I'm sure new money trends will emerge beyond salary payment, even in peripheral services related to payment settlement, such as reimbursement of expenses and payment of taxes. We, too, have to keep evolving to ensure that PAYCIERGE is seen by companies as a one-stop solution capable of covering all payment needs.

In addition, heightened expectations for the TIS INTEC Group are being felt on the frontlines of business. For example, we are already participating in verification tests, including proof-of-concept for next-generation MaaS (Mobility as a Service) transportation services and local e-currency. But the various services, once commercially available, will require payment from the people who use them, and our strength in payment services is highly attractive to companies not only in the finance sector but also in non-financial sectors seeking to work together on new services geared to the changing needs of society.

Against this backdrop, we are rolling out initiatives that will translate into an expanded portfolio for PAYCIERGE. Looking to respond to demand for embedded finance, which is the integration of financial services into non-financial businesses' infrastructures, TIS turned ULTRA Co., Ltd., an internationally branded prepaid payment servicer, into a subsidiary in May 2022. More recently, in April 2023, TIS turned Nihon ICS Co., Ltd., a provider of financial accounting packages for tax accounting offices and companies, into a subsidiary to reinforce IOS (IT Offering Services), a strategic domain. Nihon ICS has connections to more than 10,000 tax accounting offices across Japan, more than 400,000 client companies and more than 100 financial institutions and has many years of tangible results in providing the kind of business models the TIS INTEC Group seeks for IOS. To date, the Group

has developed business activities with an emphasis on major corporations, but in bringing Nihon ICS, with its proven track record and high-level technology and know-how in accounting/taxation software packages, under the Group umbrella, the Group embarks on a journey toward a new destination—providing solutions to a complementary set of small and mid-sized companies and realizing new business opportunities.

**Efforts to create a new pillar of business**  
**We are expanding efforts that utilize digital technology to help address social issues at home and abroad.**

Creating a new pillar of business to complement PAYCIERGE and turning it into a corporate strength is a priority in our goal to fuel further growth in IOS. Anticipating growth from a long-term perspective and defining the direction that will lead us to a successful result is one of the key responsibilities I have as president.

Currently, we have identified four social issues—financial inclusion, urban concentration/rural decline, low-carbon/decarbonized society, and health concerns—that we, as a corporate group, have the ability to help ameliorate through our business activities. Regarding health concerns, living life in good health is taking on greater importance as life expectancy in Japan hits 100, and against this backdrop, we are pleased to include in the Group's service menu a healthcare platform for building medical and health data managed primarily by medical institutions into personal health records that can be used to help individuals maintain good health. Visits to medical facilities during the pandemic were somewhat limited, especially if the reason was non-urgent, and progress in platform implementation was thus slower than hoped for. But we will continue to promote the platform as a tool for living life in good health.

Regarding the establishment of a low-carbon/decarbonized society, we aim to achieve carbon neutral status under Scope 1, 2 criteria by 2040, and we already disclose information in accordance with recommendations by the Task Force on Climate-related Financial Disclosures (TCFD). These are inward activities. For clients, we launched Carbyny, an IT solution brand that draws on years of insight gained through IT support for clients, including electric power companies, to realize a decarbonized society. Carbyny VPP (virtual power plant) Platform, which integrates regionally distributed energy resources through a cloud-based network, is now available.

Looking beyond Japan, we have our sights on becoming the top-class IT group in the ASEAN region, and we are leveraging strategic capital and business alliances along three trajectories—marketing channels, technologies and consulting capabilities—particularly in Thailand, Indonesia and Vietnam. In July 2022, TIS formed a capital and business alliance with PIX Moving, a Chinese startup developing self-driving chassis for electric vehicles. The alliance with PIX will enhance TIS' ability to create new IT services for MaaS (Mobility as a Service), smart city and other mobility applications, and facilitate a robust response to the issue of urban concentration/rural decline as well.

**Robotics will be absolutely essential in an aging society.**

Robotics is a focus of attention from a longer-term perspective. Full-scale, practical application of robotics requires changes to the very structure of cities, including, for example, the establishment of road traffic laws, and this will take time. However, against the backdrop of a labor shortage amid the continued graying of society in Japan and other developed countries, robotics is seen as an absolutely essential technology for the future, where dangerous jobs are performed by robots instead of humans. Our role, as the TIS INTEC Group, is not robot development but integration, combining multiple robots in an IT environment, and toward this end, we participate in all kinds of verification tests while accumulating know-how. In addition, we use service robots for reception and information operations at the Toyosu Office, and turn knowledge gained through practical applications like this into templates to support the robotics-related businesses of domestic companies. We will persist in our efforts to promote practical application of robotics.

**Manufacturing technology is our foundation and will remain so in order to fulfill our responsibility to society.**

There's lots of talk about system development using generative AI, which has currently caught market attention, and the TIS INTEC Group is of course exploring generative AI along with other new technologies. But large-scale systems comprise multiple, intricately entwined programs working in a coordinated way. Knowing the purpose of each system and clearly articulating how that system will address particular social issues are top priorities, especially in system design, and humans are essential to this process. And I would add that a responsibility to provide products and services to society should be top of mind in any business operation.

As I mentioned earlier, SI—a process that responds to client requirements—forms the bedrock of our operations, and we are working to build on this foundation with development and wider access to DX consulting and service-type businesses. As a result, we have accelerated training and hiring of human resources—namely, DX consultants, including data analysts—involved in manufacturing-related upstream processes. However, no matter how diverse our pool of talent grows and no matter how adept generative AI becomes in complex system development, it is vital that everyone under the TIS INTEC Group umbrella understand the basic technology that underlies system development. We are a service manufacturer—that is, a corporate group making products with digital technology—and we provide these products to society. It is therefore incumbent upon us from a social responsibility perspective to ensure that our products do not exist in a black box. In IT terms, that means there should be nothing mysterious about how our products work, complex as that may be, just because they do work.



**To achieve sustainable growth, we will enhance our ability to solve social issues focusing on such things as improving the value of DX services provided and fuel progress on structural transformation.**

**To our stakeholders**

**It is the duty of upper management, myself included, to fulfill the social responsibility incumbent upon the TIS INTEC Group.**

I am happy to report steady progress on the implementation of all business strategies, underpinned by the excellent efforts of corporate officers and employees. And I am reminded that the most significant role I can play as president is to deepen value exchange with stakeholders by enabling people outside the Group to gain a better understanding of what the Group does. Through good two-way communication, we can promote changes that drive forward-thinking structural transformation, including marketing activities that expand the ring of cooperation and reinforce frontline operations. Frontline reinforcement may be gradual, but I see sure and steady progress. The process must be irreversible or else every step forward has been for naught. We must achieve progress without any backtracking. With completion of infrastructure development to underpin structural transformation followed by wider participation in service-type businesses through reciprocal cooperation, we are getting ever closer to meeting the criteria for swift acceleration of structural improvement.

What I don't want to see is a phrase like "major SI" used to describe the TIS INTEC Group, but rather, immediate recognition of the TIS INTEC Group as having a deeper presence in society. Yes, technically, we belong to the SI sector,

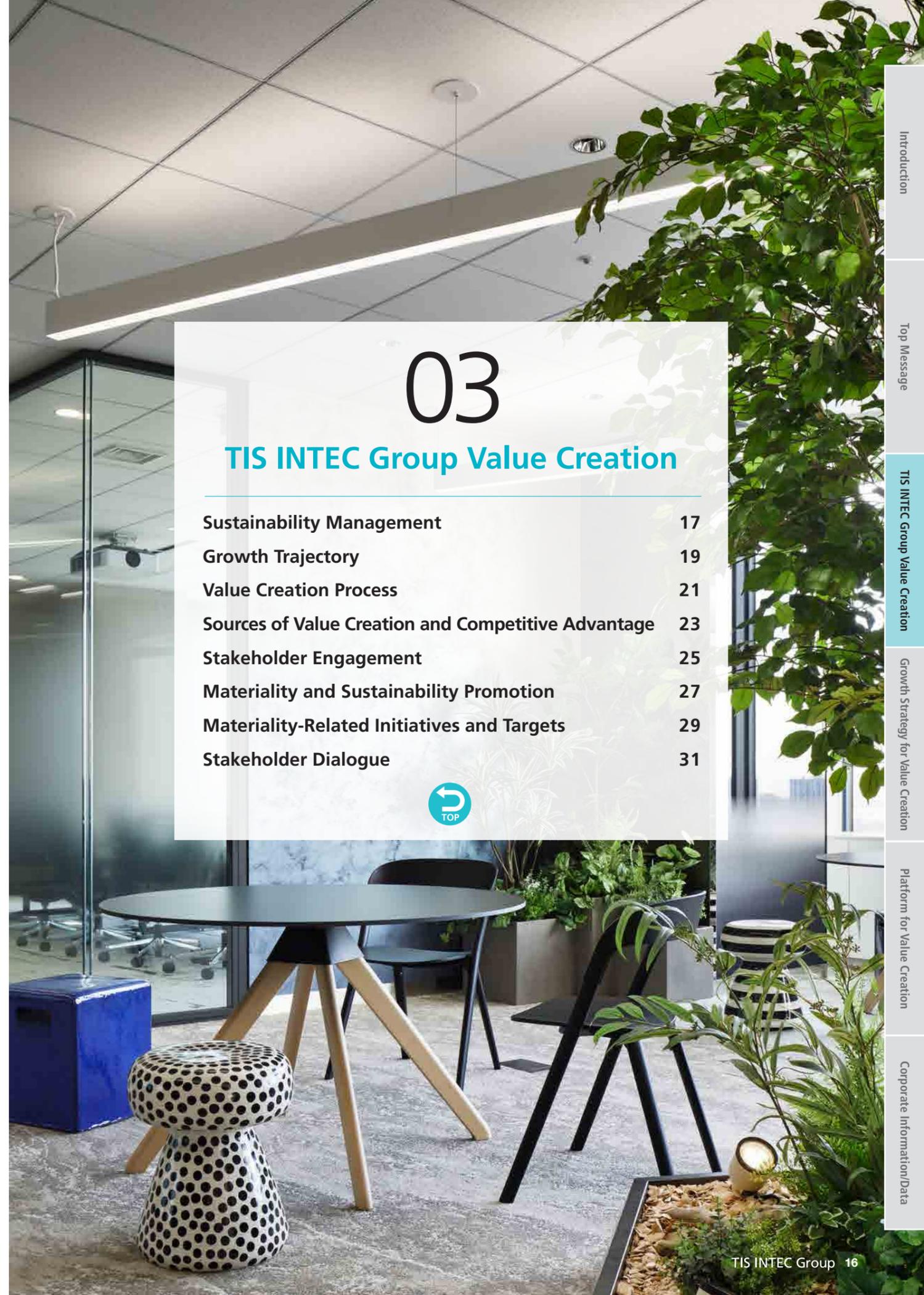
but we aim to be more than a system integrator, instead aspiring to be a corporate group transcending SI and addressing social change through the power of digital technology. I think of myself as a conservative person, in the sense that I make decisions after carefully ascertaining what's necessary rather than by going on the defensive to hold a position. In fiscal 2023, several major investments were approved, and I firmly believe that each investment is essential to sustainable growth and higher corporate value going forward. Of course, these investment decisions were carefully discussed by the Board of Directors and others, from multifaceted perspectives, not to convince ourselves of the need but to ensure that stakeholders would accept the rationale behind these investments.

The COVID-19 pandemic is one example of unexpected situations that can upend the operating environment worldwide. Such events may happen again. Establishing a structure that can deal with anticipated risks is vital, along with determined efforts to explain our stance to stakeholders. I know that if we do this properly, we boost our ability to overcome any obstacle. Honest and sincere responses are the style of OUR PHILOSOPHY, the TIS INTEC Group philosophy, and guided by this philosophy, I will lead the TIS INTEC Group in fulfilling its social responsibilities and its duty to seamlessly connect our vision for the future to the next generation. The support and cooperation of all stakeholders will be instrumental to our shared success.

**Decision to acquire facility at heart of system operation services**  
Unprecedented approach from perspective of ensuring long-term, stable business continuity

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

In March 2023, TIS made the decision to acquire real estate trust beneficiary rights in Gotenyama SH Building, a facility in Shinagawa-ku, Tokyo, that the Company currently leases and uses as a hub for providing system operation services and its own brand of cloud services. Payment will be made in installments. TIS typically prefers "have-not management" in that wherever possible the Company does not own fixed assets, such as operating bases and offices, and has been promoting a process of integration and consolidation. However, management feels the facility for which real estate beneficiary rights will now be acquired is absolutely necessary to support business activities, and the acquisition is extremely important from the perspective of building trust with clients as facility ownership ensures stable, long-term business continuity. In addition, management took a comprehensive view that included the reduced expenses effect of ownership and TIS' current financial status, which would allow for a large-scale investment, and concluded that the acquisition would contribute to enhanced corporate value of the TIS INTEC Group over the medium to long term. This is a rare exception to policy, and going forward, TIS will emphasize operations conscious of returns on capital.



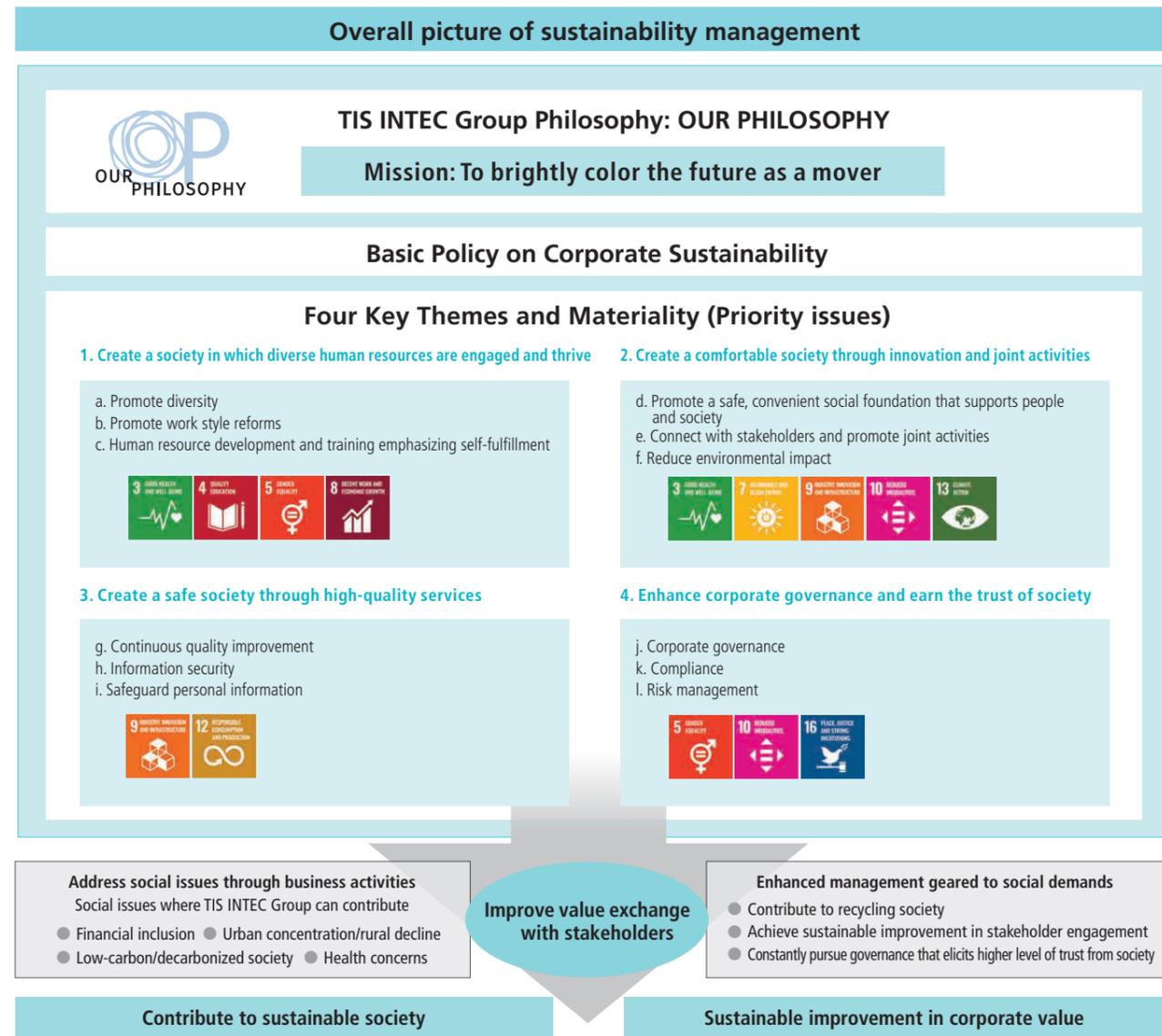
# 03

## TIS INTEC Group Value Creation

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## Seeking to deepen sustainability management

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



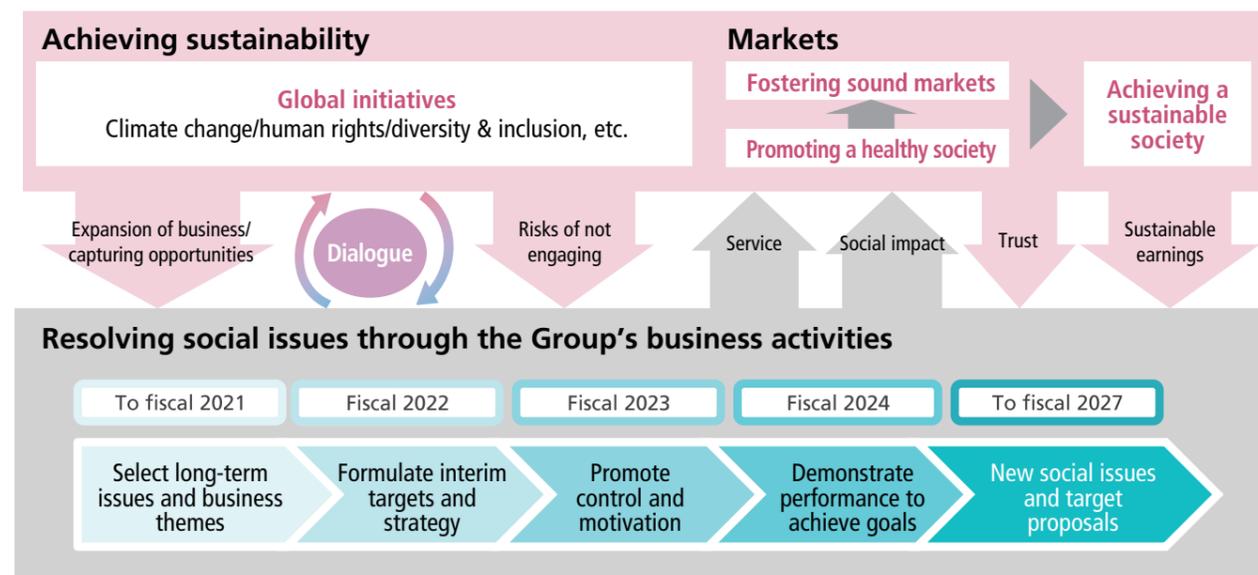
### Changes in Sustainability Initiatives

The Group's sustainability initiatives have steadily evolved under the new management structure of the holding company since July 2016, based on the identification of materiality and the entrenchment of sustainability in the consciousness of employees. In April 2023, the Corporate Sustainability Committee was placed directly under supervision of the Board of Directors and had its structure strengthened by having a leadership of directors put in place. We look forward to great advances under the new structure.



### Address Social Issues through Business Activities

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



### Enhanced Management Geared to Social Demands

The Group is engaged in a variety of environmental, social, and corporate governance (ESG)-related measures to improve the quality of its management through the efficient employment of both its financial and non-financial capital to sustainably maximize its earnings and value to society. The Group's main focus has been in the following three areas.

#### Contribute to Recycling Society

To help achieve a sustainable, decarbonized society, the Group declared carbon neutrality in December 2022, aiming to reduce greenhouse gas emissions associated with its business activities. In addition, as medium- to long-term environmental measures to mitigate climate change, we have set targets in line with the 1.5°C target (WB1.5C scenario) of the Paris Agreement.

▶ Please refer "Platform for Value Creation (Environment)" on page 89 for details.

#### Achieve Sustainable Improvement in Stakeholder Engagement

The Group strives to improve value exchange by proactively creating opportunities for dialogue with its stakeholders, including various initiatives to improve employee engagement; holding business policy briefings based on the results of satisfaction surveys for business partners; using client satisfaction surveys to understand client evaluations and requests; convening briefings and meetings for shareholders and investors; and conducting social contribution activities for local communities.

▶ Please refer "Platform for Value Creation (Social)" on page 93 for details.

#### Constantly Pursue Governance that Elicits Higher Level of Trust from Society

The Group has a clearly defined structure of responsibilities, policies, and activities aimed at mitigating risks and capturing opportunities for each area it is required to address. It has implemented tangible measures in the areas of corporate governance, internal control mechanisms, compliance, information security/personal information protection, quality control/production innovation, and taxation.

▶ Please refer to "Platform for Value Creation (Governance)" on page 69 and the ESG Data Book for details.

**Topics** TIS INTEC Group publishes ESG Data Book

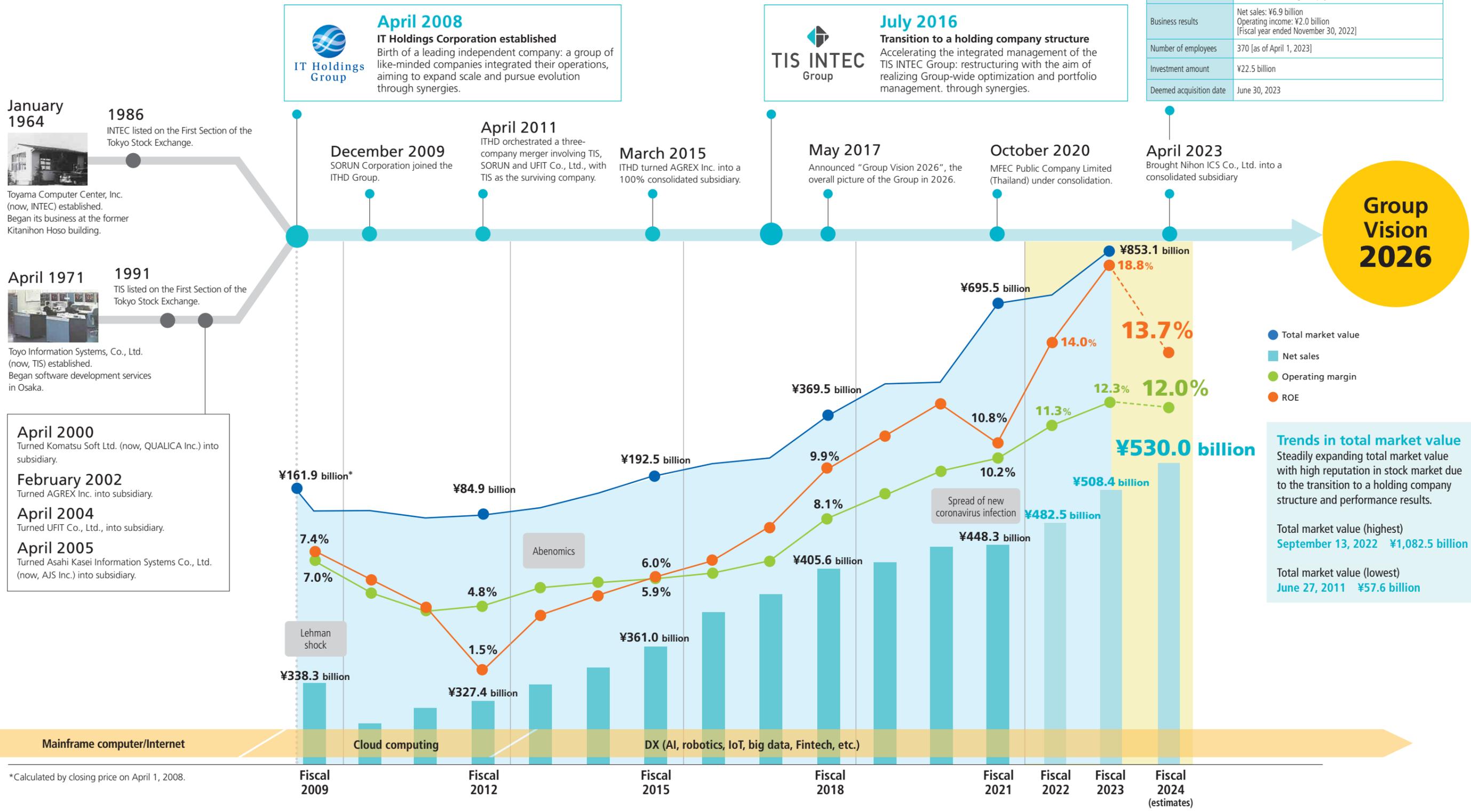
With growing external interest and requests for disclosure regarding ESG, the Group has published an ESG Data Book to provide detailed and accurate information on its sustainability management and ESG initiatives. We provide stakeholders with an easy-to-understand overview of initiatives, and quantitative information on the Group's sustainability credentials.

\*Please visit the following webpage for further details and to download a copy.  
[https://www.tis.com/group/sustainability/esg\\_databook/index.html](https://www.tis.com/group/sustainability/esg_databook/index.html)

# Growth Trajectory

Making the most of the advanced technologies and know-how the TIS INTEC Group has accumulated over the years, we aim to revitalize society and contribute to the well-being not only of our clients, but of society as a whole.

We will continue to challenge ourselves to achieve further growth, contribute to a sustainable society, and realize sustainable enhancement of corporate value based on an unwavering ambition to contribute to the development of society through digital technology.



Name of company	Nihon ICS Co., Ltd.
Business activities	<ul style="list-style-type: none"> <li>Provide accounting/tax packages used by tax accounting offices</li> <li>Offer IT introduction support</li> <li>Provide packages to client companies for back-office operations, such as accounting and payroll</li> </ul>
Business results	Net sales: ¥6.9 billion Operating income: ¥2.0 billion [Fiscal year ended November 30, 2022]
Number of employees	370 (as of April 1, 2023)
Investment amount	¥22.5 billion
Deemed acquisition date	June 30, 2023

\*Calculated by closing price on April 1, 2008.

Period of establishment	First Medium-Term Management Plan	Second Medium-Term Management Plan	Third Medium-Term Management Plan	Medium-Term Management Plan (2018-2020)	Medium-Term Management Plan (2021-2023)	Medium-Term Management Plan (2024-2026)
	Emphasizing independence	Greater sense of unity	Pursue portfolio management	Lay foundation for structural transformation	Structural transformation by improving value provided in DX services	Accelerate measures to realize Group Vision 2026

Introduction  
Top Message  
TIS INTEC Group Value Creation  
Growth Strategy for Value Creation  
Platform for Value Creation  
Corporate Information/Data

**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 based on OUR PHILOSOPHY, the TIS INTEC Group philosophy.

<b>Management Philosophy</b>	<b>TIS INTEC Group Philosophy OUR PHILOSOPHY</b>	<b>Mission: To brightly color the future as a mover</b>	<b>P.2</b>
<b>Vision</b>	<b>Group Vision 2026 (2026 Corporate ideal) "Create Exciting Future"</b>	<b>Utilizing leading-edge technology and know-how to realize business innovation and market creation</b>	<b>P.34</b>

**Changes in the external environment**

P.33

**Management Resources** P.23

Financial Capital

Human Capital

Manufacturing Capital

Social & Related Capital

Natural Capital

Intellectual Capital

**Materiality** P.27

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

Create a comfortable society through innovation and joint activities

Create a safe society through high-quality services

Enhance corporate governance and earn the trust of society

**SUSTAINABLE DEVELOPMENT GOALS**

**Management strategies/asures for sustainable growth**

Medium-Term Management Plan (2021–2023)

**Be a Digital Mover 2023** P.40

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

**Offering Service Business** P.63

**BPM** P.64

**Financial IT Business** P.65

**Industrial IT Business** P.66

**Regional IT Solutions** P.67

**Platform that supports value creation of the Group**

**Environment**

Contribute to decarbonized society and recycling society

P.89

**Social**

Sustainable improvement in stakeholder engagement

P.93

**Governance**

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

P.69

Quality Control and Production Innovation P.101

Intellectual Property P.103

Research and Development P.104

**Value provided to society**

Make society's wishes come true through IT.

**Economic value** (Fiscal 2023)

Net sales ¥ 508.4 billion

Operating income ¥ 62.3 billion

ROE 18.8 %

**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

**Local Communities**

- Realize the means for safe and secure living
- Active interaction with local residents in areas in which we operate
- Reduction of environmental impact

**Secure growth opportunities fueled by trust and fulfilling expectations**

**Improve value exchange through stakeholder engagement**

**Help solve social issues through use of digital technology**

## Sources of Value Creation and Competitive Advantage

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

Management Capital	Inputs	Scope of Aggregation	Features	Initiatives to Maintain and Strengthen Capital
<b>Financial Capital</b> 	Net assets <b>¥309.2 billion</b> Equity ratio <b>64.2%</b> Credit rating <b>A+ / Stable</b> Investments in growth <b>¥100 billion</b> (3 years, estimates)	A A A A	<ul style="list-style-type: none"> <li>Stable financial base</li> <li>Strong profitability and capital efficiency</li> </ul>	<b>Promoting structural transformation of business by strengthening investment / Promoting capital optimization / Reducing cross-shareholdings</b> Please refer to "Financial Investment Strategy" on page 58.
<b>Human Capital</b> 	Number of employees (consolidated) <b>21,946</b> Percentage of female employees in management positions <b>10.9%</b> Number of days spent on learning and research per person <b>14.2 days</b> Results of employee awareness surveys*1 <b>52%</b>	A C C C	<ul style="list-style-type: none"> <li>Diverse human resources engaged as movers</li> <li>Sustainable engagement</li> </ul>	<b>Strengthening Engagement / Promoting Diversity and Inclusion / Supporting Advancement of Diverse Human Resources / Health Management / Workstyle Reform / Strategic Inclusion in Training and Education</b> Please refer to "With Employees" on page 93.
<b>Manufacturing Capital</b> 	Business sites throughout Japan <b>About 160 sites</b> Overseas sites centered in ASEAN <b>10 countries</b>	Domestic Overseas	<ul style="list-style-type: none"> <li>Outsourcing sites based on business continuity</li> </ul>	<b>Development of high-quality services that respond to environmental changes and client needs</b>
<b>Social &amp; Related Capital</b> 	Number of clients <b>Approx. 15,000 companies</b> More than 600 companies Results of client satisfaction survey*2 <b>69.6%</b> Number of business partners <b>About 540 companies</b> Results of business partner satisfaction survey*3 <b>83%</b> Linkage with startups (CVC investees) <b>44 companies</b>	Domestic Overseas D D D	<ul style="list-style-type: none"> <li>Stable business promotion through a strong relationship of trust</li> </ul>	<b>Strengthening customer relationships and satisfaction by capturing a wide range of customer requirements and leveraging them in development and service provision</b> Please refer to "With Clients" on page 97. Please refer to "With Business Partners" on page 98.
<b>Natural Capital</b> 	Energy consumption (electricity) <b>143,909 MWh</b>	B	<ul style="list-style-type: none"> <li>High energy efficiency through environmentally friendly data centers</li> </ul>	<b>Promotion of renewable energy use / data center consolidation</b> Please refer to "For the Global Environment" on page 89.
<b>Intellectual Capital</b> 	Extensive service menu (aggregate number of solutions) <b>About 500</b> Group awareness (among business people) <b>67%</b> Trinity: Original quality management system	Domestic Domestic	<ul style="list-style-type: none"> <li>Strong technological capability</li> <li>Abundant experience and know-how</li> <li>Dedication to improving quality, productivity, and technology</li> </ul>	<b>Sharing of development know-how and technical issues / Tech Lead Team activities / Brand maintenance and enhancement</b> Please refer to "Intellectual Property" on page 103.

Figures are as of March 31, 2023.

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

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

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

Scope of data collection

A. TIS INTEC Group consolidated

B. TIS and consolidated companies including 12 domestic companies and nine overseas companies

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

D. TIS parent

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

Supporting safe and secure, daily credit card settlement

**Credit cards**  
Core system development results

Domestic market share  
**About 50%**  
(On annual transaction volume basis for clients served)

Of 26 companies in Japan with significant consumer credit transaction volumes, 11 are in the Group's client base for core system development.

Credit extended for card-facilitated purchases has reached ¥81 trillion in Japan. The 11 companies that are in the TIS INTEC Group client base have aggregate membership of about 200 million people and credit transaction volume representing about 50% of the total market.

Promoting cashless settlement in Japan

**Branded debit card-related**  
Service provision/system development results

Domestic market share  
**86%**

There are about 460 million debit cards affiliated with an international brand in Japan. Settlement transactions have reached about 770 million per year, with an aggregate value of about ¥3.3 trillion. The TIS INTEC Group boasts an overwhelming share—about 86%—of the market, on a transaction-handling financial institution basis, through such solutions as DebitCube+, which provides one-stop access to services required or branded debit card issuance and operation.

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

**F<sup>3</sup> (F Cube)**  
Implementation

**54 of 99** banks  
(regional banks)

Launched Group B2B CRM Service in April 2023. Expands scope of service availability to Group companies as well to provide F<sup>3</sup> beyond client base of banks to leasing companies, credit card companies and companies in other financial sectors. Going forward, plan to complement fully cloud-based call center service with CRM (SFA) function through multi-cloud and microservice deployment models.

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

**EDI**  
SaaS market

Market share  
**About 20%**<sup>\*1</sup>

Hold industry's top share of EDI/SaaS market. Fast response to PCI DSS and EDI 2024 issues as well as extensive industry-oriented EDI and EAI platform building and operating results. Will take industrial OS business co-creation platform to new level, bridging existing EDI and API, for which demand is expected to expand.

Highly evaluated as restaurant sector-specific shop management system

**TastyQube Growth**  
System implementation

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

TastyQube Growth is highly versatile and can be applied to any restaurant format, helps to visualize shop operations, and realizes enhanced operating efficiency. Earning high regard for offering necessary functions for restaurant/shop management in all-in-one package, this solution has been applied to about 20% of market share, mainly for restaurants, cafes and pubs.

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

**EneLink**  
50 systems deployed at 30 companies

New electric power businesses  
**10 of 30** leading PPSs

Following the full deregulation of the electricity retail market that began in April 2016, we have contributed to the businesses of PPSs and Japan's power system reforms by providing rate calculation systems, supply-demand management systems, and other products as part of the EneLink series. We will continue to address issues related to electric power and energy, which are the foundation of industry and daily life, such as stable supply, cost reduction, and decarbonization.

Contributing to stable insurance system platform creation

**For Federation of National Health Insurance Associations**  
Track record in system implementation/operation/maintenance

**12 of 47** prefectures

Of the 47 prefecture-based members of the Federation of National Health Insurance Associations in Japan, the TIS INTEC Group has been tapped to install, operate and maintain systems for 12 members. About 5.2 million people are covered by these 12 insurance associations<sup>\*2</sup>.

Contribute to greater efficiency in clients' address management operations

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

Implementation ratio in non-life insurance sector  
**More than 95%**  
(Excludes insurance companies offering specialized products, such as pet insurance and reinsurance)

All addresses in Japan are assigned a 10-digit code, creating a master file of some 300,000 kana and kanji-based addresses. ADDRESS deals with changes in client addresses caused by the merger of cities, towns and villages, standardizes address information, and facilitates efficient profile-building. Applications in the non-life insurance sector include estimating fire insurance premiums.

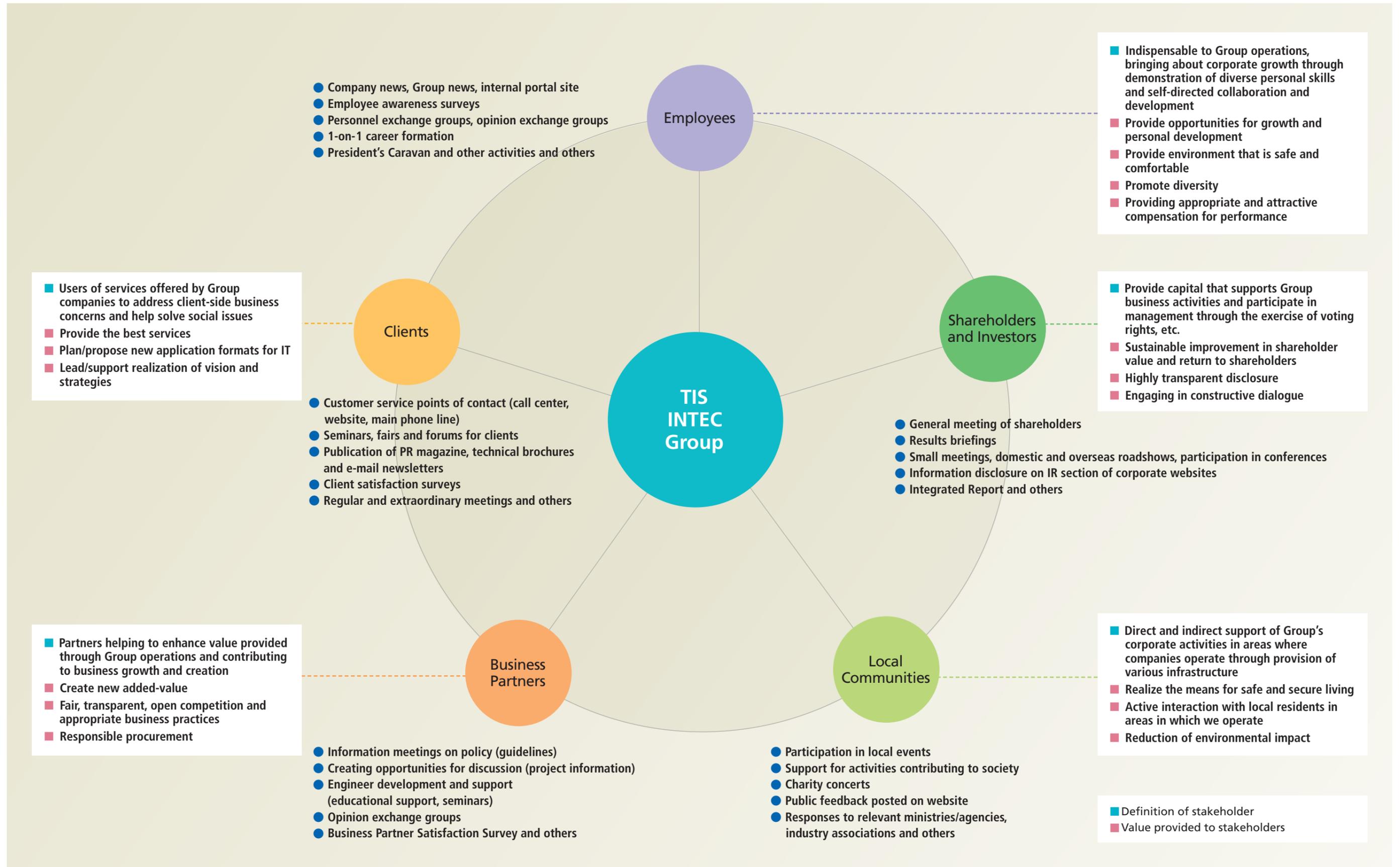
Note: Market data (market share) is based on TIS research.

\*1 Fiscal 2022 results of EDI tool, SaaS, vendor share, amount are based on "Software Business New Market 2023" by Fuji Chimera Research Institute, Inc.

\*2 The scope is the National Health Insurance system.

# Stakeholder Engagement

The Group will build relationships of trust through active communication with respective stakeholders and, in harmony with society, to improve sustainable value.



# Materiality and Sustainability Promotion

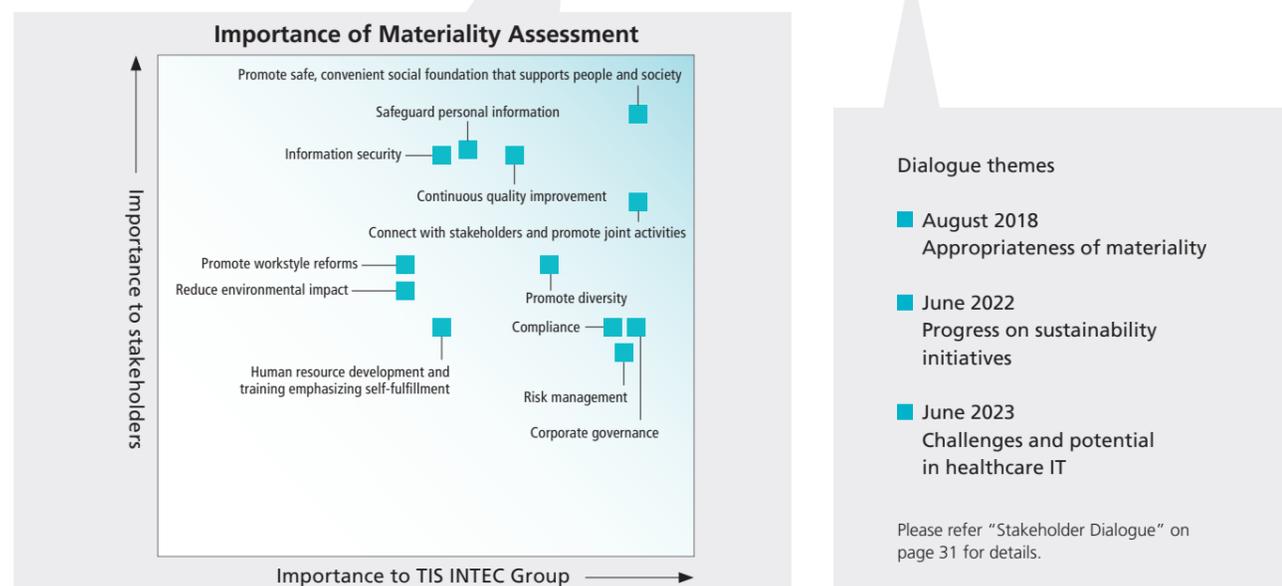
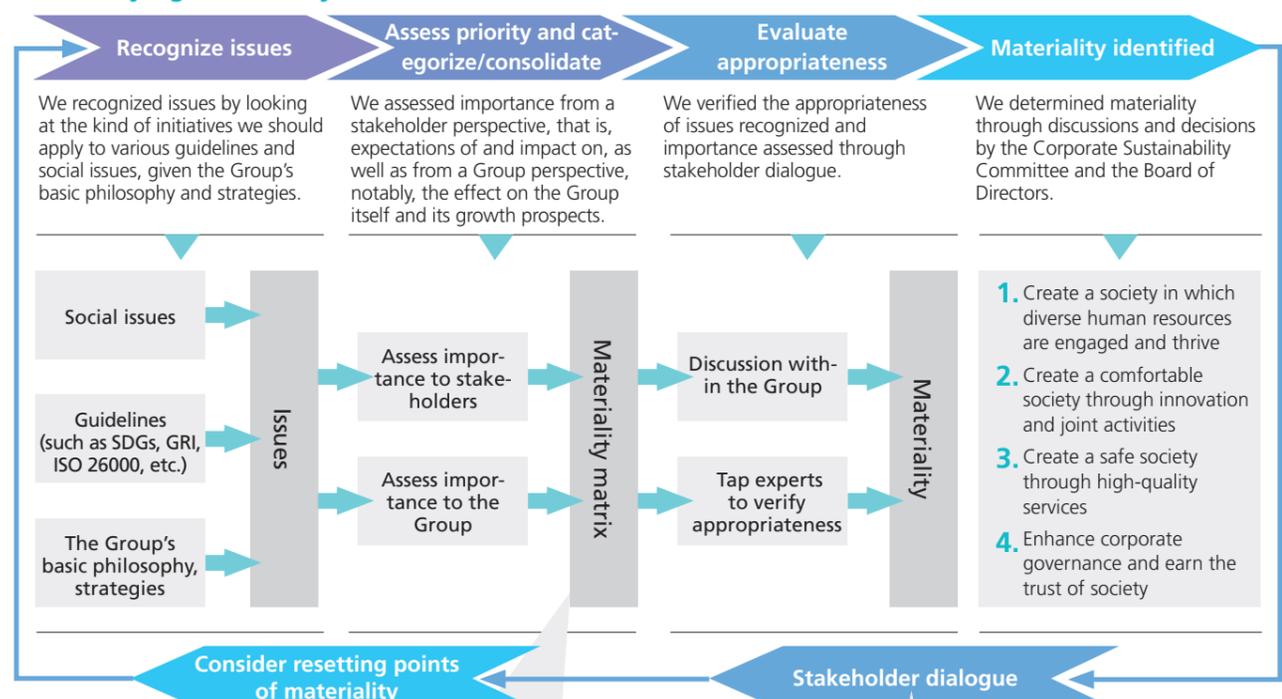
## Materiality (Key Issues) for the TIS INTEC Group

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

To clarify important themes and identify materiality, we assessed importance from a stakeholder perspective, that is, impact on, as well as from a Group perspective, notably, the effect on the Group itself and its growth prospects.

