

Make society's wishes come true through IT.



TIS INTEC Group Logo

Underlying Concepts

The block formation of the logo evokes the image of a tightly knit team, powered forward by different sets of expertise that each member of the TIS INTEC Group brings to the whole. The rounded corners are an expression of the warmth and feeling that infuses groupwide efforts to be a partner in pursuing solutions to client issues.

The logo features our two main corporate colors: "ocean blue" for the new challenges that we are constantly tackling, and "intelligent gray" for the solid technological foundations that underpin our business.

Brand Message

In our brand message, we convey our goal to be a corporate group that addresses social issues and creates new value as a mover using digital technology, which is integral to OUR PHILOSOPHY—the philosophy that guides the TIS INTEC Group.

TIS Inc.

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TIS202109

Integrated Report 2021

Year Ended March 31, 2021 (From April 1, 2020, to March 31, 2021)

Make society's wishes come true through IT.



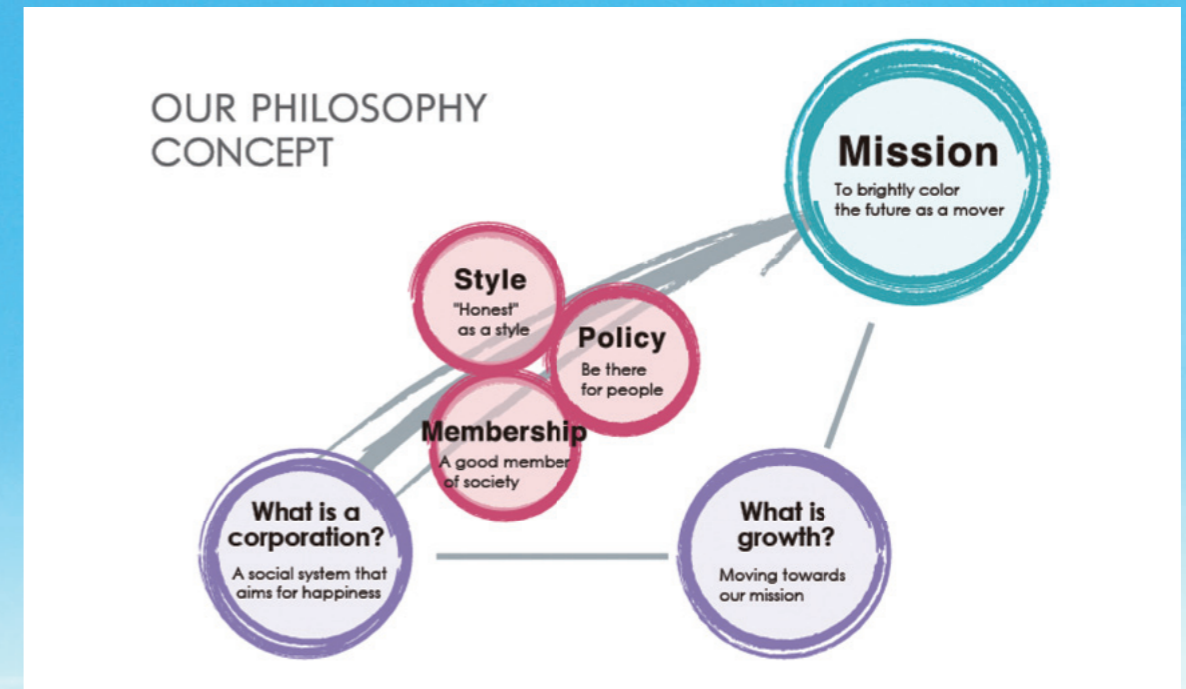
Securities Code: 3626

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.

TIS INTEC Group Philosophy—OUR PHILOSOPHY



Mission | To brightly color the future as a mover

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

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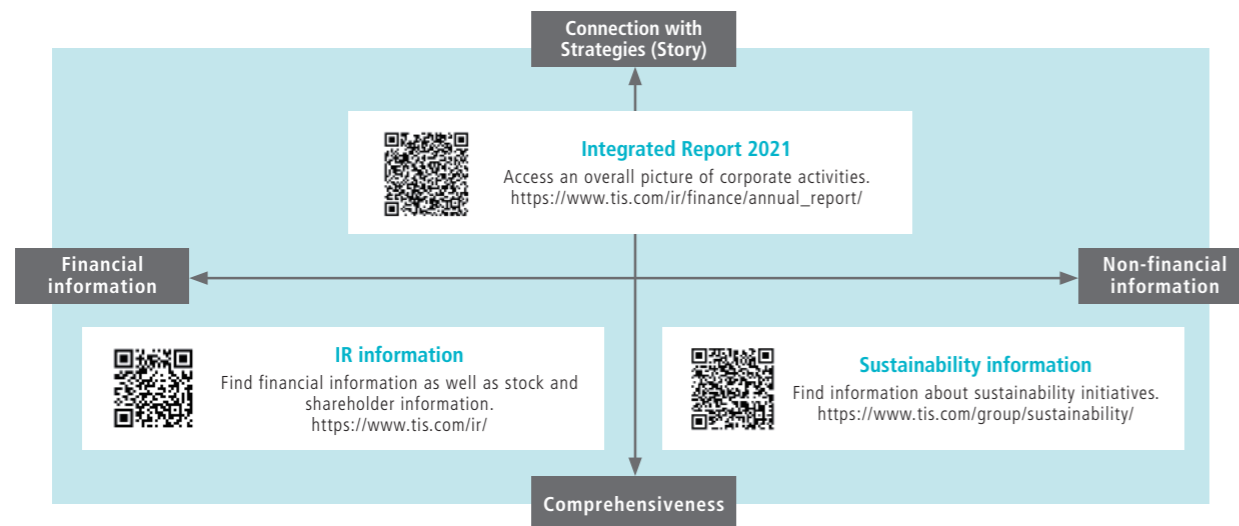
Disclaimer: Forward-looking statements, such as performance forecasts, described in this report are based on information available to management regarding the TIS INTEC Group—that is, TIS and the subsidiaries under its umbrella—as of the production date and certain assumptions deemed reasonable at this 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.

Editorial Policy

This integrated report touches on important financial and non-financial information while highlighting topics that we want to convey to stakeholders, including shareholders and investors, so that they have a better understanding of the activities undertaken by the TIS INTEC Group to achieve sustainable improvement in corporate value.

For more information, please refer to the investor and sustainability sections on our website.



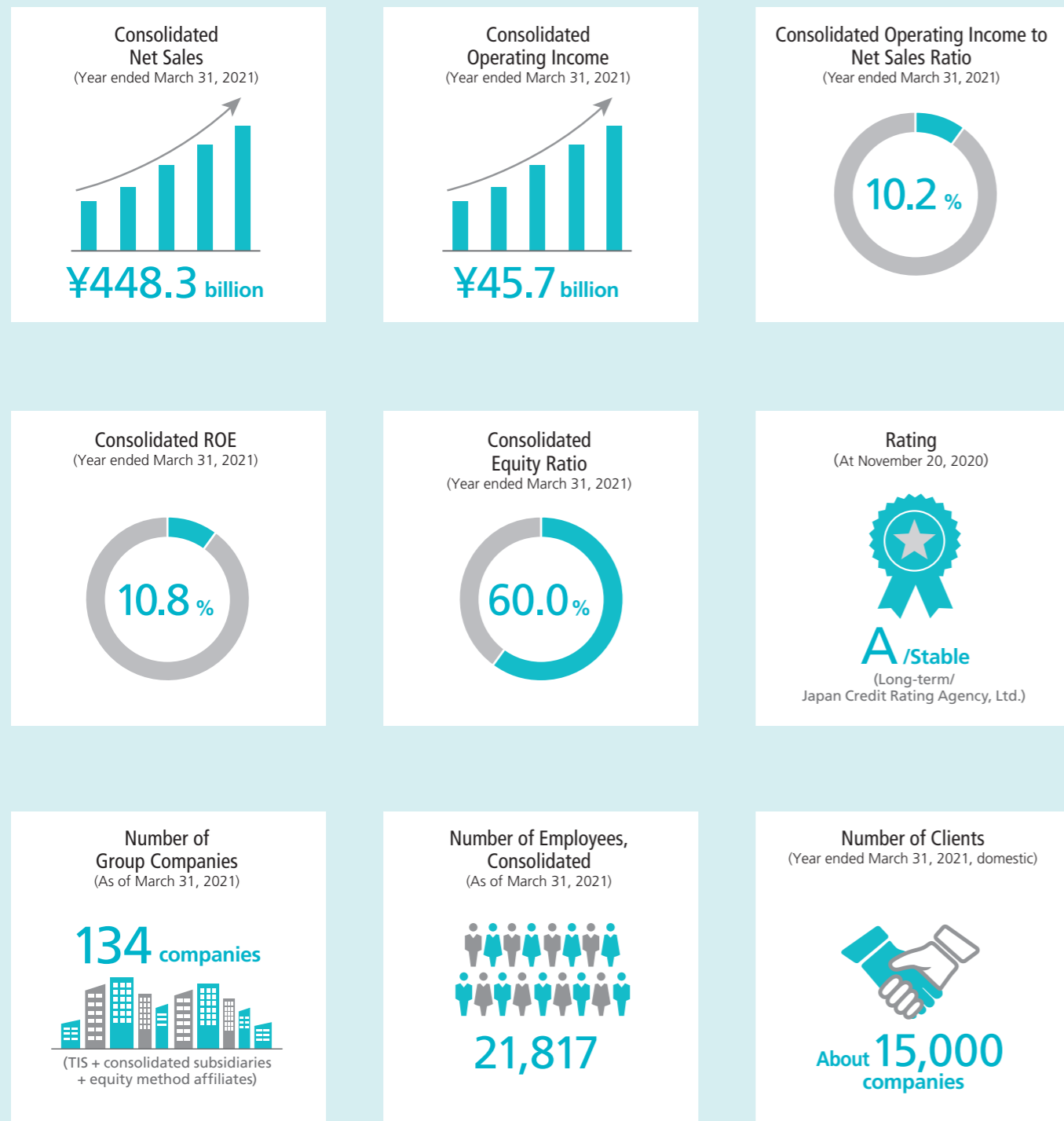
Scope of reporting: TIS (parent) and TIS INTEC Group
Issued: September 2021

About the TIS INTEC Group

Three Strengths of the TIS INTEC Group

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

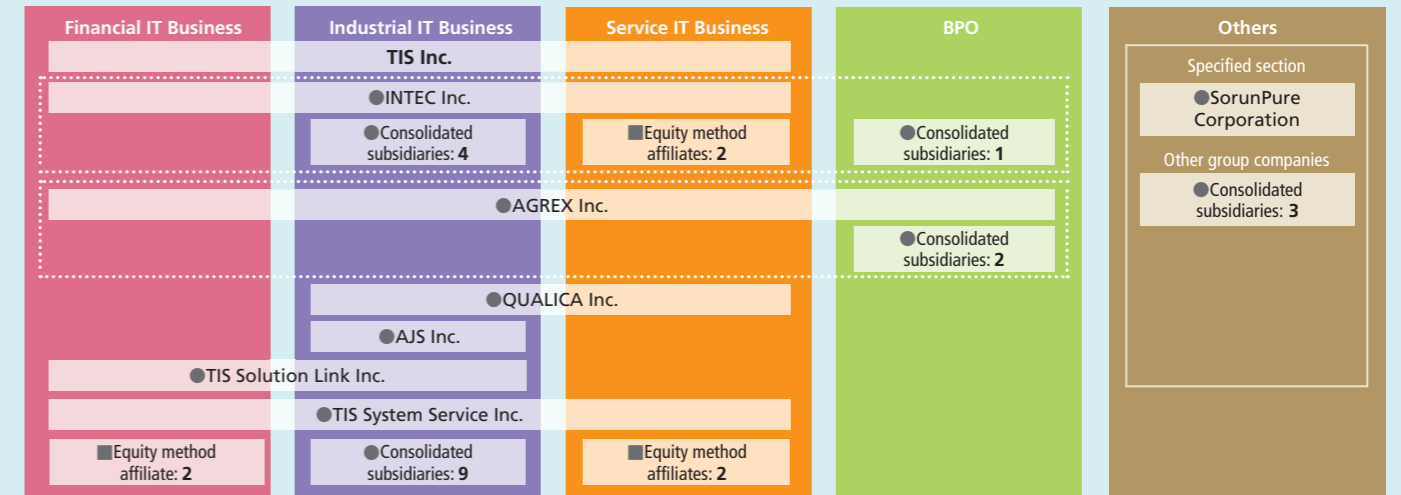
TIS INTEC Group by the Numbers



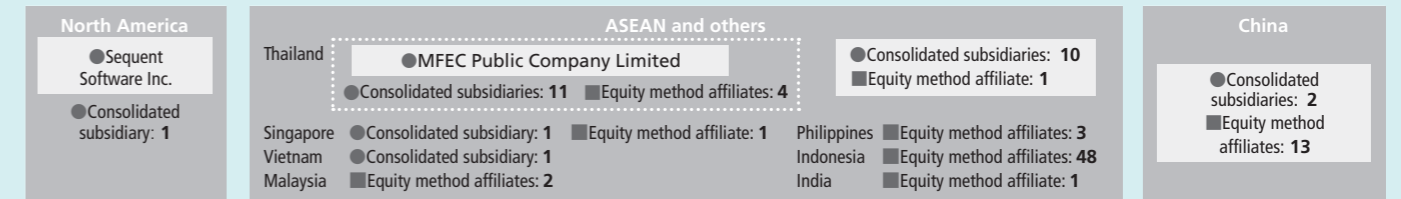
Group Formation (As of March 31, 2021)

The TIS INTEC Group consists of 134 companies, including the parent company, 54 consolidated subsidiaries, and 79 equity method affiliates.

Domestic

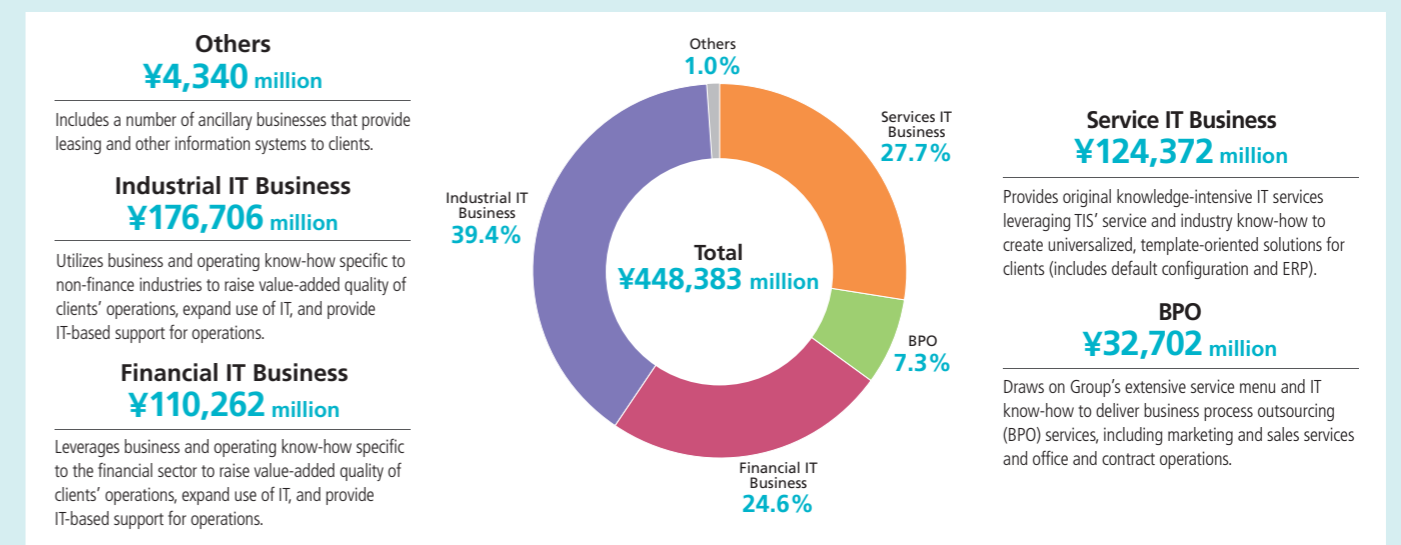


Overseas



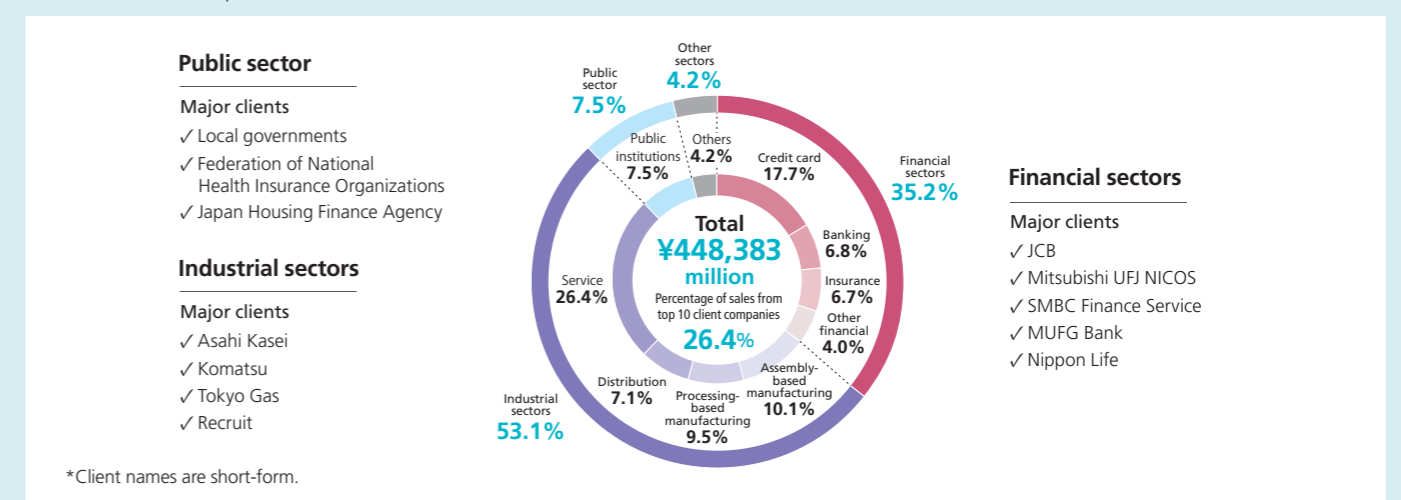
Net Sales by Business Segment (Year ended March 31, 2021)

(Sales to outside customers, excludes intersegment sales)



Net Sales by Client Sector (Year ended March 31, 2021)

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



TIS INTEC Group's Growth Trajectory

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

April 1971



Toyo Information Systems, Co., Ltd. (now, TIS) established. Began software development services in Osaka.

1991

TIS listed on the First Section of the Tokyo Stock Exchange.

January 1964 1986



Toyama Computer Center, Inc. (now, INTEC) established. Began its business at the former Kitanihon Hosono building.

April 2000

Turned Komatsu Soft Ltd. (now, QUALICA Inc.) into subsidiary.

February 2002

Turned AGREX Inc. into subsidiary.

April 2004

Turned UFIT Co., Ltd., into subsidiary.

April 2005

Turned Asahi Kasei Information Systems Co., Ltd. (now, AJS Inc.) into subsidiary.

April 2008

New independent, leading company on the IT services scene

IT Holdings Corporation (ITHD) was created through the management integration of TIS Inc. and INTEC Holdings, Ltd., to ensure growth through shared use of both companies' management resources. ITHD listed on the First Section of the Tokyo Stock Exchange.



April 2011

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

March 2015

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

July 2016

Transition to TIS INTEC Group

ITHD executed an absorption-style merger with TIS, adopted its subsidiary's high-profile name and transitioned to an operating holding company. Embraced governance system that prioritizes overall optimization of the Group, fueled by the cohesive power of core companies.

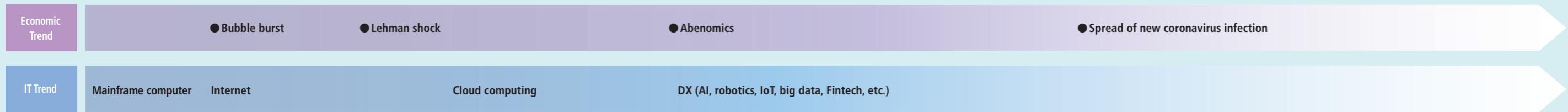
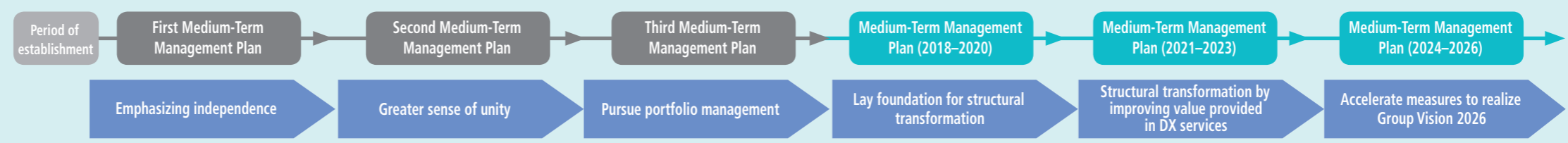
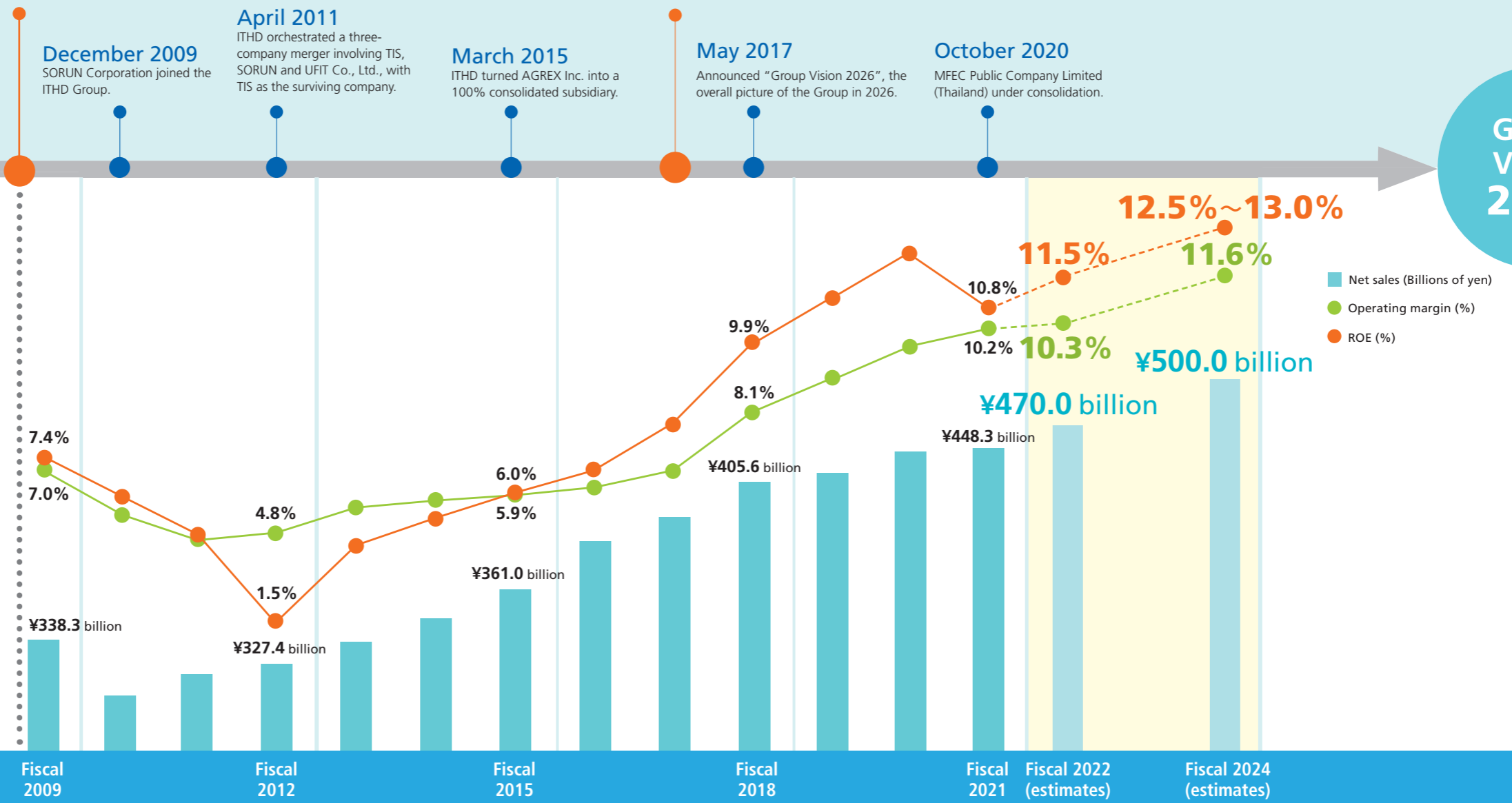


October 2020

MFEC Public Company Limited (Thailand) under consolidation.

May 2017

Announced "Group Vision 2026", the overall picture of the Group in 2026.



What does the TIS INTEC Group do? Value Creation Process Medium-Term Management Plan Platform that Supports Value Creation Process (ESG section) Corporate Data

Positioning in the IT Services Market

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.

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 25 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 ¥74 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
About 80%

There are about 450 million debit cards affiliated with an international brand in Japan. Settlement transactions have reached about 520 million per year, with an aggregate value of about ¥2.2 trillion. The TIS INTEC Group boasts an overwhelming share—about 80%—of the market, on a transaction-handling financial institution basis, through such solutions as DebitCube+, which provides one-stop access to services required or branded debit card issuance and operation.

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

F³ (F Cube)
CRM implementation

55 of 100 banks
(regional banks)

Implementation base includes more than half of Japan's regional banks, and share of top 30 banks in terms of total funds stands at 87%. Demand for cloud-based application to achieve connection and strong security over private networks expanded to more than 30 of 55 banks introducing F³ into their operations.

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

EDI
System configuration and operation track record

Number of access points
About 140,000
identifiers

We enjoy industry's largest share of data-related platform services (EDI, EIA, API). We respond quickly to internet-based EDI issues affecting payment card industry data security standard (PCI DSS) compliance and the EDI 2024 problem, and have built an extensive track record in building and operating industry-oriented EDI platforms.

Highly evaluated as restaurant sector-specific shop management system

TastyQube
System implementation

About 20%
(Top 200 companies in the restaurant sector)

TastyQube 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.

Aiding new entrants to the deregulated power market

Enelink
Usage

Share of switchers in Japan
About 40%

Enelink is the choice of about 40% of users switching to PPSs since deregulation of Japan's electricity retail market began in April 2016.

We will continue to promote shift toward platform services¹ using virtual power plants and energy management to address issues characteristic of a low-carbon/decarbonized society.

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 members².

About 6.1 million people are covered by these 12 insurance associations.

Contribute to greater efficiency in clients' address management operations

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

More than 95%
(Excludes insurance companies offering specialized products, such as pet insurance and reinsurance)

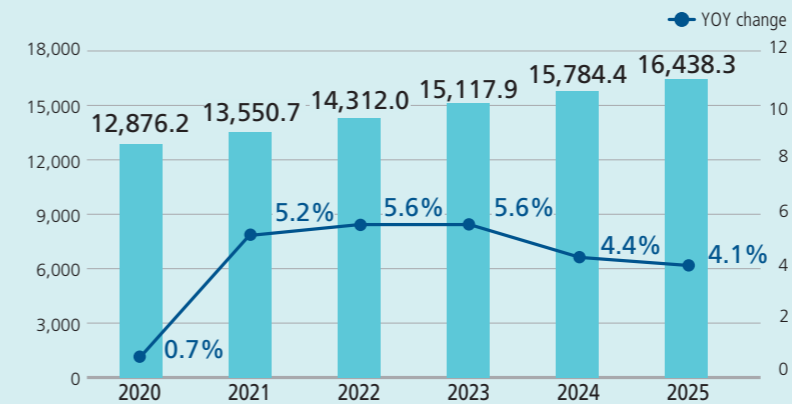
All addresses in Japan are assigned a 10-digit code, creating a master file of some 300,000 *kana* and *kanji*-based addresses.

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 Achieve forecasts using IoT technology and AI to operate businesses that aggregate demand-side resources. Respond to market transactions.
² The scope is National Health Insurance system and medical care system for elderly in the latter stage of life.

IT Services Market Size in Japan

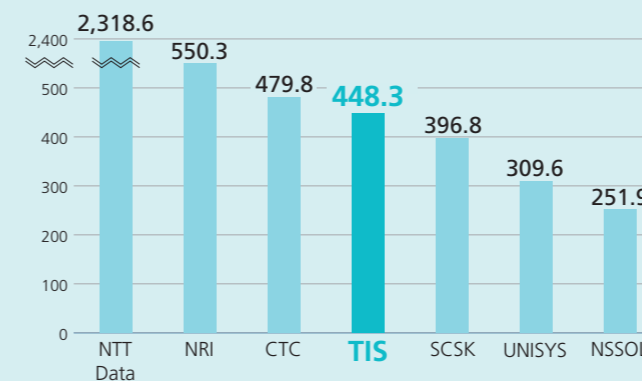
(Billions of yen)



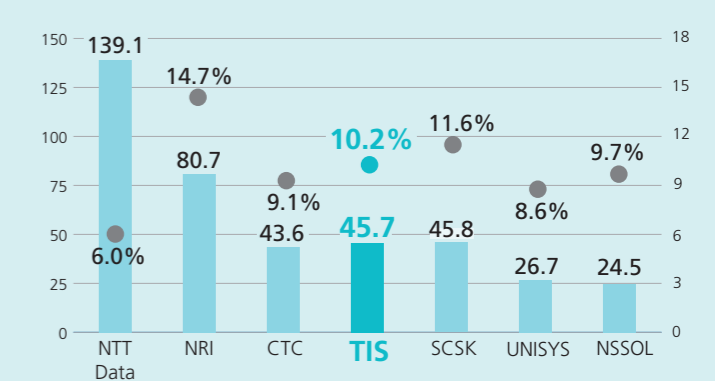
* Gartner "Forecast: IT Services, Japan, 2019-2025, 2Q21 Update" M. Sawai/August 23, 2021: G00756547
 End user spending based graph created by TIS based on Gartner research.
 All statements in this report attributable to Gartner represent TIS's interpretation of data, research opinion or viewpoints published as part of a syndicated subscription service by Gartner, Inc., and have not been reviewed by Gartner. Each Gartner publication speaks as of its original publication date (and not as of the date of this report). The opinions expressed in Gartner publications are not representations of fact and are subject to change without notice.

Comparison of Japan's Leading IT Companies (Year ended March 31, 2021)*1

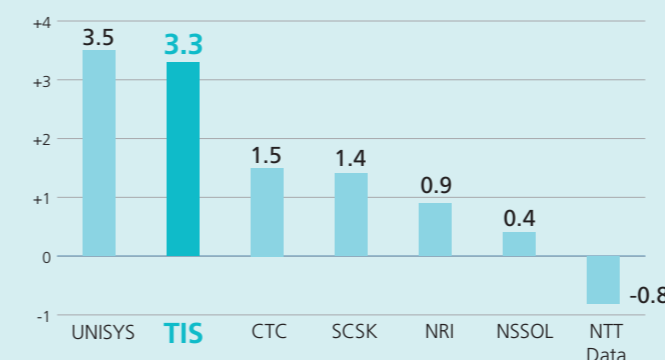
Net Sales (Billions of yen)



Operating Income, Operating Margin (Billions of yen)

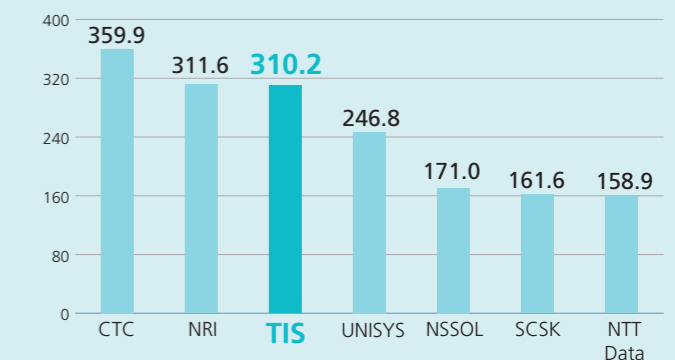


Growth Rate of Operating Margin (Pt)



*The above growth rate indicates the comparison between fiscal 2021 and fiscal 2017 figures.

Total Shareholder Return (%)



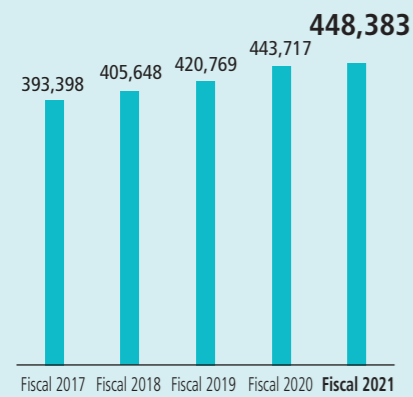
*The above figures are calculated based on 100% of the stock price on March 31, 2016.

