

# 04

## Growth Strategy for Value Creation

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# Taking Long-Term Perspective on Target Trajectory

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

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

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

### World in 2050

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

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

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

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

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

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

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

**Basic Policies**

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

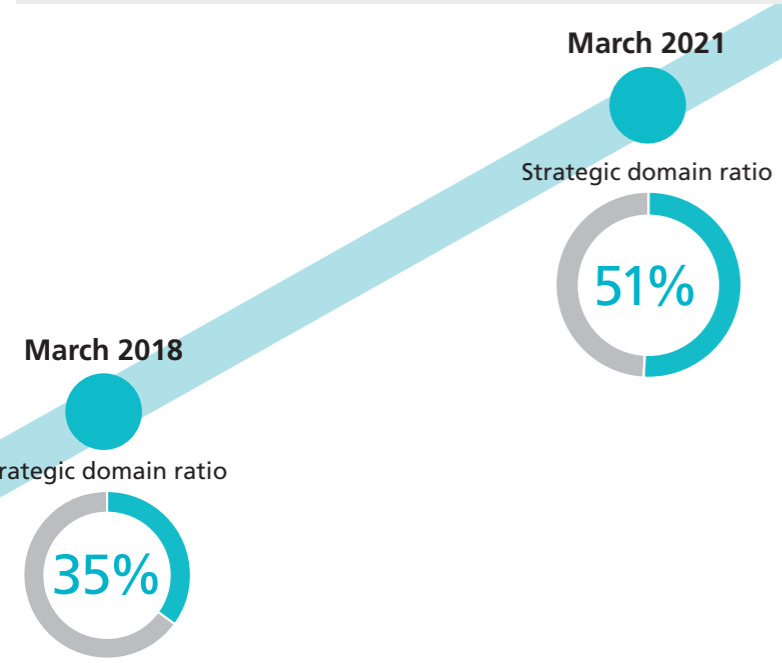
**Business layer**  
Turn SI capabilities into strength that underpins transformation into global DX partner

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

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

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

Diversification of human resources, sharper skills



### Group Vision 2026

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

**Seeking Position on Global Stage**

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

**Strategic Domains\***

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

**Business Domains in 2016**

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

IT domains | Service domains

**Strategic Domains in 2026**

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

IT domains | Service domains

**Evolution of strategic domains**

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

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

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

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



### Josaku Yanai

Representative Director,  
Executive Vice President



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

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

### Looking back on accomplishments as of fiscal 2023

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

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

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

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

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

### Steady expansion in service-type businesses

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

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

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

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

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

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

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

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

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

### Further diversification in forte field of payment services

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

### INTEC's HIS business supports hospital DX

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

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

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

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

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

## Activities targeting growth drivers The optimization of business portfolio

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

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

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

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

## Accumulating intellectual property as vital Group asset

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

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

## Embracing innovation and putting it to work

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

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

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

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

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

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

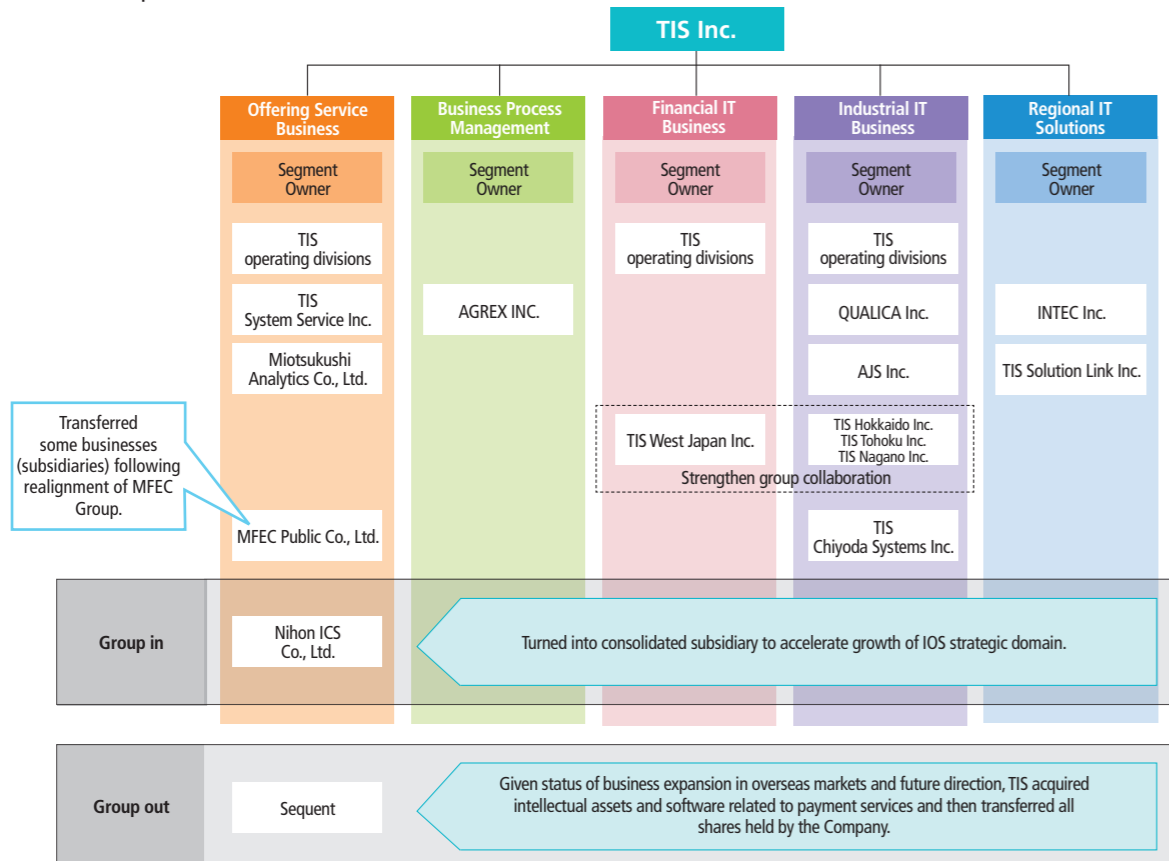
The TIS INTEC Group is engaged in social issue solution businesses to deliver the brand message "Make society's wishes come true through IT" in the truest sense, guided by the mission described in OUR PHILOSOPHY, the TIS INTEC Group Philosophy.

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

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

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

## Review of business portfolio



## Looking Back on Past Medium-Term Management Plans

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

	Fiscal 2016–Fiscal 2018	Fiscal 2019–Fiscal 2021		
	<b>Beyond Borders 2017</b>	<b>Transformation to 2020</b>		
	<b>Portfolio management</b>	<b>Constant transformation, with sense of speed</b>		
Theme	Portfolio management, in a project sense, blending exceptional businesses and key strengths into a single approach	Achieving structural transformation as a corporate family and taking the lead in finding solutions to social issues		
Basic Concept/ Medium-Term Management Direction	<ul style="list-style-type: none"> <li>Profit emphasis</li> <li>IT brain</li> <li>Portfolio management</li> </ul> ⇒ Set ROE as key performance indicator and strive for improved corporate value and sustainable growth	<ul style="list-style-type: none"> <li>Sustainable profit growth</li> <li>Emphasis on employee self-fulfillment</li> <li>Concentrate on core businesses</li> <li>Shift to prior investment style of business development</li> <li>Expand global business</li> </ul>		
Key indicators	Fiscal 2018		Fiscal 2021	
	Estimates	Actual	Estimates	Actual
Net sales	¥400 billion	¥405.6 billion	¥430 billion	¥448.3 billion
Operating income	¥30 billion	¥32.7 billion	¥43 billion	¥45.7 billion
Operating margin	7.5%	8.1%	10.0%	10.2%
ROE	8.0%	9.9%	12.0%	10.8%
Policy on return to shareholders	Strive for total return ratio of 35%		Strive for total return ratio 40%	
Payout ratio	16.6% in fiscal 2018		31.9% in fiscal 2021	
Total return ratio	30.5% in fiscal 2018		42.8% in fiscal 2021	
Reference: Average annual growth rate over three years				
Net sales	+4.0%		+3.4%	
Operating income	+15.7%		+11.8%	
Major priorities in group management	<ul style="list-style-type: none"> <li>Integrate/centralize shared functions with the Group ⇒ Make office procedures more efficient, enhance capital and asset efficiency, raise Group profile, and cultivate corporate culture with sense of solidarity</li> <li>Realize higher level of administrative management ⇒ Promote management with profit emphasis, work to enhance accounting, taxation, finance reporting, and implement Group personnel strategies</li> </ul>	<ul style="list-style-type: none"> <li>Elevate head office functions and promote greater efficiency ⇒ "G20" project to elevate head office functions Integrate groupwide core systems Cut head office costs by 10%</li> </ul>		
Key reflections	<ul style="list-style-type: none"> <li>Expansion in value-added creation style services, along with assignment solution style services geared to client requests, fueled growth. Shift to market-cultivating style services requires faster responses. Profitability steadily improving, and efforts to control unprofitable projects showing results. But low-level control still required.</li> <li>Transition to operating holding company structure and steady implementation of measures, including business realignment, office consolidation and improved capital efficiency, to achieve overall optimization of the Group. Made progress in cultivating corporate culture with sense of solidarity through design of single logo and creation of Group vision.</li> <li>To achieve sustainable growth and improved corporate value, prioritized structural transformation and establishment of resilient management platform through additional reforms within the Group in anticipation of major changes in society.</li> </ul>	<ul style="list-style-type: none"> <li>Posted profit growth and hit operating income and strategic domain ratio targets—two key performance indicators—by leveraging structural transformation and improving productivity. Hit ratio of 51% (exceeded target of 50%) in fiscal 2021.</li> <li>Quantitatively, Service IT Business maintained upfront investment emphasis. Net sales grew but profitability was an issue despite. BPO, Financial IT Business and Industrial IT Business raised added value and productivity and were rewarded with higher profitability.</li> <li>Made progress on strategic domain restructuring and achieved profit growth, but advance on monetizing Service IT Business and achieving qualitative structural transformation through new pillars of business only reached midway point.</li> </ul>		