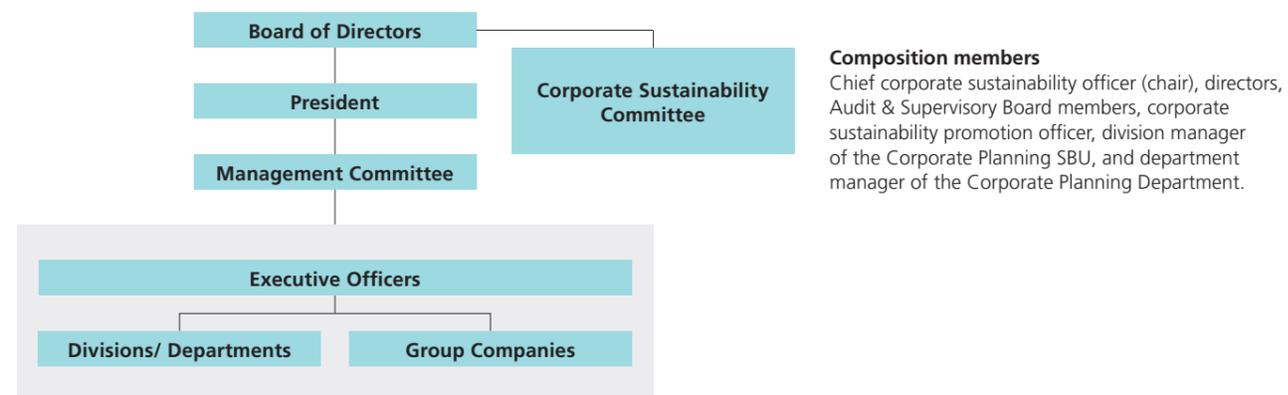
<b>1. Create a society in which diverse human resources are engaged and thrive</b> a. Promote diversity b. Promote workstyle reforms c. Human resource development and training emphasizing self-fulfillment	<b>3. Create a safe society through high-quality services</b> g. Continuous quality improvement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

## Identifying Materiality



## Sustainability Promotion System

The President takes ultimate responsibility for the Group's sustainability activities. Under his leadership, the Corporate Sustainability Committee identifies trends, discusses sustainability issues, selects issues to focus on, and provides direction on how to address them at Board of Directors meetings. Issues definition and proposed solutions are presented to the executive through the Management Committee. The Head of Corporate Sustainability coordinates efforts to define the issues and the direction of their resolution with the relevant departments and incorporates measures to resolve them in annual and medium-term management plans. Progress is monitored by the Management Committee and overseen by the Board of Directors as appropriate.



The Group determine the organization in charge of each ESG area to increase effectiveness of ESG initiatives.

ESG issues	Responsibility	
Sustainability management	Corporate sustainability promotion officer	Masakazu Kawamura, Executive Officer, Division Manager of Corporate Planning SBU
Internal control	Director in charge of internal control	Tsuneoyoshi Ito, Managing Executive Officer, Division Manager of Corporate Management SBU
Compliance	Director in charge of compliance	Tsuneoyoshi Ito, Managing Executive Officer, Division Manager of Corporate Management SBU
Information security/ personal information protection	Information security management officer	Tsuneoyoshi Ito, Managing Executive Officer, Division Manager of Corporate Management SBU
Quality control/ product innovation	Trinity administration officer	Ikuo Shimizu, Managing Executive Officer, System Development & Quality Management Innovation SBU
Tax affairs	Director in charge of finance	Masakazu Kawamura, Executive Officer, Division Manager of Corporate Planning SBU
Environment	Corporate sustainability promotion officer Environmental promotion officer	Masakazu Kawamura, Executive Officer, Division Manager of Corporate Planning SBU Tsuneoyoshi Ito, Managing Executive Officer, Division Manager of Corporate Management SBU
Human capital	Corporate sustainability promotion officer Human resources strategy promotion officer	Masakazu Kawamura, Executive Officer, Division Manager of Corporate Planning SBU Kyoko Takayanagi, Managing Executive Officer, Division Manager of Human Resources SBU
Human rights	Human rights officer	Shinichi Horiguchi, Director, Senior Managing Executive Officer, in charge of Corporate Planning SBU, Human Resources SBU, Corporate Management SBU
Supply chain	Corporate sustainability promotion officer	Masakazu Kawamura, Executive Officer, Division Manager of Corporate Planning SBU
Social contributions	Corporate sustainability promotion officer	Masakazu Kawamura, Executive Officer, Division Manager of Corporate Planning SBU

## Materiality-Related Initiatives and Targets

### Risks, Opportunities and Promotion Strategies Related to Materiality

We are improving the effectiveness of our materiality initiatives by focusing on more specific actions through analyzing the impacts that the Group aims to reduce and identifying opportunities for each identified materiality theme.

We are also working to achieve sustainability management through the execution of Medium-Term Management Plan.

Materiality themes	Impacts to be reduced	Opportunities to be seized
1. Create a society in which diverse human resources are engaged and thrive	<ul style="list-style-type: none"> <li>Labor shortages that reduce productivity</li> <li>Inability to input the necessary human resources causing business growth to be impeded</li> <li>Lack of technology for new areas</li> <li>Less creativity and imagination among employees</li> <li>Less intra-Group and intra-organizational synergy</li> </ul>	<b>Boost value creation capacity</b> <ul style="list-style-type: none"> <li>Enhance innovation abilities</li> <li>Secure human resources</li> <li>Boost productivity through greater employee engagement</li> </ul>
2. Create a comfortable society through innovation and joint activities	<ul style="list-style-type: none"> <li>Opportunities lost through stagnation of R&amp;D, etc.</li> <li>Weak framework for considering new business causing lost business opportunities</li> <li>Environmental burden triggering natural disasters, which in turn damage social infrastructure</li> <li>Changes to environmental regulations</li> </ul>	<b>Construct a sustainable profit model</b> <ul style="list-style-type: none"> <li>Shift to a better profit structure</li> <li>Market growth</li> <li>Global environmental protection and climate change adaptation</li> </ul>
3. Create a safe society through high-quality services	<ul style="list-style-type: none"> <li>Productivity and quality reduced due to lack of manufacturing capacity</li> <li>Deterioration in business sentiment causing customers and business partners to go bankrupt and existing customers to fall away</li> <li>Lack of understanding of technological trends and customer needs, among other deficiencies, creating the risk of providing services of inappropriate quality and safety, and reducing competitiveness</li> <li>Information leaks and cyberattacks</li> <li>Intellectual property lawsuits</li> </ul>	<b>Boost market competitiveness</b> <ul style="list-style-type: none"> <li>More attractive products and services</li> <li>Optimization of manufacturing costs</li> <li>Responses to country risk and technological advance</li> </ul>
4. Enhance corporate governance and earn the trust of society	<ul style="list-style-type: none"> <li>Group governance deficiencies causing vulnerabilities (compliance, risk management, and IT governance)</li> <li>Fund planning failures</li> <li>Credibility affected by fraudulent transactions</li> </ul>	<b>Enhance corporate credibility</b> <ul style="list-style-type: none"> <li>Better management quality</li> <li>Eradication of misconduct</li> </ul>

### Promotion of Medium-Term Management Plan



### Materiality-Related Initiatives

The Group promotes initiatives across its major companies for each materiality identified.

Materiality	Fiscal 2023 Results
1. Create a society in which diverse human resources are engaged and thrive	<ul style="list-style-type: none"> <li>Implementation of e-learning and training on understanding diversity</li> <li>Revise personnel and promotion system to allow active participation regardless of gender or age</li> <li>Build an organization promoting job satisfaction and well-being, and implement measures for psychological safety</li> <li>Build and revise system to support voluntary career development, and provide learning opportunities including DX education</li> </ul>
2. Create a comfortable society through innovation and joint activities	<ul style="list-style-type: none"> <li>Promotion of social-problem-solving services businesses to achieve sales targets</li> <li>Promoting social contribution activities such as calling for participation in volunteer activities, support for people with disabilities, clean-up activities, dispatching lecturers, supporting non-profit organizations, community initiatives, and so on</li> <li>Reducing paper and electricity consumption, and reducing GHG emissions at data centers through consolidation, planned switchover to renewable energy, and other measures</li> </ul>
3. Create a safe society through high-quality services	<ul style="list-style-type: none"> <li>Improvement activities and PDCA (plan, do, check, act) implementation to achieve enhancement innovation goals</li> <li>Activities to strengthen relationships with business partners, such as holding exchange meetings and forums, to increase business partner satisfaction</li> <li>Analyzing surveys and implementing improvement measures to increase client satisfaction</li> <li>Promoting business continuity planning by conducting disaster preparedness drills and initial response drills to prepare for emergencies</li> <li>Conducting e-learning to improve information security and incident response skills, as well as targeted attack e-mail training and incident response training</li> <li>Implementing self-inspection of personal information protection, e-learning of the Group's Code of Conduct, and training on whistleblowing</li> </ul>
4. Enhance corporate governance and earn the trust of society	<ul style="list-style-type: none"> <li>Implementing self-assessment questionnaire for business partners</li> <li>Implementing training to entrench OUR PHILOSOPHY</li> <li>Implementing study sessions to raise the level and awareness of the whistleblower system</li> <li>Implementing e-learning on human rights</li> </ul>

### Sustainability-Related Indicators and Targets

Indicators		Fiscal 2023 Results	Targets	
Key theme of Medium-Term Management Plan	EPS growth	Two year CAGR 43% (From fiscal 2021 to 2023)	Three year CAGR exceeding 10% (From fiscal 2021 to fiscal 2024)	
	ROE	18.8%	Fiscal 2024	13.7%
	Operating income	¥62.3 billion	Fiscal 2024	¥63.5 billion
	Operating margin	12.3%	Fiscal 2024	12.0%
Value exchange	Sales of societal issue solution service	¥48.6 billion	Fiscal 2024	¥50 billion
	Job satisfaction	58%	Fiscal 2024	62%
	Client/service satisfaction	59%	Fiscal 2024	60%
Environment	Business partner satisfaction	74%	Fiscal 2024	81%
	GHG emissions Scope 1	481t-CO <sub>2</sub>	Scope 1 + 2: Achieve carbon neutral status by fiscal 2041	
	GHG emissions Scope 2	53,076t-CO <sub>2</sub>	Scope 1 + 2 + 3: Realize net zero status by fiscal 2051	
Governance	Strategic shareholdings	Ratio of strategic shareholdings on balance sheet to consolidated net assets: 8.9%	Ratio of strategic shareholdings on balance sheet to consolidated net assets: 10% or less (gradually reduce further)	
	Number of serious information security incidents	0	0	
	Compliance	As a foundation of management, continuously promote awareness, and monitor the progress.		
	Penetration of Group Philosophy			

The Group considers dialogue with stakeholders to be an important opportunity. Accordingly, we host regular dialogues between outside experts and Group management. We aim to create a virtuous cycle by communicating the efforts of our Group, reflecting objective opinions and new insights from differing perspectives in our corporate activities, and linking them to even higher-quality initiatives.

Overview of Stakeholder Dialogues

Theme: Challenges and Potential in Healthcare IT  
 Date: June 30, 2023 (Friday)  
 Participants: [External experts] Masahiko Oguchi Advisor and Director of Medical Information Department, Cancer Institute Hospital of JFCR  
 [TIS Inc.] Hiroki Miyachi Director, Kakegawa Higashi Hospital of Medical Corporation RYOUWAKAI  
 Masakazu Kawamura Executive Officer, Division Manager of Corporate Planning SBU, Corporate Sustainability Promotion Officer  
 [INTEC Inc.] Hirohito Yoshida Executive Fellow, Healthcare Services Unit  
 Koumei Yamaguchi Managing Executive Officer, Division Manager of Social Infrastructure Business Division  
 [Facilitator] Tomohiko Yamaguchi Consultant, Cre-en Inc.

On this occasion, we invited two external medical experts, Mr. Oguchi and Mr. Miyachi, to participate in a stakeholder dialogue. The aim of the dialogue was to explore the potential for applying the Group's IT capabilities, intellectual property, and know-how in the field of healthcare IT. After explaining our business situation and Group strengths, we received objective and frank opinions from Mr. Oguchi and Mr. Miyachi regarding the challenges and potential of applying IT to healthcare.

Profiles of external experts

**Masahiko Oguchi**  
 2009: Director, Radiation Oncology Department, Cancer Institute Hospital of JFCR; 2012: Junior Hospital Director (same hospital); 2018: Deputy Hospital Director (same hospital); 2023: Appointed to current position. Radiation oncologist. Currently, Mr. Oguchi is engaged in developing an integrated cancer care support system using AI and deploying that system to create an innovative AI Hospital System to provide precision cancer care. Board certificated Radiation Oncologist.

**Hiroki Miyachi**  
 After working as a surgeon for 10 years, Mr. Miyachi became a home healthcare physician. Currently, he is taking medical tours around the world to find solutions to the current situation in Japan, which has one of the world's most aging populations, and is exploring new forms of medical care through the exchange of knowledge. He assumed his current position in 2019. Doctor of Medicine, specializing in general medicine and surgery.

Main Issues Identified

- The most significant challenge facing Japan's healthcare system is the aging population. The system requires considerable investments and human resources to manage long-term care and age-related chronic disease, but it is unclear which entities will handle implementation and where the financial resources will come from.
- It will no longer be possible to rely solely on social security for medical expenses and human resources. Potential solutions include informal care, more efficient coordination of information, and prevention. IT can make a great contribution in all of these areas.
- Challenges for applying IT to the healthcare field include improving security and user literacy (to protect personal information) and promoting collaboration across information owners.
- We see examples of healthcare support through microfinance in Africa and elsewhere. There is also potential to leverage the strengths of the TIS INTEC Group to create innovations in healthcare that improve quality and expand the number of service recipients.
- In the healthcare area, there is a high degree of uncertainty and no unified rules. Rather than simply waiting for improvements, therefore, we should co-create with like-minded stakeholders and deliver successes, even small ones that cannot be immediately monetized.



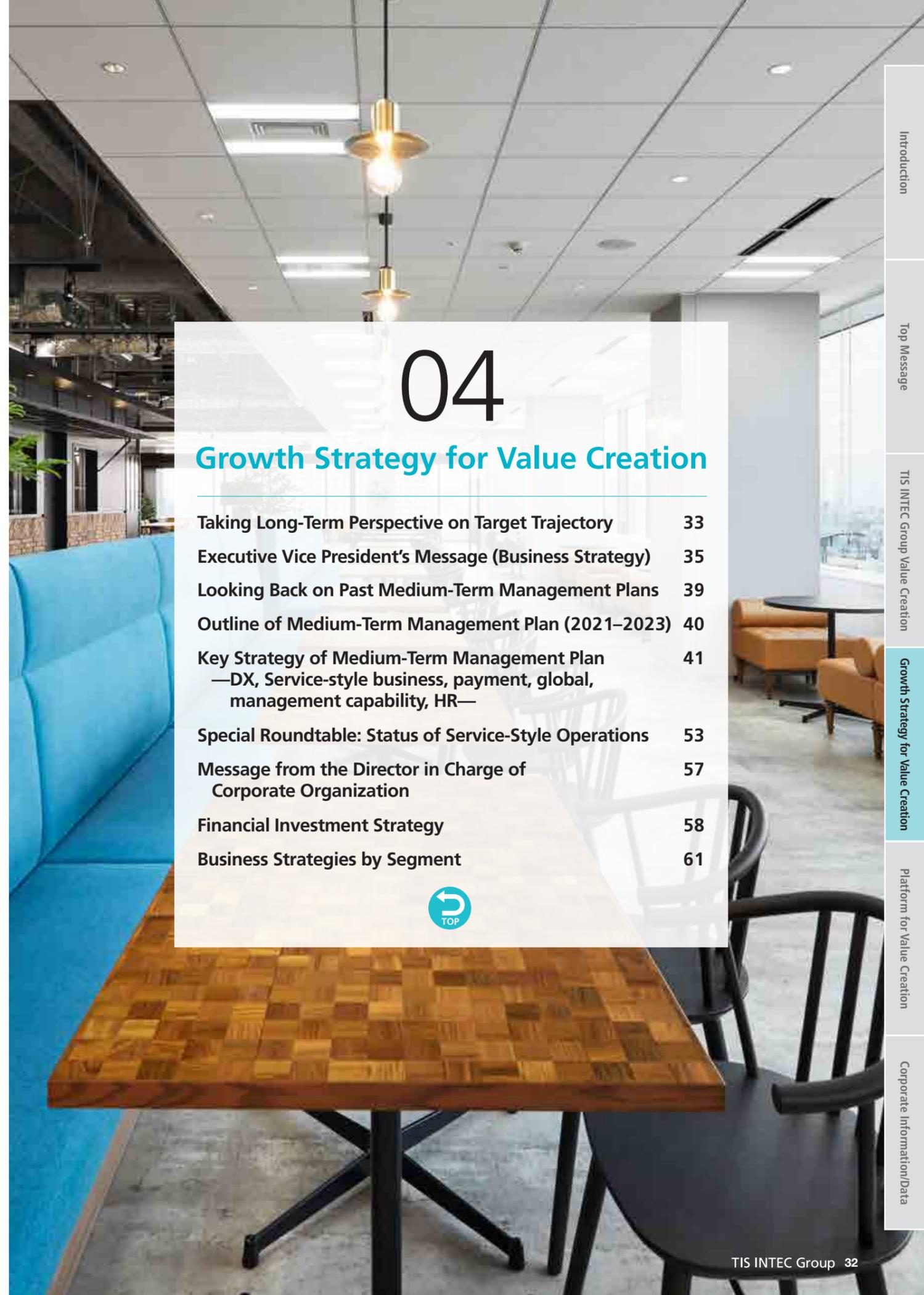
Masakazu Kawamura (left), Hirohito Yoshida (right); on-screen: Koumei Yamaguchi (left), Masahiko Oguchi (right), Hiroki Miyachi (bottom)

In Conclusion

Through our dialogue, we came to realize that our Group's strengths have the potential to help resolve social issues in the healthcare field. Even in sectors where issues are difficult to address due to structural matters, we became convinced that we can eventually create significant social value. We can do this by maintaining broad perspectives to address social issues, utilizing our Group's IT capabilities and knowledge, and strongly emphasizing collaboration with various like-minded stakeholders to compile a record of success stories, even small ones.

We will continue drawing on the insights gained from this dialogue to enhance value exchange with various stakeholders and become a corporate group that is needed by society. At the same time, we will strive to deliver happiness to more and more people. (Masakazu Kawamura, TIS Inc.)

\*Please see below for a transcript of the entire dialogue:  
<https://www.tis.com/group/sustainability/stakeholder/>



04

## Growth Strategy for Value Creation

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# Taking Long-Term Perspective on Target Trajectory

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

## Make society's wishes come true through IT.

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

### World in 2050

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

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

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

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

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

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

### Medium-Term Management Plan (2021–2023)

**Basic Policies**

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

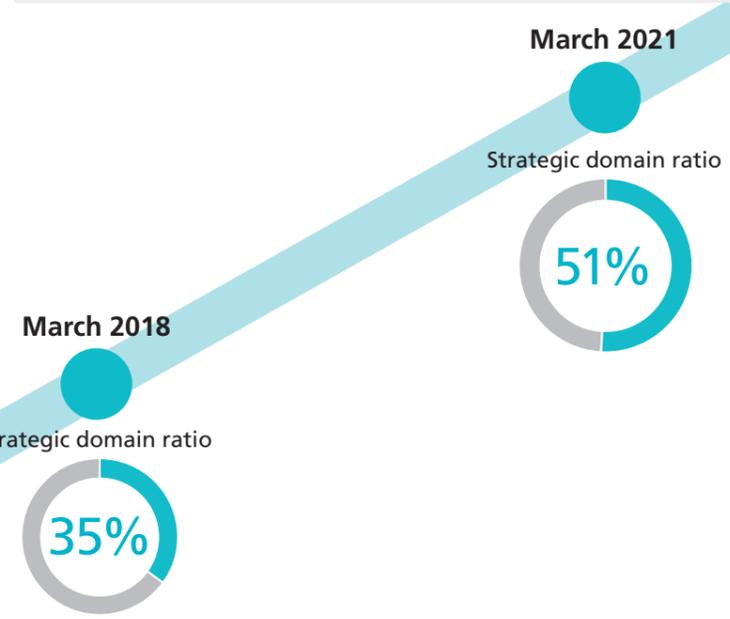
**Business layer**  
Turn SI capabilities into strength that underpins transformation into global DX partner

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

**Virtuous cycle of value created jointly by society and employees**

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

**Diversification of human resources, sharper skills**



### Group Vision 2026

**2026 Corporate Ideal "Create Exciting Future"**  
Utilize advanced technologies and know-how to realize business innovation and market creation

**Seeking Position on Global Stage**

- Be seen by leading companies in different industries as having an appealing presence, always trusted as a strategic partner
- Always embrace reform in existing industries and markets, and earn reputation as market-creating innovator
- Transcend the limits of an IT enterprise; be a leading company with innovative market concepts
- Proudly demonstrate high profile and showcase solid standing as a corporate group chosen by clients, society, employees—everyone

**Strategic Domains\***

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

**Business Domains in 2016**

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

**Strategic Domains in 2026**

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

**Evolution of strategic domains**

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

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

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

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



### Josaku Yanai

Representative Director,  
Executive Vice President



We assume a global perspective to pinpoint social trends and utilize digital technology to help solve social issues.

Josaku Yanai, TIS Executive Vice President and Representative Director, talks about progress in improving the value of DX services provided, future drivers of growth and efforts in the social issue solution services business.

### Looking back on accomplishments as of fiscal 2023

#### Strong performance growth thanks to system-building capabilities—source that powers virtuous cycle

Looking back over the first two years of Medium-Term Management Plan (2021–2023), it's clear that the Financial IT Business and the Industrial IT Business have been the drivers of overall growth. Strong performance growth during these two years is a reflection of our composite ability to demonstrate system engineering strengths underpinned by many years of accumulated know-how. We marked steady progress on multiple large-scale projects, including integration of mission-critical systems and rebuilds, complemented by brisk order activity for large migration and modernization projects to upgrade old technology and platforms as well as enterprise resource planning (ERP) systems.

Efforts on the frontline of system development were certainly a component of positive business results, but two developments at the head office also contributed. One was a measure implemented by the System Development & Quality

Management Innovation SBU where people with project management experience review projects handled by TIS and other Group companies from a third-party perspective. Enhanced support and practical advice formed from an in-depth understanding of frontline operations translated into higher quality and fewer unprofitable projects. The other was an effort by the Technology & Innovation SBU to improve productivity. The emphasis was on three tools—Nablarch, an application development/implementation platform created by the unit; canal, a mutual support site available to engineers throughout the Group; and Fintan, a development know-how website designed to sharpen overall engineering capabilities throughout the Group—that led to higher productivity per person and, ultimately, enhanced profitability.

At the same time, individuals steadily honed sharper skills, exemplified by the ability of employees across the Group to carry out their work fully remotely during the pandemic in a quickly set up, secure but non-location-specific development environment. As a result, the system-building capabilities of the TIS INTEC Group are well recognized within the industry, with client trust driving a virtuous cycle of new orders.

### Steady expansion in service-type businesses

Service-type businesses are the fuel for accelerating structural transformation, and I see favorable progress toward our goal of ¥50 billion in sales from the social issue solution business by the end of March 2024, as described in Medium-Term Management Plan (2021–2023). Behind this success is a consolidated team reaching upwards of 1,500 employees in the Digital Transformation Business Unit at TIS alone and a focused approach to developing service-type businesses. The DX Business Unit comprises several structures, including one in charge of PAYCIERGE, TIS' digital payment solution, and one engaged in the healthcare business that I will touch upon later, but all are specialized structures focused on service-type businesses that provide services we ourselves have created through upfront investment.

Clients are showing greater confidence in the safety of cloud services and are increasingly interested in cloud services from the perspective of reduced development time and costs as well as convenience. The need for service-type businesses is thus growing. Against this backdrop, in 2022, TIS debuted CreditSaaS, a credit card processing service promoted as the biggest service solution under the PAYCIERGE label. This was an epoch-making moment for TIS.

TIS has built a strong reputation as a system integrator supporting clients through customized systems. But INTEC, too, has a commendable track record with F<sup>3</sup> (pronounced "F cube"), which helps companies access and utilize customer data and has been installed at most regional banks in Japan. INTEC also boasts the No.1 share of the domestic market for configuration and operation of electronic data interchange (EDI) systems, which facilitate exchange of business documents between companies. Meanwhile, TastyQube Growth, a store management system from QUALICA for the food service sector, has captured 20% of the domestic market. Groupwide, efforts to leverage service-type businesses are well on track.

### Various approaches to improve value in DX services provided

#### Reinforce staffing and service menu to meet DX needs

A theme in Medium-Term Management Plan (2012–2023) is to improve the value of DX services provided, and enhanced DX consulting is part of that process. Toward that end, we aim to increase our force of DX consultants from around 250 to 500 by March 31, 2024. A year ahead of that, we already have a strong group of 420 DX consultants. Bringing companies, such as Miotsukushi Analytics Co., Ltd., and Fixel, Inc., under consolidation, we added data scientists, UI/UX designers and other new job categories to our human resources structure and now deliver broader value to clients in the DX services we provide.

Clients' DX needs are diverse, but we are seeing particularly favorable interest in Spendia, a cloud-based mobile app for expense settlement, and robotic process automation (RPA), which automates tasks within a business, and we anticipate increased demand for TIS' Predictive Management

DX Service, a manufacturer-oriented cloud-based service using predictive AI, which was released in December 2022, and RoboPMO®, the cloud version of a service for project management operations, which has been available since February 2023.

Increasingly, clients' DX needs highlight access to and utilization of information and the benefits of application programming interface. We provide the platform for connecting different systems and collecting distributed data to facilitate wide-ranging analysis of content on the provided platform. Within that huge amount of data lies the potential for major change and growth, from corporate as well as social perspectives, and knowing how to access and utilize that data to draw out latent potential is key. I think real digital transformation is yet to come.

### Further diversification in forte field of payment services

TIS decided to enhance the convenience PAYCIERGE by extending functionality and, anticipating an end to the ban on digital salary payments in Japan, added a digital payroll gateway service to the solution menu in November 2022 that facilitates salary payment through au PAY. With government-imposed restrictions on digital salary payments lifted as of April 2023, TIS will be focusing more energy on services, seeking to respond comprehensively to market needs. In addition, this past March, in cooperation with Mizuho Bank, Ltd., TIS began providing Aizu Coin, a digital regional currency service in Aizuwakamatsu, Fukushima Prefecture. This is a payment method connected to a data linkage platform provided by the city and is intended to encourage widespread awareness of cashless settlement, promote access to and utilization of data on payments made in various settings within the city, create new local services and thereby invigorate the region.

### INTEC's HIS business supports hospital DX

The domestic labor shortage is a pervasive social issue and, as elsewhere, medical facilities across Japan recognize the urgent need to embrace DX to enhance operational efficiency. INTEC's Hospital Information System (HIS) business is booming, substantiated by a solid track record of results, especially requests from national hospitals and university hospitals nationwide for platforms that facilitate medical information coordination and for EXpath, a pathology/cytology diagnostic support system, which features in such platforms. At hospitals, pathological examination requests are generated by various departments, and once a specimen has been examined, the results should be available to the requesting doctor by opening the patient's electronic medical record. EXpath facilitates this workflow. The system not only integrates and coordinates internal hospital systems, such as electronic medical record information, but also allows doctors to share information with peers at other medical facilities. In the future, this will be a business area in high demand from a social perspective, specifically due to the aging demographic.

## Strategic business investment and personnel training for a global market

Our global strategy calls for the TIS INTEC Group to be the top-class IT group in the ASEAN region. Toward this end, we are pursuing capital and business alliances along two trajectories—marketing channels and technologies—with the first focusing on prominent, local SI companies in Thailand, Indonesia and Vietnam, and the second open to a wide range of companies regardless of location. Also, given a progressive trend worldwide to combine consulting services and technology, TIS formed a capital and business alliance with Vector Management Consulting Pvt. Ltd, a major management consulting company in India, in January 2023. This is our first investment in the fast-growing Indian market. Going forward, we will judiciously deepen joint activities and draw on Vector’s know-how to enhance the value-added component of IT services provided to clients of the TIS INTEC Group in India, Japan, China and the ASEAN region.

In addition, we are directing concerted effort into personnel training through global academic-industrial partnerships. Global companies deploy some amazing dual-point strategies that contribute to society while also securing excellent human resources, such as setting up courses at prestigious universities overseas to teach students about the respective business or the industry as a whole, and then recruiting interested students who have done well in their studies. We are also considering the establishment of courses at universities in Southeast Asia as part of human resource

development that will underpin our ASEAN business strategy.

On a groupwide basis, there are about 1,500 employees who do not have Japanese citizenship, but as recruitment in the ASEAN region unfolds, the number of employees of other nationalities will naturally increase. In addition, access to diverse skills and experience across different nationalities will yield greater innovation and be a source of great strength that drives our businesses forward. With this in mind, we will steadily promote diversification of human resources.

## Activities targeting growth drivers The optimization of business portfolio

In March 2023, TIS decided to acquire shares in Nihon ICS, a provider of financial accounting packages for tax accounting offices and companies, and turn the company into a consolidated subsidiary.

Unlike large corporations, small and medium-sized companies have not all been quick to jump on the DX bandwagon. But the delay presents the potential for wider IT investment by this corporate tier in the future. A feature of the TIS INTEC Group is a client base heavily represented by large corporations, so the recent addition of Nihon ICS, with a client base of 7,700 tax accounting offices across Japan and powerful accounting/taxation solutions for small and medium-sized businesses, is a tactical measure to facilitate inroads into a market that works on a completely different business model than we are accustomed to. The small and medium-sized business market serves an enormously large number of

customers, so it’s an important and promising market for us, and it’s a target in our efforts to enhance service offerings. Looking to the future, we expect synergistic effects through Nihon ICS, including broad-based expansion of TIS INTEC Group solutions related to expense settlement and healthcare.

Meanwhile, our business portfolio is always being reviewed, and recently we decided to transfer shares in Sequent Software Inc. and remove the company from the scope of consolidation, and to transfer some operations at MFEC Public Company Limited in line with business restructuring goals.

## Accumulating intellectual property as vital Group asset

Technology has advanced rapidly in recent years, but many clients are confused about how to put new technology to work in their businesses. The TIS INTEC Group will continue to be more than just an IT vendor, as the market demands the role of an overall organizer offering concrete assistance that enables clients to determine the direction and the steps to take in implementing DX. Innovation is permeating social structures worldwide, with China and countries of the West leading the way. Against this backdrop, the TIS INTEC Group will also play a vital role in ensuring that Japan, too, rides the digital wave.

As technology advances, an issue requiring urgent attention is management of intellectual property. To date, when system development wraps up on a system integration project, we destroy all programs and documents in our possession, leaving only intangible know-how and experience. Enhanced management of intellectual property facilitates transition away from conventional labor-intensive business models. Paralleling expansion of service-type businesses, our frontline focus has shifted toward support of robust patent application activity, and TIS already reorganized the Legal & Intellectual Property Department back in April 2023 expecting that intellectual property would assume greater importance in management strategies. We will carefully manage and accumulate intellectual property as a Group asset to reinforce our strengths, keen to explore the potential of joint copyrights and user rights with clients on programs, development technology and other facets of system integration.

## Embracing innovation and putting it to work

Generative AI is a new technology with the potential to transform software engineering, and it cannot be ignored. We get lots of inquiries from clients wondering how best to use generative AI, and from a business perspective, we are ready with a service that features generative AI in DialogPlay, an AI-powered platform to create, publish and operate business-specific chatbots. We are engaged in active discussions, mainly in-house committee information exchange opportunities and ideathons, on possible additional business applications as well as use of chatbots to boost in-house productivity.

Another emphasis is robotics, which we regard as a vital driver of growth. Already, RoboticBase®, a platform developed by TIS to integrate and manage multiple robots, has been installed in commercial buildings, including Tokyo Midtown Yaesu, and service robots for reception, cleaning, delivery and other tasks are in practical use. In addition, given the current

labor shortage, robotics is expected to help mitigate various social issues, including airport services in urgent need of a smart upgrade and self-driving buses to ensure mobility, especially for elderly folks in rural regions where bus, train and taxi services are being streamlined due to depopulation at a time when those without cars need public transportation all the more. We will continue to promote proof of concept and other processes to verify the viability of potential robotics-powered services.

Distributed ledger technology is yet another example of progress. Through a capital and business alliance with R3, an enterprise blockchain company, TIS is involved in diverse blockchain pursuits, including an environment value distribution platform using blockchain technology; Akliteia, a digital anti-counterfeiting platform developed with Asahi Kasei Corp.; and BunkerNote, a service provided by Toyota Tsusho Corporation to centrally manage fuel orders for ships. Complementing these activities, in April 2023, we set up the Web3 Business Planning Department, a dedicated structure focusing on the non-fungible token (NFT) business.

In other activities, we seek to accurately identify new technology with the potential to change social structures over the medium to long term through, for example, research on quantum computing, and thereby gather extensive know-how within the Group.

## As mover that utilizes digital technology Developing social issue solution businesses conscious of mission

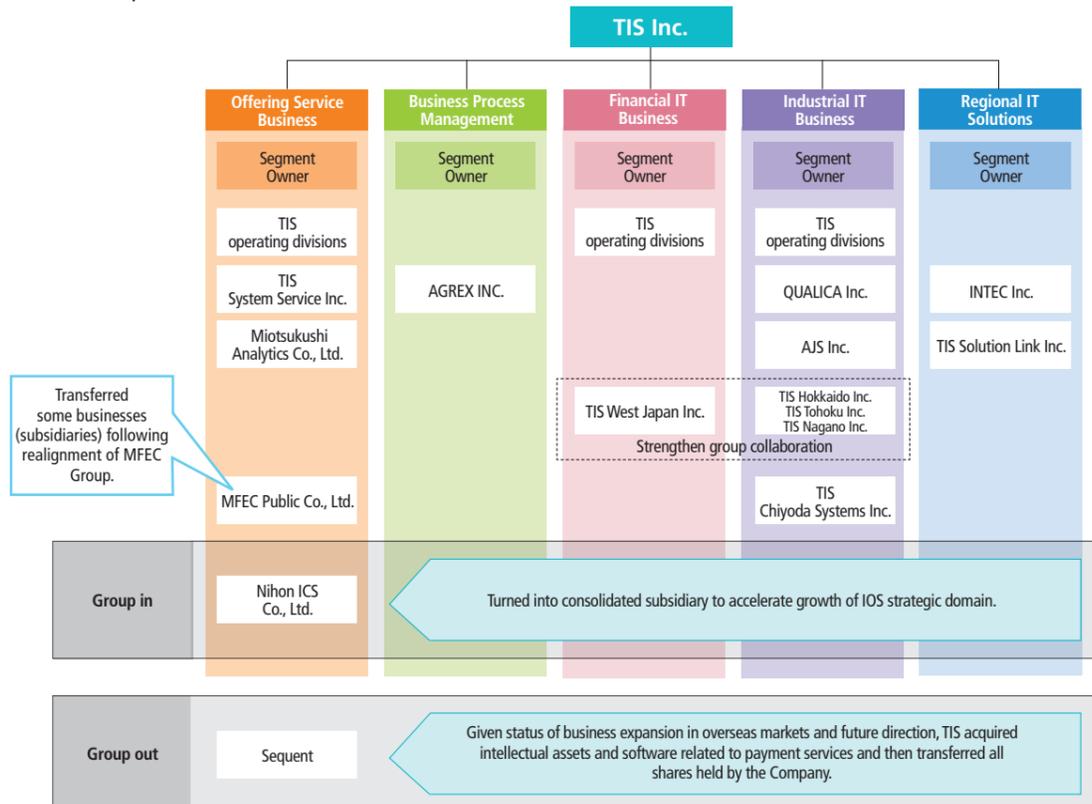
The TIS INTEC Group is engaged in social issue solution businesses to deliver the brand message “Make society’s wishes come true through IT” in the truest sense, guided by the mission described in OUR PHILOSOPHY, the TIS INTEC Group Philosophy.

More and more aspects of social issues can be solved through the power of digital technology, but with so many social issues requiring attention, it would be illogical to assume the TIS INTEC Group could address them all on its own. For example, in the area of health concerns, we don’t simply offer services. Rather, we participate in the PHR Service Business Association and the Japan Digital Health Alliance working group to promote wider use of services.

We also work with government, regions and stakeholders facing similar issues in the areas I mentioned earlier, like verification tests for the digital regional currency Aizu Coin, smart cities using robotics and MaaS, as well as deployment of Carbony, the solution brand designed to achieve a decarbonized society.

Going forward, we confront social issues sincerely and earnestly as a key player maximizing the benefits of digital technology and strive to improve value exchange with stakeholders to better deal with current and evolving social issues. Through these continued efforts, we will contribute to a sustainable society and realize sustainable improvement in the corporate value of the TIS INTEC Group as well.

## Review of business portfolio



## Looking Back on Past Medium-Term Management Plans

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

	Fiscal 2016–Fiscal 2018	Fiscal 2019–Fiscal 2021		
	<b>Beyond Borders 2017</b>	<b>Transformation to 2020</b>		
	<b>Portfolio management</b>	<b>Constant transformation, with sense of speed</b>		
Theme	Portfolio management, in a project sense, blending exceptional businesses and key strengths into a single approach	Achieving structural transformation as a corporate family and taking the lead in finding solutions to social issues		
Basic Concept/ Medium-Term Management Direction	<ul style="list-style-type: none"> <li>Profit emphasis</li> <li>IT brain</li> <li>Portfolio management</li> </ul> ⇒ Set ROE as key performance indicator and strive for improved corporate value and sustainable growth	<ul style="list-style-type: none"> <li>Sustainable profit growth</li> <li>Emphasis on employee self-fulfillment</li> <li>Concentrate on core businesses</li> <li>Shift to prior investment style of business development</li> <li>Expand global business</li> </ul>		
Key indicators	Fiscal 2018		Fiscal 2021	
	Estimates	Actual	Estimates	Actual
Net sales	¥400 billion	¥405.6 billion	¥430 billion	¥448.3 billion
Operating income	¥30 billion	¥32.7 billion	¥43 billion	¥45.7 billion
Operating margin	7.5%	8.1%	10.0%	10.2%
ROE	8.0%	9.9%	12.0%	10.8%
Policy on return to shareholders	Strive for total return ratio of 35%		Strive for total return ratio 40%	
Payout ratio	16.6% in fiscal 2018		31.9% in fiscal 2021	
Total return ratio	30.5% in fiscal 2018		42.8% in fiscal 2021	
Reference: Average annual growth rate over three years				
Net sales	+4.0%		+3.4%	
Operating income	+15.7%		+11.8%	
Major priorities in group management	<ul style="list-style-type: none"> <li>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</li> <li>Realize higher level of administrative management ⇒ Promote management with profit emphasis, work to enhance accounting, taxation, finance reporting, and implement Group personnel strategies</li> </ul>	<ul style="list-style-type: none"> <li>Elevate head office functions and promote greater efficiency ⇒ "G20" project to elevate head office functions Integrate groupwide core systems Cut head office costs by 10%</li> </ul>		
Key reflections	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Posted profit growth and hit operating income and strategic domain ratio targets—two key performance indicators—by leveraging structural transformation and improving productivity. Hit ratio of 51% (exceeded target of 50%) in fiscal 2021.</li> <li>Quantitatively, Service IT Business maintained upfront investment emphasis. Net sales grew but profitability was an issue despite. BPO, Financial IT Business and Industrial IT Business raised added value and productivity and were rewarded with higher profitability.</li> <li>Made progress on strategic domain restructuring and achieved profit growth, but advance on monetizing Service IT Business and achieving qualitative structural transformation through new pillars of business only reached midway point.</li> </ul>		

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

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

### Fiscal 2022–Fiscal 2024

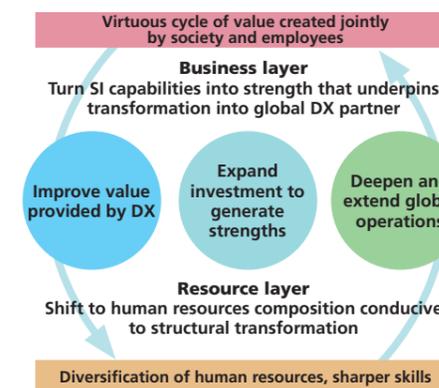
### Be a Digital Mover 2023

As a second step towards achieving Group Vision 2026, the three years of the current medium-term management plan has been a time in which we have enhanced our value chain by improving the value provided in DX services. By promoting further structural transformation, we will grow the Group, better positioning ourselves to address social issues. Progress in Medium-Term Management Plan (2012–2023) has been favourable, and we achieved its targets in fiscal 2023, a year earlier than anticipated.

#### Basic Policies

#### Landmark changes to business landscape

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



**Accelerate structural transformation by improving value provided in DX services**

#### Key Performance Indicators

<b>Net Sales</b> ¥500 billion (Fiscal 2024 [at time plan drawn up]) / ¥508.4 billion (Fiscal 2023 [actual])	<b>Operating Income</b> ¥58.0 billion (Fiscal 2024 [at time plan drawn up]) / ¥62.3 billion (Fiscal 2023 [actual])	<b>Operating Margin</b> 11.6% (Fiscal 2024 [at time plan drawn up]) / 12.3% (Fiscal 2023 [actual])
<b>EPS Growth CAGR</b> Exceeding 10% (Fiscal 2024 [at time plan drawn up]) / 43.4% (Fiscal 2023 [actual])	<b>Strategic Domains Ratio</b> 60% (Fiscal 2024 [at time plan drawn up]) / 56% (Fiscal 2023 [actual])	<b>Sales of Societal Issue Solution Service</b> ¥50.0 billion (Fiscal 2024 [at time plan drawn up]) / ¥48.6 billion (Fiscal 2023 [actual])

#### Fiscal 2023 TIS INTEC Group Management Direction

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

#### Looking back on fiscal 2023

- Obtained high evaluations from external organizations, substantiated by inclusion in MSCI Japan ESG Select Leaders Index and FTSE4Good Index Series, for sustainability management and stakeholder engagement
- Strengthened environment-oriented initiatives, highlighted by carbon neutral declaration
- Enhanced sustainability management with initiatives that contribute to higher corporate value and value provided to society from a long-term perspective
- Gross profit margin continued to climb, reaching 27.9%, complemented by successful efforts to curb unprofitable projects through activities, including continuous enhancement and innovation.
- Shift to strategic domains moving along as planned. (Strategic domain ratio hit 56%, exceeding estimate of 54%)
- Enhanced consulting capacity and strengthened data analysis and design function
- △ Leverage co-creation activities with clients and business partners to revitalize operations and achieve growth in social issue solution services
- Investment to reinforce in-house capabilities, including R&D, rolling out as planned
- Marked topline growth, driven primarily by MFEC, en route to becoming top-class IT group in ASEAN region
- Leveraged co-creation activities with activities through capital and business alliance with Vector Consulting Group, a major management consulting firm in India.
- Revamped human resources system, seeking to improve added value (implemented in April 2023)
- Reinforced prior investment into human resources (improved compensation)
- Enhanced and encouraged participation in Human Resources Business Partner (HRBP) program

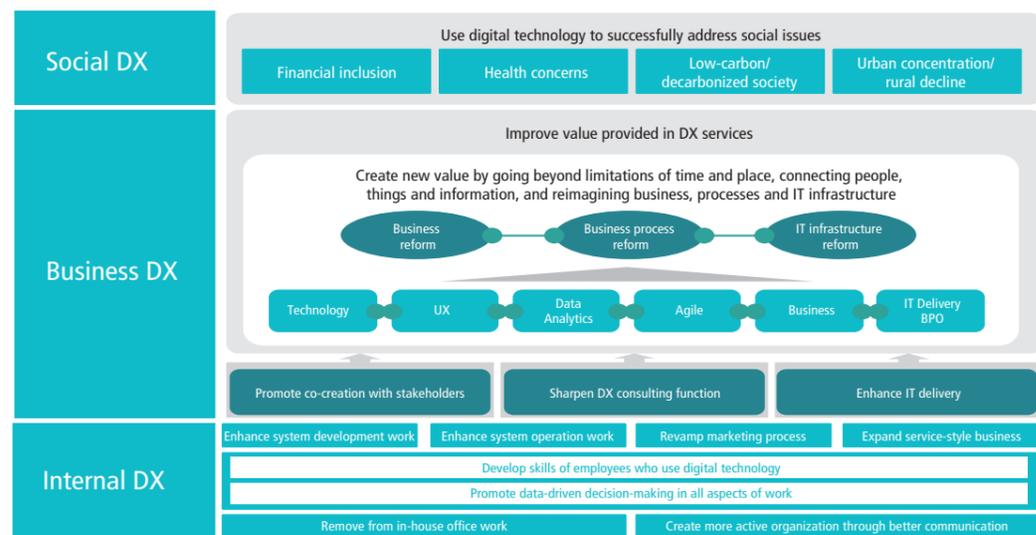
# Key Strategy of Medium-Term Management Plan/DX Business Strategies

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

## Overall DX Business Strategy

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

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



For details on TIS' DX strategy, please go to the corporate website (Japanese only).  
<https://www.tis.co.jp/group/policy/dx>

## Social DX

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

## Business DX

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

## Internal DX

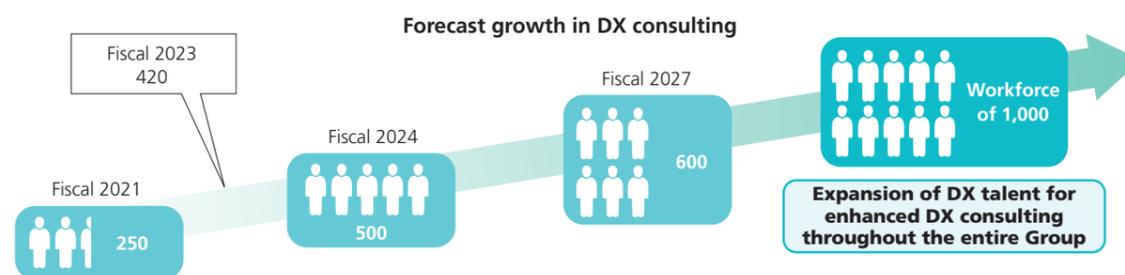
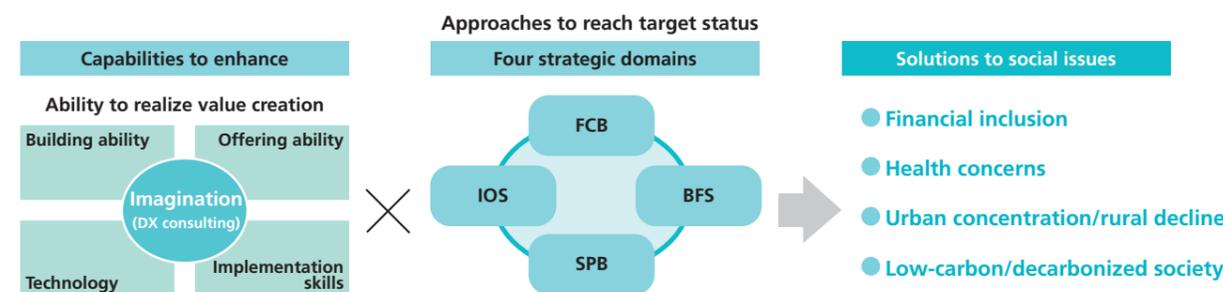
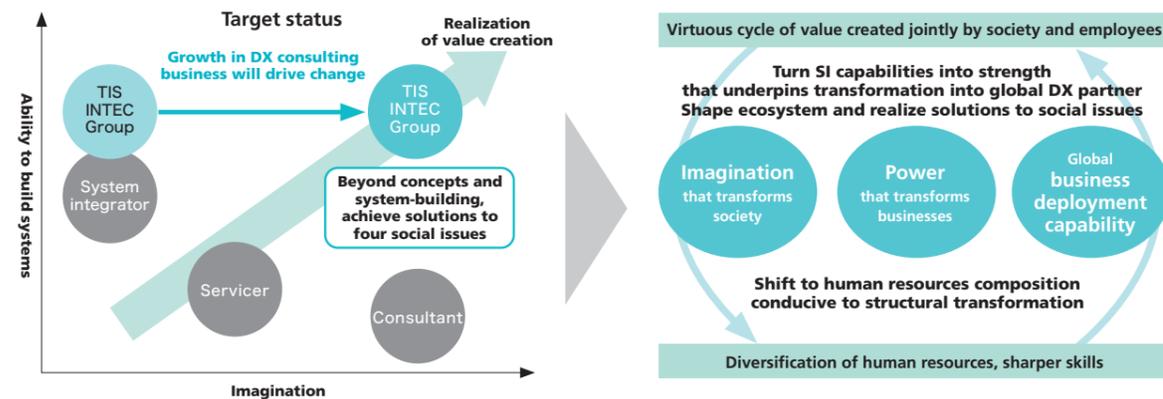
Using data collected within the Group as well as technology, such as AI and robotics, we will make office work more efficient. This will create a new environment in which employees are more motivated and can concentrate on promoting social DX and business DX.