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

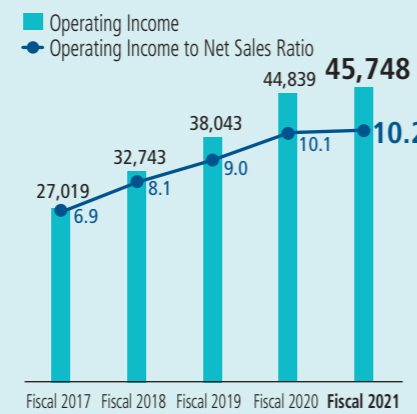
Consolidated Financial/Non-Financial Highlights

Financial Highlights

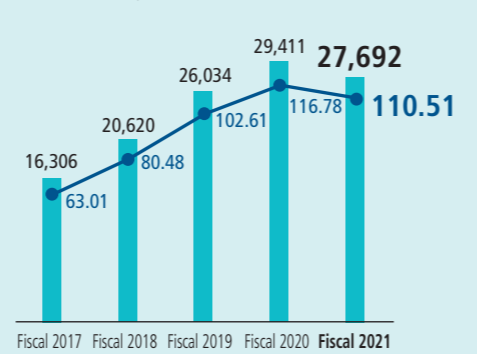
Net Sales
(Millions of yen)



Operating Income, Operating Income to Net Sales Ratio
(Millions of yen, %)

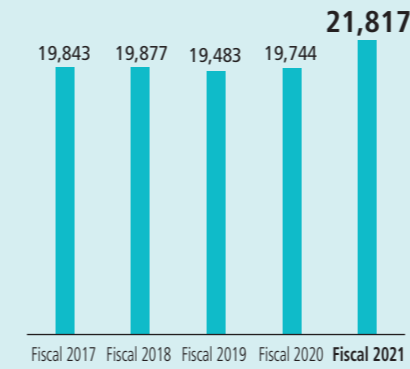


Net Income Attributable to Owners of the Parent Company (Millions of yen), Net Income per Share (Yen)

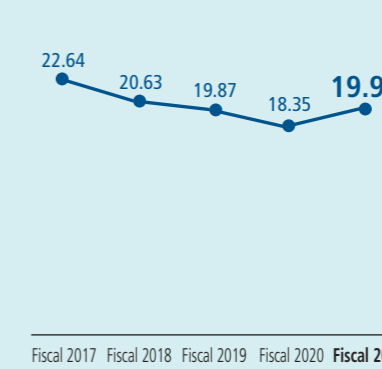


Non-Financial Highlights

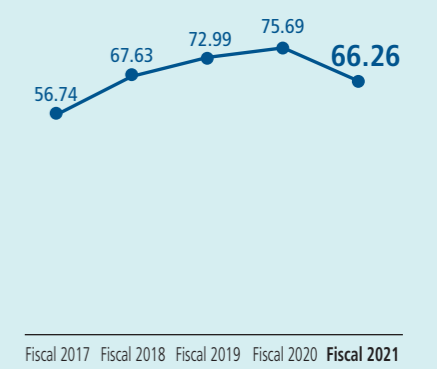
Number of Employees at Year-End (Consolidated)
(Person)



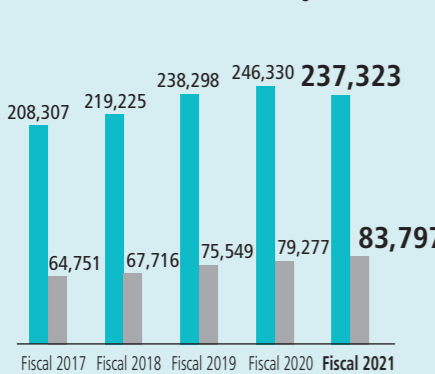
Average Non-scheduled Hours Worked per Month*2
(Hour)



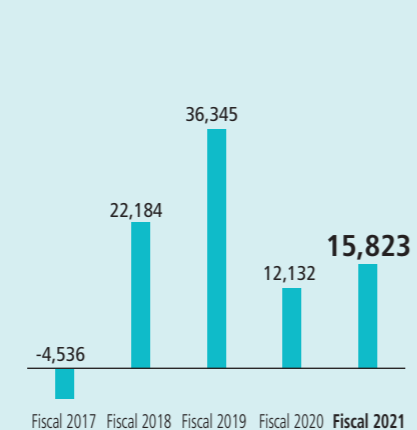
Percentage of Annual Paid Leave Taken*2
(%)



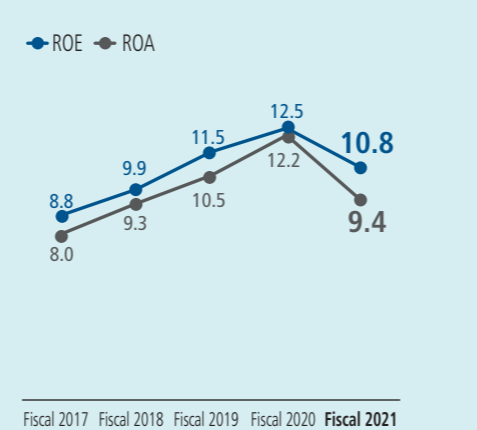
Orders Received during the Term, Order Backlog at Year-End (Software Development) (Millions of yen)



Free Cash Flow
(Millions of yen)



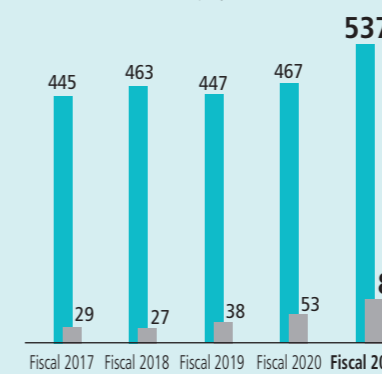
ROE, ROA
(%)



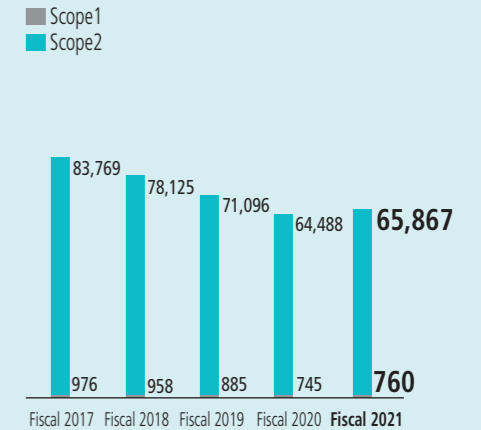
Percentage of female employees in management positions*2
(%)



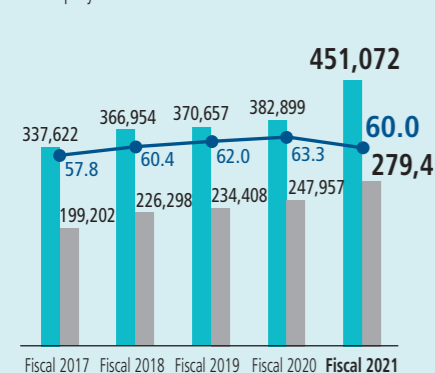
Number of employees on childcare leave*2 (Person)



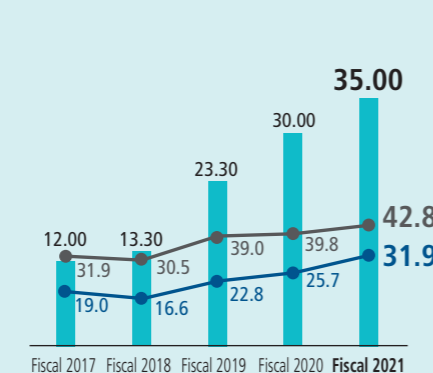
Greenhouse Gas Emissions*3
(Metric tons/MtCO₂e)



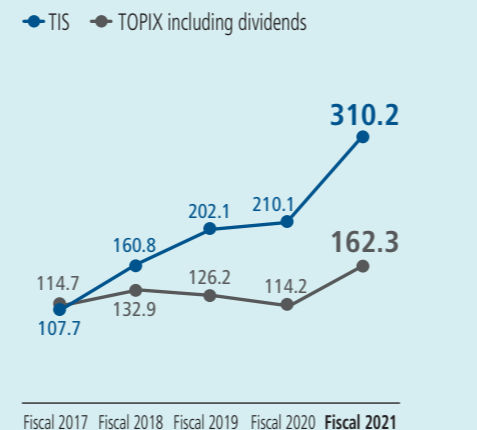
Total Assets, Net Assets, Equity Ratio
(Millions of yen, %)



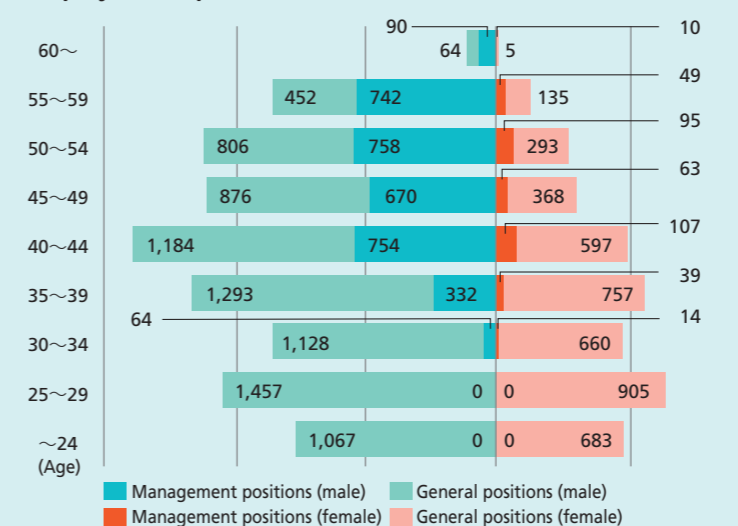
Dividends per Share*1, Payout Ratio, Total Return Ratio (Yen, %)



Total Shareholder Return
(%)



Employee Composition*2 (As of April 1, 2021) (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 are calculated for the TIS INTEC Group's seven principal companies (TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service, and TIS Solution Link).

*3 The figures are calculated for TIS, INTEC, AGREX, QUALICA, AJS, SorunPure, Chuo System, TIS System Service, TIS Solution Link, TIS Tohoku, TIS Total Service, TIS Nagano, TIS West Japan, TIS Hokkaido, and NEOAXIS.

TIS INTEC Group Value Creation Process

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

Management Philosophy	TIS INTEC Group Philosophy OUR PHILOSOPHY	Mission: To brightly color the future as a mover	P.2
Vision	Group Vision 2026 (2026 Corporate ideal) "Create Exciting Future"	Utilizing leading-edge technology and know-how to realize business innovation and market creation	P.26

Management Resources

Diverse workforce

Number of employees (consolidated basis) (As of March 31, 2021)
21,817

High technological capabilities

Ample experience and know-how

Extensive service menu

Aggregate number of solutions (As of March 31, 2021)
About 500

State-of-the-art outsourcing network

Broad customer base

Number of clients (As of March 31, 2021)
About 15,000 companies in Japan

Solid financial position

Net assets (Year ended March 31, 2021)
¥279.4 billion

Equity ratio (Year ended March 31, 2021)
60.0%

Rating (Long-term) (At November 20, 2020)
A/stable

etc

Materiality P.19

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

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

Create a comfortable society through innovation and joint activities

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

Create a safe society through high-quality services

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Enhance corporate governance and earn the trust of society

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

SUSTAINABLE DEVELOPMENT GOALS

Management strategies/asures for sustainable growth

Medium-Term Management Plan (2021–2023)
Be a Digital Mover 2023 P.25

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

Service IT Business P.43

BPO P.44

Financial IT Business P.45

Industrial IT Business P.46

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

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

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

Consulting services
Helping clients use IT to raise business value

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

Contract development style
Provide systems matched to client requirements

Service offering style
Provide services that anticipate client needs

Platform that supports value creation of the Group

Environment P.69
Contribute to decarbonized society and recycling society

Social P.63
Sustainable improvement in stakeholder engagement

Governance P.48
Constantly strive for governance that promotes higher level of trust from society

Secure growth opportunities fueled by trust and fulfilling expectations

Improve value exchange through stakeholder engagement

Help solve social issues through use of digital technology

Value provided to society

Make society's wishes come true through IT.

Economic value (Fiscal 2021)

Net sales **¥448.3 billion**
Operating income **¥45.7 billion**
ROE **10.8%**

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

Community / Society

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



As a mover using digital technology, we will work toward sustainable improvement in the corporate value of the TIS INTEC Group.

Yasushi Okamoto, who assumed the position of president at TIS in April 2021, talks about the new management structure, key points of the new medium-term management plan and his vision for the future.

Yasushi Okamoto, President

Joined Toyo Information Systems Co., Ltd. (now, TIS Inc.) in 1985. After gaining experience as network-based systems engineer and project manager, he was put in charge of corporate planning at TIS and at a Group company, providing insights into ERP and industry-based operations. Most recently, he was responsible for the service strategy sector. He assumed the position of President at TIS in April 2021.

About the new management structure

“We clarified the execution of business activities and the function of governance and started out again under a new management structure.”

TIS introduced a new management structure in April 2021. Our two vice-presidents—Masahiko Adachi and Josaku Yanai—join me as representative directors responsible for the execution of business activities, while Toru Kuwano, who as president before me also held the position of chairman, is now in a non-executive role as chairman and will strive to reinforce the corporate governance structure from the perspective of supervising the business execution that directors perform.

The TIS INTEC Group is a big organization, with more than 20,000 employees. Consequently, to lay out plans that encompass the Group, the management team comprises not only myself and the other two representative directors but also TIS’ executive officers and senior management at each Group company. Final decisions on various issues, such as how we achieve our future vision, are made through careful consideration by top management, but to reach such decisions requires a sufficient level of discussion based on diverse perspectives and positions. We duly acknowledge the function of governance in reaching the right decisions and recognize the connection between governance and building the necessary structure to develop the next generation of corporate leaders. Since assuming my position as president in April, I have had robust conversations and exchanged opinions with the management team, and the new management structure appears to be off to a good start.

As a member of senior management, I will do my utmost to see the TIS INTEC Group post continuous growth and attain higher corporate value, underpinned by four key points: unified Group management, sustainability management, an emphasis on profitability and, an extremely vital factor that supports these first three points, enhanced frontline activities.

About Medium-Term Management Plan (2021–2023)

“We will promote further structural transformation on this second step of our journey toward Group Vision 2026.”

The TIS INTEC Group embarked on a new, three-year medium-term management plan*1 in April 2021. Back in May 2017, TIS announced Group Vision 2026 and defined the image that the Company wants the Group to project under “Create Exciting Future—Utilize advanced technologies and know-how to realize business innovation and market creation.” The previous medium-term management plan was the first step toward achieving Group Vision 2026, and the Group made steady

progress, substantiated in terms of both numbers and strategies, with key financial targets for the final year met a year ahead of schedule and structural transformation moving solidly ahead. We expanded the scope of service-style business*2, which has been tapped as a growth engine, while in core businesses, hinging especially on customized system configuration, we welcomed active client interest in solutions to management concerns and requests for proposals built from a shared vision of the future to address social issues. However, structural transformation of the TIS INTEC Group will never end as long as society continues to change. As the second step on our path to the future, Medium-Term Management Plan (2021–2023) will be a time for us to enhance our value chain with improvement in the value provided in digital transformation—“DX”—services. By engaging in further structural transformation, we will grow the Group and be better positioned to address social issues.

*1 For details on Medium-Term Management Plan (2021–2023), please go to page 25.

*2 Service-style business: Business that delivers an unspecified number of accessible, standardized services to a certain sector/industry instead of customizing configuration and installation of standard formats, including systems, to individual requirements.

“Buddy power and active communication capabilities are essential.”

One of the key points of Medium-Term Management Plan (2021–2023) is, as I mentioned above, enhanced frontline activities. This can be interpreted in various ways, such as strengthening marketing and consulting capabilities to reinforce the frontline, which is our point of contact with clients and society as a whole. But I’m inclined to say it carries the idea of building “buddy power,” that is, strength as a team. This buddy power—between TIS INTEC Group companies and clients and, further, to connections with different business partners and project participants—is vital in our efforts to provide solutions that truly address management issues at client companies as well as emerging social issues. And I believe active communication capabilities are essential to increase buddy power.

The TIS INTEC Group’s biggest strength is its ability to build systems, backed by years of expertise accumulated as a composite systems integrator. In business activities to date, where we build and operate systems tailor-made to client requirements, communication tended to be passive. But we have to be able to anticipate changes in society and changes in client needs and then respond flexibly and with a sense of speed, so it is vital for everyone, from the managerial level, that is executives—including myself and division managers within the Group—all the way to frontline employees, to enhance respective active communication capabilities.

Sustainability Management

“The medium-term management plan is built upon OUR PHILOSOPHY and sustainability management.”

Medium-Term Management Plan (2021–2023) is, of course, based on an underlying universal concept in the Group’s approach to business—the concept of sustainability management*³ hinging on OUR PHILOSOPHY. This—the Group’s basic philosophy—reflects our mission “To brightly color the future as a mover utilizing digital technology.” “Digital technology” speaks to the Group’s technological capabilities, “mover” conveys active progress, and “brightly color the future” is a reference to the availability of choices and options to solve various social issues.

Through sustainability management, the TIS INTEC Group will improve value exchange with stakeholders, which will increase social value—that is, a high level of trust from society—as well as economic value—namely, high earnings for Group companies. In turn, this will facilitate a solid contribution to a sustainable society and continued improvement in corporate value.

Our slogan for Medium-Term Management Plan (2021–2023) is “Be a Digital Mover 2023.” We identified four social issues that we can ameliorate through our business activities. They are financial inclusion, health issues, urban concentration/rural decline and low-carbon/decarbonized society. We also set a target of ¥50 billion in sales from services that provide solutions to social issues*⁴ and made this target one of our key performance indicators. The selection of priority themes and numerical targets exemplifies the deep connection between sustainability and business management.

*³ For details on sustainability management, please refer to page 19.

*⁴ Sales from services that provide direct solutions to social issues of concern to the TIS INTEC Group, which represent a numerical target for managing business growth as part of strategic domain operations.

Key Points of Medium-Term Management Plan

“We will promote DX from a client perspective.”

Medium-Term Management Plan (2021–2023) highlights improvement in the value of DX services provided to clients. DX has various interpretations, but I would define it as a process that cuts through three IT-related layers. The first layer comprises two points that link IT solutions and various systems, and analyze data. The second layer features three types of IT systems used by clients, namely, systems for back-office operations, for front-office operations and for services provided to customers. The third layer represents systems by industry and business format. A single axis—perhaps payment services—runs through these three layers to make operations more efficient and sophisticated.

Anyway, ultimately, we have to promote the necessary embrace of DX from a client perspective. For example, if we apply our ERP-related business*⁵ to these three layers, various DX opportunities are possible, such as enhancing financial analysis from back-office systems, elevating the level of customer support using data analysis from front-office systems, and then drawing on this know-how to create services matched to industry and format. We would actively and repeatedly test hypotheses on issues of real concern to our clients, sift through the results and make proposals, and take responsibility for the process until the issues that concern our clients have been resolved. By maintaining this approach, we expect to significantly improve the value of the DX services we provide.

*⁵ ERP (Enterprise Resource Planning): Integrated system for mission-critical operations that centrally manages business resources and information needed to execute mission-critical business activities.

By engaging in further structural transformation, we will grow the Group and be better positioned to address social issues.

“We will accelerate efforts to help solve social issues through our business activities.”

Over the course of Medium-Term Management Plan (2021–2023), we will continue diligent efforts to expand systems integration activities in the Group’s core segments—Financial IT Business, Industrial IT Business and Service IT Business—while positioning service-style businesses, hinging on payment services, as a growth engine.

As a group, we are developing demand for PAYCIERGE, a digital payment settlement platform that draws on expertise accumulated in systems integration, and provides services needed for all kinds of cashless retail payments. Going forward, we will focus our energy on establishing a new pillar of revenue with the debut of CreditSaaS*⁶, which is currently still in preparation. Also, in the healthtech sector, we have already started promoting Healthcare Passport—a platform that provides health information—through a university hospital, and we will leverage activities to grow this services into a business of national scale. Through local currency verification trials in Fukushima Prefecture and a marketing push to local hospitals using the client base of TIS INTEC Group companies, our cashless payment services and efforts to address healthcare issues have the potential to contribute to regional renaissance.

Looking to the future, we are also directing effort into artificial intelligence (AI) and robotics. Currently, we are developing RoboticBase*⁷, which utilizes data analysis and integration know-how accumulated through systems configuration, and we are keen to leverage the service robot integration business hinging on RoboticBase. Expectations are high for the dynamic use of service robots, which do the work of humans across a broad spectrum of service sectors, from security patrols to cleaning jobs. This is because service robots are a solution to a pressing social issue—the labor shortage caused by a low birthrate and a greater proportion of seniors in the population. We are making steady progress on projects that will facilitate practical use of robots in society, including verification tests in July 2021 on a conveyance service using autonomous mobile robots under a joint project with the University of Aizu in Fukushima Prefecture.

*⁶ CreditSaaS: SaaS-type service that maximizes technology and know-how in mission-critical systems for credit card operations to provide all aspects of the environment required for the credit card issuing process. Official name: Credit processing service (<https://service.paycierge.com/solution/credit-processing-service/>) (Japanese only)

*⁷ RoboticBase: A platform for realizing integrated control of multiple service robots and supporting communication among robots, sensor-equipped environments and people.

Human Resources Strategy

“We will improve the work environment to create a more comfortable, free-and-open atmosphere for employees.”

Groupwide, the most valuable management resource we have is without a doubt our people. Boosting employee performance will be the driving force that fuels future growth of the TIS INTEC Group. Toward this end, we will continue to take a robust approach to strategic initiatives that support the development of human resources.

In the Tokyo area as of 2021, we have a two-point core office system. The business functions of TIS and INTEC have been transferred and centralized at the new Toyosu Office, in Koto-ku, while corporate functions for both companies are now executed at the Nishi-Shinjuku Office. Of note, the Toyosu Office features collaboration rooms, where outside participants meet with in-house staff on joint projects, and the Group’s advanced technology is accessible everywhere. Our goal is to enhance communication synergy between groups in a free-and-open, comfortable working environment.

Going forward, legal compliance and heightened security will be priorities, of course, and we will create a structure that enables employees to pursue their duties with greater freedom of thought. We will shape an ideal organization matched to prevailing conditions, such as a changing business environment, and constantly improve our human resources system. Over the past few years, TIS has made steady progress in building a comfortable working environment. Looking ahead, we will deepen communication by encouraging one-on-one meetings and other approaches to performance management that link social contribution through business with self-realization goals by employees. Also, with an eye to the future, we are moving ahead with preparations to introduce a new personnel evaluation program in the next fiscal year, ending March 31, 2023.

For progressive measures at TIS and companies under the Group umbrella to permeate groupwide, we must share best practices at a practical level through such structures as a Group human resources liaison committee. At the same time, the executive team, which includes me, will actively pursue opinion exchange through such opportunities as the Group Presidents’ Committee. These approaches will enhance human resources programs on a groupwide basis and create a productive and comfortable work environment.



Growth Investment

“We will undertake growth investment of about ¥100 billion over three years.”

The TIS INTEC Group is engaged in structural transformation, a process that will fuel further growth. Robust investment is indispensable to this process. Therefore, we have earmarked ¥70 billion for M&A (capital contributions) over the three years of Medium-Term Management Plan (2021–2023) along with investment of ¥30 billion to reinforce in-house capabilities, for a total of ¥100 billion.

Our M&A policy seeks to build on channels and technology by strengthening our alliances with awesome partners and accelerating business growth. In particular, mutual understanding is indispensable to alliances on the channel front, keeping in mind the possibility of that company becoming part of the TIS INTEC Group in the future. For this reason, we start off with a minor capital contribution and business alliance, deepen the relationship over time and, based on this, if we see the potential for reciprocal, long-term development of our relationship, we increase our equity stake. The key factor in this decision is whether or not management at the target company embraces the concepts of OUR PHILOSOPHY in the same way we do.

To reinforce in-house capabilities, our emphasis will be on software investment in growth domains, such as payment and healthtech service-type businesses, R&D investment, particularly R&D in AI, robotics and molecular computers, in addition to human resources investment to enhance the skills of our people.

To Our Stakeholders

“We will work toward the creation of a more pleasant (comfortable and convenient) society.”

Since my appointment to the position of president was decided on, I have set up as many opportunities as possible to convey my thoughts on business and my picture of the future directly to directors and employees throughout the Group. I wanted to put into practice the idea of independence and autonomy.

The future TIS INTEC Group that I see is one where we demonstrate our composite strength as a systems integrator and always work to find solutions to social issues and thereby contribute to the realization of a happy society. I may be repeating myself but this picture of the future will be built on free and open discussion and communication within the Group and also with external experts and associates. This extends to our stakeholders as well. To fulfill our role as a public entity, we must present opportunities to talk about the future that we shape with a diverse group of stakeholders free of bias. Guided by OUR PHILOSOPHY, we will strive to achieve sustainable improvement in the corporate value of the Group and enhance value exchange with our stakeholders as a mover utilizing digital technology. On this journey, I ask for your continued support and cooperation.

We will leverage high-added-value business and accelerate solutions to social issues through our business activities.

Josaku Yanai, Representative Director, Executive Vice-President

We are right now in the midst of great change. Key factors include environmental issues, demographic changes, progress in digital technology, and a major reimagining of workstyles, kindled by the COVID-19 pandemic, and against this backdrop, companies in many industries have been rethinking—transforming—the way they do business. Many of our clients saw an urgent need to revamp business processes and business models under the new normal, and we saw an increase in requests for advice on what to do.

In this business climate, the TIS INTEC Group naturally strives to fulfill its mission to support key social infrastructure through daily business activities. But efforts do not stop there. By providing new value to clients and to society, the Group will firmly meet its obligation to contribute to a comfortable society.

The themes that we must address are diverse, from building trust and a track record in the DX domain, based on accumulated system integration IT configuration capabilities, as well as further progress in service-style business in the payment settlement area, which is our biggest strength, and wider value chain connections on a global scale. These themes are vital to the achievement of our mission to contribute to the success of our clients and the creation of a better society as a mover using digital technology.

We will establish a solid management platform that supports business growth and forge ahead as a sustainable corporate group.

Masahiko Adachi, Representative Director, Executive Vice-President

With the TIS INTEC Group pushing ahead on structural transformation to achieve Group Vision 2026, it is vital to maintain robust prior investment that connects new businesses and other pursuits to future growth. Improving profitability and faithfully meeting expectations on return to shareholders are also important, and it goes without saying that a much more resilient financial position is indispensable to these objectives. Going forward, we will continue to promote management practices from a capital cost perspective, covering such issues as investment management and risk control. In addition, we will strive for harmony with society, from a long-term perspective, with initiatives targeting the environment, climate change and human rights—urgent themes for society overall—and we will realize a higher level of management that meets the demands of society. Through these efforts, we will solidly meet the rising expectations placed upon a corporate group that embodies sustainability.

Fiscal 2022 Group Management Direction

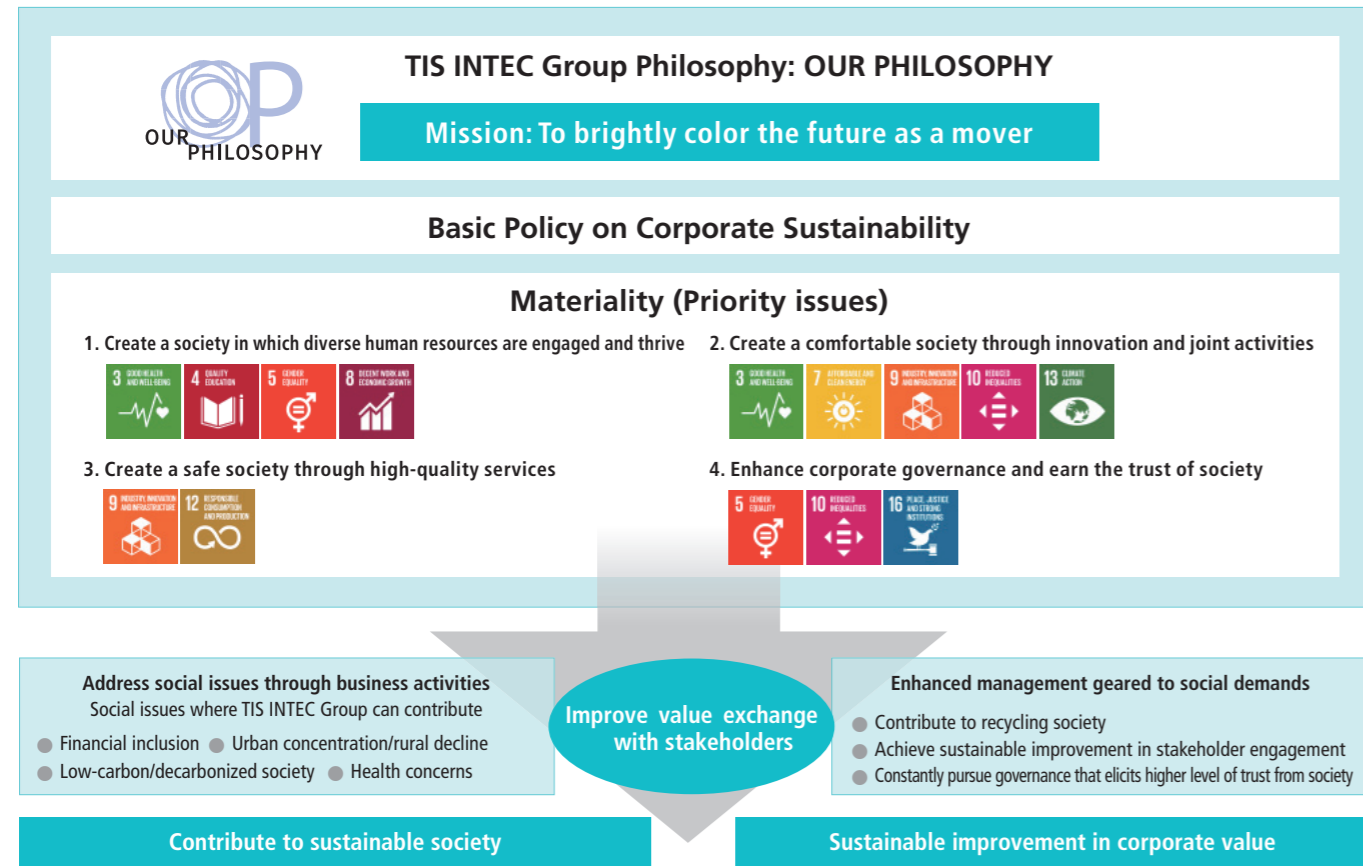
1. Leverage initiatives to improve corporate value and value provided to society through sustainability management
2. Reinforce efforts to make services more high-value-added through productivity innovation and improvement in value provided in DX services
3. Firmly maintain financial health while emphasizing growth investment to enhance ability to provide DX value
4. Leverage growth strategy seeking to become top-class IT group in ASEAN regions and cement strong governance
5. Constantly boost employee motivation and develop human resources brimming with diversity to fuel DX shift



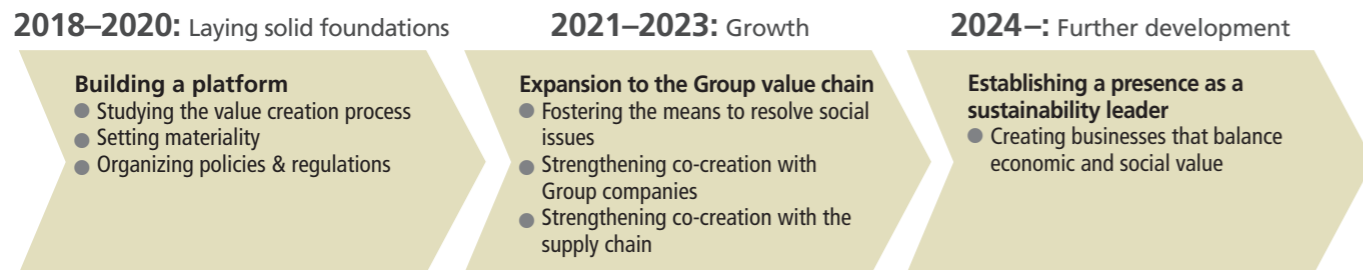
Captions
Yasushi Okamoto, President (center)
Masahiko Adachi, Representative Director,
Executive Vice-President (left)
Josaku Yanai, Representative Director,
Executive Vice-President (right)

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 the Group's sustainability promotion activities



Collaboration with initiatives

The Group participates in various initiatives aimed at promoting sustainability

Notably, the Group signed on to the U.N. Global Compact and was registered as a participant as of July 19, 2018.

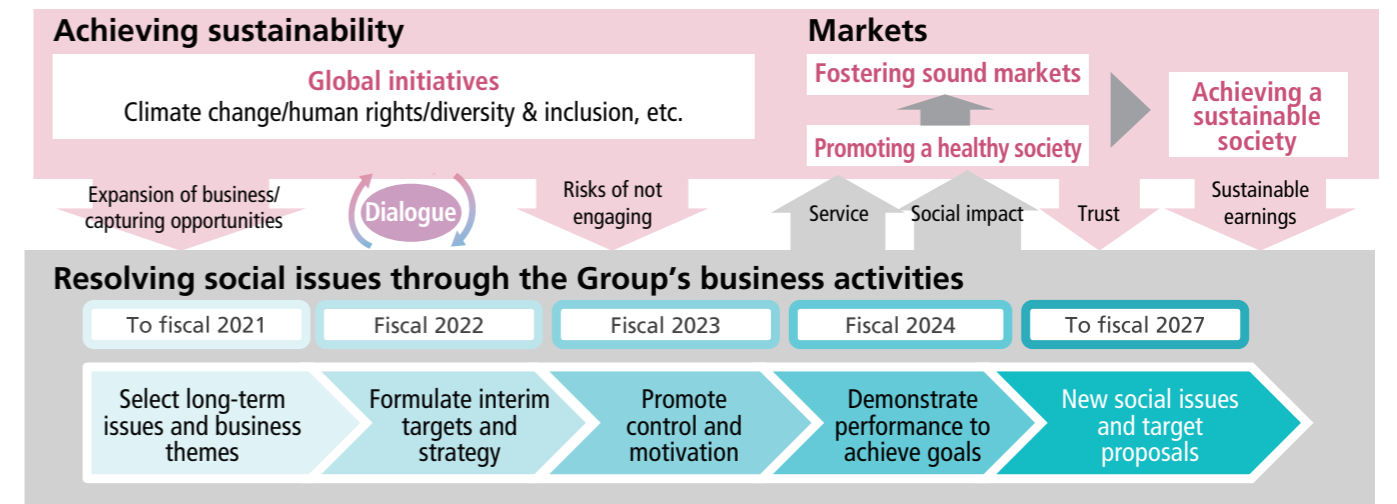
Acting in accordance with the 10 principles in the four areas of human rights, labor, the environment, and anti-corruption set forth in the Compact, we encourage every employee to get involved in fulfilling our corporate social responsibilities and promote activities that support sustainable social development.



The Group will accelerate creating shared value (CSV) management, which integrates corporate activities with action to improve social sustainability, by placing the expansion of services that contribute to the resolution of social issues at the core of its business growth strategy and addressing social issues from a global perspective.

Resolving 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.



Enhancement of management in response to social needs

Advancement of management as a unified Group

We aim to improve the quality of management by introducing data-driven management methods for non-financial matters.

- We will establish a quantitative management system for non-financial information as well as financial capital to efficiently link all the capital of the Group to earnings.
- We will enhance motivation for environment, social and governance (ESG) promotion by introducing KPI's for non-financial metrics in the Group's organizational assessment.

Integration of sustainability promotion and management

The Medium-Term Management Plan (2021–2023) will focus on the following three areas.



Reporting on the TIS INTEC Group Human Rights Policy

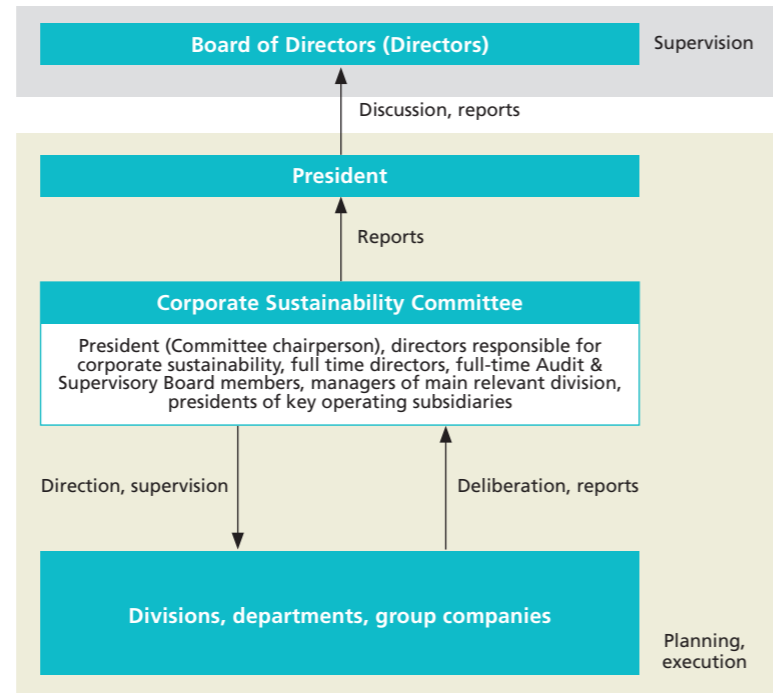
As part of the Group's work to identify and rectify negative changes in society, we formulated and released the TIS INTEC Group Human Rights Policy in May 2021 to promote initiatives in line with the United Nations' Guiding Principles on Business and Human Rights. (https://www.tis.com/group/sustainability/social/human_rights/)

In accordance with this policy, the Group will conduct human rights due diligence and report on progress in its Integrated Report and on the Group's website. It will also engage in broad dialogue with stakeholders to contribute to the realization of people's happiness and a sustainable society in the future.

Sustainability promotion system

We have established a management structure centered on the Corporate Sustainability Committee, which is chaired by the President, to promote corporate sustainability activities throughout the Group.

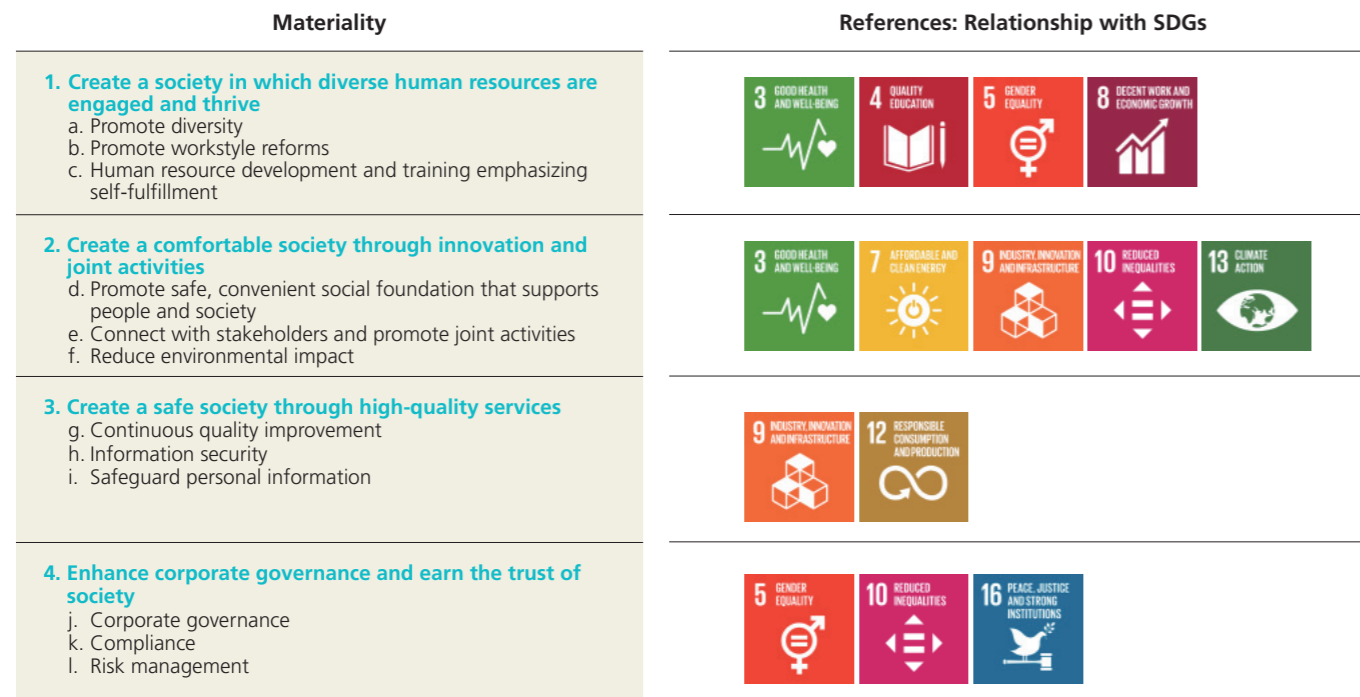
The Committee is responsible for planning and promoting the Group's sustainability activities and materiality (human resource management, stakeholder engagement, environmental conservation, human rights, quality management, corporate governance and related issues). The Corporate Communications Office was established to serve as the secretariat to ensure smooth operation.



