



Yasushi Okamoto, President

As a corporate group active in thought and deed, the TIS INTEC Group will contribute to the realization of a sustainable society.

Yasushi Okamoto, president and representative director of TIS, looks back on the year since he assumed his current role and offers his perspective on Group concepts, progress on the medium-term management plan and the image the Group seeks to portray.

Looking back on fiscal 2022 I feel the weight of social responsibility carried by the TIS INTEC Group.

In regard to fiscal 2022 accomplishments, I believe we delivered definitively on both profitability and growth investment fronts, substantiated by record-high results even as we pursued robust growth investment. Against this backdrop, what really stands out for me as I reflect on the past year as the new president at TIS is the weight of social responsibility carried by the TIS INTEC Group.

In recent years, addressing social issues through corporate activities has been recognized as a key factor in building a sustainable society, but trying to solve social issues alone as just one company—or corporate group—is challenging and has limitations. However, co-creation, where all partners work together to create new value, offers tremendous potential. Over the past year, I myself have endeavored to expand project participation in pursuing solutions to social issues through what I call “buddy power.” I conveyed the concept to various clients and all business partners and repeatedly engaged in discussions that would enable the Group to fully demonstrate the power of IT, which is indispensable to solutions for today’s social issues.

In speaking with many top executives, I was acutely reminded of the obvious—society is connected, and everyone has an impact on everyone else. IT exists as a social infrastructure supporting all sorts of social connections, and the TIS INTEC Group has a responsibility beyond the mere sale of products and services to play a role that addresses the demands of society. For example, the spread of cashless payment options has improved convenience for both sellers and purchasers. Similarly, if a system we have provided were to fail, the situation would have major consequences not only for the client company we serve but also for the people who use the service that the client company provides. This is not something new to me, but I am reminded now of the extremely huge impact Group activities can have on society and businesses worldwide, since they affect the businesses of our clients and extend even further to the customers of our clients, and I feel the weight of this responsibility.

OUR PHILOSOPHY Underpinning value exchange We will create new value with all who share our value perspective.

At any opportunity for dialogue, my message always leans toward sustainability management, hinging on Group

concepts, particularly OUR PHILOSOPHY. This basic philosophy highlights our mission “To brightly color the future as a mover utilizing digital technology.” It permeates our *raison d’être* as a corporate group offering ways to address various social issues through digital technology and underlines the role we play in society. OUR PHILOSOPHY also plays into our definition of growth on a groupwide basis, that is, greater progress toward realization of our mission and improving the quality of value exchange with all stakeholders. Value exchange, as an integral component of future growth, is a firmly entrenched concept within the TIS INTEC Group.

Simply put, we work for the public good—for society and for people—and from our perspective, this creates both economic and social value. We build teams of people who share this perception of value, exchange value to provide society with new value, and then take an appropriate return. We utilize the returns to provide society with new value again. OUR PHILOSOPHY is very similar to the principle of *sanpo yoshi*, literally “three-way satisfaction,” practiced by Omi Shonin, a group of traveling merchants active during the Edo and Meiji periods of Japan. Omi Shonin were models of good corporate citizenship, guided by *sanpo yoshi*, wherein business transactions provided benefits to the buyer, the seller and society at large—the three ways. Conversely, co-creation is not possible with people who do not subscribe to the same values, no matter how much potential may exist to reap high revenues in the short term. This applies to cooperation with companies not only in Japan but overseas as well. In recent years, efforts to reinforce the Group’s partnership structure have hinged on ASEAN-based companies with formidable weapons in their corporate arsenals. But a priority has been placed on companies that understand and accept OUR PHILOSOPHY.

