

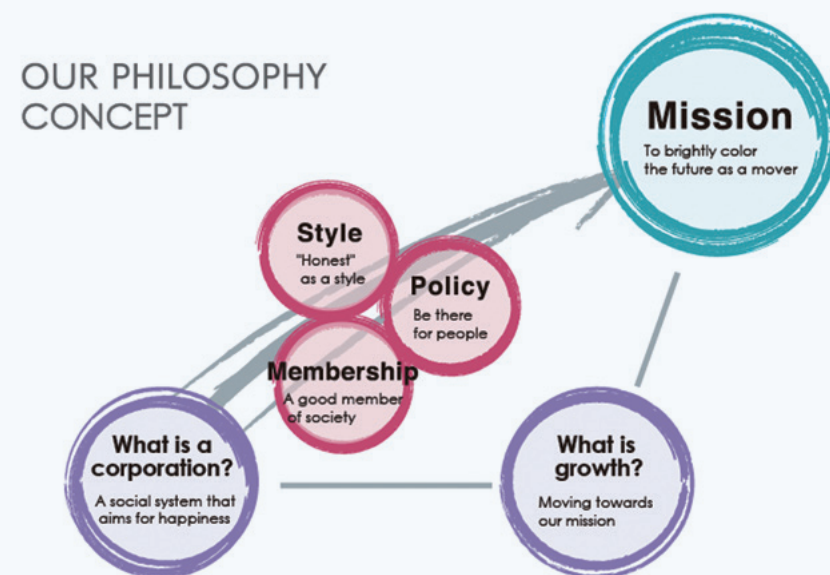
Make society's wishes come true through IT.

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

Guided by this mission, we seek to make society a more colorful and vibrant place and create a tomorrow full of more smiles than yesterday. IT has the power to make the future brighter.

## OUR PHILOSOPHY (TIS INTEC Group Philosophy)

OUR PHILOSOPHY represents the values of TIS INTEC Group. It broadly but clearly delineates the thinking and ideals of particular importance to the TIS INTEC Group regarding management, corporate activities, and officers, employees and other members of the Group. The TIS INTEC Group's entire business revolves around OUR PHILOSOPHY.



### Mission to brightly color the future as a mover

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

For details, go to <https://www.tis.com/group/philosophy/>

## Group Vision 2032 — The TIS INTEC Group's corporate ideal

Under the theme "society oriented, operationally diverse, globally active," Group Vision 2032 will guide us as we work toward our goal of becoming a progressive, global IT group combining social responsibility and the spirit of innovation. To solve social issues, we will proactively adopt innovative technologies and incorporate capabilities from different industries while leveraging diverse and global operations. This will lead to further business innovation and fuel market creation.

For details, go to <https://www.tis.com/group/vision/>

Group  
**VISION**  
2032

**Society oriented, operationally  
diverse, globally active**

## Group Code of Conduct

To fulfill social responsibilities and maintain trust and transparency, we established the Group Code of Conduct as a concrete set of standards for judgment and action.