Materiality (key issues) for the TIS INTEC Group

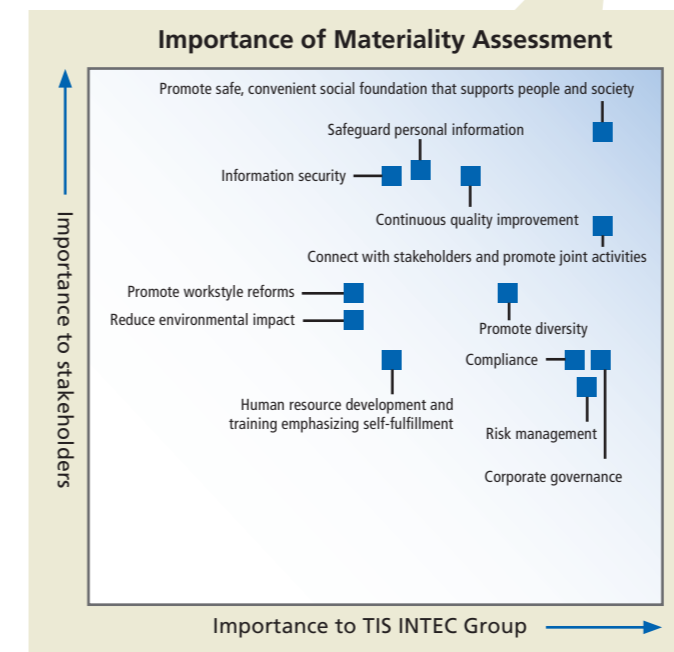
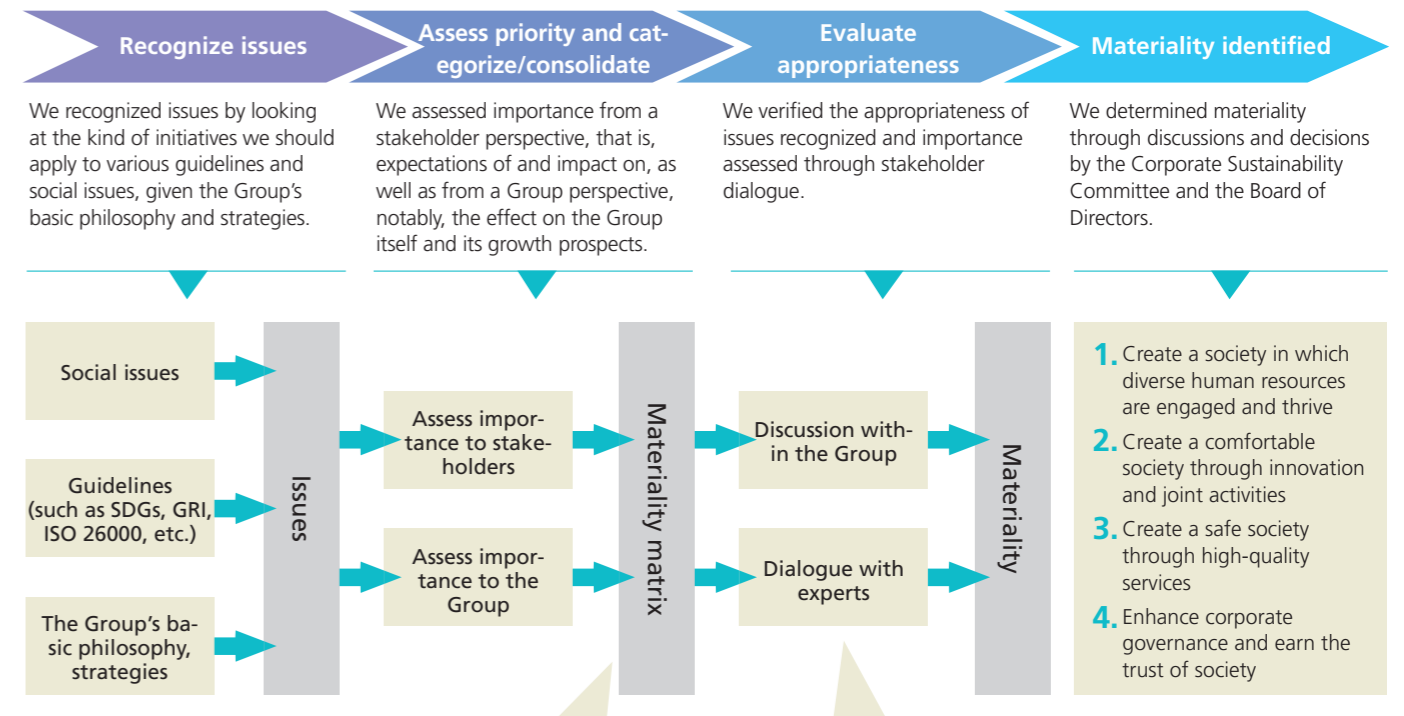
To strengthen measures for corporate sustainability, TIS identified materiality as a key issue for the Group in fiscal 2019, and clarified priority themes where efforts would be focused, considering stakeholders' expectations of us, our impact on society, and the Group's strength.

The Group will promote materiality measures and contribute to the solution of social issues and achievements of the related United Nations' Sustainable Development Goals (SDGs) through our corporate and business activities.



Please visit the following page for details of our activities related to materiality: <https://www.tis.com/group/sustainability/materiality/>

Identifying Materiality



Expert Feedback (Dialogue with experts)

"The Group is responding in a well-balanced manner to stakeholders' expectation. We validate that the process they use to identify materiality is logical."
"Areas in which we witnessed application of more sophisticated measures was in the continual examination of society both retrospectively and from a future long-term perspective."

Please visit the following page for details of dialogue with experts: <https://www.tis.com/group/sustainability/materiality/#dia>

Sustainable Development Goals

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



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 2013–Fiscal 2015	Fiscal 2016–Fiscal 2018		
	Brave Steps 2014	Beyond Borders 2017		
	Greater sense of solidarity	Portfolio management		
Theme	Overall optimization of the Group and greater sense of solidarity	Portfolio management, in a project sense, blending exceptional businesses and key strengths into a single approach		
Basic Concept/ Medium-Term Management Direction	<ul style="list-style-type: none"> Top-line emphasis as One Company Enterprising and bold ⇒ Embrace reforms. Expect full-fledged V-shaped recovery to get back on growth trajectory.	<ul style="list-style-type: none"> Profit emphasis IT brain Portfolio management ⇒ Set ROE as key performance indicator and strive for improved corporate value and sustainable growth		
Key indicators	Fiscal 2015		Fiscal 2018	
	Estimates	Actual	Estimates	Actual
Net sales	¥350 billion	¥361 billion	¥400 billion	¥405.6 billion
Operating income	¥25 billion	¥21.1 billion	¥30 billion	¥32.7 billion
Operating margin	Above 7%	5.9%	7.5%	8.1%
ROE	7.5%	6.0%	8.0%	9.9%
Policy on return to shareholders	Strive for payout ratio of 30%		Strive for total return ratio of 35%	
Payout ratio	25.6% in fiscal 2015		16.6% in fiscal 2018	
Total return ratio	30.4% in fiscal 2015		30.5% in fiscal 2018	
Reference: Average annual growth rate over three years				
Net sales	+3.3%		+4.0%	
Operating income	+10.6%		+15.7%	
Major priorities in group management	<ul style="list-style-type: none"> Promote new Group formation Cultivate shared spirit that permeates groupwide Lay resilient financial base to facilitate prior investment activity Streamline and centralize corporate functions Reinforce product brands and corporate image 	<ul style="list-style-type: none"> Integrate/centralize shared functions with the Group ⇒ Make office procedures more efficient, enhance capital and asset efficiency, raise Group profile, and cultivate corporate culture with sense of solidarity Realize higher level of administrative management ⇒ Promote management with profit emphasis, work to enhance accounting, taxation, finance reporting, and implement Group personnel strategies 		
Key reflections	<ul style="list-style-type: none"> Pushed ahead on building unique and obvious strengths (growth engines) and linking strengths, as well as concentrating capabilities into core businesses. Achieved net sales target but failed to hit operating income target as issues continued to sideline efforts to prevent projects from becoming unprofitable and efforts to boost productivity. Progress on approaches to achieve evolution in services and globalize operations fueled expansion in scope of business activities but not enough to create business with revenue-source potential. Realized certain degree of success with measures to restructure operations and reinforce cooperation across business lines. This included turning AGREX Inc. into wholly owned subsidiary. Also unified Group brand to underscore integrated group management, but more extensive approach needed for overall optimization. 	<ul style="list-style-type: none"> Expansion in value-added creation style services, along with assignment solution style services geared to client requests, fueled growth. Shift to market-cultivating style services requires faster responses. Profitability steadily improving, and efforts to control unprofitable projects showing results. But low-level control still required. Transition to operating holding company structure and steady implementation of measures, including business realignment, office consolidation and improved capital efficiency, to achieve overall optimization of the Group. Made progress in cultivating corporate culture with sense of solidarity through design of single logo and creation of Group vision. To achieve sustainable growth and improved corporate value, prioritized structural transformation and establishment of resilient management platform through additional reforms within the Group in anticipation of major changes in society. 		

Fiscal 2019 – Fiscal 2021

Transformation to 2020

Achieve structural transformation as a unified corporate group and lead efforts to provide solutions to social issues

Net Sales

¥430.0 billion (Fiscal 2021 Medium-Term Management Plan Estimate) → ¥448.3 billion (Fiscal 2021 Actual)

Average annual growth rate over three years: **+3.4%**

Operating Income

¥43.0 billion (Fiscal 2021 Medium-Term Management Plan Estimate) → ¥45.7 billion (Fiscal 2021 Actual)

Average annual growth rate over three years: **+11.8%**

Operating Margin

10.0% (Fiscal 2021 Medium-Term Management Plan Estimate) → 10.2% (Fiscal 2021 Actual)

Comparing to fiscal 2018: **+2.1pt**

ROE

12.0% (Fiscal 2021 Medium-Term Management Plan Estimate) → 10.8% (Fiscal 2021 Actual)

Compared to fiscal 2018: **+0.9pt**

* Hit 12.5% in fiscal 2020, exceeding estimate

Strategic Domain Ratio

50% (Fiscal 2021 Medium-Term Management Plan Estimate) → 51% (Fiscal 2021 Actual)

Compared to fiscal 2018: **+16pt**

Basic Policy	Overview of Measures	Review and Acknowledgment of Issues
Sustainable profit growth	<ul style="list-style-type: none"> Created structure with sustainability emphasis, raised ESG status (selection to FTSE) Firmly established activities to underpin Group productivity and innovation and eliminate losses Increased management efficiency through reduction in cross-shareholdings, improved ROE and reached return-to-shareholders target 	<ul style="list-style-type: none"> Balance profit growth and return to shareholders Shape sustainability management into mechanism for realizing solutions to social issues through business activities Pursue more sustainable profit growth by enhancing portfolio management
Emphasis on employee self-fulfillment	<ul style="list-style-type: none"> Established TIS INTEC Group basic philosophy OUR PHILOSOPHY, took robust approach to instill concept Drafted personnel manifesto, promoted measures to motivate employees Improved recognition through aggressive brand investment, had positive impact on employee engagement as well 	<ul style="list-style-type: none"> Pursue unified Group management based on TIS INTEC Group basic philosophy Realize new workstyles and improve brand image Enhance efforts to improve employee engagement through investment in education and measures aimed at enhancing the skills of human resources
Concentrate on core businesses	<ul style="list-style-type: none"> Strengthened initiatives to promote strategic domain restructuring Improved profitability through enhancement and reform, wider offshore activities and order profitability management Pursued selective R&D investment to underpin structural transformation of businesses Accelerated venture investment through CVC program 	<ul style="list-style-type: none"> Boost profitability through further improvement in productivity Urgent need to develop another growth engine besides payment services Against keen interest in DX from clients, must strive to reinforce ability to provide DX value
Shift to prior investment style of business development	<ul style="list-style-type: none"> Heightened approach to upfront investment, particularly into payment service domain and global operations Actively promoted investment in human resources and measures to improve brand value Introduced management indicators, such as ROIC, to strengthen investment discipline 	<ul style="list-style-type: none"> Drive profit from Service IT Business higher by strengthening business, hinging on payment services Boost investment and service management to higher level
Expand global business	<ul style="list-style-type: none"> Accelerated investment based on growth strategies to build a top-class IT corporate group in ASEAN region Turned MFEC, a leading provider of IT solutions to enterprises in Thailand, into consolidated subsidiary 	<ul style="list-style-type: none"> Manifest successes faster, such as creation and expansion of IOS and FCB operations, through joint efforts with investment targets Reinforce governance/management of expanding global business

Moved forward on strategic domain restructuring and posted profit growth, but only halfway toward monetizing Service IT Business and achieving qualitative structural transformation through new pillars of business.

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.

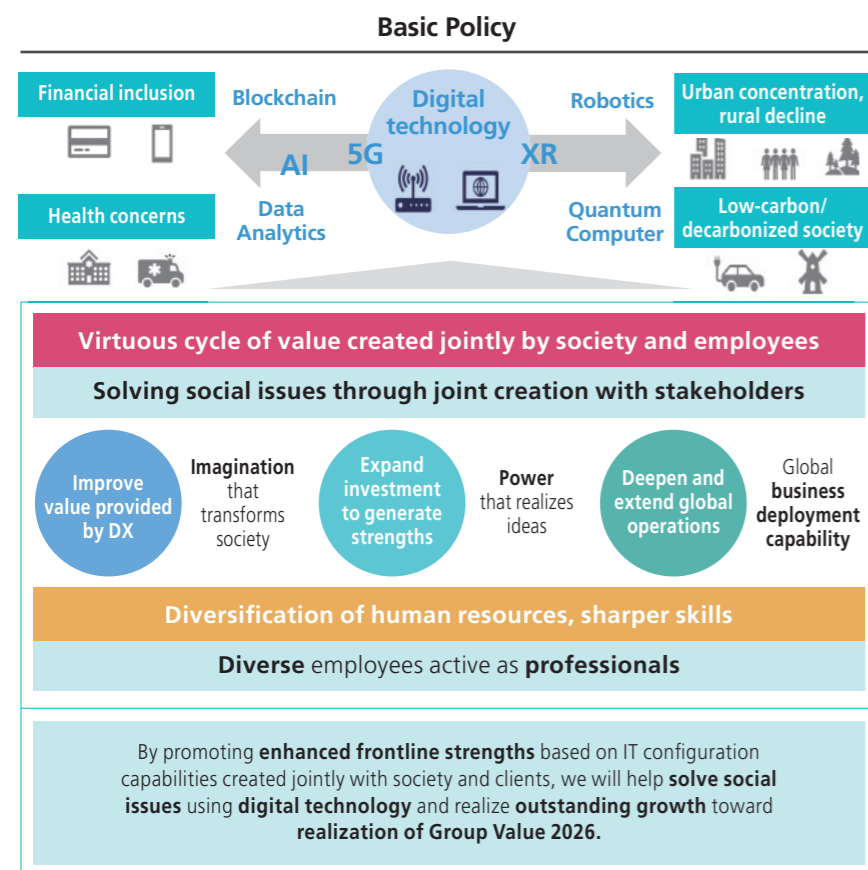
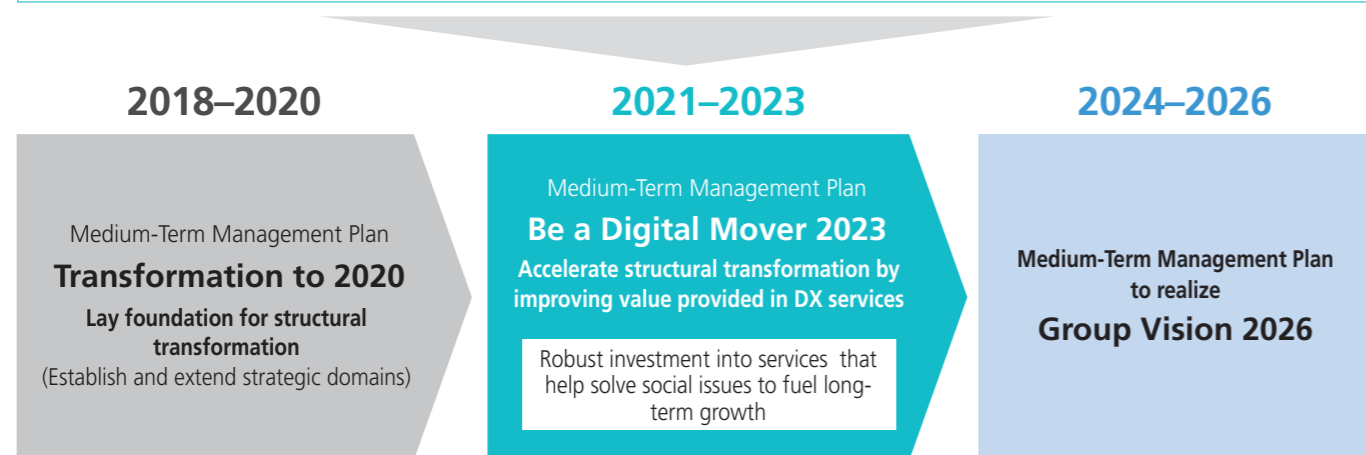


Medium-Term Management Plan (2021–2023) is the second step on our journey to reach Group Vision 2026. This three-year period will be a time for us to enhance our value chain by improving the value provided in DX services and for promoting further structural transformation. Our goal is to grow the Group and be better positioned to address social issues.

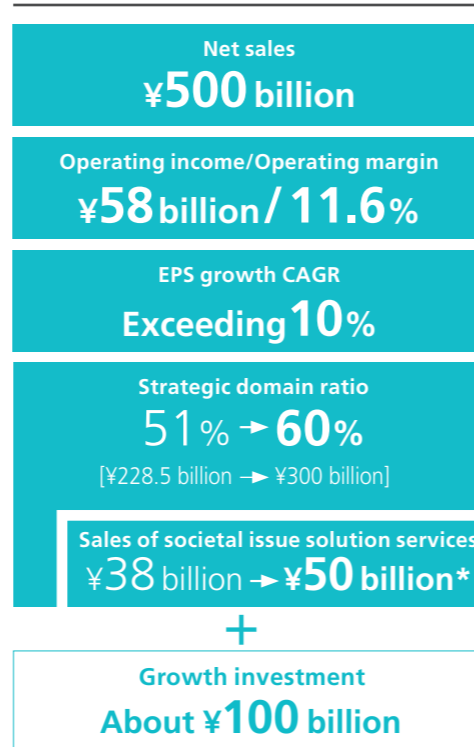
Be a Digital Mover 2023

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



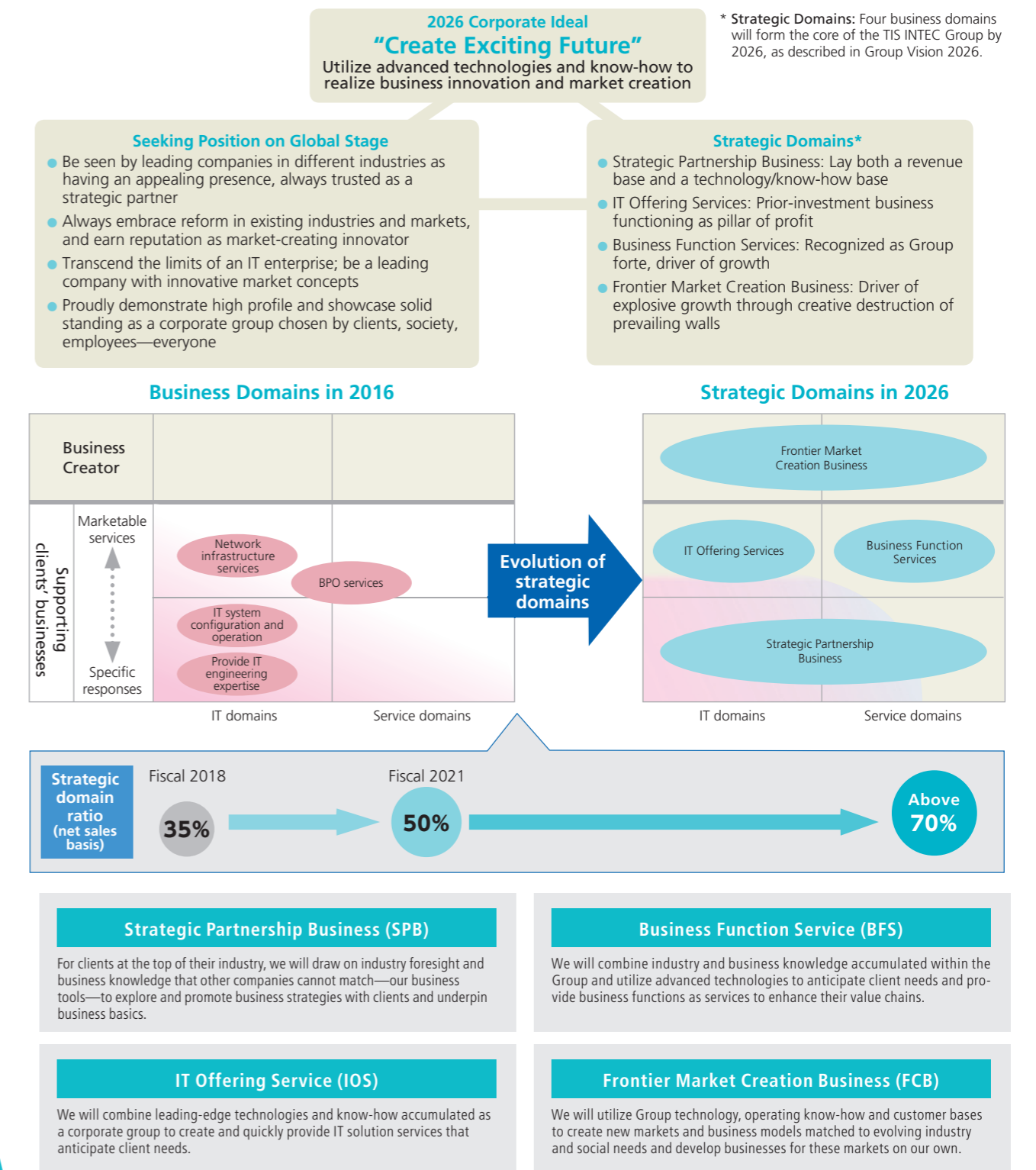
Key Performance Indicators



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

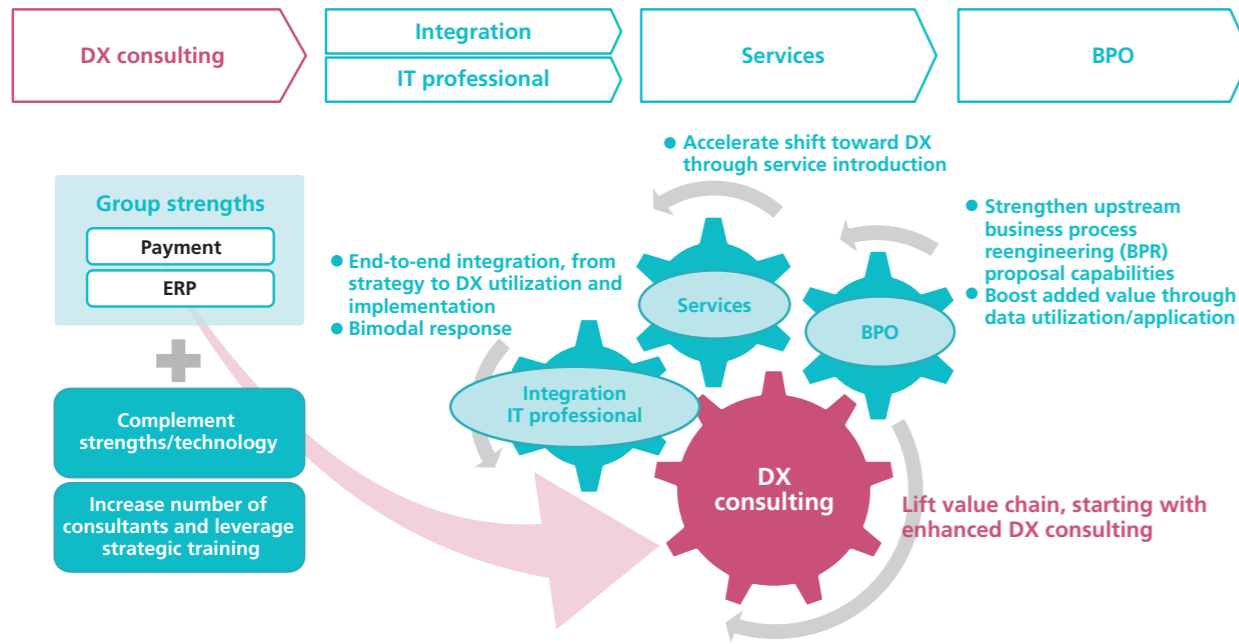
Group Vision 2026

Taking advantage of the shift to an operating holding company in July 2016, TIS drafted a new group vision that imagined the Group in 2026 to combine the capabilities of Group executives and employees alike and take corporate value to new heights. "Create Exciting Future" embodies the corporate ideal we see for ourselves in 2026 as we work toward innovation in business using leading-edge technology and know-how and create new markets. We want clients to think of us as a strategic partner, and we will always embrace reform in existing industries and markets and be a market-creating innovator.

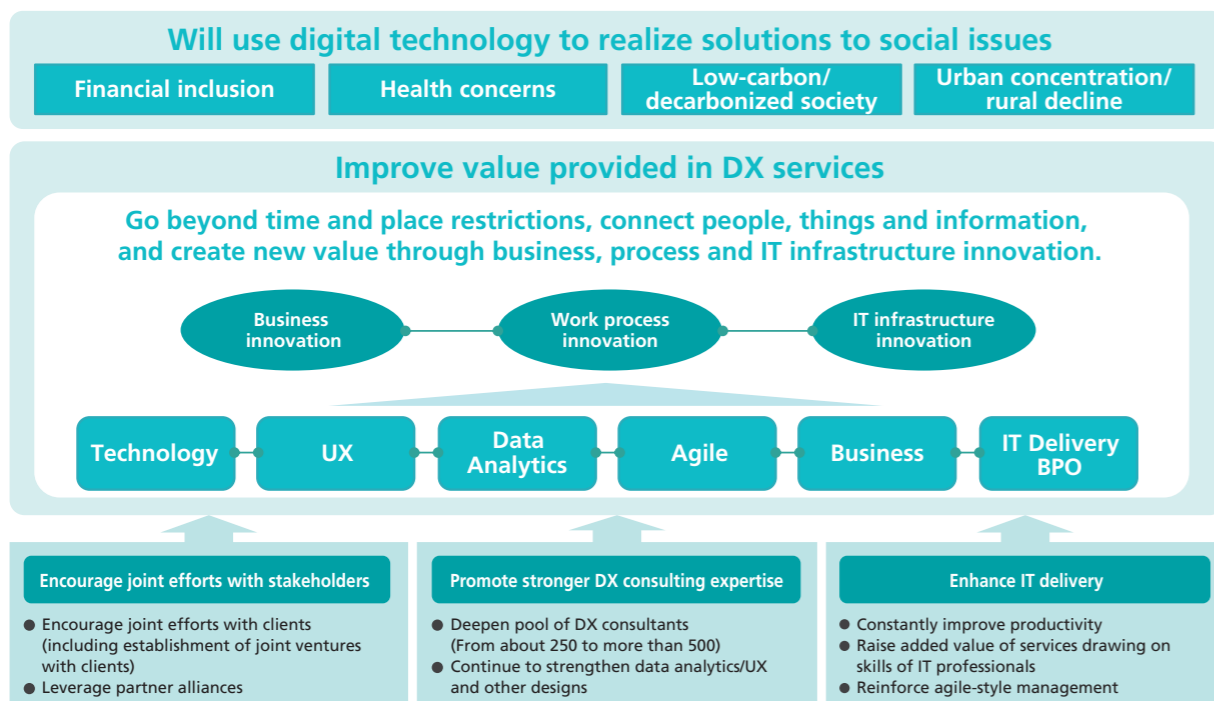


DX Business Strategy

Our mission is to fill the future with vibrant colors as a mover using digital technology. To give shape to this mission, we will provide integrated value covering everything from strategic proposals that address issues faced by clients and society as they embrace digital technology to implementation of the required solutions.

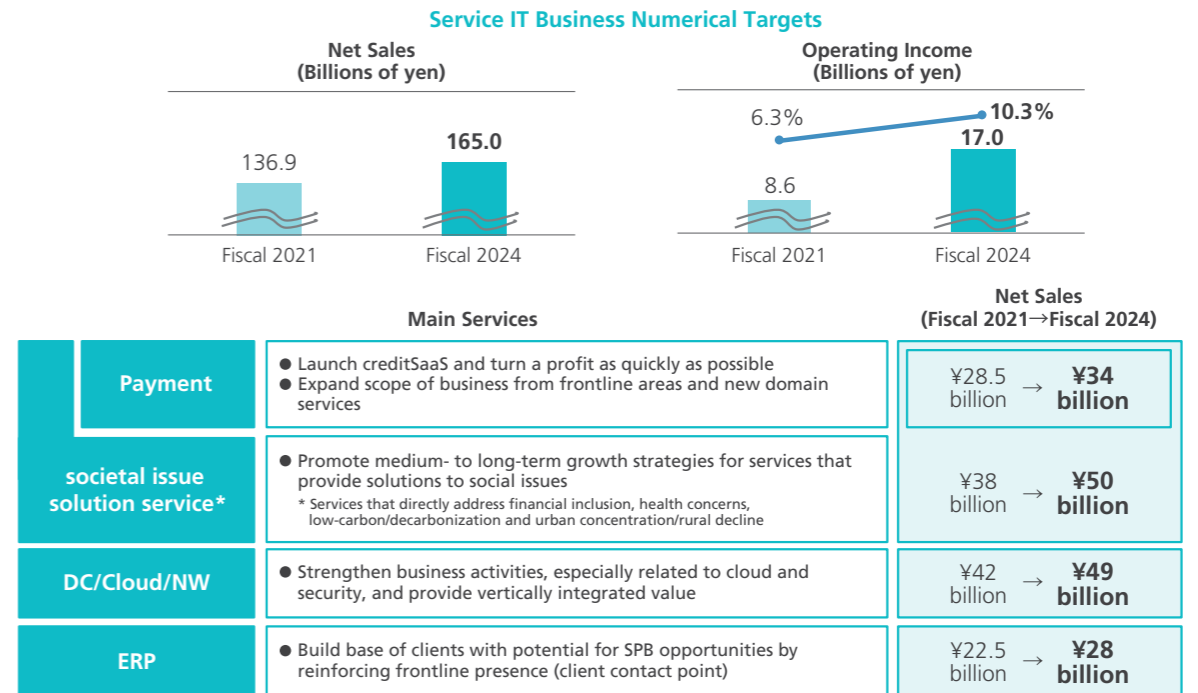


To improve the value provided in DX services, we will encourage joint efforts with stakeholders and promote stronger DX consulting expertise.



Business Strategy for Service IT Business

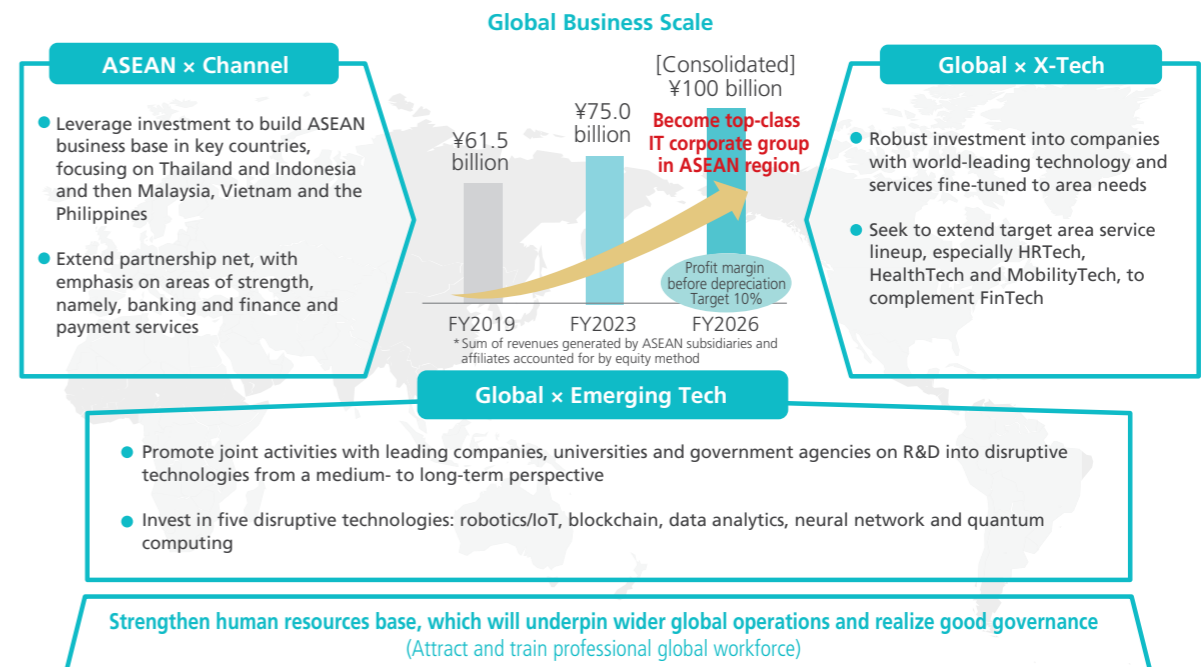
In addition to growth in the payment service domain, we will selectively allocate management resources to areas of focus and strive to improve profitability across service operations through enhanced management practices.



Related page: "Activities under Medium-Term Management Plan, Payment Business Strategies" P.39

Global Business Strategy

We will strengthen our alliances with partners in each ASEAN country and utilize leading-edge technologies as well as disruptive technologies to expand demand for IT offering services and frontier creation business.

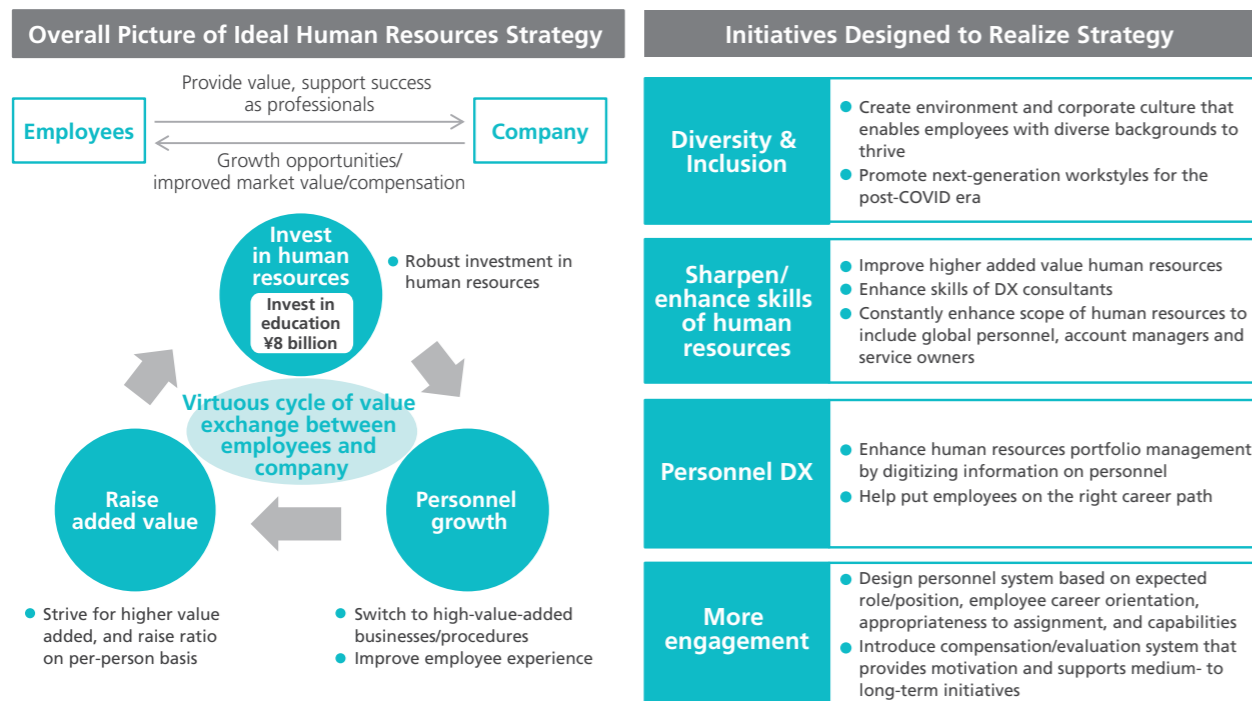


Related page: "Activities under Medium-Term Management Plan, Global Business Strategies" P.41



Human Resources Strategy

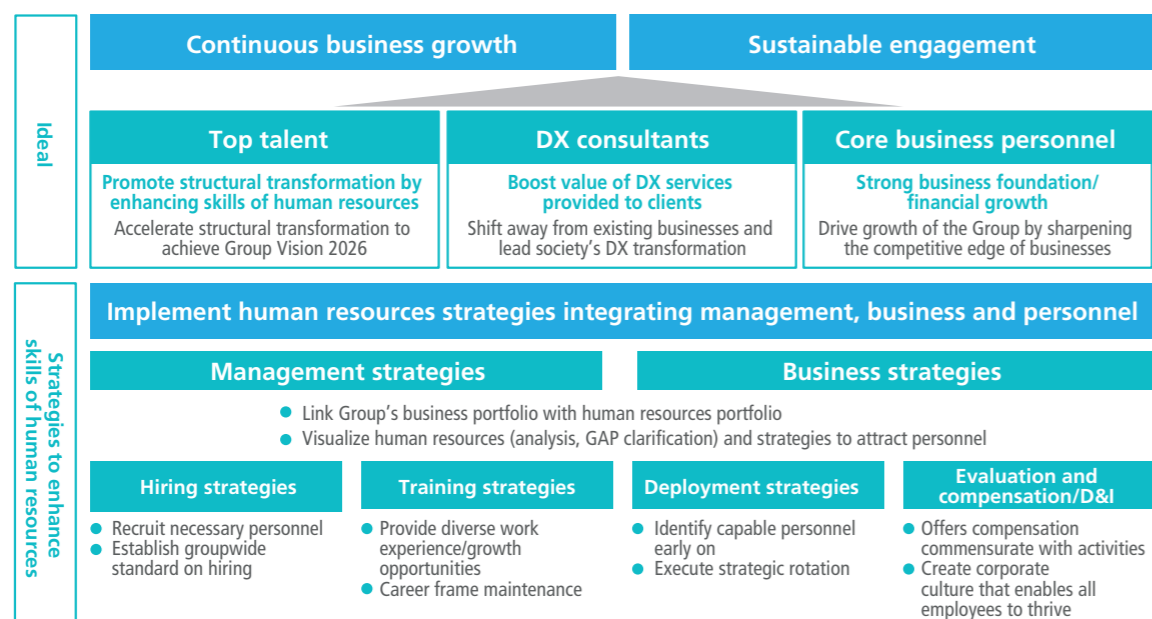
We will promote a human resources strategy focused on diversification of the corporate population and efforts to sharpen the skills of individuals to achieve continuous improvement in value exchange between employees and company.