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

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

### Fiscal 2022–Fiscal 2024

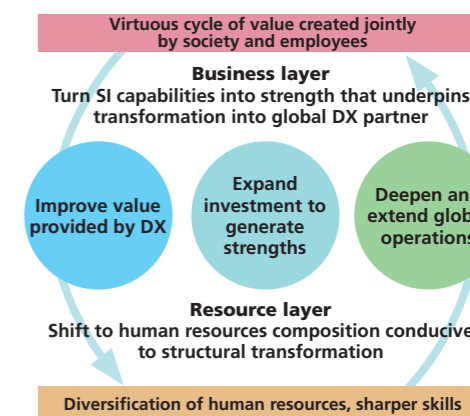
#### Be a Digital Mover 2023

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

#### Basic Policies

#### Landmark changes to business landscape

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



Accelerate structural transformation by improving value provided in DX services

#### Key Performance Indicators

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

#### Fiscal 2023 TIS INTEC Group Management Direction

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

#### Looking back on fiscal 2023

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

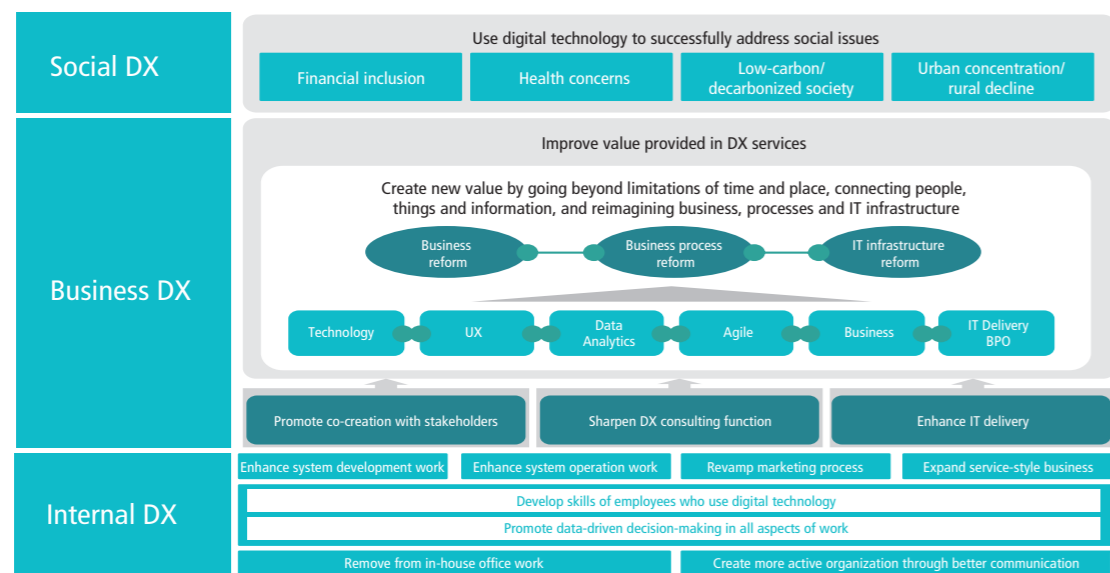
# Key Strategy of Medium-Term Management Plan/DX Business Strategies

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

## Overall DX Business Strategy

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

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



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

## Social DX

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

## Business DX

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

## Internal DX

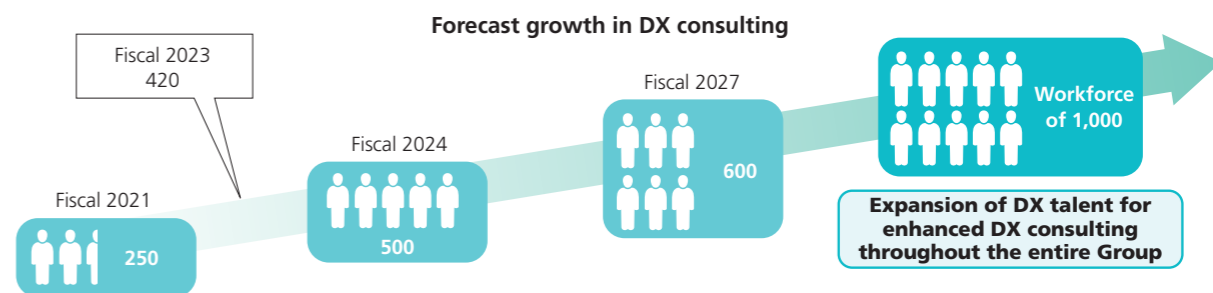
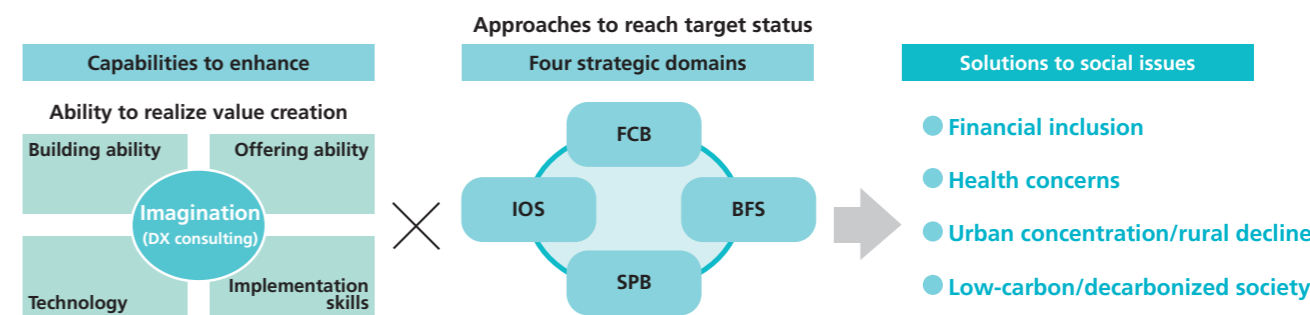
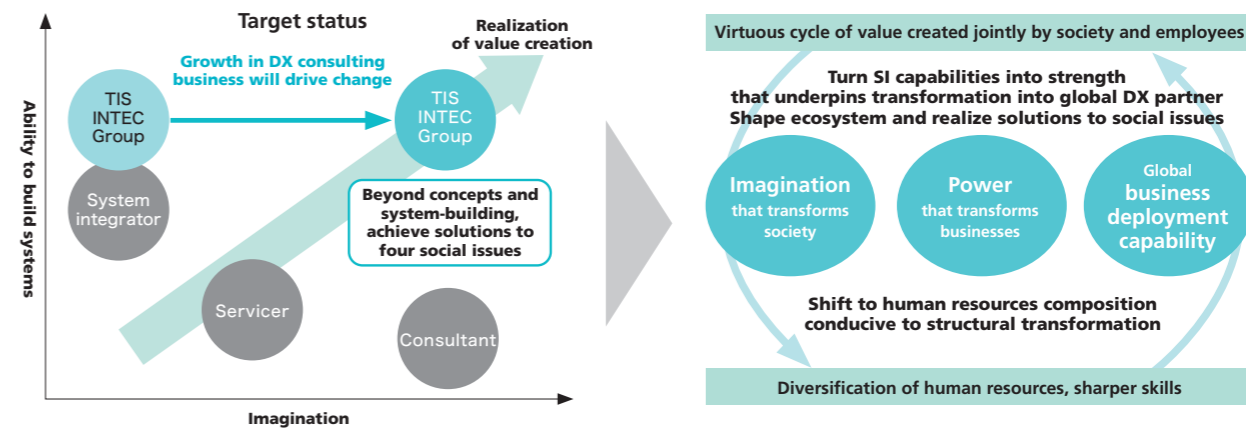
Using data collected within the Group as well as technology, such as AI and robotics, we will make office work more efficient. This will create a new environment in which employees are more motivated and can concentrate on promoting social DX and business DX.