## Promotion Structure

The person responsible for promoting the Group's DX business strategy is the TIS Executive Vice President and Representative Director. To increase value exchange with stakeholders, the Digital Transformation Promotion SBU is taking a central role in designing the future of the Group through wide-ranging approaches across divisional lines under a dedicated project structure that includes enhanced marketing and sales, better system development and operation, and fine-tuned deployment of human resources.

## Direction of DX Business Strategy

The Group's strength resides in its abilities as a system integrator, which it has developed over many years. We believe we can evolve and grow significantly beyond our current core operations as a system integrator by anticipating where clients have not yet found solutions and having the conceptual capability to solve problems and formulate solutions. The engine of this conceptual capability is our consulting function. By resolutely nurturing this capability, we aim to establish the ability not only to transform our clients' businesses but also to solve social issues, effecting social transformation.



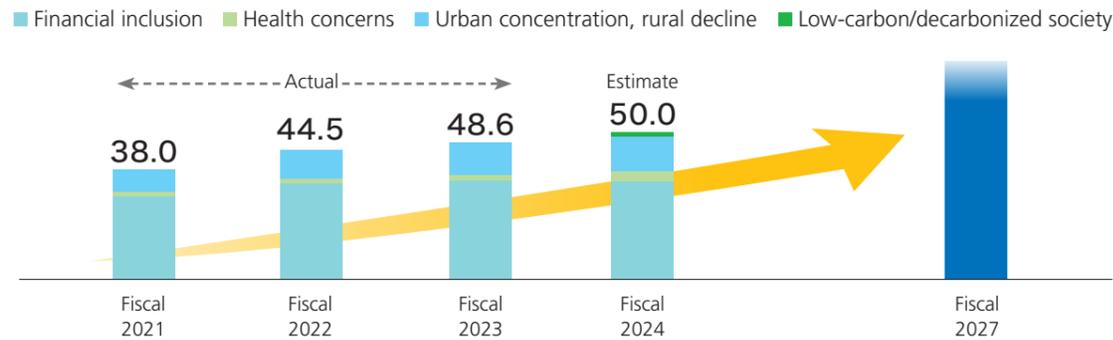
Unique features of TIS' DX consulting		Typical consulting firms
<b>Full-scope response until DX is achieved</b>	<ul style="list-style-type: none"> <li>As a system integrator, we accompany the client through to realization so projects don't end up as castles in the air</li> <li>Full support for system implementation and continuous improvement from consulting to implementation</li> <li>Organizational capability to carry out transformations that are not idealized, but realistic, backed up by a track record of building and operating mission-critical systems</li> <li>Working as a partner to enable organizational transformation as well as DX talent development</li> </ul>	<ul style="list-style-type: none"> <li>Offer strategy formulation and conceptualization, leaving execution to clients and vendors</li> <li>Propose "ideal states" based on overseas case studies and best practice that cannot be achieved by Japanese companies</li> <li>"Not a good fit for our company."</li> </ul>
<b>Data-driven approach</b>	<ul style="list-style-type: none"> <li>Achieve data management that facilitates growth by making decisions driven by data analysis and utilization</li> <li>Starting from data, we create a framework to visualize issues, accumulate further data, and make improvements based on data</li> <li>Employment of a dedicated team of data scientists with extensive experience at Miotsukushi Analytics</li> <li>UI/UX design is also used to create a framework for collecting data, with design experience based on design thinking and behavioral economics</li> </ul>	<ul style="list-style-type: none"> <li>Proposals that don't take account of the actual data and the actual operations</li> <li>Data analysis and UI/UX design are done by separate teams; integrated consulting has not been developed</li> </ul>
<b>Consultant's perspective and involvement</b>	<ul style="list-style-type: none"> <li>Business initiatives that contribute to society and business continuity from a longer-term perspective</li> <li>Addressing social issues directly related to a company's raison d'être, such as the SDGs or ESG investment</li> <li>Because TIS is itself a company that works to solve social issues, this allows the Company to take a proactive approach in the form of joint investment or the establishment of joint ventures, on the understanding of the significance of long-term initiatives</li> <li>We can make the team for "circular continuity" to address issues that cannot be resolved by a company acting alone, and work for outcomes that reflect our vision of the ideal society</li> </ul>	<ul style="list-style-type: none"> <li>Focus is on paid support to companies</li> <li>Involvement is exclusively as an external advisor</li> </ul>

## Topic

In December 2022, we held a briefing on the theme of "Consulting Business - DX Business Strategy" to provide a detailed explanation of our focus areas, strategies, and the like. Please follow the link below to see presentation materials from that day.  
[https://www.tis.com/documents/en/ir/finance/meeting/221205\\_1.pdf](https://www.tis.com/documents/en/ir/finance/meeting/221205_1.pdf)

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

Net Sales Growth in Societal Issue Solution Service (Billions of yen)



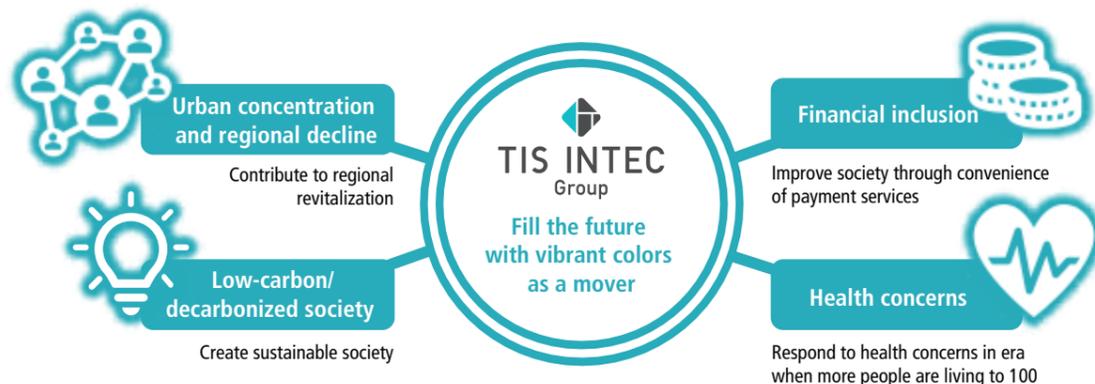
Key Activities in Offering Services Business

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

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

■ Social DX (Societal Issue Solution Services)

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



Topic

TIS held an information meeting in December 2021 highlighting sustainability management and provided details on solution-style services to address social issues. Please follow the link below to see presentation materials from that day.  
<https://www.tis.com/documents/en/ir/finance/meeting/211201.pdf>

Selected examples

■ Health Concerns

A Healthcare Platform that employs digital technologies to handle medical and health information

TIS provides the Healthcare Platform as an open platform that utilizes IT to integrate medical and health information that can support people in various ways throughout their life, from daily health promotion to disease prevention, treatment, and nursing care.

The Healthcare Platform allows members of the public to take the initiative in using their health and medical information that is aggregated in the Platform as and when they wish to. It facilitates correct and effective treatment and care at medical institutions, but also appropriate health promotion measures that may be taken in the community, thereby promoting healthy lifestyles.



Sponsorship of the Osaka Healthcare Pavilion at Expo 2025 Osaka, Kansai, Japan

TIS is a sponsor of the Osaka Healthcare Pavilion Nest for Reborn (Osaka Healthcare Pavilion) which will be exhibited by Osaka Prefecture, Osaka City, and the Osaka Pavilion Promotion Committee at Expo 2025.

The Osaka Healthcare Pavilion, titled "Reborn," will showcase healthcare as an important issue, with themes to include future healthcare experiences and the future of medical care. As an Expo sponsor TIS will provide full IT support.



■ Low-Carbon/Decarbonization

Carbony: Using the power of digital to create a decarbonized society

Carbony's first solution, the Carbony VPP (Virtual Power Plant) Platform, was launched in April 2022. In the future, we aim to develop services such as energy-saving promotion services, Scope 3 emissions compliance services, environmental value trading platforms, and EV solutions, which we are working on as a proof-of-concept projects.



■ Concentration in Cities and Decline of Rural Areas

Capital and business alliance with PIX Moving, a Chinese self-driving EV startup

In China, where Mobility as a Service (MaaS) and smart city solutions are expanding, Group subsidiary TISI (Shanghai) Co., Ltd., and PIX Moving Inc. will jointly build and provide MaaS-related IT services. We will build on our strong track record in China to expand related services to the Japanese and ASEAN markets.

Examples of PIX Moving's products

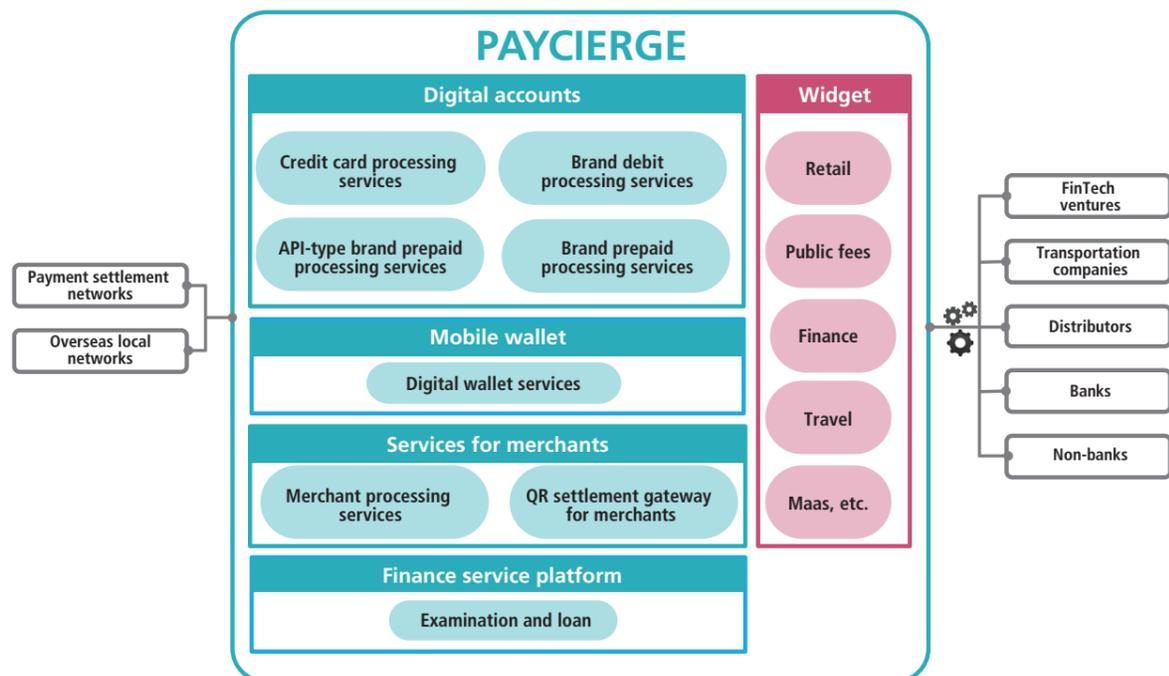


### Leveraging Our Strengths to Accelerate Business Development and Realize a Cashless Society

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

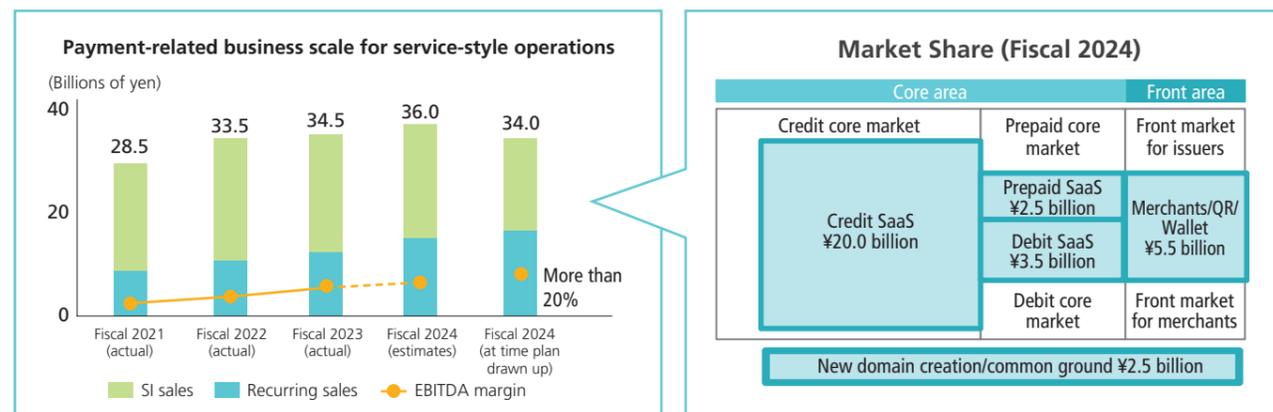
#### Overview of Payment Services and TIS' Core Focus

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



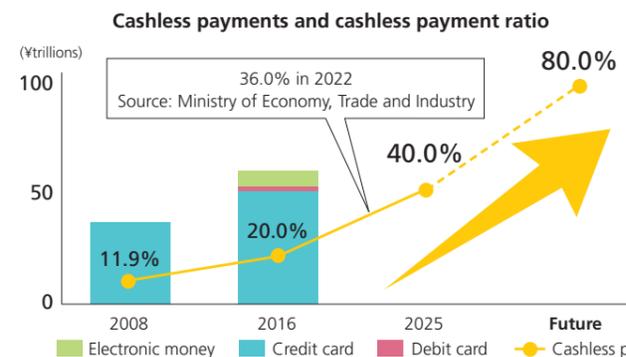
#### Payment Service Strategy under Medium-Term Management Plan (2021–2023)

With the cashless market in growth mode, we will target businesses keen to participate in new payment options. High-level specialization will be in demand, providing us with the perfect opportunity to demonstrate competitive superiority, especially in services to our core area. We are aiming for net sales of ¥36 billion in fiscal 2024, supported primarily by this core area.

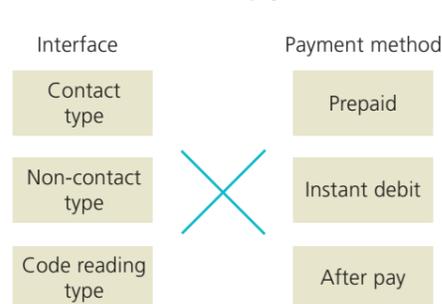


#### Status of Cashless Payments in Japan

- 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.



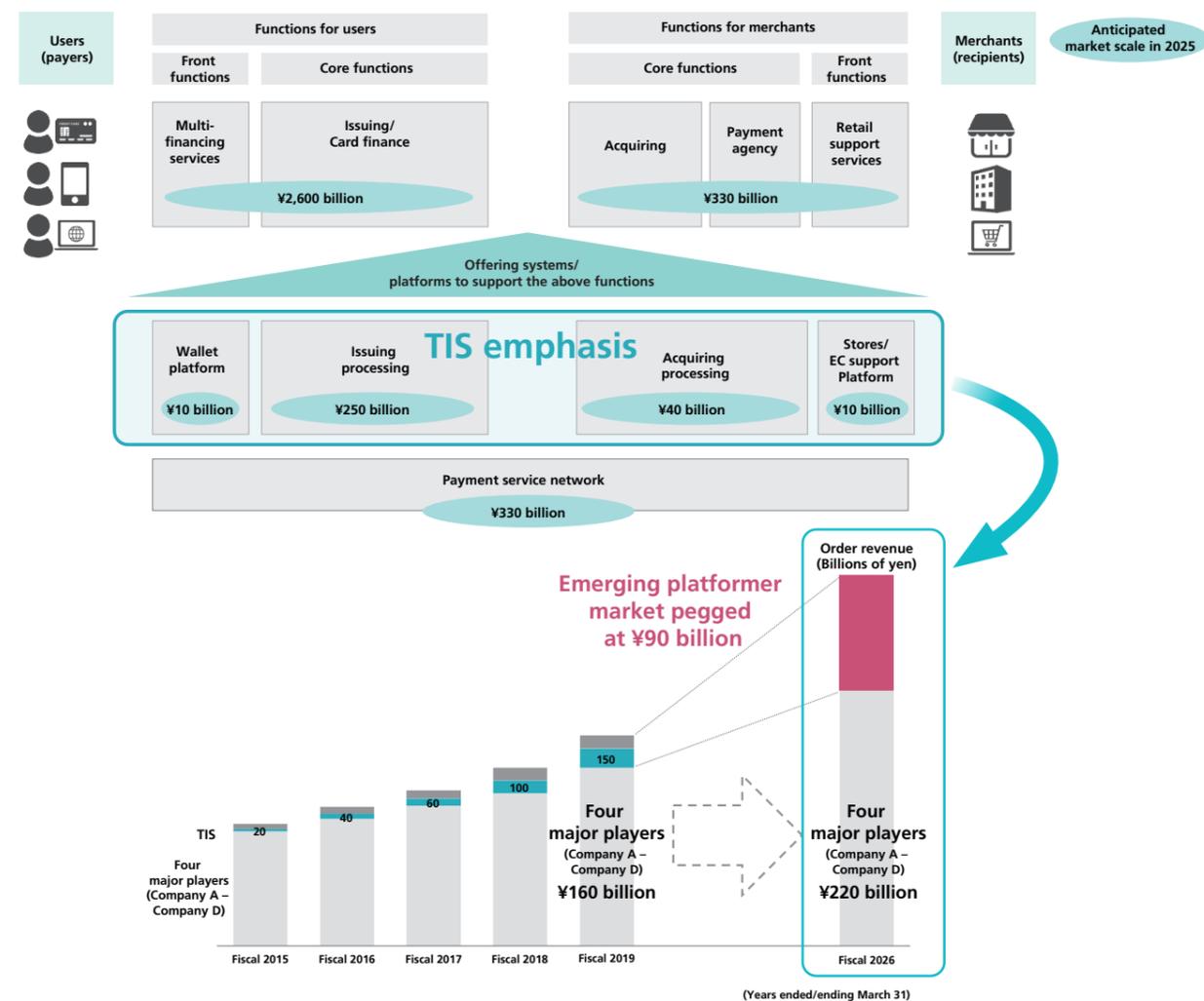
#### Combination of cashless payment methods



#### Forecast Market Growth in TIS Focus Areas (based on TIS research as of 2019)

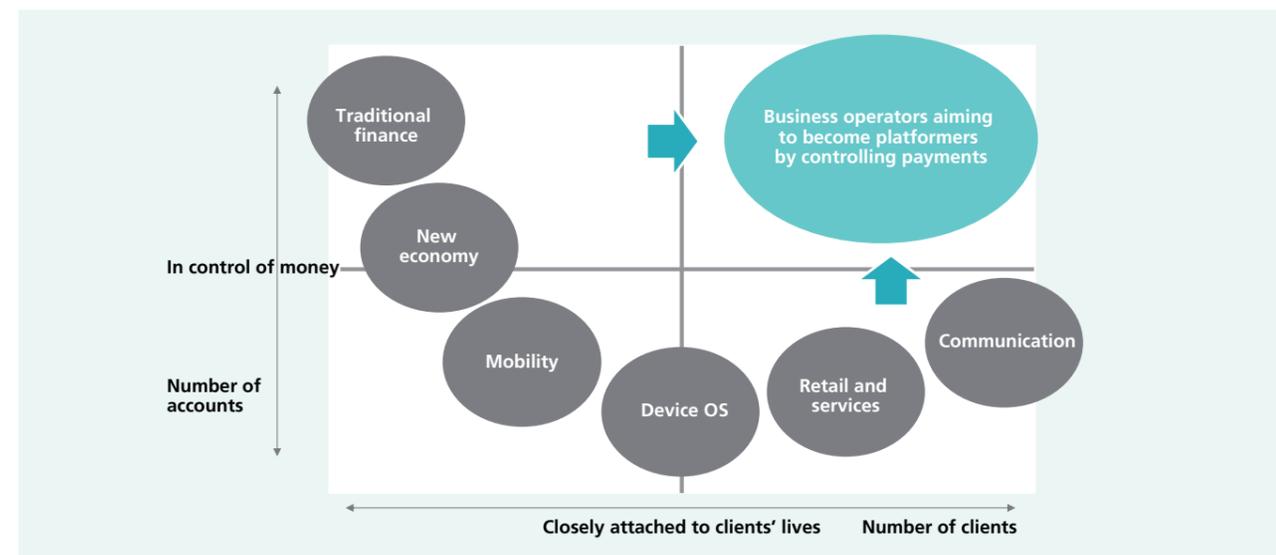
The Company expects the processing market in Japan to experience continuous growth with the expansion of cashless payments and to reach to ¥310 billion in fiscal 2026. While the business of the four major card processing companies will grow steadily, to ¥220 billion, we expect the new market entrance of non-financial companies to expand significantly, to the value of ¥90 billion, and we are focusing on expanding our business in this "emerging platformer market."

\*TIS defines the card processing market for non-financial companies seeking to enter the payments business as the "emerging platformer market."



■ Target Clients to Extend Core Functionality for New Issuers

Clients in the emerging platformer market span all industries. Operators who are in control of money and those who are closely attached to clients' lives aim to influence both monetary transactions and lives through digital transformation. We will target these operators to expand the provision of the Group's core functions.



■ Fiscal 2023 Topics

Core areas (CreditSaaS, DebitSaaS, PrepaidSaaS)

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

Front area

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

Beyond Payment

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

■ Priority Themes for Fiscal 2024

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



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

As the trend toward cashless transactions accelerates and the overall domestic payment market expands, we are steadily broadening the scale of our business by expanding our PAYCIERGE service lineup. Here, we focus on processing services in core areas where we can leverage our strengths most effectively. At the same time, we are actively pursuing future-oriented investments to address the emergence new social infrastructures, such as digital currencies and Web3.

Due to rapid changes in society and technology, we expect societal needs for payments in the future to become more diverse and segmented. As a leader in the payment market, we will help realize an affluent future society by constantly evolving to quickly provide value that exceeds expectations. This includes creating advanced services and developing payment services in other areas (such as healthcare and energy) that we are advancing and focusing on.

■ New Initiatives Amid the Growth of Cashless Payments

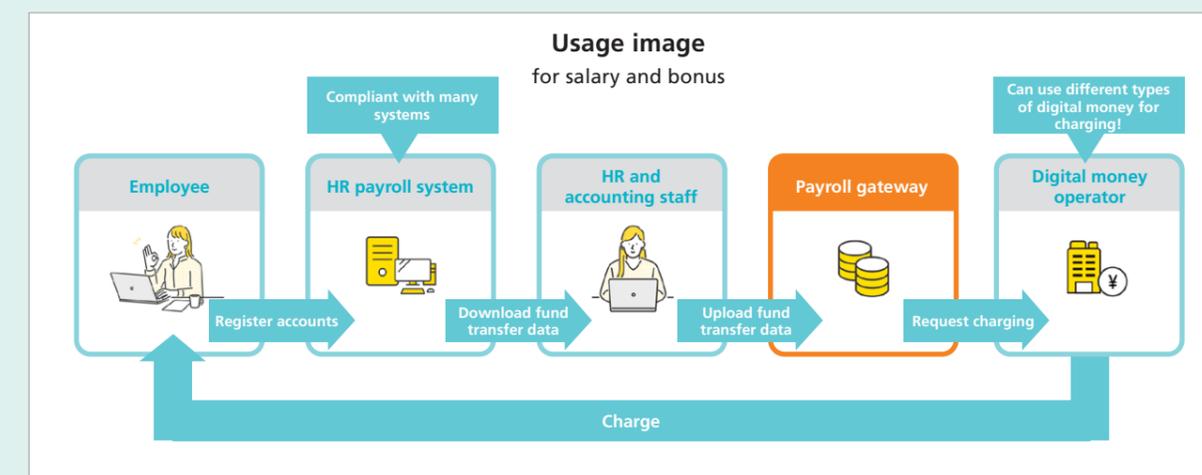
Digital Wage Payments

In April 2023, the *Ordinance for Enforcement of the Labor Standards Act* was amended to allow wage payments with digital money and by means other than bank deposits. Employees can receive their wages through smartphone payments and other means they normally use, making digital money more convenient and contributing to the momentum toward a cashless society.

Digital Wage Payment Gateway Service

The digital wage payment gateway service is one of the features of TIS's digital payment platform brand PAYCIERGE, which enables digital wage payments. It enables companies that want to pay wages with digital money to contract with a fund transfer agent, enabling them to pay wages using a variety of digital money without having to individually connect multiple fund transfer agents to the HR payroll system. Furthermore, the service has been designed to be compatible with existing methods of transferring wages to bank accounts—after incorporating agreed-upon specifications with 19 HR payroll system providers—so companies can smoothly implement it without having to modify their internal HR payroll systems.

Going forward, the service will be expanded as a digital money payment gateway service that enables various digital money payments, such as salary advances and expense reimbursements, in addition to regular wage payments.

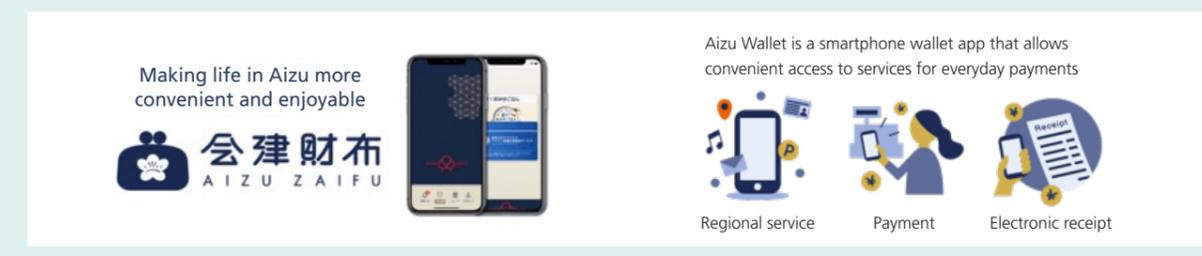


Digital Local Currency Services to Solve Local Issues

As a member of the payment working group of the AiCT Consortium, the Company has been promoting the implementation of cashless payments using digital local currency in Aizuwakamatsu City. Through increased cashless payments, this service creates a mechanism to preserve purchasing data within the community and promotes initiatives to increase the productivity of the entire community by utilizing the data in various business sectors and industries. In partnership with the public and private sectors, we will work to revitalize other communities by making payments more convenient, helping to create an environment that facilitates participation by local citizens and businesses.

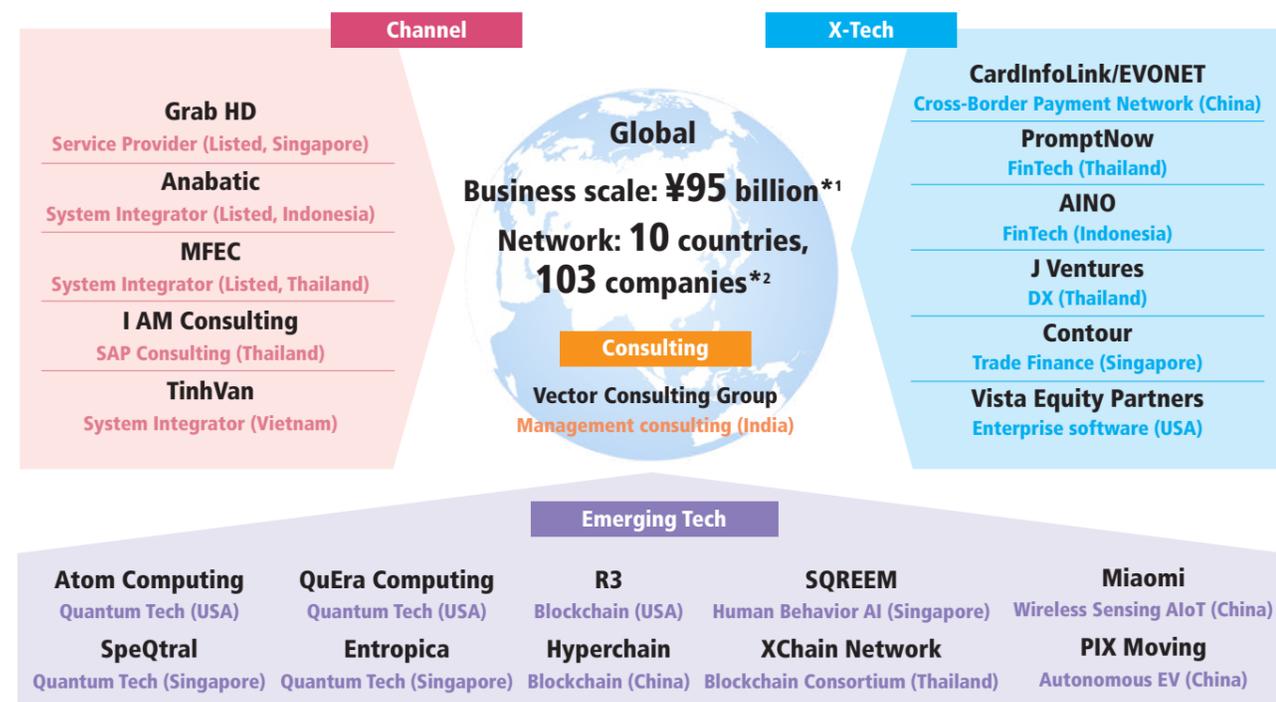
Aizu Coin, a Digital Local Currency Service that Resolves Local Issues

This service was jointly developed by combining the Company's Aizu Wallet and Mizuho Bank's House Coin services to solve the issues faced by merchants in the introduction of cashless payments and to enable retention of payment data within local communities. The AiCT Consortium was commissioned by Aizuwakamatsu City in Fukushima Prefecture as a Mutual Aid Data Linkage Smart City Project, but it was selected as a Type 3 grant project under the Digital Garden City Nation Vision promulgated by the Cabinet Office. This payment method will be connected to the data linkage infrastructure provided by the city.



**Leverage Business Domain Expansion and Strategic Investments to Become Top-Tier IT Group in ASEAN Region**

The TIS INTEC Group aims to form an alliance of leading IT companies in the ASEAN region, pursuing diverse strategies: "Channel," for local market expansion, "X-Tech," for new business and service creation, "Emerging Tech" for next-generation technology development, and "Consulting" for value chain expansion.



\*1. Total sales of subsidiaries and equity method affiliates (fiscal 2022, ended December 31, 2022) are converted at period-end rate.  
\*2. As of April 2023

**Topic: Capital and Business Alliance with Vector Consulting Group**

In January 2023, as the first step in boosting consulting activities to expand the value chain, TIS entered a capital and business alliance with Vector Management Consulting Pvt. Ltd, one of the top management consulting groups in India, and turned Vector into an equity affiliate of TIS.

<b>Purpose of the alliance</b>	<ul style="list-style-type: none"> <li>✓ <b>Strengthening of consulting function</b> in global business</li> <li>✓ <b>Expansion of channels in India</b>, our third-largest market after China and ASEAN</li> <li>✓ <b>Enhancing the added value of IT services not only for India but also for clients in Japan and ASEAN</b></li> </ul>
<b>Vector's merits</b>	<ul style="list-style-type: none"> <li>✓ Established in 2006, it is one of India's leading management consulting companies</li> <li>✓ Home to <b>over 200</b> consultants (management plus IT)</li> <li>✓ Consulting services applicable to <b>each part of the value chain</b>, from R&amp;D to manufacturing, logistics, and sales</li> </ul>

Through this alliance, TIS' IT expertise will facilitate Vector's business expansion in Southeast Asia as well as other global markets, and will enhance Vector's service offering. Following the worldwide trend in the integration of consulting and technology, we will also leverage Vector's management consulting expertise to provide high-value-added IT services to our existing clients in India, Japan, ASEAN, and China.

**Topic**

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

**Topics: Initiatives to Improve the Profitability of MFEC**

At MFEC, the core of our global business, although sales are rising, profitability is declining due to economic uncertainty precipitated by geopolitical factors, orders accepted at strategic prices due to fiercer competition, and cost increases due to soaring labor and outsourcing costs. By promoting various profitability improvement initiatives, we will raise the profit margin of the business and achieve high profitability in the global business as a whole.

**Activities to enhance profitability**

**1. Transfer of business for MFEC's further corporate growth**

To respond quickly to the rapidly changing business environment, including dramatic technological evolution, and one-time clients becoming competitors, the high-code app development team was transferred to Bluebik Group Public Company Limited, a fast-growing management consulting firm in Thailand. By strategically reinvesting the proceeds from the transfer in high-value-added services, the company aims to transform itself into a high-margin structure.



**2. Establishment of MFEC's CVC, and accelerating investment in promising companies**

Synergy Group Ventures was established as a corporate venture capital company of MFEC. Using the proceeds obtained from the business transfer, we will accelerate investment in local Thai start-ups that will promote organic growth and thereby contribute to MFEC's sustainable growth.



**3. Solving social issues through building ESG platforms**

In Thailand, where air pollution is becoming increasingly problematic, we invested in a new business to launch Digital Sustainability, a decarbonization solution to address the growing need for decarbonization. This ESG initiative aims to contribute to solving a pressing social issue in Thailand.



**Promotion of collaboration with TIS**

Opportunities for collaboration are being determined and cultivated, including: joint promotion of large-scale projects for Japanese companies in Thailand; expansion of sales of MFEC solutions such as IoT and security solutions to Japanese companies in Thailand; furthering relationships with TIS's capital and business partners in Thailand, particularly tech companies; and talent exchange.



**Kensaku Furusho**  
TIS Executive Officer,  
Division Manager of  
Global Division

In our global business, we have designated the ASEAN region as our focal target market since 2014. Specifically, we have promoted capital and business alliances and M&As with local partners to strengthen relationships and create synergies. As a result, sales in Southeast Asia reached around ¥95 billion in fiscal 2022, up about ¥17 billion year on year.

In addition to the ASEAN region, we also entered the fast-growing Indian market with the formation of a capital and business alliance with that nation's largest local management consulting firm, a new domain for our global business. Keeping abreast of the recent convergence of IT and consulting, we will continue expanding our global value chain.

On the technology side, meanwhile, we are actively working on projects involving disruptive technologies that could change our future. For example, we formed a capital alliance with a U.S. quantum computer company and another with a Chinese developer of autonomous driving technology.

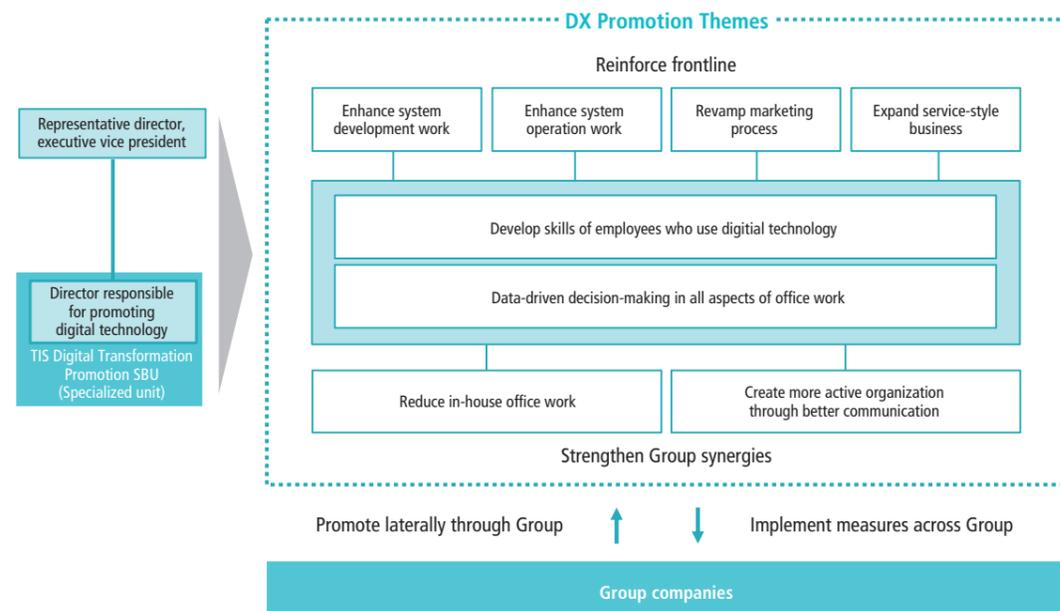
To quickly achieve our consolidated net sales target of ¥100 billion in fiscal 2026, we will continue focusing on specific markets while acquiring consulting capabilities and advanced technologies from a global perspective to expand our global business and help resolve social issues.

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

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

## Internal DX

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



## Promoting Higher Level of ESG

### Activities in Fiscal 2023

<h3>Environment</h3> <p>Contribute to decarbonized society and recycling society</p> <ul style="list-style-type: none"> <li>Carbon neutral declaration (December 1, 2022)</li> <li>Expanded scope of measures to control greenhouse gas emissions (began extending measures to overseas Group companies)</li> <li>Began considering biodiversity response</li> </ul>	<h3>Social</h3> <p>Sustainable improvement in stakeholder engagement</p> <ul style="list-style-type: none"> <li>New human resources system introduced at TIS, effective April 2023, that completely redefines compensation, evaluation and rating systems, including a maximum 17% increase in basic salary</li> <li>Formulated and announced multi-stakeholder policy to clarify emphasis on joint efforts and co-creation with diverse shareholder groups</li> </ul>
<h3>Governance</h3> <p>Constantly pursue level of corporate governance that elicits greater trust from society</p> <ul style="list-style-type: none"> <li>Established offices dedicated, respectively, to improving ability to achieve constructive dialogue with stakeholders and to enhance corporate governance</li> <li>Strengthened involvement of Board of Directors in Corporate Sustainability Committee</li> <li>Took steps to reduce strategic shareholdings</li> </ul>	

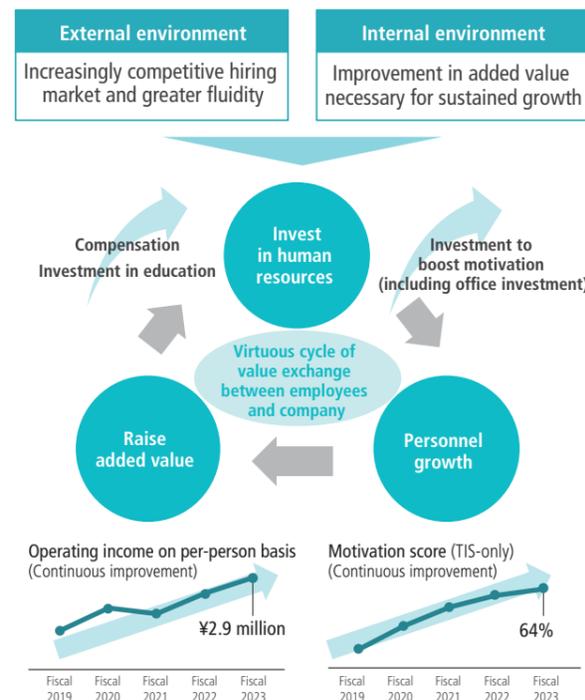
### Priority Theme in Fiscal 2024

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

## Human Resources Strategy

The TIS INTEC Group is proactively promoting forward-looking investment in human resources, its most important management capital. To further improve the value we provide, we will strengthen incentives for employees to enhance their ability to contribute to the business through self-directed learning.

### Ideal Human Resources Strategy



### Activities in Fiscal 2023

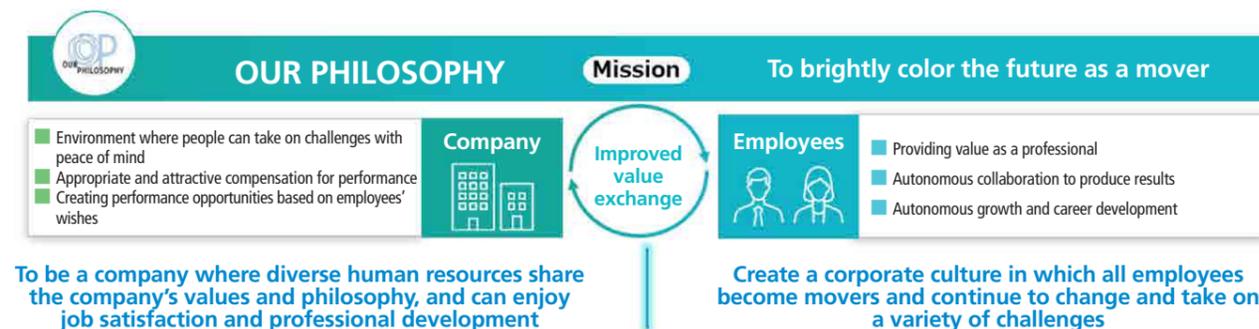
- Sharpen/enhance skills of human resources**  
HRBP worked together with on-site executives and leveraged measures fine-tuned to business needs, creating human resources portfolio linked to business strategies
- Sustainable engagement**  
Career advancement for personnel who exemplify TIS INTEC Group Philosophy, and leverage review of personnel system and pay increases that forge a closer link between results and compensation
- Personnel DX**  
Built platform for collecting and analyzing information about human resources throughout Group, visualizing HR data and supporting decision-making in business activities to more efficiently manage human capital
- Diversity & Inclusion**  
Implement organizational improvements and create better workplace environments matched to on-site conditions to enable diverse workforce to reach targets and demonstrate individual strengths

### Priority Themes for Fiscal 2024

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

### Improve Value Exchange between Employees and The Company

Sustainable engagement, one of the core themes of the medium-term management plan, promotes 1) personnel evaluation and compensation commensurate with the true value of human resources; 2) the provision of opportunities for diverse human resources to become more engaged with the Company; and 3) the health of employees and the development of working environments that motivate employees to deploy their professional strengths to better contribute to the Company. We will increase the value we provide to society by enhancing the value exchange between employees and the Company.