Improve Value Exchange between Employees and Company—Sharpen Skills and Drive Expertise Higher

We aim to shift our focus toward businesses that offer greater value to clients and will draft strategies that integrate management, business and human resources.

We will look at our future business portfolio to ascertain the status of top talent, DX consultants and core business personnel, specifically, to confirm that we have the right number of people needed to meet anticipated market demand. If necessary, we will seek top talent from outside the Group, encourage human resources with excellent capabilities to consider a career shift through training and reassignment, and leverage multifaceted strategies to maximize potential and raise the caliber of human resources.

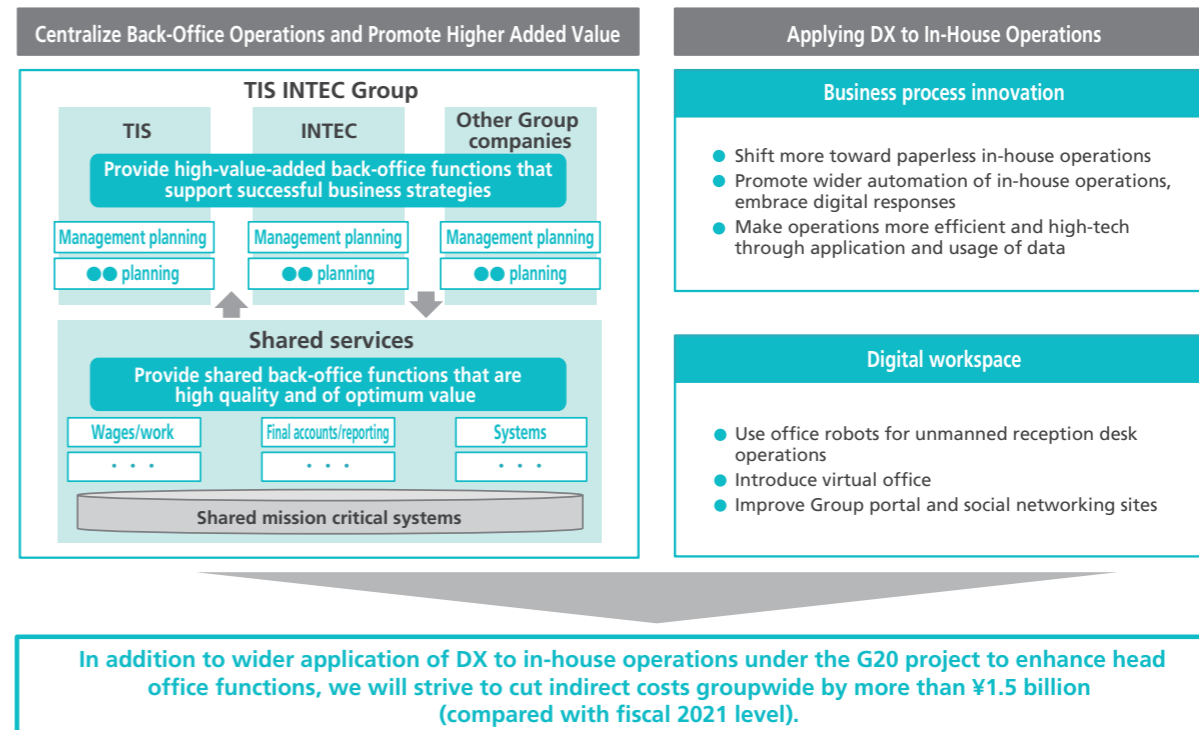


Related page: "Engagement with Employees" P.63

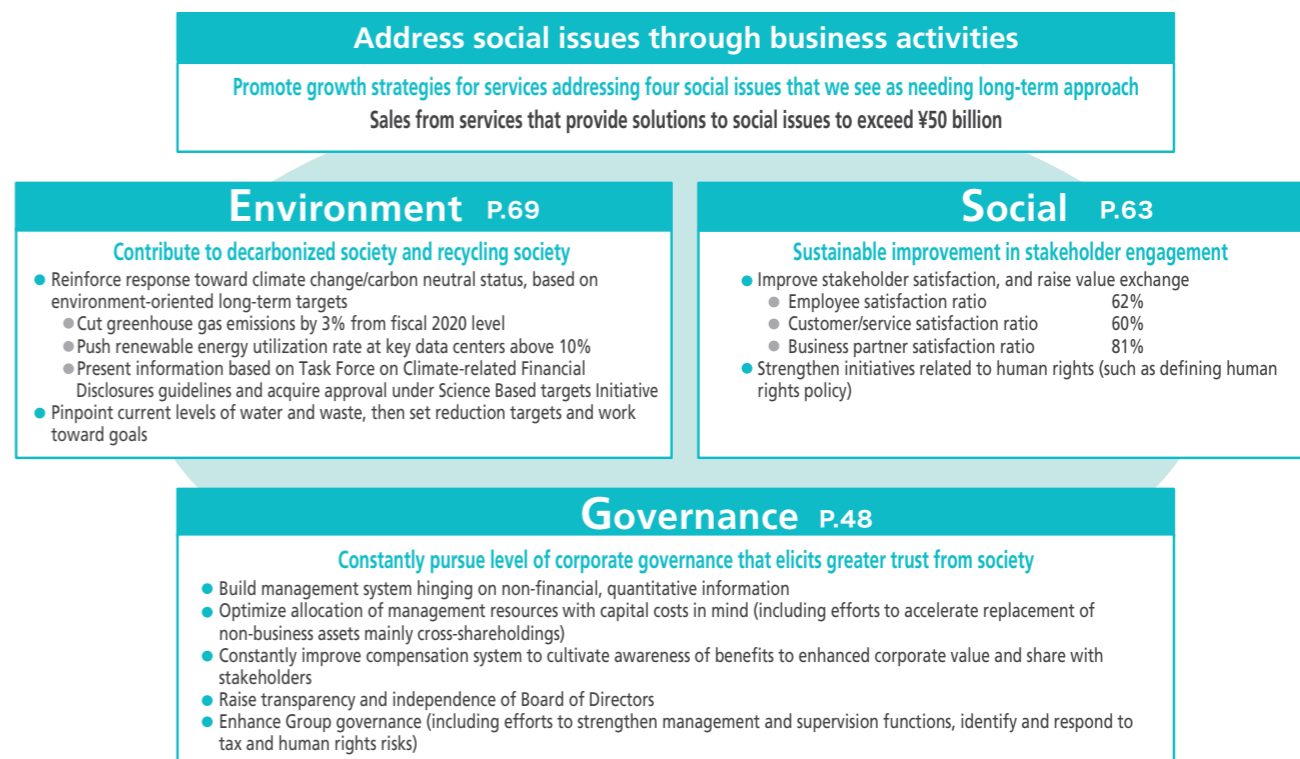


Strategy to Enhance of Management Capabilities

We will allocate management resources to specific business activities that will address the four social issues where our expertise can facilitate solutions. We will complement this with efforts to enhance ESG initiatives.



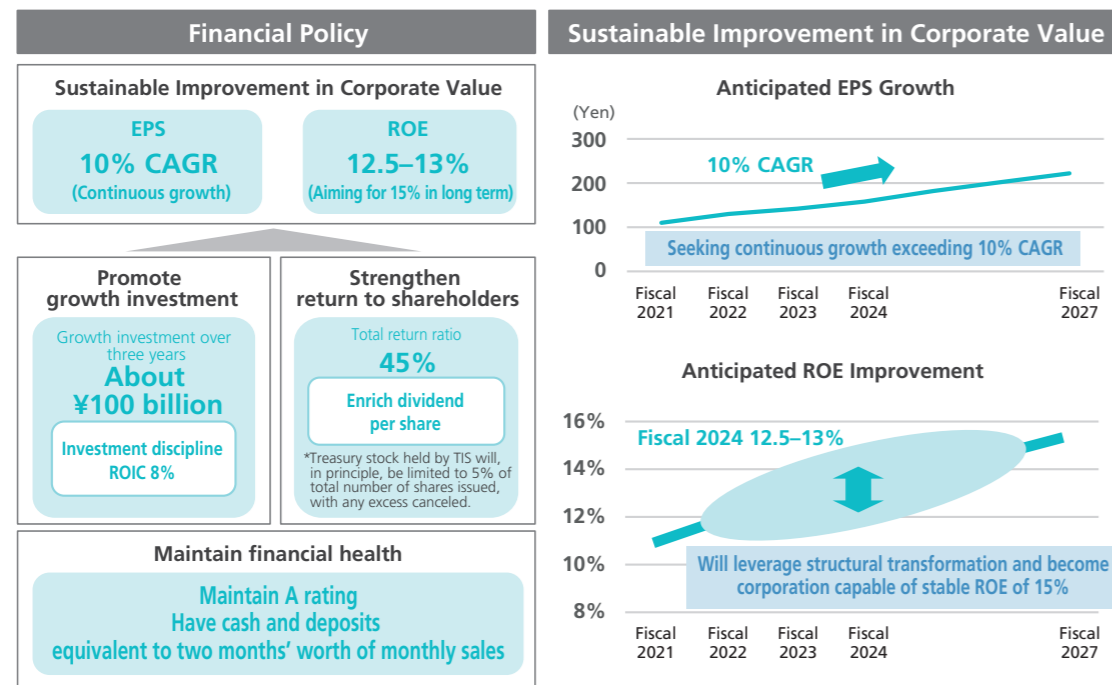
As a social system driving the pursuit of happiness, we aim to represent sustainability and contribute to the realization of a sustainable society through our business activities.





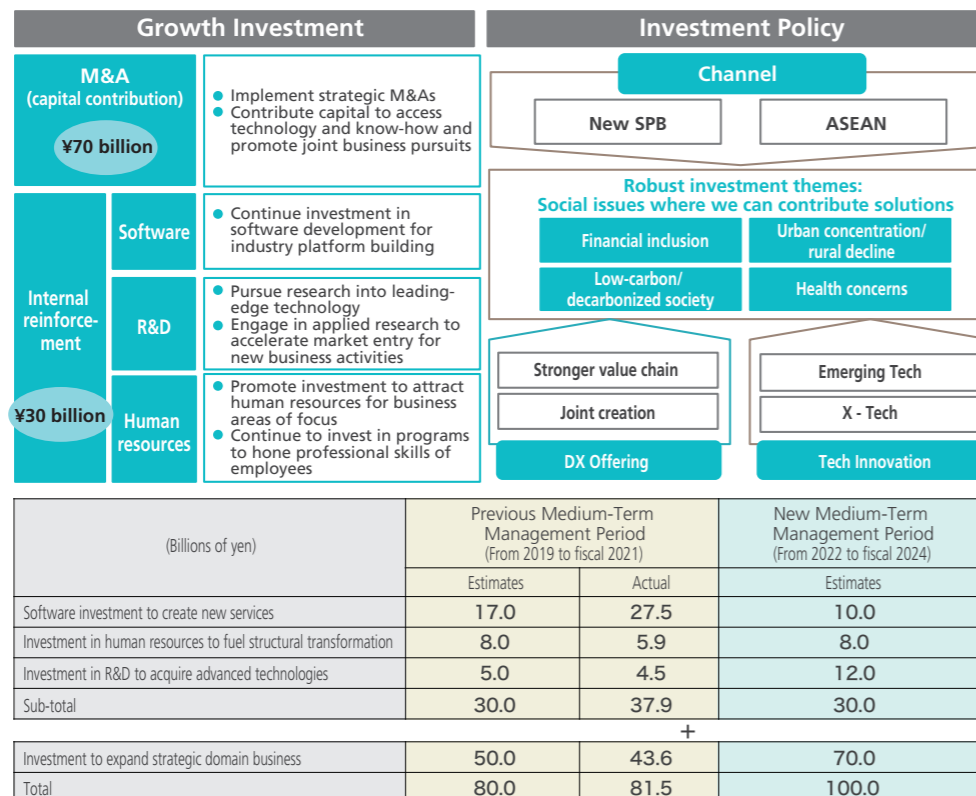
Financial Investment Strategy

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



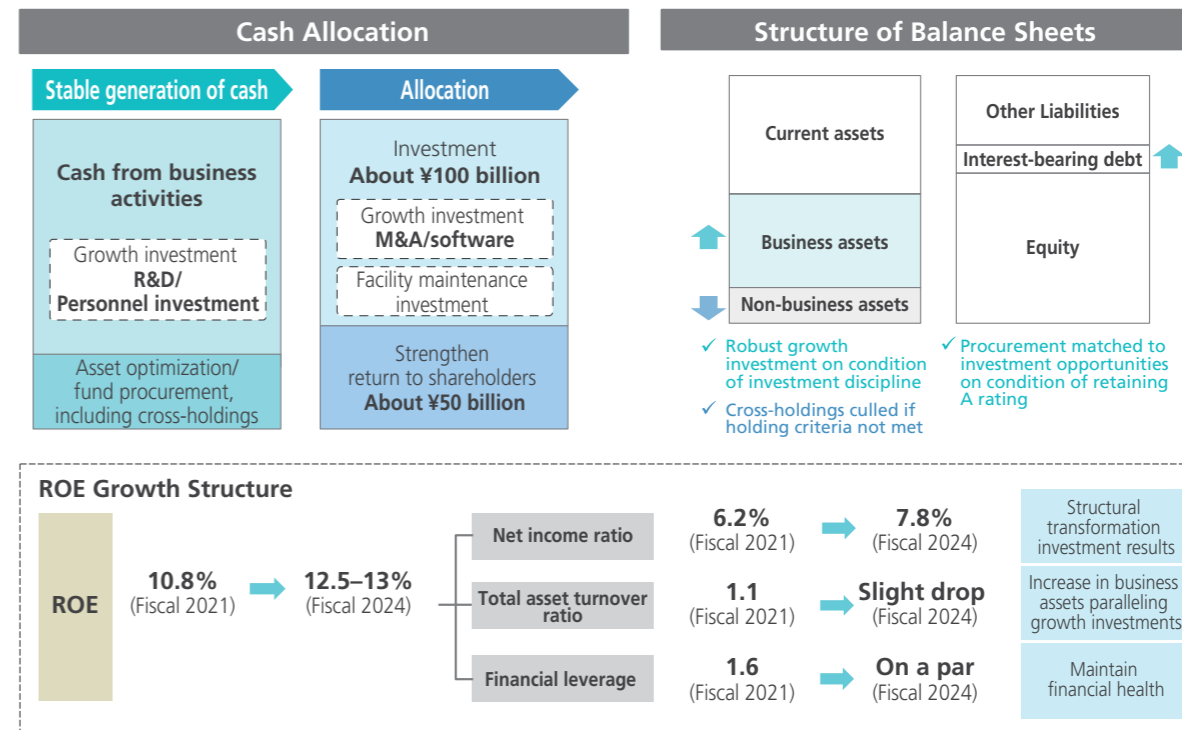
Growth Investment

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



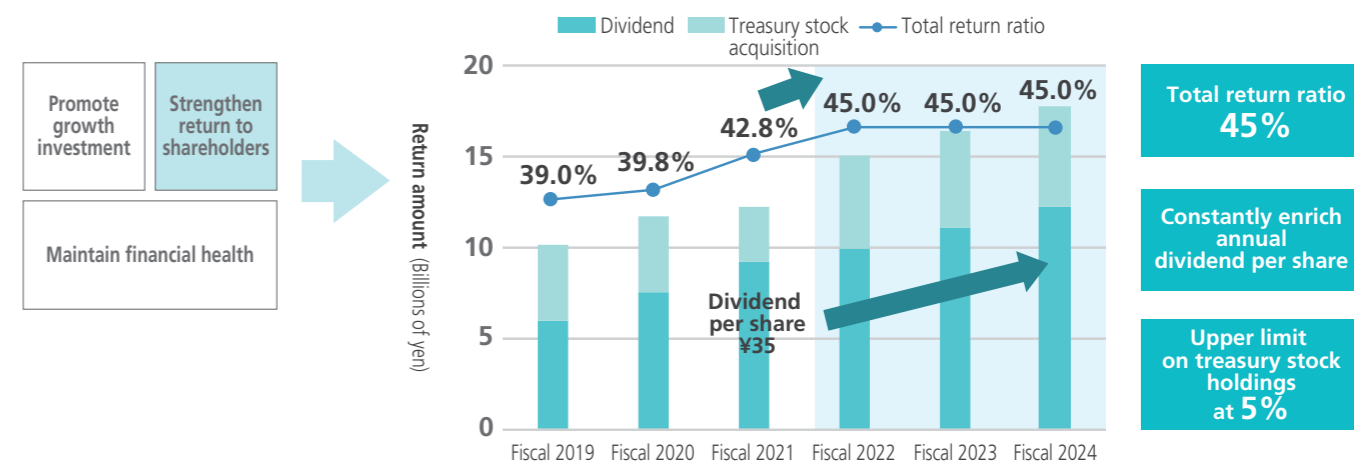
Cash Allocation, Structure of Balance Sheets

We will balance robust growth investment with stronger return to shareholders, based on cash from business activities.



Return to Shareholders

We will boost the total return ratio to a benchmark of 45% and constantly enrich the dividend per share to encourage a higher degree of shareholder engagement.



Business domains tapped for Group involvement going forward

The TIS INTEC Group's position on sustainability management hinges on OUR PHILOSOPHY—the Group's basic philosophy—and was given greater clarity in Medium-Term Management Plan (2021–2023) with the formulation of specific measures, such as setting sales from services providing solutions to social issues as a key performance indicator.

The roundtable discussion presented here was an opportunity for members of the Sustainability Project Team to highlight social issues where the Group can contribute solutions and the status of business activities in areas where the Group can make a difference. The team was formed to promote a more in-depth approach for finding solutions to social issues and in unifying management within the TIS INTEC Group.

* Please go to page 19 for details on sustainability management for the Group.



(from left)
 Isao Otokita, TIS Executive Officer, General Manager of Digital Transformation Sales & Planning Unit, Digital Transformation Business Unit
 Reiko Oka, TIS Executive Officer, Department Manager of Corporate Planning Dept. and Deputy Division Manager of Corporate Planning SBU
 Shoichiro Taniguchi, INTEC Managing Executive Officer, Division Director of Regional Government Systems Division
 Hiroto Ito, TIS Executive Officer, General Manager of Healthcare Services Unit, Digital Transformation Business Unit

Four social issues selected, promoting sustainability management



Oka: OUR PHILOSOPHY is, as you know, the Group's basic philosophy. Our mission, guided by this concept, is to "fill the future with vibrant colors as a mover using digital technology." This is part of a forward-looking perspective that I firmly

believe guides us toward the creation of social value. Such social value goes beyond mere short-term economic value and promotes a long-term view for building a better society. But based on my own experience in operating divisions, it's really hard for people on the business frontline to get a real sense of how efforts directly impact social issues because we engage in Business-to-Business (B2B) activities. Nevertheless, the planetary boundary framework*1 indicates that sustainability management is an obligation, as a social system driving the pursuit of happiness, and at the same time indispensable to corporate survival. This comes amid a growing sense of crisis that issues, such as climate change, will push our planet beyond designated boundaries and increase the risk of sudden and irreversible environmental changes. Against this backdrop, companies face the prospect of even more serious social issues from a management perspective and need to integrate business practices with efforts to address social issues through operations.

With this in mind, TIS formed the Sustainability Project Team in 2019, with Takayuki Kitaoka, president of INTEC, in charge of the project. About 10 members, including participants in this roundtable discussion, took an in-depth approach to discussions over more than six months to pinpoint social issues where the TIS INTEC Group can contribute to solutions. At an intermediate stage, more than 160 social issues and business themes had been brought up, and after repeated discussion about various factors, such as what society might be like in the future and how we might utilize existing strengths, we settled on four social issues—financial inclusion, health issues, urban concentration and rural decline, and low-carbon/decarbonization—that would benefit from expertise of the TIS INTEC Group. Though my role was administrative, I found the project's approach to promote sustainability challenging because I had never engaged in this kind of discussion process before. I had a hard time picturing a future over such an ultra-long-term timeline, and initially, the discussion process seemed so time-consuming. But the difficulties undoubtedly opened my eyes. You were all part of the project team. What were your impressions?

*1 Planetary boundary is a concept that defines the environmental limits within which humanity can continue to develop and thrive.

Otokita: Sinking our teeth into discussion was a gradual process. My area of responsibility was financial inclusion*2, which includes efforts to promote a wider embrace of cashless options. What I feel has been extremely productive under the project structure is the use of backcasting, that is, looking back from a starting point—a target—in the future to figure out what should be done now to achieve that long-term goal. With regard to payment services, which have always been a powerful tool in TIS' business toolbox, operating divisions had talked about the next generation of payment solutions under

the tagline "Beyond Payment." But the sustainability project gave our conversation a more official tone and was ultimately instrumental in clarifying the medium- to long-term direction of business as a management strategy.

*2 Financial inclusion: Providing a structure that enables everyone to access basic and necessary financial services.

Ito: For health issues, which is my area of focus, operating divisions had previously used backcasting from an immediate-future perspective that held Japan's insurance system could not be sustained as is. Changes were needed. The project team, however, applied backcasting from a long-term perspective, including what society might look like in 50 years' time, analyzed possible global insurance systems in the future, and engaged in extremely animated conversation. During the overall discussion process, participants often pointed out that a certain social issue had a connection to health issues, so I feel there is considerable potential for extensive cooperation on connected themes within the TIS INTEC Group.

Taniguchi: You may laugh, but to be quite honest, I never thought we would all be so much on the same wavelength about these issues. You see, INTEC's head office is in Toyama Prefecture—definitely more rural than urban—and most of our clients are administrative agencies and local governments. I felt these factors gave us more insight into the issue of urban concentration and rural decline, particularly the latter. In fact, we have been involved in regional renaissance efforts for many years already. I had thought that INTEC's client base differed from that of TIS in terms of industry and type of business as well as scale and that each company had a different understanding of social issues given our respective urban and rural corporate environments. But through the project, I realized that a variety of social issues are common all around, as the impact of shrinking rural populations and rural cities in decline have consequences not just in the public sector but the private sector as well. A similar situation affects the public and private sectors in urban cities, too. In backcasting the evolution of a cashless society and heightened concerns over social issues, such as access to healthcare, I recognized that rural areas are equally affected and influenced. I was keenly reminded of the need to be united as a corporate group in finding solutions to common social issues.

Cashless options, improved healthcare and other solutions to social issues are connected to regional renaissance

Oka: In May 2017, TIS announced Group Vision 2026 and set a new direction toward that destination, one that included a vibrant corporate ideal. If we consider this the first step on our journey, then the second step is represented by the selection of four social issues where the TIS INTEC Group can contribute to solutions. For low-carbon/decarbonization*3, efforts will begin with measures to enhance corporate capabilities. For financial inclusion, urban concentration and rural decline, and health issues, let's revisit the business-driven initiatives that will be introduced.

*3 For details on low-carbon/decarbonization, go to the section For the global environment on page 69.



Otokita: TIS is promoting the shift toward cashless transactions in two areas as a business. One is to provide systems integration services, such as system configuration for large financial institutions in the client base, as well as related support, and the other—service-type solutions—is to provide clients and the market with platforms built in anticipation of client needs and under a prior investment strategy. Initiatives to promote cashless transactions and DX fall under the social issue of financial inclusion and are covered by service-type solutions. Here, too, there are two themes—promoting cashless transactions and Mobility as a Service (MaaS*)⁴ to fuel regional renaissance.

To promote cashless transactions as a mechanism for regional renaissance, TIS will coordinate various inputs, including the efforts of Mr. Taniguchi and others involved in such initiatives as regional smart cities, while providing access to platforms and mobile apps. In Aizuwakamatsu, Fukushima Prefecture, TIS is involved in a proof-of-concept project for cashless payments using digital local currency. The national government is encouraging wider use of cashless options for payment to reduce workload and enhance the efficiency of operations performed by humans, and thereby boost Japan’s competitiveness. But “cashless”—as in using digital local currency—is a buzzword for regional renaissance.

As for MaaS, the aim is to apply know-how accumulated by TIS in such areas as cashless payments to help communities make public transportation more convenient and efficient for local sightseeing, which would attract more visitors to the area and improve the local business climate. Already, in Okinawa, TIS is working with about 50 business entities, including transportation authorities, local governments and financial institutions, and providing a platform that facilitates use of a digital ticket. In the future, MaaS could be used to help seniors get to a hospital and then back home or link hospital appointments and payment for services. In other words, initiatives in financial inclusion are directly connected to measures that address social issues, such as health issues and regional renaissance.

*4 Mobility as a Service (MaaS) is a new concept in mobility that utilizes ICT to apply cloud computing to transportation, incorporating mobility by mode of transportation into a single, seamless service. There are many examples of how people use a smartphone app to search for different modes of transportation and different routes, travel to their desired destination, and even purchase tickets.

Taniguchi: INTEC is tackling regional renaissance with an emphasis on three themes—administrative DX, health DX and agricultural DX. Administrative DX is transitioning from the conventional system of record to a system of engagement, which enables residents to use a smartphone or other device to carry out administrative procedures at any time of the day or night from home. For health DX, we are drawing on our strength in business pursuits related to the national health insurance system to build a framework for prevention of lifestyle-related disease and control of medical expenses, analyzing huge amounts of national health insurance member data.

Regarding agricultural DX, we have been working on a platform that will enhance farmers’ marketing capabilities at production sites. We created a framework to eliminate production loss for flower growers that enables them to use a smartphone or other device to confirm order needs from distributors before shipment. In the future, we hope to expand this framework to all growers, including those producing vegetables.

The ultimate goal of the smart city concept is to make the lives of residents safe and secure. TIS and INTEC have scheduled regular monthly meetings to promote stronger bonds of cooperation and raise the level of contribution that we, as a corporate group, can make in solving various issues specific to rural areas.



Ito: A pivotal component of our approach to health issues is the creation of a system that facilitates safe and secure use of healthcare information through the application of IT. Unable to access their own test data at a hospital or clinic, members of the public often end up getting the same test again at a different hospital. A system that allows information to be shared will reduce the burden on the patient and also keep medical expenses down. In Japan, a network for medical treatment has been established by prefecture, so our approach has been to link regional medical facilities with each local government to help residents in these geographical areas.

The business of healthcare is a new area of pursuit for us. But for this very reason, we can approach it from a multifaceted perspective free from existing frameworks. In addition, just on the requirement for strict management of treatment-related information, including medical history, we can draw on mission-critical systems built at data centers over many years, technological capabilities to handle data safely and securely, and operating know-how. Another strength is access provided by Group companies, including INTEC, with solid, regional client bases. What we need, however, is a nationally sustainable system for sharing information. Toward this end, we will not rely solely on the Group to build the whole system but rather collaborate with players who align with our eco-system approach, and build a system to national standards to facilitate interoperability.

Support for society and people’s well-being

Oka: We all have acknowledged that the four social issues identified under the project are themes where the TIS INTEC Group can have a real impact. These social issues each have connections to other issues. What’s more, as hubs of activity in the Group’s overall business portfolio, they could become drivers of a virtuous cycle of improvement. At the core—well-being, right? So to me, the role of the TIS INTEC Group is to create systems that support the well-being*⁵ of people and society as a whole. As we wrap up today’s conversation, please share your passion for the project.

Otokita: We will draw maximum strength from the payment platform PAYCIERGE to drive our Beyond Payment concept forward and thereby help to address social issues. The ultimate goal is to achieve a cashless payment ratio of 100% in Japan, because the effort is moot with anything less. This will be my motivation. I am totally committed to maintaining business continuity and ensuring TIS is a frontrunner in creating a society of well-being.

Ito: Well-being in a healthcare sense means good health and longevity. It is essential for us to be part of efforts to create conditions that enable a diverse range of people, including those who are ill, to enjoy life on their own terms. The TIS INTEC Group will do this by providing the IT services that society needs.

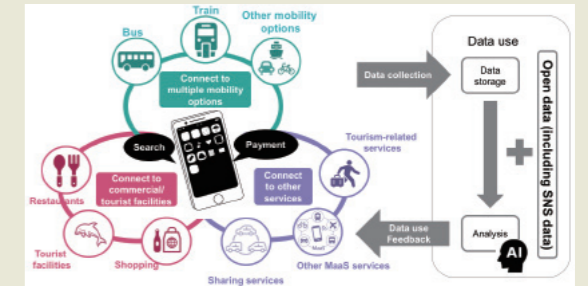


Taniguchi: To contribute to the well-being of people and society as a whole, we must have the trust of society. This is essential. For sure, no one wants a computer that doesn’t function. I will be more aware of doing work that proves worthy of trust in the course of daily operations.

*5 Well-being: A state in which an individual or a group feels good in body and mind and enjoys socially favorable circumstances.

Case Study from Initiatives in Financial Inclusion Proof-of-Concept for MaaS in Okinawa

In fiscal 2020, TIS ran a proof-of-concept experiment for MaaS—Mobility as a Service—using public transportation for tourists in the Yaeyama district of Okinawa Prefecture. In fiscal 2021, efforts were directed toward promoting use of MaaS all over Okinawa, mostly by tourists, and by residents in some areas of the prefecture. The experiment has been selected by Japan’s Ministry of Land, Infrastructure, Transport and Tourism under an initiative called “Project for Promoting and Supporting Japanese MaaS.” All participants in this project seek to boost the use of public transportation by making it more convenient and to utilize data to seamlessly connect multiple modes of transportation as well as diverse services, including commercial and tourist-related services.



Case Study from Initiatives in Healthcare Healthcare Passport facilitates sharing of health information among healthcare professionals, patients and their families

Healthcare Passport, from TIS, is a service that centralizes treatment and health information that had been scattered among patients, hospitals and clinics, pharmacies and other places where data might be stored, and links regional medical treatment and health information to provide a more thorough picture of treatment and health status. This will lead to more appropriate examinations and treatment and help patients themselves work toward better health. The passport will ensure that shared treatment and health information is secure with high-security protocols and an electronic opt-in (consent to obtain).



Case Study from Initiatives in Regional Renaissance Integrated administrative information system CIVION for administrative DX

CIVION-7th, from INTEC, is an integrated administrative information system that covers all internal and external administrative operations undertaken by local governments. The all-in-one package includes a citizen information system, insurance system, tax system, public welfare system and internal information system. INTEC is working on tax DX, utilizing many years of proven results in the operation of core systems and underpinned by market trust.



Providing safe, convenient social platforms for people and society

The Group has identified four social issues to proactively solve through its business activities. We will create a resilient society by proposing services that enrich lifestyles by making full use of the strengths and technological capabilities cultivated in our business to date. We will also grow the business fields that lead to the resolution of the four issues into our future core businesses.



1. Financial inclusion

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



2. Health concerns

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



3. Urban concentration/rural decline

We will leverage ICT to realize a strong, sustainable society, and safe and comfortable lifestyles in response to the social issues faced by local communities, such as the decline in the working population.



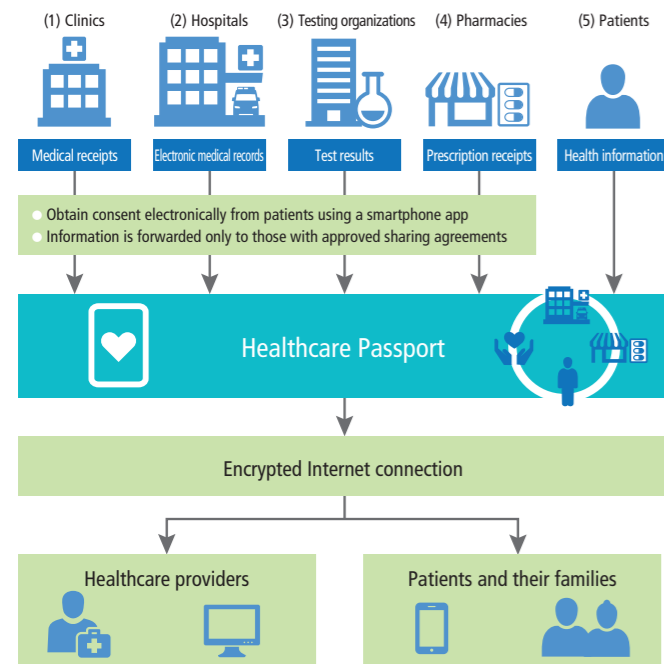
4. Low-carbon/decarbonized society

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

Case study Healthcare Passport incorporates PHR to achieve regional medical collaboration

A Healthcare Passport is a bidirectional personal health record (PHR) information collaboration platform service that enables healthcare providers and patients to connect and manage medical and health information. This SaaS-type service was created by combining the security and platform technologies that TIS has cultivated through the construction of systems for financial institutions with Chiba University Hospital's experience in regional medical collaboration and medical knowledge. It has been available since September 2020.

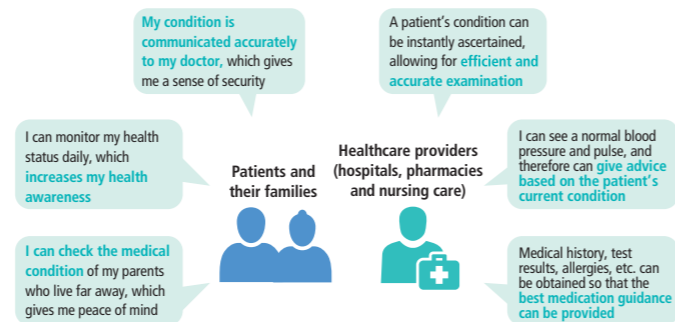
In areas where the Healthcare Passport has been introduced, patients can view information in their medical records, such as consultation history, prescriptions and test results, at any time via their smartphone. At the same time,



healthcare providers will also be able to see the daily vitals data provided by patients, as well as changes in test results and prescriptions at other medical institutions, enabling them to respond more appropriately. As a result, medical information that has been difficult to obtain in the past will be returned to patients and they will be able to carry their PHR with them. With their consent, local hospitals, clinics, pharmacies and welfare facilities will be able to treat and respond to patients by referring to the information contained in the PHR, an example of regional medical collaboration enabled through technology.

Aiming to improve the utilization rate of patients and reduce the burden of regional medical collaboration, the Healthcare Passport is provided not as a system build-out, but as a cloud-based service utilization service. The services used by patients and local healthcare providers are standardized and offered as a platform that ensures high security through flexible but strict information control.

TIS aims to create a place where medical and health information can be integrated consistently across life stages, and to realize a world in which patients are the starting point and the center, and are able to use their own information for necessary services. By integrating healthcare information based on patients' opt-in (consent) and sharing it openly with partner companies that provide various services without vendor lock, we can create new services and contribute to the improvement of patients' health.



* (1), (3), (4) Service to begin progressively

Case study Establishing a new way to use electric vehicles (EVs) as a local disaster mitigation measure through a proof of concept in Hokuto City, Yamanashi Prefecture

As a disaster mitigation measure to shorten the lead time for restoring energy infrastructure in the event of a disaster, we have established an efficient method that uses electricity stored in EVs to power buildings (Vehicle to Home, or V2H) on the ISOU platform*1. With the support of Hokuto City, we conducted a series of proof of concept trials assuming a large-scale blackout in the city. We directed EVs in the area to be charged by utilizing the dispatch function of the ISOU platform, charged them through solar power from the field and discharged them to a building that was a proxy for a shelter.

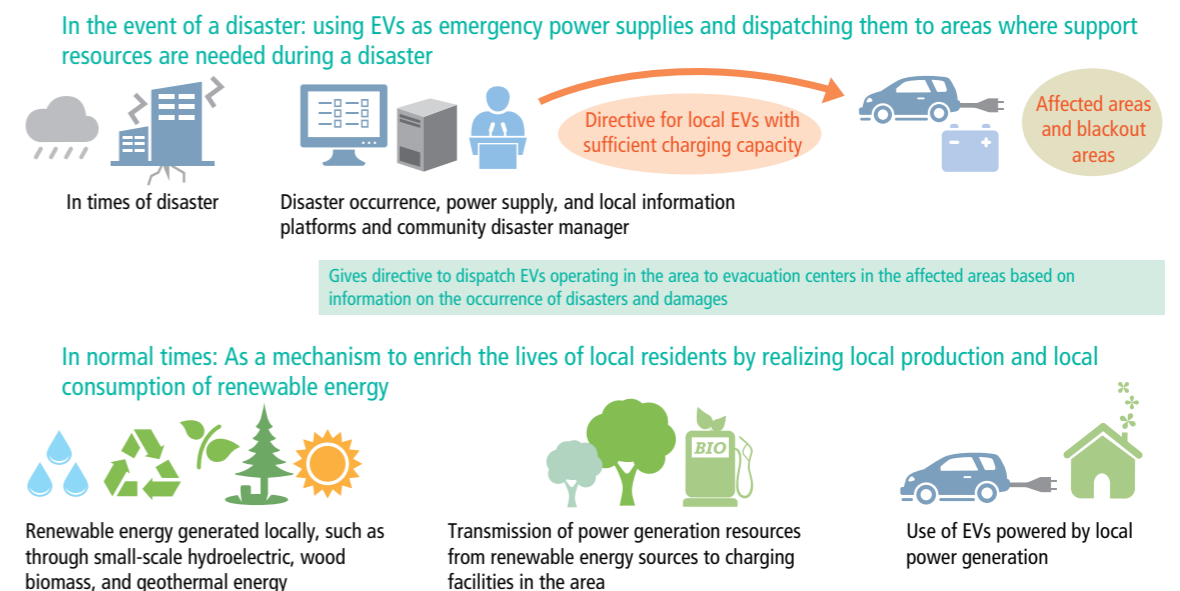
To verify the practicality of the system, this trial was conducted in Hokuto City, in cooperation with Zero Emi Yamanashi, a general incorporated association working on climate change measures, energy measures, and the creation

of a sustainable society.