## Promotion Structure

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

## Direction of DX Business Strategy

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

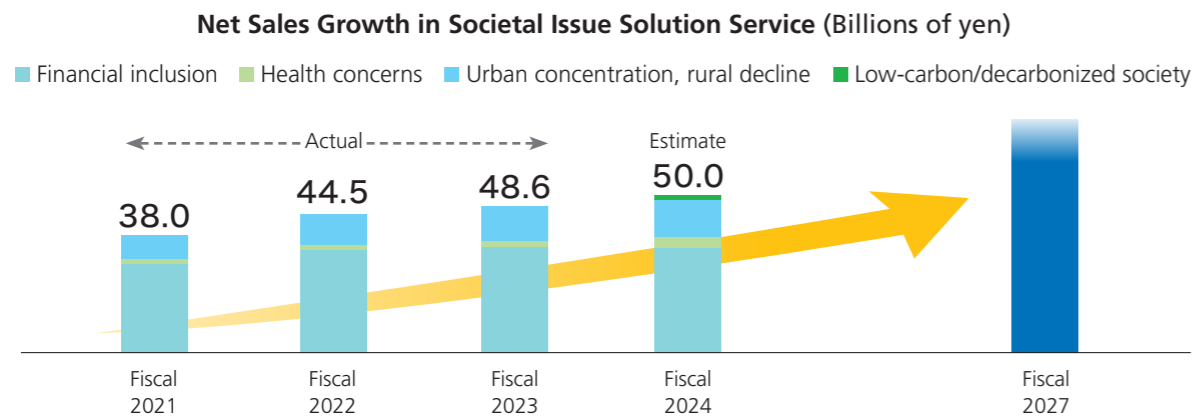


Unique features of TIS' DX consulting		Typical consulting firms
<b>Full-scope response until DX is achieved</b>	<ul style="list-style-type: none"> <li>As a system integrator, we accompany the client through to realization so projects don't end up as castles in the air</li> <li>Full support for system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

## Topic

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

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



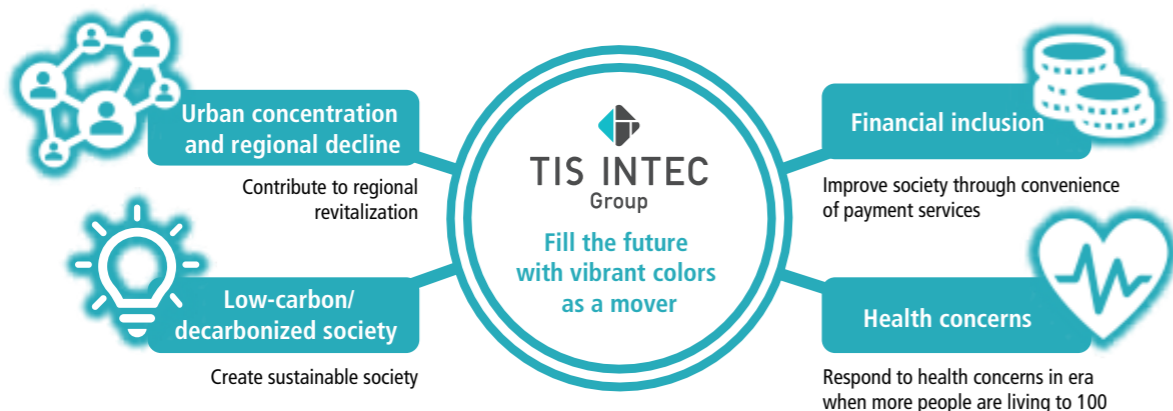
**Key Activities in Offering Services Business**

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

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

**Social DX (Societal Issue Solution Services)**

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



**Topic**

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

**Selected examples**

**Health Concerns**

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

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

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



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

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

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



**Low-Carbon/Decarbonization**

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

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

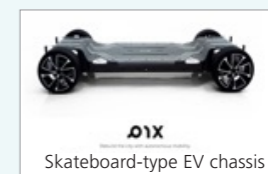


**Concentration in Cities and Decline of Rural Areas**

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

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

Examples of PIX Moving's products

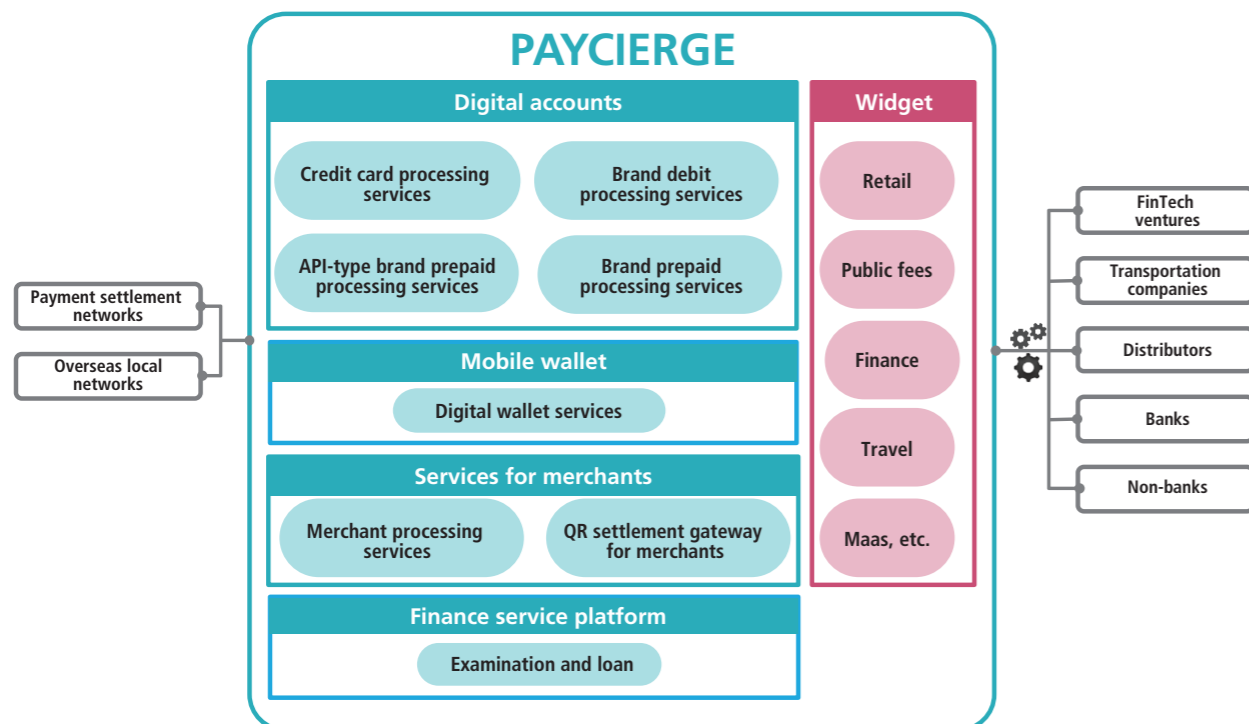


### Leveraging Our Strengths to Accelerate Business Development and Realize a Cashless Society

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

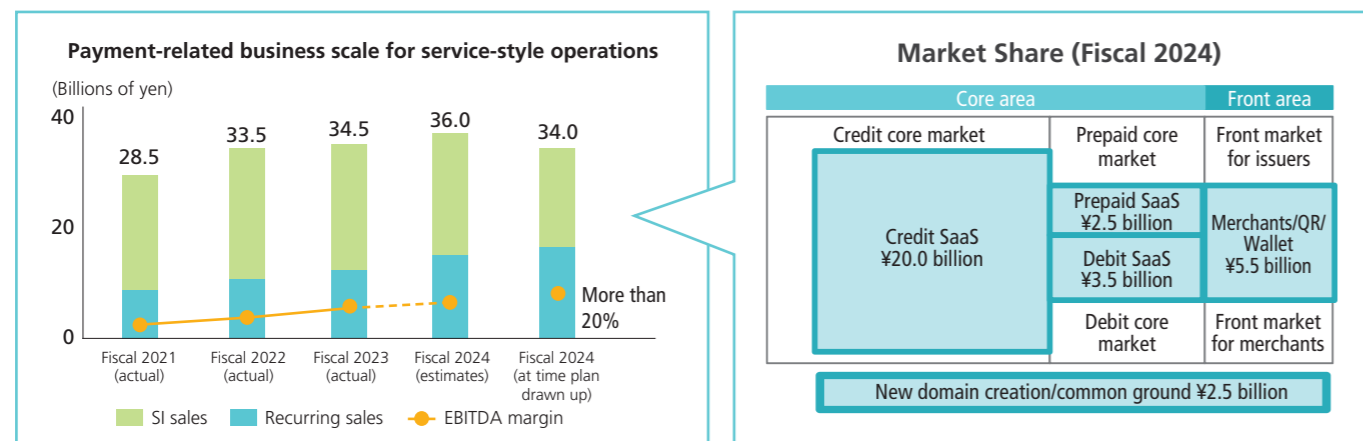
#### Overview of Payment Services and TIS' Core Focus

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



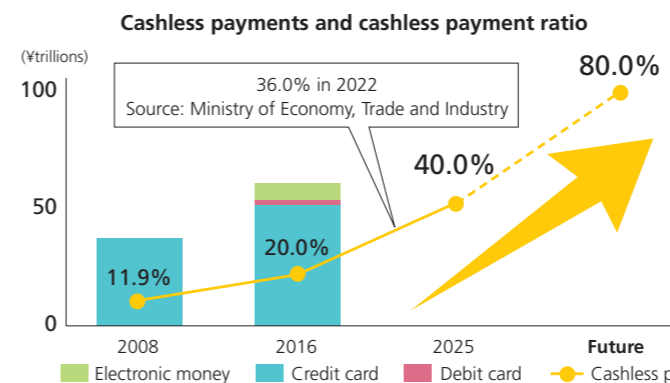
#### Payment Service Strategy under Medium-Term Management Plan (2021–2023)