Like the 17 Sustainable Development Goals (SDGs), social issues are diverse and complex, and the social responsibility we are obliged to fulfill in providing solutions to these issues is onerous. As daunting as this may be, we have no choice but to accept the challenge. With this in mind, we have prioritized four social issues—financial inclusion, health concerns, urban concentration/rural decline and low-carbon/decarbonized society—that TIS and the TIS INTEC Group have the wherewithal to successfully address, and we aim to ameliorate associated issues through the power of IT, a composite capability. We will continually engage in dialogue with people who share our perception of value, guided by common views to find solutions, and we will actively consider how to best deliver value to society and facilitate co-creation with stakeholders, and always be dynamic in our approach.

Progress on medium-term management plan All employees, actively engaged—that's the picture of an enhanced frontline.

Group Vision 2026 defines the image that TIS wants the Group to project under the concept “Create Exciting Future,” and guided by this vision, the Group will utilize advanced technologies and know-how to realize business innovation and market creation. The current medium-term management plan is the second step of our journey toward Group Vision 2026. On the theme of improving the value provided in digital transformation (DX) services, we will sharpen our ability to address social issues by promoting efforts to enhance frontline capabilities and by pursuing further structural transformation. Quantitatively, the TIS INTEC Group is making solid strides toward numerical targets, including net sales of ¥500 billion and an operating margin of 11.6% by fiscal 2024, thanks to hard-working employees and favorable market conditions driven by rising demand for DX.

From a qualitative angle, I have emphasized an enhanced frontline since assuming my current position. The term “enhanced frontline” may evoke the idea of stronger client-oriented marketing and planning capabilities. Of course, improved consulting capabilities to better realize clients' DX requirements is an important theme. But the enhanced frontline I imagine targets all stakeholders. All employees and directors, myself included, must actively consider how best to disclose information to shareholders and investors in a timely and appropriate manner, explore value creation more deeply with business partners, and motivate employees, who are as important as any other stakeholder group, and then act on decisions. I am proud of the many extremely hard-working, highly skilled employees under the Group umbrella. But for a long time, contract-based business was the mainstream for system integrators, and while they had the technical skills, they tended to be reactive rather than proactive. If, through an enhanced frontline, the Group as a whole transforms structurally into a dynamic collection of companies with an awareness of independence and autonomy, I am confident that the Group can provide higher value to society.

Change requires power as well as time, but without action, change will not happen. If we remain laid-back in today's good times and put off change, will we fall behind the pack in 10 or 20 years? If we resist change and end up as a corporate group that lacks the ability to think, we run the risk

of seeing our reputation for providing value steadily decline in the market's eyes. The agent of change is not a single person but rather the sum total of all employees, including me. Encouraging change is my mission—my biggest challenge—and I will continue to roll out the discussion caravan to convey my vision of the Group's future to employees. I feel a change in employee awareness and continual progress in structural transformation will yield excellent results.

*1 Medium-Term Management Plan (2021–2023) is described on page 28.

We will create a management structure matched to business models and clarify responsibility and authority.

As part of efforts to promote structural transformation and growth strategies, we introduced a new management structure in fiscal 2023, aligned to the reality of Group company business models, and accordingly reorganized operations into five reporting segments: Offering Services Business, Business Process Management (BPM), Financial IT Business, Industrial IT Business and Regional IT Solutions. Given that many Group companies had been scattered across multiple business segments, the revised segment structure makes trends in each segment easier to understand. In addition, employees have a more precise understanding of the segment to which their respective company belongs and their contribution to overall results. Under the new segment structure, segment owners have been assigned with authority, and responsibilities have been clearly allocated. I believe appropriate delegation of authority encourages development of the next generation who will carry the management torch and enables a company to achieve sustainable growth. Under the new management structure, we will accelerate growth in each segment by promoting dynamic activities based on independence and autonomy.

*2 Go to page 53 for details on revision of the Group business portfolio (Group companies and businesses belonging to each reporting segment).

Improve value provided through DX We have tremendous strength in payment services business.

