

## Road to Value Creation: Medium-Term Growth Strategy and Commitment

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From the foundation we have built, we will promote frontier development and cultivate new business possibilities for the TIS INTEC Group.

Looking back on Medium-Term Management Plan (2021–2023)  
Favorable business environment fueled steady progress on structural transformation

Society changed during the three years of the previous medium-term management plan, impacted most significantly by the COVID-19 pandemic, yen depreciation, environmental issues and geopolitical risks. The new social landscape spurred wider interest in and acceptance of IT, highlighted by full-scale efforts by Japan’s Digital Agency to promote DX, the announcement of the Digital Garden City Nation concept, and allocation of budget for GX (Green Transformation). Riding this favorable tailwind, TIS marked steady progress on structural transformation and improved productivity to the extent that many key management targets were met a year

ahead of schedule. Of note, in system integration, which represents a core business, we steadily progressed and completed multiple large-scale projects. The success of these efforts certainly contributed greatly to the achievement of financial targets. At the same time, we were able to demonstrate yet again the engineering capabilities of TIS INTEC Group, perceptible improvements in quality and productivity, and an ability to see things through. I am also proud of our ability to make steady progress despite ever-present challenges in the service business.

Highlights of Medium-Term Management Plan (2024–2026)  
Focus on key growth areas in frontier development

Under Medium-Term Management Plan (2024–2026), we aim to strengthen the foundation that underpins system integration through services such as system modernization while reinforcing service-based businesses. There are also three growth areas that will support our frontier development theme. The first is global operations. Our goal is to achieve consolidated net sales of ¥100 billion by 2026, which will cement the TIS INTEC Group as a top-tier IT corporate group in the ASEAN region. In raising our global profile, we are keen to develop a more extensive presence in Indonesia and India, which as young, dynamic countries are primed for major economic growth. In Indonesia, efforts to expand operations hinge on PT Anabatic Technologies Tbk, a TIS INTEC Group company. Meanwhile, in India, TIS concluded a capital and business alliance in January 2023 with Vector Management Consulting Pvt. Ltd., a major management consulting company in that market, and both extended corporate groups are working to boost collaborative activities.

The second growth area is the small and medium-sized business (SMB) market. Major corporations comprise the bulk of the TIS INTEC Group’s client base, but by bringing Nihon ICS Co., Ltd., which provides accounting/taxation software packages to the SMB market, under consolidation in April 2023, TIS has gained access to a complementary set of companies and will realize new business opportunities. Many small and mid-sized enterprises are suffering due to labor shortages and tend to lag behind large companies in their embrace of digital technology. Services that improve productivity could lessen the burden carried by companies in the SMB market with limited human resources, and we will extend our reach to this market in collaboration with regional banks and other organizations from Nihon ICS’s client base.

The third growth area is regional DX. This is an area where INTEC in particular can demonstrate strength. Focusing on data integration platforms, INTEC will actively develop solutions in five categories — government DX, medical DX, financial DX, industry DX and infrastructure DX — under the name “47 Models” and work to attract interest from clients across Japan. With DX being promoted on a national scale in Japan, INTEC and by extension the whole TIS INTEC Group is keen to play a part in the evolution of government DX.

Clarified efforts to resolve social issues as a new strategic domain

Under Medium-Term Management Plan (2024–2026), we have placed more importance than ever before on efforts to resolve social issues. With the Social Innovation Service (SIS) added to the strategic domain list in Vision 2032, the expanded business approach will facilitate direct involvement by TIS INTEC Group in solutions that use IT to address social issues. At TIS, we established a new division — the Social Innovation Division —to reinforce our ability to create and leverage new businesses whose aim is social issue resolution. This division is also tasked with smart city projects, such as Aizu Coin, a digital regional currency service; web 3 initiatives using blockchain technology and other elements; green DX, a collaborative effort with local governments; and activities linked to the Osaka Kansai Expo, which I will touch on later. I will be taking the lead in leveraging the power of the Social Innovation Division to ensure that the Group showcases its strength in addressing social issues.

The Co-Creation Business (CCB), joining SIS as a new strategic domain, is a growth domain emphasizing co-creation with business partners. In line with our frontier development strategy, we are keen to venture into uncharted territory. But going it alone might be too much of a challenge, so through CCB, we will combine our strengths with those of our co-creation partners to push more powerfully forward.

Examples of initiatives in social issue resolution

An example of recent activities is the June 2024 establishment of Pixel Intelligence, a joint venture with PIX Japan. PIX Moving, China head office of PIX Japan is a self-driving electric vehicle start-up with locations in China, Italy and the United States. Pixel Intelligence, located in Japan, will serve as PIX Moving’s main base for marketing, manufacturing and selling RoboBus, a shuttle bus, and other vehicles in Japan and internationally. Self-driving functions and RoboBus itself are attracting attention as solutions to the shortage of drivers and the conundrum of transportation refugees in rural areas — people who are essentially stuck in population-sparse areas for lack of personal vehicles or access to public transportation — and we expect Pixel Intelligence will help ameliorate this issue.

Another example is our support for Osaka Healthcare Pavilion “Nest for Reborn” at 2025 World Expo, Japan (Osaka Kansai Expo), which opens in April 2025. But we also wanted to support the theme “Designing Future Society for Our Lives” and the concept “People’s Living Lab” of the upcoming expo, because IT is integral to both the theme and concept. We will also be involved in building a healthcare platform — the Personal Healthcare Record — that will integrate healthcare services, and support the Osaka Healthcare Pavilion through IT. It is vitally important from a healthy society perspective that this healthcare platform continue to be used even after the expo closes, and we believe that active involvement in this initiative will also benefit future business development.

Frontier development is survival strategy for the future

The boundaries between business domains are becoming more blurred than ever in every aspect of society, and the environment surrounding our operations is likely to become intensely more competitive across all industries. If we just sit back and do nothing, we will become irrelevant in no time at all. To remain a driving force, we must evolve, expanding our business domains to a degree not seen before. Frontier development, as described in Medium-Term Management Plan (2024–2026), requires us to establish new pillars of business to ensure our survival. This is essential. We must develop as a company and as a corporate group with boundless potential and a keen desire to explore beyond the scope of IT services in search of a better, brighter future.

At the same time, our core competence is in engineering, and dormant intellectual assets must be revived to increase the probability of business success as we expand operations in key domains. For example, the use of generative AI is becoming widespread, but ultimately, we have to make our own decisions and create our own systems. Being able to utilize inherent strengths will boost our chances of success in new business areas.

In exploring new frontiers, human resources have been and always will be absolutely vital. Over the past three years, we enhanced human capital management, which undoubtedly raised the value of each employee, and that led to sharper competitiveness and better fiscal results. But to realize our vision and management goals for the future when the path ahead is so uncertain, we really need to attract and keep excellent human resources who are able to adapt to changes in the environment. Toward this end, the TIS INTEC Group must remain an appealing organization, and over the next three years, I would like to show all our stakeholders, including clients and employees, that we are a dynamic corporate group, driven by a commitment to frontier development and a vision for growth.



Josaku Yanai  
Representative Director,  
Executive Vice President

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 (2024–2026).

	Fiscal 2016–Fiscal 2018	Fiscal 2019–Fiscal 2021
	Beyond Borders 2017	Transformation to 2020
	<div>Portfolio management</div> <div>Constant transformation, with sense of speed</div>	
Theme	Portfolio management, in a project sense, blending exceptional businesses and key strengths into a single approach	
Basic Concept/ Medium-Term Management Direction	<ul style="list-style-type: none"><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	
	Estimates	Actual
Net sales	¥400 billion	¥405.6 billion
Operating income	¥30 billion	¥32.7 billion
Operating margin	7.5%	8.1%
ROE	8.0%	9.9%
Policy on return to shareholders	Strive for total return ratio of 35%	
Payout ratio	16.6% in fiscal 2018	
Total return ratio	30.5% in fiscal 2018	
Reference: Average annual growth rate over three years		
Net sales	+4.0%	
Operating income	+15.7%	
Major priorities in group management	<ul style="list-style-type: none"><li>Integrate/centralize shared functions with the Group</li><li>⇒ 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</li><li>⇒ 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</li><li>⇒ “G20” project to elevate head office functions</li><li>Integrate groupwide core systems</li><li>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>

Fiscal 2022–Fiscal 2024

Be a Digital Mover 2023

Accelerate structural transformation by improving value provided in DX services

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

Virtuous cycle of value created jointly by society and employees

Business layer

Turn SI capabilities into strength that underpins transformation into global DX partner

Improve value provided by DX

Expand investment to generate strengths

Deepen and extend global operations

Resource layer

Shift to human resources composition conducive to structural transformation

Diversification of human resources, sharper skills

Key Performance Indicators

Net Sales

¥500 billion Fiscal 2024 [at time plan drawn up] / ¥549 billion Fiscal 2024 [actual results]

Operating Income

¥58.0 billion Fiscal 2024 [at time plan drawn up] / ¥64.5 billion Fiscal 2024 [actual results]

Operating Margin

11.6% Fiscal 2024 [at time plan drawn up] / 11.8% Fiscal 2024 [actual results]

EPS Growth CAGR

Exceeding 10% Fiscal 2024 [at time plan drawn up] / 22.5% Fiscal 2024 [actual results]

Strategic Domains Ratio

60% Fiscal 2024 [at time plan drawn up] / 61% Fiscal 2024 [actual results]

Sales of Societal Issue Solution Service

¥50.0 billion Fiscal 2024 [at time plan drawn up] / ¥49.7 billion Fiscal 2024 [actual results]

Major Initiatives

Revitalized various initiatives in accordance with basic policy of medium-term management plan.

Many new initiatives only halfway through to producing concrete results pegged to profit, and bringing such initiatives to fruitful conclusion that sets stage for next-stage growth remains issue to address going forward.

Improve value of DX services provided

Strengthen client base through delivery of large-scale projects, enhance issue-solving capabilities by supplementing upstream functions

Responded to orders and completed multiple large-scale projects for clients in finance, industry and public service sectors

Responded to orders for large-scale core upgrade projects by constantly reinforcing migration and ERP introduction services

Turned Fixel—company specializing in enterprise system UI/UX design—into subsidiary

Expand investment to generate new strengths

In addition to establishing credit/debit processing, expand scope of activities to new themes, with sights on embedded finance

Launched CreditSaaS and began providing service to NTT DoCoMo

Turned Nihon ICS into wholly-owned consolidated subsidiary, and began collaborating on new business creation, including DX on business transactions for small and medium-sized enterprises

Achieved new business creation through co-creation, including release of Sumitomo Mitsui Card Mobile Payment Package and steps to turn ULTRA into consolidated subsidiary

Promote initiatives to grow existing businesses and fuel long-term business development

Maintained continuous solution improvement and marked growth in core business solutions, such as ERP and modernization

Reinforced regional revitalization and healthcare activities, including area data usage service and electronic health record/medical information platform

Deepen and extend global operations

Form new global partnerships, especially in ASEAN region, and accelerate activities to create new businesses

Received and completed order for large-scale project through Group connections at MFEC Public Co., Ltd., and IAM Consulting Co., Ltd.