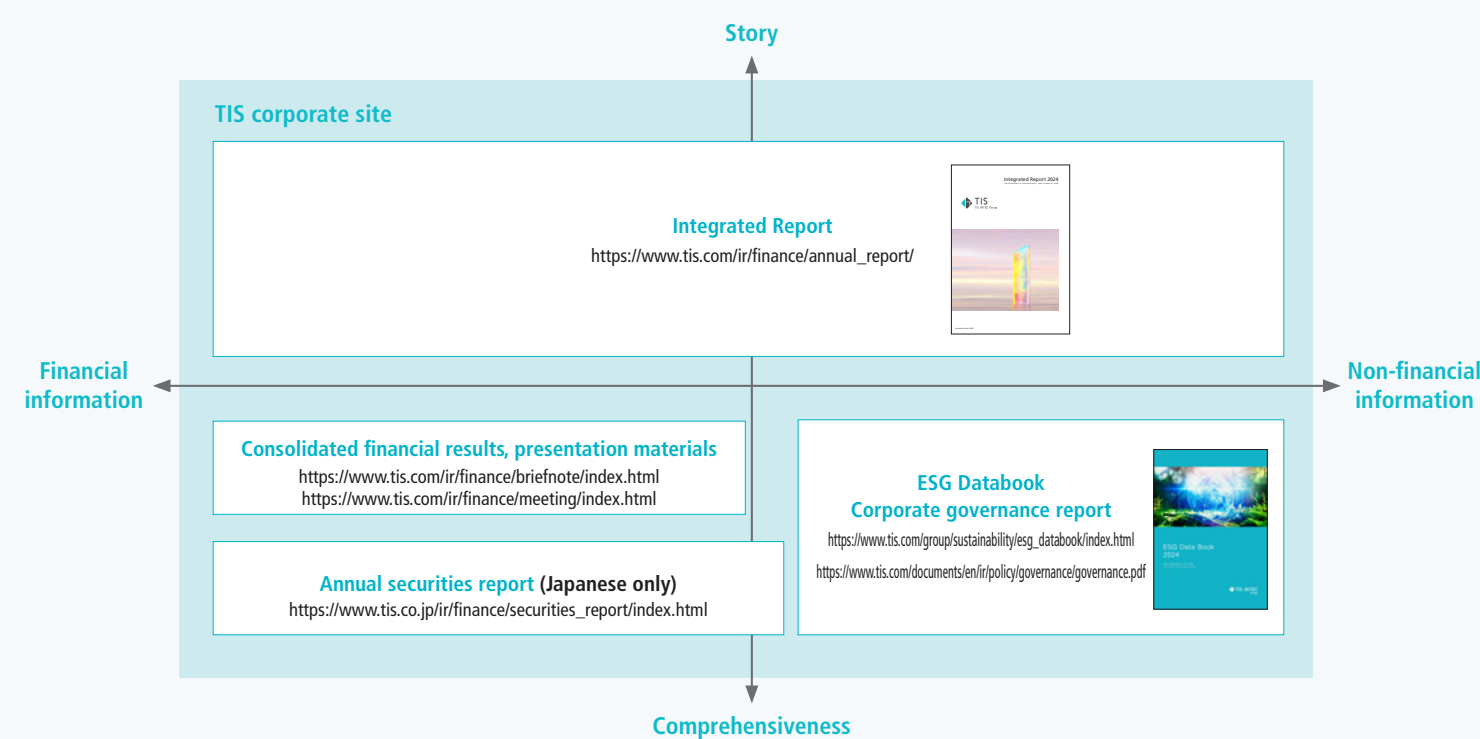
For details, go to <https://www.tis.com/group/sustainability/governance/compliance/index.html>

TIS regards the Integrated Report as an important tool for dialogue with all stakeholders, including shareholders and other investors. This year's report features matters of particular importance that we wish to convey while also providing key financial and non-financial information that will give readers a clearer understanding of the approaches taken to achieve a sustainable improvement in corporate value and the reasoning behind such approaches from a groupwide perspective. Please refer to our corporate website for more detailed information.

The 2024 report focuses on newly established long-term management policy, Group Vision 2032, and Medium-Term Management Plan (2024–2026), which is the first stage of our journey toward our 2032 destination, and describes how we will increase corporate value through the pioneering challenge of frontier development.

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

Information Disclosure Structure



**About Our Website**

Our website is the source of timely, up-to-date information for all stakeholders.

**IR Information**

Find financial results and IR-related news as well as the latest event information.  
<https://www.tis.com/ir/>

**Sustainability information**

Find information about sustainability initiatives.  
<https://www.tis.com/group/sustainability/>

**Scope of reporting**  
Reporting organization: TIS (parent) and TIS INTEC Group  
Reporting period: April 1, 2023, to March 31, 2024  
\*Some content reflects activities that occurred subsequent to the end of the reporting period.

**Issued:**  
September 2024  
\*The information contained in this report is accurate as of the date of publication.

**Guidelines:**  
International Integrated Report Framework,  
Guidance for Collaborative Value Creation 2.0

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

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

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Corporate Data

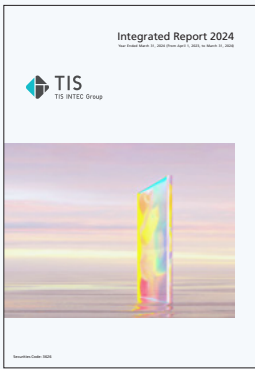
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On the cover

The multihued object, rising majestically at the water's edge in the morning sun, represents a gateway to the future and a new start.