An important theme in the current medium-term management plan is to improve the value provided through DX. One type of DX support offered in the Group's business portfolio is service-

style businesses. Behind the development of service-style businesses were such issues as diversifying needs among clients executing their own business activities as well as the speed of changes affecting approaches to business, intensifying competition and globalization. There is now an overwhelming need for speed in building the requisite systems. In particular, the service-style business of payment services—a forte field for us—differs from highly versatile business processing and emphasizes delivery of mission critical systems, which are quite simply what give clients their competitive edge. It is therefore essential that we augment standard services with value-added elements that enable clients to distinguish their businesses from competitors. In the payment services business, we support clients over the long term, and the services offered are made possible precisely because the TIS INTEC Group has the necessary development technology and accumulated IT-building expertise to deliver exactly what each client needs.

You know, I began pushing for service-style businesses in 2018 as the director responsible for building a structure to promote services. The TIS INTEC Group has amassed technological capabilities and know-how over many years, and as long as we can successfully anticipate market needs, we will certainly be able to expand service-style businesses. Along with perceived potential, however, came some trepidation. I wondered, do we really have the ability to demonstrate the necessary dynamic, and are we properly prepared for whatever hardships and difficulties we might encounter? Four years have passed since then, and obviously, my concerns were unfounded. Employees know the importance of an independent and autonomous attitude, and they adapted on their own to the prevailing situation. Today, I see employees who are excited about their work.

A payment service of particular note is PAYCIERGE, a solution that provides the framework for highly convenient, worry-free purchasing for all users in various settings where payment for goods or services is required. PAYCIERGE is being pushed as a total payment solution brand. We are already seeing a brisk uptick in interest among financial institutions for DebitSaaS and PrepaidSaaS, but we aim to go further. Looking to get involved in embedded finance, we are keen to expand business potential by bringing more companies under consolidation, including the most recent addition, ULTRA, Inc., an international-brand prepaid payment servicer. We are also making steady progress toward the launch of CreditSaaS, which we aim to position as a pillar of revenue. Going forward, we will continue to emphasize robust investment in the domestic payment services business, of course, but also strive to establish a more tangible presence in Southeast Asia on the assumption that the TIS INTEC Group will never give up No.1 status in this business domain.

We will undertake activities with future society in mind.

Prioritizing activities to solve social issues through business pursuits, we have set sales of ¥50 billion from social issue solution services as a key performance indicator (KPI) under the current medium-term management plan and are working

steadily to achieve this target. Payment services are the driving force of our efforts in this domain, but business pursuits are not limited to PAYCIERGE. We also emphasize financial inclusion, conscious of the need to create businesses that combine payment services with healthcare, mobility and services that should be accessible to everyone. We are also promoting a new decarbonization solution under the brand name Carbony to support realization of a low-carbon/ decarbonized society. On the topic of local government-oriented DX as a contributing factor of regional renaissance, efforts center on INTEC since the company has particular expertise in this area. On the issue of health concerns, TIS offers Healthcare Passport, a solution that supports coordinated medical care and health information collection from patients, hospitals, clinics, pharmacies and other facilities. The pandemic had some short-term consequences, including a reduction in visits to medical care providers, but from the perspective of living longer in good health, which translates into a more vibrant society, the healthcare passport is an important solution with considerable social significance. We will thus take the time needed to successfully pursue opportunities in HealthTech.

Though not included in our social issue solution services right now, robotics is an area of interest given looming concerns of a reduced workforce in Japan in the future. We have been engaged in robotics R&D for several years already, but our role is not to develop robots but to integrate multiple robots into an IT environment in workplaces and in homes. Before the robotics business can expand, certain conditions must be met, including the establishment of laws that allow driverless delivery robots to self-navigate on public roads as well as more buildings and whole cities becoming smart. Nevertheless, upon reflection, it took about 50 years and co-creation activities by many people to get a suite of payment services up and running. HealthTech and robotics will definitely have important functions in society in the future. First, we get started and build up a circle of peers—buddies, if you will—while tenaciously engaging in trial and error with a sense of ownership. I am confident that in 10–20 years, these efforts will yield major success.

Growth investment

A business exists because of people, and employees are the most valuable management resource.