TIS aims to establish a framework to promote local revitalization and local production and local consumption of energy by solving next-generation transportation and energy problems in the trial region. This trial aims to contribute to a recycling-oriented regional society through the ISOU platform by implementing an application for recharging and discharging directions that will expand the use of V2H to the MaaS system developed in the ISOU Project (2019). This is a proof of concept trial in Assabu Town, Hokkaido, to create a framework for a community that can sustain itself even in times of disaster.

*1 ISOU platform: In addition to the MaaS system developed in the ISOU Project, a regional currency solution based on energy management system and blockchain technology will be linked to provide a platform for a regional revitalization cycle through the use of renewable energy and the creation of mobile and intra-regional economic activities.

System to promote regional revitalization and local production, and local consumption of energy (use of ISOU platform during disasters and normal times)



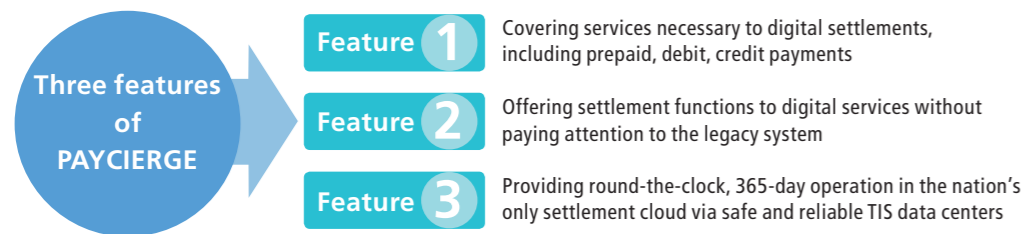
Leveraging our strengths to accelerate business development and realize a cashless society

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

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

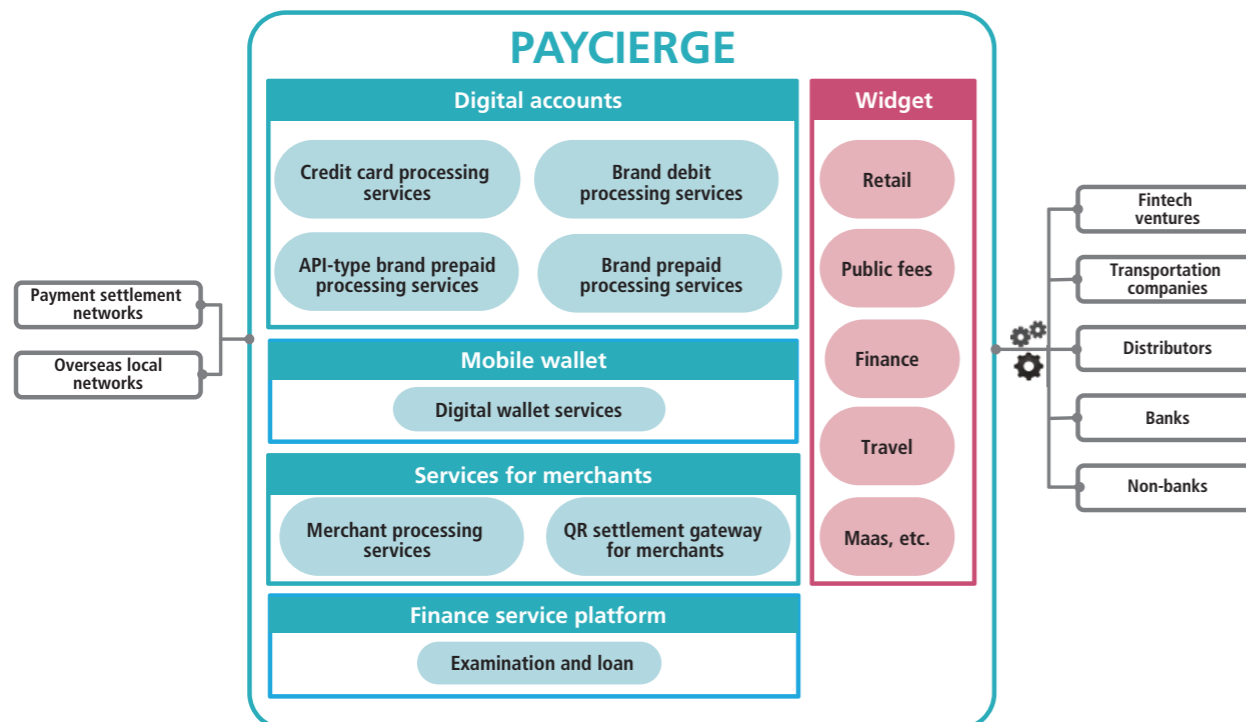
PAYCIERGE digital payment platform

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



Overview of Payment Services and TIS' Core Focus

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.

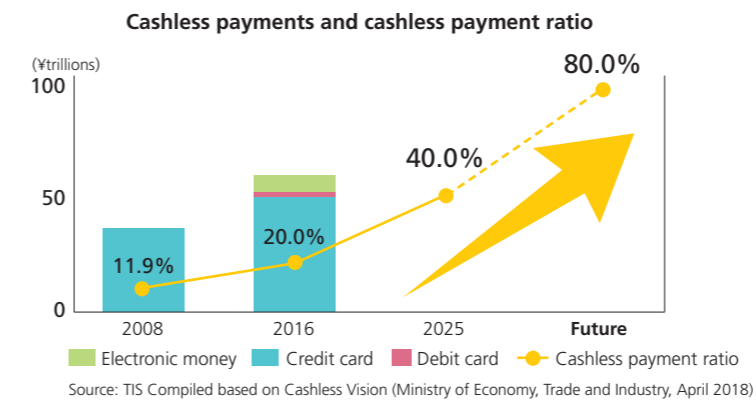


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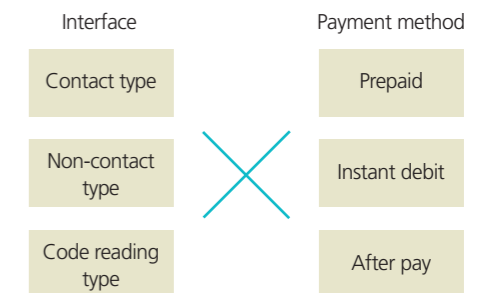
TIS held an information meeting in December 2019 highlighting payment business and provided details on domains of focus and strategies. Please follow the link below to see presentation materials from that day.
<https://www.tis.com/documents/en/ir/finance/meeting/191209.pdf>

Status of cashless payments in Japan

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

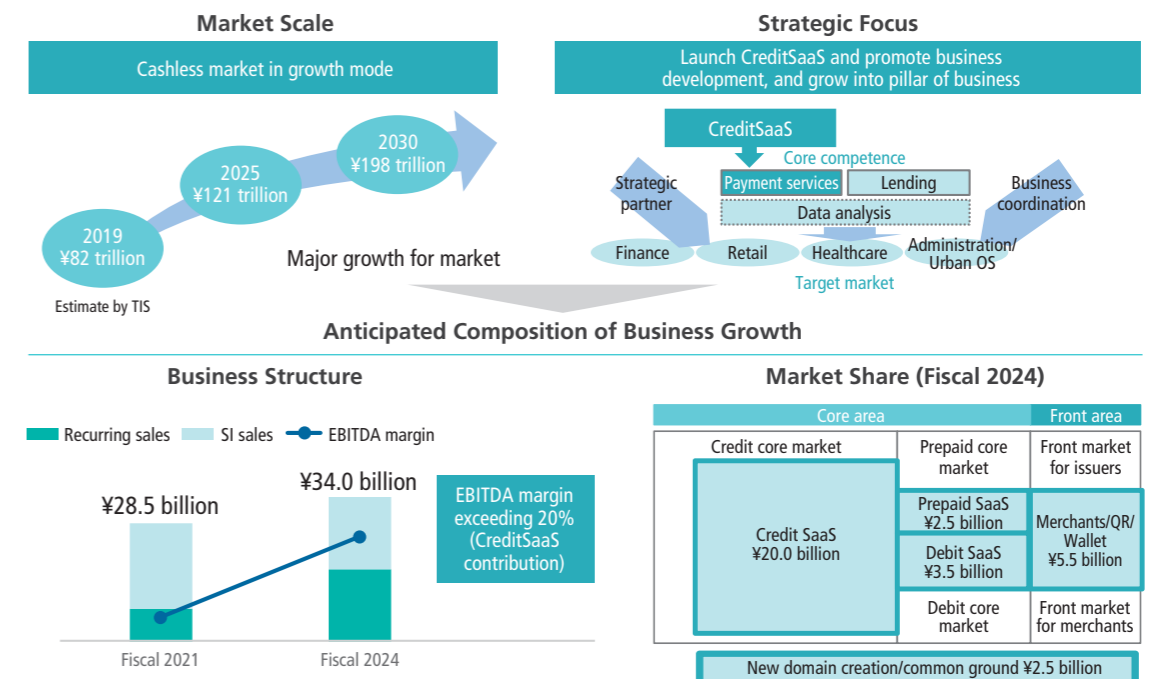


Combination of cashless payment methods



Payment 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 customer base of credit card issuers. We are aiming for net sales of ¥34 billion in fiscal 2024, supported primarily by this core customer segment.



A value exchange network linking as many clients as possible to PAYCIERGE

Kiyotaka Nakamura, TIS Senior Managing Executive Officer, Division Director of Digital Transformation Business Unit
PAYCIERGE is a digital payment settlement platform that draws on capabilities accumulated in the payment services domain since TIS' earliest days and utilizes safe and secure, leading-edge technology. We want PAYCIERGE to underpin a comfortable society. We already offer various services to a wide range of clients, notably, major financial institutions, but also newcomers to the payment business.

Japan has been a country of low crime, and cash transactions have been the trusted method of payment for individuals and businesses alike. The transition toward cashless transactions has been slower here than in other parts of the world but is gradually becoming more accepted. However, the COVID-19 pandemic accelerated changes in the cashless market out of necessity, with an embrace that crossed national borders. As the world adjusts to the new normal, it is now or never for many businesses to get with the digital and cashless payment program. Given this trend, we are seeing more inquiries about payment solutions than ever before. To meet the expectations of clients, we will continue to create value that fuels realization of a future of convenience that only TIS can deliver, including a value exchange network linking as many clients as possible to PAYCIERGE.

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

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

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

Recent main M&A and capital and business alliances

Initial Investments	Head office	Partners (place in order of the investments)	Relation with TIS	Corporate Profile	Area
2014	TH	MFEC Public Company Limited	Consolidated subsidiary	Thai-listed, leading provider of enterprise IT solutions.	Channel
2015	TH	I AM Consulting Co., Ltd.	Consolidated subsidiary	Thai-based consulting group producing total SAP-related IT solutions.	Channel
2015	TH	PT Anabatic Technologies Tbk	Equity method affiliate	Indonesia-listed, top-tier local IT company.	Channel
2016	TH	PromptNow Co., Ltd.	Consolidated subsidiary	Thai-based leading FinTech company with multiple proprietary mobile services for financial institutions.	X-Tech
2017	CN	Shanghai CardInfoLink Data Service Co., Ltd.	Equity method affiliate	FinTech company developing presence in China and around the world, with particular strength in payment gateway solutions and other services.	X-Tech
2017	VN	TinhVan Technologies JSC.	Capital & business alliance	Leading IT service provider with considerable experience introducing solutions to the Vietnamese government and financial institutions.	Channel
2018	US	R3 HoldCo LLC	Capital & business alliance	U.S. technology startup boasting global-caliber results and brand in blockchain-related technology for corporate users.	Emerging Tech
2018	ID	PT AINO Indonesia	Capital & business alliance	FinTech provider of payment services for transportation infrastructure in Indonesia.	X-Tech
2019	SG	SQREEM Technologies Pte. Ltd.	Capital & business alliance	A Singapore startup—the world's largest behavioral pattern data aggregator—growing very fast in fields of digital marketing and data analytics using proprietary AI technology based on massive data collection.	Emerging Tech
2020	SG	Grab Holdings Inc.	Capital & business alliance	Top-class super app provider in ASEAN region. Expands into one business after another across wide range of sectors, including ride-hailing services, food delivery and financial services. Boasts 203 million downloads on aggregate basis.	Channel
2020	TH	GrabLink Pte. Ltd.	Capital & business alliance	Joint venture—IT platform provider for Grab's payment services.	X-Tech
2020	SG	Entropica Labs Pte. Ltd.	Capital & business alliance	A Singapore startup—provider of quantum computing software.	Emerging Tech
2020	US	Sequent Software Inc.	Consolidated subsidiary	One of very few tokenization vendors in the world, and recognized by multiple international brands.	Emerging Tech
2021	TH	J Ventures Co., Ltd.	Equity method affiliate	A DX subsidiary of Thailand major retailer Jaymart. Provide DX platform for retail ad and finance business.	X-Tech
2021	SG	SpeQtral Pte. Ltd.	Capital & business alliance	A Singapore startup—provider of quantum computing software.	Emerging Tech

Status of capital and business alliance with Grab Holdings Inc.

- Key areas of joint activities: Payment services, banking, AI, quantum computing, blockchain, MaaS
- Use GrabLink to provide processing services for GrabPay, a payment solution from Grab that is available in eight of the 10 ASEAN member countries
- Working together, TIS and CardInfoLink plan to connect GrabPay to EVONET, a global payment network that links payment service providers throughout Asia



Contributing solutions to as many social issues as possible

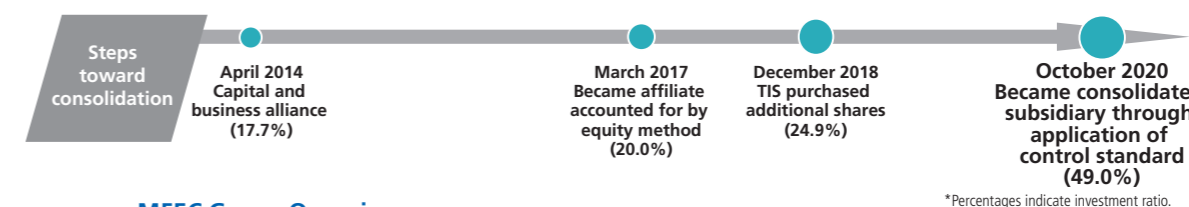
Kensaku Furusho, TIS Executive Officer, Division Manager of Global Div.

TIS has positioned global operations as a growth engine for the TIS INTEC Group and has taken a robust approach to M&A opportunities and capital and business alliances, with a focus on payment services, banking and enterprise resource planning (ERP). The success of our efforts is reflected in a huge increase in overseas sales, on a consolidated basis, rising from about ¥3 billion in 2014 to about ¥13 billion in 2020. Meanwhile, the scale of global operations has expanded, with net sales* at about ¥69 billion, an office network exceeding 100 companies in ten countries, and a workforce* of more than 4,000 people. To be more precise, we aim to realize financial inclusion, a social issue in the ASEAN region, and will, through alliances with leading local partners, especially in financial and payment services areas, which are Group strengths, we will plan and develop services matched to local needs. At the same time, we have taken a medium- to long-term perspective in forming alliances with leading companies in advanced technology fields, such as blockchain and quantum technology, to get in on the rapid push for digitization. Going forward, we will continue to emphasize these activities and build a top-class IT corporate group in the ASEAN region with the capacity to contribute as many solutions to social issues as possible. Through this approach, we will be able to reach our target of ¥100 billion in consolidated sales by fiscal 2026.

*Total comprising numbers from overseas subsidiaries and affiliates accounted for by the equity method.

Bringing Thailand's MFEC Group under consolidation

After signing a capital and business alliance agreement in 2014, TIS gradually increased its investment in MFEC, based on mutual understanding and growing bonds of trust, and in October 2020, MFEC and its subsidiaries were brought under consolidation. As a result, TIS—and by extension the TIS INTEC Group—gained a solid client base in the local Thai market, enhanced its ability to deliver services, particularly in the security realm, and added new brands and resources to its composite portfolio. TIS has built a network of partners boasting advanced technology and a prominent market presence in countries around the world, and going forward, the Company will work with MFEC to utilize these connections to explore opportunities for collaboration. This relationship will accelerate the process of structural transformation within the TIS INTEC Group and fuel innovation, while contributing to development in Thailand and the rest of the ASEAN region through solutions to pressing social issues.



MFEC Group Overview

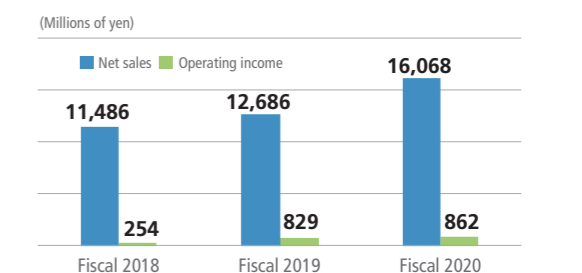
Name	MFEC Public Company Limited
Address	Bangkok, Thailand
Date of establishment	March 3, 1997
Paid-in capital	441 million Thai baht (¥1,519 million*)
Representative	Chief Executive Officer Siriwat Vongjarukorn
Number of employees	1,271 (as of December 31, 2020: consolidated)
Number of subsidiaries	11
Business activities	IT services, systems integration
Principal client sectors	Banks and all other types of financial businesses, telecommunications, public sector
Listing	Stock Exchange of Thailand

*Percentages indicate investment ratio.

Consolidated results for most recent three fiscal years*

MFEC has steadily expanded its business results as a leading player in the provision of IT solutions to enterprises in Thailand.

Going forward, MFEC and the rest of the MFEC Group will actively engage in joint activities with the TIS INTEC Group to maximize the global alliance and post continued growth.



* Converted at a rate of 1 Thai baht = ¥3.44, the rate prevailing at the end of December 2020

Topic

TIS held an information meeting in December 2020 highlighting global operations and provided details on domains 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>



As a partner in sustainable business growth

Siriwat Vongjarukorn, Chief Executive Officer, MFEC Public Company Limited

There are several reasons behind the decision to accept the tender offer from TIS. One was that our two companies had spent seven years as business partners, and a good corporate chemistry developed as we pursued business opportunities together over this time. Another was that our respective corporate philosophies had many points in common, and we shared a high degree of respect and trust for each other. Working on projects together was fun, as well. But perhaps the most pivotal reason was that just as TIS seeks to expand its presence overseas, we at MFEC are keen to expand business activities outside our home market of Thailand.

As partners reaching for the same goal, that is, sustainable business growth, we can lift each other up, reciprocally enhancing results. Going forward, MFEC and TIS will collaborate on many fronts, including investment strategy in Thailand, Group supply chain and IT services. I look forward to this. I believe MFEC will be a vital tool for TIS in expanding business within the ASEAN region.

*Segment sales include intersegment sales.

Service IT Business

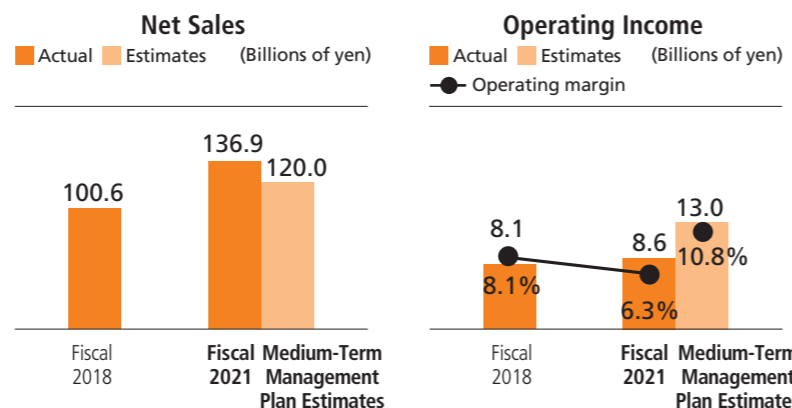
Provides original knowledge-intensive IT services leveraging TIS' service and industry know-how to create universalized, template-oriented solutions for clients (includes default configuration and ERP).

Looking Back on Medium-Term Management Plan (2018–2020)

Net sales grew thanks to the business expansion, especially in payment service domain, but profitability was an issue due to the sustained upfront investment.

Focus Points of Medium-Term Management Plan (2018–2020)

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



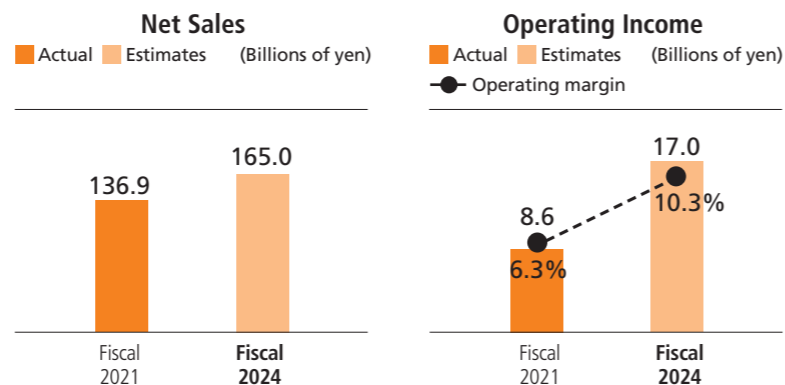
(References) Fiscal 2021 Results

Net sales	¥136,946 million (+9.1%)	Higher sales and income. ERP-related decrease was offset by expansion in payment- and cloud-related business and contributions to performance by companies turned into consolidated subsidiaries during fiscal 2021.
Operating income	¥8,695 million (+6.1%)	Operating margin declined slightly due to the increase of upfront investment to strengthen business.
Operating margin	6.3% (-0.2pt)	[Compared to estimates] Net sales +1.8% Operating income -1.2%

Figures in parentheses indicate increase or decrease from the previous term.

Focus points on Medium-Term Management Plan (2021–2023)

- Promote growth strategy for payment service domain
- Strengthen societal issue solution service
- Reinforce service management and improve profitability



(References) Fiscal 2022 Forecast

Net sales	¥155,500 million (+13.5%)	The favorable business environment is expected to continue thanks to DX and cashless payment capabilities, expansion of cloud service and ERP demand. Expect higher sales and higher income, as segment captures IT investment demand on payment business and benefits from full-year contribution from newly consolidation of subsidiaries in previous fiscal year.
Operating income	¥10,800 million (+24.2%)	
Operating margin	6.9% (+0.6pt)	

Figures in parentheses indicate increase or decrease from the previous term.

*Segment sales include intersegment sales.

BPO

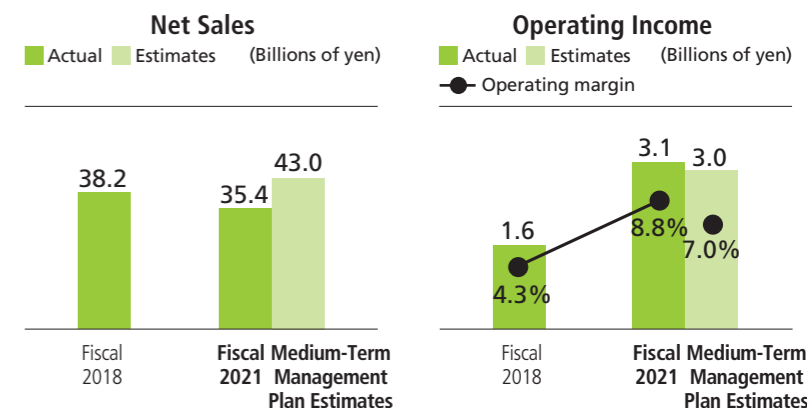
Draws on Group's extensive service menu and IT know-how to deliver business process outsourcing (BPO) services, including marketing and sales services and office and contract operations.

Looking Back on Medium-Term Management Plan (2018–2020)

Huge improvement in profitability, mainly due to optimized portfolio and higher productivity

Focus Points of Medium-Term Management Plan (2018–2020)

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



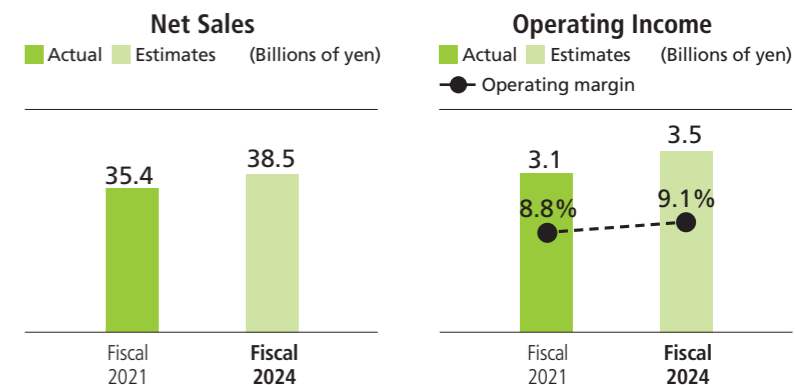
(References) Fiscal 2021 Results

Net sales	¥35,453 million (+5.2%)	Sales and income up, reflecting increased demand for outsourcing services, including call center operations, and operations related to special cash payments. Operating margin also expanded. [Compared to estimates] Net sales +5.8% Operating income +19.4%
Operating income	¥3,105 million (+18.4%)	
Operating margin	8.8% (+1.0pt)	

Figures in parentheses indicate increase or decrease from the previous term.

Focus points on Medium-Term Management Plan (2021–2023)

- Promote growth strategy fined-tuned to market demand
- Raise added value through digitization of office processes



(References) Fiscal 2022 Forecast

Net sales	¥36,000 million (+1.5%)	Need for digital innovation and outsourcing remains firm, driven by long-running labor shortage and progress in workstyle reform. Expect higher sales and higher income, supported by brisk shift in demand for outsourcing and sustained improvement in profitability.
Operating income	¥3,300 million (+6.3%)	
Operating margin	9.2% (+0.4pt)	

Figures in parentheses indicate increase or decrease from the previous term.

*Segment sales include intersegment sales.

Financial IT Business

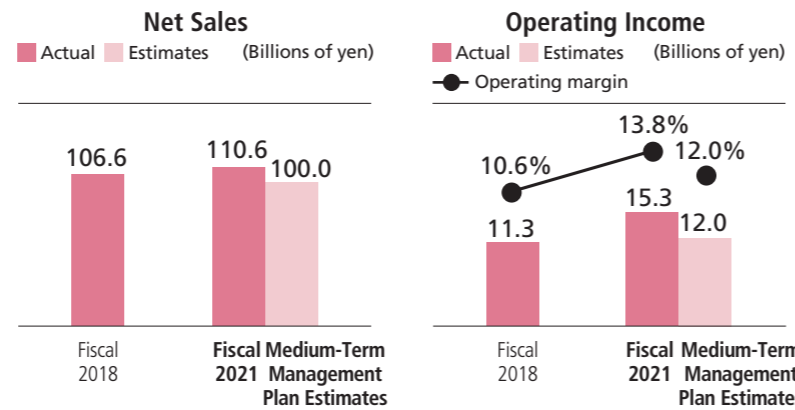
Leverages business and operating know-how specific to the financial sector to raise value-added quality of clients' operations, expand use of IT, and provide IT-based support for operations.

Looking Back on Medium-Term Management Plan (2018–2020)

Despite reactionary drop in large development projects, maintained growth against backdrop of strong IT demand, especially from credit card companies

Focus Points of Medium-Term Management Plan (2018–2020)

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



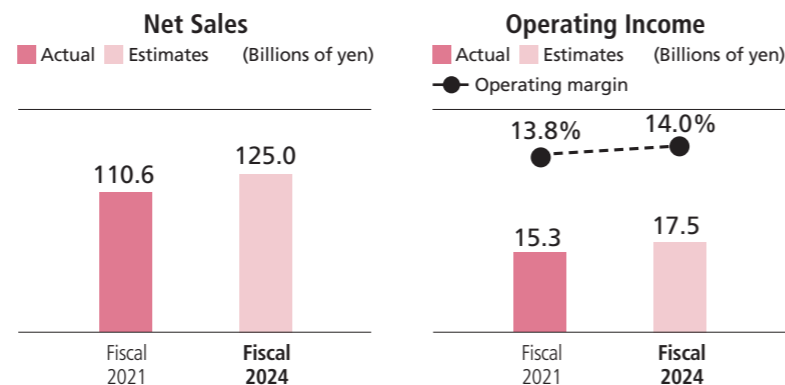
(References) Fiscal 2021 Results

Net sales	¥110,660 million (−3.3%)	Despite steady demand of IT investments from core clients, negative factors such as sluggish business activity caused drop in sales, but income was up, reflecting improved project profitability.
Operating income	¥15,320 million (+2.6%)	Operating margin also expanded.
Operating margin	13.8% (+0.8pt)	[Compared to estimates] Net sales −3.8% Operating income +0.1%

Figures in parentheses indicate increase or decrease from the previous term.

Focus points on Medium-Term Management Plan (2021–2023)

- Strengthen strategic partnerships with clients, including credit card companies and banks, and encourage joint creation projects
- Make services more high-value-added through DX and constantly pursue productivity reforms



(References) Fiscal 2022 Forecast

Net sales	¥117,000 million (+5.7%)	Expects solid demand from businesses that support social infrastructure and require payment settlement capabilities, and wider investment to hone sharper competitive edge paralleling structural transformation among financial services providers. With increase in IT investment, particularly among core clients, segment should post higher sales and higher income.
Operating income	¥16,000 million (+4.4%)	
Operating margin	13.7% (−0.1pt)	

Figures in parentheses indicate increase or decrease from the previous term.

*Segment sales include intersegment sales.

Industrial IT Business

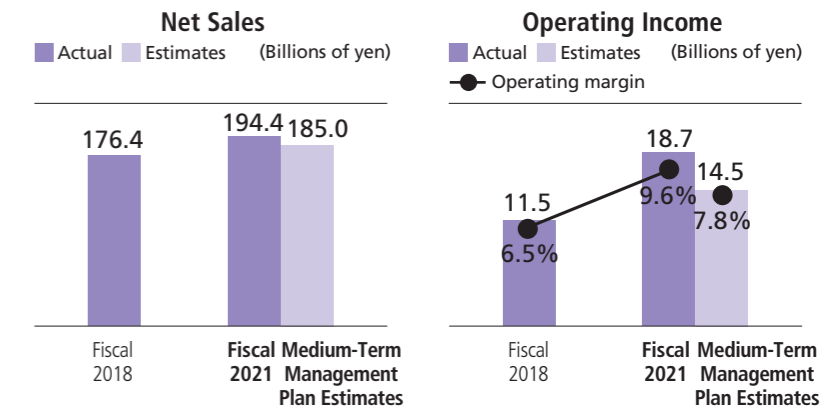
Utilizes business and operating know-how specific to non-finance industries to raise value-added quality of clients' operations, expand use of IT, and provide IT-based support for operations.

Looking Back on Medium-Term Management Plan (2018–2020)

Maintained growth against backdrop of expanding IT investment among core clients and across wide industry spectrum, particularly energy

Focus Points of Medium-Term Management Plan (2018–2020)

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



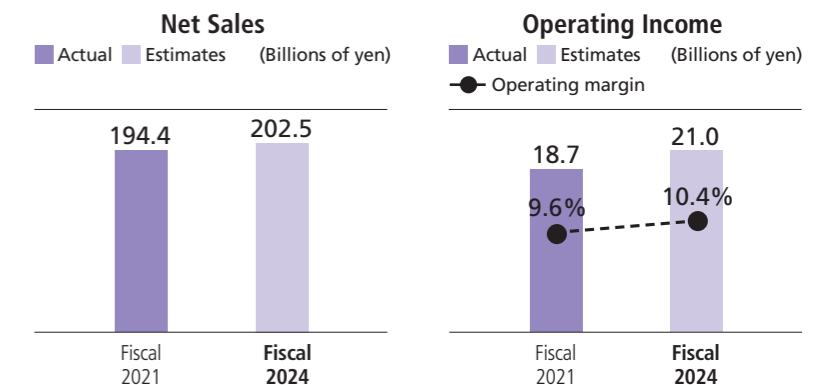
(References) Fiscal 2021 Results

Net sales	¥194,414 million (−4.1%)	Despite favorable demand from core clients and contributions to performance by companies turned into consolidated subsidiaries during fiscal 2021, sales and income declined due to reduced IT investment among regional, small and mid-sized companies. Operating margin remained at the fiscal 2020 level thanks to improving project profitability.
Operating income	¥18,710 million (−2.3%)	
Operating margin	9.6% (+0.1pt)	[Compared to estimates] Net sales −0.8% Operating income +3.4%

Figures in parentheses indicate increase or decrease from the previous term.

Focus points on Medium-Term Management Plan (2021–2023)

- Strengthen strategic partnerships with clients in industry and public sectors, and encourage joint creation projects
- Make services more high-value-added through DX and constantly pursue productivity reforms



(References) Fiscal 2022 Forecast

Net sales	¥191,000 million (−1.8%)	Clients of Industrial IT Business are hugely impacted by changing business conditions, but business environment is expected to recover, with DX accelerating across a wide range of industry sectors as companies seek to sharpen competitive edge and business reform. Braced for lower sales, due to impact from application of Accounting Standard for Revenue Recognition. But on actual basis, performance should be solid, with sales decline and higher income.
Operating income	¥19,200 million (+2.6%)	
Operating margin	10.1% (+0.5pt)	

Figures in parentheses indicate increase or decrease from the previous term.

Platform that Supports Value Creation of the Group

The Group is promoting efforts focusing on E (environment), S (social) and G (governance) as an important framework to support 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



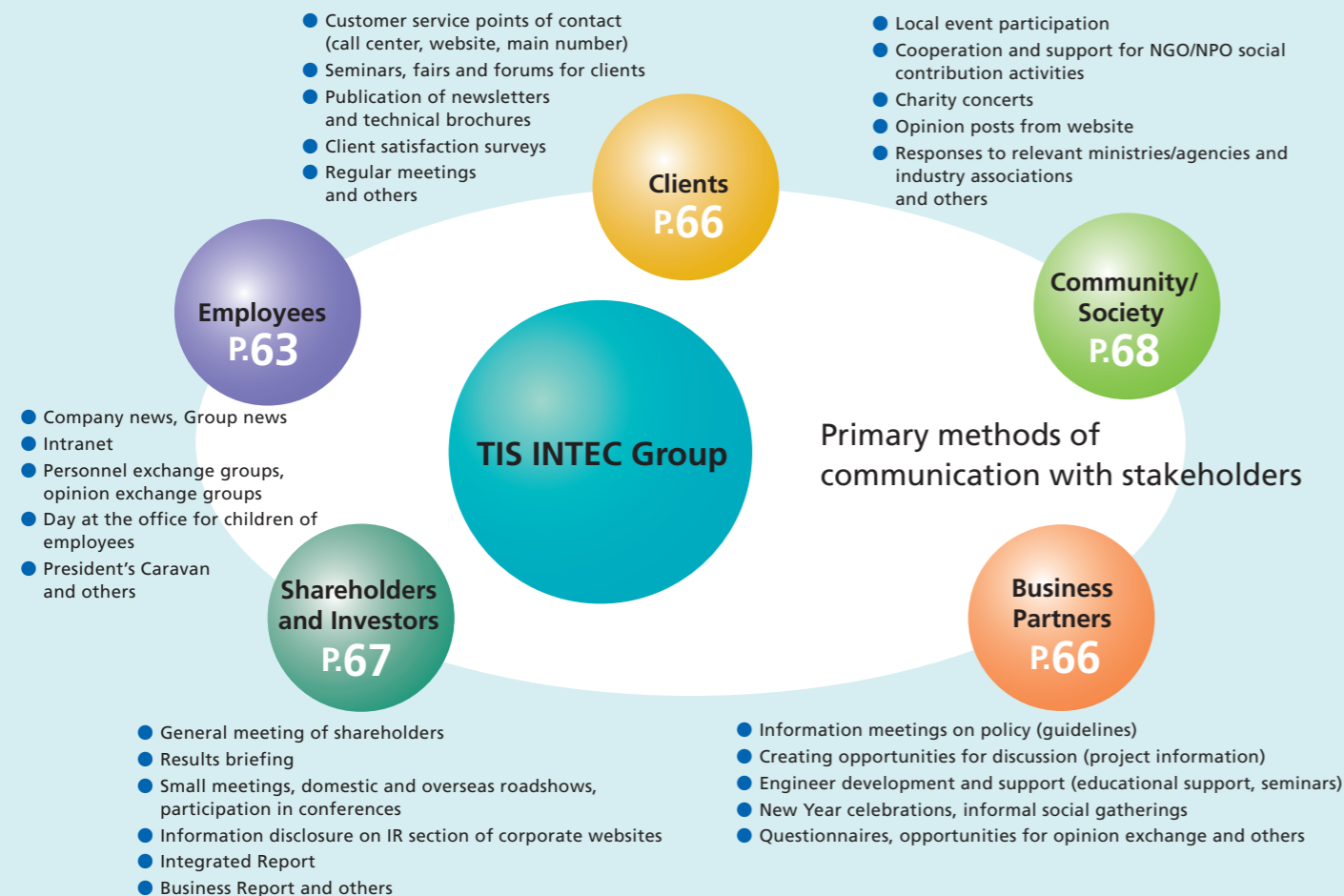
Environment
Contribute to decarbonized society and recycling society
P.69

Social
Sustainable improvement in stakeholder engagement
P.63

Governance
Constantly strive for governance that promotes higher level of trust from society
P.48

Stakeholder Engagement

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



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

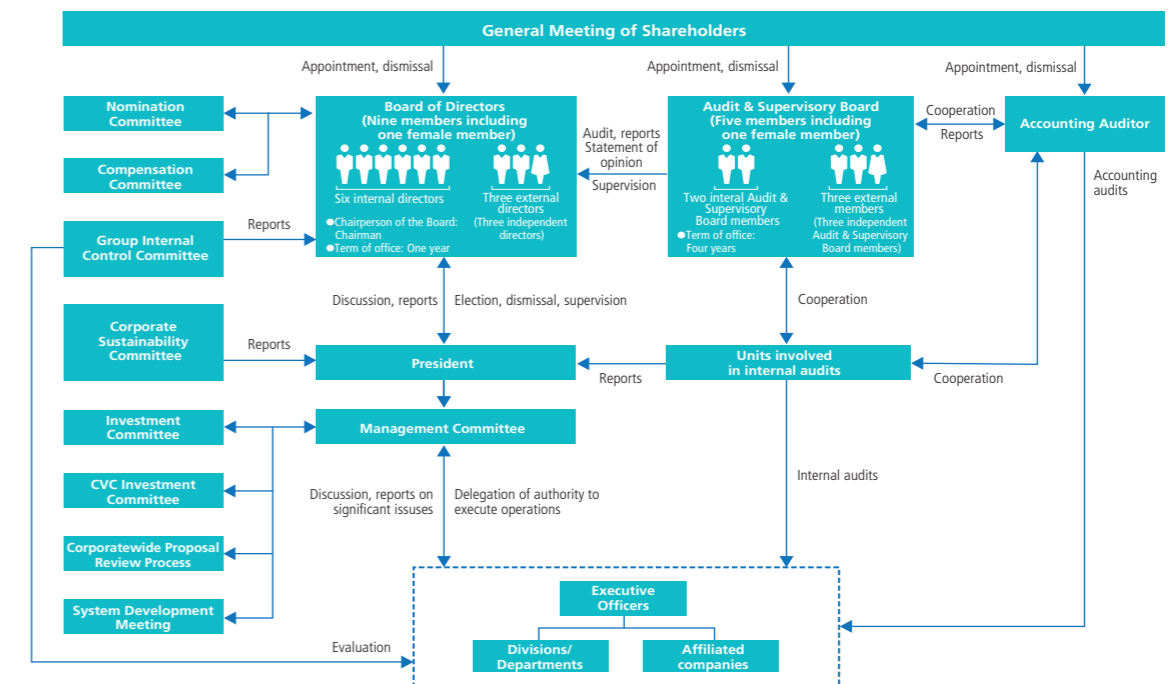
Corporate Governance

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.