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

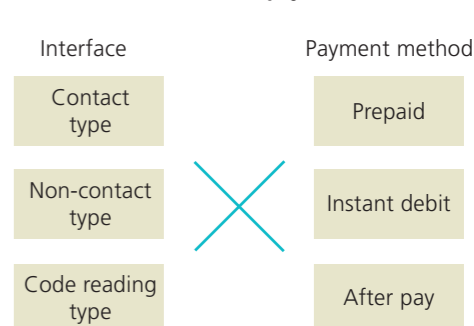


#### Status of Cashless Payments in Japan

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



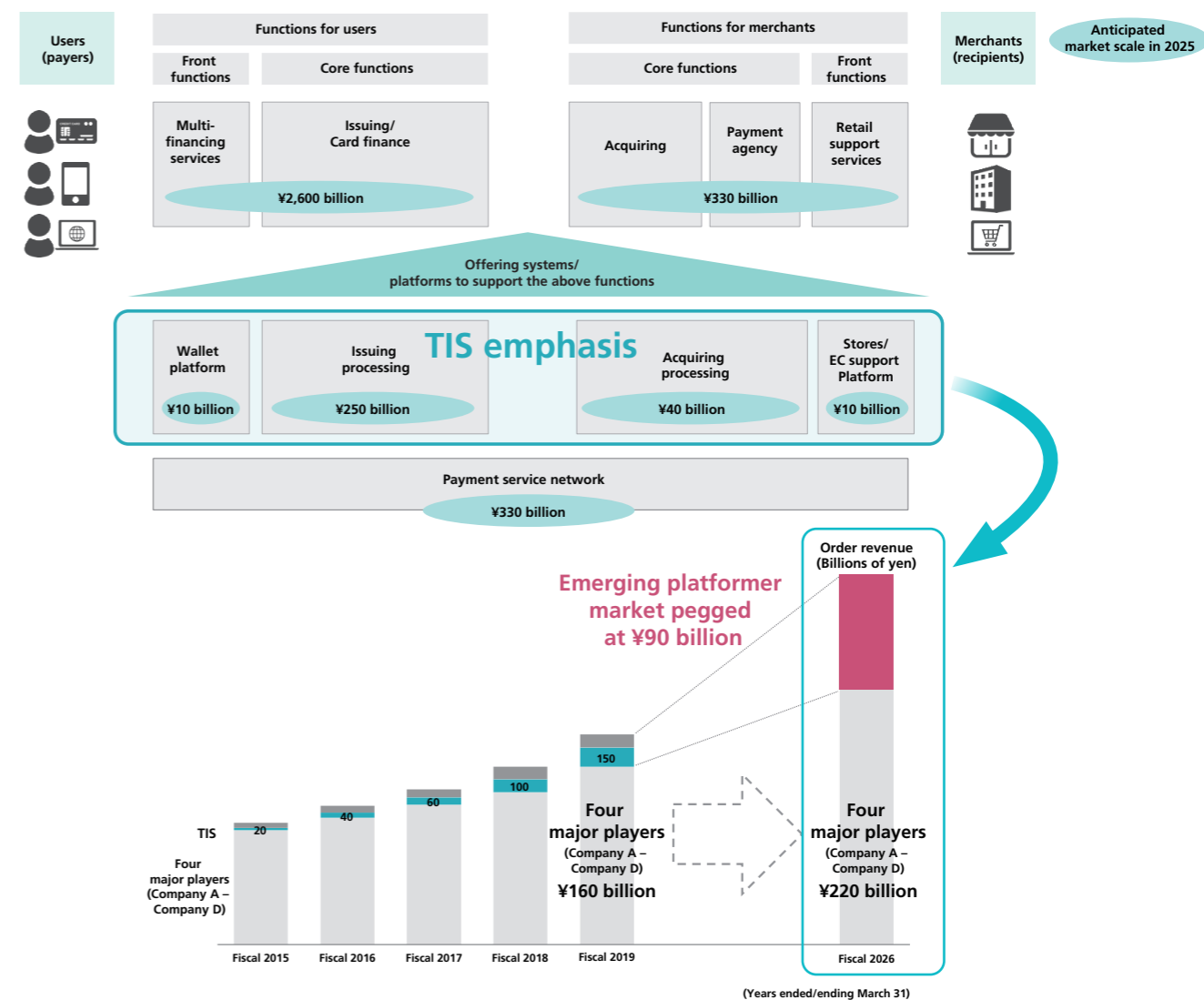
#### Combination of cashless payment methods



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

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

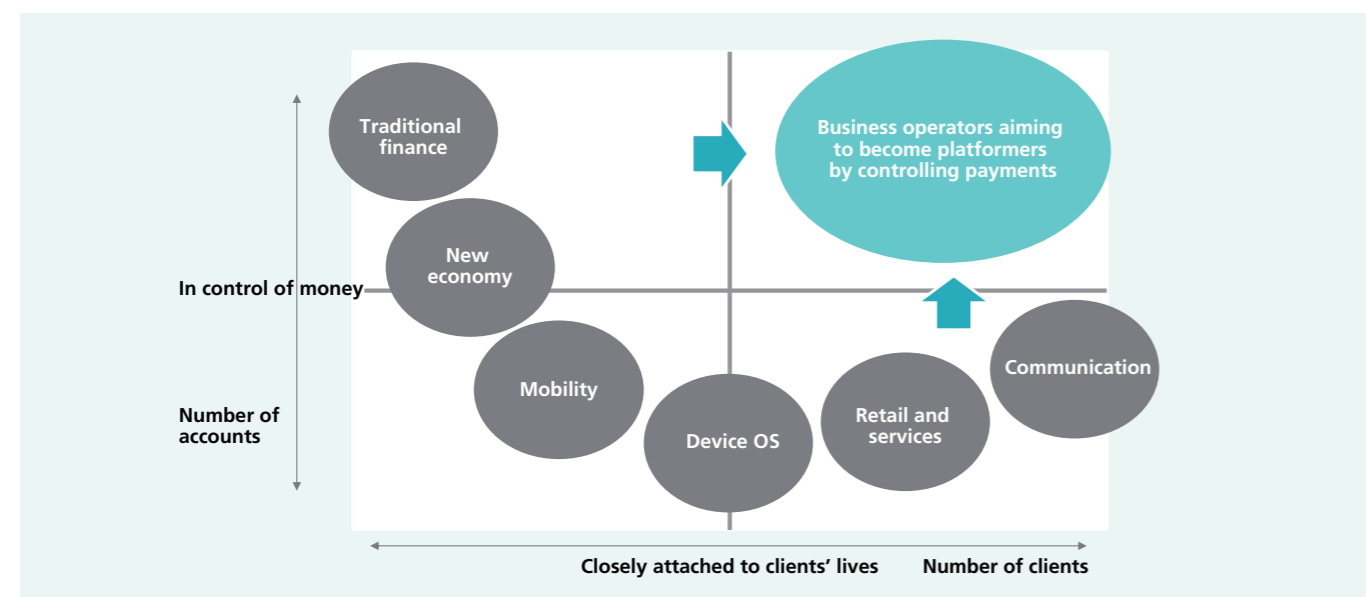
\*TIS defines the card processing market for non-financial companies seeking to enter the payments business as the "emerging platformer market."





■ Target Clients to Extend Core Functionality for New Issuers

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



■ Fiscal 2023 Topics

Core areas (CreditSaaS, DebitSaaS, PrepaidSaaS)