Turned Vector Consulting Group, a major management consulting firm in India, into an equity-method affiliate

Transportation payment package, developed jointly with PT Aino Indonesia, adopted by integrated transportation platform in Jakarta

Formed capital and business alliance with PIX Moving, a self-driving electric vehicle start-up

Diversify human resources, sharpen skills

Add more consulting staff through internal transfers and external recruitment

Expanded number of DX consultants to 510, above target of 500, and worked to create new framework for human resources portfolio

Turn virtuous circle of value co-creation by society and employees

Review human resources system with goal to raise value provided by human resources and improve structure for dealing with ESG issues

Revised human resources system, raised basic compensation to boost employee job satisfaction, and achieved certain level of success in attracting highly skilled individuals

Established structure to promote sustainability issues (human rights, corporate governance, human capital, taxes, etc.) and improved external evaluations

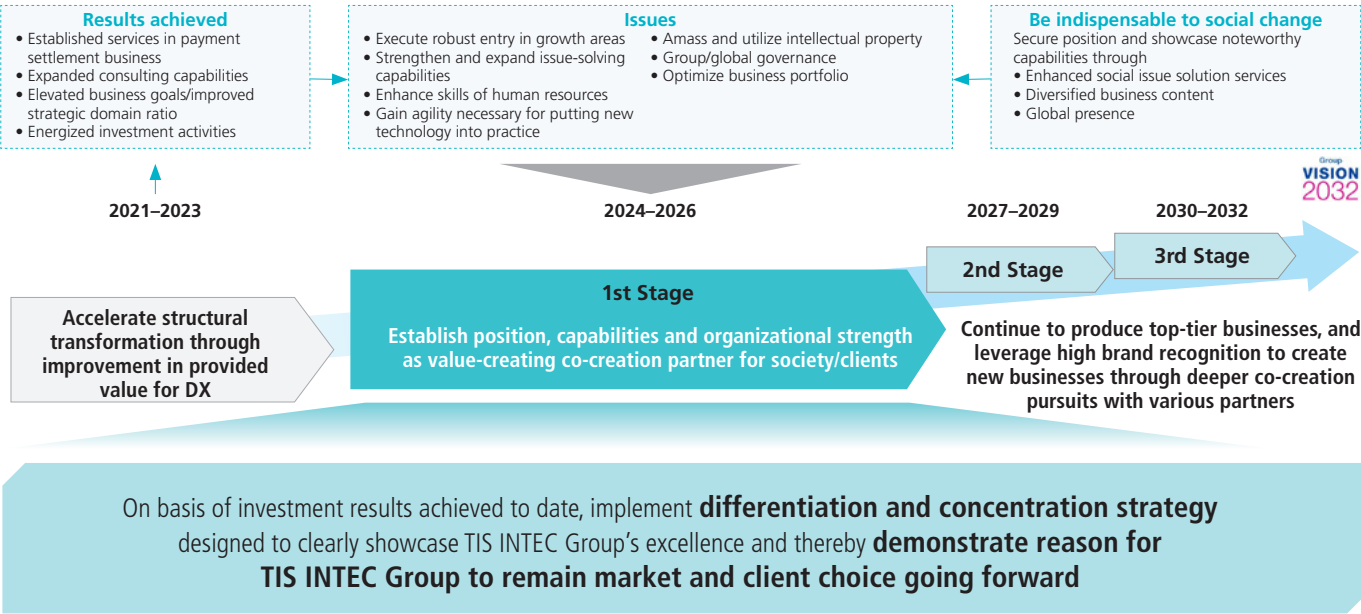


Medium-Term Management Plan (2024–2026) Overview

We will achieve sustainable improvement in corporate value through progress in structural transformation, guided by our new group vision and underlying strategy of frontier development.

Positioning of Medium-Term Management Plan (2024–2026)

Tie relationships forged with clients and each type of investment made during Medium-Term Management Plan (2021–2023) to results and also, positioning the plan as the first stage of our journey to realize Group Vision 2032, secure new capabilities.



Basic Policy and Key Performance Indicators

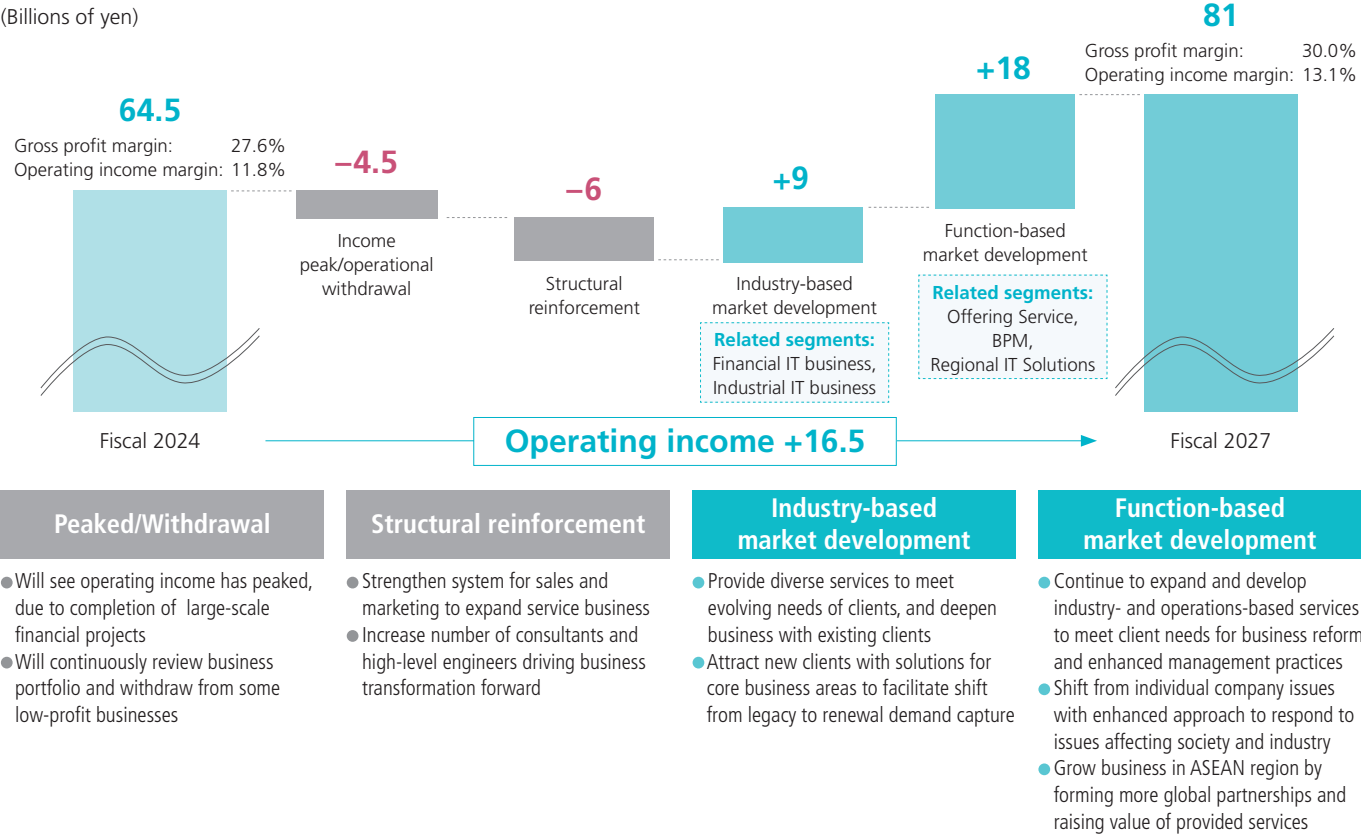
We set frontier development as our basic policy under the medium-term management plan and will aim for sustainable growth driven by added value. With a future-oriented approach, we will develop new markets, attract new clients and expand our business domains, transforming society and the activities of corporate clients through enhanced quality across the entire value chain.

Basic policy	Frontiers 2026				
	We will set <b>frontier development</b> as a fundamental strategy and strive for <b>sustainable growth paralleling higher added value</b> . We will strive to achieve <b>changes in society and for corporate clients</b> by <b>enhancing quality across all value chains</b> , starting with <b>forward-looking market development</b> and <b>business domain expansion</b> .				
Key performance indicators	Human resources growth and added value cycle	Improved earning power	Asset (=intellectual property) value creation	Winning confidence of society	Meaningful growth
	Operating income per person More than ¥3.5 million	Operating margin 13.1% Adjusted operating margin 13.4%*1	ROIC/ROE Above 13%/above16%	Net sales ¥620 billion	EPS CAGR Above 10%
Priority strategies	Market Strategies				
	Concentrate investment of management resources into defined growth areas, based on social issues and in-house strengths				
	Balancing efforts to increase added value of services and reinforce technology investment, expand business with sense of speed, especially in ASEAN region				
	Service Strategies	Technology Strategies	Intellectual Property Strategies	Human Resources Strategies	
	All services, from upstream to business process outsourcing, will benefit under full value chain status Enrich pure services*3, focusing on four social issues*2	Leverage knowledge distribution, IT architect development and redeployment structure Promote process redevelopment using AI x automation	Seek balance between higher added value and expanded business scale, with greater accumulation and utilization of intellectual property Accelerate intellectual property creation through internal use of information on points of client contact	Bolster issue resolution capabilities by increasing number consultants to create 700-person structure and by standardizing basic consulting skills Secure and develop top talent and establish structure for flexible redeployment of human resources	

\*1 Adjusted operating income margin: Calculated by adding goodwill amortization cost back to operating income.  
\*2 Financial inclusion, health concerns, urban concentration/rural decline, and low-carbon/decarbonization,. These issues were determined by backcasting from what the world might be like in 2050 and selected on the basis of TIS INTEC Group's ability to contribute to issue resolution.  
\*3 Type of services essentially offered under uniform specifications applicable to all clients.

Consolidated Operating Income Growth Scenario

- Continue to strengthen frontline, and develop market from function perspective as driver of growth
- Seek to reinforce business foundation primed for sustainable growth while maintaining short-term—that is, current—growth



Key Strategy of the Medium-Term Management Plan/Service Strategies

- Define priorities from both industry and function perspectives, concentrate investment of management resources into select targets, and promote expansion of services and raise added value.

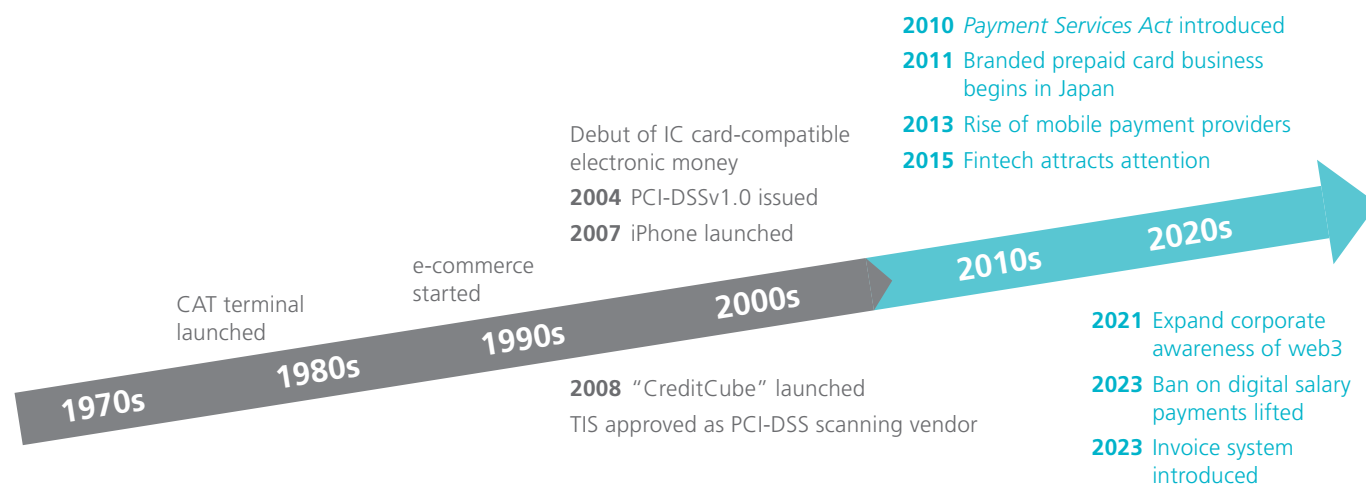
Develop market from industry perspective		Develop market from function perspective	
Business direction	<ul style="list-style-type: none"><li>● Apply knowledge laterally, cultivate client base from industry perspective, deepen relationships with clients as core partner.</li><li>● Develop relationships with clients as strategic partner, including launch of co-creation businesses.</li></ul>	<ul style="list-style-type: none"><li>● Provide services with potential to become de facto standard for specific operations and functions in the future.</li><li>● Strengthen approach to address social and industry issues, shifting from emphasis on large-scale to include small- and medium-sized businesses as well.</li></ul>	
Service strategies	<p><b>Establish competitive services aimed at cultivating core business areas</b></p> <ul style="list-style-type: none"><li>✓ Differentiate ERP by enriching software system with original industry templates and optional modules → Mainly chemicals and assembly-based manufacturing sectors</li><li>✓ Modernization services will expand banking systems and address need for large-scale removal of legacy systems</li></ul>	<p><b>Expand and promote pure services for specific operations and functions and social issue solutions</b></p> <ul style="list-style-type: none"><li>✓ Develop payment settlement solutions into pillar of business with strengths in finance and payment settlement to address social issues → Digitize transactions, including B2B</li><li>✓ Expand and promote specialized-function, top-selling niche services → Including accounting/business management, CRM/SFA/ digital marketing, healthcare/medical services, government administration, IT-managed services</li></ul>	
Shared	<ul style="list-style-type: none"><li>✓ Promote full value chain of services to address clients’ wide-ranging transformation needs → Covering consulting, UX design, analytics, BPO expansion</li><li>✓ Hone sharper competitive edge in services by reinforcing feedback cycle of client comments</li></ul>		

## Key Strategy of the Medium-Term Management Plan/ Service Strategies—Payment Business

Currently, the payment business market is undergoing major changes as the shift to cashless transactions progresses. Viewing this situation as a new growth opportunity, we will address diverse needs by expanding the PAYCIERGE business, our total payment solutions brand, aiming to create new value for society.