We have earmarked a total of about ¥100 billion for growth investment during the three years of the current medium-term management plan, with ¥30 billion to be used to enhance in-house capabilities, namely software investment to create new services, human resources investment to leverage structural transformation, and R&D investment to obtain leading-edge technologies, and ¥70 billion to capitalize on M&A opportunities. Of these allocations, investment in human resources is the most crucial because our people are the source of new corporate value. As I mentioned above, employees are an important stakeholder group for us—the TIS INTEC Group as a whole—and we encourage value exchange between employees and their respective companies while



I believe transformation into a company that leads in solutions to social issues is paramount.

working to realize a virtuous cycle where investment in human resources promotes growth and development of human resources, which then leads to higher added value for the Group.

More to the point, companies provide three types of value. There is value in working for a company, highlighted through one-on-one conversations and greater engagement, in establishing an environment where employees can fully demonstrate their skills and achieve results, and in offering appropriate compensation consistent with performance. In fiscal 2022, TIS set up the Human Resource Business Partner (HRBP) Office in the Human Resources SBU and assigned HRBPs to operating divisions. This has enabled the Company to quickly identify diverse human resource requirements to execute business activities and promotes speedy responses through mutual collaboration. Until I became president, I was involved in interviewing candidates for employment, and comparing then and now, I feel that young people today are looking beyond economic value and are very conscious of social impact. That is, they want to be of service to society. Because companies provide all employees, not just young people, with a work environment that is free and open and promotes job satisfaction, we must realize that what we do goes beyond helping the clients whom we serve directly as we connect with and contribute to society through these clients, and we have to apply this concept in our daily business activities. This approach will turn into a Group asset and a huge driver of enhanced corporate value.

To our stakeholders

I want to see a happy society and will roll up my sleeves and work diligently alongside employees to achieve this.

I have said this repeatedly: Be active in thought and deed, driven by a spirit of independence and autonomy. I take these words to heart as well. My role as president is to consider long-term strategies and to develop the next generation of management. The underlying mission in OUR PHILOSOPHY is to color the future as a mover using digital technology, and to fulfill this mission, it is my duty to reflect on the TIS INTEC Group's position in society while promoting business strategies

and eventually passing the executive baton to the leaders of a future TIS INTEC Group.

I quite like the Japanese saying *Kai yori hajimeyo*, which translates roughly as "Lead by example," and I apply it to myself. I do not believe a president should merely give orders from above but rather work right alongside employees, because the down-in-the-trenches effort reinforces team-building and motivates employees. If decisions are made as a company, based on thorough discussion and examination, and there is psychological security in knowing that the president takes final responsibility for these decisions, then employees do not fear failure and are more inclined to embrace challenges with greater enthusiasm. Depending on the challenge, progress on an individual basis may be only one step, but with some 20,000 employees groupwide, that equates to 20,000 small steps, which will invariably lead to significant results.

The other day, at an information meeting for individual investors, I was asked, "How would you rate your first year as president?" I answered "60," a passing grade, given favorable progress in numerical performance. It is an honest, personal assessment. The operating environment as well as circumstances surrounding the TIS INTEC Group have undergone changes at a dizzying pace, and as long as we are always looking to take business to a higher level, we will never eliminate issues to address. That said, the business environment in which we can thrive is growing, expanding beyond domestic borders to markets overseas. Consequently, change is a constant companion. With that in mind, I will never reach a perfect score of 100, but I will strive to get as close as possible, taking the initiative, along with employees, to demonstrate our strengths as a systems integrator and cement our position as a company and by extension a corporate group that is perpetually involved in finding solutions to social issues and thereby contribute to the realization of a happy society. Going forward, I will emphasize enhanced value exchange among all stakeholders to help build a sustainable society and to achieve sustainable improvement in corporate value. The support and cooperation of all stakeholders will be even more essential as we strive to reach these goals.

Group Management Direction for Fiscal 2023

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