### Personnel Systems That Encourage All Employees to Act Independently

TIS has revised its personnel evaluation system to enable employees to better identify with the Company and its business direction, while enjoying job satisfaction and professional growth. This system was implemented in April 2023. When setting goals, we maximize the Must/Will/Can framework, in which employees take ownership of the organization's goals and are motivated to act autonomously to better contribute to the business.

As a shared group initiative, we are introducing OP Competency Assessment, which proactively evaluates actions that embody the values of OUR PHILOSOPHY. We will promote dissemination of TIS INTEC Group Philosophy and aim to embed it into our corporate culture.



## What are the service-style operations that will fuel structural transformation?

Under Medium-Term Management Plan (2021–2023), the TIS INTEC Group is working as a cohesive unit to accelerate structural transformation through enhanced value in DX services provided. In this roundtable discussion, participants answer the question, “Why is structural transformation so important?” and address issues and key initiatives for leveraging structural transformation on the frontline, such as developing service-style operations into a driver of growth, from a leadership perspective.



All participants from TIS, Inc. (from left):  
**Takashi Fujii**, Executive Officer, General Manager, Payment Services Unit, DX Business Unit  
**Kenichiro Taniguchi**, Expert, Energy & Infrastructure Division/Energy Business Division 2, Industrial & Public Solutions SBU  
**Reiko Oka**, Executive Officer, Department Manager of Corporate Planning Dept. and Deputy Division Manager of Corporate Planning SBU

### Service Style Operations and the Need for Structural Transformation

**Oka:** The TIS INTEC Group seeks to achieve the corporate vision—“Create Exciting Future”—by 2026, guided by Group Vision 2026, which targets market creation and business innovation through advanced technologies and know-how. I was involved in formulating this vision, and one of the issues I saw at that time was the emphasis on proposal-style operations. The Group had earned top marks from clients for customized solutions through contract-based system development, but thinking about clients and the future needs of society, the new vision was formulated with the underlying intention of modifying the business style so that the Group could anticipate market needs and better provide solutions to meet those needs.

Structural transformation to realize Create Exciting Future—highlighted under Medium-Term Management Plan (2021–

2023) as well—includes system development through our own upfront investments and steps to turn services provided to clients into full-fledged businesses. Today, I am joined by two people with experience in contract system development who are now involved in service-style operations. I’m anxious to get an update on activities as well as any issues still outstanding.

**Fujii:** Early on, I was involved in contract development for industry-sector clients and worked on large-scale system development for clients in the credit card sector, and then for about five years, I was part of the Corporate Planning Department. Currently, I am responsible for PAYCIERGE, the comprehensive digital payment solution from TIS. PAYCIERGE provides processing options for various payment formats, including prepaid, debit and credit, and facilitates associated data analysis in a one-stop payment settlement package.

First off, we apply two concepts to service-style operations because clients’ requirements differ depending on whether the

system is to be applied to a competitive aspect or a non-competitive aspect of business. For example, the structure for paying with a credit card is itself a non-competitive aspect of business, so even if our system is fundamentally the same as another company’s system, we have to somehow distinguish ours, make it better and get it into operation faster. Therefore, wherever possible, we utilize a template to expedite the service start. But card member sites and point systems fall into competitive territory for clients, and this is where clients would like to differentiate themselves from other companies. The process takes a little longer, but that’s because we are incorporating specific expertise into the solutions. System development under contract means building from scratch, and this requires both time and money, so even in the competitive realm, we may opt for templates in certain situations to provide a semi-customized response. In our service-style operations, we can do both—customized development and template-based development—whichever best meets client needs.

**Taniguchi:** I’m in charge of Carbony, a solution brand that will contribute to realization of a decarbonized society. Previously, for about 10 years, I was involved in contract development of systems for electric power companies, and I had a hand in launching EneLink, a service-style business developed by TIS to aid new electric power providers in the run-up to full deregulation of Japan’s retail power market in April 2016. Today, I oversee Carbony VPP (Virtual Power Plant), the first release in the Carbony series, which launched in March 2022.

We have been and still are involved in many contract development projects, that is, made-to-order system development, for energy sector participants. But paralleling changes in society, such as electricity market deregulation and steps toward decarbonization, completely new needs have emerged, notably, gas companies’ keen interest in selling electricity and the need to balance the sale of oil with preservation of carbon-neutral status. To address new participant-side interests, for which clients don’t necessarily possess adequate experience or know-how, we also offer advice and service-style support.

**Fujii:** The difference between contract development and service-style operations is that in contract development, we decide how to build a system based on requirements specified by a client-side system division. In service-style operations, on the other hand, we typically meet directly with people in the business division that will actually use the system, and we offer advice right from the initial stage of planning on, for example, how best to gain a foothold in the payment settlement business. Another difference is that with contract development, we are involved right from the system development stage, whereas service-style operations often draw on strategic consulting capabilities within the Group and the skills of teams specializing in UI/UX design or other expertise to address upstream requirements. When one service doesn’t fully satisfy client needs, we utilize conventional SI strengths and experience to combine several services to achieve the desired result. Having the ability to create services as well as the ability to combine services gives the TIS INTEC

Group a value-added quality, and I am fully committed to my role as overall coordinator.

**Oka:** As I understand it then, from what you two say, consulting capabilities are essential to proposal-style projects, a category that includes service-style operations. The current medium-term management plan calls for an increase in DX consultants. But this goes beyond recruitment specifically to execute consulting services; rather, people will routinely be transferred in-house from other operations to consulting positions, and the Corporate Planning Department is taking the lead in this approach although other divisions are getting on-board as well. The goal is to enable people to acquire practical consulting experience and then return to their home divisions with new skills, which ultimately expands proposal-style operations. We want to increase the number of consultants on staff, while also building a deeper pool of talent beyond system development capabilities, and thereby create a more diverse human resources portfolio.

**Fujii:** Service-style operations require a proactive approach to predict client concerns in a changing world and develop services to ameliorate those concerns. Success hinges on a client-specific understanding of the overall business structure, including the customers of that client. “DX” is a current buzzword, and yet many clients have only a vague idea about what they should do to maximize the potential of DX. Ultimately, from our perspective anyway, DX must generate new client-side value that translates into higher corporate value. But the method that connects a solution to actual business activities depends on insight into both the target system and the respective business. Toward this end, my division recruits many people who have never been involved in system development, including people with service and planning experience at banks and credit card companies.

**Taniguchi:** The structure has changed so much. Absolutely. The roles in contract-based operations were marketing and development, but DX consultants are now in a middle area. When clients embark on new business activities in the energy sector, they often don’t have all the answers, either, because other countries were quick to promote changes, including liberalization of the electric power market, and there are no precedents in Japan to guide them. Consequently, clients ask us to develop new businesses with them, and that necessitates insights into both the requisite systems and the business domains that clients intend to enter.

**Fujii:** Diversification is not only an in-house theme but also a determining factor in our choice of business partner. In the past, our business partners were companies with particular IT expertise, but as our own businesses evolve, we now tend to look to partner with, for example, companies that have a framework for analyzing data as well as companies that have the actual data.

## New Challenges and Production Capabilities that Cement Foundation



**Oka:** Let's go back to the TIS INTEC Group's process of structural transformation. Essentially, I believe, this process is intended to open up business opportunities that TIS wants the Group to pursue. For you two, what is the significance of structural transformation?

**Fujii:** In contract development, once the system is ready, the work is over. But that point is, for a client's business, just the beginning. Meanwhile, in service-style operations, the day that the service goes live is also the day our business starts. We switched to a business model where our charges parallel payment handling volume and an increase in subscribers or members, so basically, as the client's business grows, so does ours. As a result, employees feel that they are contributing to society by supporting the business activities of clients, and that provides them with motivation.

**Taniguchi:** Why did TIS come up with the structural transformation strategy? Why emphasize service-style operations? Undoubtedly, to encourage clients to really appreciate the value we offer. I totally get that now. In my business area, we are promoting value through the idea that TIS itself is a player facilitating progress toward a decarbonized society. This proactive involvement is vastly different to activities based on client requests. In addition, TIS prefers not to own fixed assets, so its business structure is easy to reshape. I think our structural transformation will be achieved through a transformation of human resources, so getting employees to embrace a more forward-looking mindset is vital.

**Oka:** It would be wrong to think contract system development will no longer be necessary just because the emphasis is now on service-style operations. But the two can't really be considered separately. As is the case with building homes or cars, systems, too, are a collection of specific parts. They are unavoidably complicated. Semi-customized services, which may include suggestions from us for somewhat standardized services along with a tailored approach to meet client requirements, are services that we can provide precisely because we are system integrators. Having employees who contribute personal value to the process is a vital benefit in leveraging these kind of operations.

**Fujii:** Right. For example, with PAYCIERGE, we prepare various payment-related services and combine them to meet diverse needs. We have to think proactively about the use case that each combination of services will satisfy, and this demands a level of creativity absent from conventional contract development. That said, combining services actually requires

the skill of SI professionals. Reliable production capabilities are a given, because services must extend beyond ensuring security, addressing regulations and, above all, the payment function. What's more, the ability to create as well as combine services represents the value we add to every TIS service-style project.

**Taniguchi:** It is essential in the energy sector, as in any sector supporting social infrastructure, that systems be robust, and the ability to produce the necessary systems will always be the Group's core competence. Looking ahead, we will have to consider how best to accelerate the service-SI virtuous cycle. Rather than deliver services alone, we have to use services as the entry point to new businesses that lead back to SI. These new businesses will, through the services they provide, return to the SI client base. For us, this circular structure is key.

## Setting the Stage for Service Management

**Oka:** Earlier in our conversation, Mr. Fujii said that service-style operations help client companies grow, and as they grow, so does our income. But businesses built on service-style operations got started with upfront investment, so a different approach to management is required. With high depreciation and amortization, owing to the upfront investment, the statement of profit and loss will initially show red. To see the real source of income, we have to look at the balance sheet and intellectual property and manage operations accordingly. For service-style operations in particular, but also for contract development, know-how, organizational strength and other intangible assets carry value that can be turned into intellectual property, which generates income opportunities. In the next medium-term management plan, intellectual property will have to be viewed in a more strategic light as a source of value.



**Fujii:** In service-style operations, it's not a one-time delivery and done with. Services are ongoing. We have to predict the timing of revisions to laws and regulations to implement the appropriate updates, and actively incorporate innovative features into existing services to ensure suitably high levels of security and convenience. Sustained investment is paramount. We expect to turn a profit within a certain period of time as we move forward in tandem with clients. But upfront investment means these operations will show losses until the respective services are properly up and running. We will continue to invest and grow operations while tracking short-term and future profit, but it's a fact that management of service-style operations will be more of a challenge than we've experience before.

**Taniguchi:** It would be great if we could draw a line charting upward on the contract development graph, but these operations function as a complement to service-style operations, and the timing of investments tends to be rather flexible—that is, following no rigid schedule—so portfolio management is a challenge. It's an issue requiring constant attention. Meanwhile, we still have insights and know-how that have yet to be realized as intellectual property, and we recognize that intellectual property is extremely important in terms of acknowledging the value inherent in our own assets.

**Oka:** Credit card processing services, under the payment services business umbrella, tend to draw attention due to the scale of investment, but these services are really just one component of the PAYCIERGE brand. At the same time, in developing credit card processing services on our own, we have gained insight that underpins development of various service-style operations, including energy and healthcare services. That is a big part of future success, right?

**Fujii:** We have taken a robust approach to activities to foster innovation that promotes new value through such awareness and the sharing of know-how. The DX Business Unit holds in-house information meetings to introduce its own service-style operations, present examples of combined services, and highlight market needs. These meetings typically attract more than 300 corporate insiders. We also take a groupwide perspective to information-sharing, as our expertise might lead to solutions that clients of Group companies are keen to apply to issues of concern. We emphasize forward-looking approaches, where sharing creates new awareness and new business opportunities.

**Taniguchi:** You know, my division holds study sessions with members of the DX Business Unit. Such coordinated efforts to acquire knowledge as part of career development is everyone's responsibility, and that's what I'm trying to achieve. In addition, the TIS INTEC Group serves a client base comprising many industry sectors. This client diversity is a strength. Therefore, in the future, we have to strive for that cross-industry format, where each division tasked with service-style operations utilizes know-how across industry lines to expand its presence.

## Predict Changes in Society, Continue to Transform

**Oka:** Taking a bird's-eye view once again, I would say that diversifying from a focus on contract development into service style operations is a shift toward more forward-looking solution-style operations. Production capabilities remain necessary. But diversity in human resources creates an environment more receptive to different views and input from external sources. An increase in trusted colleagues underpins a more predictable future.

**Fujii:** To foreshadow changes in social structure and shifting value perceptions, we too must constantly adjust. Our catchphrase is "Contribute to society." If the services we create are not used by everyone, what's the point of creating them? Needs, such as user-friendly design, speed and stability,

are diverse, but the underlying theme is financial inclusion, that is, delivering financial services to all people. To ensure society has access to necessary services, we have to team up with various players outside the TIS INTEC Group and take that extra step together. Embracing a shift in consciousness regarding cooperation is an integral part of structural reform.



**Taniguchi:** Our strength is the creative wherewithal to look into the future and conjure solutions. With composite capabilities built on these two strengths, we must boost our own profitability and at the same time support not only our clients but the entire domestic energy sector. By support, I mean creating a market. If the government improves the legal system governing the energy sector to promote social development but client companies in the sector lack a structure in sync with new regulations, society will not evolve. We can't control every aspect of the external environment, but we can watch for changes and be responsive as a player—a participant—to opportunities, such as invitations for public comment from committees involved in designing legal systems. We must be ready to create an active market.

**Oka:** From around 2020, the topic was generative AI. Perhaps the time is coming when system development will be completely automated. Then again, perhaps we'll see added value rise on completely customized contract development. No one knows for sure what the future has in store but regardless, we need to gain a firm grasp of social issues and then create the necessary tools to address these issues. Our direction, that is, the structural transformation we seek to achieve and the active approach we will take to achieve it, is right. We will continue down this path but at an ever greater speed.

## Message from the Director in Charge of Corporate Organization

### We will further enhance our corporate operations to meet the demands of society.

While the numerical aspects of our medium-term management plan (2021–2023) are proceeding favorably, we are also making steady progress in upgrading our management infrastructure. This is essential for promoting sustainability-oriented management alongside our business activities, and we are beginning to see results.

With regard to human rights and the environment, which are high-priority social issues of urgent importance, we identify potential human rights risks through human rights due diligence and work to prevent and mitigate those risks. In the environment, as part of its strong commitment, the Group has declared its goal of achieving carbon neutrality with respect to its own greenhouse gas (GHG) emissions and net zero GHG emissions for the entire value chain. For human resources, our most important management asset, we completely revamped our compensation, evaluation, and grading protocols to create a new personnel system, and we are stepping up investments in human resources to increase employee engagement. We anticipate that growth of our human resources will lead to the growth of our company and reinforce the virtuous cycle of corporate value improvement. In governance, to meet the demands and expectations of society, we have reduced our cross-shareholdings. At fiscal year-end, such holdings accounted for less than 10% (our target) of net assets shown on our consolidated balance sheets, indicating that we reached our target at an early stage.

These efforts have been well-received by external evaluation organizations, which demonstrates our ability meet society's expectations and shows that we are moving in the right direction.

Nevertheless, because upgrading our management infrastructure is a never-ending project, we will continue steadily implementing measures one by one. To achieve even more sustainable corporate growth, for example, we are strengthening efforts to create and maximize intangible value. In fiscal 2023, we were able to significantly curb unprofitable projects. This is due to our efforts to improve quality and the

know-how and methodologies we have developed over many years. To strengthen the strategic aspect of linking intellectual property to corporate value enhancement, we incorporated the Legal and Intellectual Property Department into the Corporate Planning SBU in April 2023, thus reinforcing the connection between IP and corporate planning. We also strengthened the Corporate Sustainability Committee by placing it directly under the Board of Directors, and we newly established a Corporate Governance Promotion Department and Investor Relations and Shareholder Relations Office to enhance governance and promote constructive dialogue with stakeholders, respectively.

I was appointed as a director in charge of corporate organization in April 2023. Around 10 years ago, I worked in the Corporate Planning Department and Human Resources Department, then moved to the business side, and now I have returned to the corporate organization. In the ensuing years, the Group has grown considerably, and I realize that the various social demands placed on companies have become much broader and more sophisticated than they were back then. While I am humbled by the heavy responsibility that lies ahead of me, I believe that strongly increasing the sophistication of our management base will benefit our business organization and provide the driving force to further enhance our corporate value. Leveraging my experience in the business organization over the past 10 years, therefore, I will work to improve value exchanges with our stakeholders by listening carefully to customer feedback, striving to improve employee job satisfaction, and engaging in dialogue with our shareholders.

In fiscal 2024, the final year of the current medium-term management plan, we will continue delivering steady outcomes under our new structure while making solid preparations for our next medium-term plan. We will do our utmost to sustainably increase corporate value while looking to the future of Group.

We look forward to your continued support and guidance.

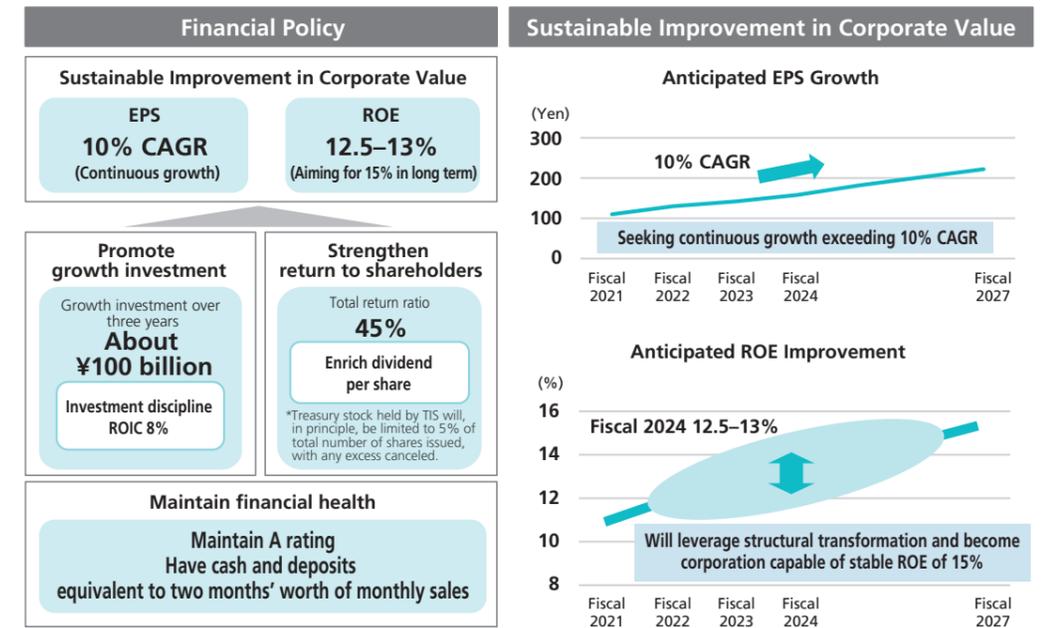


**Shinichi Horiguchi**  
Director,  
Senior Managing Executive Officer  
TIS Inc.

## Financial Investment Strategy

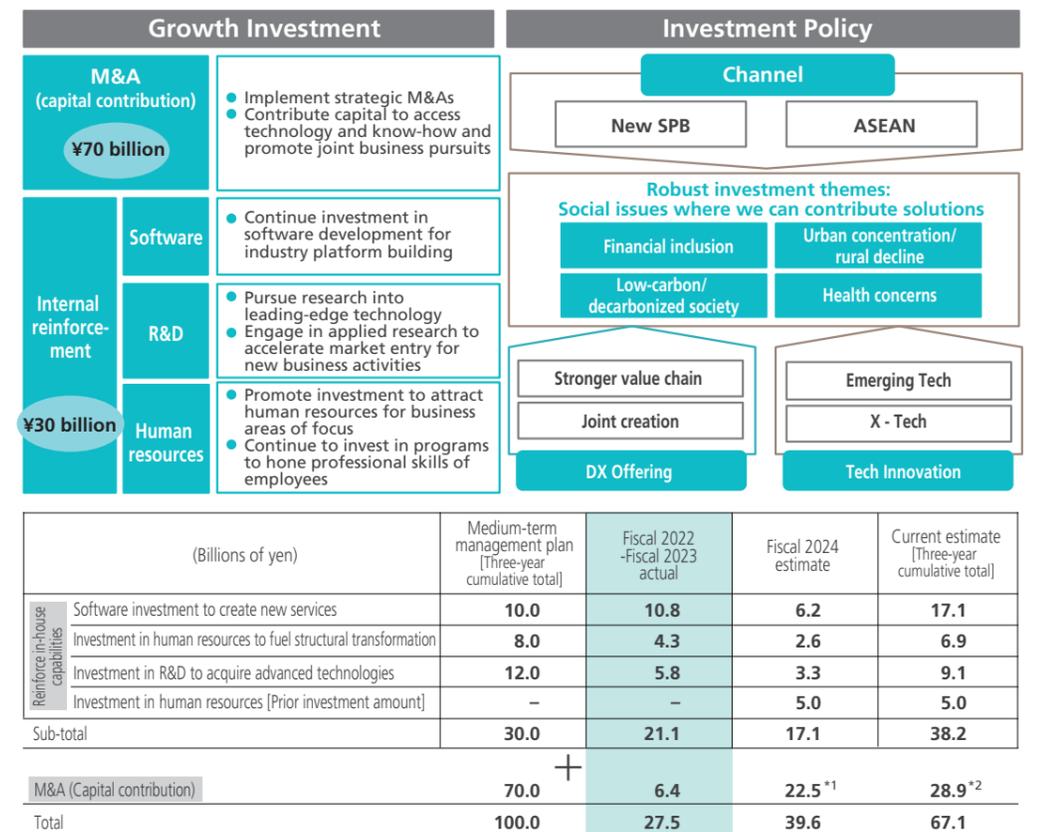
### Overview of Financial Investment Strategy

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



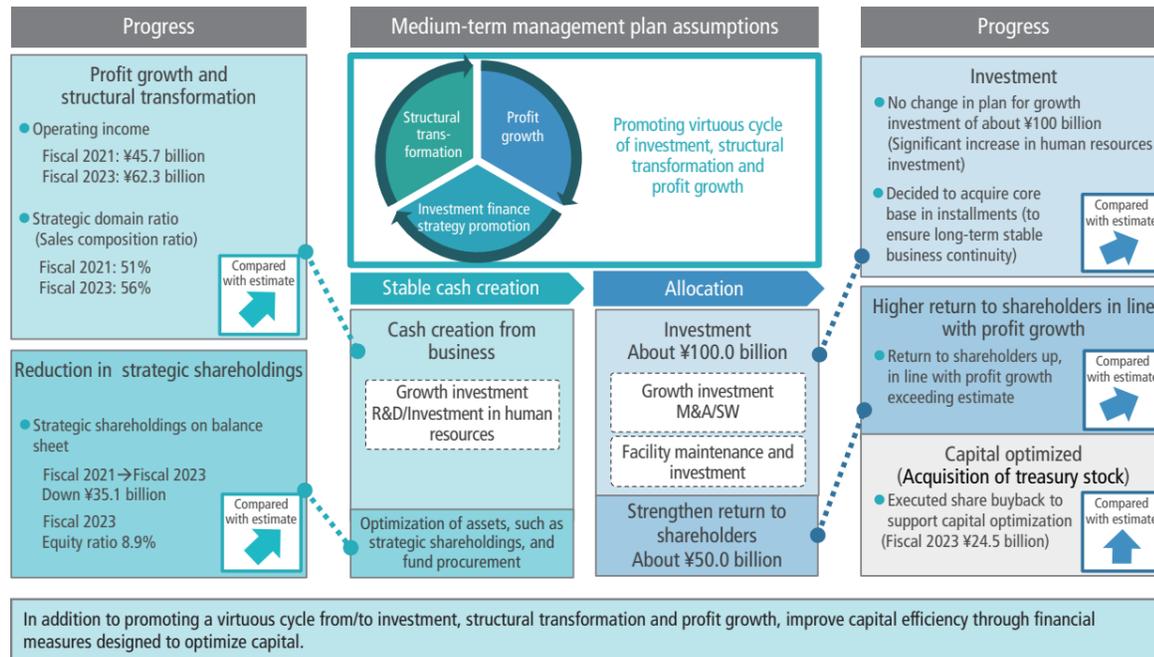
### Growth Investment

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



\*1 Only completed Nihon ICS investment amount. If excellent opportunity presents, will actively consider allocation of remaining investment budget.  
\*2 Will actively consider investment if excellent opportunity presents.

## Cash Allocation



## ROE Growth Structure

	Fiscal 2021 (actual)	Fiscal 2024 (at time plan drawn up)	Fiscal 2023 (actual)
ROE	10.8%	12.5%~13%	18.8%
Net income ratio	6.2%	7.8%	10.9%
Total asset turnover ratio	1.08	Slight drop	1.08
Financial leverage	1.63	On a par	1.59

Structural transformation, investment results  
Increase in business assets paralleling growth investments  
Maintain financial health



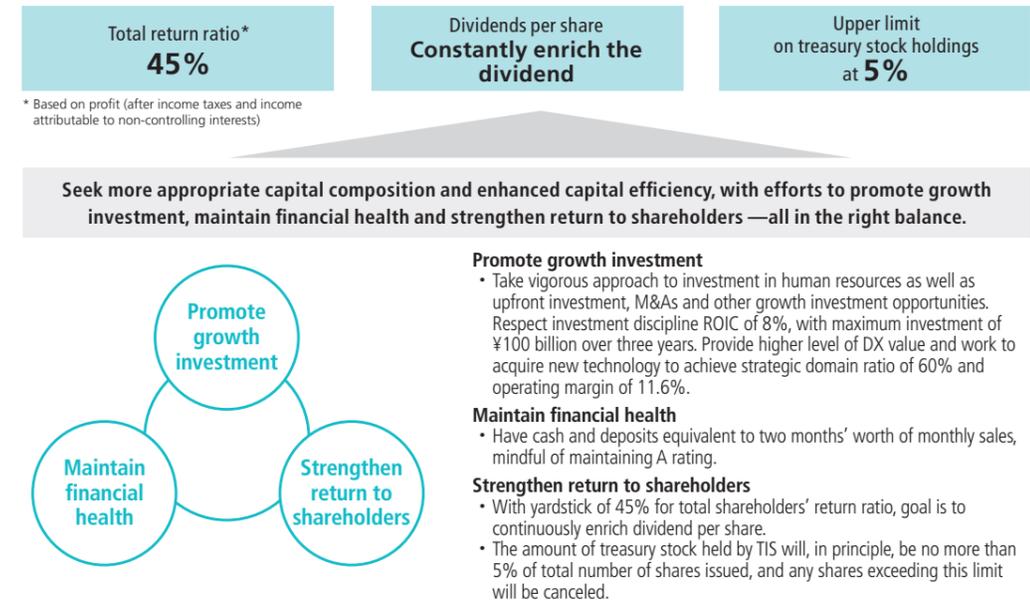
**Masakazu Kawamura**  
TIS Executive Officer, Division Manager of Corporate Planning SBU

The Group is conscious of the cost of capital and aims to generate sustainable returns that exceed such cost of capital. As the officer in charge of financial investment strategy, I will work to strike a balance between investing for growth, ensuring financial soundness, and strengthening shareholder returns. To this end, I will promote active investments in business portfolio and capital structure optimization and strive to improve capital efficiency by strengthening balance sheet management. At the same time, I will focus on reducing the cost of capital through proactive information disclosure and day-to-day engagement.

Under our current medium-term management plan, we have aggressively invested in human resources and other future-oriented growth areas. As a result, we have increased profits and improved profitability through steady business growth and progress in structural transformation based on concentration of management resources in strategic domains. By improving the cash generation capabilities of our businesses, we have also transformed the quality of our management and are well-positioned for further progress in the future. To further improve capital efficiency and optimize our capital structure, we conducted large-scale share buybacks totaling ¥30 billion (including ¥5.5 billion worth of shareholder return) in fiscal 2023. As a result, we exceeded our target range of 12.5–13% for ROE, which ended the year at 18.8% thanks to a significant reduction in cross-shareholdings (even after excluding a one-time jump in extraordinary income). While the Company's cost of capital has remained at around 6% (calculated based on CAPM), the equity spread has been increasing, enabling us to create solid corporate value. We believe that our efforts to promote understanding and confidence in the Group's management, while enhancing management sophistication through proactive information disclosure and constructive dialogue (including about ESG issues), have resulted in improved market recognition.

To meet the expectations of our stakeholders, we will continue striving to maximize corporate value by both aggressively investing in growth and improving profitability under a disciplined management approach, while continuously enhancing shareholder returns in line with growth in business profits.

## Basic Policy on Return to Shareholders



## Status for Return to Shareholders

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

	Fiscal 2023 (actual)			Fiscal 2024 (estimates)
	(Normal) ¥50 (YOY change +¥6) [Compared with estimate +¥3]	(Capital optimized) -	(Total) ¥50	¥53 [YOY change +¥3]
Annual dividend per share				
Total dividends	¥12.1 billion	-	¥12.1 billion	¥12.7 billion
Payout ratio (After adjustment *)	22.0% [30.3%]	-	22.0%	30.4%
Acquired treasury shares	About ¥5.5 billion	About ¥24.5 billion	About ¥30.0 billion	¥6.2 billion <sup>2)</sup>
Total return ratio (After adjustment *)	31.9% [44.0%]	-	76.0%	45.0%

Basic stance on return to shareholders Fuller return matched to business growth

$\frac{b}{a} = 45\%$  (Yardstick)

a. Total return to shareholders  
b. Income from operating activities (After deducting corporate and other taxes and non-controlling interests)

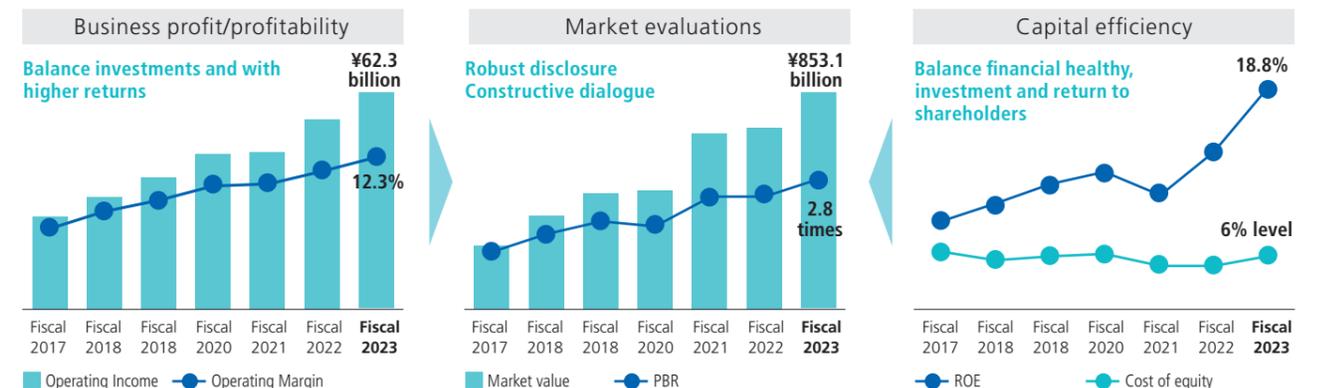
\*1 Based on profit (after income taxes and income attributable to non-controlling interests)

\*2 Upper limit based on treasury stock buyback announced May 9, 2023.

## Cancellation of Treasury Stock

Cancellation date	Number of shares cancelled	Percentage to number of issued shares before cancellation
February 28, 2023	6,715,483	2.7%
September 28, 2021	12,206,400	4.6%

## Working toward Realization of Management Aware of Capital Costs and Share Price



## Business Strategies by Segment

TIS INTEC Group extends its business in five segments—the Offering Services Business, Business Process Management, the Financial IT Business, the Industrial IT Business and Regional IT Solutions.

TIS clarifies the delegation of authority and scope of responsibilities for segment operators and works toward realization of growth strategies utilizing the strengths of each Group company to promote further structural transformation.

### Fiscal 2023 Segment Review

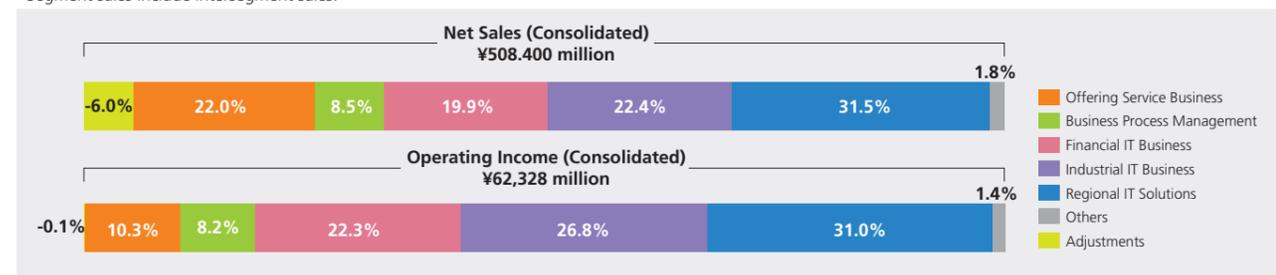
Segments	Net sales (Millions of yen)	Operating income (Millions of yen) (Operating margin) (%)	Number of employees (Person)* <sup>2</sup>	Per Employee		Net sales by business category	Number of companies	Strategic domain image
				Net sales (Millions of yen)* <sup>3</sup>	Operating income (Millions of yen)* <sup>4</sup>			
<b>Offering Service Business*<sup>1</sup></b> Configures services through own investment based on best practices accumulated groupwide and provides knowledge-intensive IT services.	111,752	6,426 (5.8%)	5,683	19.6	1.1		TIS and 25 consolidated companies (4 domestic, 21 overseas), 70 equity method affiliates (one domestic, 69 overseas)	
<b>Business Process Management</b> Addresses issues related to business processes with IT technology, business know-how and skilled human resources to provide more sophisticated, more efficient outsourcing services.	43,255	5,123 (11.8%)	2,580	16.7	1.9		4 consolidated companies (3 domestic, one overseas),	
<b>Financial IT Business</b> Considers business and IT strategies together and leverages both, and supports business progress using expert business and operating know-how specific to the finance industry.	101,184	13,896 (13.7%)	1,921	52.6	7.2		TIS and one consolidated company (one domestic), 2 equity method affiliates (2 domestic)	
<b>Industrial IT Business</b> Considers business and IT strategies together and leverages both, and supports business progress using expert business and operating know-how specific to industry sectors other than finance.	113,632	16,728 (14.7%)	3,810	29.8	4.3		TIS and 9 consolidated companies (6 domestic, 3 overseas),	
<b>Regional IT Solutions</b> Provides IT professional services extensively, across regions and client sites, and collects and develops this know-how as the source of solutions to support efforts to address issues and promote business activities.	160,010	19,343 (12.1%)	7,303	21.9	2.6		7 consolidated companies (7 domestic), 2 equity method affiliates (2 domestic)	
<b>Other</b> *A business segment for business activities that do not fall under other reporting segments. Consists mainly of ancillary businesses providing all sorts of IT services.	8,957	878 (9.8%)	649	13.8	1.3	—	4 consolidated subsidiaries (3 domestic, one overseas)	—
Adjustments	-30,394	-67	—	—	—	—	—	—
<b>Total (consolidated basis)</b>	<b>508,400</b>	<b>62,328 (12.3%)</b>	<b>21,946</b>	<b>23.1</b>	<b>2.9</b>		50 consolidated subsidiaries 74 equity method affiliates	

■ Software development  
■ Operation and cloud services  
■ Product and software sales  
■ Other

■ SPB  
■ IOS  
■ BFS

### Fiscal 2023 Business Results by Segment

\*Segment sales include intersegment sales.



### Change in Reporting Segments

To promote further structural transformation, TIS implemented a change in the management structure of the TIS INTEC Group, and paralleling this change, the Company implemented a business model-specific management approach in revising its reporting segments, effective from fiscal 2023.

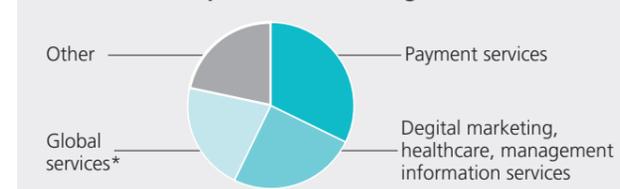
The principal changes are as follows.

\*Increase effectiveness of growth strategies, applying management approach more strictly.

\*Make Offering Services Business, which is based on up-front investment business model, into an independent business unit to accelerate service-style business.

\*Make Regional IT Solutions, which has broad customer base, into an independent business unit to deploy IT professional services and solutions.

### \*1 Business composition of Offering Service Businesses



\*Partial transactions are amounted on other segments

\*2 As of March 31, 2023.

\*3 Fiscal 2023 net sales by segments/ number of employees by segments at March 31, 2023.

\*4 Fiscal 2023 operating income by segments/ number of employees by segments at March 31, 2023.

## Offering Service Business

We aim to make great strides as a major growth driver for the Group by transforming our business structure through the expansion of service-oriented businesses.



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

The Offering Services Business covers multiple domains, including payment services, which turn knowledge gained through systems integration for financial institutions into a service, as well as digital marketing, healthcare, and business management information services and others. Our global business, a component of our business strategy, is also included in this segment.

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

In fiscal 2023, this segment posted year-on-year increases in net sales and operating income. In addition to overseas sales growth, we benefited from expansion of IT investments in payment systems and infrastructure, as well as improved profitability.

At this point, we are in the future-oriented investment phase. While we recognize that there are challenges to profitability, we remain committed to not only achieving the goals of our medium-term management plan but also making a leap forward as a major growth driver for the Group over the medium to long term. We will continue striving to transform our business structure by expanding service-oriented businesses centered on payment platforms, a Group strength, while expanding our business portfolio through M&As.

### Strengths

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

### Business Environment

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

### Growth Strategies for Further Business Expansion

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

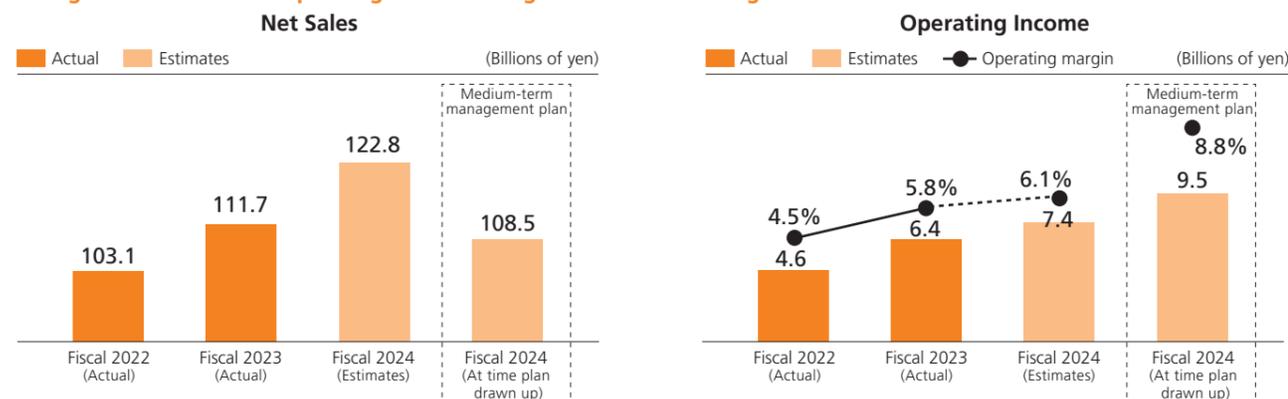
### Fiscal 2023 Performance Highlights

- Overseas business contributed to sales growth. Higher sales and higher income reflect trend toward greater IT investment in payment settlement and platform systems as well as improved profitability.

### Fiscal 2024 Forecast

- Expect higher sales and higher income, mainly from effect of change in status of consolidated subsidiaries. Expanding demand for payment settlement and other broad-based services will be key contributor to sales.

## Changes in Net Sales and Operating Income during Medium-Term Management Plan



## Business Process Management Business (BPM)

By helping customers increase the sophistication of their business process outsourcing (BPO) and optimize their overall business processes, we aim to become an irreplaceable business partner.



**Shuji Yamamoto**  
AGREX President

The BPM Business segment deploys digital technology and operational know-how to help customers optimize their business processes. It consists of outsourcing, contact center operations, and DX support for system configuration and IT solution applications.

In fiscal 2023, the segment recorded modest increases in net sales and operating income thanks to expansion of contact center operations and DX support, although our existing data entry operations struggled.

There is no change to our view that companies' outsourcing needs will increase in the future as the working-age population declines due to the falling birthrate and aging population. Against this backdrop, we will strive to achieve the goals of our medium-term management plan and deliver subsequent further growth. Specifically, we will accelerate our efforts to increase BPO sophistication by combining the Group's accumulated industry and operational knowledge with the digitization of business processes. By also helping customers optimize their overall business processes, we will solidify our position as an irreplaceable business partner.

### Strengths

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

### Business Environment

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

### Growth Strategies for Further Business Expansion

- Boost added value beyond simple outsourcing through digitization of business processes.
- Augment presence in forte sectors, such as insurance and securities, by working to cultivate position in new markets.
- Review service portfolio, and make necessary investments to underpin future growth.

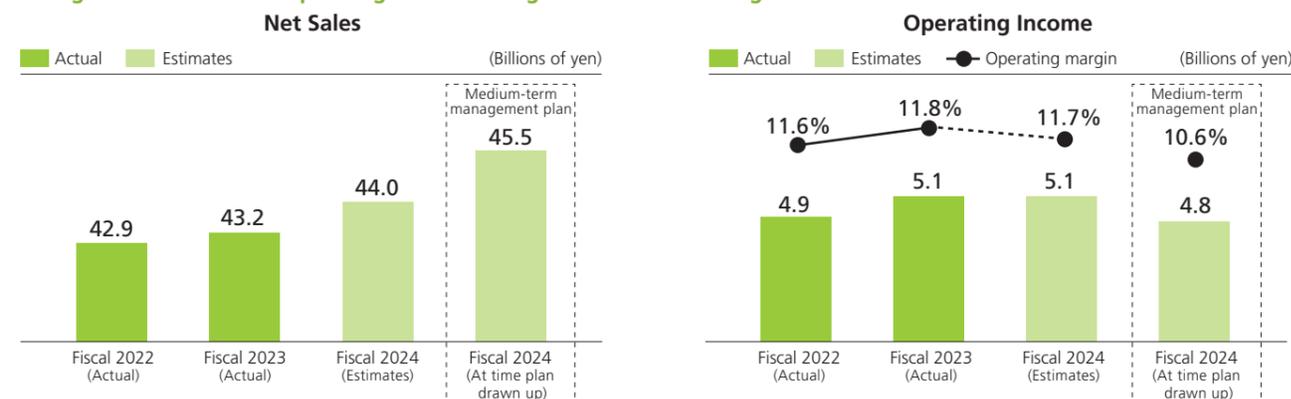
### Fiscal 2023 Performance Highlights

- Existing data entry business struggled but situation was stabilized by rising demand paralleling digital shift.

### Fiscal 2024 Forecast

- Re-expanding business process outsourcing business, fueled by enhanced added value of services, and concerted efforts, especially to support business optimization, should lead to gradual increase in sales and income.

## Changes in Net Sales and Operating Income during Medium-Term Management Plan



## Financial IT Business

As a true business partner to our customers, we aim to co-create new businesses and develop solutions to social issues.



**Hidehiko Shimoyama**  
TIS Managing Executive Officer,  
Division Director of Financial Industry SBU

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

In the fiscal 2023, we posted increases in net sales and operating income by meeting the IT investment needs of our customers and efficiently promoting large-scale projects. According, we achieved the targets of our medium-term management plan one year ahead of schedule.

With the number of large-scale development projects expected to peak in the future, we recognize that charting a course for sustainable growth and adhering to that course are major challenges for our future evolution.

In addition to digitizing operations using knowledge that we have accumulated over many years, we are working to co-create new businesses with our customers. To this end, we will continue our focus on growing our customers' businesses, improving quality, and creating new businesses through co-creation. We will also work to improve DX value provision and develop new businesses through customer co-creation, thereby helping resolve customer and social issues. In the process, we will target further growth as a true business partner to our customers.