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

Front area

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

Beyond Payment

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

■ Priority Themes for Fiscal 2024

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



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

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

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

■ New Initiatives Amid the Growth of Cashless Payments

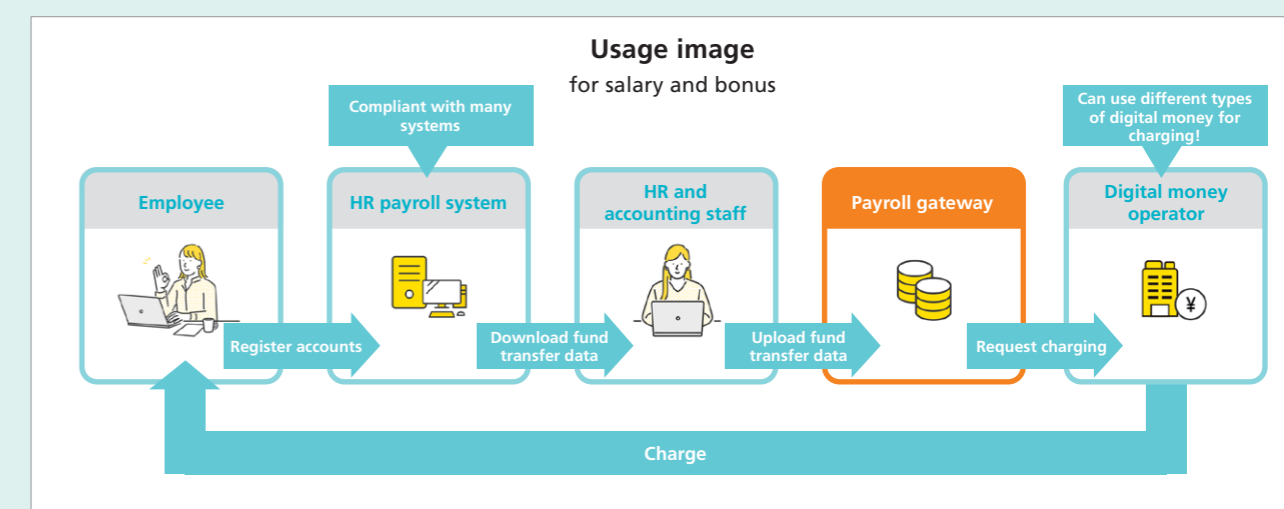
Digital Wage Payments

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

Digital Wage Payment Gateway Service

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

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

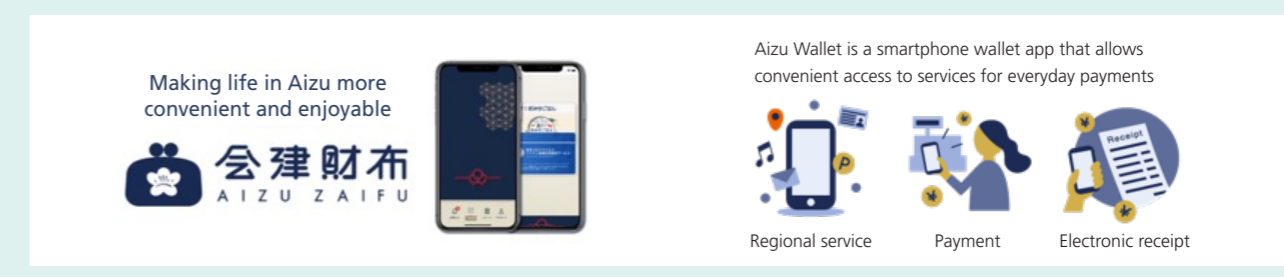


Digital Local Currency Services to Solve Local Issues

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

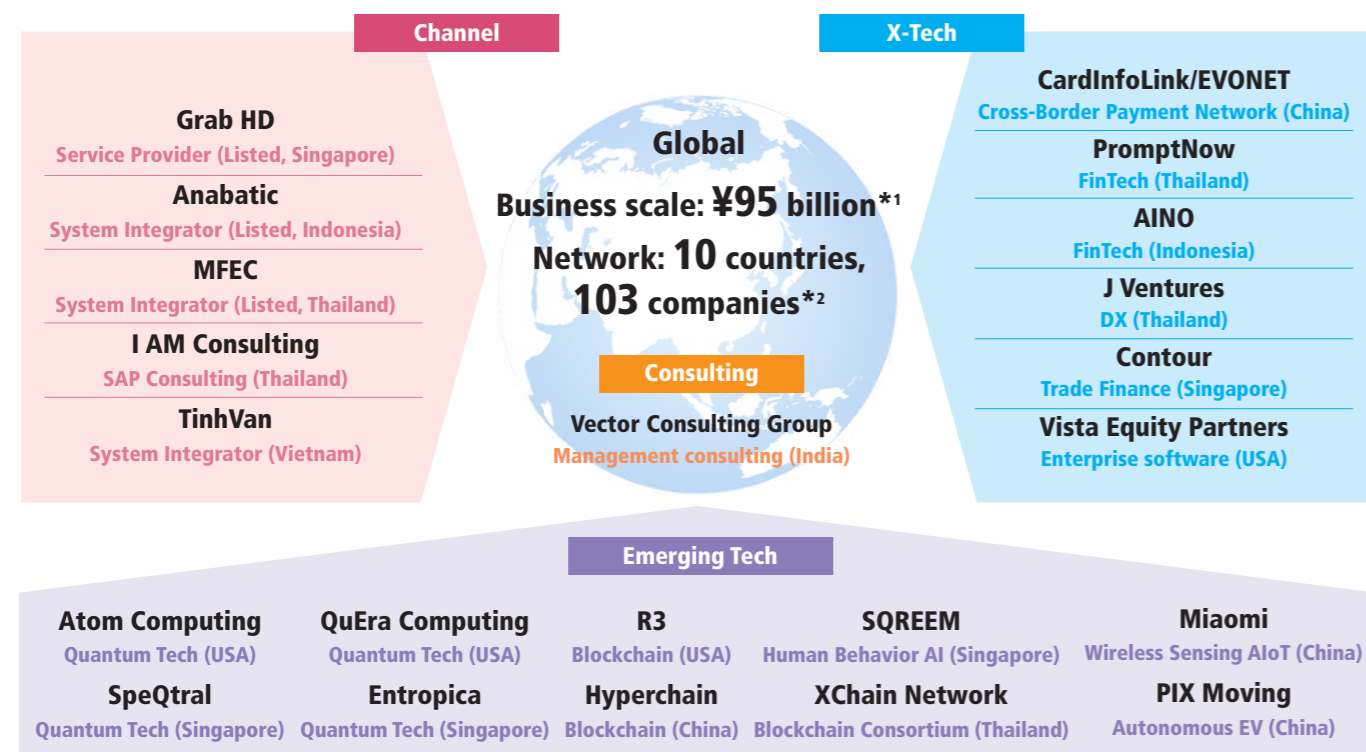
Aizu Coin, a Digital Local Currency Service that Resolves Local Issues

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



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

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



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

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

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

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

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

**Topic**

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

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

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

**Activities to enhance profitability**

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

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



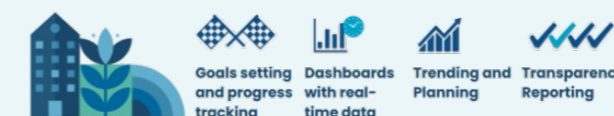
**2. Establishment of MFEC's CVC, and accelerating investment in promising companies**

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



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

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



**Promotion of collaboration with TIS**

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



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

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

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

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

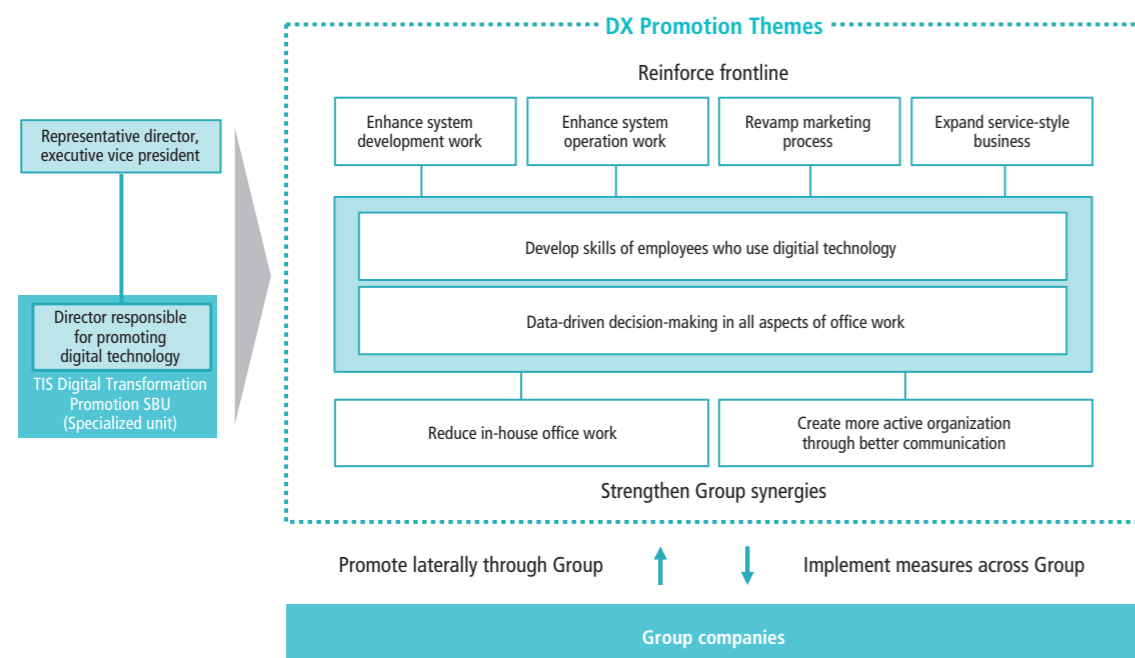
To quickly achieve our consolidated net sales target of ¥100 billion in fiscal 2026, we will continue focusing on specific markets while acquiring consulting capabilities and advanced technologies from a global perspective to expand our global business and help resolve social issues.