It is a symbol of the pioneering spirit that infuses "Frontiers 2026," the catchphrase of our new medium-term management plan, and expresses not only TIS' keen desire to use digital technology in carving out a bright and colorful future but also latent possibilities that we seek to realize in that future.



## A tireless approach to frontier development will underpin efforts to achieve sustainable growth from a next-generation perspective.



Yasushi Okamoto, President

### Our evolution must continue if we are to reach goals set for 10 years into the future.

In April 2024, TIS launched Group Vision 2032, and the TIS INTEC Group embarked on Medium-Term Management Plan (2024–2026) as the first step toward realizing this new blueprint for the future.

Under the previous medium-term management plan, with the benefit of accelerated interest in digitization, we overcame challenges precipitated by the COVID pandemic and marked steady growth. However, the social environment remains uncertain, and I feel it's extremely difficult today to predict what the future will look like.

In addition, technological innovation is proceeding at an unprecedented speed, with artificial intelligence (AI) in particular becoming as much an integral part of society as the Internet. Moreover, quantum computing and other technologies with the potential to transform business models and the way society functions are steadily moving into practical application, highlighting how increasingly essential IT is to society. To maintain growth against this fluid backdrop, I believe a greater level of flexibility and adaptability will be required to squarely analyze prevailing circumstances and successfully create businesses that showcase the indispensable value of IT in society.

This is a new start, and each and every one of us must embark on the journey with an awareness that the road ahead is more than just an extension of the path we've been traveling on until now. We must grasp the needs of society and the requirements of clients through dialogue, and expedite steps to address identified challenges based on the underlying policy of frontier development. Naturally, OUR PHILOSOPHY is fundamental to the process, and we will adhere to this concept as it exemplifies the enduring values of the TIS INTEC Group.

### We achieved major successes during the previous medium-term management plan, but there are still issues to address.

We marked solid improvement in key management metrics described in the previous medium-term management plan and hit many performance targets in fiscal 2023, a year ahead of schedule. In addition, we continued to raise compensation to fulfill our corporate responsibility to reward the commitment of employees whose efforts are the driving force behind enhanced fiscal results. We made progress qualitatively speaking as well, notably by enhancing sustainability management, deepening the pool of consultants who underpin a strong frontline, and expanding global operations hinging on MFEC Public Company Limited in Thailand. On the flip side, an issue that still requires attention is development of the IT Offering Service (IOS), which is taking longer than anticipated, and the associated improvement in profitability.

Our payment business strategy hinges on the digital settlement platform PAYCIERGE, which continues to evolve even today, and functions as the driver of IOS growth. The three years of the previous medium-term management plan saw the start of CreditSaaS — a credit card processing service — and scaled-up functionality through proactive investment aimed at medium- to long-term growth. This really helped

expand the scale of the IOS business. However, the business has yet to reach a point where it can deliver a major boost in the recurring revenue ratio, and consequently, profitability is not increasing at the pace we had hoped for. Given rising demand for digital accounts prompted by widespread use of smartphones and a rapidly developing need for lighter — that is, less complicated — payment methods, we have taken a flexible approach to reframe the business strategy. In the short term, we will respond to the need for light payment options while maintaining efforts to expand the business through comprehensive development of PAYCIERGE, including a sustained marketing push for CreditSaaS.

### New Group Vision

**We will provide value from a “society oriented, operationally diverse, globally active” perspective.**

The theme of Group Vision 2032 is “Society oriented, operationally diverse, globally active.” As always, we will strive to address social issues, but “society oriented” carries a broader significance, embodying the realization that contributing to society through business activities is a given, something expected and accepted in today's world. The components “operationally diverse” and “globally active” represent diversity in that we create diverse businesses powered by diverse human resources who provide diverse value and options to society. At the same time, “globally active” also expresses our desire to establish a presence beyond Japan as a global enterprise seeking a more extensive presence in the markets of Southeast Asia.