### Strengths

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

### Business Environment

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

### Growth Strategies for Further Business Expansion

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

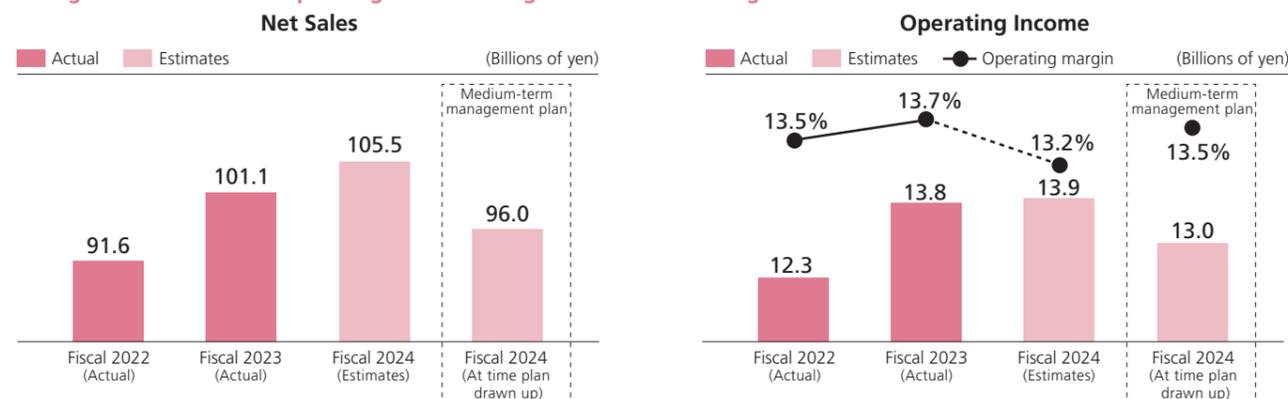
### Fiscal 2023 Performance Highlights

- Higher sales and higher income, thanks to wider IT investment by core clients in credit card sector as well as financial institutions in the public sector.

### Fiscal 2024 Forecast

- Anticipate higher sales, underpinned by steady progress on large projects and capture of IT investment demand centered on existing clients. Income on a par.

### Changes in Net Sales and Operating Income during Medium-Term Management Plan



## Industrial IT Business

To provide greater value to customers and contribute to society, we will step up measures to deepen customer relationships and improve quality and productivity.



**Satoru Tayasu**  
TIS Managing Executive Officer,  
Division Director of Industries & Public Solutions SBU

The Industrial IT Business supports customers across a broad base of industries and the public sector in all aspects of system lifecycle, from planning and consulting to system configuration, operation, and deployment. We have a solid track record in various fields, such as energy, social infrastructure, manufacturing, services, and engineering, and we are strong in ERP implementation and modernization.

In fiscal 2023, we took advantage of many opportunities to support our customers DX initiatives and also improved segment profitability. As a result, we reported year-on-year increases in net sales and operating income and achieved the targets of our medium-term management plan one year ahead of schedule.

Our deep experience and knowledge in various fields are highly appreciated and trusted by many of our clients. Combined with our focus on improving quality and productivity, this helps improve the Group's value exchange.

Seeking to provide greater value to customers and contribute to society during our next medium-term management plan, we will step up measures to deepen customer relationships and improve quality and productivity in each field.

### Strengths

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

### Business Environment

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

### Growth Strategies for Further Business Expansion

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

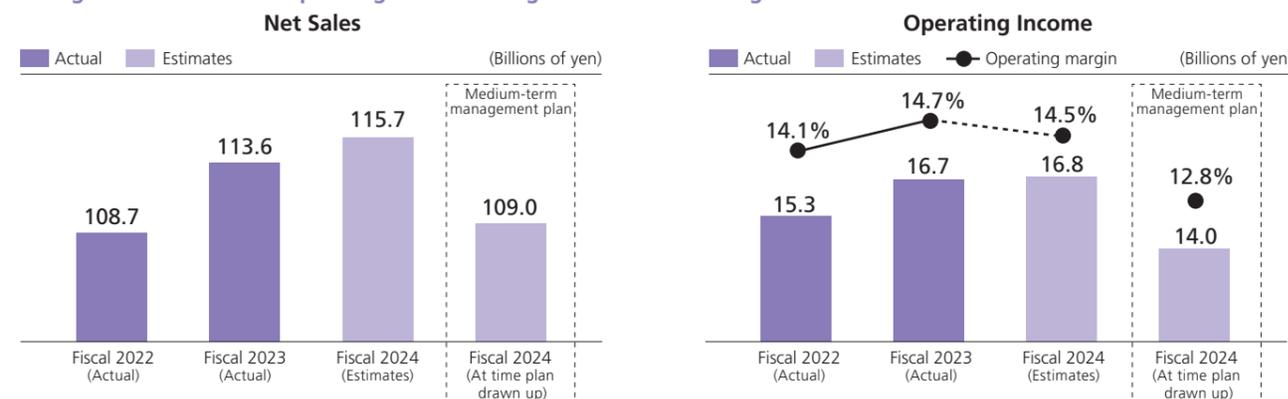
### Fiscal 2023 Performance Highlights

- Sales and income grew, reflecting improvement in profitability, complemented by growing trend toward IT investment, especially among existing clients in manufacturing and energy sectors.

### Fiscal 2024 Forecast

- Income likely to be flat, despite higher sales through capture of investment demand, particularly from core clients.

### Changes in Net Sales and Operating Income during Medium-Term Management Plan



## Regional IT Solutions

We aim to achieve further growth by expanding our businesses in both IT professional services and solutions while creating services that address social issues.



**Takayuki Kitaoka**  
INTEC President

This segment provides IT professional services that draw on the expertise of highly skilled IT technicians who are mainly stationed at customers' sites. Deploying the knowledge we have cultivated in this field, we are also combining our expertise in system integration and network integration to provide beneficial solutions to customers as we expand our business to regions throughout Japan. We also help clients in a wide range of industries and sectors, including banking, insurance, securities, manufacturing, distribution/retail, healthcare, government, and space, to resolve issues and promote their businesses.

In fiscal 2023, this segment posted increases in net sales and operating income owing to strong performances in providing IT professional services to the financial sector and solutions to the manufacturing industry.

Looking ahead, we will continue expanding and creating a virtuous cycle for both our IT professional services and solutions businesses. We will also work on regional revitalization through cross-industry projects in such areas as smart cities, manufacturing DX, and medical DX. At the same time, we will target further growth by creating services that address health-related issues and other social challenges.

### Strengths

- Extensive industry representation in client base, including local governments, financial institutions, manufacturers, service providers and aerospace companies from across Japan.
- Solution development capability underpinned by network integration across the country and synergistic effect with original services.
- Track record includes integrated information solution F<sup>3</sup> for financial institutions; system implementation and operation for Federation of National Health Insurance Associations; and implementation of solutions for regional banks and local governments.

### Business Environment

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

### Growth Strategies for Further Business Expansion

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

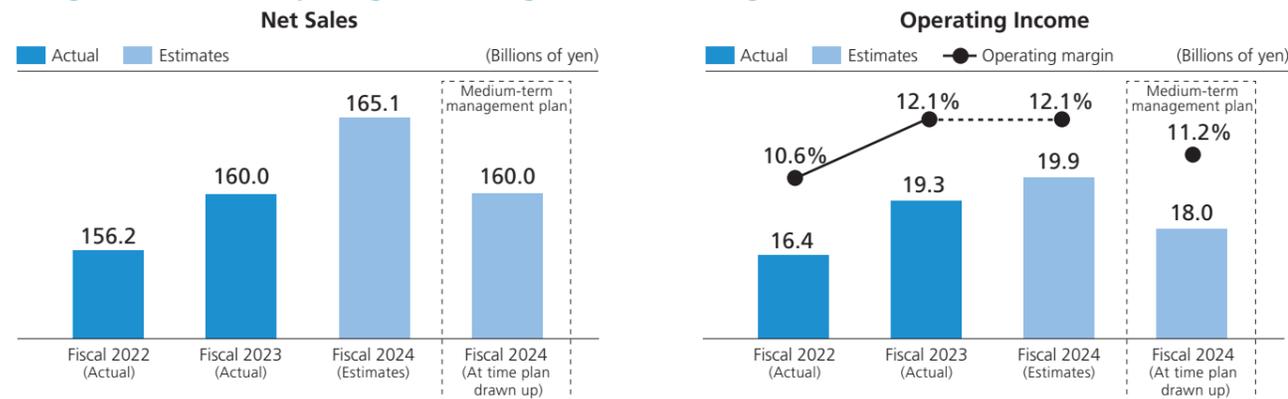
### Fiscal 2023 Performance Highlights

- Progress in solution deployment complemented by success in business activities emphasizing profitability to knock back effect of reduced scope of consolidation in first half, ultimately leading to higher sales and higher income.

### Fiscal 2024 Forecast

- Expect higher sales and higher income, reflecting capture of IT investment demand from medical services and existing clients.

### Changes in Net Sales and Operating Income during Medium-Term Management Plan



# 05 Platform for Value Creation

The Group is promoting environmental, social and governance initiatives to underpin its value creation. In addition, TIS strives to build bonds of trust through active communication with all stakeholders and to promote sustainable corporate value in harmony with the evolving values of society.

## Platform that supports value creation of the Group



**To improve corporate value of the TIS INTEC Group, I am working to enhance the efficiency of the Board of Directors.**

**Background**

An identified priority for the Board of Directors is to “supervise the execution of duties by upper management and thereby ensure sound corporate management,” according to the Corporate Governance Code. Based on the definition and underlying concept of OUR PHILOSOPHY, which likens a corporation to a social system that aims for happiness, TIS naturally opted to promote separation of management supervision and business execution functions to better fulfill its function as a corporation working for the benefit of society. It is my role as a director and chairman without the right of representation to chair meetings of the Board of Directors.

**Looking Back on Fiscal 2023**

In fiscal 2023, the Board of Directors made extremely significant and large-scale investment decisions affecting the TIS INTEC Group. These decisions included the acquisition of shares in Nihon ICS, a switch from leasing to ownership for a core facility used primarily in system operation activities, and bold investment in human resources. Given that each investment would have a huge impact on Group operations, I took it upon myself, even though I am Chairman of the Board, to encourage Board directors to fully demonstrate their supervisory function through rigorous discussion of the proposed investments.

Once discussions got rolling, the most important part of the decision-making process was to stay true to the Group’s medium- to long-term vision. Take the equity stake in Nihon ICS, for example. This would usher the TIS INTEC Group, with a current client base largely comprising big corporations, into the small and medium-sized business market, where the approach to services is considerably different. For that reason,

we had to weigh the intrinsic value and significance that this acquisition would bring to the Group against the risks of venturing into uncharted territory. Regarding the purchase of fixed assets, our basic policy had been to refrain from ownership of such assets, including the head office, so the switch from leasing to ownership required a deep rethink of this particular facility and how it would contribute to our ability to continuously provide high-quality services to clients into the future. A robust discussion ensued.

However, the Board of Directors agrees that, generally, more than one meeting is needed to decide whether an investment will enhance the Group’s corporate value over the medium to long term and whether it will meet the expectations of shareholders. This is especially so for big-picture themes, such as the Group’s management stance and growth strategies, which require a fine-tuned approach, and I am all for holding more meetings when necessary. We hold regular briefings for external directors ahead of Board of Directors’ meetings to provide background pertinent to the stated agenda, but the importance of investments may call for irregular meetings as well, where executive officers and external directors exchange opinions. Constructive comments are then put forward to the Board of Directors. Repeated discussions from diverse viewpoints lead to effective decisions.

**Striving for a More Effective Board of Directors**

I believe the Board of Directors already operates effectively at the present time. That said, further improvement is always welcome, and deepening discussions with external directors—who bring varied experience and insights to the conversation on medium- to long-term management strategies—is a constructive way to enhance Board effectiveness. Currently, our external directors have diverse expertise and skills that are not necessarily specific to the IT sector. Therefore, we must create enough opportunities to share information and exchange opinions about the industry, technology trends and other details that will enrich discussions. In addition, we need to have a proper discussion about balancing skillset with TIS INTEC Group diversity and the monitoring format that best enables a great team to demonstrate maximum capabilities.

The role of Chairman of the Board carries with it a heavy burden of responsibility, but for me, an improvement in the Group’s corporate value is worth the weight I bear. Indeed, it is my greatest joy. Going forward, I will continue to apply the knowledge and experience I have accumulated over a long career as an executive within the TIS INTEC Group. At the helm of the Board of Directors, I will ensure seamless cooperation with internal and external directors and do my utmost to enhance corporate governance.

**Toru Kuwano**  
 Chairman of the Board of Directors



**In this section, we provide messages from external directors regarding future themes, expectations, and challenges for the TIS INTEC Group, which is undergoing a structural transformation.**



**Koichi Sano**  
 External Director

**Aiming to further strengthen corporate governance and cash flow generation**

As a company listed on the Prime Market of the Tokyo Stock Exchange, the Group must constantly pursue the best and highest level of corporate governance. As a policy, I believe the Board of Directors should embrace a monitoring-oriented approach and aim for higher effectiveness by clarifying the roles of execution and supervision, ensuring true independence and diversity, respecting diverse viewpoints, and being properly accountable as executives for addressing issues that have been raised.

Medium-term challenges and risks for further growth include: (1) Creating and nurturing businesses that will be subsequent growth engines, (2) Competing to secure human capital, and (3) Strengthening internal controls as the number of Group companies increases.

We have been working hard to achieve our goal of sustainability-oriented management. However, we need to accelerate our efforts through proper enterprise risk management (ERM) and a spirit of challenge without resorting to the status quo. We must also visualize the contribution of each segment and strategic target. I believe that evaluating the achievement level of each business strategy and four-quadrant evaluation of KPI values will facilitate the development of subsequent strategies. By also clarifying our focal business areas and rating each business by time frame, we will be able to determine appropriate resource allocations and exit strategies.

As in the past, we will continue focusing on three areas: whether our ability to generate cash flow, which is the source of corporate value, has been strengthened through the business restructuring, whether cash flow growth is exceeding net sales growth, and whether our ROIC and ROE spreads relative to cost of capital have expanded.



**Fumio Tsuchiya**  
 External Director

**Realizing our Group mission through a BtoBtoC approach**

One of the key themes of our materiality is to provide “create a comfortable society through innovation and joint activities” As a provider of IT services as its main business, the Group aims to create and deliver new value to not only direct business partners but also end-users (consumers/society), by working together with business partners to uncover and anticipate consumer needs. To achieve this, it is important to have a “BtoBtoC” approach to business, not just BtoB. From my standpoint and experience as a long-time management of a BtoC company, I feel that the Group, as a conventional system integrator, was lacking in this approach. I hope that the Group, which is engaged in business structural transformation based on improving the value provided by DX, will once again deeply embrace the BtoBtoC concept and bring to society our mission: “To brightly color the future as a mover.”

To realize our mission, I hope to shift the emphasis of the Board of Directors to a monitoring-oriented style so that the executive departments can take on future challenges quickly and aggressively. As an external director, I will continue supporting the Board of Directors by providing candid opinions and necessary advice from the shareholders’ viewpoint.



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

**Targeting sustainable growth by improving Board functionality and diversity**

Over the past year, we discussed how the Board should be managed to promote business promptly while properly monitoring risks and opportunities from the perspective of improving medium- to long-term corporate value. We also discussed the optimal ratio and composition of independent external directors and internal directors from the viewpoint of fostering useful and transparent deliberations, as well as the skills they should possess. In addition, we clarified areas to be addressed in the short, medium, and long terms, based on an evaluation of the Board’s current state and its ideal future state. As an external director myself, I have worked to improve the functions of the Board of Directors by encouraging open, unpredictable, in-depth discussions from the perspectives of each stakeholder category and by striving for self-improvement.

While I am pleased with our strong performance in fiscal 2023, I will monitor the implementation and progress of priority measures targeting future growth. At the same time, I will work to swiftly realize synergies with Japan ICS, a new member of the Group, to accelerate growth in overall offering services. In addition, I will monitor the efficiency of assets as a particularly important theme. This includes utilizing system operation bases we have decided to acquire.

Recognizing the paramount importance of human resources, meanwhile, we must continue striving to attract promising and diverse talent and provide a great workplace environment. At this point, I think there is room for further improvement, including with respect to the advancement of women. Therefore, we need to constantly scrutinize conventional assumptions and identify better ways of doing things. I will closely monitor improvements in compensation and diversity to ensure that we create a positive cycle for the sustainable growth of the Group.

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

**Basic Policy**

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

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

**History of Initiatives to Strengthen Corporate Governance**

	Fiscal 2009	Fiscal 2012	Fiscal 2015	Fiscal 2018	Fiscal 2021
Established IT Holdings Corporation	●				
Established TIS INTEC Group				●	
Formulated Corporate Governance Basic Policy				●	
Separation of executive and supervisory functions					
External directors	● 2 persons (out of 8 members)			● 3 persons (total 10 members)	● 3 persons (decreased to 9 members)
External Audit & Supervisory Board members	● 3 persons (out of 4 members)			● 3 persons (total 5 members)	
Diversity					
Female directors				● 1 person (total 9 members)	
Female Audit & Supervisory Board members					● 1 person (total 5 members)
					● 2 persons (total 5 members)
Institutional design and other matters					
				● Established the Nomination Committee and Compensation Committee, of which the majority of members are independent external directors	
				● Appointed external director as Chairperson of each committee	
				● Introduced the performance-linked stock incentive plan (Compensation ratio: basic compensation : performance-linked compensation : performance-linked stock incentive = 7 : 2 : 1)	
				● Revised the compensation ratio to 6 : 3 : 1	
				● Established the Corporate Sustainability Committee	
Improvement of effectiveness of Board of Directors					● Conducted evaluation of the effectiveness of the Board of Directors

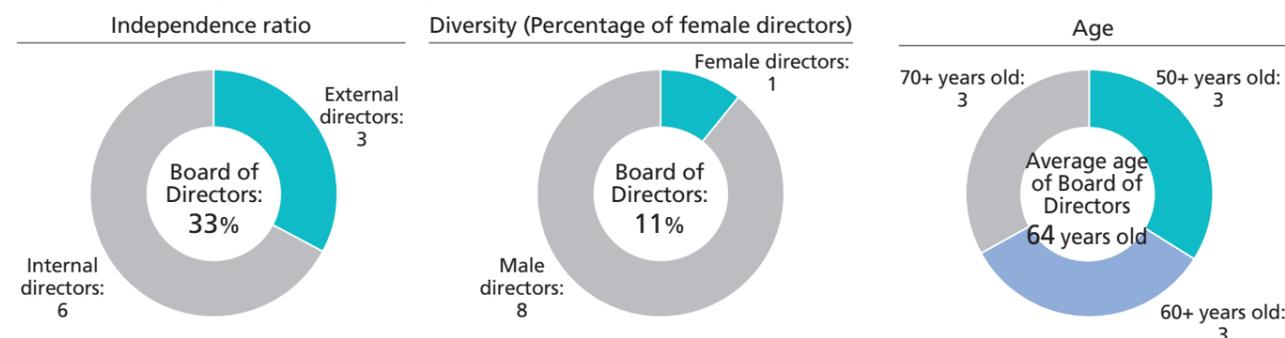
**Compliance with the Corporate Governance Code**

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

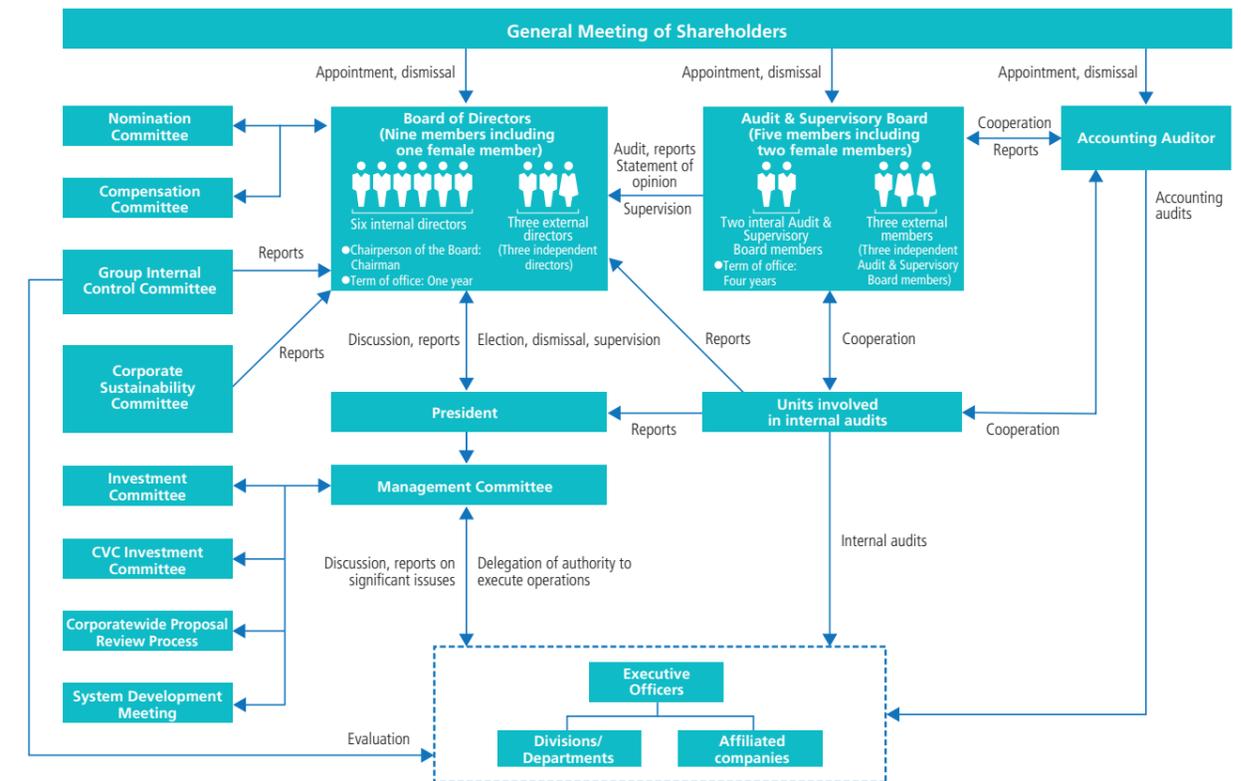
**Reason for Selection of Current Corporate Governance Structure**

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

**Board of Directors (As of June 23, 2023)**



**Corporate Governance Structure**



**Operational Status of the Board of Directors**

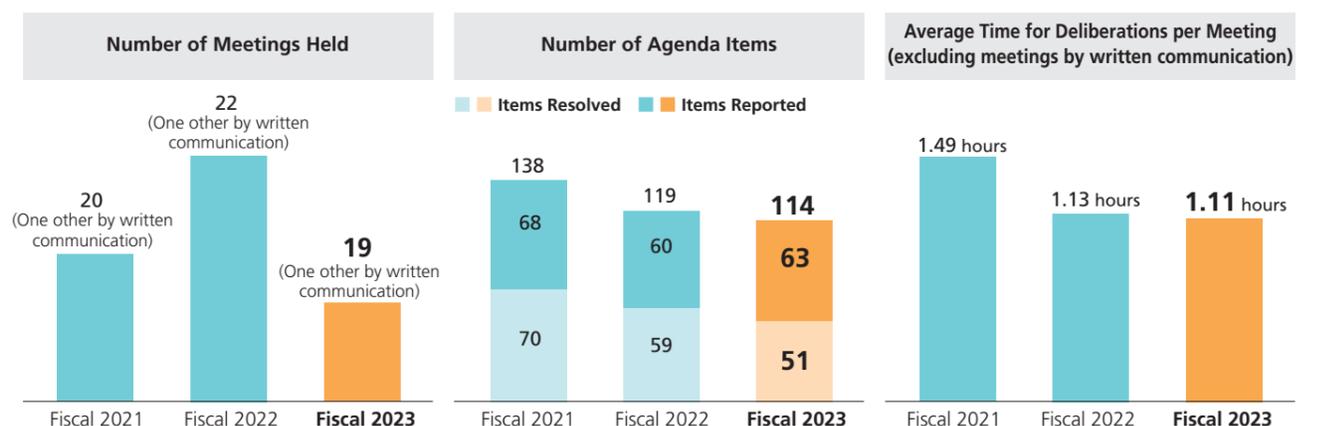
As stipulated in its Articles of Incorporation, the Company's Board of Directors will comprise at least three and no more than 15 directors, and to strengthen the supervisory functions of the Board of Directors, a policy has been established that one-third or more of the directors must be independent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

For swift and dynamic decision-making by the Board of Directors, it convenes in principle once monthly and also meets on an ad hoc basis whenever necessary.

TIS holds an information meeting once a year to present its

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

**Year ended March 31, 2023** Board of Directors: **19** meetings held; **114** agenda items discussed (**51** items resolved and **63** items reported)



## ■ Activities by Other Meeting Bodies

### 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, 2023 Management Committee: **37** meetings held; **237** agenda items discussed (**132** items resolved and **105** items reported)

### Nomination Committee and Compensation Committee

	Nomination Committee	Compensation Committee
Status of activities by committees (Fiscal 2023)	<p>Met four times (attendance rate: 100%)</p> <p>The committee provided advice on the appointment and retirement of key individuals, including directors, and presented proposals on changes to director composition, based on the results of the advice given by committee members.</p> <p>Seeking to engage in consultation with greater transparency, two opinion exchange sessions were held separately from the consultation to share understanding of the purpose of executive appointments and the like, as well as to discuss the direction of such appointments.</p>	<p>Met three times (attendance rate: 100%)</p> <p>The committee 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. Proposals were made to the Board of Directors on director compensation, based on the results of the advice given by the committee.</p> <p>In addition to the consultation, two sessions were held to exchange opinions on the topic of officers' compensation as an incentive with a view to revising officers' compensation to better contribute to the improvement of corporate value.</p>

### Committees and Other Bodies

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

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

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

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

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

### ■ Training Policy for Directors and Audit & Supervisory Board Members

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

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

## ■ Summary of Results of Analysis and Evaluation of Effectiveness

TIS strives for optimal corporate governance and works continuously to make improvements in that area. Since fiscal 2016, the Company has evaluated the effectiveness of the Board of Directors each fiscal year with the aim of identifying issues and areas for improvement and linking them to initiatives to improve the Board's effectiveness. For the fiscal 2023 evaluation, all directors and Audit & Supervisory Board members

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. Individual interviews were also conducted, and the Board of Directors held discussions based on these results. The method and results of the evaluation 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 and obtained responses. In addition, personnel of its administrative office conducted interviews with all directors and members of the Audit & Supervisory Board. The Company's Board of Directors then used these results to analyze and evaluate its own effectiveness.

Importantly, TIS conducted this effectiveness evaluation based on advice and verification by an external attorney.

### 2. Actions to address issues identified in the previous fiscal year

In fiscal 2023, TIS took the following actions to address issues identified in the effectiveness evaluation conducted in the previous year.

#### (1) Further improving the function of the Board of Directors

At multiple meetings, the Board of Directors discussed the state of the Company's governance with a view to medium- and long-term growth. The main topics discussed included the role and function of the Board of Directors, institutional design, delegation of authority to the executive, desired skills of Board members, number and composition of Board members, and succession planning for external directors. As a result, the Board of Directors has become more focused on monitoring with an emphasis on medium- and long-term discussions. Specifically, the Board revised the criteria for submission of proposals to the Board of Directors and delegated authority to the executive starting in the current fiscal year.

#### (2) Discussions on improving medium- to long-term corporate value

The Board of Directors identified themes of high importance for improving medium- to long-term corporate value and drafted an annual schedule for addressing those themes. The Board also established a system to ensure that each

theme is addressed in a timely and appropriate manner, with particular emphasis on improving the functions of the Board as described above.

### 3. Results of analysis and evaluation of effectiveness of the Board of Directors

The Board of Directors concluded that sufficient effectiveness had been ensured to appropriately supervise the status of business activities at the Company and Group companies, the approval of important management matters, such as investments, and business execution, through deliberation based on Company regulations. In addition, the Board of Directors concluded that the level of effectiveness continues to trend upward, reflecting improvement measures based on the results of the effectiveness evaluation conducted in the previous fiscal year.

At the same time, management acknowledged the need to improve the quality of discussions in line with the Company's growth and to further focus on medium- to long-term management themes in order to promote more advanced management of the Company.

### 4. Responses based on analysis and evaluation

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

#### (1) Improving the quality of discussions

To further enhance and facilitate discussions at Board of Directors' meetings, TIS will continue improving the method of operation, the format of materials used, and the composition of the meeting body.

#### (2) Focus on medium- to long-term discussions

The Board of Directors will prepare an annual agenda covering management and strategic themes to be discussed regarding the formulation of medium- to long-term strategies and their implementation. Through more active discussion and confirmation of progress, the Board will also engage in activities aimed at enhancing corporate value.

## (Reference) Our Efforts on Group Management

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

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

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

## Board of Directors and Audit & Supervisory Board Members (As of June 23, 2023)

Directors							Audit & Supervisory Board Members								
Chairman	Representative Director, President	Representative Director, Executive Vice President	Director, Senior Managing Executive Officer	Director	Director		Director	Director	Director	Standing Audit & Supervisory Board Member	Standing Audit & Supervisory Board Member				
							External/Independent	External/Independent	External/Independent			External/Independent	External/Independent	External/Independent	
<b>Toru Kuwano</b>	<b>Yasushi Okamoto</b>	<b>Josaku Yanai</b>	<b>Shinichi Horiguchi</b>	<b>Takayuki Kitaoka</b>	<b>Shuzo Hikida</b>		<b>Koichi Sano</b>	<b>Fumio Tsuchiya</b>	<b>Naoko Mizukoshi</b>	<b>Tetsuya Asano</b>	<b>Makoto Tsujimoto</b>	<b>Yukio Ono</b>	<b>Akiko Yamakawa</b>	<b>Hiroko Kudo</b>	
Date of birth	May 3, 1952	March 3, 1962	November 14, 1963	June 23, 1962	December 14, 1960	October 24, 1964		August 30, 1948	May 10, 1948	September 23, 1967	October 22, 1960	December 7, 1960	January 1, 1950	April 5, 1973	February 28, 1968
Cumulative term of office	10 years	5 years	7 years	—	5 years	—		7 years	6 years	5 years	3 years	—	3 years	3 years	1 year
Number of shares owned (thousand shares)	173	57	60	24	17	3		4	—	1	9	61	2	—	0
Attendance at meetings															
Board of Directors Attendance/ Number of meeting (Attendance rate)	19/19 (100%)	19/19 (100%)	17/19 (89.5%)	—*1	19/19 (100%)	—*1		19/19 (100%)	19/19 (100%)	19/19 (100%)	19/19 (100%)	—*1	18/19 (94.7%)	19/19 (100%)	15/15 (100%)*2
Audit & Supervisory Board Attendance/ Number of meeting (Attendance rate)	—	—	—	—	—	—		—	—	—	12/12 (100%)	—*1	12/12 (100%)	12/12 (100%)	10/10 (100%)*2
Nomination Committee ●Chairperson ○Committee member		○						○	●	○			○		
Compensation Committee ●Chairperson ○Committee member		○						○	●	○			○		
Skills															
Corporate Management	●	●	●		●			●	●		●	●			
Industry Knowledge	●	●	●	●	●	●			●	●		●			●
International Experience	●	●	●						●	●		●	●		●
Finance & Accounting			●					●			●		●		
Intellectual property and legal										●			●		

\*1 Assumed office on June 23, 2023

\*2 Based on Board of Directors meeting and Audit & Supervisory Board Member's meeting held after assumed office on June 24, 2023

### Executive Officers

Senior Managing Executive Officer	<b>Kiyotaka Nakamura</b>	Managing Executive Officer	<b>Isao Otokita</b>	Executive Officer	<b>Tetsuya Yuzuri</b>
Senior Managing Executive Officer	<b>Masahiro Ueda</b>	Managing Executive Officer	<b>Ikuo Shimizu</b>	Executive Officer	<b>Hiroyuki Kawai</b>
Managing Executive Officer	<b>Kei Ando</b>	Executive Officer	<b>THANAWAT LERTWATTANARAK</b>	Executive Officer	<b>Takuma Tanaka</b>
Managing Executive Officer	<b>Naoto Kita</b>	Executive Officer	<b>Manabu Yano</b>	Executive Officer	<b>Yukino Fuchigami</b>
Managing Executive Officer	<b>Akira Ogane</b>	Executive Officer	<b>Yoshiyuki Hayashi</b>	Executive Officer	<b>Kazuto Nakamura</b>
Managing Executive Officer	<b>Satoru Tayasu</b>	Executive Officer	<b>Masakazu Kawamura</b>	Executive Officer	<b>Takashi Fujii</b>
Managing Executive Officer	<b>Hidehiko Shimoyama</b>	Executive Officer	<b>Kensaku Furusho</b>	Executive Officer	<b>Kiichiro Sasaki</b>
Managing Executive Officer	<b>Tsuneyoshi Ito</b>	Executive Officer	<b>Reiko Oka</b>		
Managing Executive Officer	<b>Kyoko Takayanagi</b>				

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

To strengthen the supervisory function of the Board of Directors, the Company has established criteria for ensuring the independence of external directors and external Audit & Supervisory Board members. We adhere to the requirements of Japan's *Companies Act* and the rules of the Tokyo Stock Exchange. Please refer to our website for specific details.

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

### Message from Newly Appointed Director: Shuzo Hikida

#### Leveraging our diversity to help resolve social issues.

Major advances in AI and other technological innovations are causing rapid changes in society. In this context, I recognize that expectations for the Group, which is heavily involved in digital technologies, are increasing more and more. Under our current medium-term management plan, we have made steady progress with measures to transform our business structure, centered on DX. To address rapid changes in the market environment in the future, however, we must grow our service-based business, which is the symbol of the Group. We also need to accelerate efforts to make our high value-added services available to more customers.

We will strive to help resolve various social issues through our business activities. Here, we will leverage our knowledge and experience in system integration services and platform services, cultivated through our relationships with customers in various industries, while taking advantage of the diversity of the TIS INTEC Group.

### Message from Newly Appointed Audit & Supervisory Board Member: Makoto Tsujimoto

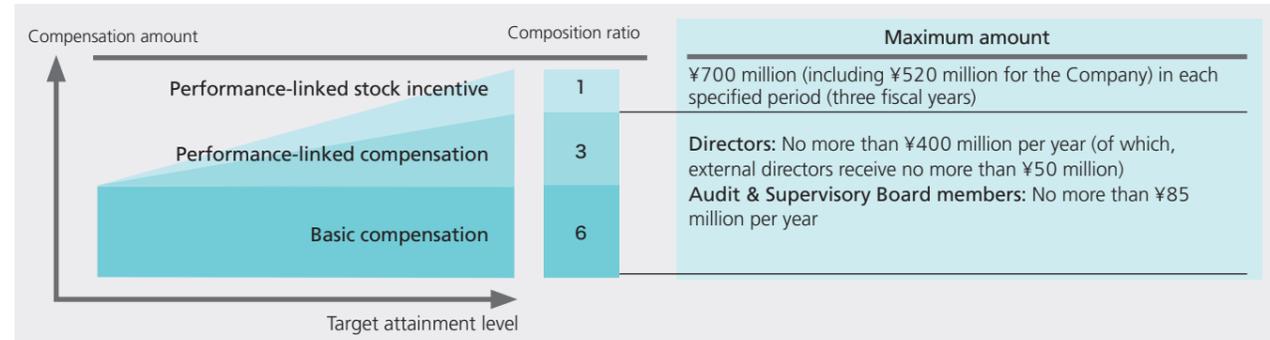
#### Further improving group governance

I have been with the Company for a long time. In addition to secondments to several Group companies, I have served as representative director and non-executive director of Group companies. As a new Audit & Supervisory Board member, I would like to use the knowledge and experience I have gained through these positions.

While emphasizing harmony with society, the Group aims to achieve sustainable growth and increase corporate value over the medium and long terms through sustainability-oriented management. To achieve this, we conduct audits of legality and appropriateness to ensure transparency and fairness and foster prompt and accurate decision making, in accordance with our Basic Policies on Corporate Governance. In particular, I intend to play a role in improving the governance of the entire Group and make it more effective.

## Outline of Policy on Officers' Remuneration

### Decision Policy and Structure of Officers' Compensation



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

#### (3) Structure of compensation for external directors and Audit & Supervisory Board members

Compensation paid to external directors is limited to basic

compensation only, with no performance-linked component.

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

#### (4) Other

a. Upon the introduction of the performance-linked stock incentive plan, the Board of Directors decided to stipulate a provision for illegal acts in the Stock Delivery Regulations. The provision allows the Company to reclaim the amount equivalent to the shares delivered to violators and cancel any points accrued under the performance-linked stock incentive scheme explained below.

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

### Method for Calculating Executive Compensation

#### (1) Basic compensation

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

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

The amount to be paid is calculated using five-point scale evaluations of organizational performance (with the score of A to E) and individual performance (with the score of a to e) for each director and Audit & Supervisory Board member, based on

the amount determined by corporate performance evaluation (the ratio of organizational performance evaluation and individual performance evaluation = 3:7). Under the standard model, 33% is applied to the payment to an individual with A in organizational performance evaluation and a in individual performance evaluation when the corporate performance-linked coefficient is 30%. Similarly, 27%, 20%, 13% and 7% are for B and b, C and c, D and d, and e and E evaluations, respectively.

In fiscal 2023, the amount of performance-linked compensation was determined by applying a performance-linked coefficient of 50% based on the level of attainment of predetermined targets with the corporate performance indicators, including Consolidated Sales, Consolidated Operating Income and Earnings per Share (EPS).

Financial index (Consolidated)	Fiscal 2022	
	Estimates	Actual
Net sales	¥470,000 million	¥482,547 million
Operating income	¥48,500 million	¥54,739 million
EPS	¥128.78	¥157.69

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

Distribution composition (image)

### Performance-Linked Stock Incentive

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

For corporate performance indicators, Consolidated Operating Income, Net Income per Share (EPS), and Service Business Gross Profit were adopted as financial indicators to

encourage pursuit of business growth, and Job Satisfaction, Customer/Service Satisfaction, and Business Partner Satisfaction were adopted as nonfinancial indicators to encourage pursuit of higher stakeholder satisfaction, and to ensure attainment of enhanced corporate value as expected by the shareholders.

In fiscal 2023, the amount of performance-linked stock incentive was determined by applying a performance-linked coefficient of 150% based on the evaluation of actual results of the indicators relative to estimates (100% performance-linked coefficient when attained) conducted in accordance with Stock Delivery Regulations.

Performance indicator				Weight	Fiscal 2023	
					Estimate	Actual result
Financial	Profit	Consolidated operating income		25%	¥52,500 million	¥62,328 million
		EPS		25%	¥141.00	¥227.11
	Business transformation	Service-style business gross profit	Calculated score based on the actual result relative to the target of gross profit of service business	25%	¥31,349 million	¥32,162 million
Nonfinancial	Stakeholder engagement	Job satisfaction	Calculated score according to the ratio of respondents who chose the answer "(4) Often applies" or higher in the overall evaluation (Good company to work) in the Employee Awareness Survey	12.5%	59% or over	58%
		Customer/service satisfaction	Calculated score according to the ratio of responses of (4) or higher in the questions to measure satisfaction for account service in the Customer Satisfaction Survey	6.25%	57% or over	59%
		Business partner satisfaction ratio	Calculated score according to the ratio of responses of (4) or higher in the questions to measure satisfaction "as a business and a partner" in the Business Partner Satisfaction Survey	6.25%	79% or over	74%

#### Relation between evaluation score and level for each item

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

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

## ■ Outline of Performance-Linked Stock Compensation System

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

### a. Organization of the BIP Trust scheme

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

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

#### Calculation Formula

The number of TIS shares to be delivered (points\*) =  

$$\text{Base amount} \times \text{Performance fluctuation coefficient} \div \text{Acquisition cost per unit}$$
 \* Decimals rounded down

- b. 132,100 shares (including 99,000 shares for the Company) in one financial year (upper limit)
- c. Scope of individuals able to receive beneficiary rights and other rights under the BIP Trust scheme: Individuals who have retired from being a Director, etc., and meet the beneficiary conditions specified in the Stock Issuance Regulations.

## ■ Remuneration for Directors and Audit & Supervisory Board Members (Year Ended March 31, 2023)

(Millions of yen)	Remuneration	Remuneration by type				Recipients (Persons)
		Basic remuneration	Performance-linked remuneration	Performance-linked stock compensation	Nonfinancial compensation included in performance-linked stock compensation	
Directors (excluding external directors)	249	160	67	21	21	6
Audit & Supervisory Board members (excluding external auditors)	41	41	–	–	–	2
External directors and external auditors	61	61	–	–	–	7

Notes: 1. For the fiscal year ended March 31, 2023, compensation for directors does not include the employee portion for directors who serve concurrently as employees. The Company has not introduced a retirement benefit system for directors, and does not pay any directors' bonuses.  
 2. The performance-linked stock incentive is booked as an expense for four directors (excluding external directors and non-full-time directors) in the current business year.

## ■ Establishment of Clawback Clauses

TIS has established a clause that enables the Company to request an individual who commits an illegal act, as defined under internal rules, to pay restitution equivalent to the value

of shares granted, and another clause that enables the Company to confiscate points awarded.

## Cross-Shareholdings

### 1. Criteria for and approach to categorizing investment shares

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

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

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

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

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

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

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

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

### 2. Criteria for exercising voting rights for strategically held shares

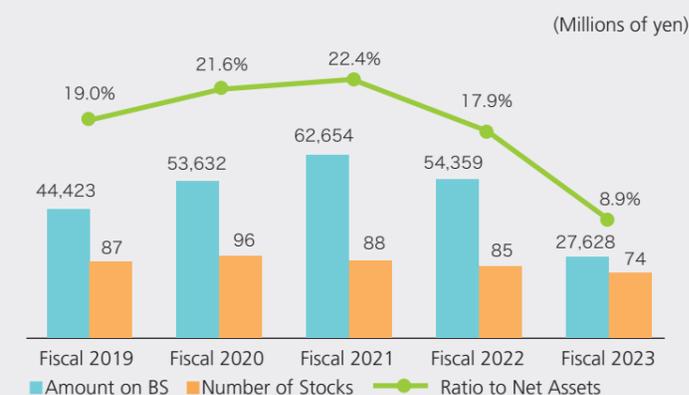
TIS appropriately exercises voting rights for the listed shares in its possession after comprehensively determining whether such action will contribute to the sustainable corporate growth and higher medium- to long-term corporate value of the TIS INTEC Group and investee company, taking into consideration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

### 3. Relationships with strategic shareholders

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

## Status of Cross-Shareholdings

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



## Number of issues held for purposes other than portfolio investment and total amounts recorded on the balance sheet

Category	Fiscal 2022	Fiscal 2023
Number of issues	85 issues	74 issues
(Composition) Strategic shareholdings	52 issues	50 issues
Cross-shareholdings	33 issues	24 issues
Total balance-sheet amount	¥54,359 million	¥27,628 million
(Composition) Strategic shareholdings	¥18,946 million	¥15,185 million
Cross-shareholdings	¥35,413 million	¥12,443 million

## Number of issues and total amounts recorded on the balance sheet

	Number of issues	Total balance-sheet amount
Unlisted stock	63 issues	¥6,947 million
Stock other than unlisted stock	11 issues	¥20,681 million

## Status of Audits

### 1. Audits conducted by Audit & Supervisory Board members

The Company's Audit & Supervisory Board consists of five Audit & Supervisory Board members (two full-time members and three external members). In addition, one person has been assigned to assist Audit & Supervisory Board members to improve the effectiveness of audits conducted by Audit & Supervisory Board members and facilitate the audit process. The person in this position works under instruction and orders from Audit & Supervisory Board members, and personnel affairs related to the position are decided based on the consent of Audit & Supervisory Board members.

The Audit & Supervisory Board of the Company holds a meeting once a month, in principle, and may meet on an ad hoc basis whenever necessary. The Audit & Supervisory Board carries out an audit of the execution of operations by directors, an audit of the internal control systems, an audit of the execution of duties by the accounting auditor, and an audit of the status of compliance and risk management on a recurring basis based on the policies and plan determined at its meeting.

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

Starting in the fiscal year ended March 31, 2023, each Audit & Supervisory Board member conducts evaluations based on evaluation criteria determined by that Board. Following discussions on the results of those evaluations, they evaluate the effectiveness of the Audit & Supervisory Board. The Board confirms that a certain level of effectiveness has been maintained and that it is committed to making continuous improvements.

### 2. Internal audits

The Auditing Department, staffed by 24 people, is responsible

for internal audits at TIS. This department informs the Board of Directors of the annual plan, following approval by the President, and also performs internal audits independent of business units that execute operations, based on the annual plan, presents the results of each internal audit to the President and regularly reports to the Board of Directors. The Auditing Department also draws up plans for internal audits of the Group as a whole, monitors the status of internal audits at subsidiaries, performs internal audits at subsidiaries that do not have auditing departments, and offers necessary advice and provides supervision for TIS divisions. Complementing these activities, the Auditing Department regularly exchanges information with internal auditing departments at Group companies, sets up information exchange opportunities that involve the department, members of the Audit & Supervisory Board and the independent auditor, and shares information on auditing measures and the results of audits as required.

### 3. Accounting audits

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

#### ● Key audit matters

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

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

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

## Launched Initiatives to Further Enhance Corporate Governance

At multiple meetings in fiscal 2023, the Board of Directors discussed the state of the Company's governance with a view to medium- and long-term growth. The main topics discussed included the role and function of the Board of Directors, organizational design, delegation of authority to the executive, desired skills of Board members, number and composition of Board members, and succession planning for external directors. As a result, the Board of Directors has made a conscious decision to focus more on medium- and long-term discussions, under which the following initiatives have been launched.