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

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

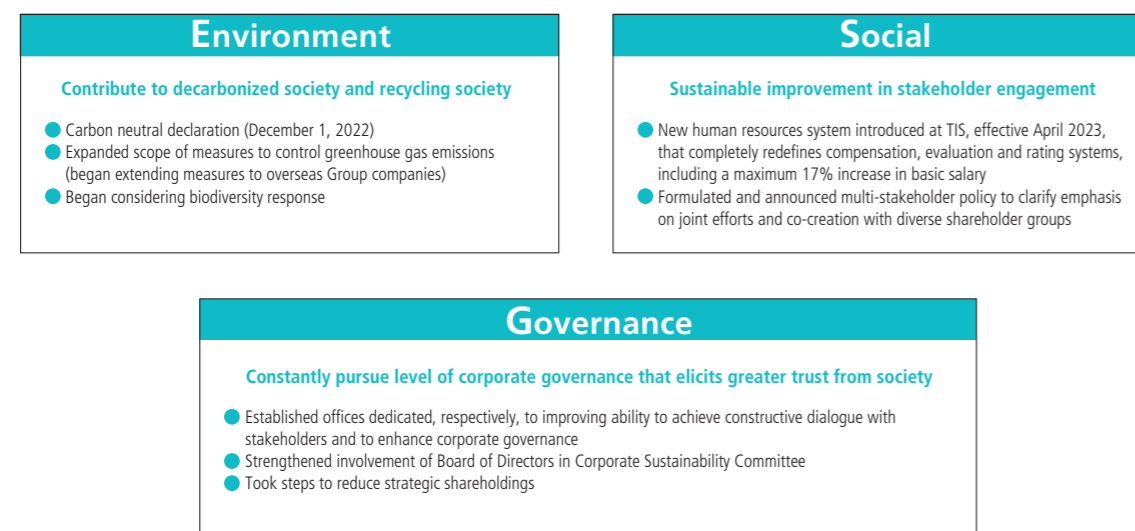
### Internal DX

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



### Promoting Higher Level of ESG

#### Activities in Fiscal 2023



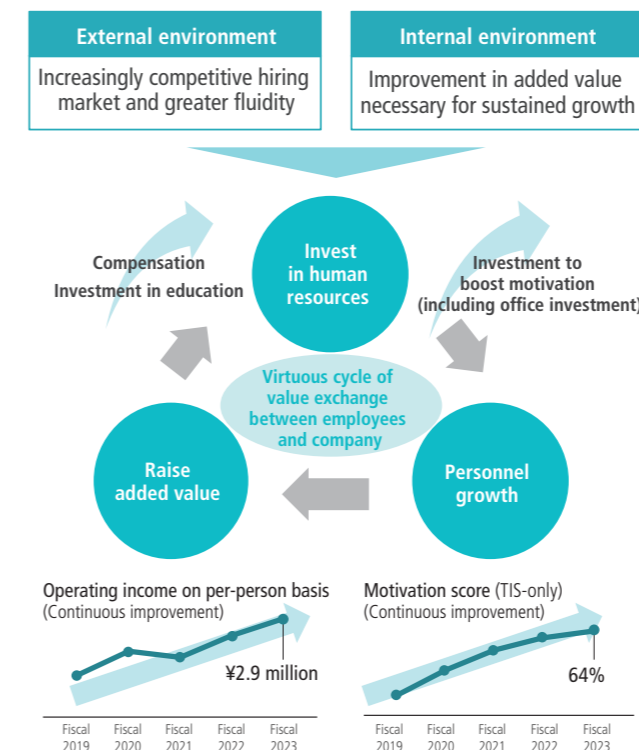
#### Priority Theme in Fiscal 2024

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

## Human Resources Strategy

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

### Ideal Human Resources Strategy



### Activities in Fiscal 2023

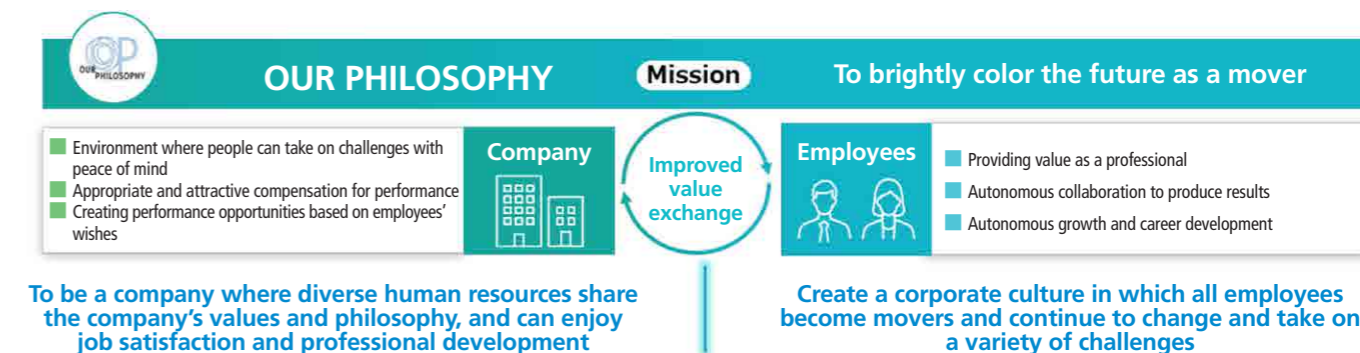
- Sharpen/enhance skills of human resources**: HRBP worked together with on-site executives and leveraged measures fine-tuned to business needs, creating human resources portfolio linked to business strategies.
- Sustainable engagement**: Career advancement for personnel who exemplify TIS INTEC Group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

### Priority Themes for Fiscal 2024

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

### Improve Value Exchange between Employees and The Company

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



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

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

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



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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## New Challenges and Production Capabilities that Cement Foundation



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

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

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

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

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

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

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

## Setting the Stage for Service Management

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



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

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

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

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

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

## Predict Changes in Society, Continue to Transform

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

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

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



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

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

## Message from the Director in Charge of Corporate Organization

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

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

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

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

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

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

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

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

We look forward to your continued support and guidance.

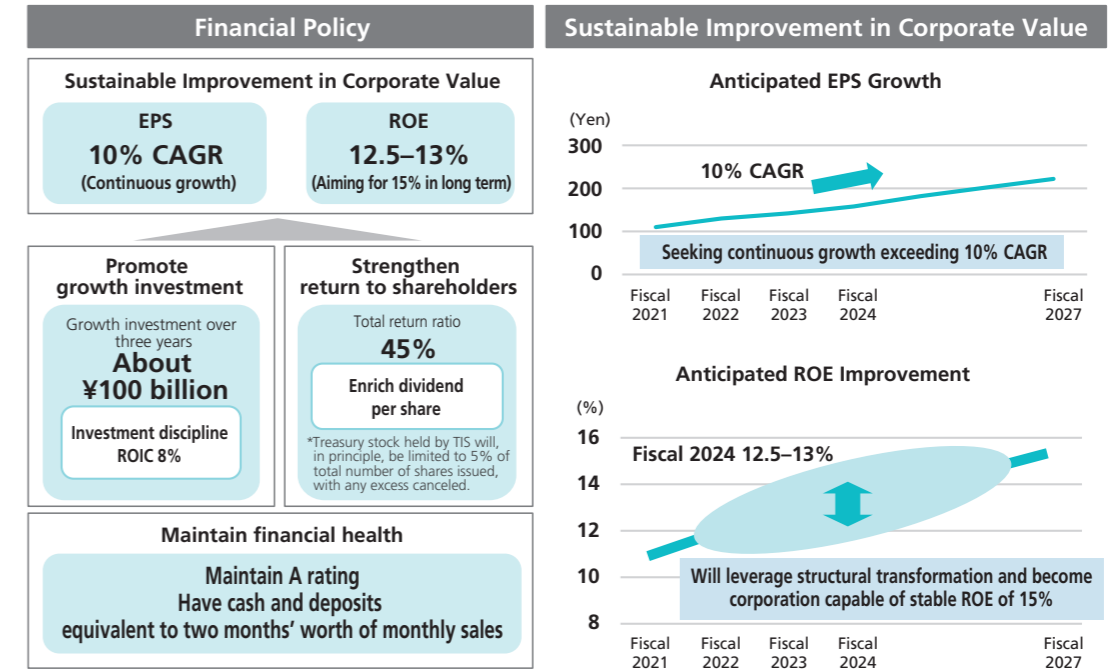


**Shinichi Horiguchi**  
Director,  
Senior Managing Executive Officer  
TIS Inc.

## Financial Investment Strategy

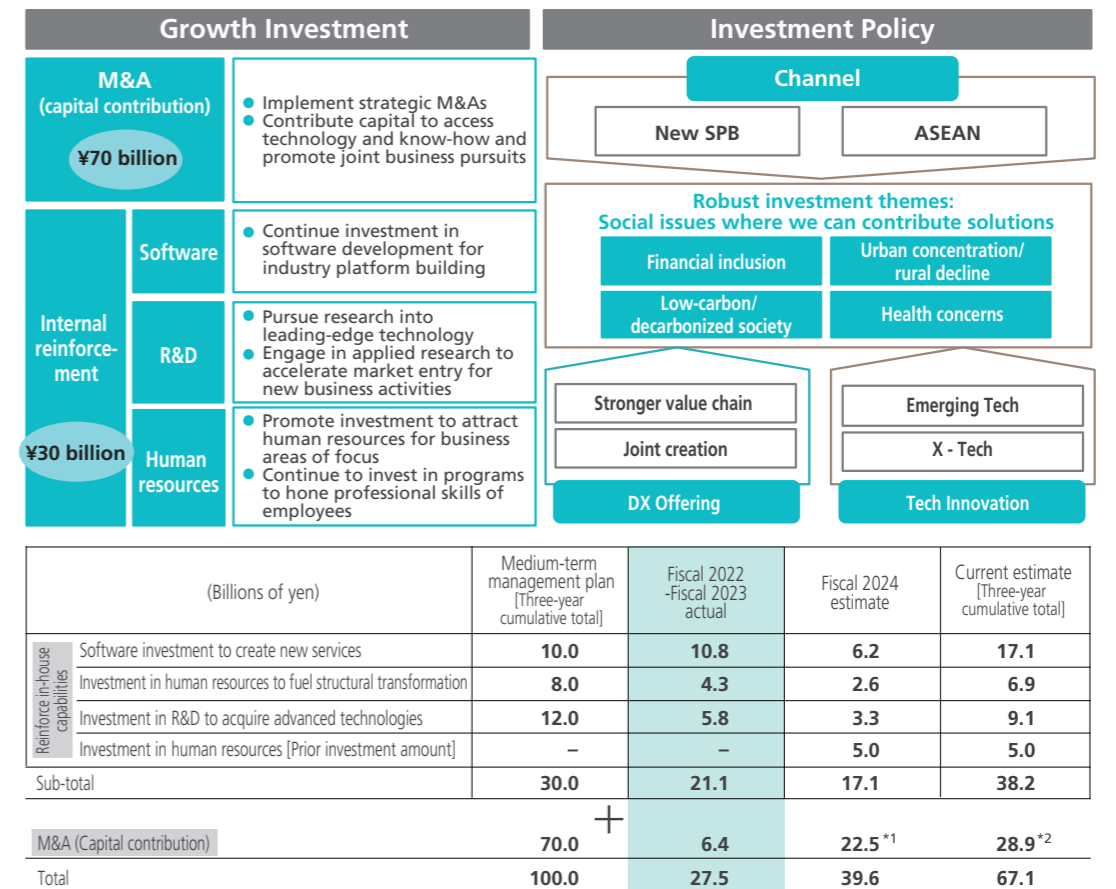
### Overview of Financial Investment Strategy