In light of the above, we partially restructured our strategic domains — that is, priority business areas — under Group Vision 2032. We have always provided solid support to clients through contract software development services that help them grow their businesses and, in the process, we turned our Strategic Partnership Business (SPB) into a strong pillar of revenue. In addition, under Group Vision 2026, we pursued structural transformation hinging on strategic domains, including the original IT Offering Service, a proactive, proposal-style business. We recently merged the Business Function Service (BFS) into the existing IOS, creating the IT & Business Offering Service —IOS acronym unchanged — to provide business services along with IT services and setting the stage for accelerated growth driven by IOS as a second pillar of revenue. Looking to the future and a third pillar of revenue, we gave the existing Frontier Market Creation Business a reboot and in its place defined two new domains — the Social Innovation Service (SIS), where the TIS INTEC Group gets directly involved in solutions to deal with social issues through IT, and the Co-Creation Business (CCB), which seeks to combine the respective strengths of the Group and its business partners in joint efforts. These are our four strategic domains as of now.

We aim to raise the strategic domain ratio to 80% by fiscal 2033, from 48% in fiscal 2024, and build a diverse but well-balanced business portfolio. This will enable us to achieve growth driven by the TIS INTEC Group's distinctive presence in society.

\*For details, please go to page 22: Strategic Domain Portfolio



**Core facets of our strategic domains are direct approaches to social issues and co-creation projects.**

In recent years, the TIS INTEC Group has increased its efforts to address social issues through IT while at the same time embracing more opportunities for co-creation with business partners, including companies in different industries. Of significance, given this backdrop, is our recognition of how connected we are in society, as this will inevitably underpin the creation of new businesses. Designating SIS and CCB as strategic domains and establishing the Social Innovation Division to reinforce our ability to create and leverage new businesses aimed at social issue resolution are part of a framework to develop business centered on social issues and co-creation responses.

We identified four social issues — financial inclusion, health concerns, urban concentration/rural decline, and low-carbon/decarbonization — that we, as a corporate group, have the ability to help ameliorate through business activities based on sustainability management materiality (priority issues). It's worth noting that efforts to address these four social issues are not limited to any specific strategic domain. For example, SPB is responsible for building core systems for clients in the finance sector, but this is not the only service related to financial inclusion offered by the TIS INTEC Group. The service menu also includes the digital payment settlement platform PAYCIERGE, a core service under IOS, as well as Mobility as a Service (MaaS) and local e-currency operations, which are the responsibility of SIS and CCB. Regardless of which strategic domain is the service starting point, the first step is always to think about the new value we want to provide to society and to our clients. In finding solutions to social issues, cooperation — in-house and with external partners — is vitally important.

**New medium-term management plan**  
**Our basic policy is to venture into uncharted territory and cultivate new frontiers.**

The fundamental strategy in Medium-Term Management Plan (2024–2026), which was launched in April 2024, is to cultivate new frontiers.

Since assuming the position of president in April 2021, I have emphasized the importance of developing a stronger frontline to employees. Frontier development conjures up an image of a stronger frontline, but it also evokes a clear picture of the challenges involved in venturing into uncharted territory in pursuit of new business opportunities. I keep telling employees that now and then they have to imagine where they want to be in the future and carve a unique path to the desired destination, and I am hopeful that proactive thinkers who want IT to have a really positive impact on society will make great strides toward this reality during Medium-Term Management Plan (2024–2026).

**IOS, modernization and global perspectives are key to business growth.**

We have identified three business themes for the three years of Medium-Term Management Plan (2024–2026): enhanced IOS profitability, progress in legacy modernization services, and an expanded global presence. Multiple large-scale development projects peaked during the previous medium-term management plan, with associated earnings subsequently trending downward. Going forward, the rate of growth will slow somewhat but it will be short term, and with a concerted focus on the aforementioned business themes, I am sure we will get back on a growth track and profitability will improve.

**It's really important to think about our connection to society, because that contact point is the source of new businesses.**

**✓Enhanced IOS profitability**

IOS is already generating a certain level of sales, but we aim to turn this strategic domain into a second pillar of revenue over the next three years. PAYCIERGE, at the core of IOS, has continued to evolve through robust investment in various areas and scaled-up functions. Looking ahead, we expect services associated with credit, debit, prepaid and other payment formats that have enjoyed a stretch of sales growth so far to enter a period of expanding yields as we move through the third year of the plan. Therefore, in addition to sustaining sales growth, we need to build a solid framework for securing and then increasing IOS profits while keeping firm control on investments.