### (1) Delegation of authority to the executive

To realize agile and appropriate group cooperate governance (in both supervision and execution) within the TIS INTEC Group, authority has been delegated to the executive. While maintaining the supervisory functions of corporate governance, the Board of Directors has started delegation of authority by combining the following three measures from fiscal 2024.

- Revision to the criteria for submission of proposals to the Board of Directors
- Review of the criteria for business execution by the executive
- Regular reporting on the status of execution to the Board of Directors after delegation of authority (included in annual agenda)

### (2) Focus on medium- and long-term discussions

In the fiscal year ended March 31, 2023, the Board of Directors set up the following themes for medium- to long-term strategies, and had discussions among its members, including external directors.

#### ● Human resources/diversity and inclusion

Recognizing that human resources are a source of added value in the medium to long term, an employee survey was conducted at TIS INTEC Group companies, personnel information and diversity data at individual companies was collected, and ongoing initiatives were reported on, under the auspices of the Chairman of the Board of Directors. At the Board of Directors meetings, topics discussed included the need to enhance a feeling of solidarity in the new work style and measures to improve the gender gap.

#### ● Sustainability management

Recognizing the importance of a long-term strategy to grow value provided to society and corporate value through sustainability management, corporate sustainability activities were undertaken and reported upon by the TIS INTEC Group. The Board of Directors discussed topics such as the need for committed efforts to be made by all Group companies with sense of ownership, for enhancement of

initiatives to develop sustainability into mainstream business activities, resulting in new business creation, and for the creation of business activities to address social issues.

#### ● Global business

Aiming to establish itself as a "top-class IT group in the ASEAN region," the Board of Directors recognizes the importance of making optimal use of alliances based on strategic investments to expand its business domain, and consequently deliberated over relevant strategies and investments. The current business environment, opportunities and risks for medium- to long-term global business policy, fostering next-generation management personnel and other pertinent matters.

#### ● Discussions about significant medium- to long-term corporate issues

Company decisions on medium- to long-term corporate issues are made after deliberating whether outcomes will contribute to the Company's sustainable growth and medium- to long-term improvement of corporate value. In fiscal 2023, amongst other things, discussions were held on acquisition of facilities to support core system management operations, leading to the decision to make Nihon ICS Co., Ltd., a subsidiary.

Going forward, the Board of Directors plans to cover medium- to long-term management and strategic themes as a standing agenda item at its meetings, with an active focus on activities that are intended to enhance corporate value.

### (3) Further enhancement of corporate governance

In April 2023, strategic functions were integrated into the Corporate Planning SBU of TIS to promote formulation and development of strategies to realize corporate value creation, in line with the objective stated in the Company's Medium-Term Management Plan. At the same time, governance functions—which had been the responsibility of the Corporate Administration Dept. of the Corporate Management SBU—were also transferred to the Corporate Planning SBU, managed by the newly established Corporate Governance Promotion Dept. Through these measures, we aim to integrate and enhance decision-making and strategic functions, and facilitate a smooth progression from strategy formulation to implementation.

In the future, we will focus on further enhancing the Company's decision-making capabilities, and will work to strengthen the operation of the general meetings of shareholders and Board of Directors meetings with a view to better addressing social needs, enhanced governance (including from a legal perspective), and deepen value exchange with the Company's broad range of stakeholders.

**Compliance**

The President is the chief compliance system officer for the TIS INTEC Group, while the director responsible for compliance coordinates the confirmation and evaluation of TIS and Group-wide compliance-related matters and the promotion of improvement measures.

● Compliance Education

E-learning modules are undertaken annually by all officers and employees to affirm and deepen their understanding of the Group Code of Conduct.

● Regular Investigation of Code of Conduct Effectiveness and Implementation Results

TIS conducts an annual compliance awareness survey, confirming the extent to which the Group Code of Conduct has been assimilated by employees.

● Preventing Corruption

As part of Group-wide compliance promotion activities, we are building Group-wide anti-corruption mechanisms.

● Punishment for Noncompliance

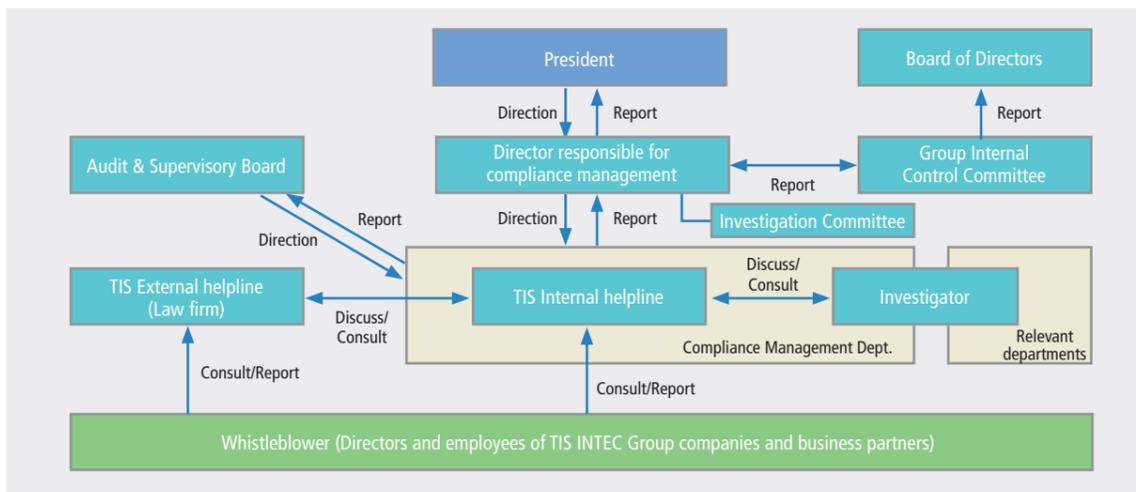
Officers and employees who engage in noncompliant behavior are subject to disciplinary action and legal measures in accordance with Japan's laws and regulations as well as the Company's Articles of Incorporation and internal rules.

● Establishment of Helplines

<TIS>

TIS maintains helplines available to all officers and employees, including contract staff and temporary staff, as well as retired employees and employees at business partners, such as companies with contracts to supply products or services to TIS. These helplines (external and internal) can be accessed via email, telephone, or in person to get advice or report an issue in the event that actions taken by an officer of the Company are thought to violate laws, regulations, internal rules, or social norms, or that the potential for such misconduct becomes known.

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



<Group>

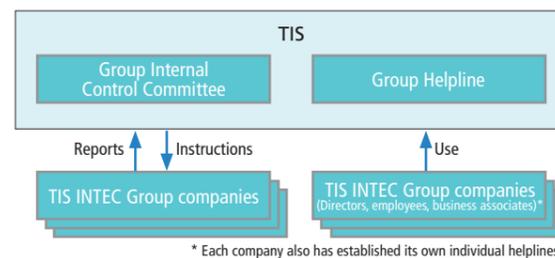
In addition to internal helplines at each Group company, TIS maintains an internal helpline for use by the TIS INTEC Group as a whole. We strive to detect, prevent and correct misconduct as early as possible, addressing relevant internal issues in an effort to strengthen compliance management.

When a compliance issue arises within TIS or a Group company, we work to resolve the issue by immediately establishing an Investigation Committee, investigating the cause, taking countermeasures, and also implementing measures to prevent a recurrence.

● Assuring Whistleblower Confidentiality and Anonymity

In addition to setting up an internal helpline at TIS, we have established external helpline (lawyers' contact points) for each Group company to create an environment that makes it easy to report and receive advice.

We take care to protect whistleblowers in accordance with the *Whistleblower Protection Act*. This includes ensuring the confidentiality of information reported and being open to receiving anonymous reports.



**Information Security and Personal Information Protection**

If confidential information were to be leaked or manipulated due to a computer virus or unauthorized access, it could result in claims for damages from clients and other companies and a loss of trust in the Group. Our Group Information Security Policy, Personal Information Protection Policy, and Policy on Handling of Specific Personal Information have been formulated for application to the entire Group. We make Group-wide efforts to maintain information security, such as protection against cyber attacks from external sources and prevention of information leaks due to internal misconduct. These activities have been prioritized to effect appropriate information management.

Following our Group Information Security Policy, security measures are implemented by Group companies around the world in accordance with the Group's common information security standards so that digital technologies can be applied to personal information and to expeditiously provide services that exceed customer expectations while also protecting that information.

● Ensuring Safe and Secure Commercial Systems

There have been frequent security incidents in recent years involving the leak of personal and confidential information arising from unauthorized access, as well as extortion using ransomware, both of which exploit information systems' security flaws (vulnerabilities). In addition to known attacks—that is, cyber attacks that we already know how to address—a growing number of attacks exploit vulnerabilities of which even software developers and system development vendors are not aware. Security measures that factor in these unknown attacks need to be implemented across the whole system without exception.

The TIS INTEC Group has put in place mechanisms whereby the latest security technology trends and information regarding vulnerabilities are shared promptly within the Group, and processes ensuring the necessary levels of security are embedded in system building and operation to guarantee that the completed systems have the best possible security. We conduct regular vulnerability checks on the systems we have built and deal appropriately with newly discovered vulnerabilities, continuing to strive to provide safe and secure systems and services.

● Information Security Education and Awareness-Raising

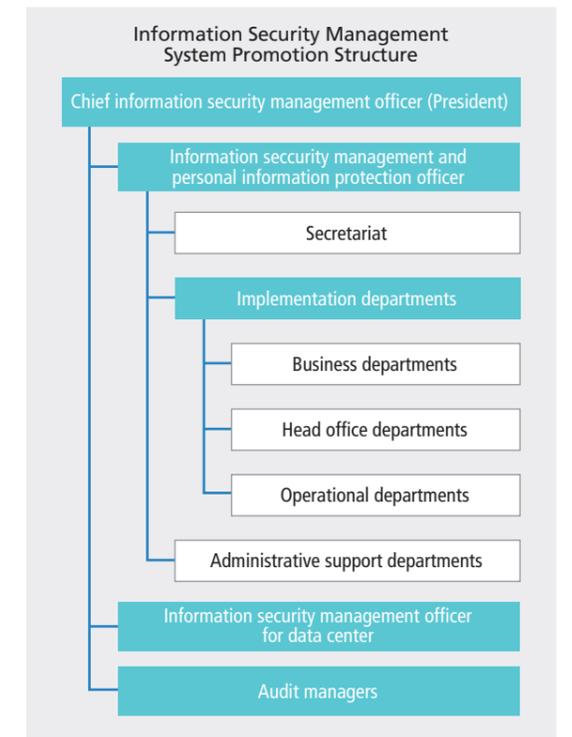
We conduct information security education in the form of e-learning so as to facilitate understanding of the rules stipulated in our Group-wide information security policies and to instill information security-conscious behavior among officers and employees, both in-house and at partner companies. We implement various measures on an ongoing basis to embed basic information security awareness in each employee.

In addition, we conduct Group-wide education and training for officers, employees, and partner company employees to increase awareness of the importance of personal information protection.

● Personal Information Protection Initiatives

Following the Group Personal Information Protection Policy, Group companies in Japan and overseas have formulated rules on the handling of personal information in accordance with Group standards. We comply with the laws and regulations that apply not only in the countries in which the Group has bases but also in those in which we conduct business activities, handling personal information entrusted to us by customers and stakeholders appropriately and lawfully.

The TIS INTEC Group has established its own personal information protection management system, engaging in information coordination within the Group management system and implementing risk management education and training. Group companies, too, operate personal information protection management systems in compliance with the above policy.



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

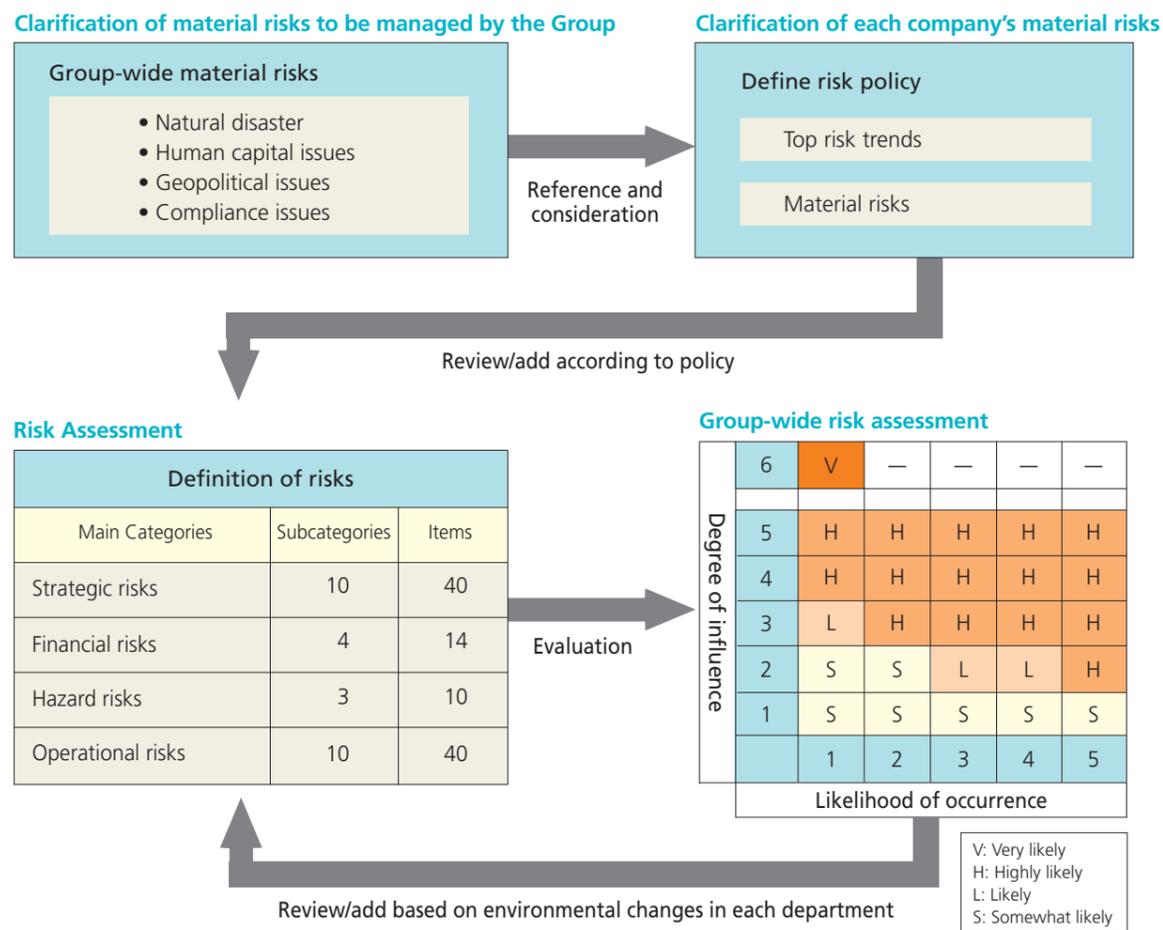
**Management Process**

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

**Risk Assessment Process**

An evaluation is conducted of both the top risk trends and material risks, as presented by the president of each Group company based on the Group's priority risks as well as the risks identified by each division. 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 improvement measures, and reports to the Board of Directors. Based on these reports, the Board of Directors issues instructions, which are embodied in initiatives to strengthen and improve Group-wide internal control systems.

**Risk Assessment Process**



**The Group's risk recognition**

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

**Strategic risk**

Risk items	Overview of risk
Human resources	<ul style="list-style-type: none"> <li>High-quality human resources are not secured and developed according to plan.</li> <li>Productivity reduces, costs increase and employee engagement lowers.</li> </ul>
Changes in the market	<ul style="list-style-type: none"> <li>As the Group's business domain changes and society changes, competitive advantage may be lost by failing to promptly address changes in the technologies and services required by society. Price competition may also intensify more than expected.</li> </ul>
Investment	<ul style="list-style-type: none"> <li>The expected result or return cannot be obtained.</li> <li>Assets become obsolete.</li> <li>Misconduct or system failures by a corporate counterparty following an investment or M&amp;A transaction may result in a loss of credibility, brand damage and potentially lawsuits.</li> </ul>
Overseas business	<ul style="list-style-type: none"> <li>Overseas business is impacted by various factors, including global economic and foreign exchange trends, legal regulations on investment and competition, local business practices, and labor-management relations.</li> </ul>
Human rights	<ul style="list-style-type: none"> <li>The occurrence and disclosure of any events which may have a direct or indirect negative impact on certain stakeholders result in damage to the reputation and credibility of the Group.</li> </ul>
Geopolitical risks	<ul style="list-style-type: none"> <li>International pressures, exchange rate trends, trade issues, or effects on procurement costs may occur due to warfare, civil strife, political upheaval, revolution, terrorism, rioting, and so on.</li> </ul>
Reputational risk	<ul style="list-style-type: none"> <li>If risks are not properly managed and have a negative impact on society, or if the Company becomes associated with any negative impact that other companies have had on society, the Company's business may be interrupted, stagnate, or be suspended due to loss of credibility and brand damage, or it may potentially lose customers or business partners.</li> </ul>

**Financial risk**

Risk items	Overview of risk
Owned securities	<ul style="list-style-type: none"> <li>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.</li> </ul>

**Hazard risk**

Risk items	Overview of risk
Pandemics	<ul style="list-style-type: none"> <li>A sharp constriction of the productive activities of our employees and those of our business partners</li> </ul>
Natural disasters	<ul style="list-style-type: none"> <li>A large natural disaster results in an extended power outage that interrupts the smooth operation of data centers.</li> </ul>

**Operational risk**

Risk items	Overview of risk
System development	<ul style="list-style-type: none"> <li>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.</li> <li>Tasks outsourced to business partners do not meet expectations for productivity or quality and smooth project management is not realized.</li> </ul>
System operation	<ul style="list-style-type: none"> <li>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.</li> </ul>
Information security	<ul style="list-style-type: none"> <li>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.</li> </ul>
Legal systems, compliance	<ul style="list-style-type: none"> <li>A law or regulation is contravened, or a new law or regulation is introduced.</li> </ul>
Intellectual property rights	<ul style="list-style-type: none"> <li>The Group is accused of infringing another company's intellectual property rights and presented with an injunction and a claim for damages.</li> </ul>
Climate change	<ul style="list-style-type: none"> <li>The Group's energy costs are significantly impacted by fluctuations in demand for renewable energy.</li> <li>The Group's transition to renewable energy is delayed.</li> </ul>

## Risk Mitigation

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

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

### Risk Mitigation Approach for Human Resources

Human resources are the Group's most important capital. In order to realize medium- to long-term business strategies and enhance corporate value, the Group promotes human resources investments in the following four fields: recruitment and education, to create a human resource pool with the acuity and enhanced skills to tackle new business domains; and environment and compensation, to increase personnel engagement and bring out better performance. Investments in human capital will reduce management risks surrounding personnel as well as realize a more comfortable society through IT.

With a focus on job satisfaction and attractive compensation as measures to increase employee engagement, in April 2023 TIS introduced a new HR system, which drastically changed compensation, evaluation and rank structures. Under the new compensation structure, there is strong investment in high-level human resources who will drive TIS' business—focusing on young employees in particular—with basic salaries being raised by a maximum of 17%, and 6% on average.

#### Human Capital Investment at TIS

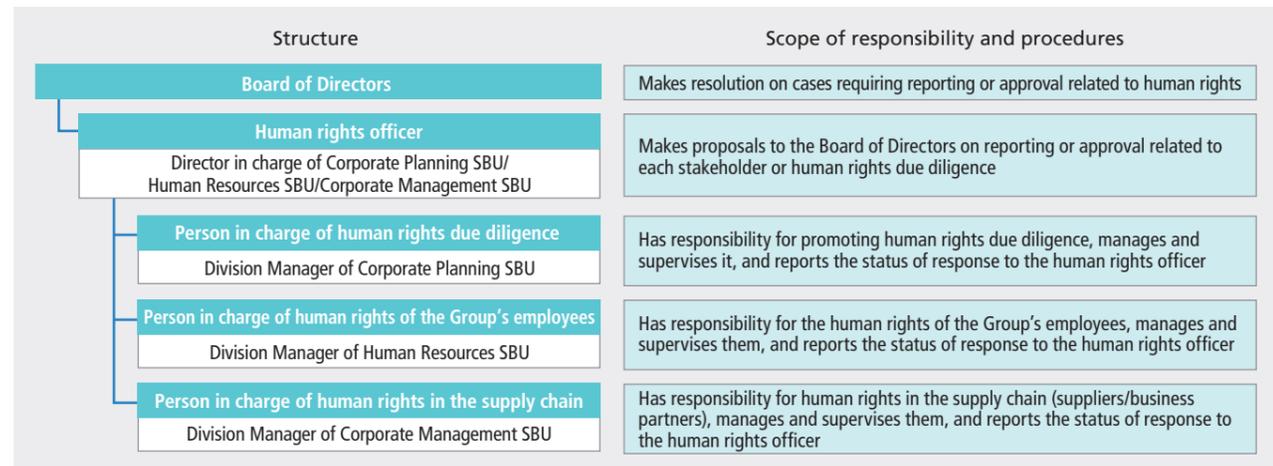
Amount of investment	Major initiatives	Aim	Indicator and target	Fiscal 2023 results
Education ¥1.1 billion	<ul style="list-style-type: none"> <li>Provide opportunities to learn and improve skills</li> <li>Support autonomous career development</li> <li>Provide opportunities to diversify experiences</li> </ul>	 <b>Improve value of human capital</b>	Number of training days per person per annum <b>12</b> days/person (fiscal 2024)	<b>15.5</b> days/person (+0.3 days/person year on year)
Recruitment ¥0.52 billion	<ul style="list-style-type: none"> <li>Recruitment branding</li> <li>Onboarding</li> <li>Raise starting salary for new graduates</li> </ul>		Percentage of female employees in management positions <b>12.8</b> % (fiscal 2024)	<b>11.9</b> % (+0.9 points year on year)
Environment and health ¥0.42 billion	<ul style="list-style-type: none"> <li>Involving employees</li> <li>Diverse human resources playing active roles</li> <li>Revision to HR system and compensation</li> <li>Organizational development x psychological safety</li> </ul>	 <b>Develop environment to bring out good performance</b>	Employee awareness survey result* <b>70</b> % (fiscal 2024)	<b>64</b> % (+3 points year on year)
			Absenteeism due to injury or sickness <b>1.1</b> % (fiscal 2024)	<b>1.1</b> % (±0 points year on year)

\*Percentage of employees who responded positively to the question, "Overall, the company is a good place to work", in the employee awareness survey.

### Risk Mitigation Approach to Human Rights Issues

The Group understands that its business activities may directly or indirectly have a negative human rights impact. In managing human rights for the business, a structure has been put in place whereby overall responsibility for human rights is invested in a single officer, another is in charge of human rights due diligence, another assigned to look after employee human rights, and yet another to oversee human rights issues in the supply chain. Final rulings on cases related to human rights are made by resolution of the Board of Directors.

Potential human rights risks are also identified at the earliest opportunity through appropriate due diligence. The Group will work toward prevention of negative human right impacts in the value chain by conducting educational sessions for its employees.



### Risk mitigation approach to system operation

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

	Quality of operation and maintenance	Quality of system/software
Quality for security	<b>Implementation of examination under ISO/IEC 27017</b> <ul style="list-style-type: none"> <li>Carry out third-party examination based on checklist compliant with ISO/IEC 27017</li> <li>Introduce a certification logo to signify the quality level of security for provided cloud services</li> <li>Expand acquisitions of ISO/IEC 27017 certification</li> </ul>	<b>Development of environment to verify security vulnerability</b> <ul style="list-style-type: none"> <li>Require using SAST and IAST tools</li> <li>Provide standard SAST, IAST and DAST tools for all companies</li> <li>Implement third-party verification of security vulnerability</li> <li>Promote the use of SAST tool by business partners</li> </ul>
Quality for areas other than security	<b>Improvement of delivery quality</b> <ul style="list-style-type: none"> <li>Carry out third-party examination based on checklist for delivery quality compliant with the Non-Functional Requirements Grade 2018 (Information Technology Promotion Agency, Japan)</li> <li>Implement inspection based on checklist for handover of management to prevent any trouble caused by failures in the handover process</li> <li>Implement regular inspection of operation and maintenance</li> </ul>	<b>Sophistication of system quality evaluation</b> <ul style="list-style-type: none"> <li>Conduct whole-process quality evaluation in quality evaluation for each phase</li> <li>Incorporate viewpoints of ISO 25000 into quality evaluation</li> <li>Strengthen training for project managers in quality evaluation</li> <li>Provide quality-related training to business partners</li> </ul>

### Risk mitigation approach for information security

An information security management system has been established and operates under the Group Information Security Policy to ensure information is managed appropriately. At the same time, the Group strives to improve awareness of information security among employees through education and training. When an information security breach does occur, we establish an investigative committee and set in motion a structured response, including looking into the cause, implementing countermeasures, and putting measures in place to prevent a recurrence.

The following table outlines the Company response to different types of information security issue.

Points to respond	Measures
Response to work style reform (telework, ABW*, and others)	Promote expansion of zero-trust environment to all Group companies both to preserve safety and improve productivity
Response to cyber attack	Revise Security Operation Center (SOC) and Security Information and Event Management (SIEM). Disseminate the Computer Security Incident Response Team (CSIRT) system to the Group as a whole, share information at the Group Security Promotion Conference, and conduct regular preparedness drills for incidents.
Response to personal information	Develop Group Privacy Policy and regulations for protection of personal information applicable to all Group companies in Japan and overseas to establish a Group-wide management framework as utilization of personal information is expected to increase as a result of development of related laws and regulations in different countries.

\*Activity-based working: work time and location can be selected by workers to align with both the specific tasks and personal preferences.

## Initiatives to Address Climate Change

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

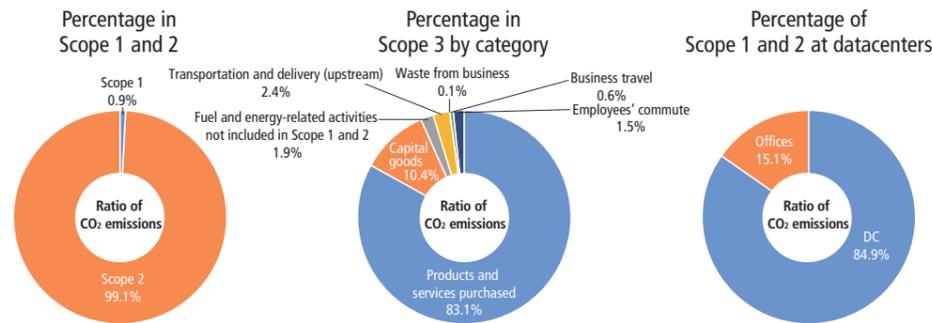
### Medium- to Long-Term Environmental Targets for Climate Change

The TIS INTEC Group declared its commitment to carbon neutrality in December 2022. To achieve a decarbonized society, the Group aims to achieve carbon neutrality in terms of greenhouse gas (GHG) emissions by fiscal 2041 and net zero GHG emissions throughout its value chain by fiscal 2051.

### TIS INTEC Group's Carbon Neutrality Declaration

- Fiscal 2041**  
Achieve carbon neutrality in Scope 1 and 2
- Fiscal 2051**  
Achieve net zero in Scope 1, 2, and 3

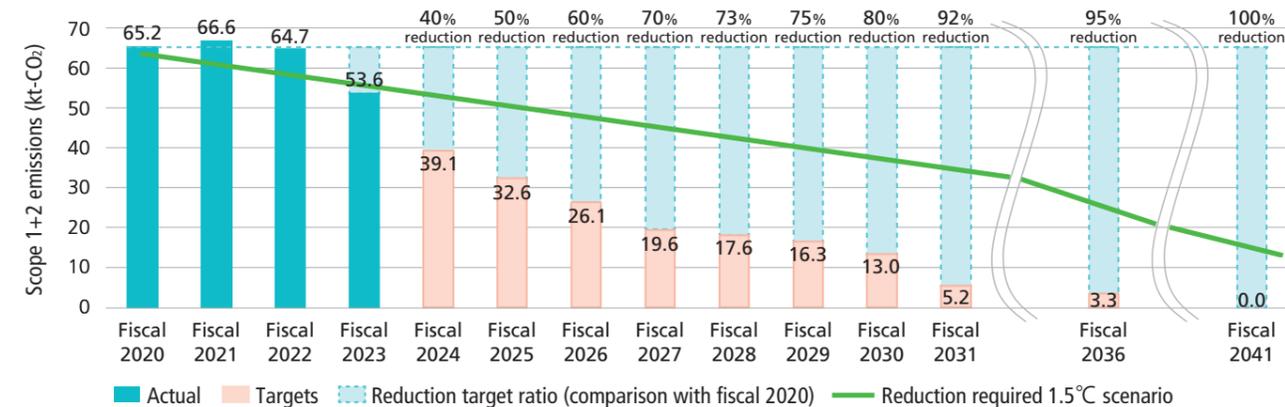
### Ratio of GHG emissions in the Group (actual results for fiscal 2023)



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

	GHG emissions in Scopes 1 and 2		Data center and office GHG emissions in Scopes 1 and 2		GHG emissions by category in Scope 3							Total GHG emissions in Scopes 1-3
	Scope 1	Scope 2	Data centers	Offices	Category 1 Purchased goods and services	Category 2 Capital goods	Category 3 Fuel- and energy-related activities not included in Scopes 1 and 2	Category 4 Transportation and distribution (Upstream)	Category 5 Waste generated in operations	Category 6 Business travel	Category 7 Employee commuting	
Fiscal 2023 (t-CO <sub>2</sub> )	481	53,076	45,453	8,104	386,392	48,317	9,026	11,392	580	2,752	6,766	518,782
Fiscal 2022 (t-CO <sub>2</sub> )	513	64,157	53,483	11,187	333,379	57,694	10,269	8,215	703	2,449	6,052	483,430
YoY change (t-CO <sub>2</sub> )	-6.2%	-17.3%	-15.0%	-27.6%	+15.9%	-16.3%	-12.1%	+38.7%	-17.4%	+12.4%	+11.8%	+7.3%

### GHG reduction targets and results in Scopes 1 and 2



\*We revised the SBT 2°C scenario to a 1.5°C scenario in response to rising environmental awareness.

Under Scope 1 and 2, we have established GHG reduction plans for each fiscal year. We achieved a 17.8% reduction in fiscal 2023 comparing to the base year (fiscal 2020) and are making steady progress. We will continue to manage our GHG emissions by tracking projections versus actuals in order to keep on track to achieve our targets.

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

### Initiatives to achieve the Group's GHG reduction targets

#### Accelerate renewable energy adoption in data centers and offices

- Six of the 14 data centers owned by the Group use electricity derived from renewable energy sources. Additionally, six office locations use electricity derived from renewable energy sources. Through these initiatives, we plan to reduce the Group's overall GHG emissions (Scope 1 and 2) by approximately 40% in fiscal 2024 (versus fiscal 2022). We plan to expand the use of renewable energy to data centers and offices that have not yet adopted it.

#### We promote energy conservation in data centers and offices

- We will promote the consolidation of group offices by region, the switch to LED lighting, and energy-saving air-conditioning equipment, among other environment-friendly measures. At data centers, we will continue to improve energy efficiency, mainly in air conditioning systems.

Adoption of renewable energy		
Main data centers	Adoption timing	Adoption rate
Tokyo 1 DC	10/2022-	2%*1
Tokyo 4 DC	4/2023-	100%
Osaka 2 DC	4/2023-	100%
Osaka 3 DC	4/2023-	100%
Osaka 4 DC	4/2022-	100%
Offices	Adoption timing	Adoption rate
Tokyo Head Office	4/2022-	100%
Nagoya Head Office	4/2022-	100%
Osaka Head Office	12/2021-	100%
Toyosu Office	4/2022-	84%*2
Kyushu Branch	1/2023-	100%
Dokita Daibiru	4/2022-	100%

\*1 We intend to increase the rate of renewable energy use in the future.

\*2 Due to exceeding the maximum amount of renewable energy use set at the time of the contract.

### Other initiatives

In our data centers and offices, we are also promoting natural lighting, installation of small-scale solar power generation systems, and rooftop greening.



Natural light (solar tracking equipment)



Solar power generation monitor



Rooftop greenery

In light of future changes in the market environment—including social conditions, government policies, and electric power company trends—we will purchase energy with less environmental impact at stable and appropriate prices. We thus aim to achieve carbon neutrality as well as data center and office environments that minimize their environmental impact.



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

In light of the Japanese government's carbon neutrality declaration (made in 2020) and the "Green Transformation (GX) Basic Policy" (approved by the Cabinet in February 2023), we feel that domestic interest in global environmental issues, especially climate change, has been increasing in recent years. On the other hand, the power supply situation has changed dramatically on a global scale over the past several years, and power supply instability, caused by soaring fossil fuel prices and power shortages, has become a major concern for the data center business, one of Group's core businesses.

Despite such circumstances, I believe that the Group's announcement of its Carbon Neutral Declaration in December 2022 was a major achievement. In an effort to achieve goals set forth in the declaration, TIS is on track to achieve 100% renewable energy adoption in its main data centers and offices by fiscal 2026. Other Group companies will follow suit and consider plans to introduce renewable energy in their data centers and offices. We also need to consider corporate power purchase agreements (PPAs), which are not influenced by energy market prices, and the installation of solar panels on the Company's own premises.

As a data center (DC) service provider, we recognize that one of our most important management priorities is to be able to purchase energy with low environmental impact at stable and appropriate prices while providing DC services to our customers.

We must also strive to reduce greenhouse gas emissions not only within our own Group but throughout the entire supply chain. To this end, we will first work closely with each of our business partners on information cooperation, which we consider to be a society-wide initiative.

Interest in conserving biodiversity has been growing in recent years as an environmental issue separate from climate change. Although the Group is not directly involved in biodiversity issues, we recognize that we are indirectly involved through our customers' businesses because we provide system development, operation, and maintenance services to them. Therefore, we need to consider what initiatives the Group can take in the future.

The role that companies must play in addressing global environmental issues has become increasingly important in recent years. With this in mind, the Group will continue working to realize a sustainable society through its efforts to address global environmental issues, such as climate change and biodiversity, without slowing down its efforts to become carbon neutral.

## Information Disclosure in Line with TCFD Recommendations



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

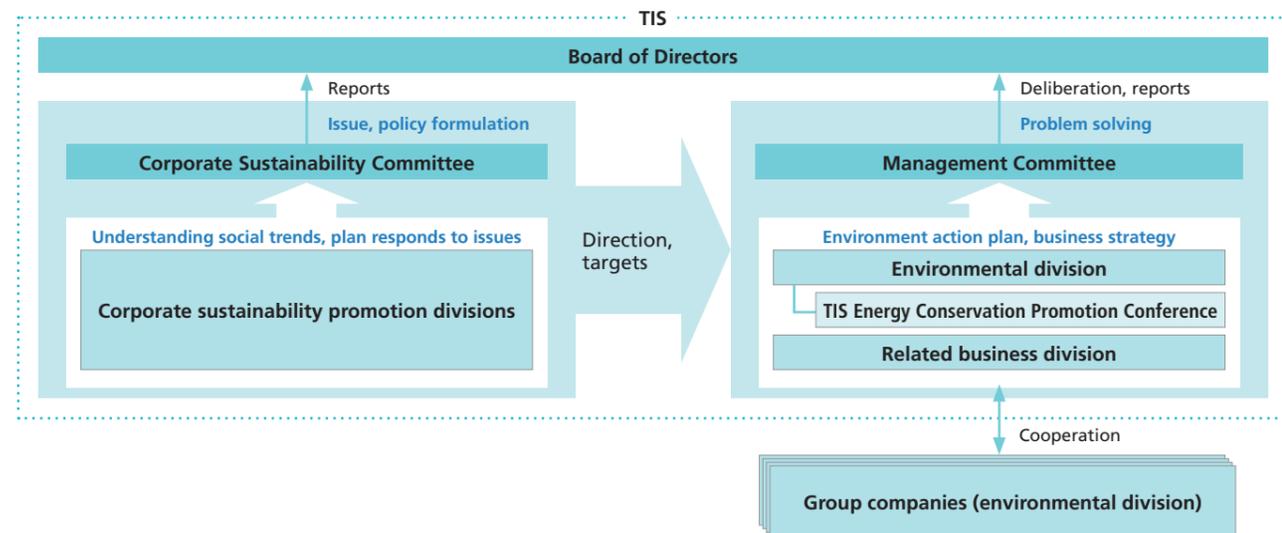
The TCFD requires disclosure in four core areas: **governance**, **strategy**, **risk management**, and **metrics and targets**.

### Governance

Climate change policy is evaluated and deliberated by the Corporate Sustainability Committee as an environmental measure and activity and reported to the Board of Directors. Climate change measures are evaluated and deliberated by the Management Committee and reported to the Board of Directors.

We also setup the TIS Energy Conservation Promotion Conference and the Climate Change Business Working Group as structures that consistently leverage awareness of risks related to measures aimed at mitigating the impact of climate change.

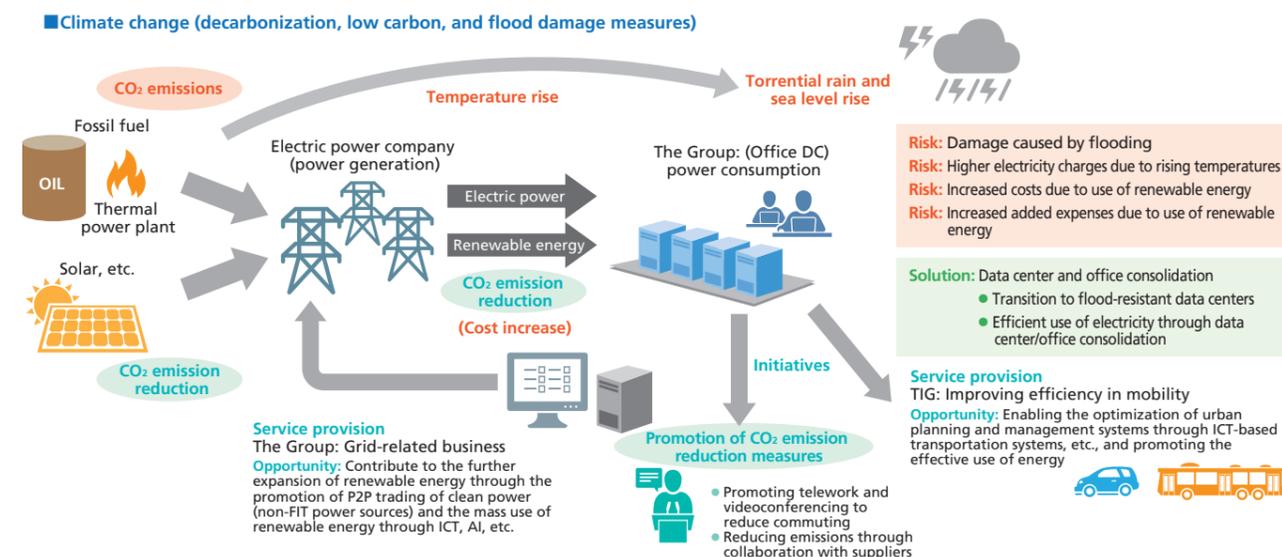
In addition, we take a flexible approach by setting up working groups and assigning specific issues for each to address. The cross-divisional Climate Change Response Review Committee was created in fiscal 2022 to identify and evaluate risks and opportunities related to climate change in order to facilitate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



### Strategy

Climate-related risks, financial impacts, and opportunities

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



### Climate-related risks and financial impacts

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

No.	Risk	Short Term	Medium Term	Long Term	Financial Impact in Fiscal 2031	Financial Impact Overview
1	Risks related to GHG reduction	—	<b>Transition risk (Regulatory)</b> Rising energy prices Regulations based on regional ordinances	<b>Transition risk (Reputation)</b> Trust of society eroded and clients distancing themselves from us because we are unable to achieve GHG reduction <b>Transition risk (Regulatory)</b> Higher costs due to carbon tax	¥8,010 million - ¥8,810 million	Possible loss that could be averted if difficult GHG reduction targets, such as carbon neutral status, are achieved
2	Risks related to method of GHG reduction	—	<b>Transition risk (Market)</b> Cost to introduce renewable energy	<b>Transition risk (Market)</b> Higher costs due to GHG reduction and introduction of renewable energy	¥203 million	Potential additional expenses that might be incurred by reducing GHG emissions
3	Risk of physical impacts	—	<b>Physical risk (acute)</b> Heightened risk due to unusual weather events, including floods	<b>Physical risks (chronic)</b> Higher costs due to rising temperatures	¥20 million	Possible additional expenses caused by physical impacts of climate change

Short term: immediate impact; medium term: 1–3 years; long term: 4–20 years

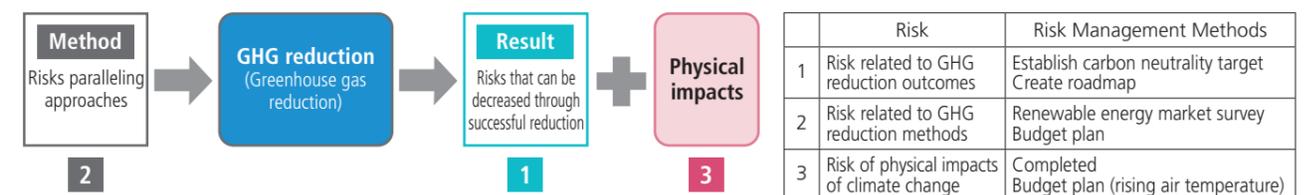
### Climate-related opportunities

Based on the correlation diagram, we have also identified short-, medium-, and long-term climate-related opportunities.

No.	Opportunity	Duration	Needs, Increasing in Line with Measures and Targets to Address Climate Change	TIS and TIS INTEC Group Responses
1	More opportunities to provide data center services and cloud services to meet needs of low-carbon/decarbonized society	Short term to long term	More companies are taking advantage of on-premise cloud setups and using renewable energy to power highly energy-efficient hardware. Notably, we anticipate wider demand from companies that have set reduction targets under RE100 and TCFD standards.	We see expanding opportunities to provide data center services by raising the renewable energy ratio/energy efficiency status at data centers under the TIS INTEC Group umbrella. A current goal is to push renewable energy utilization rate at data centers to 100% by fiscal 2031. (We seek to push the renewable energy utilization rate at TIS data centers to 100% by fiscal 2026 in tandem with efforts to consolidate operations into environmentally conscious data centers.)
2	Greater need for system upgrades to improve environment for electric power companies and redesign power infrastructure	Short term to medium term	Society urgently needs to transition from its reliance on thermal power generation to renewable energy, with an emphasis on hydro, wind and solar power, to reduce GHG emissions in the energy conversion sector, which accounts for 40% of emissions in Japan. In conjunction with this shift, demand is sure to rise for power transmission / distribution network rebuilds and upgrades suitable for a society using distributed energy resources.	Drawing on business know-how amassed over 30 years of business with energy companies, we are indirectly involved in shaping electric power infrastructures and promoting the decarbonization of energy companies, driven by their embrace of DX in power generation and system changes based on legal revisions.
3	More opportunities to provide IT services and solutions to address new needs related to climate change	Short term to long term	We apply AI and IoT technologies used to automatically control virtual power plants (VPPs), the pinnacle of energy conservation and energy production, and achieve energy efficiency. We anticipate an increase in the need for various IT services that help to better materialize hidden power sources and for resilience services to address climate change risk.	To make it a future strength, we are promoting various IT services and we are in the process of planning and developing such services through development driven by forward-looking investment and through collaboration and co-creation with stakeholders. We will vigorously engage in initiatives to promote VPP solutions and non-financial information reference and checking services for companies, and to set up businesses based on new technologies, such as environmental value exchange and transfer certification.

### Risk Management

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



### Metrics and Targets

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

Progress on the goals is also described in the Initiatives to Address Climate Change section on the previous pages.

## Aiming to Realize a Human Resources Strategy that Supports Management

### Overview of Human Resources Strategy

We have set targets for the expansion of our human resources portfolio to mitigate potential future risks and secure the talent who will help bring about structural transformation to fulfil the Company's business strategies and support business growth.

The Group's human resources strategy consists of talent acquisition, talent development, and talent deployment to successfully manage its human resources portfolio, as well as an engagement strategy that serves as a common foundation underpinning the active participation of diverse talent. We are also developing an HR digital transformation (HRDX) platform to better understand and analyze the implementation status of these various strategies and support their execution.



- **Strategies that Contribute to the Enhancing the Value of Human Capital**
  - ▶ **Talent acquisition**  
We employ diverse human resources regardless of gender, age, and other attributes to be able to respond to changes in the external environment and contribute to sustainable business growth.
  - ▶ **Talent development**  
We foster self-driven professionals by supporting the career advancement of all employees based on our human resources portfolio.
  - ▶ **Talent deployment**  
We perform human resource analyses and devise deployment plans to expedite human resource redeployment and reskilling, and to encourage employees to take on new challenges.
- **Creating an Environment that Brings out the Best Outcomes**
  - ▶ **Sustainable engagement**  
We aspire to create a culture that engages with society, takes on new challenges, and drives change by understanding who our people are, drawing out the full, unique potential of every individual, and boosting their levels of engagement.
  - ▶ **HRDX to support strategy**  
We make use of human resources data to better understand our current circumstances and where we would like to be—the “As Is – To Be” model—and to support the execution of data-driven business strategies.