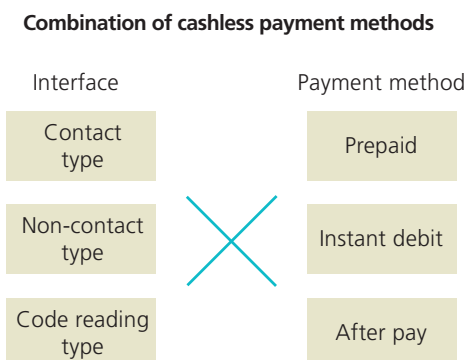
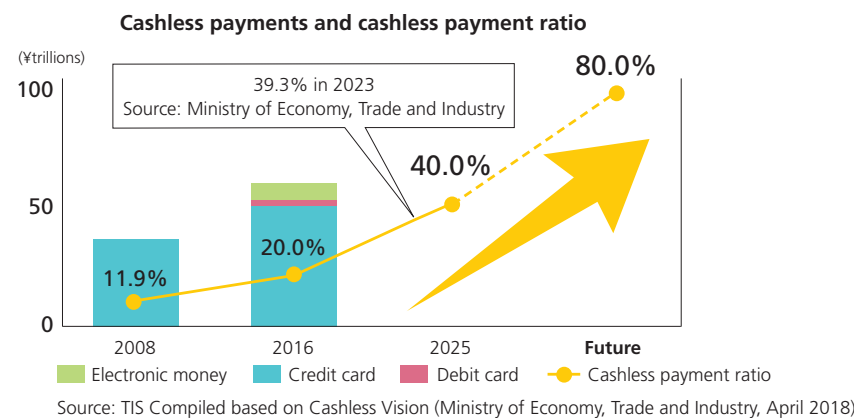
### History of Payment Services Expansion

The Company has been providing payment services since the 2010s based on its long experience in building mission-critical systems for major credit card companies. PAYCIERGE, our total payment solutions brand, leverages our advanced technology and extensive payment know-how, which boasts a dominant market share of the credit card industry. We will continue to aim to create new value for society through payments and will accelerate further business expansion by broadening our service lineup in response to changes in the business environment.



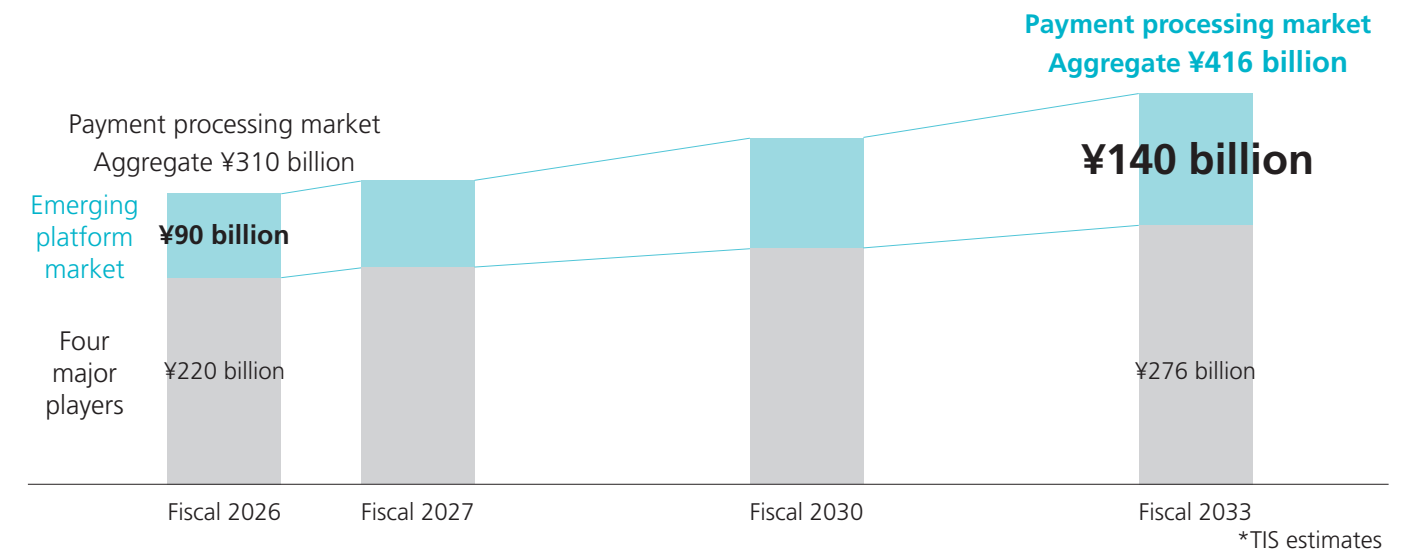
### Status of Cashless Payments in Japan

- 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.



### Market Scale

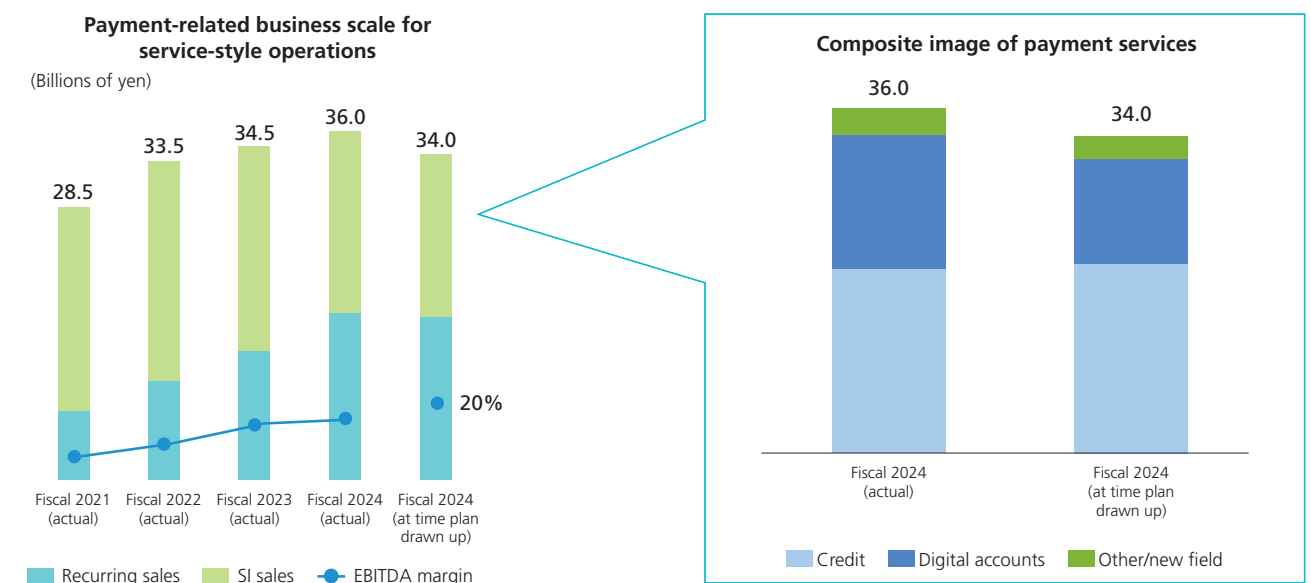
As the trend toward cashless transactions continues, we envision the overall payment processing market expanding to ¥416 billion in fiscal 2033, with the B2C cashless payment ratio remaining high, complemented by further progress in other e-commerce models, such as B2B and B2E.



### Looking Back on Previous Medium-Term Management Plan and Changes in the Business Environment

The hospitable business environment was a tailwind for the Company's business as well. In addition to credit processing services, digital accounts drove our business, and we were able to achieve our goals in the Medium-term Management Plan (2021–2023) a year ahead of schedule. On the other hand, the burden of upfront investment in launching services and new initiatives had an impact, and profitability and the shift toward recurring businesses remained an issue.

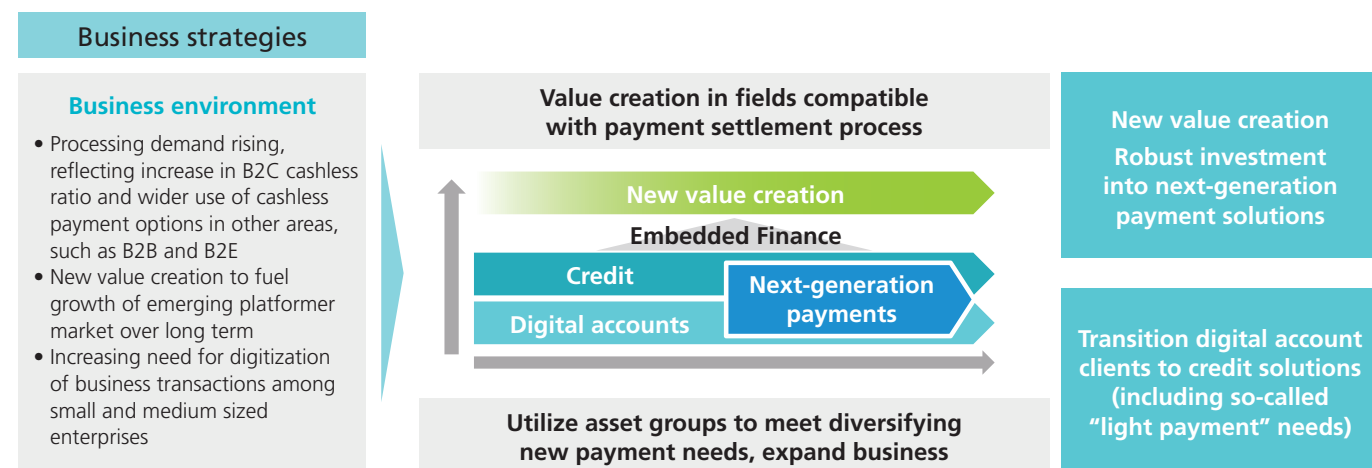
Until now, we have provided services on a product or service basis, such as debit, prepaid, and wallet services. Yet with the spread of smartphones and the accompanying growth in code payments and other new payment needs, there is a growing demand for digital accounts that provide a fusion of services, as described above. Our strategy for further PAYCIERGE evolution in light of these circumstances is explained on the following pages.



In December 2023, we held a briefing on the theme of "Payment Services" 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/231207\\_1.pdf](https://www.tis.com/documents/en/ir/finance/meeting/231207_1.pdf)

## PAYCIERGE Evolution in the Medium-Term Management Plan (2024–2026)

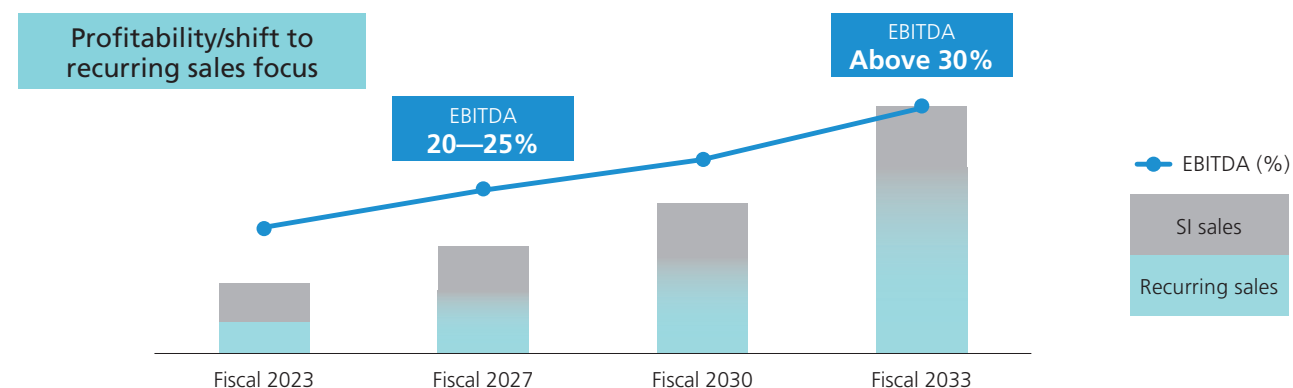
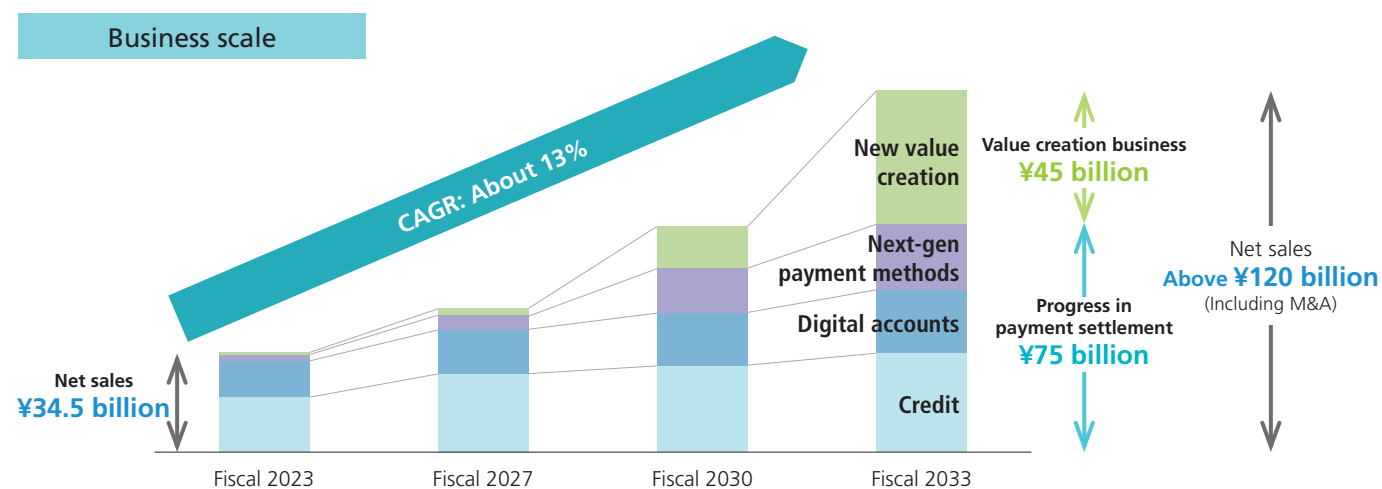
- Amid expectations of continued growth in the cashless market, expand scale of business with broader lineup of services, including digital wallets and embedded finance, to complement CreditSaaS, which launched in fiscal 2023
- Address diversifying payment needs by quickly and efficiently expanding operations utilizing existing assets while increasing profitability and taking on challenge of new value creation



## Business Scale and Profitability Goals

As stated in the payment business strategy in the Medium-term Management Plan (2024–2026), we believe that the key to achieving sales of over ¥120 billion and EBITDA of over 30% in 10 years’ time is to develop the business on two fronts: further strengthening existing assets to meet diversifying payment needs and investing intensively in the creation of new value.