Corporate Governance Structure



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	Check and evaluate the status of the corporate sustainability activities of the Group as a whole.
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.

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 outside directors with industry- and corporate-management-related experience and insight. Drawing on advice and recommendations from an independent standpoint ensures the validity and appropriateness of decision-making by the Board of Directors.

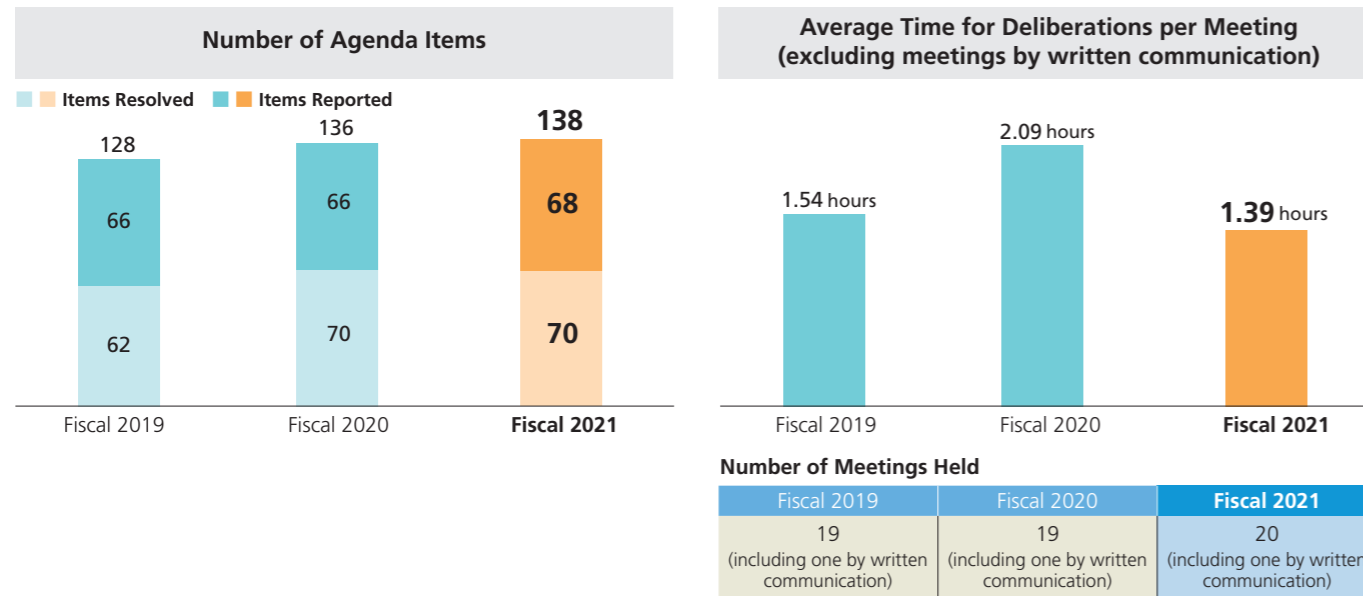
Directors and Board of Directors

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

For swift and dynamic decision-making by the Board of Directors, it convenes in principle once monthly and also meets on an ad hoc basis whenever necessary. TIS holds an information meeting once a year to present management direction as

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

Year ended March 31, 2021 **Board of Directors: 20 meetings held; 138 agenda items discussed (70 items resolved and 68 items reported)**



Management Committee

The Management Committee convenes twice a month in principle, where members deliberate and report important matters related to the execution of business activities throughout TIS and the Group. The committee consists of the President and Representative Director, as the chairperson, and general managers, directors in charge, division managers, and the head of the Corporate Planning Department, as attendees. If necessary,

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

Year ended March 31, 2021 **Management Committee: 40 meetings held; 277 agenda items discussed (151 items resolved and 126 items reported)**

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

Since fiscal 2016, ended March 31, 2016, the Company has evaluated the effectiveness of the Board of Directors each fiscal year. This process reveals issues and points for improvement and leads to initiatives that will raise the effectiveness of the Board of Directors to a higher level. For the fiscal 2021 evaluation, all directors and members of the Audit & Supervisory Board were given a questionnaire to be submitted anonymously. The questionnaire asked them to conduct a comprehensive self-evaluation and self-analysis of the composition and operation of the Board of Directors, and then the Board of Directors held discussions based on the results. The method and results of the evaluation, as well as future issues brought to light through this process and measures to address such issues are described below.

1. Method of evaluation

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

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

The Company's Board of Directors concluded, based on Company regulations, that sufficient effectiveness had been achieved to appropriately supervise the approval of important management matters and business execution, such as the status of business activities and investments at the Company and Group companies. In addition, the Board of Directors

concluded that the level of effectiveness continues to trend upward, reflecting improvement measures based on the results of effectiveness evaluations conducted in previous years.

However, management acknowledged the importance of promoting discussions to further improve sustainability and medium- to long-term corporate value and monitoring by the Board of Directors, and strengthening the Group's capabilities to address risks to ensure greater effectiveness in running such meetings.

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

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

(1) Promote discussions to further improve sustainability and medium- to long-term corporate value and monitoring by the Board of Directors
The Board of Directors will secure sufficient time to have discussions to further improve sustainability and medium- to long-term corporate value, review the authorities held by the meeting bodies within the Group, and improve the Board's function to monitor medium- to long-term strategies.

(2) Strengthen the Group's capabilities to address risks
With a recognition of the need to strengthen our capabilities to address risks inherent in the Group in a cross-functional manner, the Board of Directors will complete a PDCA (plan-do-check-act) cycle for the Group risk management and to strengthen capabilities to address risks by having meetings to exchange opinions and to report the status of internal control risk management and its three-line defense protocol.

Nomination Committee and Compensation Committee

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

	Nomination Committee	Compensation Committee
Role of committee members	Provide advice for selecting candidates to the position of director and matters related to the appointment of such individuals	Provide advice on matters related to decisions on compensation for directors
Status of activities by committees (Fiscal 2021)	<ul style="list-style-type: none"> Held seven times in fiscal 2021 with 100% attendance of all the members Provided advice on the appointment and retirement of key individuals, including directors, and presented proposals on changes to director composition, based on discussions by Committee members. Gave advice on future approaches for a succession plan based on the current status shared by the members. 	<ul style="list-style-type: none"> Held six times in fiscal 2021 with 100% attendance of all the members Discussed the appropriateness of the Company's compensation package through a comparative analysis of director compensation amounts at other companies and at TIS, based on the findings of a research company, as well as the appropriateness of the calculation method used to determine performance-linked compensation. Made proposals to the Board of Directors on director compensation, based on the results of discussion by the Committee.















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

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

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

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

Board of Directors and Audit & Supervisory Board Members

Directors							Audit & Supervisory Board Members								
															
	Chairman	Representative Director, President	Representative Director, Executive Vice President	Representative Director, Executive Vice President	Director	Director		Director	Director	Director	Standing Audit & Supervisory Board Member	Standing Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member	Audit & Supervisory Board Member
								External/Independent	External/Independent	External/Independent			External/Independent	External/Independent	External/Independent
	Toru Kuwano	Yasushi Okamoto	Masahiko Adachi	Josaku Yanai	Takayuki Kitaoka	Akira Shinkai		Koichi Sano	Fumio Tsuchiya	Naoko Mizukoshi	Tetsuya Asano	Tatsufumi Matsuoka	Sadahei Funakoshi	Yukio Ono	Akiko Yamakawa
Date of birth	May 3, 1952	March 3, 1962	May 9, 1956	November 14, 1963	December 14, 1960	March 24, 1959		August 30, 1948	May 10, 1948	September 23, 1967	October 22, 1960	December 2, 1957	August 15, 1954	January 1, 1950	April 5, 1973
Cumulative term of office	8 years	3 years	3 years	5 years	3 years	3 years		5 years	4 years	3 years	1 year	2 years	5 years	1 year	1 year
Number of shares owned (thousand shares)	163	50	43	53	13	17		3	—	1	7	10	1	0	—
Attendance at meetings															
Board of Directors Attendance/ Number of meeting (Attendance rate)	20/20 (100%)	20/20 (100%)	20/20 (100%)	20/20 (100%)	19/20 (95%)	20/20 (100%)		20/20 (100%)	20/20 (100%)	19/20 (95%)	13/13 (100%) (Since assuming office on June 24, 2020)	20/20 (100%)	20/20 (100%)	12/13 (92%) (Since assuming office on June 24, 2020)	13/13 (100%) (Since assuming office on June 24, 2020)
Audit & Supervisory Board Attendance/ Number of meeting (Attendance rate)	—	—	—	—	—	—		—	—	—	11/11 (100%) (Since assuming office on June 24, 2020)	13/13 (100%)	13/13 (100%)	11/11 (100%) (Since assuming office on June 24, 2020)	11/11 (100%) (Since assuming office on June 24, 2020)
Nomination Committee ●Chairperson ○Committee member		○						○	○	●					
Compensation Committee ●Chairperson ○Committee member		○						○	○	●					
Skills															
Corporate Management	●	●	●	●	●	●		●	●		●	●			
Industry Knowledge	●	●	●	●	●	●			●	●			●		
International Experience	●	●		●					●	●			●	●	●
Finance & Accounting			●					●			●	●		●	
Legal										●					●

Executive Officers

Senior Managing Executive Officer	Jun Ikimune	Executive Officer	Hirofumi Akashi	Executive Officer	Yasushi Tajima
Senior Managing Executive Officer	Masahiro Hosokawa	Executive Officer	Masahiro Mikami	Executive Officer	Ikuo Shimizu
Senior Managing Executive Officer	Shinichi Horiguchi	Executive Officer	Satoru Tayasu	Executive Officer	Isao Otokita
Senior Managing Executive Officer	Kiyotaka Nakamura	Executive Officer	THANAWAT LERTWATTANARAK	Executive Officer	Yoshiyuki Hayashi
Managing Executive Officer	Masahiro Ueda	Executive Officer	Hiroto Ito	Executive Officer	Masakazu Kawamura
Managing Executive Officer	Tsuyoshi Fukuda	Executive Officer	Manabu Yano	Executive Officer	Kensaku Furusho
Managing Executive Officer	Kei Ando	Executive Officer	Hidehiko Shimoyama	Executive Officer	Reiko Oka
Managing Executive Officer	Naoto Kita	Executive Officer	Kyoko Takayanagi		
Managing Executive Officer	Hisashi Shimizu	Executive Officer	Tsuneyoshi Ito		
Managing Executive Officer	Akira Ogane				

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 Content of Liability Agreements

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

compensation as set forth under Article 423, Paragraph 1, of the same law. The limit of liability compensation, based on these agreements, is an amount provided as Minimum Liability Amount in Article 425, Paragraph 1, of the same law.

(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.

Outline of Policy on Officers' Remuneration

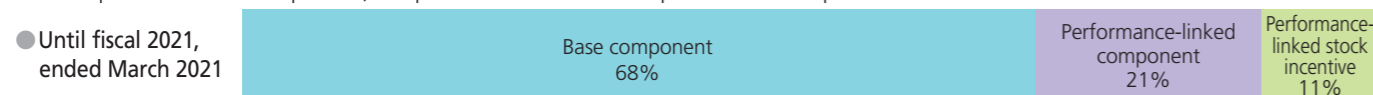
(1) Determination of compensation

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

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

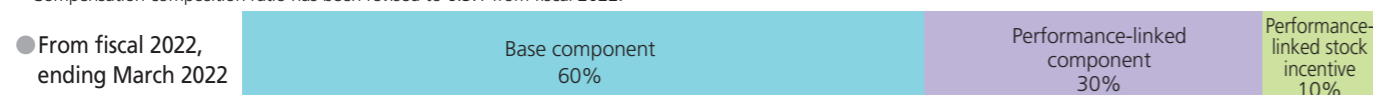
(2) Structure of officers' compensation

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



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

* Compensation composition ratio has been revised to 6:3:1 from fiscal 2022.



(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

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

● Process for determining executive compensation

- Attainment of business goals and achievement of business plans formulated at the beginning of the fiscal year in accordance with the medium-term management plan are evaluated at the Performance Evaluation Meeting held in late May.
- The President and Representative Director evaluates the directors and Audit & Supervisory Board members at the meeting referred to in (a) above.
- The Compensation Committee meets in the middle of June to consult on the results of the evaluation in (b) above and on the appropriate amounts of compensation based on the results of evaluation.
- The Board of Directors votes on whether to approve the amounts of executive compensation proposed by the Compensation Committee in (c) above.
- Monthly payments of the annual compensation amount determined by the Board of Directors in (d) above start in July.
- A third-party agency is contracted to research the executive compensation level of other companies for comparison in July.
- The Compensation Committee meets in November to consider the results of the research in (f) above and modifications to executive compensation, as appropriate.

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

● Basic compensation

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

● Performance-linked compensation

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

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

In fiscal 2021, the amount of performance-linked compensation was determined by applying a performance-linked coefficient of 30% based on the level of attainment of targets for predetermined corporate performance indicators, including Consolidated Sales, Consolidated Operating Income and Consolidated ROE.

		Individual Performance Evaluation				
		A	B	C	D	E
Organizational Performance Evaluation	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, Consolidated ROE, and Service Business Sales were adopted as financial indicators to encourage pursuit of business growth, and employee satisfaction was adopted as a nonfinancial indicator to encourage pursuit of higher job satisfaction among employees, and to ensure attainment of enhanced corporate value as expected by the shareholders.

In fiscal 2021, the amount of performance-linked stock incentive was determined by applying a performance-linked coefficient of 50% based on the evaluation of actual results of the indicators relative to estimates (100% performance-linked coefficient when attained) conducted in accordance with the Stock Delivery Regulations.

● Outline of performance-linked stock compensation system

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

* From fiscal 2022, the Company has made revisions, such as scope of individuals eligible for its shares and other benefits expanded to include directors of its subsidiaries.

a. Organization of the BIP Trust scheme

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

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

Calculation Formula

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

* Decimals rounded down

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

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

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

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

Remuneration for Directors and Audit & Supervisory Board Members (Year Ended March 31, 2021)

(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)	261	201	50	9	9	6
Audit & Supervisory Board members (excluding External Auditors)	41	41	—	—	—	3
External Directors and External Auditors	60	60	—	—	—	8

Notes: 1. For the fiscal year ended March 31, 2021, compensation for directors does not include the employee portion for directors who serve concurrently as employees.

The Company has not introduced a retirement benefit system for directors, and does not pay any directors' bonuses.

2. As of March 31, 2021, the Company has nine directors, including three external directors, and five Audit & Supervisory Board members, including three external auditors. The discrepancy in Audit & Supervisory Board members between this number and the number of recipients above is attributable to the inclusion of three members, including two external auditors, who retired at the conclusion of the 12th Annual General Meeting of Shareholders on June 24, 2020.

3. Limits on compensation (basic compensation and performance-linked compensation) for directors and members of the Audit & Supervisory Board were approved at the First Annual General Meeting of Shareholders on June 25, 2009, with the limit on compensation for directors set at ¥400 million per year (of which, external directors receive no more than ¥50 million) and that for members of the Audit & Supervisory Board set at ¥85 million. At the conclusion of the said meeting of shareholders, the Company had eight directors, including two external directors, and four Audit & Supervisory Board members, including three external auditors.

4. The performance-linked stock incentive is booked as an expense for four directors (excluding external directors and non-full-time directors) in the current business year. Note that this performance-linked stock incentive was approved by shareholders at the 10th Annual General Meeting of Shareholders on June 26, 2018, wherein the upper limit on the number of shares is 183,900* per fiscal year, to be delivered through a trust into which the Company contributes up to ¥500 million in each specified period (three fiscal years) for four eligible directors (excluding external directors, non-full-time directors), executive officers and executive fellows.

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

5. Nonfinancial compensation for directors (excluding external directors) comprises ¥9 million of performance-linked stock compensation.

Constructive Dialogue with Shareholders

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

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

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

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

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

Strategically Held Shares

1. Policy on strategic holding of shares

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. Each year, the Board of Directors reviews the relevance of cross-shareholdings. 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/>

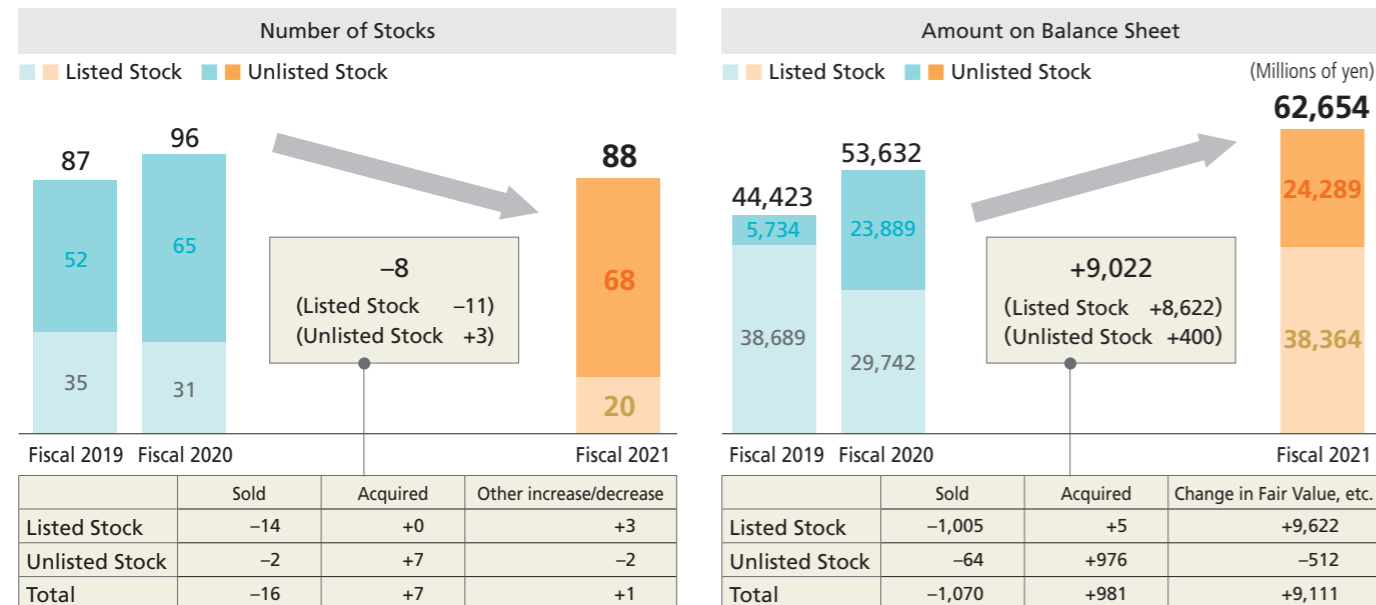
2. Criteria for exercising voting rights for strategically held shares

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 that lack economic rationality with strategic shareholders.

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



According to the policy on strategically held shares, TIS sold its entire holdings of 16 stocks and partial holdings of one stock for the year ended March 31, 2021, steadily reducing the amount of previously held cross-shareholdings. On the other hand, as part of its growth strategy, TIS actively makes investments in startups with the objective of developing strategic partnerships to facilitate open innovation and forms capital and business alliances with leading foreign companies, and has newly acquired seven unlisted stocks.

Through a diversity-respecting governance system, we will achieve higher corporate value.



(from left) Toru Kuwano, Chairman; Naoko Mizukoshi, External Director (Partner at Leftright Law & IP)

OUR PHILOSOPHY, the Group's basic philosophy, is the foundation of corporate governance

Kuwano: In Japan, steps have been taken to strengthen corporate governance at Japanese companies against a backdrop of social needs. Corporate governance for the TIS INTEC Group is premised largely upon OUR PHILOSOPHY, basic philosophy that guides the Group in all activities. A company, as a public entity of society, must seek more than just economic value. A company must meet the expectations of society and contribute to people's happiness through the improvement of value exchange with stakeholders. The Group, as a whole, subscribes to this concept, and strong corporate governance is an integral part of it.

Over the past few years, TIS has continuously embraced measures to strengthen its corporate governance structure, including an increase in the ratio of external directors to in-house directors and the establishment of the Nomination Committee and the Compensation Committee. Against this backdrop, to more clearly separate the roles of business execution and supervision, in April 2021, I vacated the position of Representative Director, Chairman and President and became a director and chairman without the right of representation, and Yasushi Okamoto took over as Representative Director and President. From a non-executive position, I can focus my efforts on enhancing the corporate governance. In addition, Ms. Mizukoshi, since February 2021, you have chaired the Nomination Committee and the Compensation Committee.

Mizukoshi: When OUR PHILOSOPHY permeates the TIS INTEC Group, corporate governance is strengthened and the business foundation becomes even firmer. I was appointed as an external director at TIS in June 2018, and through annual evaluations of the Board of Directors' effectiveness over the years, I have been able to get the Board of Directors to take the time to exchange opinions on highly important issues and medium- to long-term strategies and then pursue discussion. Such topics include the status of business investment and overseas operations, the profitability of service-type businesses and the diversification of human resources. I also asked for early notification on evolving issues, particularly unfavorable news, to expedite discussion of solutions. I think my suggestions have led to a more resilient monitoring structure. Sustainable improvement in corporate value is dependent upon how quickly adverse news is shared to decision-makers to expedite responses and minimize risk. No matter how high business results climb, if a company loses the trust of society because of some scandal, its corporate raison d'être will be called into question. A company grows precisely because it has the trust of society and it is regarded as a good company for stakeholders. That's why efforts to reinforce corporate governance are so essential.

Kuwano: As you point out, the Board of Directors now puts an emphasis on "bad news," such as issues arising after business investment. In addition, it's important to understand the background to these issues, so we hold an information meeting for external directors before the Board meets to provide historical perspective on agenda items. This allows for a fuller discussion of issues on the day the Board meets. We complement this approach with opinion exchange opportunities with outside experts and study groups.

Nomination Committee spent about two years in process to select new president

Mizukoshi: The selection of a new president took about two years. The Nomination Committee had no preconceptions and considered the possibility of an outside appointment equally with candidates from within the organization. Ultimately, though, we decided to select someone from inside. Then, the committee looked at the qualifications that the president of TIS needed to have. We all shared the view that the president would have to possess basic qualities—a suitable level of business knowledge and the trust of peers—along with the ability to execute strategies to fuel globalization and the service-type businesses that support structural transformation, as well as leadership skills and international literacy matched to trends in globalization. In addition, we met with each candidate on our list to find out what kind of management team that person wanted to build and exchange opinions. We also referred to 360° evaluations and coaching feedback from outside experts. Candidates themselves had various questions over the course of the two-year selection process, and as these questions turned over in the mind of each individual, perhaps they acquired a new perspective on key qualities and their own role in the organization.

Kuwano: All directors receive coaching as a way to improve the quality of management of the Group. I, myself, received coaching, and during this time, I realized that the most important issue I had was to decide on the next person to run this company. In 2017, around the time participants were chosen for pilot discussions on OUR PHILOSOPHY, I had the vague idea of selecting potential successors to help shape OUR PHILOSOPHY. Since April 2020, my coach and I had two-on-two meetings with each of the four candidates and their respective coaches. Lots of questions were fielded from coach to candidate about thoughts on top management, and I conveyed my own thoughts about issues each candidate needed to address. This was a major eye-opener for them and surely provided an opportunity for reflection and growth.

Mizukoshi: The selection process for a new TIS president was given time and drew on multiple frameworks, including coaching feedback and 360° evaluations, but was also complemented by committee discussion and opinion exchange with each candidate. Our decision was thus based on a combination of many factors. I believe the process to reach that decision was extremely good. I hope TIS will continue to contribute to the development and selection of next-generation corporate leaders through a transparent process.

Kuwano: Candidates who were not selected to the top management position are still very much essential to the Group's future growth, and I asked them to demonstrate their capabilities as members of a unified management team led by Mr. Okamoto. They understood the underlying message, and I expect even greater progress and growth under the new management structure.

Process to determine director compensation underpinned by fair value exchange

Kuwano: Compensation for directors at TIS comprises three components—basic compensation, performance-linked compensation, and performance-linked stock incentive. The ratio of components, if established measures of corporate performance are fully achieved, has recently been revised to 6:3:1, from 7:2:1, with an increase in the performance-linked compensation component.

Mizukoshi: The Compensation Committee debating the officers' compensation system is significant in two ways: First, the ratio of external directors to in-house directors is high, at 3:1, and second, an external director chairs the committee. These are very crucial points. Somehow, a committee with only in-house participation only tends to be soft on standards and such. To create a suitable system acceptable to stakeholders, the Compensation Committee talks about what performance-linked compensation and monetary amounts should be, ideally, and seeks to design a system based on incentives that are not excessively speculative but contributed to improved performance and accountability for reaching KPI targets.

Kuwano: OUR PHILOSOPHY highlights the idea of committing to a style—one inspired by honesty—that infuses all corporate activities and defines growth as headway in realizing our mission and enhancing value exchange with stakeholders. What we really want to emphasize, though, is a balance in value exchange with stakeholders, namely, shareholders, clients, employees, business associates and society as a whole. In this sense, too, it is a natural progression in corporate decision-making that compensation for directors be decided by the Compensation Committee, which hinges on the participation of external directors.

What factors will drive corporate governance going forward?

Mizukoshi: One factor is that the TIS INTEC Group is global. To date, all group companies at home and abroad tended to be managed from a Japanese perspective. The addition of Thailand's MFEC and other overseas developments have heightened the importance of governance applied to all group activities from a global perspective while incorporating standards shared by operations in Japan and overseas as well as those that are specific to each country or market.

With the opening of the Toyosu Office, the operating divisions of TIS and INTEC now work from the same location. But the centralization process does not end here. It's just beginning. Is the setup as efficient as envisioned and appealing to employees? Will close proximity encourage business synergy and raise corporate value of the Group? The answers to these questions have to be "yes" or at least moving in that direction, and it will be necessary to monitor status.

Also, the Corporate Governance Code, which was amended in June 2021, mentions diversity in core human resources. Given this, I think TIS has to focus on how it will attract and keep the people it—and the Group—needs through appropriate human resources investment and how it will promote diversity.

Kuwano: We know we must promote greater diversity among directors. The Group has many technical experts who began as systems engineers and many extremely sincere people who embody the needs of clients. But managers, though they may be integral to service-type businesses and global operations, must also possess strong leadership skills and international literacy. As noted before, coaching has been introduced as a Group platform and is a valuable tool for promoting greater diversity among executives and regular employees.

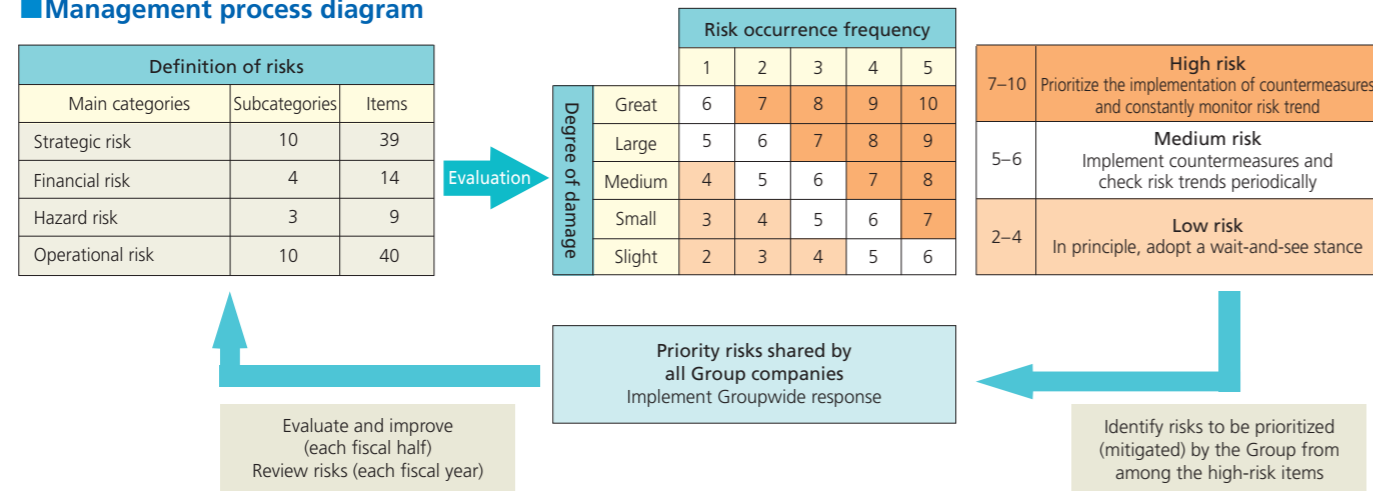
I am acutely aware of the importance in having young people on the business execution front to leverage service-type businesses in global markets where the speed of change is very fast. You see, in overseas activities, our people often deal with companies where the top executives are in their 40s. But on the governance front, we will have to deploy diverse human resources who have accumulated experience in-house as well as externally. This would include people familiar with the Group's businesses and people with expertise in specialty fields, such as the business world and legal systems. It will also be important to get the right balance.

Mizukoshi: External directors are outside the internal order and see the world and the circumstances at other companies from a different angle. Because of this—and TIS may be atypical—I can say, "Hey, there's another way to look at that issue." I can present my opinion as the view from an employee or a shareholder. What I'm getting at is that external directors expand the scope of director diversity. I believe it will be companies with a high degree of diversity that are able to make the bold decisions required to meet future needs. No business is without risk but it's possible to reduce risk not to miss a chance by considering different perspectives. As an external director, I will continue to watch for changes in the business environment and question uncertainties from diverse stakeholder perspectives. I hope that by offering frank opinions I will help enhance corporate governance and boost corporate value.

Kuwano: I feel the new management structure, which went into effect in April 2021, has gotten off to an extremely good start. Corporate governance, backed by fair and transparent management, will be the foundation upon which the Group continues to grow as a social entity and constantly meet the expectations of a diverse stakeholder audience. To build a strong foundation, we will strive to reinforce corporate governance still further.

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. Based on the reports to the Board of Directors, initiatives will be implemented to further strengthen and improve the Groupwide internal control system.

Management process diagram



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". The Groupwide risks are classified into strategic risks, financial risks, hazard risks, and operational risks according to the Group's rules on risk management.

Strategic risk

Risk items	Overview of risk	Main countermeasures
Human resources	<ul style="list-style-type: none"> High-quality human resources are not secured and developed according to plan. Productivity reduces, costs increase and employee engagement lowers. 	<ul style="list-style-type: none"> With the aim of enhancing workstyle reform and employee motivation, strive to secure talented human resources by providing a corporate culture, HR systems, and an office environment in which a diverse group of people can thrive. Focus on human resource training by providing support for acquiring certifications, systemizing training programs, and creating plans and targets for the number of training days. In order to prevent discrimination and harassment, provide education and enlightenment activities aimed at building good interpersonal relationships and establishing smooth communication, and take fair and strict action in the event that incidents occur. Promote human rights due diligence based on the UN Guiding Principles on Business and Human Rights.
Innovation of production technology	<ul style="list-style-type: none"> Loss of competitive advantage because we fail to respond quickly to advances in information technology and to changing market needs that parallel these advances. 	<ul style="list-style-type: none"> Constantly conduct research into information technologies as well as production and development technologies. Select from a broad technology portfolio the core technologies that will enable us to sustain and improve our development competitiveness, advance R&D and deploy the results. Continuously carry out productivity innovation activities and enhance the digital transformation value it provides.
Intensification of competition, price competition	<ul style="list-style-type: none"> Price competition intensifies more greatly than expected. 	<ul style="list-style-type: none"> Constantly analyze the business environment to better grasp customer needs, offer higher value-added services and take other measures to differentiate from competitors. Improve productivity by curtailing unprofitable projects and engaging in productivity innovation activities.
Investment	<ul style="list-style-type: none"> The expected result or return cannot be obtained. Assets become obsolete. 	<ul style="list-style-type: none"> All investment decisions are made after thorough examination of business plans by either the Board of Directors, the CVC Investment Committee, or the Investment Committee. Progress of each business plan is periodically confirmed after an investment has been made. Keep abreast of such progress by dispatching directors to larger capital investment partners.
Overseas business	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Improve the management structure by ensuring coordination between overseas Group companies and business sites and corporate management in Japan to maintain an accurate understanding of local conditions and consult on ways to implement rapid countermeasures. In order to enhance the system for governance of overseas subsidiaries and affiliates, make efforts such as dispatching human resources to the business company and setting up a "Global Financial Planning Office" at TIS.

Financial risk

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

Hazard risk

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

Operational risk

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

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



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

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

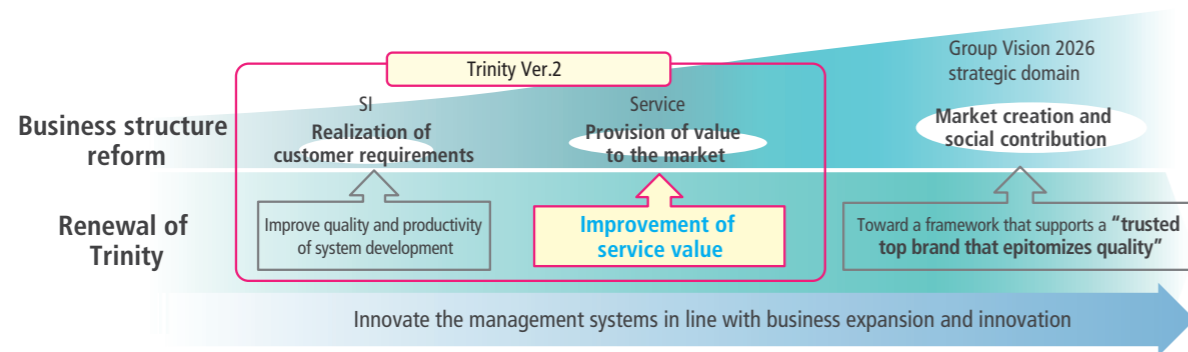
* Trinity means the "three elements of quality, productivity and technological capabilities" and also incorporates the notion of "customers, TIS and partners" working together to improve those elements.

* For more details:

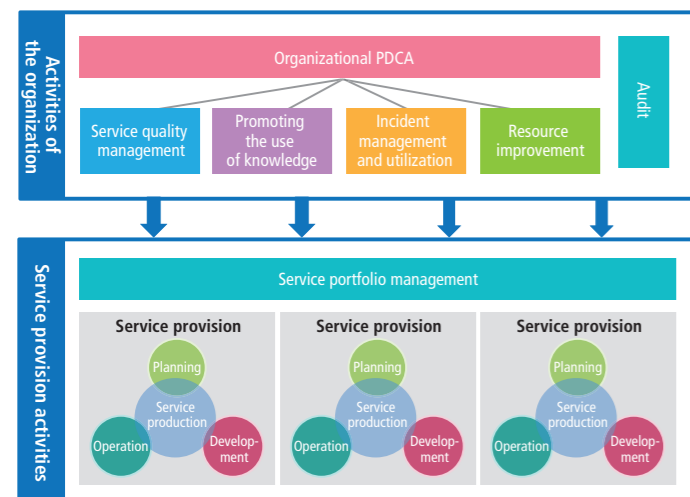
<https://www.tis.com/group/csr/report/social/quality/>

Innovation in Trinity

We will continue to innovate Trinity as a quality management system that supports the business of our Group. In addition to systems integration (SI), we are currently developing Trinity Version 2 for service-oriented businesses.