### Human Resources Strategy Initiatives to Date

Group Topics	Improving the value of human capital (Talent acquisition, talent development, talent deployment)	Building an environment that drives results (HRDX to support sustainable engagement strategies and tactics)
<b>Before fiscal 2019</b> ● Group Vision 2026 ● OUR PHILOSOPHY ● Published “Manifesto for Human Resource Strategies”	<b>Talent development</b> <ul style="list-style-type: none"> <li>Established education investment budget/ Started operational KPI deployment</li> <li>Started allowing dual-employment</li> </ul> <b>Talent deployment</b> <ul style="list-style-type: none"> <li>Open application programs</li> <li>Employee referral program</li> </ul> <b>Talent acquisition</b> <ul style="list-style-type: none"> <li>Employee rehiring program</li> </ul>	<b>Engagement</b> <ul style="list-style-type: none"> <li>Started employee awareness (engagement) survey</li> <li>Set up a promotion guide for female employees</li> <li>Started division head training for female employees</li> <li>Abolished dress code</li> <li>Telework program (within agreed limits)</li> <li>Flexible working hour program (with core hours)</li> </ul>
<b>Fiscal 2020</b> ● Group D&I Policy ● Group Health & Productivity Management Policy	<b>Talent development</b> <ul style="list-style-type: none"> <li>Introduction of 1-on-1 meetings</li> </ul>	<b>Engagement</b> <ul style="list-style-type: none"> <li>Telework program (elimination of limits)</li> <li>Flexible working hour program (no core hours)</li> <li>Discretionary work system and annual salary system</li> <li>Interval system between shifts (11 hours)</li> <li>Selective retirement age up to 65</li> <li>Started Smart Work Allowance (deemed overtime allowance)</li> </ul>
<b>Fiscal 2021</b>	<b>Talent development</b> <ul style="list-style-type: none"> <li>Introduction of career plan sheets</li> <li>Started regular career progression meetings</li> </ul> <b>Talent deployment</b> <ul style="list-style-type: none"> <li>Started operation of Group Human Resources PF</li> </ul>	<b>HRDX</b> <ul style="list-style-type: none"> <li>Renewal of Talent Management System</li> </ul> <b>Engagement</b> <ul style="list-style-type: none"> <li>Reemployment program until age 70</li> <li>Reduction of prescribed working hours (7.5 hours)</li> <li>Implemented biannual promotions</li> </ul>
<b>Fiscal 2022</b>	<b>Talent development</b> <ul style="list-style-type: none"> <li>Growth Support System</li> </ul> <b>Talent acquisition</b> <ul style="list-style-type: none"> <li>Building of alumni network</li> </ul>	<b>HRDX</b> <ul style="list-style-type: none"> <li>HRBP system started</li> <li>Started providing HR Report</li> </ul> <b>Engagement</b> <ul style="list-style-type: none"> <li>Started survey feedback and organizational development</li> <li>Started executive mentoring for female employees</li> <li>Started teleworking operations</li> <li>Started measures regarding transfers away from home</li> </ul>
<b>Fiscal 2024</b>	<b>Talent development</b> <ul style="list-style-type: none"> <li>Started Career Frame</li> <li>Started DX Basic Skillset “Plus One” training</li> </ul>	<b>Engagement</b> <ul style="list-style-type: none"> <li>OP Competency Assessment</li> <li>New personnel system (Must/Will/Can)</li> <li>Job type system for management ranks</li> </ul>

### Human Resource Strategy Development and Promotion System

In the Group's sustainability management, “development of diverse talent” is positioned as one of the medium- to long-term materialities. In response to direction provided by management regarding risks surrounding human resources and measures to mitigate these risks, we are working to incorporate measures into human resource policies and disseminate them throughout the business through the four functions of the human capital management system.

#### Feature 1: Smooth Separation of Strategic Planning and Service Functions

##### Human Resource Strategy Planning Function

After identifying the key human resource issues for the Group, we formulate the overall human resource strategy and policies, incorporate them into specific measures, and roll them out to Group companies.

##### HR Service Delivery Function

We design HR services (recruitment, deployment, promotion, labor relations, fringe benefits, etc.) based on human resource strategies and business characteristics, and provide services to employees.



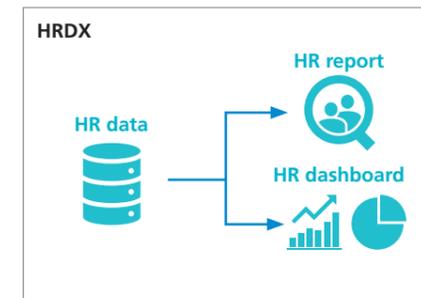
#### Feature 2: Establishment of a Foundation to Support the Execution of Human Resource Strategies

##### HRDX Functionality to Support Human Resource Strategies

We are developing an HRDX platform to measure the results of our human resource strategy and realize the value of our human resources. We collect data on human resources in a centralized manner and use HR reports to understand our current state and improved future state (As-Is and To-Be), and support the execution of data-driven business strategies.

##### HRBP Functionality Accelerates the Effectiveness of Our Human Resources Strategy

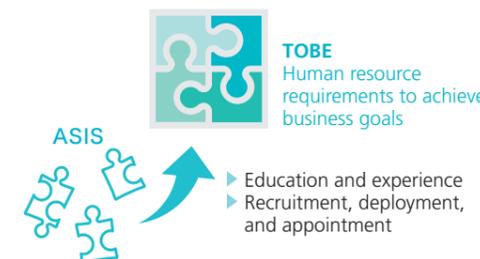
We support management of the business in terms of medium- to long-term human resources business strategies and structure. HR business partners (HRBPs) discuss issues with senior management while utilizing HRDX in line with individual business characteristics and organizations. Together, they undertake various activities such as human resource strategy planning, recruitment, training, appointment, and deployment, as well as organizational development.



### Human Resource Portfolio Management Using “Career Frame”

TIS introduced a career development model called “Career Frame” effective April 2023 to adapt to the new business model and to create multilayered career paths for employees. Using Career Frame, we define the human resource requirements, levels and numbers required to achieve the medium-term goals of the business. We also identify current gaps, and leverage recruitment, training, and deployment for business and expansion.

Employees utilize Career Frame to chart their medium- to long-term career paths, allowing them to develop expertise in multiple areas and assume the roles required of them. Employees are not limited to one career path, but rather are encouraged to view their careers as several multilayered paths, and to seek to improve their own abilities and expertise through education and work experience.



#### Structure of Career Frame

Field (Area of expertise)		Stage (Role)
Sales	Data Scientist	Stage 4 (Industry Leader)
Management planning	IT Consultant	Stage 3 (Representative)
Producer	Project Manager	Stage 2 (Supervisor)
UX Designer	IT Architect	Stage 1-2 (Member)
Business Consultant	Application Specialist	Stage 1-1 (Learning and Practice)
Business Function Consultant	IT Specialist	

## Directed Career Development

### Career Development Support

Employees use Career Frame to create multiple career plans on their own and share them with their managers. Managers utilize daily 1-on-1s to provide ongoing support in achieving goals.

Individual career plans are registered in the Talent Management System (TMS) along with work history, goals, and performance review results, and are used for work assignments and various growth opportunities.



### Diverse Work Experiences

#### Growth Support System

We have a Growth Support System in place to help employees develop a broader perspective and sensitivity to changes in society. Vacations, temporary leaves of absence, and shortened working hours are available for participation in outside activities.

Social contribution	Learning	Dual-employment
[Vacation/leave of absence] 10 days a year Total 1 year	[Leave of absence] Total 2 years	[Leave of absence] Total 1 year
[Shortened working hours] Total 2 years	[Shortened working hours] Total 2 years	[Shortened working hours] Total 2 years

### Training Protocols

The Company encourages study and learning that is tailored to an individual's career aspirations as well as in line with DX specialties required for current duties and interests shared across the business.



### Policy of Internal Rotation

We have devised and adopted systems to optimize staff deployment to further the professional development of employees through diversifying their work experience. We also conduct open recruitment twice a year to encourage employees to take on self-directed challenges.

#### Relevant Deployment Strategies

- "10 years, 3 businesses": Employees are encouraged to gain experience in three different businesses by their 10th year of employment.
- "5-year rule": Employee are encouraged to consider changing their position if they have been in the same position for five years or more.

## Flexible Work Styles to Encourage Employee Independence and Autonomy

To increase flexibility in working hours and location, we encourage a combination of telework and flextime without core hour restrictions, and provide a seamless IT environment to support this.

Promoting flexible working hours	Location flexibility	Improvements to the office environment
<b>For work-life balance (shortened working hours and extended leave)</b> 	<b>Telework program</b> <b>Casual workers</b> : Flexible use of office and telework <b>Telework</b> : In principle telework. Coming to the office as needed <b>Full-time teleworker</b> : Telework that does not presume coming to the office	<b>IT infrastructure</b> 
<b>No core hours</b> ▶ Minimum working hours per day: 2 hours ▶ Start time (5:00-20:00) ▶ End time (7:00-22:00)	<b>Measures to eliminate transfers away from home</b> ▶ Seeking prior agreement for transfers away from home ▶ Removing need for transfers away from home through the use of telework	<b>Office</b> ▶ Introduction of hot-desking ▶ Satellite office ▶ Installation of multipurpose areas

We regularly conduct questionnaires among employees about their preferred work styles, encouraging them to exchange their opinions with management with regard to the direction we should take. Since the COVID-19 pandemic, employees have established their own work styles according to their lifestyles and values. We respect the diversity of our employees, and we pursue a responsive management style as a means to foster a culture of collaboration and thereby continuously revitalize our organization.



## Diversity & Inclusion

The development of diverse talent is a key management theme for the Group. Through human resource management that leverages diverse perspectives, we are creating an organization that benefits from ideas generated by the diverse personalities, values, sensibilities, expertise, and experiences of each and every employee.



### Diversity Means Ensuring Diversity of Human Resources

In addition to the diversity of the organization as a whole, we also emphasize efforts to enhance the diversity of experience of each employee.

- ▶ Hiring experienced personnel: Hiring personnel with the expertise and experience necessary for business growth
- ▶ Women's participation: Incorporating diverse perspectives into various decisions and choices
- ▶ Support for growth: Providing opportunities for experiences that enhance individual diversity

### Inclusion Means Management that Integrates the Value of Each Individual

We are moving forward with a shift to management that harmonizes and aligns diverse human resources with the Company's objectives.

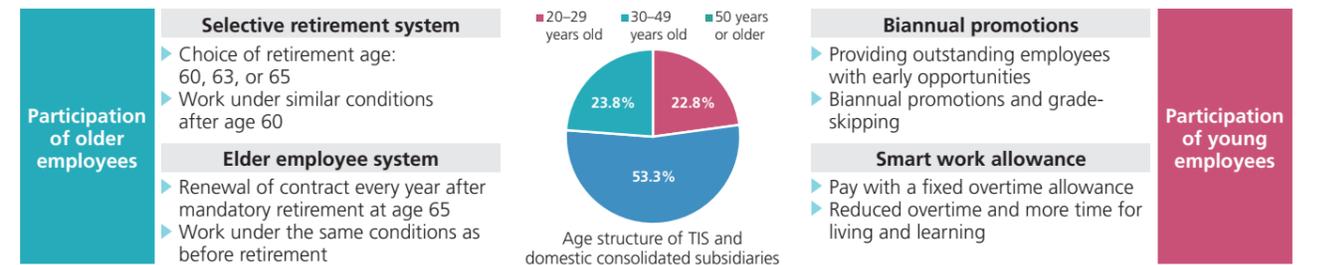
- ▶ Implementing training for all executives and managers on *Iku-Bosses* (inclusive leaders) and unconscious bias
- ▶ Implementing evaluator training and 1-on-1 training to enhance leadership skills for all executives and managers
- ▶ Promoting understanding and support for LGBTIQ+ and other social minorities and building out programs

## Key Themes Common to the Group

We emphasize the ability to play an active role regardless of gender and age as a theme to be addressed over the medium- to long-term by the Group as a whole.

### Promoting Age Diversity

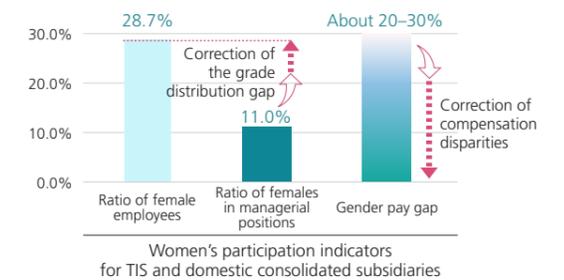
The percentage of employees aged 50 and over in the Group exceeds 20% and is expected to increase in the future. In addition to creating an environment that allows older employees to take on new challenges by making use of the skills they have cultivated over the years, we also provide young, talented employees with opportunities to take on new challenges and assign them to new positions as early as possible.



### Promoting Gender Diversity

In the Group, 28.7% of employees are female, but just 11% of management positions are held by women. The gap in compensation between men and women is due to differences in grade distribution and benefits, resulting in a gender pay gap of approximately 20–30%.

We will work to correct gender disparities by promoting women to higher positions with more authority, and to proactive job assignments that contribute to faster career development.



## Job Satisfaction and Well-Being

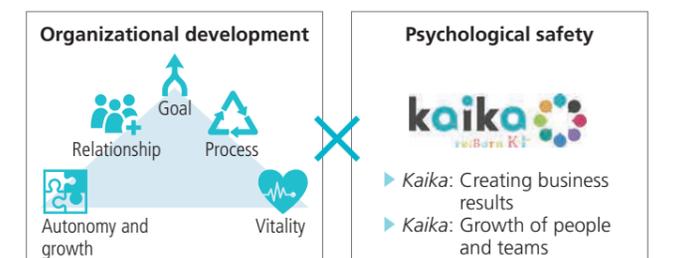
### Promotion of Health and Productivity Management

We promote health and productivity management, believing that it is an important management issue for employees to maintain high energy levels at work in order to continue to perform well. With the goal of improving the quality of life of our employees, we have established the Group Health and Productivity Management Policy and are working to improve job satisfaction, mental and physical health, and life skills.

### Focus on Social Well-Being

We support employees who are willing to make social contributions and promote Group-wide efforts to become a "highly motivating company to work for."

TIS has focused on social health and HRBP-led organizational development to improve employee vitality and the value created by the organization. In fiscal 2023, we are collaborating with the Kaika initiatives to foster psychological safety, and are promoting its dissemination into the workplace with the aim of creating an organization where employees are willing and able to express their opinions and continue to achieve unprecedented results.



### TIS INTEC Group Business Summit 2023

The TIS INTEC Group holds an annual TIS INTEC Group Business Summit as a forum to introduce its services and initiatives that make good use of advanced technologies and know-how to realize a sustainable digital society.<sup>1</sup>

In addition to the keynote speech entitled “Sharing Life: A New Way of Living in a New Society” by Anju Ishiyama, who serves as an evangelist for the sharing economy for the Digital Agency, our Group companies presented a total of 35 sessions (presentations) and 56 solutions (online catalogs).

Each session not only introduced our own services and solutions, but also provided examples of co-creation, where we have grown together with our clients. With approximately 3,400 viewers<sup>2</sup> and 9,000 session views<sup>3</sup>, the event clearly provided many clients an opportunity to learn about the Group’s services.

We will continue to foster communication with our clients so that we can provide them active support with a view to solving the issues they face and, beyond them, those faced by society.

1 The event was held in July 2023 in an online format.

2 Total number of viewers for online distribution + on-demand distribution

3 Total number of session video views



### Implementation of Client Satisfaction Survey

We conduct an annual Client Satisfaction Survey for clients with whom we have an ongoing business relationship. The survey is used as a point of reference to determine activities toward self-improvement from a client perspective.

In the survey for companies who have accounts with us, the ratio of respondents who considered us an irreplaceable business partner, one of the overall evaluation indicators, was slightly lower than last year. On the other hand, as in the past, we continue to receive high marks for our technical capabilities, particularly for our ability to define requirements and design systems, on-site responsiveness, and for our ability to meet deadlines. We understand that it is becoming increasingly important to make proposals that are one step ahead of the growing expectations of clients—and society—in respect of digital transformation, and we will strengthen proactive initiatives.

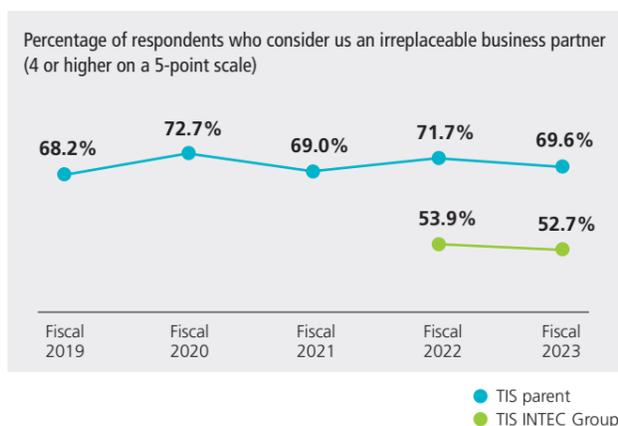
Since fiscal 2022, a similar survey has been conducted for the entire Group as part of the promotion of Group-wide activities to improve client satisfaction. The percentage of respondents who considered us an irreplaceable business partner for the Group as a whole was approximately 50%, indicating that there is still room for improvement in deepening our relationships with clients.

We don't just review the survey results, we also engage in dialogue with our clients based on the survey results, to gain a more in-depth understanding of their responses, and their future requirements and expectations, allowing us to formulate more specific improvement plans, and undertake appropriate continuous improvement activities.

We also hold information-sharing meetings with Group companies regarding the survey results and improvement activities to stimulate improvements throughout the Group.

In the survey for companies to whom we provide service-style business, there is an uptrend in the level of intention to continue doing business with us, indicating that respondents have high expectations for our service-style business.

We will continue to take client feedback seriously and will strengthen our front line, the touchpoint with our clients, helping them solve social issues as a true business partner.



- Survey scope:  
Survey form sent by email or post, with responses by post or online.  
The survey period was from October 3 to October 31, 2022.

### Organizational Strategy Partner Forum 2023

We hold events and social gatherings for our business partners every year to help them better understand our management policy and various initiatives and measures we have instituted during the year.

We have previously held similar events in an online format, but, in response to requests from business partners, have renamed the event Organizational Strategy Partner Forum 2023 and plan to hold it in October 2023 a face-to-face format with our leadership team for the first time in four years.

The theme of this event is “Reaffirming the ties among our strategic partners,” and its aim is to increase value exchange through collaboration among our business partners and the Company’s business units, and also to reassert our commitment to mutual growth.

We will continue to listen carefully to feedback from our business partners and will seek to expand business and increase satisfaction through nurturing deeper collaboration with the Company.

### Business Partner Satisfaction Survey

We conduct an annual Business Partner Satisfaction Survey to gain feedback on changes in the environment, trends in guidelines and pricing structures, as well as their level of satisfaction with us.

We are including more detailed questions than in previous surveys in order to better understand our key partners’ circumstances and the issues they currently face.

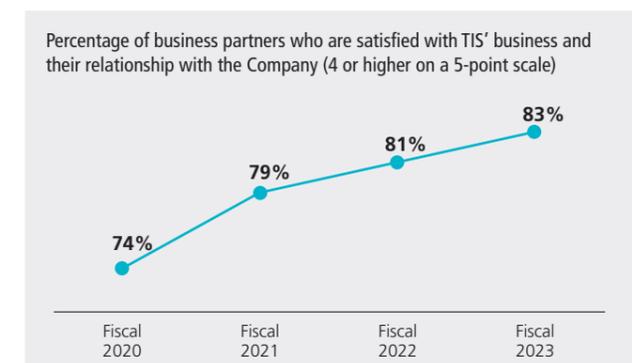
The survey results showed that while business continuity, co-creation, our ability to handle large-scale projects, and our proficiency in policy-making were cited as positive attributes of TIS, clients found issues with our project management and made proposals for structures that might make it easier to work with TIS. Taking this into account, we will strive to create an environment in which we and our partners can make proposals that benefit both parties.

These surveys enable us to better visualize the expectations of our business partners and the issues they face, and help forge a path for continuous improvement to achieve greater value exchange and expanded collaboration, thereby boosting their satisfaction.

### Promotion of Collaboration with Overseas Partners

We cooperate with overseas partner companies to support TIS’ business growth. We continue to strengthen our ties with several leading IT companies, including in China, regularly engaging in dialogue at management level to discuss issues relevant to the Company and its overseas partners. Due to the COVID-19 pandemic, we have been unable to make in-person visits to overseas partners, but from June 2023 we were able to resume our face-to-face meetings with local leadership teams.

In tandem with the growth of our business, the number of person-hours logged and the amount of outsourced work have been steadily rising, and our use of offshore resources has also been diversifying. In addition to conventional offshoring activities that seek cost advantages by using overseas companies, which constitute the majority of our offshore operations, we have begun to strengthen in-country support for the Japanese clients in each local market. As a result, we are beginning to see benefits in terms of better support for upstream processes such as requirement definition, entry into service development using agile methods, and locking in cutting-edge tech talent such as those skilled in AI, XR, and blockchain.



\*The survey covered TIS Inc.

- The survey was conducted online between August 19 and September 20, 2022 among all business partners with whom we conducted transactions in fiscal 2023.



### Partnership Building

We have identified the areas we will focus on to build new partnerships by promoting cooperation, co-existence and co-prosperity with our supply chain partners and value-creating businesses.

<https://www.tis.com/group/sustainability/policies/multi-stakeholder/>

### Promoting a Sustainable Procurement Policy

The Group believes in the importance of working together with stakeholders throughout the supply chain. It is promoting the dissemination of procurement guidelines based on its sustainable procurement policy.

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

**Constructive Dialogue with Shareholders**

TIS proactively engages in constructive dialogue with shareholders based on its 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 is developing processes to promote further dialogue with shareholders. While the director of the IR Department supervises the relationship with shareholders, the President, executive officers, and the IR Department all deliberate on how best to address issues and take appropriate actions. The IR Department shares information with relevant departments promptly and seeks to capitalize on their respective specialist expertise to support more meaningful dialogue with its shareholders.

The Company will seek to broaden the channels of communication with its shareholders through individual face-to-face and telephone interviews, and by holding business results briefings and other more intimate meetings. Furthermore, in addition to information disclosure—the foundation for meaningful dialogue—the Company will further develop the content of the Integrated Report, which we see as a valuable communication tool.

TIS will give serious consideration to opinions put forward by capital market participants such as shareholders, investors and securities analysts within the Company through reports and briefings to the Board of Directors, and will use them to review the Company's management strategy, among other purposes.

TIS remains acutely aware of the importance of fair disclosure and manages its internal information appropriately in accordance with the Rules for Prevention of Insider Trading.

\*Please refer to the IR policy at <https://www.tis.com/ir/other/policy/>

**Engaging with Shareholders**

In fiscal 2023, with the leadership of the President and CEO, we pursued engagement with active management-type shareholders in Japan and overseas, mainly in the U.S., Europe, and Asia. Participants are both analysts and fund managers, and their active management style are diversified centering on growth and value trading. The main themes and other pertinent feedback are shared through quarterly reports to the Board of Directors, are disseminated for discussion throughout the Company, and are used to review management strategies and formulate management plans.

Main areas of interest to shareholders:

- Progress in structural transformation to enhance corporate value
- Status of initiatives for business growth, improvement in profitability and the outlook for the future
- The importance of investment in human resources—the most vital management capital—and Company recruitment policies
- Financial strategy in relation to capital efficiency and shareholder returns

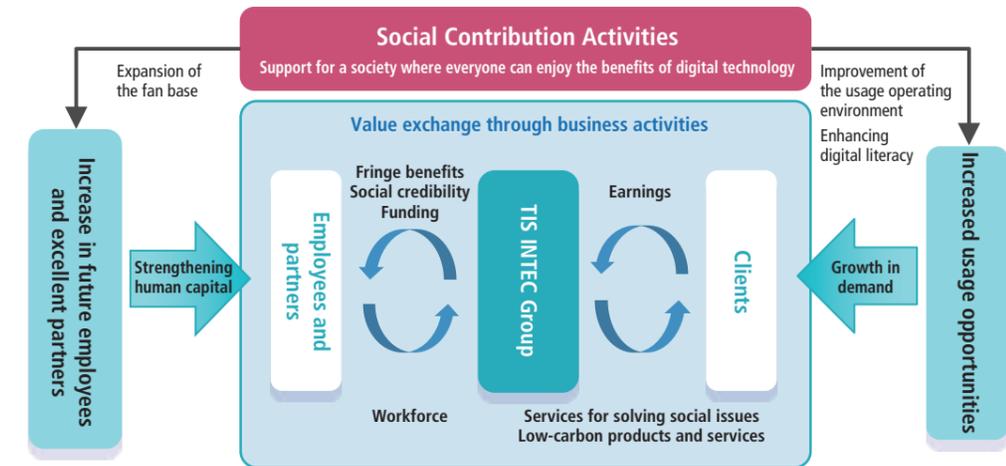
IR events in fiscal 2023	Frequency	Contents
Results briefings for analysts and institutional investors	4 times	
Other briefings for analysts and institutional investors	Twice	One business briefing, and one extraordinary briefing for timely disclosure
Small meetings for analysts and institutional investors	257 times	Of these meetings, 151 were for overseas investors. Total coverage 464 companies
Small meetings by President	Twice	Sell-side analyst: once, buy-side analysts: once
Overseas roadshows	Twice	
IR conference for individual investors	Twice	

**Initiatives to Revitalize the General Meeting of Shareholders and Facilitate The Exercise of Voting Rights**

Initiatives	Contents
Early notification and distribution of General Meeting of Shareholders	As to the notice for the 15th Annual General Meeting of Shareholders held on June 23, 2023, based on Company policy to post the convocation notice about one month prior to the date of the General Meeting of Shareholders, we uploaded the notice on our corporate website and TSE website on May 19, 2023. And based on Company policy to distribute the convocation notice at least three weeks before the General Meeting of Shareholders takes place, the convocation notice was sent out on June 1, 2023.
Setting dates for the General Meeting of Shareholders that avoid the peak day	To enable as many shareholders as possible to attend our General Meeting of Shareholders, we avoid dates when most other companies hold their meetings. The most recent General Meeting of Shareholders was held on June 23, 2023.
Voting by electronic means	We have adopted an electronic voting system that allows shareholders to exercise their voting rights via the Internet (PC, smartphone or mobile phone).
Participation in electronic voting platforms and other initiatives to improve the environment for institutional investors to exercise voting rights	We participate in the voting platform for institutional investors operated by Investor Communications Japan (ICJ, Co., Ltd.).
Access to Notice of Convocation (full text) in English	We started to post the convocation notice in English (full text) to provide further information to overseas investors.
Other	To prevent the spread of COVID-19 and to facilitate attendance by all shareholders at the General Meeting of Shareholders, without disadvantage to regional shareholders, and provide greater opportunity to observe the proceedings, we live-streamed the event.

**Social Contribution Activities**

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



**Social Contribution Activities at TIS Inc.**

TIS endeavors to contribute to a society where everyone can enjoy the benefits of digital technology principally through the following activities.

**(1) Activities to support future users**

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

**(2) Activities to disseminate the benefits of digital technology throughout society**

Our support for infrastructure projects is one of the ways in which we aim to reduce the number of people who do not have access to digital technology due to economic and location factors.

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

We put measures in place to prevent the misuse of digital technology and help people having difficulty adapting to technological change.

**Kamikochi Regeneration and Safety Project (Matsumoto City, Nagano Prefecture)**

As part of its activities to disseminate the benefits of digital technology throughout society, the Company is supporting the Kamikochi Regeneration and Safety Project through donations from the corporate version of the Hometown Tax Payment System, which is uniquely Japanese tax system, to ensure a stable supply of electricity by burying power and optical cables, strengthening disaster prevention systems, and creating a safe and secure usage environment. The burial of power and optical cables will help Kamikochi evolve into a safer tourist destination, utilizing digital technology to collect and provide real-time information quickly and reliably.

Through activities such as these, the Company is helping to reduce the number of people who aren't benefiting from digital technology for geographical reasons, thereby contributing to the creation of a society in which no one misses out.



\* For more information on other activities, please refer to our website.

Social contribution activities: <https://www.tis.com/group/sustainability/social/community/>

## Aiming to Be a "Trusted Top Brand that Epitomizes Quality"

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

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

### Trinity: Original Quality Management System Based on ISO 9001 and ISO 20000



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

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

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

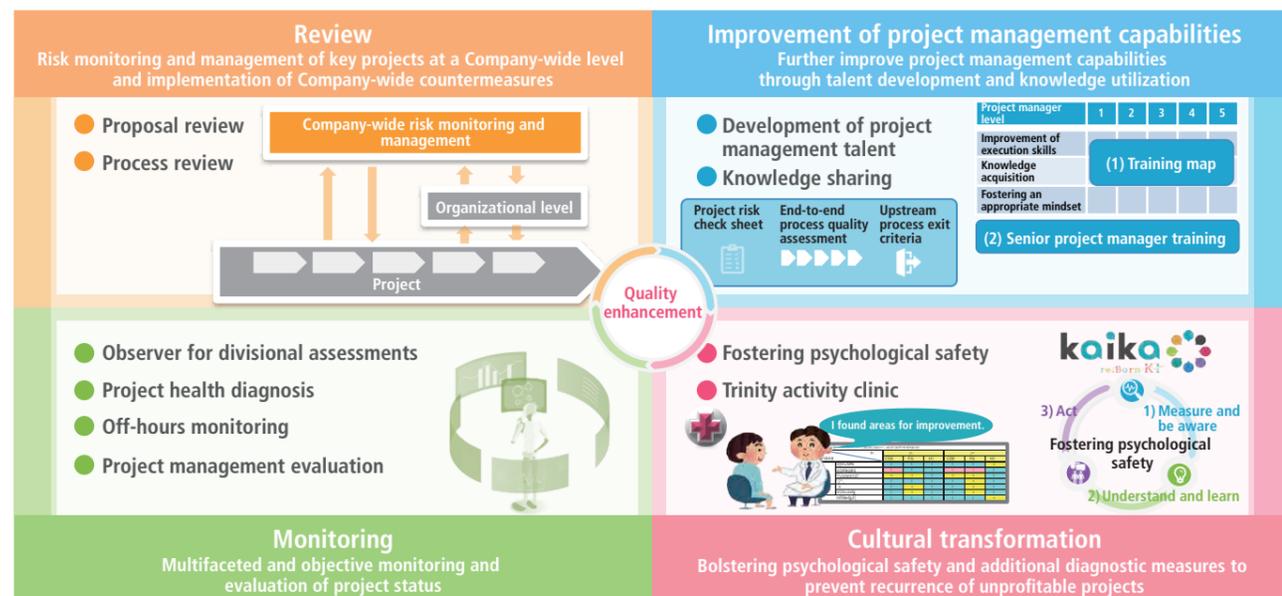
\* For more details: <https://www.tis.com/group/csr/report/social/quality/>

### Significant Reduction in Development Losses

Development losses were significantly reduced for the Group as a whole, to ¥400 million in fiscal 2023, compared to ¥1.85 billion in fiscal 2022.

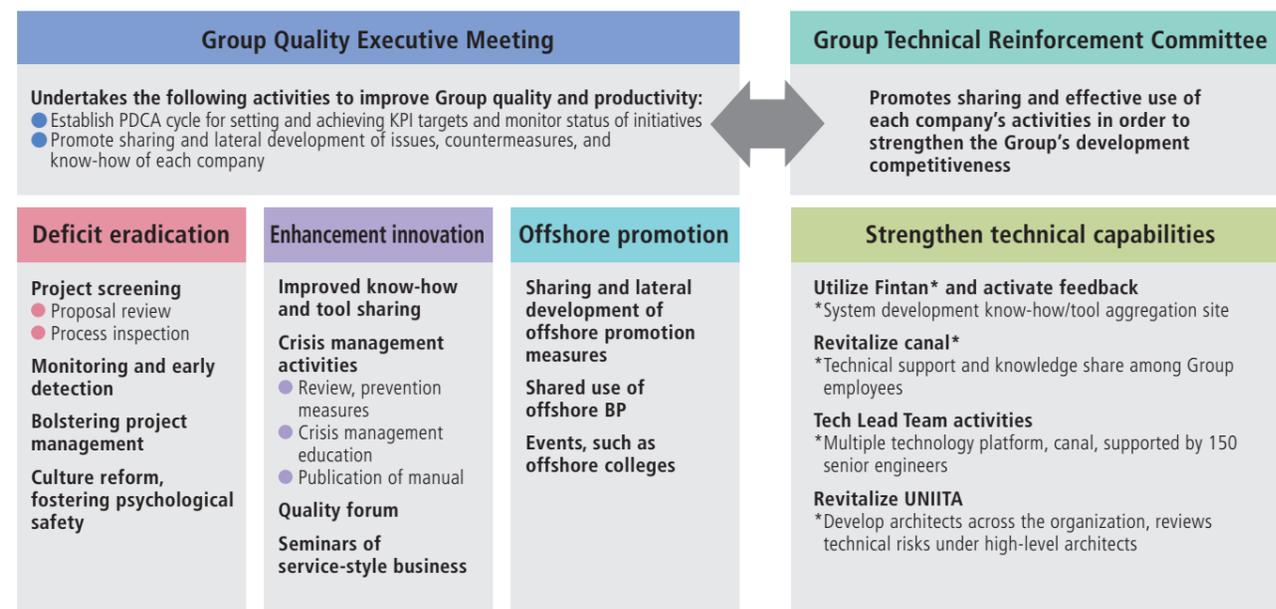
The following four activities were specifically targeted for development loss reduction measures.

- Project review activities (proposal review, process review) by the TIS System Development & Quality Management Innovation SBU
- Monitoring activities for early detection of high-risk projects
- Measures to improve project management capabilities (education, knowledge development)
- Fostering psychological safety through cultural transformation



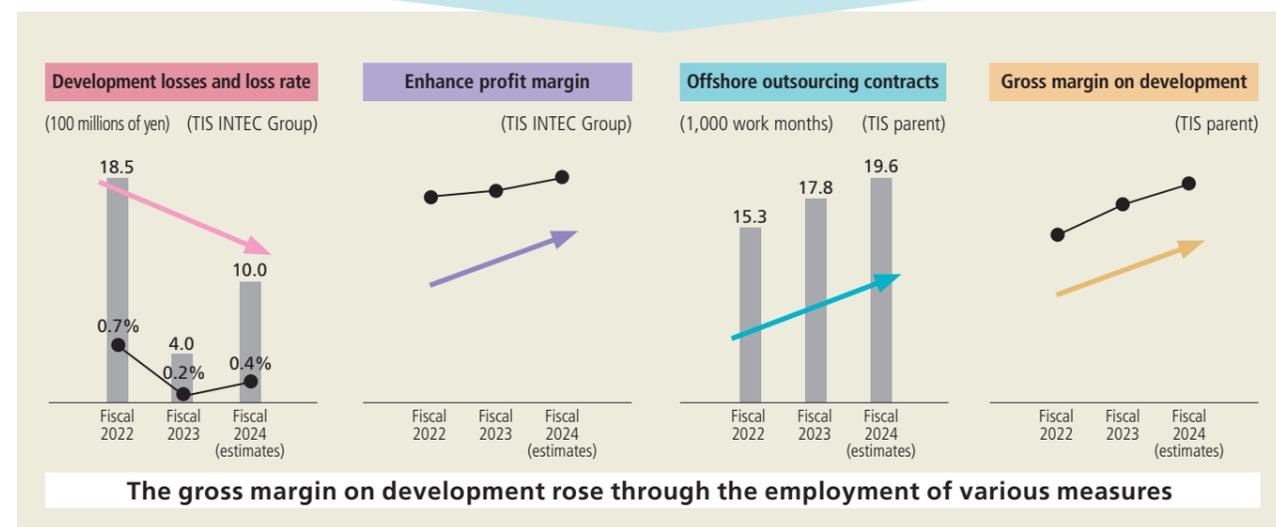
### Activities Aimed at Improving Standards Across the Entire Group

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



**Results in fiscal 2023, ended March 31, 2023**

- TIS companywide review proposals: 60
- TIS system development meetings: 248
- Group Technology Enhancement Committee meetings: 12
- Number of Group screenings: 222



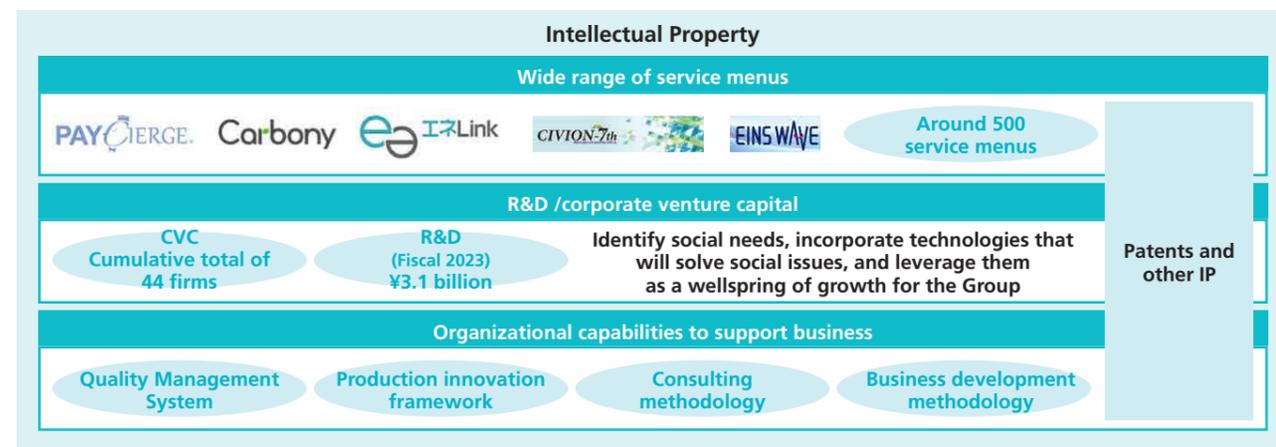
Preventing unprofitable projects is an important management issue and responsibility, and we are promoting various initiatives to ensure this. In addition to our traditional approach to development projects, in fiscal 2023 we focused on fostering psychological safety to enhance the quality of relationships of our teams while ensuring safety. This proved to be a success, as we were able to prevent unprofitable projects of significant value (forecast: ¥1 billion; actual ¥400 million). Going forward, we will continue targeting steady progress in this area.

To reiterate, quality is essential for not only preventing unprofitable projects but also exchanging value with client companies and their end users through provision of high-value-added solutions. Moreover, the level of quality demanded of us is increasing as society, customer needs, business models, and development methods evolve. To meet the expectations of our stakeholders, therefore, we will continue working relentlessly to deliver innovations. By also improving value exchangeability, we aim to become a "trusted top brand that epitomizes quality."



## Aiming to Enhance Corporate Value Utilizing Intellectual Property

Over many years, the Group has strengthened its organizational capacity by accumulating technologies and knowhow cultivated in collaboration with clients, business partners and employees to develop various services to solve issues faced by clients and society.



### Wide Range of Service Menus

The Group offers a broad menu of services, with approximately 500 differentiated services in Japan. In fiscal 2023, the Group's strengths in the settlement area—such as the incorporation of a credit processing service as one of the services under the PAYCIERGE total payment solutions brand—have resulted in further growth by combining our knowledge of core credit operations and systems.

### R&D and Corporate Venture Capital Initiatives

Given the dramatic escalation of competition in the technology environment, we believe it is important to identify social needs and incorporate technologies that can help solve social issues into our core business. We are focusing on R&D in three areas.

- R&D into technologies that contribute to the realization of a sustainable society and offer solutions to social issues\*
- R&D focusing on fundamental technologies that will form the core of new businesses in the future
- R&D into advanced software production and infrastructure-related technologies

\*We have identified financial inclusion, urban concentration/rural decline, low-carbon/decarbonized society, and health concerns as social issues to be addressed and are conducting R&D with the aim of developing solutions to these as part of our core businesses over the medium to long term.

In addition, in 2016, the Group commenced corporate venture capital investments, with the aim of promoting open innovation and establishing innovation ecosystems, and is encouraging business collaboration with promising startups. As well as through a multi-faceted collaboration providing funds to our investees, we also provide access to human resources such as engineers and goods such as workspace and IT resources.

\*Please refer to the following for more information on TIS' corporate venture capital activities. <https://incubation.tokyo/cvc/en/>

### Organizational and Should Capabilities to Support Business

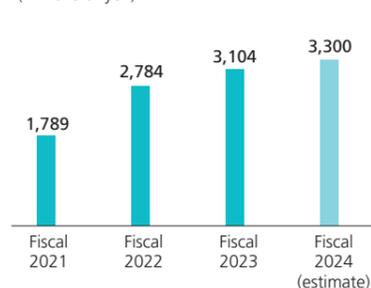
The experience and knowledge of system development accumulated by the Group over the years has been developed into a quality management system and a production innovation framework to promote quality improvement and productivity enhancement. (See page 101 for details.)

The Company is also promoting the expansion of consulting methodologies, such as training to increase the number of DX consultants, systematizing management issues into four key themes, and categorizing problem-solving goals into a menu of three needs based on our consulting experience and know-how.

Also, to expand forward-looking investment-style service businesses, we have developed business development methodologies such as Stage Gate, and we are continuing to innovate and establish such methodologies.

Moreover, understanding the increasing importance of IP management, we will incorporate IP administration into corporate planning, and build an integrated system incorporating management strategy with IP strategy to enhance the effectiveness of IP management, which will in turn enhance corporate value.

Changes in R&D Expenses (Millions of yen)



## Creating Innovation that Will Lead to Future Corporate Value

The Group's continuous R&D activities are focused on creating new businesses, achieving medium- and long-term business growth, and strengthening competitiveness. As competition in the business and technological arenas continues to escalate dramatically, we will continue to focus on R&D that will enable us to better meet social needs and incorporate technologies into our business that will help solve social issues.

### Development of Advanced Software and Infrastructure-Related Technologies

When it comes to software production technology, to bolster our ability to respond to the speed of business transformation at client companies, we are strengthening our capabilities in agile development, UI/UX design, Dmobile applications, and generative AI, as well as developing technologies to improve development productivity.

### R&D Focusing on Core Technologies that Will Form the Basis of Future New Businesses

The Company's R&D focuses on XR\* research, multi-level edge computing, large-scale processing using quantum and classical computers, and data labeling for AI. Each of these technologies is subject to R&D as a differentiating technology for new businesses, while fundamental technologies are being promoted through industry-academia collaboration with universities and research institutions both in Japan and abroad.

A joint XR research project is being undertaken with the University of Tokyo and Tokyo City University, with the goal of producing new remote communication technology for social applications. Using the knowledge gained from this joint research, we have released BURALIT, a live-action sightseeing Metaverse app, and XR Pay, which allows users to build virtual stores, complete with payment functionality.

\*XR (extended reality): A collective term for various virtual space technologies such as VR (virtual reality), AR (augmented reality) and MR (mixed reality).



Let's go find your favorite place. BURALIT

### Initiatives for Business Implementation of the Latest Technologies

We are also supporting business start-ups engaged in new technologies such as blockchain and Web 3.0 technologies. Generative AI has seen explosive user growth recently, and we are promoting initiatives to improve the efficiency and sophistication of engineering and internal workflow in this area, in addition to exploring business applications. In July 2023, Dialog Play, an AI-powered chatbot creation service, was engineered to work with the Azure OpenAI Service. A beta version of Dialog Play can use OpenAI's generative AI models such as ChatGPT and GPT-3/3.5/4 to enhance its FAQ search and answer functionality.

### Lab and Showroom to Promote Business Co-Creation

The TIS Digital Innovation Center at Toyosu office consists of a co-creation lab for research and demonstration of new technologies, including 5G, and a showroom where visitors can experience the latest digital technologies. It is also used as a base for co-creation, including technology verification through the Tokyo 5G Boosters Project and Be Smart Tokyo, which are promoting smart services, by startups supported by the Tokyo Metropolitan Government, and as an exhibition space for service models.



## Connecting business strategy to human resources strategy to realize sustainable improvement in corporate value

Raising the value of human resources is essential to ensure sustainable growth of the TIS INTEC Group and improve corporate value over the medium to long term. With this in mind, TIS pursues a human resources strategy that connects closely with its business strategy.



### Human Resources Strategy for Sustainable Growth through Sustainability Management



**Kawamura:** Taking advantage of the transition to the operating holding company structure in July 2016 that created the TIS INTEC Group, TIS identified materiality—priority issues—that the Group must strive to fulfill. Based on these points of materiality,

we have steadily promoted sustainability through various steps, such as drafting a business strategy that seeks to balance social value and economic value.

As sustainability management gains momentum during the current medium-term management plan, the Board of Directors is evolving into a place for big-picture discussion of what sustainability management should look like for the TIS INTEC Group and the medium- to long-term business strategy that will achieve this ideal. Against this backdrop, the Corporate Sustainability Committee was put directly under the Board of Directors, effective from April 2023, with participation primarily by directors.