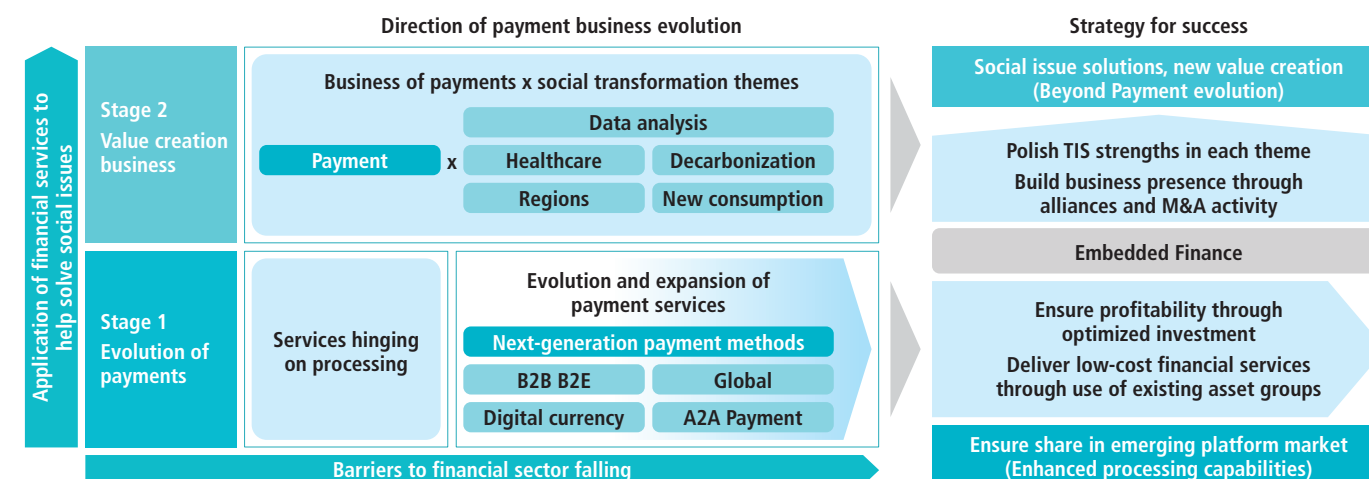
To this end, we aim to achieve an EBITDA margin of around 25% during this medium-term plan period, while improving the profitability of existing businesses and pursuing new value creation.



## Strategies Toward Plan Achievement

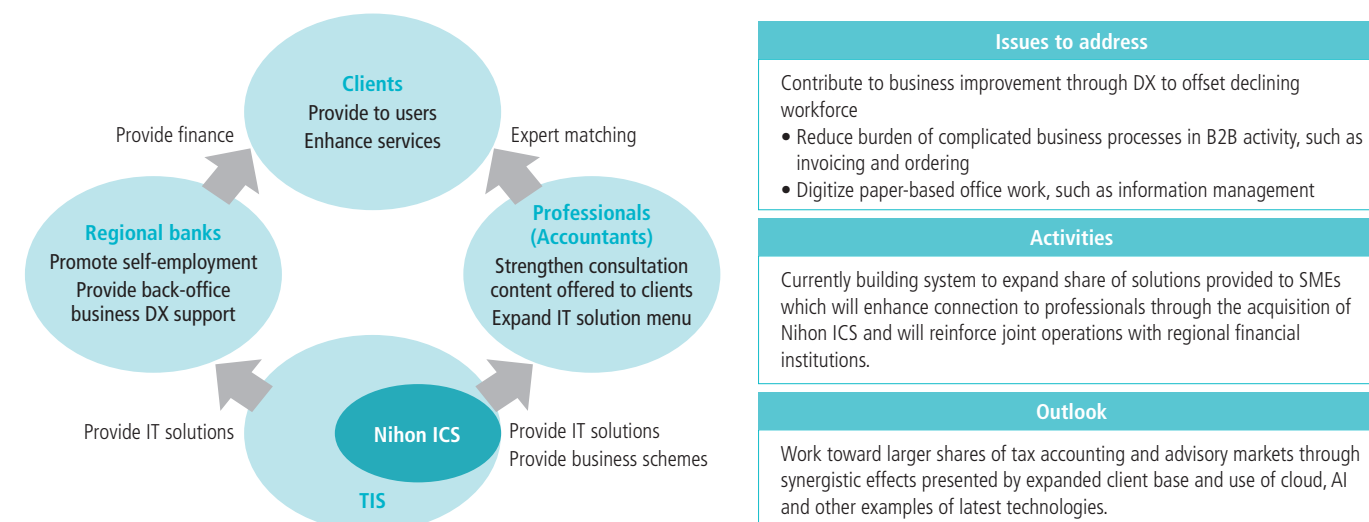
As for the evolution of our payment business (Stage 1 in the diagram below), we will further strengthen assets centered around processing services and expand our development into B2B/B2E businesses even further. We are also preparing to expand our assets ahead of the transformation of the payment infrastructure, such as digital currency and A2A payments.

As well as strengthening activities under the Stage 1, we will create new value by building a business that embeds the assets of the Stage 1. This means that, for each of the themes set out, there is a path toward creating a business entity utilizing alliances and M&A.



## New Initiatives in an Increasingly Cashless Society (B2B Transactions DX Business)

Provided Value	We will link business-to-business transactions end-to-end by combining corporate transactions such as invoicing and ordering with payment methods and thereby reduce administrative burden
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**Isao Otokita**  
TIS Managing Executive Officer,  
Deputy Division Director,  
Digital Innovation SBU

With the domestic payment market growing alongside the acceleration of cashless transactions, we enjoyed steady expansion of our PAYCIERGE business under our previous medium-term management plan, mainly in the issuing domain. Because we prioritized investments in launching new services and initiatives, our profitability has not yet reached the expected level.

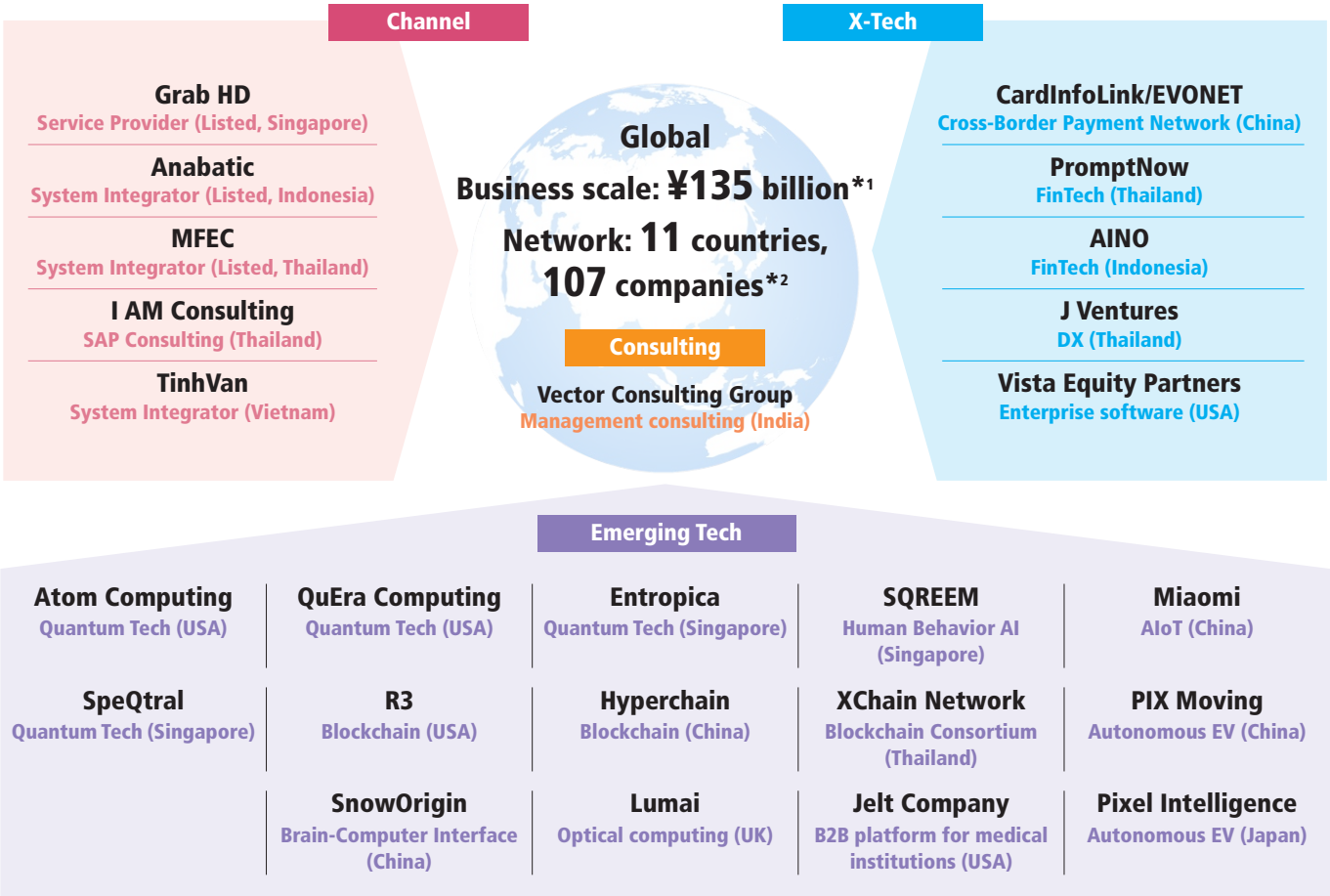
In recent years, the widespread use of smartphones and the growing demand for QR code and other “light” payment options have led to an increased need for integrated services, such as digital accounts. Given the increasing adoption of digital accounts by emerging platform providers and large companies in their new ventures, we plan to introduce a “Light Credit Card Processing Service” as part of our new strategy. Over the next three years, we will also focus on expanding our offerings to improve our recurring ratio and thus ensure greater profitability. In addition, we expect the B2B and B2E markets to grow and will work to expand our services accordingly.

As a leader in the payment market, we will continue adapting flexibly to the rapid changes in society and technology. By creating innovative payment services that drive social transformation, we aim to provide new value and help realize a prosperous future society.



Key Strategy of the Medium-Term Management Plan/
Global Business Strategies

The TIS INTEC Group aims to expand its business in ASEAN within a long-term target of Asia, which has enormous market potential and aims to achieve consolidated sales of ¥100 billion in FY 2026.



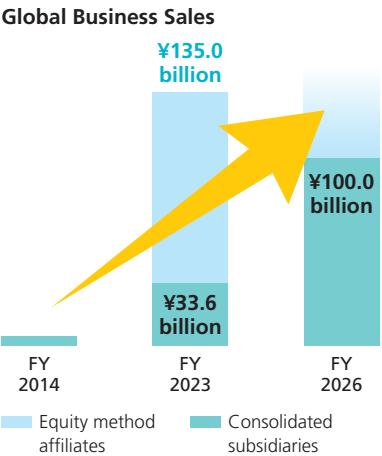
\*1 Total sales of subsidiaries and equity method affiliates (fiscal year ended December 31, 2023) are converted at period-end rate
\*2 As of June 30, 2024

Table with 2 columns: Strategy Area and Description. Rows include Channel, X-Tech, Emerging Tech, and Consulting, each with a detailed description of the strategy.