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



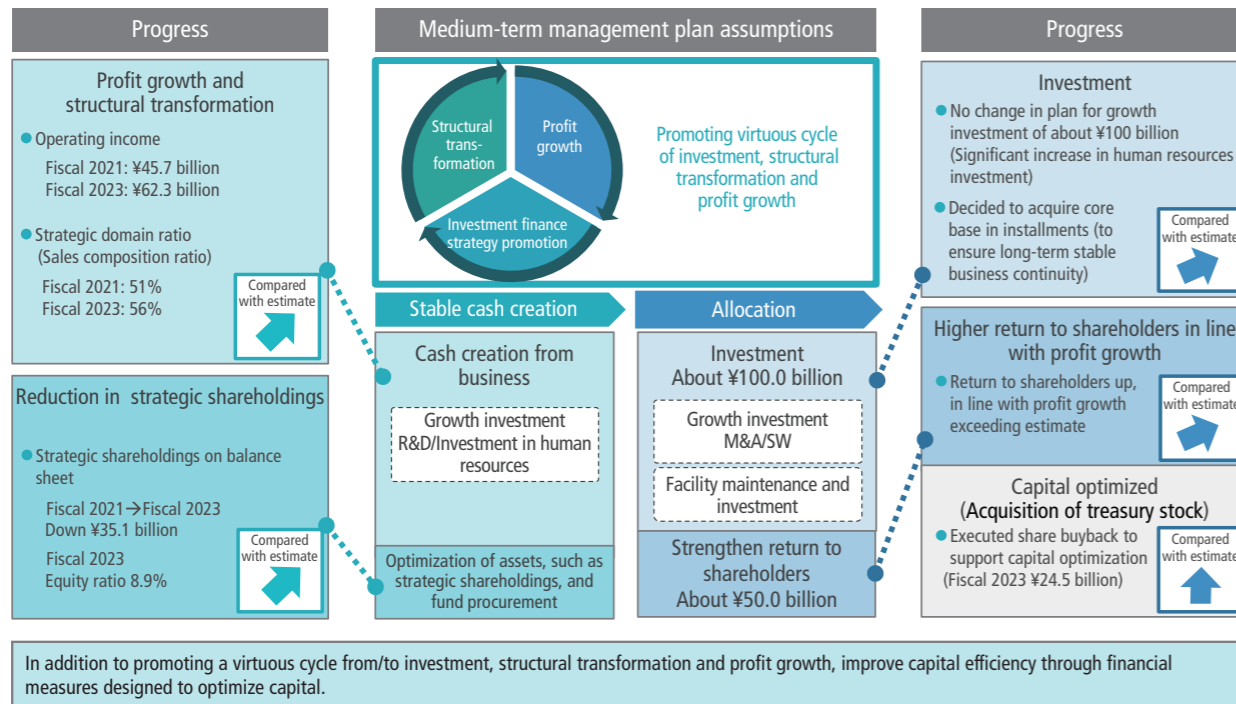
### Growth Investment

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



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

## Cash Allocation



## ROE Growth Structure

	Fiscal 2021 (actual)	Fiscal 2024 (at time plan drawn up)	Fiscal 2023 (actual)
ROE	10.8%	12.5%~13%	18.8%
Net income ratio	6.2%	7.8% Structural transformation, investment results	10.9%
Total asset turnover ratio	1.08	Slight drop Increase in business assets paralleling growth investments	1.08
Financial leverage	1.63	On a par Maintain financial health	1.59



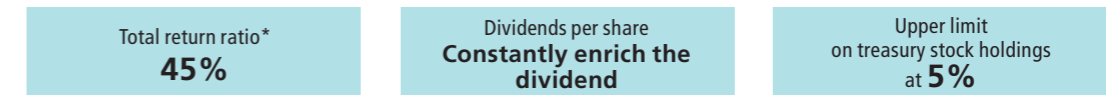
**Masakazu Kawamura**  
TIS Executive Officer, Division Manager of Corporate Planning SBU

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

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

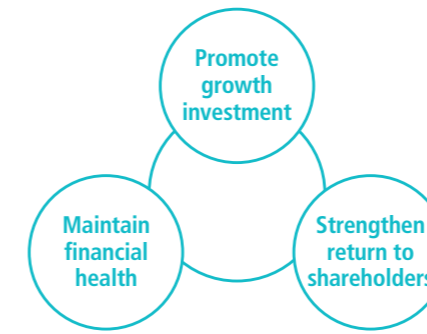
To meet the expectations of our stakeholders, we will continue striving to maximize corporate value by both aggressively investing in growth and improving profitability under a disciplined management approach, while continuously enhancing shareholder returns in line with growth in business profits.

## Basic Policy on Return to Shareholders



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

Seek more appropriate capital composition and enhanced capital efficiency, with efforts to promote growth investment, maintain financial health and strengthen return to shareholders—all in the right balance.



### Promote growth investment

- Take vigorous approach to investment in human resources as well as upfront investment, M&As and other growth investment opportunities. Respect investment discipline ROIC of 8%, with maximum investment of ¥100 billion over three years. Provide higher level of DX value and work to acquire new technology to achieve strategic domain ratio of 60% and operating margin of 11.6%.

### Maintain financial health

- Have cash and deposits equivalent to two months' worth of monthly sales, mindful of maintaining A rating.

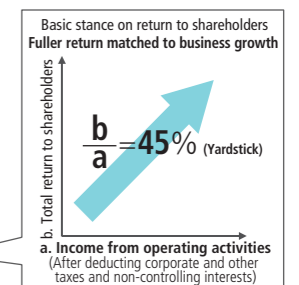
### Strengthen return to shareholders

- With yardstick of 45% for total shareholders' return ratio, goal is to continuously enrich dividend per share.
- The amount of treasury stock held by TIS will, in principle, be no more than 5% of total number of shares issued, and any shares exceeding this limit will be canceled.

## Status for Return to Shareholders

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

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



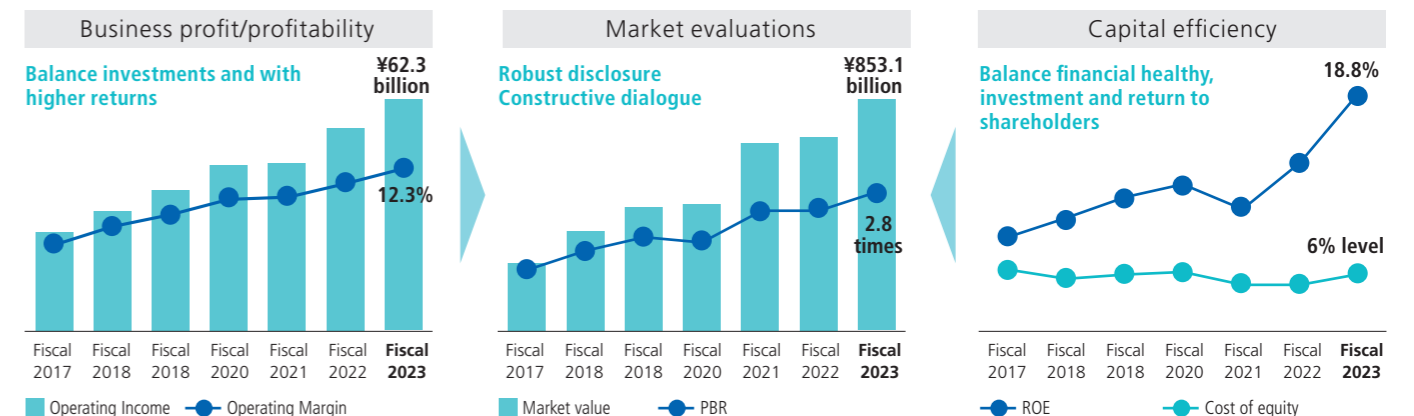
\*1 Based on profit (after income taxes and income attributable to non-controlling interests)

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

## Cancellation of Treasury Stock

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

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



## Business Strategies by Segment

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

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

### Fiscal 2023 Segment Review

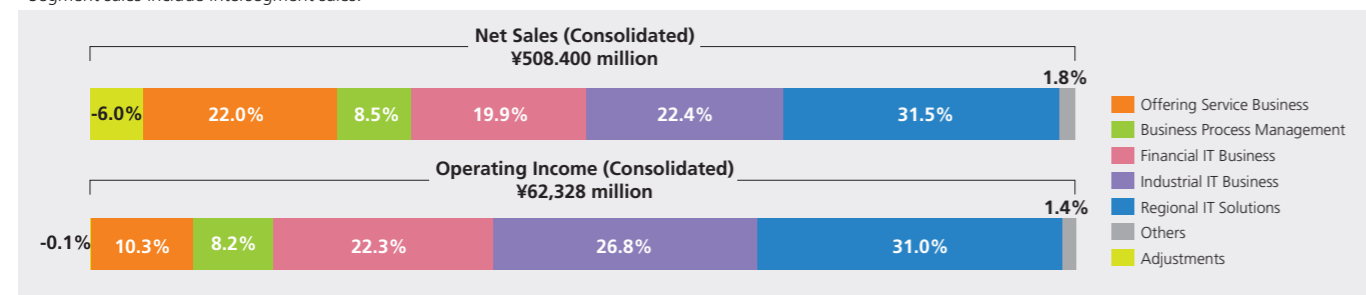
Segments	Net sales (Millions of yen)	Operating income (Millions of yen) (Operating margin) (%)	Number of employees (Person)* <sup>2</sup>	Per Employee		Net sales by business category	Number of companies	Strategic domain image
				Net sales (Millions of yen)* <sup>3</sup>	Operating income (Millions of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

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

■ SPB  
■ IOS  
■ BFS

### Fiscal 2023 Business Results by Segment

\*Segment sales include intersegment sales.