Determined to further efforts under this new structure, management aims to accelerate structural transformation, with an emphasis on service-style operations and global business, and this will certainly fuel sustainable growth of the TIS INTEC Group overall. It goes without saying, of course, but improvement in the value of our human resources is indispensable to achieving growth. The human resources strategy we apply must enable everyone to demonstrate

maximum performance, and it must be closely tied to business strategy as well.

The Human Resources SBU has always worked to build trust and promote engagement between company and employees. This was highlighted by the declaration of a new human resources policy in 2018 and visualization of a roadmap for that policy, right?

**Takayanagi:** That's right. The human resources strategy at that time, in 2018, emphasized self-fulfillment. To support employees in realizing personal goals, we made a declaration—a promise between company and employees—in the form of the TIS Human Resources SBU Manifesto to improve the work environment and personnel system, and we began reporting the results achieved through this commitment. Since then, we have revisited the manifesto every six months, issuing updates. But our perspective has changed. The current medium-term management plan puts a spotlight on investment in human resources, and as our people develop new and better skills, they support progress in structural transformation and enhanced corporate value. The connection between business strategy and human resources strategy has become much clearer.

Typically, a company recruits people who meet specific job criteria, but if employees lack a shared understanding of and trust in the direction that management is taking the company, the company will not be able to achieve enhanced value exchange with stakeholders, and then neither the employees nor the company will grow. In the April 2023 revision of the human resources structure, TIS introduced a “Must/Will/Can

Framework,”\* to get that virtuous cycle into vigorous rotation. By combining the roles that the company expects employees to fulfill (Must) with employees’ work-related aspirations (Will) and inherent strengths and issues for improvement (Can), and expanding the overlap where these three components converge, we will generate active momentum among employees to accelerate structural transformation.

\*The Must/Will/Can Framework is explained on page 52.

**Kawamura:** Sustainable growth of the Group—and OUR PHILOSOPHY touches on this as well—requires the vibrant, dynamic, enthusiastic actions of thinking people who actively weigh up the needs of the market and of society, and embrace challenges that crop up along the way. The skills TIS is looking for in potential employees and the methods used to develop and upgrade skills are much different than in the past. Right now, the Corporate Planning SBU and the Human Resources SBU are working to build a human resources portfolio for the medium to long term, and discussion centers on the training and recruitment required to build that portfolio.

**Takayanagi:** Although we are always looking for people who have strengths consistent with the business model of each business segment, the model for securing the necessary human resources is ever-changing. What we need, actually, are people who look at changes in society and issues of concern to clients that shift in response to such changes, consider solutions, and then put thought into action. For the TIS INTEC Group, a one-size-fits-all human resources model isn't ideal. Instead, we have to aim for a portfolio of people with various ideas built on diverse upbringing, experiences and capabilities, and through these human resources, we will be able to respond flexibly to a changing world and issues of concern to clients.

### Human Resources Strategy to Encourage Employee Development

**Kawamura:** Investment activities with a human resources focus have already led to the creation of office environments leveraging workstyle reform and delivering better employee benefits. But TIS boldly increased base salary, effective from fiscal 2024, on the premise that upfront investment in human resources is the same as upfront investment in businesses—both underpin future growth. A higher base salary will motivate employees to take the initiative when appropriate and encourage personal growth and development, which will support the virtuous cycle of value exchange with clients and with society and lead to confidence in the path laid out in our stated business strategy. In this sense, fiscal 2024 marks an extremely important fresh start from a strategic perspective.

**Takayanagi:** The introduction of a new evaluation system is another big change. Accelerating structural transformation is a theme in the current medium-term management plan, but progress can't be fully assessed by short-term performance numbers alone. It's therefore hard to evaluate progress by the divisions and the people who implement upfront investment

for future structural transformation. Without proper evaluation of the challenges ahead, favorable trends in organizational and individual growth might be disrupted. The new evaluation system incorporates assessment of processes and actions to properly identify employees’ contribution to structural transformation, and provides incentive to persevere when faced with challenging circumstances. When a human resources system is aligned to the direction in which a company is traveling and management has the support and trust of employees, it's as if everyone is running toward the same finish line. We will promote a human resources strategy that prioritizes shared awareness and company–employee engagement, thereby underpinning the establishment of a corporate culture unique to the TIS INTEC Group.

TIS, as the holding company, took the initiative and implemented this recent revision to its own human resources system. But the evaluation system will continue to evolve from a medium- to long-term perspective to encompass the whole TIS INTEC Group.

**Kawamura:** Uniform application of TIS’ approach may not be appropriate for all companies under the Group umbrella since each company works on a different business model. However, the management accounting system, core systems and business processes are consistent throughout the Group, and I would say that human resources systems and work environments are already aligned across the Group. TIS respects compensation strategies and systems based on differences in value exchange with respective client groups while encouraging a shared perspective through a shift toward upfront investment groupwide.



**Takayanagi:** We are also working on initiatives to encourage employee development commensurate with human resources investment. Under the current medium-term management plan, we seek to leverage DX business strategy and have emphasized basic

training in DX for employees. Through further initiatives, all employees could become DX professionals. That's the goal. Toward this end, we started Plus ONE Kyoiku in April 2023. This is an opportunity for employees to choose a DX skill, such as consulting or data analysis, that is not necessarily related to their current assignment, and learn about DX from basic to applied technology. Acquiring new skills makes individuals stronger—reinforcing the “can” factor—and opens doors to dream jobs—the “will” inspiration—and, in providing these opportunities, we support the self-directed growth of employees.

## Accountability to Stakeholders

**Kawamura:** Even if shareholders and investors understand the need for bold, upfront investment, they still often ask when the investment will deliver returns. Investment in human resources doesn't generate immediate returns, but it's extremely important that stakeholders are made aware of results that inevitably meet expectations as well as the timeline. We will continue to show, quantifiably, just how much human resources investment translates into higher corporate value, as this is sure to be a key theme going forward.

A yardstick could be operating income per person—a productivity-related indicator—or it could be an employee engagement index or a satisfaction level, be that for clients or for business partners. For corporate officers, we go a step further though. Based on the idea that enhancing value exchange with stakeholders is a crucial responsibility of corporate officers, we have already incorporated this into other measurements as a KPI for determining directors' compensation. I will continue to emphasize this point.

**Takayanagi:** A company can't grow and develop if the individuals within that company don't grow and develop, so I firmly believe that investment in human resources will lead to higher corporate value. We monitor various human resources indicators, too, but when we publicly disclose results, we provide not only numbers but also some backstory, if you will, about what those numbers mean in terms of the goals we seek to achieve. I think it's extremely important to explain numbers.

For example, we see the Employee Awareness Survey as a way to monitor the results of our human resources strategy. Every year, the survey delivers an increasingly higher level of satisfaction among employees regarding the environment and programs that create a comfortable workplace. But satisfaction in the sense of rewarding work, such as feeling pride in one's job, still trends low in comparison. TIS is keen to be a rewarding company to work for, where employees travel together toward stated corporate goals—that's the "must" component—while pursuing personal aspirations ("will") and building strengths ("can") to grow and develop. TIS will be the model for the TIS INTEC Group to follow. Therefore, even in external announcements, we have to clarify the direction we are taking, the indicators and targets that represent this trajectory, and how we are going to reach our destination.

**Kawamura:** The goal is to achieve sustainable improvement in corporate value. From a financial perspective, it's incredibly important to have a plan on how to boost operating income per person. Even if we don't hit the target right away, the narrative on reaching an improvement in corporate value by linking various components—that is, disclosing information on our approach as well as strategies and status—will bring stakeholders on side, reinforce engagement and help us grow.

However, all operations can't be lumped under one corporate indicator. Operations have to be broken down by business model, and indicators of success must be set

accordingly. Take the Offering Services Business as an example. This segment is in an upfront investment phase, so right now, operating income per person is lower than that of other segments. But the segment promises high earnings in the future. Therefore, it's important to consider the impact on the client base and business transactions of rising client satisfaction with service-style operations in the Offering Services Business, and the impact on progress in developing service-style operations of more consultants and an enriched portfolio of intellectual property. Positive impacts would help link the achievement of targets in key business domains with operating income per person, and if a concrete correlation between targets and associated indicators of success can be shown, then explanations to stakeholders will be more convincing and stakeholders themselves will gain a deeper understanding of our growth strategy.

**Takayanagi:** That means taking a multifaceted approach showing the correlation of factors, such as human resources portfolio targets, degree of progress toward these targets, sales and recruitment ranking for each segment, to explain how DX consultants and IT architects—both key to our growth strategy—and other solution professionals contribute to growth. I don't think you or I have sufficient information and analysis of existing data to provide a full explanation right now, and we'll have to get those details and fine-tune the message for use at a later date.

**Kawamura:** You and I are part of the corporate hierarchy, and we aren't able to show results directly in terms of sales and income. But we do have an extremely important responsibility—to enhance management quality. More and more situations require close coordination of quality control, governance, legal affairs and human resources, and I am keenly aware of the pressing urgency to apply our corporate-side perspective and a change in behavior in a unified rather than job-delineated manner to actively coordinate a response to in-house issues. Going forward, I would like TIS to set the stage for business activities that support greater speed in the structural transformation process, as this will underpin enhanced management quality, and I will work to balance the Group's contribution to a sustainable society with sustainable improvement in corporate value.



# 06

## Corporate Information/Data

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## Business Performance

### Fiscal 2023 Results

(Millions of yen)	Fiscal 2022	Fiscal 2023	YOY changes
Net sales	482,547	508,400	+25,853 (+5.4%)
Operating income	54,739	62,328	+7,589 (+13.9%)
Operating margin	11.3%	12.3%	+1.0 points —
Net income attributable to owners of the parent company	39,462	55,461	+15,999 (+40.5%)
Net income ratio	8.2%	10.9%	+2.7 points —
Net income per share (Yen)	157.69	227.11	+69.42 (+44.0%)
ROE	14.0%	18.8%	+4.8 points —

TIS recorded higher sales and income on a consolidated basis for fiscal 2023, ended March 31, 2023, solidly reaching performance targets even after upward revisions and achieving major KPIs stated in the medium-term management plan a year ahead of schedule.

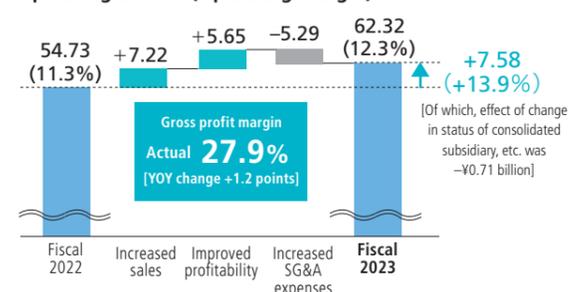
Net sales rose year on year, thanks to business expansion driven by accurate responses to clients' IT investment needs, including demand for digital transformation.

Operating income was also up year on year, paralleling higher net sales as well as the capacity to absorb an increase in selling, general and administrative expenses, primarily investments for future growth, namely, the cost of upfront investment to fuel progress in structural transformation, and better employee benefits. This enhanced capacity to absorb SG&A expenses reflects an improved gross profit margin, achieved by providing high-value-added services and progress on measures to boost productivity and quality. The operating margin grew as well.

Net income attributable to owners of the parent company grew year on year, owing to a significant increase in extraordinary income.

### Fiscal 2023: Operating Income Analysis, Increase/Decrease Reasons (YOY change) (Billions of yen)

#### Operating Income (Operating Margin)



Prior investment costs for promoting structural transformation:
Up ¥1.72 billion (YOY change)
(Cost of sales: +¥1.17 billion, SG&A expenses: +¥0.54 billion)
Software investment / Investment in human resources / Investment in R&D
Cost of investment in human resources (additional):
Up ¥5.15 billion (YOY change)
(Cost of sales : +¥2.83 billion, SG&A expenses : +¥2.32 billion)
Cost of office reform to promote new workstyles:
Down ¥0.95 billion (YOY change)
(Cost of sales : -¥0.34, SG&A expenses : -¥0.61 billion)

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

### Highlights of Financial Position

(Millions of yen)	Fiscal 2022	Fiscal 2023	YOY changes
Total assets	476,642	462,320	-14,321
Total liabilities	173,649	153,094	-20,555
Interest-bearing debt	37,533	16,043	-21,489
(Interest-bearing debt ratio)	7.9%	3.5%	-4.4 points
Net assets	302,993	309,226	+6,233
Equity ratio	61.5%	64.2%	+2.7 points

#### Assets

- Current assets:** Current assets settled at ¥268,682 million, as of March 31, 2023, up ¥9,421 million from a year earlier. The primary components of this change were increases in notes and accounts receivable and contract assets, paralleling higher net sales, which offset a decrease in cash and deposits caused by repayment of long-term debt and purchase of treasury stock.
- Fixed assets:** Fixed assets amounted to ¥193,637 million, as of March 31, 2023, down ¥23,743 million from a year earlier, mainly due to a decrease in investment securities, following a reduction in strategic shareholdings.

#### Liabilities

- Current liabilities:** Current liabilities totaled ¥117,179 million, as of March 31, 2023, down ¥22,057 million from a year earlier, primarily owing to a decrease in short-term debt.
- Fixed liabilities:** Fixed liabilities amounted to ¥35,914 million, as of March 31, 2023, up ¥1,502 million a year earlier, largely due to an increase in long-term debt.

#### Net assets

- Retained earnings:** Retained earnings amounted to ¥247,263 million, up ¥44,006 million from a year earlier, due to the booking of net income attributable to owners of the parent company and payment of dividends from surplus.
- Additional paid-in capital:** Additional paid-in capital came to ¥40,470 million, down ¥24,490 million from a year earlier, owing to a decrease in the valuation difference on other investment securities paralleling a reduction in strategic shareholdings and a decrease paralleling cancellation of treasury stock.
- Treasury stock:** Treasury stock increased through share buyback activity, but after TIS canceled an amount equivalent to ¥24.5 billion as part of efforts to optimize capital structure, the value of treasury stock was ¥7,614 million, as of March 31, 2023, up ¥4,496 million year on year. Management cancelled this amount on February 28, 2023 as scheduled, having considered such factors as corporate policy and the need to eliminate concerns about future stock dilution.

### Fiscal 2024 Forecast

(Millions of yen)	Fiscal 2023	Fiscal 2024 (Estimates)	YOY changes
Net sales	508,400	530,000	+21,599 (+4.2%)
Operating income	62,328	63,500	+1,171 (+1.9%)
Operating margin	12.3%	12.0%	-0.3 points —
Net income attributable to owners of the parent company	55,461	42,000	-13,461 (-24.3%)
Net income ratio	10.9%	7.9%	-3.0 points —
Net income per share (Yen)	227.11	174.19	-52.92 (-23.3%)
ROE (ROE for fiscal 2024 is a calculated value.)	18.8%	13.7%	-5.1 points —

In its outlook for fiscal 2024, TIS anticipates higher sales and income, with net sales rising 4.2% over fiscal 2023, to ¥530 billion, and operating income edging up 1.9%, to ¥63.5 billion.

The operating margin has slipped 0.3 percentage point year on year, for fiscal 2023, reflecting such factors as higher investment in human resources to the tune of ¥5 billion, but management remains committed to robust upfront investment to underpin growth while striving for enhanced profitability.

Net income and return-on-equity were down year on year, owing to such factors as a reactionary drop in extraordinary income, but TIS will work hard to achieve levels that exceed targets set under the current medium-term management plan.

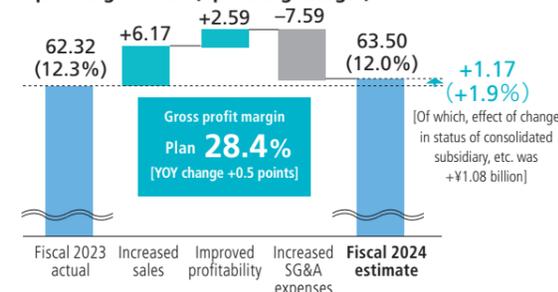
The TIS INTEC Group will strive as a cohesive collection of companies to realize TIS' goal of structural transformation and improve corporate value that fuels sustainable growth.

Note that the performance results of Nihon ICS, which TIS turned into a consolidated subsidiary in April 2024, are reflected in consolidated results from the second quarter of fiscal 2024. Management anticipates goodwill associated with Nihon ICS to be about ¥9.0 billion, amortized over 15 years, and client-related intangible assets to be about ¥22.0 billion, amortized over 20 years\*.

\*Certain components, such as purchase price allocation, have yet to be determined, and there is a possibility that amounts will change.

### Fiscal 2024: Operating Income Analysis, Increase/Decrease Reasons [Forecast] (Billions of yen)

#### Operating income (operating margin)



Anticipated prior investment costs for promoting structural transformation:
Up ¥1.47 billion (YOY change)
(Cost of sales: +¥1.00 billion, SG&A expenses: +¥0.47 billion)
Software investment / Investment in human resources / Investment in R&D
Anticipated cost of investment in human resources (additional):
Up ¥5.00 billion (YOY change)
(Cost of sales : +¥3.20 billion, SG&A expenses : +¥1.80 billion)

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

### Highlights of Cash Flows

(Millions of yen)	Fiscal 2022	Fiscal 2023	YOY changes
Net cash from operating activities	56,126	33,634	-22,492
Net cash from investing activities	-3,424	11,300	+14,725
Net cash from financing activities	-21,948	-64,573	-42,624
Free cash flows	52,702	44,935	-7,766
Cash and cash equivalents at the end of the term	113,820	94,306	-19,514

#### Cash flow from operating activities

- Cash increase:** Key positive cash flow effect was ¥15,700 million in depreciation, which is a non-cash expense item on the income statement, up from ¥616 million a year ago.
- Cash decrease:** Notable negative cash flow effects were ¥29,712 million in income taxes paid, up ¥15,349 million from a year ago; ¥18,792 million in receivables and contract assets, reflecting higher net sales, up ¥20,510 million from a year ago; and ¥18,313 million in gain on sales of investment securities, up ¥13,435 million from a year ago.

#### Cash flow from investing activities

- Cash increase:** Notably, ¥23,685 million in proceeds from sale and redemption of investment securities, mainly due to reduction of strategic shareholdings, up from ¥16,558 million a year ago.
- Cash decrease:** Primary decreases were outflow of ¥6,045 million for acquisitions of intangible assets, down ¥186 million from a year ago; and ¥4,337 million for acquisitions of property and equipment, down ¥4,710 million from a year ago.

#### Cash flow from financing activities

- Cash increase:** Mainly net increase of ¥10,399 million from short-term debt, up ¥9,078 million from a year ago.
- Cash decrease:** Largely ¥35,450 million to repay long-term debt, up ¥28,437 million from a year ago; ¥30,005 million to acquire treasury stock, up ¥25,171 million from a year ago; and ¥11,451 million to pay dividends, up ¥2,123 million from a year ago.

# Consolidated Financial Summary 1

TIS Inc., and consolidated subsidiaries  
Years ended March 31

(Millions of yen)

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
<b>Performance Status</b>											
Net sales	337,834	346,647	361,025	382,689	393,398	405,648	420,769	443,717	448,383	482,547	<b>508,400</b>
Cost of sales	276,935	283,881	294,927	312,153	317,440	321,286	325,985	337,820	334,671	353,699	<b>366,668</b>
Gross profit	60,899	62,766	66,097	70,535	75,958	84,362	94,784	105,896	113,712	128,848	<b>141,732</b>
Gross profit ratio (%)	18.0%	18.1%	18.3%	18.4%	19.3%	20.8%	22.5%	23.9%	25.4%	26.7%	<b>27.9%</b>
Selling, general and administrative expenses	42,727	43,255	44,976	46,099	48,938	51,618	56,740	61,057	67,963	74,108	<b>79,403</b>
Selling, general and administrative expenses ratio (%)	12.6%	12.5%	12.5%	12.0%	12.4%	12.7%	13.5%	13.8%	15.2%	15.4%	<b>15.6%</b>
Operating income	18,171	19,510	21,121	24,436	27,019	32,743	38,043	44,839	45,748	54,739	<b>62,328</b>
Operating margin (%)	5.4%	5.6%	5.9%	6.4%	6.9%	8.1%	9.0%	10.1%	10.2%	11.3%	<b>12.3%</b>
Recurring profit	17,440	18,971	21,251	24,521	27,092	32,795	38,603	46,070	39,257	55,710	<b>63,204</b>
Recurring profit ratio (%)	5.2%	5.5%	5.9%	6.4%	6.9%	8.1%	9.2%	10.4%	8.8%	11.5%	<b>12.4%</b>
Net income attributable to owners of the parent company	5,868	7,913	10,275	12,678	16,306	20,620	26,034	29,411	27,692	39,462	<b>55,461</b>
Net income ratio (%)	1.7%	2.3%	2.8%	3.3%	4.1%	5.1%	6.2%	6.6%	6.2%	8.2%	<b>10.9%</b>
<b>Financial Position</b>											
Current assets	138,219	143,519	140,450	166,666	152,162	162,064	176,231	181,543	229,965	259,261	<b>268,682</b>
Fixed assets	164,083	170,091	205,401	169,828	185,459	204,889	194,426	201,356	221,106	217,381	<b>193,637</b>
Software assets	11,769	12,928	13,252	15,428	16,056	16,866	19,177	22,887	27,797	26,486	<b>25,648</b>
Total assets	302,302	313,610	345,851	336,495	337,622	366,954	370,657	382,899	451,072	476,642	<b>462,320</b>
Current liabilities	91,063	72,790	77,666	91,508	78,676	81,310	91,126	88,479	100,915	139,236	<b>117,179</b>
Non-current liabilities	53,079	76,316	79,395	64,447	59,743	59,344	45,121	46,462	70,726	34,412	<b>35,914</b>
Total liabilities	144,143	149,107	157,062	155,955	138,420	140,655	136,248	134,942	171,642	173,649	<b>153,094</b>
Net assets	158,159	164,502	188,789	180,539	199,202	226,298	234,408	247,957	279,429	302,993	<b>309,226</b>
Total liabilities and net assets	302,302	313,610	345,851	336,495	337,622	366,954	370,657	382,899	451,072	476,642	<b>462,320</b>
Total interest-bearing debt	60,550	58,869	52,114	46,158	35,144	32,876	26,893	22,294	43,629	37,533	<b>16,043</b>
<b>Cash Flow Status</b>											
Cash flow from operating activities	21,515	25,770	22,938	25,496	18,952	36,386	37,558	38,569	33,345	56,126	<b>33,634</b>
Cash flow from investing activities	(14,391)	(5,334)	(17,744)	8,688	(23,488)	(14,202)	(1,213)	(26,437)	(17,522)	(3,424)	<b>11,300</b>
Cash flow from financing activities	(19,883)	(5,872)	(19,067)	(14,979)	(18,327)	(10,543)	(16,773)	(14,544)	12,484	(21,948)	<b>(64,573)</b>
Cash and cash equivalents at the end of the term	28,433	43,142	29,485	48,651	25,730	37,545	57,083	54,684	82,924	113,820	<b>94,306</b>
Free cash flow	7,124	20,436	5,194	34,184	(4,536)	22,184	36,345	12,132	15,823	52,702	<b>44,935</b>
<b>Others</b>											
Capital expenditures	12,287	12,544	16,873	14,210	15,159	16,907	13,334	16,702	25,085	13,783	<b>11,230</b>
Depreciation	12,920	12,454	12,809	11,952	11,801	12,572	12,783	12,020	13,318	15,083	<b>15,700</b>
Research and development expenses	1,002	853	1,097	1,086	1,178	996	1,003	1,702	1,789	2,784	<b>3,104</b>
Amortization of goodwill	1,741	1,166	1,052	339	326	289	289	171	312	497	<b>336</b>
Goodwill balance at the end of the term	1,914	830	2,021	1,393	1,332	1,118	503	355	2,550	1,556	<b>1,370</b>

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.

## Consolidated Financial Summary 2

TIS Inc., and consolidated subsidiaries  
Years ended March 31

(Millions of yen)

	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
<b>Order Status (Total)</b>											
Orders received during the term							427,210	439,748	452,284	495,291	<b>523,956</b>
Order backlog at year-end						122,067	132,935	133,121	147,214	161,453	<b>180,373</b>
<b>Order Status (Software development)</b>											
Orders received during the term	179,352	172,721	199,842	207,345	208,307	219,225	238,298	246,330	237,323	271,350	<b>282,739</b>
Order backlog at year-end	62,055	58,869	71,095	69,961	64,751	67,716	75,549	79,277	83,797	94,016	<b>103,282</b>
<b>Financial Indicators</b>											
Equity ratio (%)	49.8%	49.9%	53.3%	52.5%	57.8%	60.4%	62.0%	63.3%	60.0%	61.5%	<b>64.2%</b>
Net income to equity capital ratio (ROE) (%)	3.9%	5.1%	6.0%	7.0%	8.8%	9.9%	11.5%	12.5%	10.8%	14.0%	<b>18.8%</b>
Total asset turnover ratio	1.10	1.13	1.09	1.12	1.17	1.15	1.14	1.16	1.08	1.04	<b>1.08</b>
Financial leverage	2.08	2.01	1.93	1.89	1.81	1.69	1.63	1.58	1.63	1.65	<b>1.59</b>
Recurring profit to total assets ratio (ROA) (%)	5.7%	6.2%	6.4%	7.2%	8.0%	9.3%	10.5%	12.2%	9.4%	12.0%	<b>13.5%</b>
Interest-bearing debt ratio (%)	20.0%	18.8%	15.1%	13.7%	10.4%	9.0%	7.3%	5.8%	9.7%	7.9%	<b>3.5%</b>
Payout ratio (%)	31.4%	27.7%	25.6%	22.7%	19.0%	16.6%	22.8%	25.7%	31.9%	27.9%	<b>22.0%</b>
Total return ratio (%)	31.4%	27.7%	30.4%	35.3%	31.9%	30.5%	39.0%	39.8%	42.8%	39.3%	<b>76.0%</b>
<b>Per share data</b>											
Net income per share—basic (yen)*	66.86	90.16	117.40	145.22	189.02	241.44	307.83	350.35	110.51	157.69	<b>227.11</b>
Net income per share—diluted (yen)*	66.83	90.12	—	—	—	—	—	—	—	—	<b>—</b>
Annual dividends per share (yen)*	21.00	25.00	30.00	33.00	36.00	40.00	70.00	90.00	35.00	44.00	<b>50.00</b>
Net assets per share (yen)*	1,714.88	1,782.23	2,108.19	2,031.07	2,265.76	2,602.07	2,719.79	2,890.27	1,078.60	1,173.60	<b>1,227.44</b>
<b>Stock information</b>											
Stock price at fiscal year-end (yen)	1,243	1,694	2,193	2,664	2,832	4,210	5,240	5,361	2,641	2,877	<b>3,490</b>
Highest stock price during the term	1,328	1,854	2,257	3,085	2,959	4,410	6,040	7,320	2,670	3,630	<b>4,320</b>
Lowest stock price during the term	798	1,020	1,524	2,156	2,180	2,742	4,060	4,045	1,723	2,466	<b>2,693</b>
Price earning ratio (PER) (times)	18.6	18.8	18.7	18.3	15.0	17.4	17.0	15.3	23.9	18.2	<b>15.4</b>
Price book-value ratio (PBR) (times)	0.72	0.95	1.04	1.31	1.25	1.62	1.93	1.85	2.45	2.45	<b>2.84</b>
Aggregate market value (millions of yen)	109,121	148,714	192,521	233,870	248,618	369,592	460,014	470,637	695,553	722,589	<b>853,114</b>
Number of outstanding shares at fiscal year-end (thousands)	87,789	87,789	87,789	87,789	87,789	87,789	87,789	87,789	263,367	251,160	<b>244,445</b>
Number of treasury stock at fiscal year-end (thousands)	19	4	320	864	1,701	2,613	3,358	3,952	12,595	1,394	<b>2,446</b>
Average number of shares during the term (thousands)	87,771	87,774	87,522	87,305	86,268	85,406	84,574	83,948	250,574	250,246	<b>244,212</b>
<b>Sales by Client Sector</b>											
<b>Net sales</b>	337,834	346,647	361,025	382,689	393,398	405,648	420,769	443,717	448,383	482,547	<b>508,400</b>
Credit card	48,846	49,402	53,743	59,274	65,006	73,314	73,648	75,118	79,265	90,314	<b>97,494</b>
Banking	26,230	29,049	25,444	27,867	28,233	27,452	26,583	30,100	30,648	36,394	<b>39,313</b>
Insurance	23,836	25,269	24,972	26,339	25,356	26,262	27,279	29,274	30,140	31,520	<b>31,258</b>
Other finance	21,337	23,481	23,312	20,406	20,857	22,127	19,502	24,289	17,863	16,000	<b>15,075</b>
Assembly-based manufacturing	38,824	40,904	45,785	49,455	42,723	43,777	46,028	45,739	45,103	44,345	<b>45,002</b>
Processing-based manufacturing	38,468	33,843	34,960	35,061	36,953	38,366	38,081	38,998	42,424	53,368	<b>51,706</b>
Distribution	27,398	30,009	31,775	32,702	31,773	28,872	32,908	33,976	31,679	32,904	<b>33,951</b>
Services	73,425	72,666	77,535	79,601	89,607	93,258	103,531	112,722	118,517	132,094	<b>142,276</b>
Public institutions	28,225	30,393	29,891	36,603	37,002	35,923	34,863	36,286	33,649	32,075	<b>37,447</b>
Others	11,241	11,626	13,604	15,376	15,882	16,292	18,343	17,209	19,090	13,527	<b>14,874</b>

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

# Non-Financial Summary

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

	Scope of data collection	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
<b>Employee-related data</b> (Note 1)						
* Averages are calculated as simple combined averages or weighted averages.						
Number of employees	A	19,483	19,744	21,817	21,709	<b>21,946</b>
Number of employees	E	15,948	16,109	17,497	17,265	<b>16,998</b>
Number of male employees	E	11,529	11,560	12,342	12,142	<b>12,018</b>
Number of female employees	E	4,419	4,549	5,155	5,123	<b>4,980</b>
Percentage of female employees	E	27.7%	28.2%	29.5%	29.7%	<b>29.3%</b>
Number of non-Japanese employees	E	155	155	1,161	1,379	<b>1,430</b>
Average age	F	38.9	39.1	39.2	40.0	<b>40.1</b>
Average age of male employees	F	40.0	40.3	40.5	41.3	<b>41.4</b>
Average age of female employees	F	35.9	36.0	36.1	37.0	<b>36.8</b>
Average length of service (years)	F	12.9	12.8	13.3	14.2	<b>14.3</b>
Average length of service of male employees (years)	F	13.7	14.0	14.2	15.0	<b>15.2</b>
Average length of service of female employees (years)	F	10.8	11.0	11.2	12.2	<b>12.1</b>
Number of employees in management positions	F	3,443	3,609	3,782	3,836	<b>3,887</b>
Number of male employees in management positions	F	3,147	3,278	3,410	3,440	<b>3,465</b>
Number of female employees in management positions	F	296	331	372	396	<b>422</b>
Percentage of female employees in management positions	F	8.6%	9.2%	9.8%	10.3%	<b>10.9%</b>
Number of employees in management positions	B				4,454	<b>4,570</b>
Number of male employees in management positions	B				3,997	<b>4,067</b>
Number of female employees in management positions	B				457	<b>503</b>
Percentage of female employees in management positions	B				10.3%	<b>11.0%</b>
Percentage of employees with a disability (Note 2)	G	2.14%	2.28%	2.35%	2.40%	<b>2.30%</b>
Number of new graduate recruits	F	700	663	720	679	<b>679</b>
Percentage of new female graduate recruits	F	34.4%	32.4%	36.5%	39.0%	<b>35.2%</b>
Number of mid career hires	F	339	386	271	233	<b>236</b>
Percentage of female mid career hires	F	35.1%	29.0%	31.0%	30.5%	<b>26.7%</b>
Turnover rate	F	4.8%	5.0%	3.3%	3.7%	<b>3.9%</b>
Results of employee awareness surveys (Note 3)	F		38%	46%	51%	<b>52%</b>
Absenteeism (Note 4)	F				1.0%	<b>1.0%</b>
Average total working hours per month	F	166.4	162.6	162.9	164.0	<b>164.7</b>
Percentage of annual paid leave taken	F	73.0%	75.7%	66.3%	64.4%	<b>69.0%</b>
Percentage of male employees taking long term childcare leave	B					<b>43.4%</b>
Percentage of male employees taking short or long term childcare leave	B					<b>75.9%</b>
Spending on learning and research (millions of yen)	F	1,805	1,915	1,534	1,863	<b>2,059</b>
Number of days spent on learning and research per person per annum	F	8.1	10.8	11.2	13.3	<b>14.2</b>

## Scope of data collection

- A. TIS INTEC Group consolidated
- B. TIS and consolidate subsidiaries in Japan
- C. TIS, 23 consolidated subsidiaries in Japan, and 9 consolidate subsidiaries in overseas
- D. TIS, 12 consolidated subsidiaries in Japan, and 9 consolidate subsidiaries in overseas
- E. TIS, INTEC, AGREX, QUALICA, AJS, TIS Solution Link, TIS System Service, and MFEC (from fiscal 2021)
- F. TIS, INTEC, AGREX, QUALICA, AJS, TIS Solution Link, and TIS System Service
- G. TIS, TIS Solution Link, TIS System Service, TIS Business Service, and SorunPure
- H. TIS parent

	Scope of data collection	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
<b>Environmental data</b>						
Scope 1 emissions (t-CO <sub>2</sub> )	D	885	745	760	513	<b>481</b>
Scope 2 emissions (t-CO <sub>2</sub> )	D	71,096	64,488	65,867	64,157	<b>53,076</b>
Scope 3 emissions (t-CO <sub>2</sub> )	C		428,977	441,687	418,761	<b>465,226</b>
Category 1 (purchased goods and services)	C		339,133	323,087	333,379	<b>386,392</b>
Category 2 (capital goods)	C		59,103	90,068	57,694	<b>48,317</b>
Category 3 (fuel-and energy-related activities)	C		10,165	10,106	10,269	<b>9,026</b>
Category 4 (upstream transport and delivery)	C		8,488	7,433	8,215	<b>11,392</b>
Category 5 (waste generated in operations)	C		1,162	361	703	<b>580</b>
Category 6 (business travel)	C		2,465	2,549	2,449	<b>2,752</b>
Category 7 (employee commuting)	C		8,461	8,083	6,052	<b>6,766</b>
Energy consumption (Electricity MWh)	D	149,523	143,383	141,620	139,560	<b>143,909</b>
Energy consumption (Heavy oil kL)	D	32	25	21	25	<b>27</b>
Energy consumption (Light oil kL)	D	10	0	0	0	<b>0</b>
Energy consumption (City gas, km <sup>3</sup> )	D	343	302	313	199	<b>188</b>
Energy consumption (LPG km <sup>3</sup> )	D				0	<b>0</b>
Energy consumption (kerosene KL)	D			1	0	<b>0</b>
Energy consumption (steam GJ)	D			1,301	19,116	<b>19,807</b>
Industrial waste (ton)	F		1,035	290	472	<b>188</b>
<b>Other non-financial data</b>						
Social contribution expenses (millions of yen)	A					<b>89</b>
Political contributions (10 thousands of yen)	B	0	0	0	27	<b>32</b>
Number of serious information security incidents	B				0	<b>0</b>
Number of employees receiving regular training on information security	B				18,542	<b>25,369</b>
Number of reports of leaks, etc. to supervisory authorities of the Personal Information Protection Law	B				0	<b>4</b>
Number of requests for disclosure of information related to personal information	B				1	<b>3</b>
Number of helpline calls: Calls received	H		7	8	13	<b>4</b>
Number of helpline calls: Cases investigated	H		7	8	12	<b>4</b>
Number of helpline calls: Case involving corrective action	H		4	4	8	<b>3</b>
Development loss rate	A	0.9%	0.6%	0.8%	0.7%	<b>0.1%</b>
Results of customer satisfaction surveys	H	68.2%	72.7%	69.0%	71.7%	<b>69.6%</b>
Number of directors (Note 5)	H	9	9	9	9	<b>9</b>
Number of female directors (Note 5)	H	1	1	1	1	<b>1</b>
Percentage of female directors (Note 5)	H	11.1%	11.1%	11.1%	11.1%	<b>11.1%</b>
Number of external directors (Note 5)	H	3	3	3	3	<b>3</b>
Percentage of external directors (Note 5)	H	33.3%	33.3%	33.3%	33.3%	<b>33.3%</b>

- Notes: 1. Figures for fiscal 2019, fiscal 2020, fiscal 2021, fiscal 2022 and fiscal 2023 are based respectively on April 1, 2019; April 1, 2020; April 1, 2021; March 31, 2022; and March 31, 2023.
2. Figures for fiscal 2019, fiscal 2020, fiscal 2021, fiscal 2022 and fiscal 2023 are based respectively on June 1, 2018; June 1, 2019; June 1, 2020; June 1, 2021, and June 1, 2022.
3. Percentage of employees who responded positively to the question, "Overall, the company is a good place to work".
4. Percentage of employees absent from work for more than 30 consecutive days due to injury or illness (at fiscal year-end).
5. Figures for fiscal 2019, fiscal 2020, fiscal 2021, fiscal 2022 and fiscal 2023 are based respectively on June 30, 2018; June 30, 2019; June 30, 2020; June 30, 2021, and June 30, 2022.

The above non-financial data is an excerpt from "ESG Data Book".  
 Other non-financial data and scope of collection, details refer to "6. Nonfinancial data" of the "ESG Data Book".  
[https://www.tis.com/group/sustainability/esg\\_databook/index.html](https://www.tis.com/group/sustainability/esg_databook/index.html)

■ Corporate Profile

(As of March 31, 2023)

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	244,445,411 shares
Number of shareholders	14,312
Stock listing	Tokyo Stock Exchange, Prime Market (Securities code: 3626)
Number of employees (consolidated)	21,946 (full-time employees)

■ TIS INTEC Group

(As of March 31, 2023)

TIS Inc., and 50 consolidated subsidiaries (domestic 24, overseas 26)

Main consolidated subsidiaries

TIS and main group companies	Shareholding ratio	Description of Business	Fiscal 2023, ended March 31, 2023 (Millions of yen, non-consolidated basis)	
			Net sales	Operating income (operating margin)
TIS Inc. (operating holding company)	—	Focuses on credit card companies but pursues business opportunities in a wide range of sectors, including services and manufacturing. Promote to expand payment business. Merged with pure holding company IT Holdings Corporation in July 2016 and became operating holding company. (Incorporated April 1971)	238,140	29,450 (12.4%)
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)	113,208	13,665 (12.1%)
AGREX INC.	TIS 100%	Leading company in BPO sector, with emphasis on insurance industry needs. Turned into a wholly owned subsidiary in March 2015, becoming core company for BPO business within the Group. (Established September 1965)	38,077	4,215 (11.1%)
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)	22,623	2,542 (11.2%)
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)	16,766	2,681 (16.0%)
MFEC Public Company Limited	TIS 49% (based on control criteria)	Thai-listed, leading provider of enterprise IT solutions, which has strength in banking, communication, and governments. 10 subsidiaries under the company. (Established March 1997)	20,849*	1,062* (5.1%)

Domestic subsidiaries

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

\* MFEC Group, consolidated basis (fiscal year ended December 31, 2022). Numerical values based on accounting standards in home country of Thailand using rate prevailing at end of fiscal year.

Overseas Subsidiaries

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

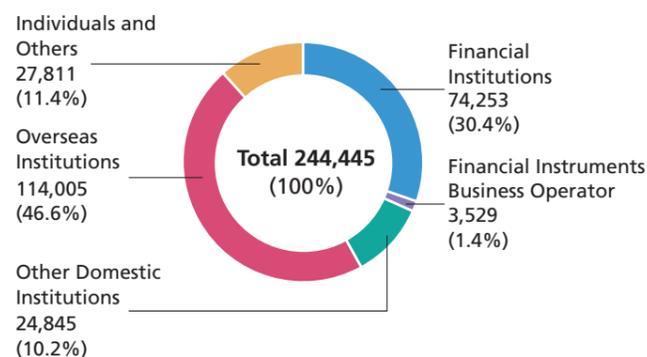
74 Equity Method Affiliates (domestic Five, overseas 69)

Main equity method affiliates

- China  
Shanghai CardInfoLink Data Service Co., Ltd. (CardInfoLink)  
(Voting rights ownership ratio 18.1%, 13 subsidiaries under the company)
- Indonesia  
PT Anabatic Technologies Tbk  
(Voting rights ownership ratio 37.3%, acquired convertible bonds with stock acquisition rights, 46 subsidiaries under the company)

■ Share Composition by Shareholder

(As of March 31, 2023; Thousands of Shares)

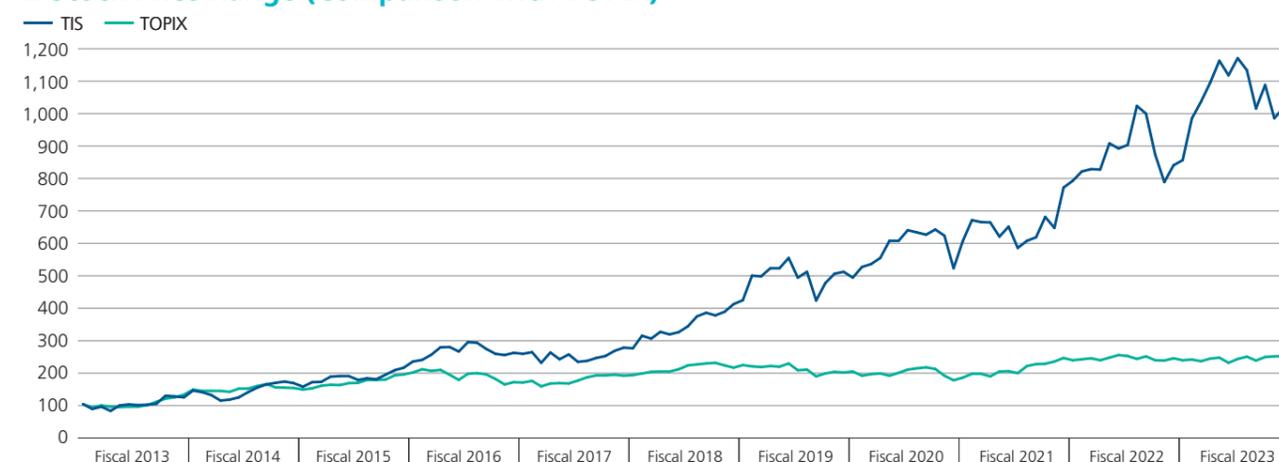


■ Rating

(At November 11, 2022)

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



Notes: 1. The TIS stock price and TOPIX (Tokyo Stock Exchange Price Index) are indexed at 100 based on the closing price of stock on April 30, 2012.  
2. The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020. Figures before fiscal 2020 are presented assuming this stock split was conducted.

## Evaluations from External Parties

### Inclusion in SRI Indexes

TIS stock is included in socially responsible investment (SRI) indexes and SRI funds. The main evaluations are as follows.

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

S&P/JPX Carbon Efficient Index



MSCI Japan ESG Select Leaders

MSCI Japan Empowering Women Index (WIN)

SOMPO Sustainability Index



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

TIS' activities have also garnered notice, substantiated by validation under various environment, society and governance (ESG) evaluation programs at home and abroad.

CDP Climate change A -

DX Certification

Certified Health & Productivity Management Outstanding Organizations

Eruboshi (L-Star)



Platinum Kurumin Plus

Semi-Nadeshiko Brand

Diversity Management Selection 100

Tomonin



Nikkei Smart Work /Nikkei SDGs

Grand Prize in Good Career Company Award 2020

DC Excellent Company



Telework Pioneer

Psychological Safety AWARD 2023

PRIDE Index



### IR-Related Activities

TIS' robust IR activities have earned high marks, and this status is further complemented by TIS' inclusion in the following indexes.

Second Nikkei Integrated Report Award  
Second Place

Constituent stock in 28th annual selection  
(2022) of companies that consistently maintain high standard of disclosure



2022 Internet IR Commendation Award  
(Daiwa Investor Relations Co., Ltd.)  
Awarded for ten consecutive years since 2013.



Fiscal 2022 Homepage Quality Ranking Survey of All Listed Companies  
(Nikko Investor Relations Co., Ltd.)  
Received highest award as excellent website in comprehensive ranking for eight consecutive years since fiscal 2015.



Gomez IR Site Comprehensive Ranking 2022  
(BroadBand Security, Inc.)  
Awarded for eight consecutive years since 2015 as an excellent company.

### Brand Profile

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

Knowledge of TV commercial  
(Among business people)  
TIS survey on February 2023  
**82%**

Group recognition  
(Among business people)  
TIS survey on February 2023  
**67%**  
(Up 48 percentage points after television commercial)

IT industry new graduate job seekers  
**2024 Company ranking by popularity**  
Overall: **No. 6**  
Independent: **No. 1**



### Endorsed Initiatives

TIS INTEC Group collaborates with initiatives to promote sustainability issues.

CDP Climate change

Science Based Targets initiative (SBTi)

TCFD (Task Force on Climate-related Financial Disclosures)



JCI (Japan Climate Initiative)

UNGC (United Nations Global Compact)

Keidanren (Japan Business Federation) "Charter of Corporate Behavior"



As a member company of Nippon Keidanren, TIS respects and practices the spirit of the Charter of Corporate Behavior to realize a sustainable society.