Priority Measures

We have identified the following four points as priority measures for global business expansion to achieve consolidated net sales of ¥100 billion in FY 2026.

- 1 Raising channel value: To improve profitability, take on the challenge of transforming the business structure of existing businesses and shifting to high-value-added services
- 2 Diversifying investment targets: Accelerate investment emphasizing innovative services that lead to social issue resolution or else related leading-edge technology
- 3 Enriching value chain: Develop consulting business centered on Vector Consulting Group of India, with which we formed a partnership in 2023; Expand consulting operations in Asia
- 4 Attracting and developing business creation talent: Collaborate on industry-government-academia projects involving top universities and provide students with opportunities to engage in and learn about business to attract and develop individuals who will take lead in new business creation and transformation



Topics 1 Growth Strategy of MFEC

MFEC, which is at the core of our global business, continues to endure a challenging business environment due to the economic uncertainty caused by the geopolitical situation in Thailand and the impact of rising personnel and outsourcing costs. Even amid such circumstances, we will achieve both business growth and improved profitability by implementing proactive business strategies that include withdrawing from unprofitable businesses and restructuring, investing in growth areas through CVC, and developing high-value-added services by consolidating the know-how and expertise of the entire Group.

Main activities aimed at business growth

- 1. Accelerating investment in promising companies through MFEC's CVC: Through Synergy Group Ventures, which was established as a CVC of MFEC in 2023, we are investing in promising Thai startups and promoting collaboration with investee companies with the aim of expanding the Group's business.
- 2. Consolidation and streamlining of MFEC Group's data team: In preparation for an end-to-end AI & data utilization project, the data teams that were scattered across MFEC Group companies and business units were integrated as DataWise.
- 3. First independent event MFEC INSPIRE held: In March 2024, MFEC held its first exhibition, MFEC INSPIRE, in Bangkok to showcase its products and solutions and those of its partners.

Topics 2 Business Promotion with Global Partners

With the advancement of electric vehicles (EVs) and autonomous driving technology, the automotive industry is amid a major transformation, and the importance of software is increasing. PIX Moving, an autonomous driving EV startup with which TIS formed a capital and business alliance in 2022, aims to create new IT services in the areas of Mobility as a Service (MaaS) and smart cities.

Establishment of Japanese joint venture

TIS and PIX Moving established the joint venture Pixel Intelligence in June 2024 as a sales and manufacturing base for global expansion in Japan, Asia, Europe, and the United States.

Future areas of focus

- 1 Service robots: Providing service robots that utilize skateboard-type EV chassis to companies
- 2 Supply chain DX: Providing AGVs (automated guided vehicles) that achieve streamlined operations through supply chain DX for companies
- 3 Autonomous driving Creation of new markets: Creation of new markets with autonomous Robo-Bus and two-seater Robo-EV

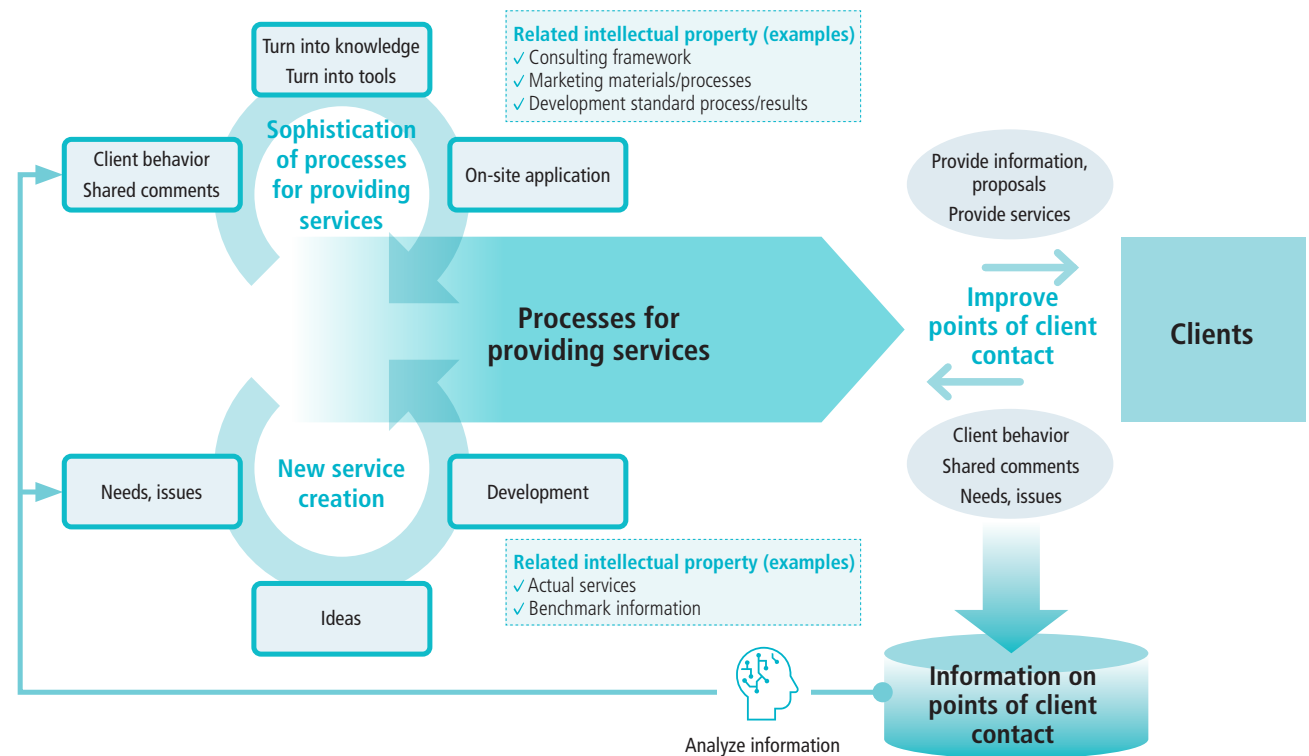


Kensaku Furusho
TIS Executive Officer,
Division Manager of
Global Division

In our global business, we have designated Southeast Asia 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 ¥135 billion in FY 2023, up significantly from the previous year.

Key Strategy of the Medium-Term Management Plan/  
Intellectual Property Strategies

We leverage internal use of points of client contact and apply to new service creation and sophistication of processes for providing services. And we use processes to provide high-value services and services with high satisfaction rate to improve client communication, and create virtuous circle that generates high-value information from client communication which will in turn lead to next intellectual property asset.



Virtuous Cycle Driven by Technology Development (Patent Acquisition) and Business Promotion

Xenlon is a good example of how we create new services through original, in-house technology development, based on information obtained from client contact points as well as know-how and other intangible assets accumulated within the Group, and how such services fuel business expansion. Let me dive into the details behind the launch of Xenlon.



Xenlon-Shinryu Modernization Service

We rewrite legacy languages, such as COBOL and PL/I, to Java, with Xenlon-Shinryu Migrator, a proprietary rewriting tool, to safely and reliably modernize large-scale legacy systems. The rate of conversion using Xenlon-Shinryu Migrator, compared with other tools, is overwhelmingly high. Also of note, this tool facilitates modernization of targeted systems in a short period of time.

It is a challenge to incorporate the latest technologies into legacy systems that tend to be particularly unique to the user company and lack flexibility, which in turn limits efforts by the user company to improve productivity. In some cases, such companies also face the pressing issue of expiring support for their respective legacy systems. Many vendors have been unable to provide concrete solutions, citing such technical issues as insufficient case studies on automatic conversion into different languages for large-scale system migrations and the inability to guarantee the performance of an open system. The situation was frustrating for companies, and we saw a business opportunity in alleviating this frustration. We develop new technologies to solve migration problems and patent these technologies to provide clients with competitive and sustainable services. Patent acquisition gives our clients peace of mind and encourages them to utilize our services.

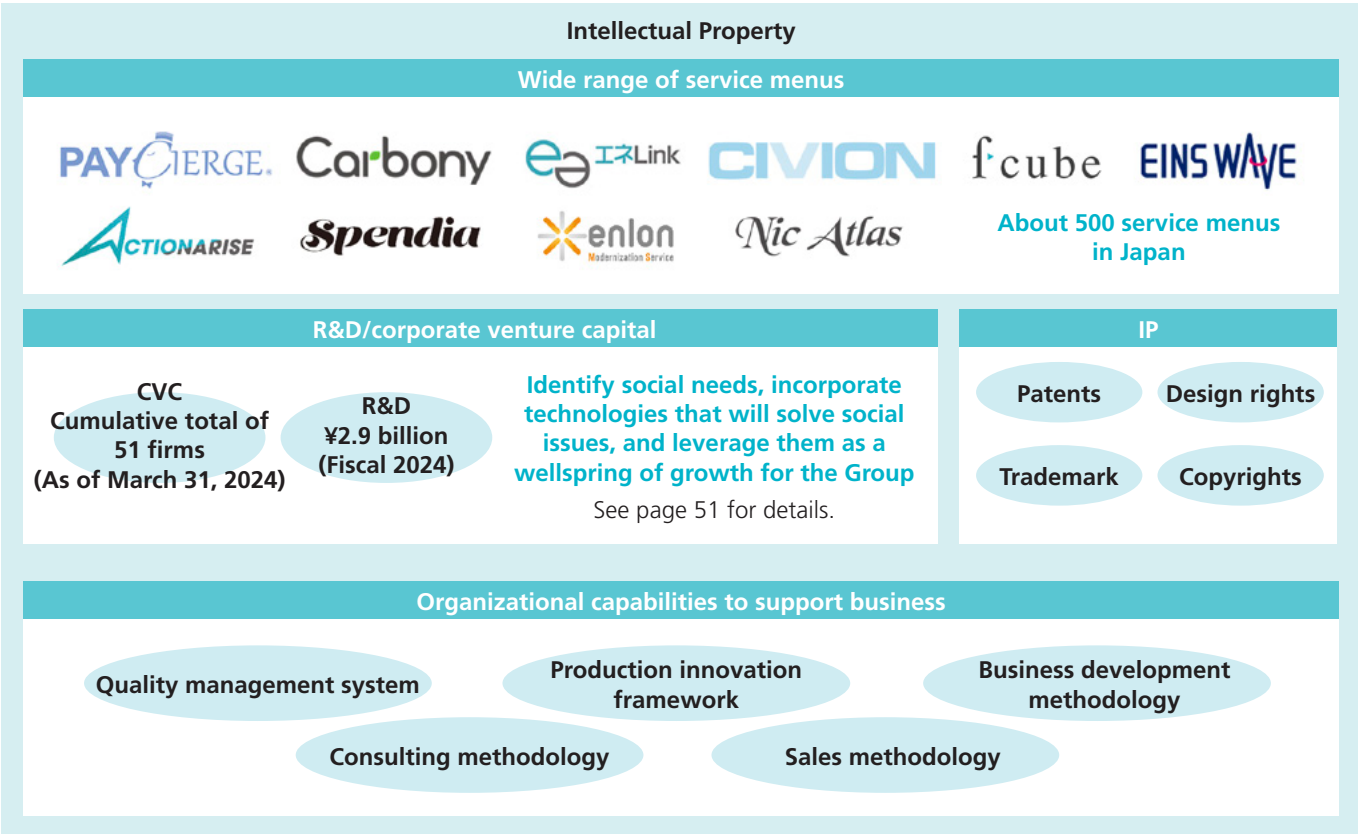
**Profile** Joined the Company in 1986. He has developed systems using object-oriented technology, and since 1999 he led the technical development of multiple large-scale mission-critical systems as an architect. He is currently the officer in charge of technology for Modernization Services.



**Hiroki Kumagai**  
TIS Senior Executive Fellow,  
Industries & Public Solutions SBU,  
Financial Industry SBU,  
and Technology & Innovation SBU

Aiming to Enhance Corporate Value Accumulating and Utilizing High-Quality Intellectual Property

The Group, together with its clients, partners, and employees, has accumulated technologies and know-how over many years and applies these as organizational capabilities to provide a variety of services that solve a variety of issues facing its clients and society.



Wide Range of Service Menus

The Group offers a broad menu of services, with approximately 500 differentiated services in Japan. In fiscal 2024, the company updated its services as ACTIONARISE by integrating services related to the acquisition of IP such as SME transaction DX through M&A and business management that it has provided up to now. We will continue to promote intensive growth investment and accumulate and utilize high-quality IP to expand our menu of services designed to solve social issues.