### Change in Reporting Segments

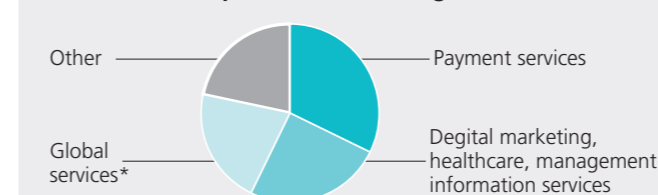
To promote further structural transformation, TIS implemented a change in the management structure of the TIS INTEC Group, and paralleling this change, the Company implemented a business model-specific management approach in revising its reporting segments, effective from fiscal 2023. The principal changes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

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

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

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

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



\*Partial transactions are amounted on other segments

\*2 As of March 31, 2023.

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

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



## Offering Service Business

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



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

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

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

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

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

### Strengths

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

### Business Environment

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

### Growth Strategies for Further Business Expansion

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

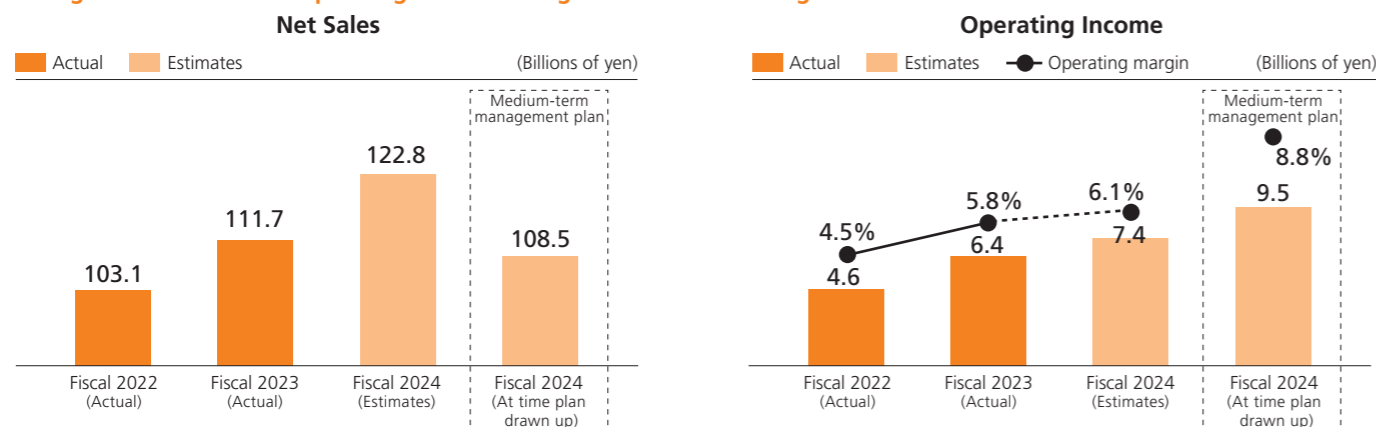
### Fiscal 2023 Performance Highlights

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

### Fiscal 2024 Forecast

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

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



## Business Process Management Business (BPM)

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



**Shuji Yamamoto**  
AGREX President

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

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

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

### Strengths

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

### Business Environment

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

### Growth Strategies for Further Business Expansion

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

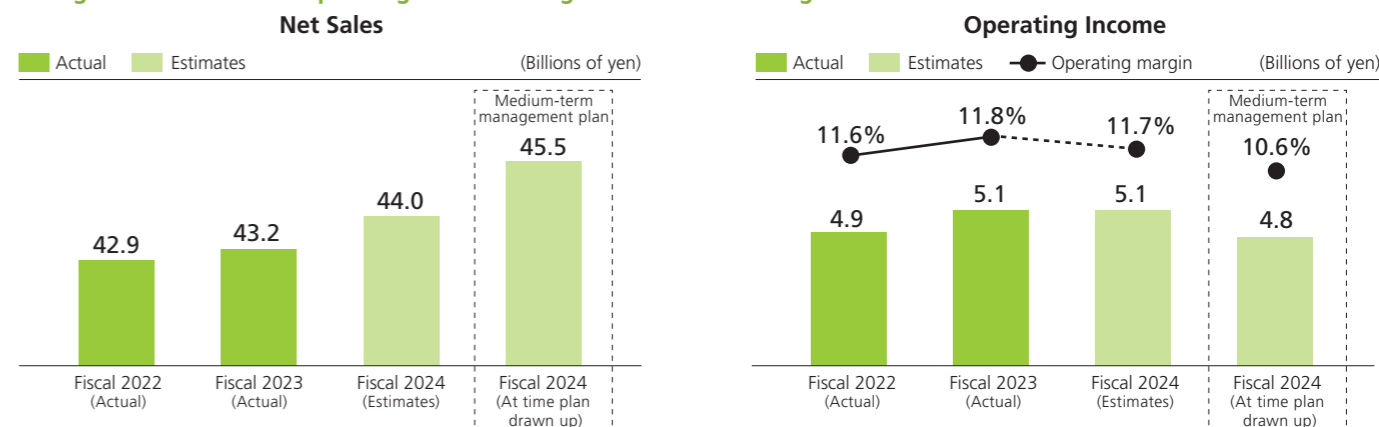
### Fiscal 2023 Performance Highlights

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

### Fiscal 2024 Forecast

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

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



## Financial IT Business

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



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

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

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

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

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

### Strengths

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

### Business Environment

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

### Growth Strategies for Further Business Expansion

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

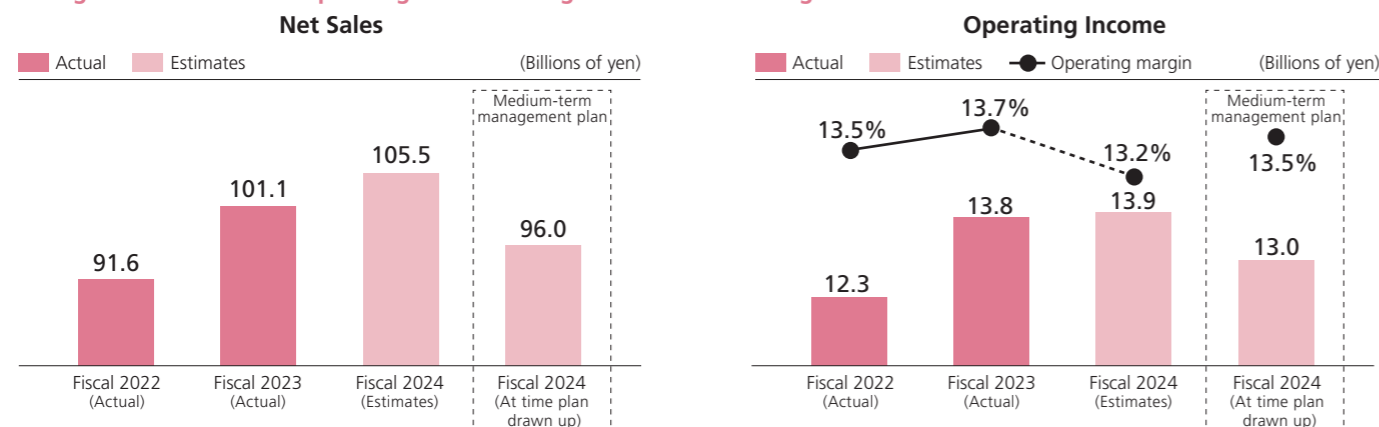
### Fiscal 2023 Performance Highlights

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

### Fiscal 2024 Forecast

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

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



## Industrial IT Business

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



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

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

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

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

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

### Strengths

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

### Business Environment

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

### Growth Strategies for Further Business Expansion

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

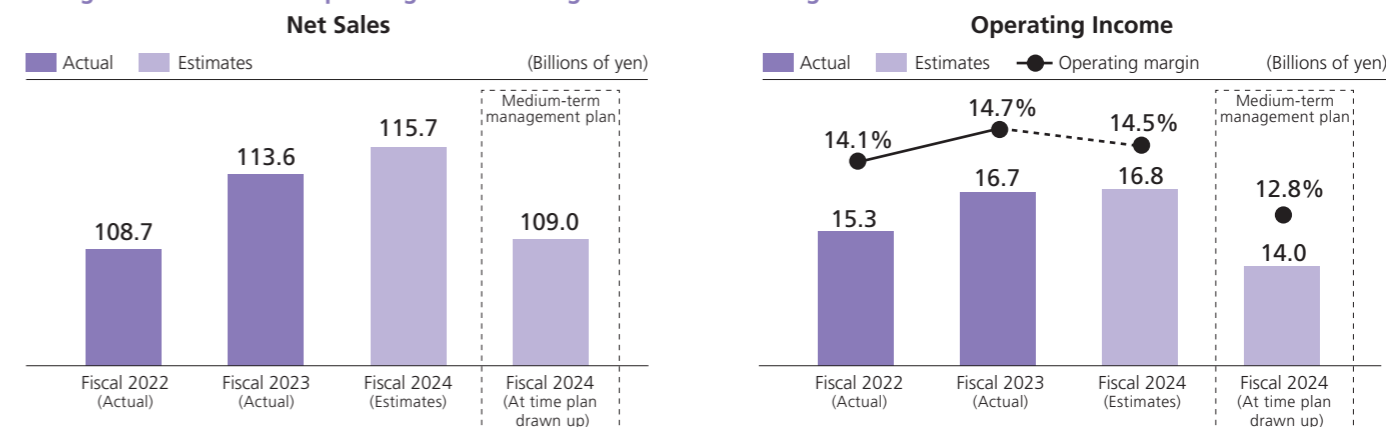
### Fiscal 2023 Performance Highlights

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

### Fiscal 2024 Forecast

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

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



## Regional IT Solutions

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



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

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

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

### Strengths

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

### Business Environment

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

### Growth Strategies for Further Business Expansion

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

### Fiscal 2023 Performance Highlights

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

### Fiscal 2024 Forecast

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

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