Also of note, Nihon ICS Co., Ltd., which became part of the TIS INTEC Group in April 2023, serves an extremely large number of small and midsized companies. To date, we have supported large corporate clients with SI services, but the base of potential clients for recurring business is now much wider through Nihon ICS, and this should lead to enhanced profitability. In addition, ultimately, our goal is to provide services that become the de facto standard in the payment solutions sector, a TIS forte field.

**✓Progress in legacy modernization services**

As described in the Ministry of Economy, Trade and Industry's *DX Report: Overcoming of "2025 Digital Cliff" Involving IT Systems and Full-Fledged Development of Efforts for Digital Transformation*, migration from mainframe to open architecture is an urgent issue for many companies, mainly due to a shortage of IT-knowledgeable human resources as engineers age and retire and also due to a disconnect between traditional marketing and the latest technological trends. The continued use of mainframes not only increases maintenance costs but also slows service improvements and hampers companies' ability to respond to new business opportunities, which could lead to future economic losses. Xenlon–Shinryu Modernization Service, developed in-house and for which we hold patents on some elements, addresses the challenges faced by our clients. This service has earned top marks from users as a tool that enables safe and reliable modernization in a short timeframe. The conversion rate for Xenlon-driven migration from legacy languages, such as COBOL, to Java, is nearly 100%, but Xenlon does much more, boasting the ability to automatically generate source code for high maintainability after conversion, and stable operational performance. We already have a strong track record for safely and reliably migrating large-scale applications running on mainframes to open systems for financial and industrial clients, and some clients choose to remain in a continuous business relationship with us as their core solution provider even after migration. Typically, it takes a long time — maybe 20–30 years — to build a relationship of trust with a new client and have that client appreciate us as a strategic partner, but we have high hopes that Xenlon will allow us to quickly gain the trust of new clients with the promise of becoming core clients.

**✓Expanded global presence**

Working toward our goal for the TIS INTEC Group to be the top-class IT group in the ASEAN region, we aim to achieve

¥100 billion in consolidated net sales by 2026. To date, we have built an overseas presence, especially in the ASEAN region, by focusing on the development of marketing channels and access to technologies, and then maximizing consulting opportunities. We complemented these activities through a robust capital and business alliance strategy targeting companies boasting high local market shares as well as companies with advanced technologies. As a result, consolidated net sales have surged over the past decade, from about ¥4 billion in 2014 to ¥33.6 billion in 2023, and our scale of business, including the involvement of equity-method affiliates, has already exceeded ¥100 billion. We expect consolidated net sales to hover at ¥40 billion by 2026 through organic growth, and we will continue to implement strategic business investments to achieve this target. When deciding on an investment target, we want to know that the company will be on board with the TIS INTEC Group philosophy OUR PHILOSOPHY. This point is relevant even beyond global business, however, because to us, shared common values are a determining factor in the success or failure of any alliance anywhere.

Global business profitability is still low from a consolidated results perspective, and I know there is room for improvement. We will actively promote initiatives to raise profitability, including continued introduction of Japanese know-how into Group companies in Southeast Asia to enhance local management efficiency. Through this approach, we hope to initiate a virtuous cycle in which these companies are themselves able to invest in growth fields, which will ultimately accelerate expansion of our global business as well.

**We now include operating income per person and ROIC as metrics to highlight improvement in profitability.**

In Medium-Term Management Plan (2024–2026), management indicators of note are net sales of ¥620 billion, an operating margin of 13.1%, return-on-equity (ROE) above 16%, and an earnings-per-share compound annual growth rate (EPS CAGR) above 10%. In addition, for the first time, we have included operating income per person, set at more than ¥3.5 million, and return-on-invested-capital (ROIC), set above 13%. To date, management with a profitability emphasis has underpinned steady improvement in consolidated business results. But I believe higher profitability per employee is essential to higher profitability overall.