Intellectual Property Rights

To gain a competitive advantage in its businesses, the Group proactively promotes the acquisition and utilization of IP, while providing education to each Group company. We are also encouraging the use of IP landscapes to contribute to the formulation of business strategies.

Organizational Capabilities to Support Business

The experience and knowledge of system development accumulated by the Group over the years has been developed into a quality management system and a production innovation framework to promote quality improvement and productivity enhancement. (See page 105 for details.)

Also, to expand forward-looking investment-style service businesses, we have developed sophisticated management business development methodologies such as Stage Gate, and we are continuing to innovate and establish such methodologies. New businesses have also emerged from such efforts.






Furthermore, to fortify our upstream functions, we have established a methodology for training and enhancing our consultants. In addition to promoting measures to broaden our consulting talent, we are also working on developing sales methodologies, such as sales training programs and the company-wide use of sales and marketing data.

The accumulation and utilization of such IP is the foundation that underpins the Group's services.



Key Strategy of the Medium-Term Management Plan/Technology Strategies

Based on technology portfolio featuring technologies selected from all globally available technologies as key from TIS INTEC Group perspective, we develop comprehensive measures to facilitate proactive research on these technologies and realize practical application as soon as possible.

Short-Term Initiatives				Medium- to Long-Term Initiatives
Comprehensive development of measures aimed at verification of technologies for practical use that have entered/are entering that stage, early implementation and on-site deployment				Applied research on technology that will differentiate business over medium to long term
				
Framework for knowledge distribution	Human resources development	Early implementation	Priority research themes	Priority research themes
Framework for knowledge distribution attuned to technology readiness level	Create programs and environment to train high-level engineers, and strategic rotation	Early implementation of advanced technology through in-house application	Research aimed at practical use, hinging on AI	Applied research on mass data transfer technology and algorithms required to fuse digital and real worlds
✓ Knowledge distribution platform (components, rules, guidelines, etc.) ✓ Mutual technical support platform ✓ On-site deployment of highly skilled engineers	✓ Enhance level-specific technical training ✓ Implement job rotation for highly skilled engineers ✓ Create and expand generative AI training curriculum	✓ Process redevelopment through AI x automation <Candidate areas/themes> ✓ Acquiring insight from client/market contact information ✓ Internal audit DX ✓ Legal tech ✓ Training materials, test generation, etc.	✓ AI utilization (for data-labeling, fraud detection, etc.) ✓ Generative AI utilization (for system development processes, automated document production)	✓ XR research ✓ Multi-Level Edge Computing research ✓ Research on high-performance computing using quantum and classical computers

R&D Initiatives

The Group is continuously engaged in R&D activities with the aim of creating new businesses, achieving medium- and long-term business growth, and strengthening competitiveness.

We believe it is important to identify social needs and incorporate technologies that can help solve social issues into our core business. We are focusing on R&D in the following three areas to analyze and apply a wide range of cutting-edge technology trends.

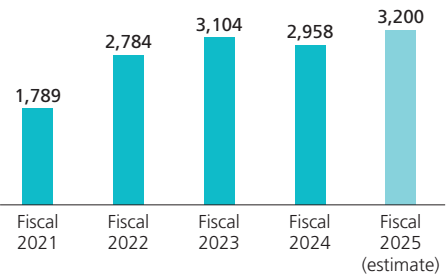
- (1) R&D focusing on fundamental technologies that will form the core of businesses in the future
- (2) R&D into elemental technologies that contribute to the realization of a sustainable society and contribute to solving social issues\*
- (3) Advanced software production technologies

\*We have identified financial inclusion, health concerns, urban concentration/rural decline, and low-carbon/decarbonized society as social issues to be addressed and are conducting R&D with the aim of developing core businesses over the medium to long term.

In addition, in 2016, the Group established Corporate Venture Capital, which invests in venture companies, with the aim of promoting open innovation and innovation ecosystem and is encouraging collaborative businesses with promising startups. As well as providing funds to our investees, we also provide access to people such as our engineers and goods such as workspace and IT resources through a multifaceted collaboration.

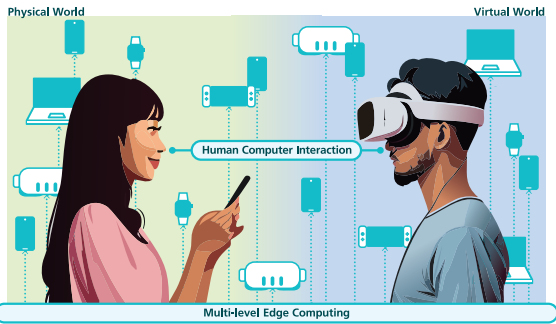
\*Please refer to the following for more information on CVC.  
<https://incubation.tokyo/cvc/> (Japanese only)

Changes in R&D Expenses  
(Millions of yen)



Initiatives for Service Development Utilizing XR

XR is a technology that seamlessly connects people's virtual and physical activities and contributes to solving various social issues. As a foundation for this, TIS is working on such themes as research into edge computing, which enables large-capacity data transfer between multiple sites, and human-computer interaction (HCI), which enables rich communication in XR spaces. In addition, we are promoting the commercialization of the XR payment service XR Pay and BURALIT, a live-action sightseeing metaverse app, to implement the results in society.

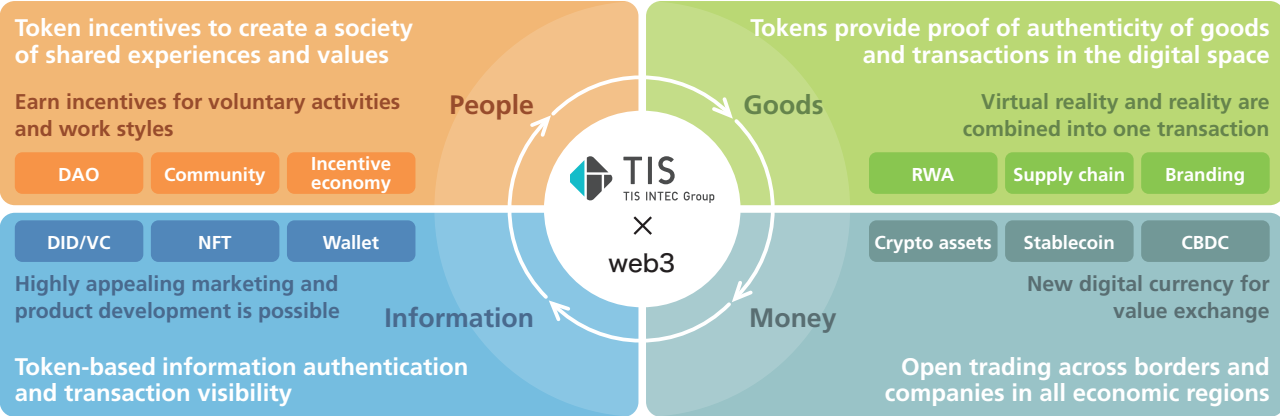


Initiatives to Create New Businesses Utilizing Web3 Technology

The token economy enabled by web3 will promote the diversification of social connections and means of value exchange and will greatly improve convenience in various domains, such as people, goods, money, and information. To realize this web3 society, we are examining various technical elements to improve the transparency and reliability of data using distributed systems.

The use of these technological elements is also expected to create new business models that will drive decentralized finance, digital identity, and supply chain transparency.

TIS will play numerous of roles in the token economy created by web3, including the fusion of web2 and web3 and will support newly created businesses and local government projects with a variety of technologies and services.



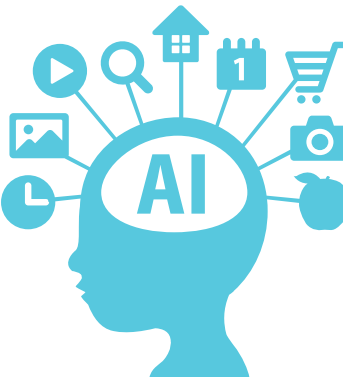
Generative AI Initiatives

AI-enhanced development

A secure tool environment has been established centered on the in-house AI chat TIS AIChatLab and AI-enhanced development support tools, which can be used at each stage of the system development process. Requirements are organized together with AI, and AI generates base code based on these requirements. Engineers work with AI-enhanced development support tools to improve code quality and maintain testing and design documents to raise the final product quality. Furthermore, we are also promoting the use of AI-enhanced development support tools in offshore development.

Standardization of next-generation development processes

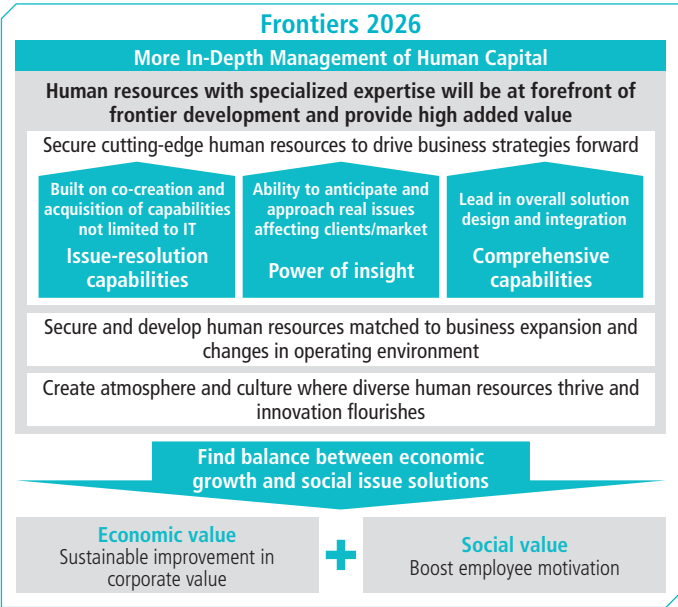
In AI-enhanced development, we improve development efficiency and quality by modifying the order and format of the development deliverables. We aim to make these success stories into a format that can be widely used as the next-generation development process for with AI and to make it the standard for use Group-wide.



Key Strategy of the Medium-Term Management Plan/
Human Resources Strategies

We consider human resources to be the core of value creation and our most vital business asset. In the Medium-term Management Plan (2024–2026), we set the goal of simultaneously achieving economic growth and solving social issues by providing society with high added value through pioneering new frontiers to achieve our group vision. To achieve this, we must further deepen our approach to human capital management and enhance the alignment between our business strategy and human resources strategy. To ensure that our skilled professionals can deliver high added value, we will pursue initiatives based on the three key themes listed below.

Interlocking of Management Strategies and Human Resources Strategies



- Three themes
(1) Secure cutting-edge human resources to drive business strategies forward
(2) Secure and develop human resources matched to business expansion and changes in operating environment
(3) Create atmosphere and culture where diverse human resources thrive and innovation flourishes

Regarding our Groupwide human resources strategy, TIS takes the initiative in developing and implementing initiatives and systems. Successful cases are then shared and supported across the various companies in the Group. TIS leads the Group's overall strategy by using common monitoring indicators to measure effectiveness over time and ensure continuous improvement.
We are committed to fostering an organizational culture where diverse talent can independently shape their careers, creating new value with high energy and engagement. This will enhance our overall competitiveness and strengthen our collective ability to address social challenges.

Human Resources Portfolio

Our human resources portfolio enables us to visualize the experience and skill requirements, as well as the necessary number of personnel at each level, for each business area. This ensures we secure the talent needed to continuously support the growth of our business. We develop our plans based on the gaps between our current state and our desired future state.
The strategic domains outlined in Group Vision 2026 represent high-value-added focus areas essential for the Group's sustainable growth, and increasing the ratio of these strategic domains to our total business is an important challenge for us. In our Medium-Term Management Plan (2024–2026), we emphasize problem-solving skills, insight, and integrative ability as key talent requirements for leading the exploration of new frontiers. In addition to our reinforced pool of consultants, we plan to strengthen our teams of IT architects and high-level marketing talent. We are working to expand our human resources and create a workplace environment where they can demonstrate their strengths.

Expand Human Resources and Cultivate an Organizational Culture for Them to Demonstrate Their Strengths

Aligned with our human resources portfolio, we are advancing talent expansion by integrating the three strategies of talent development, talent deployment, and talent acquisition.
We are committed to supporting employees in shaping their desired careers by providing learning opportunities and promoting talent mobility within the Group. By giving employees new experiences and new challenges, we accelerate our own growth. At the same time, we will continue recruiting individuals who resonate with the Group's values and can adapt to business expansion and change.
“Sustainable engagement” is a talent strategy aimed at creating a work environment where employees, as self-driven professionals, are highly motivated to contribute and can fully leverage their strengths.
We aim to build a corporate culture that connects individual talent to corporate value by enhancing systems and workplace environments in the following areas: a “human resources system” that encourages autonomous action from each employee; “diversity and inclusion” that allows diverse talent to express their true selves and fully utilize their abilities; “health management” focused on improving employee well-being through their work; and flexible “work styles” that align with each individual's values.
In addition, we are developing a Group HRDX infrastructure as a system and mechanism to support the above strategies.