Service management system "Trinity Version 2"



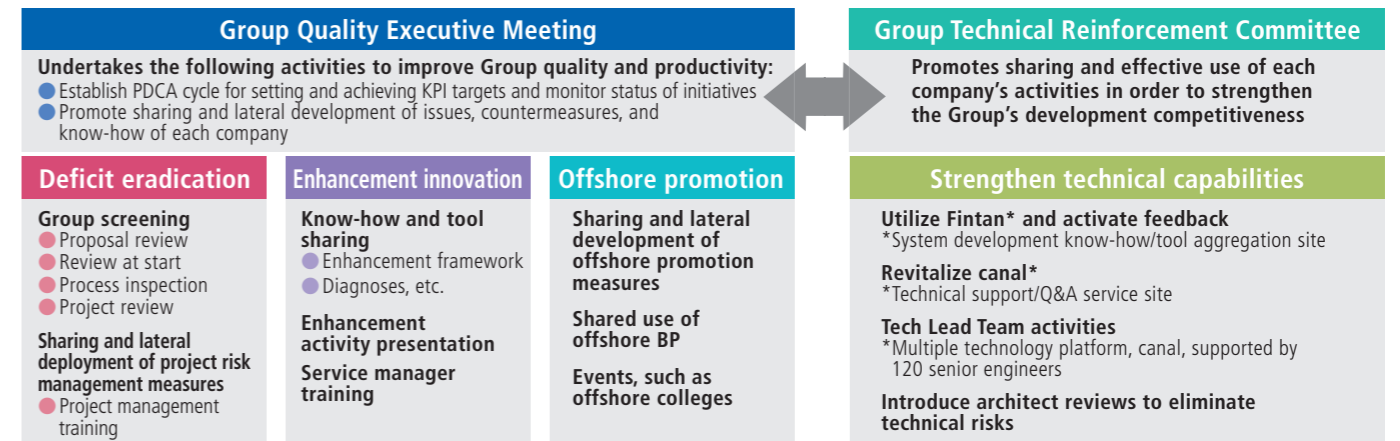
Trinity Version 2 integrates an ISO 9001-compliant quality management system and an ISO 20000-compliant service management system.

We are promoting improvement through both service provision activities and organizational activities. Among service provision activities, we aim to continuously improve the value of our services to our customers, the market and society through the service life cycle of planning, development and operation.

Organizational activities aim to achieve improvement targets through a systematic improvement plan-do-check-adjust (PDCA) cycle that includes support and governance of service provision activities.

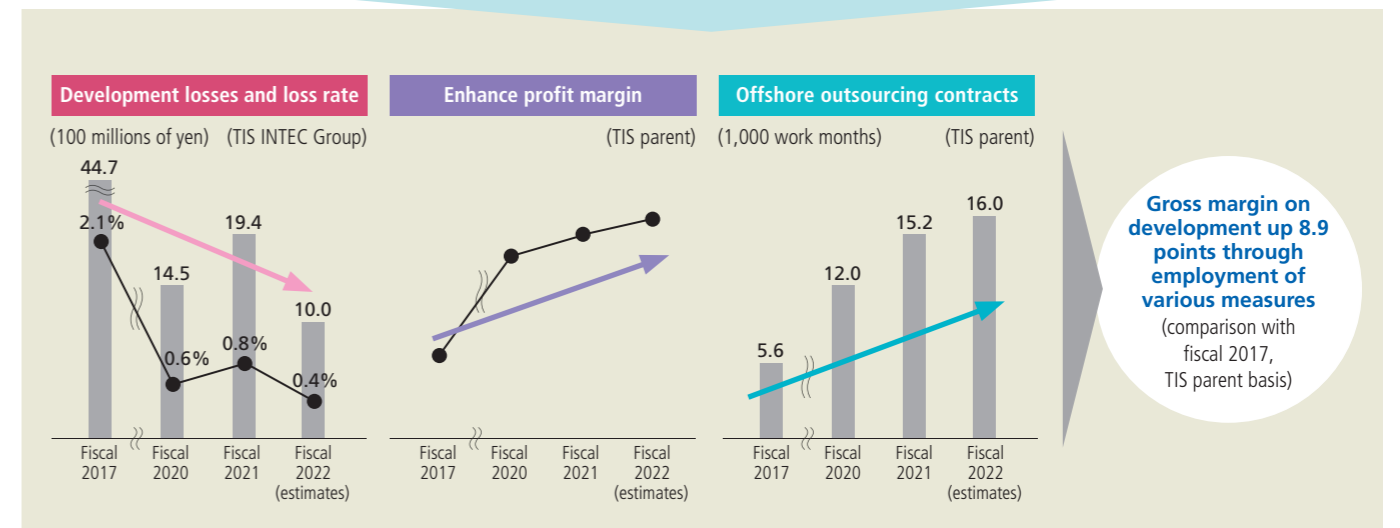
Activities aimed at improving standards across the entire Group

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 2021, ended March 31, 2021

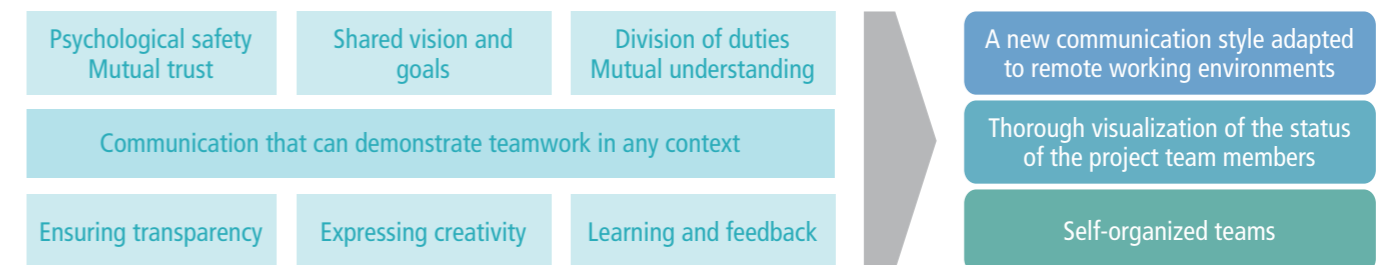
- TIS companywide review proposals: 61
- TIS system development meetings: 193
- Group Quality Executive Committee meetings: 21
- Group Technology Enhancement Committee meetings: 11
- Number of Group screenings: 196



Initiatives in team management styles that are compatible with the new normal

From fiscal 2022, we are working to reform our team management style to become an organization that continues to improve quality and productivity even in an environment where remote work is the norm.

Achieve the best working style by enhancing the seven elements of teamwork



Sustainable engagement to enhance value exchange between employees and the Company

We are striving to improve work engagement so that our members can be active "movers" and fulfill the wishes of society, which is our raison d'être.

In our Medium-Term Management Plan (2021–2023), we have positioned "sustainable engagement" as the cornerstone of our human resources strategy.

By providing employees with compensation, development support, opportunities and HR services that are commensurate with their value, companies can motivate them to contribute and achieve more professionally.

For all employees to grow and play an active role as movers

The Group considers "diversity fusion" as one of the states that management should aim for.

We aim to increase engagement and create innovation by ensuring that every employee is invested in the meaning of corporate activities (our purpose) and that all employees continue to demonstrate their strengths and grow within the organization.

Pursuit of diversity and inclusion is an essential management strategy for realizing our mission "to brightly color the future" by creating diversity fusion.

Group Diversity and Inclusion Policy

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

Advancement of diverse talent

We aim to help employees increase their sensitivity to social issues and grow as individuals. In addition, we are expanding our programs to support the activities of our employees and thus create an environment where they can perform better regardless of their living conditions.

1. Growth support program

This program permits employees to take extended absences and work shorter hours for non-work reasons such as dual employment, volunteering and recurrent training.

2. Life stage support program

We have work programs in place to support employees in balancing life and work during various phases of their lives, including pregnancy, childbirth, childcare, nursing care and illness. In fiscal 2021, we established programs and consultation services that can be used equitably by diverse employees, including sexual minorities, and have strengthened our anti-harassment measures to ensure that employees can work with peace of mind.

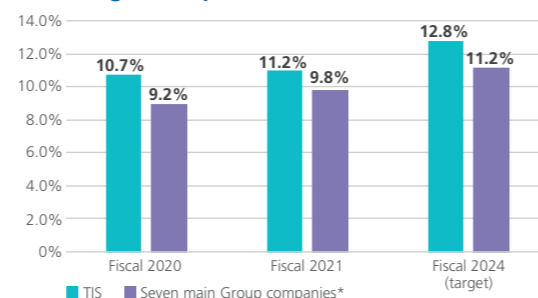
As an indicator to measure the participation of our diverse human resources, we have set a target for the ratio of female managers in the seven major Group companies*.

Targets for April 2024

Group target* : 11.2% or more
TIS parent target: 12.8% or more

*This covers TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service and TIS Solution Link.

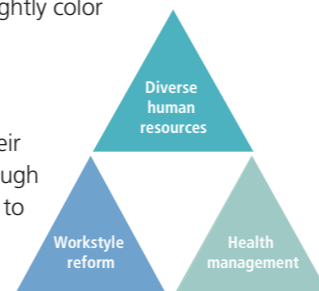
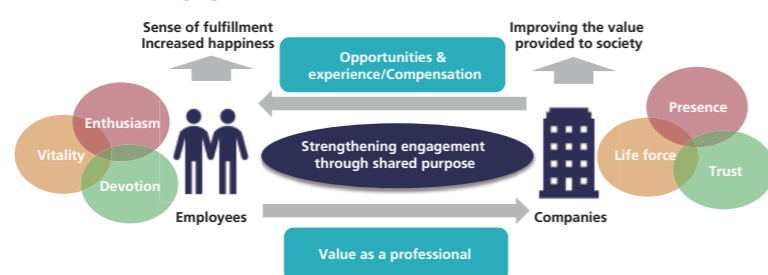
Percentage of female employees in management positions



Major initiatives

- Promotion of employment of seniors
- Initiatives for global human resources
- Life stage support program
- Promotion of employment of persons with disabilities
- Support for LGBTQ+
- Growth support program
- Promotion of women's participation
- Communication (one-on-one, mentoring program)
- Diagnostic organizational development

Sustainable engagement



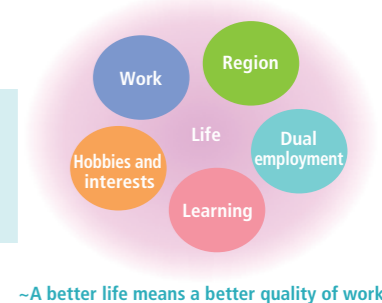
*Please refer to the following for initiatives to enhance the exchange of value between employees and the Company: <https://www.tis.com/group/sustainability/social/>

Health management

We are promoting measures to improve the quality of life for all employees in accordance with the Group's health management policies. In fiscal 2021, the coronavirus pandemic caused telework to expand and significantly changed our lifestyles and working environments. To prevent physical and mental illness associated with change, industrial health staff, human resources and the health insurance association are working together to improve the well-being of employees and the organization by disseminating health information, stimulating communication and holding health seminars.

Major initiatives

- Improving health literacy
- Health management (medical checkup and stress check)
- Enhancement of benefit programs (various insurance, pension and non-statutory benefits)
- Establishment of counseling contact point
- Work-interval program
- Collaborative health (health insurance association)



Work-life integration

Having a fulfilling and happy life outside of work is directly linked to better performance at work. The Group is working to expand and improve work styles, which is the foundation for a healthy and fulfilling life in society.

By flexibly selecting and combining various systems in accordance with individual work and lifestyles, it is possible to voluntarily adapt to changing environments. We were able to flexibly respond to the coronavirus pandemic and continue our business without losing productivity.

In particular, telework, a work style that does not depend on location, is being reevaluated for its merits of seamlessly executing work from remote locations, which not only brings about a better work-life balance, but also reduces the number of unaccompanied job postings and deters employees from leaving their jobs due to spousal transfers or nursing care.

Major initiatives

- Flexible work system with no core time
- Smart work allowance (deemed overtime allowance)
- Appropriate attendance management
- Teleworking program with no upper limit
- Improvement of vacation program and promotion of vacation usage
- Measures against long working hours

Strategic development and investment in training

Based on the Group's business portfolio strategy, we have visualized the human resource requirements in each area. In addition, we have prepared a framework that shows the careers our employees are aiming for and where they stand in their career progression. The visualization of human resources is effective for performance development, which encourages the proactive growth of all employees, as well as the flexible promotion of strategies to increase the value of human resources. Through this framework, it is possible to envision growth goals and long-term careers, and to offer specific support to each individual.

To develop human resources who can respond to changes in society and business and create high added value, we have set targets for investment in training and securing time for learning, and are actively working toward them. We also focus on the development of human resources who will lead the digital transformation (DX) of society. We have also developed and strengthened the necessary training programs and provide them to our employees.



Training system Standard courses are developed for different levels and purposes. We are promoting learning as a daily activity.

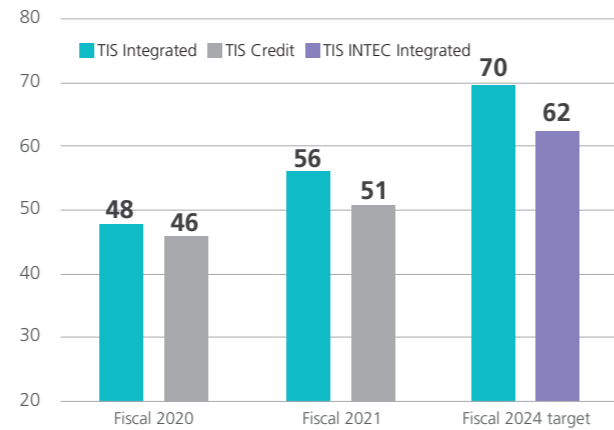
Managerial talent	Talent to lead a domain	Technical skills	Common themes
<ul style="list-style-type: none"> Coaching Strategy mentoring Training assessment 	<ul style="list-style-type: none"> Business creation Consulting Global 	<ul style="list-style-type: none"> Project management Engineering Fundamental technology Business skills 	<ul style="list-style-type: none"> Diversity One-on-one Career design Mutual learning among employees (Waku Waku School)

Sustainable engagement metrics

To measure the level of engagement with employees, the Group conducts an employee awareness survey every fiscal year* that asks about the actual state of job satisfaction based on five elements: trust, respect, fairness, pride and solidarity. The results of the survey are included in the evaluation of officers. (The "Trust" scores are in scope until fiscal 2021. From fiscal 2022 is an "Integrated" score).

In fiscal 2021, we made progress in disseminating and utilizing the measures we have been working on, such as one-on-one meetings and flexible work styles, and the Group improved its scores in all elements. We will continue to strive for further improvement in employee engagement across the entire Group so that all major Group companies will exceed 50% in fiscal 2024.

*TIS has been conducting the survey since fiscal 2016 and expanded the scope of the survey to major Group companies from fiscal 2020.



Fiscal 2024 "Integrated" score targets

TIS parent : 70% or more (level of best companies)
TIS and INTEC : 62% or more

Relocation and consolidation of Group offices (Tokyo area)

We are relocating and consolidating our main offices in the Tokyo area into two core offices to promote the work style reform in the Group and facilitate inter-Group communication. The Nishi-Shinjuku Office will consolidate corporate functions to strengthen Group governance, while the newly opened Toyosu Office will consolidate the Group's business functions to strengthen the Group's solidarity in business and accelerate structural transformation. Furthermore, the total footprint of our Tokyo area offices will decrease due to a review of office space with new work styles reflecting the new normal.



Stadium benches installed in the new offices for work style reform and to improve productivity



The TIS INTEC Group Innovation Hub aims to become a magnet for opinion leaders from inside and outside the Company to gather to create new value.



We will continue to evolve our programs so that all employees can continuously demonstrate their abilities.

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

To achieve continuous improvement in value exchange between employees and the Company, the Group has been actively investing in human resources with the aspiration that all employees will grow. The results of such efforts are steadily becoming visible in job satisfaction scores and business performance.

Even under the pandemic, we are designing programs and creating an environment that allows employees with diverse work styles to choose from multiple options, combine them, and flexibly change them as their circumstances change so that they can achieve higher performance regardless of their living conditions. In this way, new ways of working such as remote teleworking are being progressively adopted. In addition, to ensure that diverse employees, including sexual minorities, can access the various programs equitably, we are also refining the program content and consultation desks.

Going forward, we will continue to support our employees to the fullest, further evolving our talent programs so that all employees – who are the driving force of our Group's growth – can enhance their abilities as self-directed individuals and continuously demonstrate their value to our customers and society.



Social Stakeholder Engagement

With Clients and Business Partners

Building sustainable, trusting relationships with clients and business partners through communications

TIS INTEC Group Business Summit

The Group holds its well-attended TIS INTEC Group Business Summit every year to present the Group's services utilizing our advanced technologies and know-how through sessions and exhibits.

*We canceled the fiscal 2021 event due to the spread of COVID-19.

*Fiscal 2022 summit was held online in July 2021, with a strong attendance.

President Okamoto greets attendees at the online event

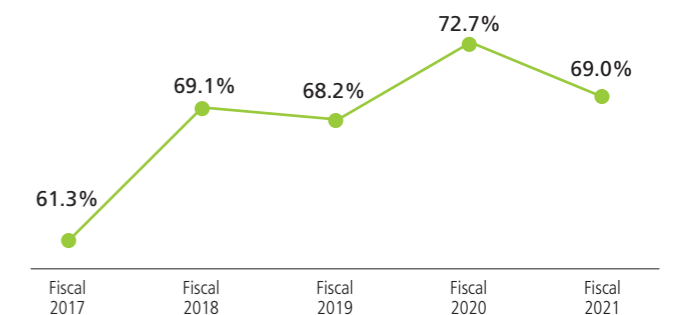


Implementation of Customer Satisfaction Survey

TIS Inc. conducts an annual Customer Satisfaction Survey for customers with whom it does business to gauge our performance from the customer's perspective. In the survey, the ratio of customers answered that we were "An irreplaceable business partner" increased, thanks to our strong reputation for service quality, and for providing honest and sincere responses.

It is vital that we be able to respond to future expectations regarding our proposals and information provision, and we are promoting measures to strengthen our sales and consultant capabilities. As a groupwide improvement activity, we integrate similar surveys at main group companies into this TIS survey.

Percentage of respondents who answered "An irreplaceable business partner" (based on a score of 4 or higher on a scale of 1 to 5)



Convening TIS Business Partner Forum

TIS holds a TIS Business Partner Forum (previously Socials) every year to show its appreciation to its business partners. From fiscal 2022, we will also be using these events to introduce TIS's management policies and measures from various perspectives to increase satisfaction and value exchange with business partners.

*The 2022 forum was held online in June 2021, with a strong attendance.

Established TIS INTEC Group Innovation Hub to promote open innovation

The Group expanded its capacity for internal and external collaboration to create new value in concert with its business partners. An important part of this drive was the establishment of the TIS INTEC Group Innovation Hub, the Group's incubation center, at the Toyosu Office on April 1, 2021.

Promote sustainable procurement policies

The Group believes that it is important to collaborate with stakeholders to implement sustainable procurement measures consistently throughout the entire supply chain. Accordingly, the Group promotes the promulgation of guidelines based on its sustainable procurement policies. For more information see

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

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

We provide performance results and the latest news on our business activities through events, such as information meetings, the production of pamphlets (available as PDFs), and through the comprehensive information we provide on our website. We engage in constructive dialogue with shareholders and investors in the interests of the Company's sustainable growth.

IR Events in Fiscal 2021	Frequency	Contents
Results briefings for analysts and institutional investors*	4 times	Quarterly briefings
Business briefings for analysts and institutional investors*	Once	Held a meeting regarding global business
Small meetings for analysts and institutional investors*	235 times	Provide IR-oriented information for analysts and institutional investors. Of these meetings, 98 were for overseas investors. Total coverage: 362 companies (423 people)
Overseas roadshows*	2 times	President, director responsible for overseas IR and other members of senior management met with shareholders and investors in Europe, and the United States
IR conferences for individual investors*	Once	Held an online live conference (409 participants)
Production of materials for individual investors	2 times	Issued "Business Report"

*During fiscal 2021, we held online events excluding partial events.

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

	Contents
Early dispatch of notice of General Meetings of Shareholders	Based on our policy of sending the notice at least three weeks before the General Meeting of Shareholders, we sent the notice of convocation for the 13th Annual General Meeting of Shareholders scheduled for June 24, 2021, on June 2, 2021.
Setting dates for the General Meeting of Shareholders that avoid clashes with other such meetings	The date has been set so as to make it easier for more shareholders to attend the General Meeting of Shareholders. The latest General Meeting of Shareholders was held on June 24, 2021.
Voting by electronic means	We have adopted an electronic voting system that allows voting rights to be exercised via the Internet and other means (PC, smartphone or cell phone).
Participation in electronic voting platforms and other initiatives to improve the environment for institutional investors to exercise voting rights	We participate in the voting platform for institutional investors operated by Investor Communications Japan (ICJ, Inc.).
Provision of Notice of Convocation (summary) in English	A Notice of Convocation of the General Meeting of Shareholders (in Japanese and English) is posted on the corporate website.
Other	The Notice of Convocation is disclosed prior to distribution on the corporate website. Based on our policy of disclosing the convocation notice about one month prior to the date of the General Meeting of Shareholders, we disclosed the convocation notice of the latest General Meeting of Shareholders on May 20, 2021.
	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, we live-streamed the event.

IR Policy

Purpose of IR Activities

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

Basic Policy on IR Activities

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

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

Basic Policy on Disclosure

1. Disclosure standards

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

2. Information disclosure system

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

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

Co-creation with local communities

We will strive to develop and create value in local communities through dialogue and cooperation, and enhance the value-exchangeability with society.

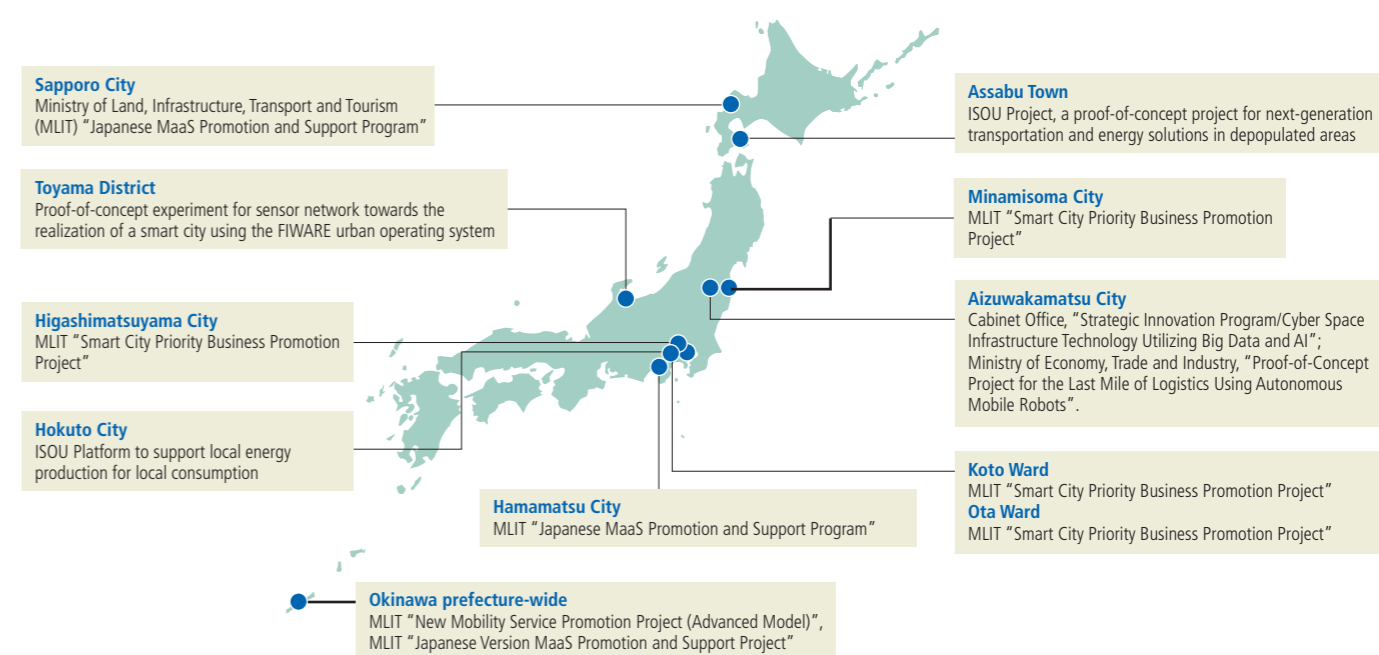
The Group will promote the provision of new choices to society, while understanding and working to mitigate the negative effects of rapid social change.

Realization of a resilient society

We are promoting linkages with various stakeholders to develop safe and convenient solutions for various aspects of people's lives and to create a richer lifestyle for society as a whole.

Linkages with national and local governments

We are engaged in the verification and provision of advanced regional digital and ICT services through smart city-related projects at Japanese national and local government levels.



Corporate social responsibility activities

Our social contribution activities address social and environmental issues and materiality, in line with OUR PHILOSOPHY.

T-Move Project

We are promoting projects to brightly color the future by providing Group employees with various opportunities to contribute to society. By building social contribution programs with local partners and offering them to employees, we aim to provide both value to society and experience-based personal growth opportunities for participants.

Themes of social contribution programs



In fiscal 2021, we provided a non-face-to-face activity program given restrictions in the face of the coronavirus pandemic.

*For more information on other activities, please refer to the TIS INTEC Group website.
 Realizing a resilient society: <https://www.tis.com/group/sustainability/business/>
 Social contribution activities: <https://www.tis.com/group/sustainability/social/community/>

Initiatives to address climate change

Against the backdrop of growing international concern about the environment in recent years, the Group has established an environmental vision and policy, and has set medium- and long-term reduction targets for CO₂ and other greenhouse gas (GHG) emissions, with regard to climate change issues, which are of particular priority and concern to the Group. We will promote businesses that contribute to improving the energy efficiency of society as a whole by making full use of digital technology.

Environmental targets for climate change in the medium and long term

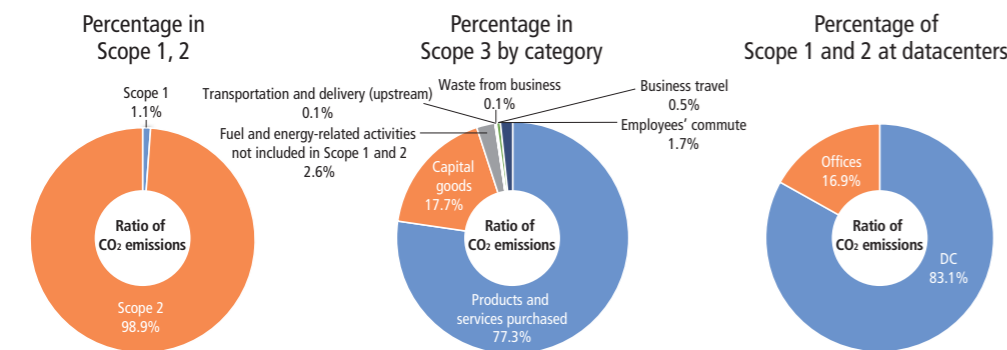
With the aim of becoming carbon neutral in 2050, the Group aims to reduce GHG emissions in fiscal 2031 by 27.5% compared to fiscal 2020, based on the reduction target (WB2C scenario) in line with the 2°C target of the Paris Agreement. This reduction target satisfies the SBT (Science Based Target)* requirement and has been certified as such.



Group GHG emission reduction target for fiscal 2031
Scope 1+2 : 27.5% reduction versus fiscal 2020
Scope 3 : 27.5% reduction versus fiscal 2020

*One of the metrics for GHG reduction targets. A framework that encourages the setting of GHG reduction targets, consistent with the 2°C/1.5°C targets (limiting the temperature increase from pre-industrial revolution levels to less than 2°C and referring to efforts to limit the increase to 1.5°C) called for by the Paris Agreement adopted in 2015.

Ratio of GHG emissions in the Group (actual results for fiscal 2021)



*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.

Initiatives to achieve the Group's GHG reduction targets

Measures to reduce GHG emissions in data centers

- Consolidation (optimization) through data center consolidation: Reduce CO₂ emissions per unit through consolidation
- Implementation of systematic switchover to renewable energy sources

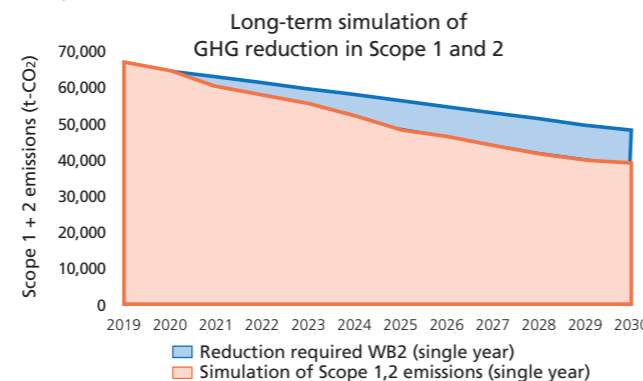
Measures to reduce GHG emissions in offices

- Consolidation of Group offices in each region
- Consideration of energy conservation measures involving building owners: Inquiring about LED lighting, energy conservation of air conditioning equipment, etc.

Other measures to reduce GHG emissions

- Further promotion of telework and remote meetings: Reduce the use of public transportation for commuting and business travel, thereby indirectly reducing CO₂ emissions
- Considering reduction measures in collaboration with suppliers

*We have already set a goal of raising the renewable energy utilization rate to 50% by fiscal 2030 for eight of our 14 data centers nationwide. Together with the effects of the planned data center consolidation by fiscal 2024, we estimate a potential reduction of GHG emissions from data centers of 67% (versus fiscal 2019). We plan to expand our efforts to other data centers in due course.



Information disclosure in line with TCFD recommendations

On June 4, 2021, the Group endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).



What are the TCFD recommendations?

The TCFD was established under the Financial Stability Board (FSB), an international organization working to stabilize the financial system, and in June 2017 released recommendations calling for disclosure of information on the risks and opportunities posed by climate change. The recommendations stress the importance of companies recognizing the risks and opportunities of climate change and incorporating them into their business strategies.

Governance

The Group regularly deliberates on policies and responses to environmental risks and opportunities, including climate change, under the structure described on the right.

(1) Corporate Sustainability Committee

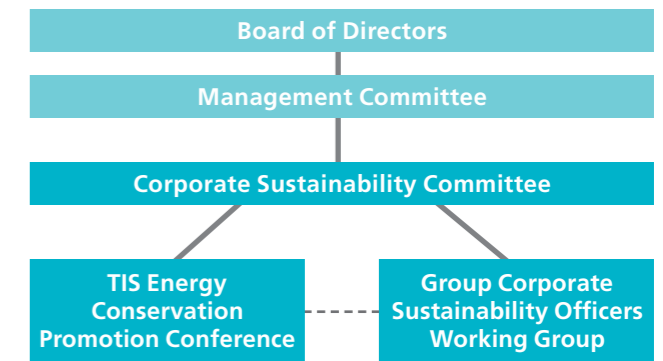
Deliberation and information sharing on important matters related to corporate sustainability activities

(2) TIS Energy Conservation Promotion Conference

Discusses and reports on the setting and achievement of environmental targets, such as electricity consumption in TIS offices and data centers

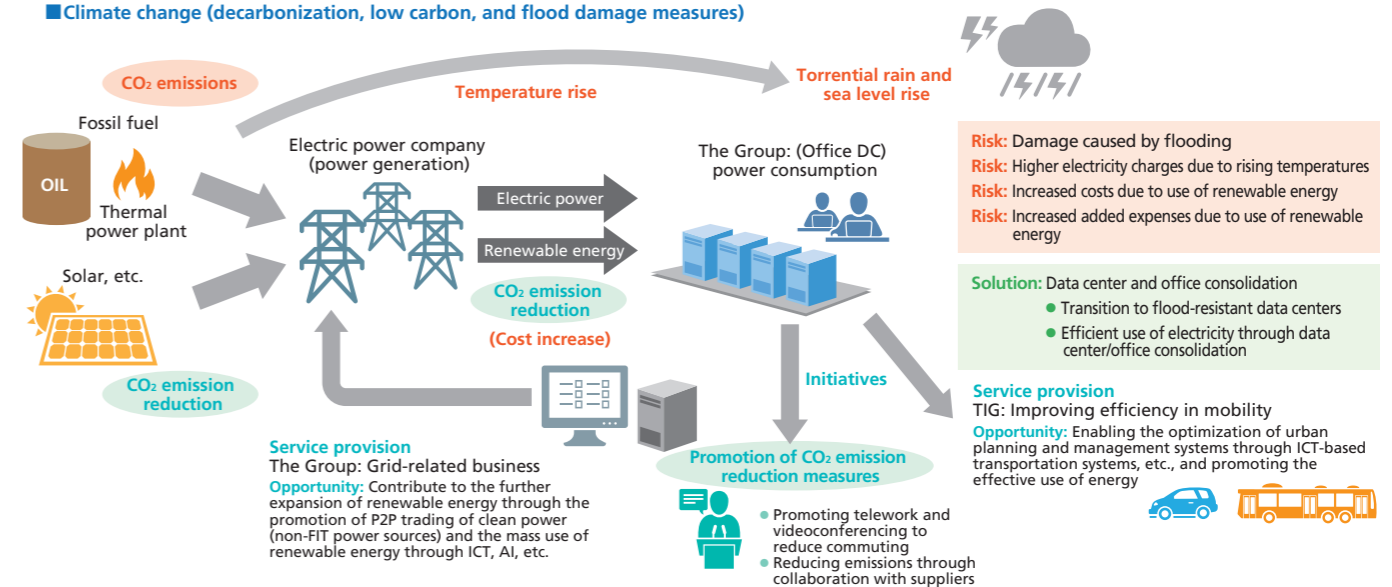
(3) Group Corporate Sustainability Officers Working Group

Sharing the status of TIS INTEC Group's ESG-related activities and goals to be achieved



Correlation between the environment and the Group's business (image)

Climate change (decarbonization, low carbon, and flood damage measures)



Toward the realization of a sustainable society

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

More than five years have passed since the adoption of the Paris Agreement under the United Nations Framework Convention on Climate Change and the Sustainable Development Goals (SDGs) at the United Nations Summit. There seems to have been a lot of progress in the last few years, especially in the area of climate change, including the declaration of carbon neutrality by the Japanese government. Under the brand message of "Make society's wishes come true with IT", our Group's mission is to help solve the world's problems through digital technology. We believe global environmental issues are indeed one of the social issues that need to be addressed.

Therefore, in addition to reducing GHG emissions, we are contributing to the decarbonization of energy based on our long track record in energy business systems and shifting to low-carbon data centers in our data center business. As well as reducing the environmental impact of our operations, we are constantly looking for ways unique to our Group's business to pass on a healthy global environment to future generations and putting these ideas into action.

The Group will continue to contribute to the realization of a sustainable society by addressing global environmental issues such as climate change.

Difficult economic conditions continued due to the impact of the spread of the novel coronavirus (COVID-19), and the outlook has been clouded by factors such as a need to monitor how trends in infection impact the Japanese and global economy. But, in the IT services industry, to which the TIS INTEC Group ("the Group") belongs, demand is expected to continue increasing due to accelerated moves to digitalization of corporate management and anticipation of a new normal. In this environment, the Group steadily improved its performance under the management direction emphasizing profitability to achieve a speedy structural transformation and raise corporate value.

Fiscal 2021 Results

Overview

The Group's business activities were conducted under the extremely difficult conditions presented by the spread of COVID-19, which hampered sales activities, including new proposals, especially in the first two quarters, April and May of 2020 under the state of emergency declared by the Japanese government. Subsequently, however, business activities gradually recovered and have been generally back to normal since the third quarter.

Net sales increased for the 11th consecutive fiscal year as the business environment normalized with an increase from companies made subsidiaries during the fiscal year, and achieved the target which was revised up during the period.

Operating income also increased for the 10th consecutive fiscal year, and operating margin reached to 10.2% which exceeded the revised target. Increase in operating income represents that the Group is steadily strengthening its foundation. For example, the gross profit ratio rose 1.5 percentage points year on year to 25.4% due to the continuous efforts including improvement of profitability for each project (despite some remaining issues), productivity innovation in system enhancement improvements and a review of the business portfolio. The result of these measures offset the increase in selling, general and administrative expenses, mainly due to strategic investments for the future, such as better employee benefits and building stronger brand value.

Net income attributable to owners of the parent company was down year on year and well below the target. This is mainly due to non-operating expenses and extraordinary losses incurred, because some overseas affiliated companies accounted for under the equity method that perform business relying on specific geographic regions or cross-border transactions were impacted by the spread of COVID-19.