Operating income per person has traditionally been a metric managed internally, but it is now included as a key metric to underscore our commitment to external stakeholders. Currently, metrics on a per-person basis are low for the Offering Service Business, which has yet to launch a sufficient number of investment-driven services, and for the Business Process Management Business, which is more labor-intensive since it involves quite a bit of simple operation services. But I believe the recent review of strategic domains will strengthen the connection between services and business segment and raise added value, paving the way for enhanced profitability.



Regarding ROIC, the expanding scale of TIS INTEC Group operations has precipitated opportunities for upfront investment aimed at growing businesses beyond traditional system development. Against this backdrop, it is important to realize greater investment efficiency in growing businesses and manage new activities through proper application of the PDCA (Plan-Do-Check-Act) cycle. We have always placed importance on management being conscious of capital costs, and by adopting ROIC, which is unaffected by capital structure, this metric becomes a key management indicator for heightened awareness of profitability in the business where an investment has been made.

### Long-term growth

**We will leverage changes as opportunities while accurately addressing risks to move business forward.**

In the process of realizing long-term growth, various risks can and do emerge, including risks related to human resource mobility, information security and natural disasters as well as geopolitical risks. Naturally, risks also accompany any new challenges we take on. The only way to deal with anticipated risks is to be prepared for the eventuality, but at the same time, there is no point in needlessly worrying about risks that cannot be anticipated. Rather, we should strive to maximize opportunities while minimizing risks. What is a risk? What is an opportunity? It all depends on perception. For example, new technologies, such as generative AI, may in some cases have a negative impact on Group businesses. At the same time, advances also herald significant positive contributions, including the opportunity to expand business by incorporating new technologies into operations and cutting costs through innovative productivity-boosting capabilities. We are working to achieve a successful balance of risk and opportunity. In addition, we will strive to respond quickly to new technologies in areas where proof-of-concept experiments are ongoing, such as healthcare and robotics, with the aim of creating and establishing new businesses.

**We aim to be a corporation known for the high interpersonal skills of its staff.**

We have long been working to elicit a change in mindset among employees on the theme of structural transformation. Looking at how business has evolved in recent years, I see steady progress along a trajectory I envisioned 10 years ago when I was still on the frontline. Proposal-based business activities involving consultants as well as collaboration inside and outside TIS and other TIS INTEC Group companies are becoming the norm. On a groupwide basis, our people have to satisfy certain basic prerequisites for IT business: technical expertise, system configuration skills and system operation capabilities. We also place importance on interpersonal skills. We aim to be a corporate group with people who have the expertise to pinpoint essential issues by talking to clients, and, ultimately, demonstrate strong interpersonal skills that encourage clients and business partners to continue to work with us. Becoming this kind of group will not happen

overnight. It will take time, but the results will be worth the wait. Human resources are without a doubt our most valuable management asset and truly indispensable in fulfilling our business obligations, and clients expect that our people can do the job and do it well. On that basis, I want TIS to be a company known for the high interpersonal skills of its employees, which I believe will reinforce the management foundation and fuel long-term growth.

### To our stakeholders

**My role is to establish the next pillar of business and pass it on to the next generation of leaders.**

Since assuming the position of president in April 2021, I have spearheaded steps to reinforce the frontline, and I have made it a point to meet with many members of top management at client companies as the face of TIS and the TIS INTEC Group. My efforts are perhaps more visible because I attract more attention as a top executive, but they are reflective of a groupwide commitment. With a view to cultivating new frontiers, we will maintain and deepen stakeholder engagement so that clients have a better idea of what the Group can do, which in turn will enable us to foster an environment that facilitates work on the frontline.

I mentioned this at the time we announced Medium-Term Management Plan (2024–2026), but it bears repeating here. There is no guarantee that the business environment over the next three years will be as favorable as it has been to date. Many issues still need to be addressed, including how to get back on a growth trajectory after the number of large projects peaked in the previous fiscal year and are now on a downtrend. However, we will face these challenges head on, with a strong desire and determination to overcome difficult situations and grow, and we will be thorough in doing what must be done to achieve stated goals.

As IT becomes increasingly more indispensable to society, my role will be to establish the next pillar of business and pass it on to the next generation of corporate leaders to ensure the sustainable growth of the TIS INTEC Group. I ask all stakeholders for your continued support and encouragement as we tackle challenges and maximize opportunities going forward.