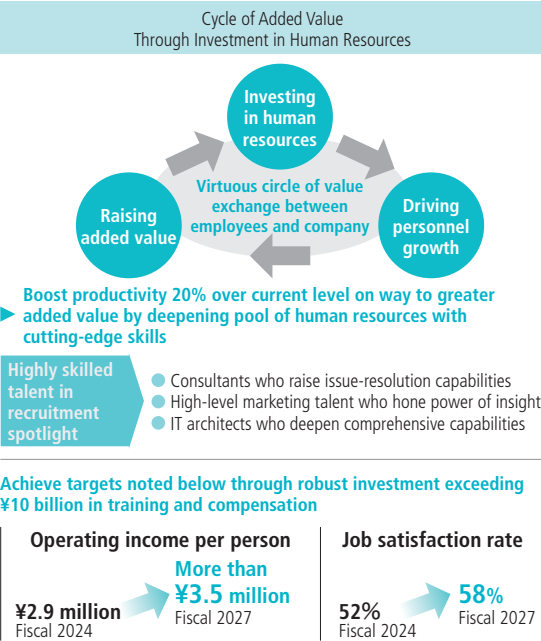


Increase Added Value by Investing in Human Resources

The Group actively invests in its most vital business asset—its people. We support each employee in taking on new challenges, ensuring that those with specialized expertise can fully utilize their abilities. Developing human resources who are keen to contribute and provide value to clients and society will facilitate our next round of investments in human resources. We aim to create a virtuous cycle that enhances the reciprocal exchange of value between employees and the Company.

The indicator we use for value-added improvement of human resources is productivity improvement. Any progress in productivity improvement will lead to increased compensation and, consequently, greater job satisfaction.
We are strengthening our investment in human resources along three themes: significance of work, work environment, and compensation. To differentiate ourselves and establish a superior position, the medium-term management plan focuses on investments in high-value-added human resources and competitive compensation levels.

- Significance of Work
We are developing a human resources system that encourages diverse talent to autonomously shape their careers and take independent action.
Working Environment
We are expanding our systems to offer flexible work options that accommodate diverse values and life stages. We also strive to improve the workplace and promote health management to enhance energy and productivity.
Compensation
To establish competitive compensation levels, we are making a Groupwide effort to raise wages.



Human Resource Monitoring Indicators

The Medium-Term Management Plan (2024–2026) includes a plan to invest over ¥10 billion in human resources. To enhance the effectiveness of our investments, we have established measures and indicators for each of the three-tiered themes of our human resources strategy and are monitoring performance over time while promoting improvement measures. We believe that securing cutting-edge human resources and forming a high-quality climate and culture will not only increase the ratio of strategic domains but will also contribute to improving the profitability of the Group's overall accounts and services. By increasing the added value of the entire Group, we aim to achieve an operating income per person of more than ¥3.5 million (a 20% increase in productivity over fiscal 2024).

Table with 4 main columns: Ideal, Human resources investment, Implement important issues, Develop human resources, Social issue resolution. It details various metrics like human capital investment, talent acquisition, and social issues to be solved.

\*The red text shows targets for fiscal 2027. Please refer to the ESG Databook for fiscal 2024 results.



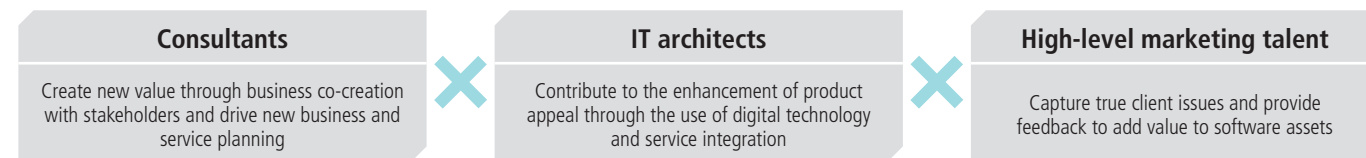
## Human Resource Strategy [Theme 1] ▶

### Secure Cutting-Edge Human Resources to Drive Business Strategies Forward

As social issues become more complex, there is a growing need for consulting and interest in digital transformation. The Group focuses on securing consultants, IT architects, and high-level marketing talent as cutting-edge human resources. By being involved in the processes of business and service planning and development, duty and service provision, and sales and proposal activities, such cutting-edge human resources will drive the provision of more profitable businesses and services, the acceptance of projects with high margins, and the completion of projects. This in turn will contribute to increasing the strategic domain ratio. In securing cutting-edge human resources, in addition to acquiring talent from outside, we believe it is important to add on to our talent the skill sets required in new fields to the competencies and skills cultivated through existing business. We will secure high-quality human resources who can apply the Group's strengths to differentiate it from its peers.

#### Definition of Cutting-Edge Human Resources and Measures to Secure Them

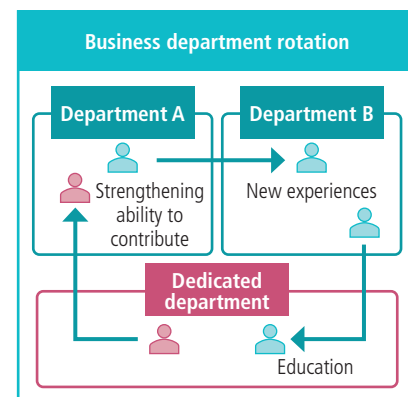
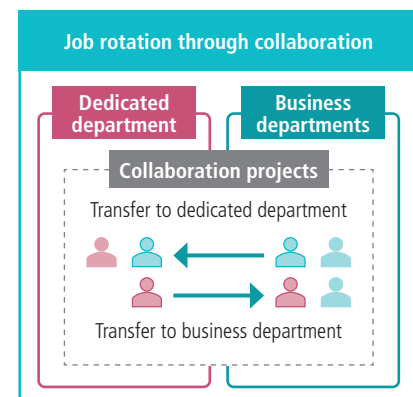
We define issue-resolution capabilities, power of insight, and comprehensive capabilities as vital competencies for the cutting-edge human resources who drive the business strategy. We will secure consultants who create new value through their issue-resolution capabilities, IT architects who enhance product capabilities through their comprehensive proficiencies, and high-level marketing talent who approach clients' true issues with the power of insight.



#### Individual-focused training arrangement

##### Develop competencies through work experience in a professional organization

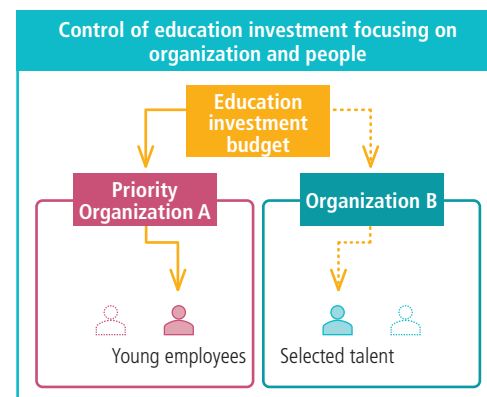
We select talented individuals and develop the skills necessary for them to be cutting-edge. We provide experiential opportunities to talent at Group companies and organizations responsible for business creation and solution development and reassign such personnel to operations and organizations that can maximize the effectiveness of their talent development.



#### Differentiated investment in talent development

##### Advanced talent development curriculum matched to business strategies

We will strengthen our investment in talent development with a focus on improving quality by boosting investment in training for individuals who we want to develop as well as in advanced training programs such as the Business Leader Development Program.



#### Talent acquisition

##### HRBPs and the frontlines collaborate to hire experienced personnel and support their active participation

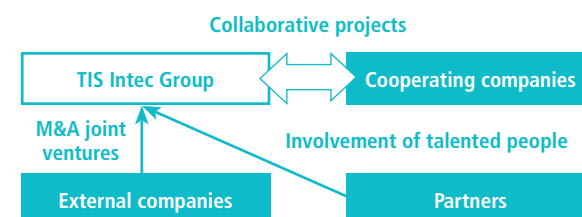
In recruiting experienced personnel, TIS works with HRBPs and frontline managers who possess talent recruiting know-how to clarify personnel requirements and levels based on medium- to long-term human resources portfolio planning, and to engage in targeted recruiting activities.



#### Co-creation with companies outside the Group

##### M&A and other talent acquisition

We are strengthening our competitiveness in the DX field by welcoming as members of the Group Miotsukushi Analytics Co., Ltd., in 2020 and Fixel Inc. in 2022. To secure talent and acquire organizations that can quickly handle new businesses, we will increase our investment in M&A, promote co-creation with partners and companies across industries, while proactively utilizing talented human resources from outside the Group.



## Human Resource Strategy [Theme 2] ▶▶

### Secure and Develop Human Resources Matched to Business Expansion and Changes in Operating Environment

Given the rapid decline in Japan's working-age population, ensuring sustainable growth hinges on how effectively we can recruit and develop the talent that will drive our future business. This is a critical management challenge. We actively recruit talent who align with the Group's philosophy and vision, providing an environment for new challenges and diverse growth opportunities.

#### Enhancing Matching in New Graduate Recruitment

Traditionally, our process has been to hire new graduates centrally by the head office and assign them to business organizations after a set training period. As mobility in the labor market progresses, the retention of young employees, who are expected to be active in the future, has become an issue.

We are increasing opportunities for frontline internships and hiring after internships so that job seekers can choose the Group after learning its corporate culture and operations before joining. After hiring, we assign employees to the organizations and work of their choice, thereby reducing mismatches after the assignment and enabling the employees to become contributors at an early stage.



#### Structure of Career Frame

Stage (Role)	St1-1	St1-2	St2	St3	St4
	Learning and Practice	Member	Supervisor	Representative	Industry Leader
Field (Area of expertise)	Sales	Management planning	Producer	UX designer	Business consultant
	Data scientist	IT consultant	Project manager	IT architects	Application specialist
					IT specialist

#### Visualization of Talent

TIS flexibly defines its image of the talent it needs through the "Career Frame" introduced in April 2023. The definition of what we want our employees to aspire to as professionals is structured as field (domain) x stage (role). Employees can declare their current role and multiple roles they would like to play in the future. The current status of the human resources portfolio is visualized based on the Career Frame, which is used as the basis for talent reviews in each organization. This information is used in deployment and training plans for business planning and the individual's career development.

#### Self-Directed Career Development

Learning as a habit—which is necessary for improving professional abilities and ensuring skills have taken root, and which is measured by the number of study and research days per person per year—has exceeded the targets. Going forward, we will support our employees in acquiring the skills they need to develop new businesses and in continuing to learn actively in the fields they aim for. By creating multilayered career paths for employees, the Group will build a foundation that allows it to respond flexibly to technological advancements and changes in business models.

#### "Next" Education to Add New Skills

In addition to the learning required for job tasks, TIS also provides and recommends participation in Next Training, which provides basic knowledge and practical programs related to cutting-edge technology. In addition, a summary mapping the Career Frame (field and stage) to educational programs is available for employees to use in their own course planning.

#### Operation of Open Application Programs

Within each of the Group's companies, open recruitment is conducted on a regular basis. Employees can select a department that matches their career aspirations and an organization where they can use the skills they have acquired to take on new challenges. If they are accepted, they will have the opportunity to test their abilities in a new workplace and job.

#### Encouraging Diverse Experiential Opportunities

Employees are encouraged to proactively take advantage of activities that transcend the boundaries of organizations and companies within the Group. The aim is to strengthen the ability to embrace and respond flexibly to the realizations, growth, and changes that come with a change in environment.

#### Growth Support System

We allow employees to participate in external learning and social contribution activities, and engage in dual-employment so that they can gain a broader perspective from exposure to the values of diverse people and to enhance their sensitivity to social changes and issues.

In fiscal 2024, approximately 100 employees at TIS participated in social contribution activities, and approximately 150 employees had dual-employment.

#### Developmental Rotation

While it is important to master a single task, it can also lead to a lack of development of competencies and a decline in ambition for growth. We promote the mobility of human resources within the Group and within its companies. Rotations are conducted in line with each individual's career plan so that they can gain experience working in different teams and organizations, thereby enhancing their ability to adapt to change and the potential to develop new skills.





## Human Resource Strategy [Theme 3] ▶▶▶

### Create Atmosphere and Culture Where Diverse Human Resources Thrive and Innovation Flourishes

We are working to achieve personnel evaluation and compensation commensurate with the true value of human resources, nurturing diversity, and health and productivity management. This is aimed at creating a diversified workforce that is highly motivated to contribute and cooperate with their colleagues to achieve their personal goals and help to foster an organization in which they can be active as their authentic selves. The willingness to make autonomous contributions is positioned as an important indicator of human resources strategy, and the entire Group is working to improve job satisfaction.