(Millions of yen)	Fiscal 2020	Fiscal 2021	YOY changes
Net sales	443,717	448,383	+4,666 (+1.1%)
Operating income	44,839	45,748	+908 (+2.0%)
Operating margin	10.1%	10.2%	+0.1 points —
Net income attributable to owners of the parent company	29,411	27,692	-1,718 (-5.8%)
Net income ratio	6.6%	6.2%	-0.4 points —
Net income per share (Yen)	116.78	110.51	-6.27 (-5.4%)
ROE	12.5%	10.8%	-1.7 points —

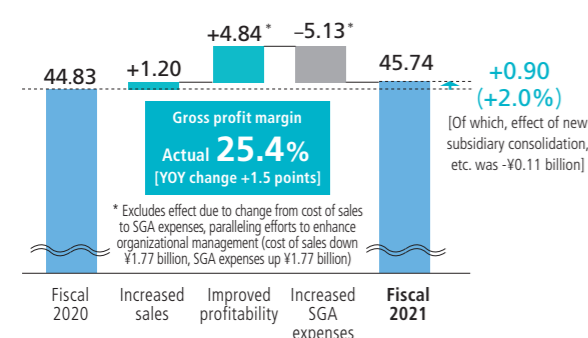
● Extraordinary income: ¥9,709 million

Main factors: Gain on sales of fixed assets ¥3 million
Gain on sales of investment securities ¥9,497 million

● Extraordinary losses: ¥4,150 million

Main factors: Loss on valuation of investment securities ¥1,111 million
Impairment loss ¥2,467 million

Fiscal 2021: Operating Income Analysis, Increase/Decrease Reasons (YOY change) (Billions of yen)



Prior investment costs for promoting structural transformation:
Up ¥0.12 billion (YOY change)
(Cost of sales: +¥0.48 billion, SGA expenses -¥0.36 billion)

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

Brand-related costs incurred to ensure quick recognition in market:
Up ¥0.70 billion (YOY change)

Changes in SGA Expenses

Better employee benefits	+2.25
Effect of new subsidiary consolidation, etc.	+2.47
Brand-related costs	+0.70
Enhanced organizational management	+1.77
Lower operating costs, enhanced head office functions	-1.88
Prior investment, others	+1.59
Total	+6.90

Balance Sheet Analysis, Cash Flow Status

Balance Sheet Analysis

As of March 31, 2021, Consolidated total assets were up ¥68.1 billion from a year earlier, to ¥451.0 billion. Total liabilities increased ¥36.7 billion, to ¥171.6 billion, and Net assets increased ¥31.4 billion, to ¥279.4 billion. Shareholders' equity ratio was 60%, down 3.3 percentage points, due to the borrowing of ¥20 billion to increase liquidity of funds in case of unforeseen circumstances, maintaining high standards and financial soundness.

Cash Flow Status

Net cash provided by operating activities amounted to ¥33.3 billion, down ¥5.2 billion from the previous year; Net cash used in investing activities totaled ¥17.5 billion, down ¥8.9 billion; Net cash used in financing activities was ¥12.4 billion, up ¥27.0 billion.

Free cash flows increased ¥3.6 billion to ¥15.8 billion, maintaining high standard. This was due to aggressive investment in growth, including acquisition of intangible fixed assets to promote our service-style business and the establishment of a Toyosu Office to facilitate new working-styles through group integrated management in the post-COVID era.

Fiscal 2022 Forecast

Sales are expected to rise year on year, mainly reflecting capture of digital innovation demand from clients, with a full-year contribution to the performance by companies made subsidiaries during the fiscal 2021.

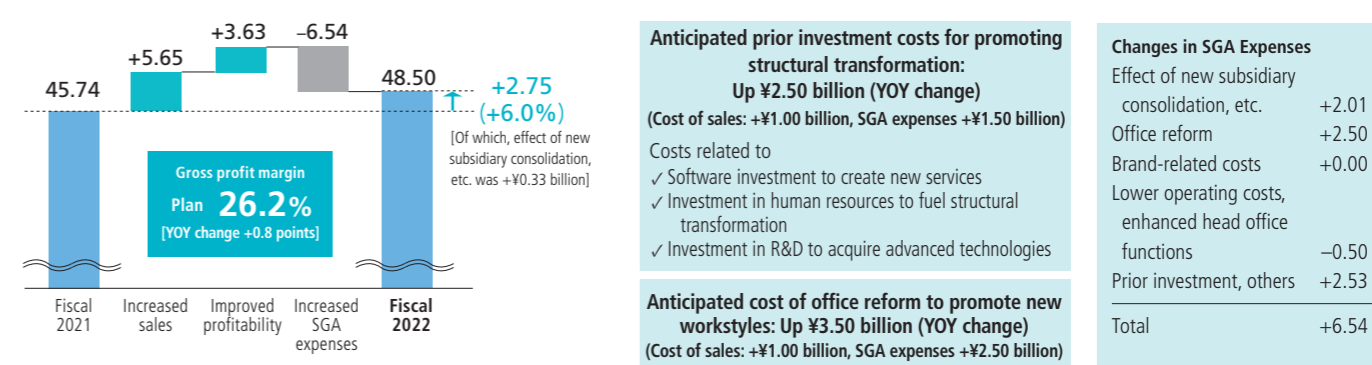
We continue investments for the future, including ¥2.5 billion of upfront investments to promote further structural transformation, and ¥3.5 billion of office reform cost to promote new workstyles (including ¥500 million temporary costs). We aim to offset these expenses by promotion of value-added business and productivity improvement, for the further improvements of operating income and operating margin.

(Millions of yen)	Fiscal 2021	Fiscal 2022 (estimates*1)	YOY changes
Net sales	448,383	470,000	+21,617 (+4.8%)
Operating income	45,748	48,500	+2,752 (+6.0%)
Operating margin	10.2%	10.3%	+0.1 points —
Net income attributable to owners of the parent company	27,692	32,200	+4,508 (+16.3%)
Net income ratio	6.2%	6.9%	+0.7 points —
Net income per share (Yen)	110.51	128.78	+18.27 (+16.5%)
ROE*2	10.8%	11.5%	+0.7 points —

*1 Including impact of decreased sales by the application of Accounting Standard for Revenue Recognition.

*2 ROE for fiscal 2022 is a calculated value.

Fiscal 2022: Operating Income Analysis, Increase/Decrease Reasons [Forecast] (Billions of yen)



*The forecast of consolidated results may be revised depending on developments related to COVID-19.

Return to Shareholders

The Company regards the return of profits to shareholders as a key management issue and has adopted a basic policy of maintaining sufficient internal reserves required for business growth from a medium- to long-term management perspective, while continually paying a stable dividend in consideration of its consolidated financial results. Based on this policy, we will raise the total return ratio from 40% to 45% and constantly enrich the dividend per share to encourage a higher degree of shareholder engagement. (For further information, see page 32.)

For fiscal 2022, the Company is aiming for annual dividends per share of ¥40, up ¥5 from a year earlier, a dividend increases for the 10th consecutive fiscal year. As to share buybacks, we acquired treasury stock as planned, and expects about 45% of total return ratio including dividends.

The upper limit of treasury stock held by the Company is about 5% of number of issued shares, and the excess is canceled.

	Fiscal 2021	Fiscal 2022
Annual dividend per share	¥35 (+¥5 YOY)	¥40 (+¥5 YOY)
Acquired treasury shares	Total ¥3.02 billion	Total ¥4.47 billion
Total return ratio	42.8%	44.8%
Payout ratio	31.9%	31.0%

Consolidated Financial Summary

TIS Inc., and consolidated subsidiaries
Years ended March 31

(Millions of yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Performance Status											
Net sales	323,173	327,417	337,834	346,647	361,025	382,689	393,398	405,648	420,769	443,717	448,383
Cost of sales	261,145	266,159	276,935	283,881	294,927	312,153	317,440	321,286	325,985	337,820	334,671
Gross profit	62,027	61,258	60,899	62,766	66,097	70,535	75,958	84,362	94,784	105,896	113,712
Gross profit ratio (%)	19.2%	18.7%	18.0%	18.1%	18.3%	18.4%	19.3%	20.8%	22.5%	23.9%	25.4%
Selling, general and administrative expenses	49,209	45,636	42,727	43,255	44,976	46,099	48,938	51,618	56,740	61,057	67,963
Selling, general and administrative expenses ratio (%)	15.2%	13.9%	12.6%	12.5%	12.5%	12.0%	12.4%	12.7%	13.5%	13.8%	15.2%
Operating income	12,818	15,621	18,171	19,510	21,121	24,436	27,019	32,743	38,043	44,839	45,748
Operating margin (%)	4.0%	4.8%	5.4%	5.6%	5.9%	6.4%	6.9%	8.1%	9.0%	10.1%	10.2%
Recurring profit	12,625	15,393	17,440	18,971	21,251	24,521	27,092	32,795	38,603	46,070	39,257
Recurring profit ratio (%)	3.9%	4.7%	5.2%	5.5%	5.9%	6.4%	6.9%	8.1%	9.2%	10.4%	8.8%
Net income attributable to owners of the parent company	5,985	2,135	5,868	7,913	10,275	12,678	16,306	20,620	26,034	29,411	27,692
Net income ratio (%)	1.9%	0.7%	1.7%	2.3%	2.8%	3.3%	4.1%	5.1%	6.2%	6.6%	6.2%
Financial Position											
Current assets	128,455	142,442	138,219	143,519	140,450	166,666	152,162	162,064	176,231	181,543	229,965
Fixed assets	172,620	167,560	164,083	170,091	205,401	169,828	185,459	204,889	194,426	201,356	221,106
Software assets	11,337	12,197	11,769	12,928	13,252	15,428	16,056	16,866	19,177	22,887	27,797
Total assets	301,076	310,003	302,302	313,610	345,851	336,495	337,622	366,954	370,657	382,899	451,072
Current liabilities	73,090	83,065	91,063	72,790	77,666	91,508	78,676	81,310	91,126	88,479	100,915
Non-current liabilities	76,875	75,972	53,079	76,316	79,395	64,447	59,743	59,344	45,121	46,462	70,726
Total liabilities	149,965	159,038	144,143	149,107	157,062	155,955	138,420	140,655	136,248	134,942	171,642
Net assets	151,110	150,965	158,159	164,502	188,789	180,539	199,202	226,298	234,408	247,957	279,429
Total liabilities and net assets	301,076	310,003	302,302	313,610	345,851	336,495	337,622	366,954	370,657	382,899	451,072
Total interest-bearing debt	77,454	76,515	60,550	58,869	52,114	46,158	35,144	32,876	26,893	22,294	43,629
Cash Flow Status											
Cash flow from operating activities	27,236	23,658	21,515	25,770	22,938	25,496	18,952	36,386	37,558	38,569	33,345
Cash flow from investing activities	(18,957)	(15,158)	(14,391)	(5,334)	(17,744)	8,688	(23,488)	(14,202)	(1,213)	(26,437)	(17,522)
Cash flow from financing activities	(18,755)	(4,230)	(19,883)	(5,872)	(19,067)	(14,979)	(18,327)	(10,543)	(16,773)	(14,544)	12,484
Free cash flow	8,279	8,500	7,124	20,436	5,194	34,184	(4,536)	22,184	36,345	12,132	15,823
Cash and cash equivalents at the end of the term	36,492	41,119	28,433	43,142	29,485	48,651	25,730	37,545	57,083	54,684	82,924
Others											
Capital expenditures	18,325	14,096	12,287	12,544	16,873	14,210	15,159	16,907	13,334	16,702	25,085
Depreciation	12,308	12,745	12,920	12,454	12,809	11,952	11,801	12,572	12,783	12,020	13,318
Research and development expenses	1,062	962	1,002	853	1,097	1,086	1,178	996	1,003	1,702	1,789
Amortization of goodwill	1,901	1,882	1,741	1,166	1,052	339	326	289	289	171	312
Goodwill balance at the end of the term	5,551	3,672	1,914	830	2,021	1,393	1,332	1,118	503	355	2,550

- 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.

	(Millions of yen)											
	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	
Order Status (Total)												
Orders received during the term									427,210	439,748	452,284	
Order backlog at year-end								122,067	132,935	133,121	147,214	
Order Status (Software development)												
Orders received during the term	162,287	174,680	179,352	172,721	199,842	207,345	208,307	219,225	238,298	246,330	237,323	
Order backlog at year-end	47,967	57,778	62,055	58,869	71,095	69,961	64,751	67,716	75,549	79,277	83,797	
Financial Indicators												
Equity ratio (%)	47.7%	46.3%	49.8%	49.9%	53.3%	52.5%	57.8%	60.4%	62.0%	63.3%	60.0%	
Net income to equity capital ratio (ROE) (%)	4.2%	1.5%	3.9%	5.1%	6.0%	7.0%	8.8%	9.9%	11.5%	12.5%	10.8%	
Total asset turnover ratio	1.05	1.07	1.10	1.13	1.09	1.12	1.17	1.15	1.14	1.16	1.08	
Financial leverage	2.18	2.13	2.08	2.01	1.93	1.89	1.81	1.69	1.63	1.58	1.66	
Recurring profit to total assets ratio (ROA) (%)	4.1%	5.0%	5.7%	6.2%	6.4%	7.2%	8.0%	9.3%	10.5%	12.2%	9.4%	
Interest-bearing debt ratio (%)	25.7%	24.7%	20.0%	18.8%	15.1%	13.7%	10.4%	9.0%	7.3%	5.8%	9.7%	
Payout ratio (%)	46.9%	74.0%	31.4%	27.7%	25.6%	22.7%	19.0%	16.6%	22.8%	25.7%	31.9%	
Total return ratio (%)	46.9%	74.0%	31.4%	27.7%	30.4%	35.3%	31.9%	30.5%	39.0%	39.8%	42.8%	
Per share data												
Net income per share—basic (yen)*	68.19	24.33	66.86	90.16	117.40	145.22	189.02	241.44	307.83	350.35	110.51	
Net income per share—diluted (yen)*	—	24.33	66.83	90.12	—	—	—	—	—	—	—	
Annual dividends per share (yen)*	32.00	18.00	21.00	25.00	30.00	33.00	36.00	40.00	70.00	90.00	35.00	
Net assets per share (yen)*	1,636.56	1,636.72	1,714.88	1,782.23	2,108.19	2,031.07	2,265.76	2,602.07	2,719.79	2,890.27	1,078.60	
Stock information												
Stock price at fiscal year-end (yen)	870	968	1,243	1,694	2,193	2,664	2,832	4,210	5,240	5,361	2,641	
Highest stock price during the term	1,377	978	1,328	1,854	2,257	3,085	2,959	4,410	6,040	7,320	2,670	
Lowest stock price during the term	655	654	798	1,020	1,524	2,156	2,180	2,742	4,060	4,045	1,723	
Price earning ratio (PER) (times)	12.8	39.8	18.6	18.8	18.7	18.3	15.0	17.4	17.0	15.3	23.9	
Price book-value ratio (PBR) (times)	0.53	0.59	0.72	0.95	1.04	1.31	1.25	1.62	1.93	1.85	2.45	
Aggregate market value (millions of yen)	76,376	84,979	109,121	148,714	192,521	233,870	248,618	369,592	460,014	470,637	695,553	
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	87,789	87,789	263,367	
Number of treasury stock at fiscal year-end (thousands)	15	16	19	4	320	864	1,701	2,613	3,358	3,952	12,595	
Average number of shares during the term (thousands)	87,772	87,773	87,771	87,774	87,522	87,305	86,268	85,406	84,574	83,948	250,574	
Sales by Client Sector												
Net sales	323,173	327,417	337,834	346,647	361,025	382,689	393,398	405,648	420,769	443,717	448,383	
Credit card	52,614	45,084	48,846	49,402	53,743	59,274	65,006	73,314	73,648	75,118	79,265	
Banking	25,819	26,702	26,230	29,049	25,444	27,867	28,233	27,452	26,583	30,100	30,648	
Insurance	23,448	22,931	23,836	25,269	24,972	26,339	25,356	26,262	27,279	29,274	30,140	
Other finance	19,178	23,416	21,337	23,481	23,312	20,406	20,857	22,127	19,502	24,289	17,863	
Assembly-based manufacturing	46,323	40,363	38,824	40,904	45,785	49,455	42,723	43,777	46,028	45,739	45,103	
Processing-based manufacturing	26,135	31,074	38,468	33,843	34,960	35,061	36,953	38,366	38,081	38,998	42,424	
Distribution	22,870	26,267	27,398	30,009	31,775	32,702	31,773	28,872	32,908	33,976	31,679	
Services	70,017	71,012	73,425	72,666	77,535	79,601	89,607	93,258	103,531	112,722	118,517	
Public institutions	28,015	30,107	28,225	30,393	29,891	36,603	37,002	35,923	34,863	36,286	33,649	
Others	8,754	10,456	11,241	11,626	13,604	15,376	15,882	16,292	18,343	17,209	19,090	

*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	Related materiality	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Independent Practitioner's Assurance
Employee-related data (Note 1) *Averages are calculated as simple combined averages or weighted averages.								
Number of employees	C-1		15,357	15,638	15,948	16,109	17,497	
Number of male employees	C-1	1-a	11,306	11,435	11,529	11,560	12,342	
Number of female employees	C-1	1-a	4,051	4,203	4,419	4,549	5,155	
Percentage of female employees	C-1	1-a	26.38%	26.88%	27.71%	28.24%	29.46%	
Number of non-Japanese employees	C-1	1-a	141	156	155	155	1,161	
Average age	C-2	1-a	38.35	38.73	38.85	39.06	39.23	
Average age of male employees	C-2	1-a	39.49	39.87	40.02	40.27	40.50	
Average age of female employees	C-2	1-a	35.22	35.63	35.87	36.04	36.11	
Average length of service (years)	C-2	1-a	13.61	14.40	12.88	12.84	13.34	
Average length of service of male employees (years)	C-2	1-a	14.21	15.49	13.69	13.95	14.24	
Average length of service of female employees (years)	C-2	1-a	11.03	11.47	10.78	11.04	11.23	
Percentage of employees aged 60 and over	C-2	1-a	1.69%	1.97%	2.17%	1.71%	3.18%	
Number of employees with a disability (Total) (Note 2)	D	1-a	390.5	186.0	202.5	211.5	221.5	
Percentage of employees with a disability (Note 2)	D	1-a	1.97%	2.14%	2.28%	2.35%	2.40%	
Number of employees in management positions	C-2	1-a	3,238	3,328	3,443	3,609	3,782	
Percentage of employees in management positions	C-2	1-a	21.08%	21.28%	21.59%	22.40%	22.90%	
Number of male employees in management positions	C-2	1-a	2,999	3,056	3,147	3,278	3,410	
Number of female employees in management positions	C-2	1-a	239	272	296	331	372	
Percentage of female employees in management positions	C-2	1-a	7.38%	8.17%	8.60%	9.17%	9.84%	
Average total working hours per month	C-2	1-b	171.98	168.37	166.36	162.64	162.89	
Average non-scheduled hours worked per month	C-2	1-b	22.64	20.63	19.87	18.35	19.95	
Percentage of annual paid leave taken	C-2	1-b	56.74%	67.63%	72.99%	75.69%	66.26%	
Number of employees on childcare leave	C-2	1-b	445	463	447	467	537	
Number of male employees on childcare leave	C-2	1-b	29	27	38	53	80	
Number of employees working shorter hours to care for young children	C-2	1-b	549	670	681	679	638	
Number of male employees working shorter hours to care for young children	C-2	1-b	9	12	9	10	9	
Number of employees on nursing care leave	C-2	1-b	8	13	13	19	9	
Number of employees working shorter hours to care for elderly family	C-2	1-b	2	3	3	6	6	
Turnover rate	C-2	1-b	4.17%	4.63%	4.82%	5.03%	3.27%	
Spending on learning and research (millions of yen)	C-2	1-c		1,702	1,805	1,915	1,534	
Number of days spent on learning and research per person	F	1-c	7.03	12.54	14.39	14.20	12.5	
Average annual income (10,000 yen)	F	1-c	653.3	668.8	681.3	701.9	706.2	
Results of employee awareness surveys	F	1-c	34%	38%	45%	48%	56%	
Results of employee awareness surveys	C-2	1-c				38%	46%	
Number of new graduate recruits (April 1)	C-2	1-a	521	700	663	720	679	
Number of regular recruits (recruited in each fiscal term)	C-2	1-a	309	266	339	386	271	

<Independent Assurance Report>

Non-financial data marked with a checkmark for the year ended March 2021 in the Integrated Report 2021, has received independent practitioner's assurance from Ernst & Young ShinNihon LLC. to improve data reliability.

https://www.tis.com/documents/en/ir/finance/annual_report/assurance_ar2021.pdf



	Scope of data collection	Related materiality	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Independent Practitioner's Assurance
Environmental data								
Scope 1 emissions (metric tons) (Note 3)	B	2-f	976	958	885	745	760	<input checked="" type="checkbox"/>
Scope 2 emissions (metric tons) (Note 3)	B	2-f	83,769	78,125	71,096	64,488	65,867	<input checked="" type="checkbox"/>
Scope 3 emissions (metric tons)	C-2	2-f				365,595	372,053	
Category 1 (purchased goods and services)	C-2	2-f				304,297	287,633	
Category 2 (capital goods)	C-2	2-f				40,986	65,782	
Category 3 (fuel-and energy-related activities)	C-2	2-f				9,900	9,796	
Category 4 (upstream transport and delivery)	C-2	2-f				698	215	
Category 5 (waste generated in operations)	C-2	2-f				1,118	345	
Category 6 (business travel)	C-2	2-f				1,987	2,025	
Category 7 (employee commuting)	C-2	2-f				6,607	6,256	
Energy consumption (Electricity Mwh)	B	2-f	167,907	157,623	149,523	143,383	141,620	
Energy consumption (Heavy oil kL)	B	2-f	26	28	32	25	21	
Energy consumption (Light oil kL)	B	2-f	11	11	10	0	0	
Energy consumption (City gas, km ³)	B	2-f	389	379	343	302	313	
Energy consumption (kerosene kL)	B	2-f					1	
Energy consumption (steam GJ)	B	2-f					1,301	
Industrial waste (ton)	C-2	2-f				1,035	290	
Other non-financial data								
Social contribution expenses (millions of yen)	F	2-e	20	115	143	99	80	
Political contributions (millions of yen)	F	2-e	—	—	—	—	—	
Development loss rate	A	3-g	2.1%	0.9%	0.9%	0.6%	0.8%	
Results of customer satisfaction surveys (See P.66)	F	3-g	61.3%	69.1%	68.2%	72.7%	69.0%	
Number of directors (Note 4)	F	4-j	10	10	9	9	9	
Number of female directors (Note 4)	F	4-j	0	0	1	1	1	
Percentage of female directors (Note 4)	F	4-j	0.0%	0.0%	11.1%	11.1%	11.10%	
Number of external directors (Note 4)	F	4-j	3	3	3	3	3	
Percentage of external directors (Note 4)	F	4-j	30.0%	30.0%	33.3%	33.3%	33.30%	

Related materiality (See P. 21)

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

Scope of data collection

- A. TIS INTEC Group consolidated
- B. TIS, INTEC, AGREX, QUALICA, AJS, SorunPure, Chuo System, TIS System Service, TIS Solution Link, TIS Tohoku, TIS Total Service, TIS Nagano, TIS West Japan, TIS Hokkaido, and NEOAXIS
- C-1. TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service, TIS Solution Link, and MFEC (non-consolidated basis, from fiscal 2021)
- C-2. TIS, INTEC, AGREX, QUALICA, AJS, TIS System Service, and TIS Solution Link
- D. TIS, SorunPure, and affiliated specially recognized companies under the Group umbrella (11 companies in fiscal 2017 and five companies since fiscal 2018)
- E. TIS and INTEC
- F. TIS parent

Notes: 1. Figures for fiscal 2017, fiscal 2018, fiscal 2019, fiscal 2020, and fiscal 2021 are based respectively on April 1, 2017; April 1, 2018; April 1, 2019; and April 1, 2020; and April 1, 2021.

2. Figures for fiscal 2017, fiscal 2018, fiscal 2019, fiscal 2020, and fiscal 2021 are based respectively on June 1, 2017; June 1, 2018; June 1, 2019; June 1, 2020; and June 1, 2021.

3. Scope 1, Scope 2 emissions are calculated using the following formulas.

Scope 1 emissions: Fuel consumption x heating value per unit x CO₂ emission factor. CO₂ emission factor based on Law Concerning the Promotion of the Measures to Cope with Global Warming.

Scope 2 emissions: Consumption of electricity/steam x CO₂ emission factor. CO₂ emission factor based on Act on the Rational Use of Energy.

4. Figures for fiscal 2017, fiscal 2018, and fiscal 2019, fiscal 2020, and fiscal 2021 are based respectively on June 30, 2016; June 30, 2017; June 30, 2018; and June 30, 2019; and June 30, 2020.

■ Corporate Profile

(As of March 31, 2021)

Company name	TIS Inc.
Founded	April 28, 1971
Established	April 1, 2008
Main business	Outsourcing services, software development, and solution services regarding investments in information technology. Management and business execution of group companies that carry on information and communication business
Head office	Sumitomo Fudosan Shinjuku Grand Tower, 17-1, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo, 160-0023, Japan Tel. +81-3-5337-7070 Fax +81-3-5337-7555
Paid-in capital	¥10 billion
Number of shares authorized	840,000,000 shares
Number of shares issued	263,367,294 shares
Number of shareholders	13,402
Stock listing	Tokyo Stock Exchange, First Section (Securities code: 3626)
Number of employees (consolidated)	21,817 (full-time employees)

■ TIS INTEC Group

(As of March 31, 2021)

TIS Inc., and 54 consolidated subsidiaries (As of March 31, 2021)

Main consolidated subsidiaries

Domestic subsidiaries

TIS and main group companies	Shareholding ratio	Description of Business	Fiscal 2021, ended March 31, 2021 (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)	199,355	22,199 (11.1%)
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)	110,205	8,708 (7.9%)
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)	35,135	3,010 (8.6%)
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)	20,146	1,759 (8.7%)
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)	16,501	946 (5.7%)

IUK Inc.
INTEC Solution Power Inc.
KOUSHI INTEC Inc.
SKY INTEC INC.
SorunPure Inc.
Chuo System Corporation

TIS System Service Inc.
TIS Solution Link Inc.
TIS Tohoku Inc.
TIS Total Service Inc.
TIS Nagano Inc.
TIS West Japan Inc.

TIS Hokkaido Inc.
Registration Network, Ltd.
NEOAXIS Co., Ltd.*
Nexway Co., Ltd.
HOKKOKU INTEC SERVICE Inc.
MicroMates Corp.

* Merged into AGREX Inc. in April 2021.

Overseas Subsidiaries

- China
QUALICA (SHANGHAI) Inc.
TISI (Shanghai) Co., Ltd.
- Thailand
I AM Consulting Co., Ltd.
(Six subsidiaries under the company)
MFEC Public Company Limited
(11 subsidiaries under the company)
PromptNow Co., Ltd.
TISI (Thailand) Co., Ltd.
QUALICA (Thailand) Co., Ltd.
- Vietnam
AGREX DNP Vietnam Co., Ltd.
- United States
Sequent Software Inc.
TIS Ventures, Inc.
- Singapore
QUALICA Asia Pacific Pte. Ltd.
- Indonesia
PT Anabatic Technologies Tbk
(Voting rights ownership ratio 37.3%, acquired convertible bonds with stock acquisition rights, 53 subsidiaries under the company)

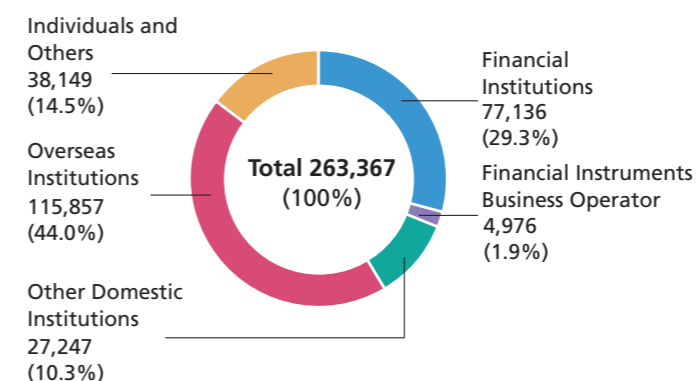
79 Equity Method Affiliates (As of March 31, 2021)

Main equity method affiliates

- China
Shanghai CardInfoLink Data Service Co., Ltd. (CardInfoLink)
(Voting rights ownership ratio 18.2%, 11 subsidiaries under the company)
- Indonesia
PT Anabatic Technologies Tbk
(Voting rights ownership ratio 37.3%, acquired convertible bonds with stock acquisition rights, 53 subsidiaries under the company)

■ Share Composition by Shareholder

(As of March 31, 2021; Thousands of Shares)

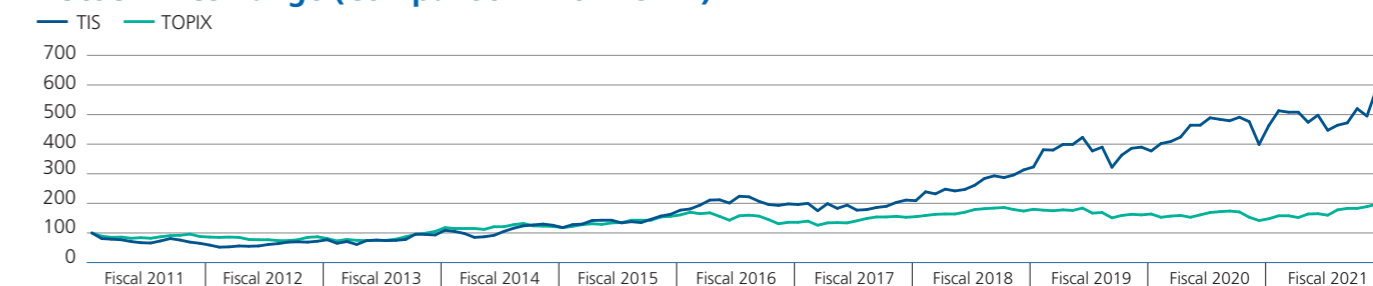


■ Rating

(At November 20, 2020)

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, 2010.
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.

■ Major Shareholders

(As of March 31, 2021)

Name	Number of shares (Thousands)	Shareholding ratio (%)
ICHIGO TRUST PTE. LTD.	22,868	9.05
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,728	6.62
Custody Bank of Japan, Ltd. (Trust Account)	10,926	4.33
Employees' Shareholding Association of TIS INTEC Group	6,717	2.66
Nippon Life Insurance Company	6,219	2.46
MACQUARIE BANK LIMITED DBU AC	5,402	2.14
The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account)	4,796	1.90
JPMBL RE CITIGROUP GLOBAL MARKETS LIMITED COLL EQUITY	4,412	1.75
GOVERNMENT OF NORWAY	4,340	1.72
SSBTC CLIENT OMNIBUS ACCOUNT	4,300	1.70

Notes: 1. The Company holds 10,776 thousand shares of treasury stock. These are excluded from the table of major shareholders above. The 10,776 thousand shares of treasury stock do not include 1,602 thousand shares of Company stock held by TIS INTEC Group Employees' Shareholding Association Exclusive Trust, and 217 thousand shares of Company stock held by Board Incentive Plan (BIP) Trust.
2. Percentage shareholdings are calculated after deducting treasury stock.
3. Regarding 4,796 thousand shares held by The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account), Mitsubishi Electric Corporation reserves exercise of voting rights by Instruction.

Evaluations from External Parties

Inclusion in SRI indexes

FTSE4Good Index Series

The FTSE4Good Index Series, created by global index provider FTSE Russell, is designed to measure the performance of companies demonstrating strong ESG practices.



FTSE Blossom Japan Index

The FTSE Blossom Japan Index, created by global index provider FTSE Russell, is designed to provide market participants with a tool for measuring the performance of Japanese companies demonstrating strong ESG practices.



MSCI Japan Empowering Women Index (WIN)

The MSCI Japan Empowering Women Index, created by U.S.-based MSCI, aims to represent the performance of Japanese companies exhibiting an excellent commitment gender diversity.

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

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

HR-related activities

Grand Prize in Good Career Company Award 2020

TIS earned a grand prize in 2020 in recognition of its "talented management that emphasizes the self-realization of each individual and the provision of career support that encourages women to play active roles."



Certified Health & Productivity Management Outstanding Organizations

The Program, run by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (NKK), recognizes companies that engage in activities to address health issues and maintain particularly good health management practices to promote well-being. TIS and INTEC are ranked at top 500 companies as Certified Health and Productivity Management Outstanding Organizations (large enterprise category).



Eruboshi (L-Star)

The "Eruboshi (L-Star)" is bestowed by the Minister for Health, Labour and Welfare to corporations that excel in supporting the advancement of women. There are three levels of certification based on five evaluation criteria set by the Ministry: recruitment, continued employment, workstyles (including working hours), proportion of women in managerial roles, and diversity of career options. TIS, INTEC and AGREX captured Grade 3 certification of the top-level grade.



Kurumin, Platinum Kurumin

The "Kurumin" mark is bestowed on companies that have formulated action plans for supporting a balance between work and childcare based on the Act on Advancement of Measures to Support Raising the Next Generation of Children, and achieved the goals of those plans. TIS received "Platinum Kurumin" certification in 2019 as an exceptional child-rearing support company.



Telework Pioneers

Seeking to promote the spread of telecommuting, since fiscal 2015 the Ministry of Internal Affairs and Communications has announced its annual list of "Telework Pioneers". These are companies and organizations that have introduced and are promoting telecommuting. They are selected by a panel of external experts.



Tomonin

The "Tomomin" mark is given to companies by the Ministry of Health, Labour and Welfare in recognition of measures that support improvement and promotion of a workplace environment that enables employees to balance work and nursing care. To prevent a situation where an employee has to quit to care for elderly family members, TIS is creating a workplace environment that makes it easier for employees to balance work and nursing care obligations.



New Diversity Management Selection 100

The Ministry of Economy, Trade and Industry runs the program that recognizes companies that utilize the skills of diverse human resources to create value. This approach has enabled us to raise employee satisfaction and attract and train human resources who will fuel structural transformation, and the results have earned us stellar external recognition.



Nikkei Smart Work Management

The Nihon Keizai Shimbun Group promotes the campaign that aims to grow the Japanese economy by linking workstyle reforms-gained through the introduction of advanced technology, innovation, and structural transformation-to the improvement of corporate productivity. TIS won four stars in the fourth Nikkei Smart Work Management Survey.



White Company Recognition

The Japan Next Generation Enterprise Promotion Organization, known more commonly as the White Foundation, defines companies that have a future and should last for the next generation as those that balance appropriate profits and growth with the trust of customers and employee satisfaction. Such companies are recognized as white companies. TIS earned this title in 2020.



IR-related activities

JPX-Nikkei Index 400

TIS has been included in a new index of 400 companies with high appeal for investors that meet criteria required by global investment standards, such as efficient use of capital and investor-focused management perspectives.



Other

DX Certification

The DX Certification System is designed to certify companies that are ready to take action in accordance with the "Digital Governance Code" established by the Ministry of Economy, Trade and Industry (METI) and to address social changes brought about by digital technologies through dialogue with stakeholders.



In Issuing the 2021 Integrated Report

The TIS INTEC Group Integrated Report, first issued in 2016, has been produced six times now. The 2021 edition provides a comprehensive picture of key elements pertaining to medium- to long-term growth strategies and the status of initiatives to create corporate value on a group-wide basis, which is the centerpiece of the Group's basic philosophy OUR PHILOSOPHY. In addition, we see the integrated report as a valuable tool for promoting dialogue with all stakeholders, including shareholders and investors, and welcome candid thoughts and opinions that may lead to enhanced disclosure content and greater management transparency.

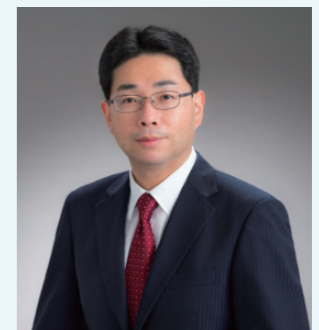
TIS took advantage of the transition to an operating holding company structure in July 2016 to move vigorously forward on unification of Group management. Efforts on this front have definitely accelerated growth and dramatically improved corporate value. Of note, our gross profit margin—an indicator of business competitiveness—has increased significantly, thanks to steady progress on various measures in line with a management policy to emphasize profitability, including steps to reduce unprofitable projects and to be more thorough and precise in estimating profitability at the time an order is received. A rising gross profit margin is the driving force of a virtuous cycle that enables us to achieve the right balance of robust prior investment and improved profitability for growth into the future.

In April 2021, along with the shift to a new management structure, the TIS INTEC Group embarked on Medium-Term Management Plan (2021–2023) under the tagline "Be a Digital Mover 2023." This three-year plan is the second part of our journey toward realizing Group Vision 2026. Society, overall, is on an uncertain course. To achieve sustainable improvement in corporate value against this backdrop, it is vital that we build a solid management foundation, take a flexible approach to changes in the environment, continue to evolve through quick and bold decision-making, and realize enhanced value exchange through IT configuration capabilities created jointly with society.

Toward this end, we will embrace changes, reflected already in drafting the new medium-term management plan, while promoting management keenly aware of delivering higher value to diverse stakeholders. More to the point, to give shape to our mission—Fill the future with vibrant colors as a mover using digital technology—as stated in OUR PHILOSOPHY, we will accelerate structural transformation with an emphasis on three key strategies: improve the value provided in DX services, boost profitability in service businesses, and expand global operations. In addition, we will strive to elevate the caliber of Environmental (E), Social (S) and Governance (G) initiatives to reinforce the foundation that supports improved corporate value and thereby become a sustainability company, that is, a company—and a corporate group—contributing to a sustainable society through business activities.

I assumed my current position as general manager of the Corporate Planning SBU in April 2021 and now carry a greater level of responsibility as a member of the management team. It is a sobering career development but one that I will embrace with all sincerity. I am committed to sustainable improvement in corporate value of the Group, which will enable TIS and the rest of the TIS INTEC Group to meet the expectations of all stakeholders. My priorities will be to promote exhaustive management practices conscious of capital cost and achieve a good balance between robust investment and fiscal restraint.

But I am also keen to see an increase in the value of intangible assets, which are gaining importance as sources of competitive superiority. Engagement with stakeholders is another area of emphasis. It is a valuable opportunity that I will actively pursue. I look forward to the support and encouragement of stakeholders in this pursuit.



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

Evaluations for IR-site



2020 Internet IR Commendation Award
(Daiwa Investor Relations Co., Ltd.)
Awarded for ten consecutive years since 2013.



Fiscal 2020 Homepage Quality Ranking
Survey of All Listed Companies
(Nikko Investor Relations Co., Ltd.)
Received highest award as excellent website in comprehensive ranking for six consecutive years since fiscal 2015.



Gomez IR Site Comprehensive
Ranking 2020
(Morningstar Japan K.K.)
Awarded for six consecutive years since 2015 as an excellent company.