#### Human Resources System That Supports the Active Participation of Human Resources

From April 2023, TIS led the Group with the release of a human resources system that draws on the initiative of each employee. We aim to become a company where diverse human resources share the Group's philosophy regarding activities, and can enjoy job satisfaction and professional development. Our goal is also to create a corporate culture that encourages innovation and tackling challenges in a variety of different ways.

When setting goals, the Must/Will/Can framework is used to emphasize aligning the individual's own direction with that of the Company. In performance evaluations, the system was changed to one that evaluates not only performance but also the process of implementation and actions that embody the Company's philosophy for activities. We monitor the status of implementation to ensure that appropriate evaluations and their linkage to compensation and appointments are firmly established. With regard to roll-out in the Group, we are gradually introducing the framework in the most appropriate way for each Group company's existing business and systems.



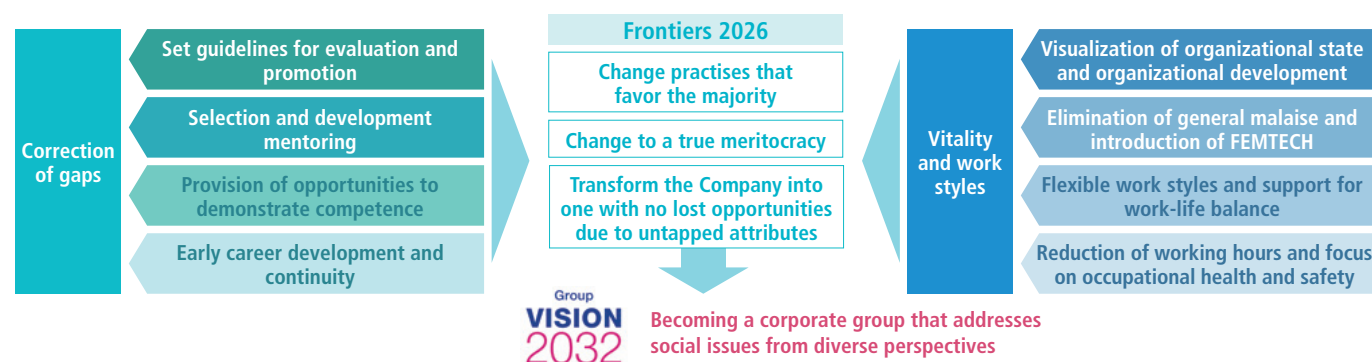
#### Promoting Diversity, and Health and Productivity Management

In a complex and sometimes opaque social and economic environment, we believe each and every employee who supports our business must be highly energetic in their work and incorporate diverse perspectives in their various judgments and decision-making to gain a competitive advantage.

To achieve Group Vision 2032, we have redefined women's participation, the gateway to diversity, as a key theme for the Group. We aim to foster a corporate culture in which people with various attributes, experiences, and values can respect each other and express their intentions and opinions, using women's participation as a key means of achieving this.

#### Group Policy for the Promotion of Women's Participation

Targeting the final year of Group Vision 2032, we will promote measures to ensure fairness with the aim of achieving an equal ratio of female employees in management positions.



## Human Resources Strategy: Initiatives to Date

Since its transition to an operating holding company structure in July 2016, TIS has been working to enhance its human resources strategy, built on common group policy, amid ongoing efforts to accelerate groupwide management.

Taking into account social trends and changes in the composition and status of human resources groupwide, TIS analyzes risks and opportunities surrounding human capital and formulates a human resource strategy based on the exchange of opinions among management. We cycle through this process, taking the lead in executing strategy and unveiling success stories to the rest of the Group to showcase how efforts to build a strong corporate community and an organizational structure contributes to successful management strategies.

TIS continues to implement measures to provide employees with growth opportunities, create a flexible working environment and expand employee benefits. In addition, in conjunction with the launch of a new compensation system in fiscal 2024, we raised base salary as much as 17% but 6% on average.

Work satisfaction has climbed 18 points over the past five years\*, and our investment in human resources and execution of strategy undoubtedly underpinned achievement of desired results.

\*Work satisfaction has risen steadily year over year from 48% in fiscal 2020, settling at 66% as of fiscal 2024.

	Overall Human Resources Strategy	Talent acquisition and deployment	Talent development	Sustainable engagement
Before fiscal 2020	<ul style="list-style-type: none"> <li>Published "TIS Human Resource SBU Manifesto"</li> <li>Group human resources data analysis</li> </ul>	<ul style="list-style-type: none"> <li>Employee rehiring program</li> <li>Referral hiring</li> <li>Periodic open application programs</li> <li>Dual-employment program</li> </ul>	<ul style="list-style-type: none"> <li>Established education investment budget</li> <li>Operation of KPI for group education investment</li> <li>Growth support through one-on-one meetings</li> </ul>	<b>Diversity &amp; Health Management</b> <ul style="list-style-type: none"> <li>Operation of promotion guide for female employees</li> <li>Selective retirement age up to 65</li> <li>Guidance for work-life balance support, three-way meetings</li> <li>Smart work allowance</li> <li>Flexible working hour program without core hours</li> <li>Interval system between shifts (11 hours)</li> <li>Telework program without limits</li> </ul>
From fiscal 2021 to fiscal 2024	<ul style="list-style-type: none"> <li>Operation of Group Human Resources PF</li> <li>HRBP system started</li> <li>Provision of HR Report</li> <li>Human capital indicators and goal setting</li> </ul>	<ul style="list-style-type: none"> <li>Building of alumni network</li> <li>Implementation of retention support tools</li> <li>Developmental rotation</li> <li>Selective and strategic rotation</li> <li>Strengthened recruitment matching</li> <li>Internship recruitment</li> <li>Group open recruitment</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of career plan sheets</li> <li>Operation of career interviews</li> <li>Growth support system (diverse outside experiences)</li> <li>Renewal of Talent Management System</li> <li>"Next" training for DX basic skills</li> <li>Introduction of Career Frame</li> </ul>	<b>Revision of personnel evaluation system</b> <ul style="list-style-type: none"> <li>New personnel system (Must/Will/Can)</li> <li>OP Competency Assessment</li> </ul> <b>Diversity and Health and Productivity Management</b> <ul style="list-style-type: none"> <li>Reemployment program until age 70</li> <li>Operation of biannual promotions for young employees</li> <li>Organizational development and psychological safety measures</li> <li>Unconscious bias training</li> <li>Reduction of prescribed working hours (7.5 hours)</li> <li>Executive mentoring for female employees</li> <li>Teleworking program</li> <li>Support program for balancing work with illness</li> </ul>



**Yoshiyuki Hayashi**  
 Human Resources Strategy Promotion Officer;  
 TIS Executive Officer;  
 Division Manager of Human Resources SBU

Since its inception, the Group has expanded its business based on the cycle of building and providing high-quality systems and services for its customers and operating them safely. These achievements were made possible by our excellent human resources, and to this day we have continued to emphasize our human resources strategy based on the premise that human capital is the foundation for growth that supports our management strategy.

In recent years, social challenges have grown more complex, while industrial structures and advanced technologies have rapidly evolved. We are now called upon to further refine our human capital, leverage the latest technologies, and enhance our ability to address social challenges through our business by fostering collaboration with various stakeholders.

In our medium-term management plan, the human resources strategy focuses on the key theme of "empowering skilled professionals to take on frontier development and deliver high added value." We must move beyond our past successes as a systems integrator and focus on cultivating talent who can explore new possibilities with fresh perspectives. We also need to build an organization and culture that can unify this talent to achieve exceptional results.

The Group's basic philosophy, OUR PHILOSOPHY, defines a company as a social system that aims for happiness. The diverse talent within the Group takes responsibility for shaping their own careers, while we provide the opportunities for their growth and success. I am confident that if we can experience the joy of contributing to society through our business activities, the potential for IT to make a positive impact on society will expand infinitely.

Seeking to be a social innovator with a pioneering frontier spirit

In this discussion, leaders driving structural transformation talk about the Group’s vision for the future and attendant challenges as well as efforts in frontier development.



Hitoshi Shibamura,  
TIS Department Manager, Corporate  
Planning Dept., Corporate Planning SBU

Yoko Kajimura,  
TIS Department Manager, Payment Services  
Dept. No. 4, Payment Services Division,  
Digital Innovation SBU

Ken Nakamura,  
TIS Executive Officer and Division Manager  
of the Social Innovation Div.

From Group Vision 2026 to Group Vision 2032

**Shibamura:** I moved to the Corporate Planning SBU in fiscal 2023 and was put in charge of drafting Group Vision 2032 as well as Medium-Term Management Plan (2024–2026). Group Vision 2032 is a long-term management strategy that follows on from Group Vision 2026, which Mr. Nakamura had a hand in formulating.

**Nakamura:** I was working in the Corporate Planning SBU at the time Group Vision 2026 was formulated and was assigned as the person in charge. Back in July 2016, when TIS transitioned to an operating holding company, each company under the TIS INTEC Group umbrella was conducting operations based on a vision specific to that company. But a decision was soon made to formulate Group Vision 2026, which outlined the areas of business that we should pursue as a cohesive corporate group, which would hinge common goals throughout the Group and align respective efforts in one direction to achieve those goals. At that time, there was discussion about the need to move away from labor-intensive business, such as contracted system development, in favor of service-based business, culminating in a strong push to

designate the IT Offering Service (IOS) as a strategic domain along with the Strategic Partnership Business (SPB), which was already a pillar of operations. In parallel, management was keen to pursue opportunities beyond IT services and designated the Frontier Market Creation Business (FCB) and the Business Function Service (BFS) as strategic domains as well.

**Shibamura:** The TIS INTEC Group is involved in a diverse array of businesses. Diverse, not only because our clients are active in various industries and service areas, but also because some people are involved in work that inevitably contributes to society beyond the business response to client needs. Since the content of work differs from site to site, it’s no easy task to find a specific path that the Group should follow. But by designating strategic domains, each with a particular business focus, we have made it easier for everyone under the TIS INTEC Group umbrella to move in the same direction. Ms. Kajimura, I believe you were involved in shaping Group Vision 2032 as part of a team comprising members from several Group companies.

**Kajimura:** I’ve been involved in development for many years. Currently, I’m responsible for expanding the services of the digital platform PAYCIERGE in a department that focuses on IOS. I participated in Project Group Vision 2032 as an expert in my field and worked with people from TIS, INTEC and other key Group companies who brought 15–20 years of experience to the project. Content was further refined through discussions, mainly with segment owners in charge of each business segment and management. We tackled Group Vision 2032 from two angles — “as is,” which considered the Group’s ability to reach Group Vision 2026 targets by continuing on the path traveled until now, and “to be,” which looked at additional strategies or efforts matched to major changes in the operating environment.

Regarding progress made on Group Vision 2026, my division achieved its stated goals through a very determined effort to expand services. I get a real sense that the IOS profile is rising. Project Group Vision 2032 members also share the view that structural transformation is moving along well. At the same time, we had assumed that FCB would account for a certain percentage of the business portfolio, but it became apparent that this Group Vision 2026 target would not be met if activities remained as they were.

**Nakamura:** I transferred to a business division once Group Vision 2026 had been formulated, and I have been in charge of FCB ever since. Although some activities have turned a profit, the overall scale of business has not expanded as expected, and I find the lack of enthusiasm for frontier market creation rather disappointing. In retrospect, a different approach might have seen greater success. We were only promoting FCB through a limited number of divisions, so there wasn’t a strong sense of awareness within the Group that this was a new area of business for the TIS INTEC Group. I also feel further expansion of FCB activities requires a more extensive in-house structure that supports business development from a long-term perspective.

**Kajimura:** Comments like yours, Mr. Nakamura, were taken into account during discussions on how to get the entire group on board with Group Vision 2032, and the idea of using social contribution as a starting point came up. It was relatively easy to picture the Social Innovation Service (SIS) in action, applying approaches under an evolving business model for social issue resolution driven by engagement with numerous clients.

**Nakamura:** When Group Vision 2026 was formulated, “solving social issues” as a business concept was not as familiar as it is today. But greater pressure from society has made companies increasingly duty-bound to ensure sustainability in their operations, and I think it was a natural progression in our own corporate evolution that we would end up in business areas that deal with social issues. In addition, it is becoming quite challenging to single-handedly

solve the social issues that clients face today, and that’s precisely why TIS formed the Co-Creation Business (CCB), which focuses on co-creation with business partners, and designated the new business as a strategic domain providing value through partnerships.



**Kajimura:** In formulating Group Vision 2032, there were times when the team sort of lost direction and we couldn’t come to any sort of consensus. At such times, we went back to OUR PHILOSOPHY, the Group philosophy, to reorient our thoughts. Staying focused through repeated discussions, we decided that the Group’s ultimate goal is to be a progressive, global IT group combining social responsibility and innovative qualities under the theme “society oriented, operationally diverse, globally active.”

Goals of frontier development strategy

**Shibamura:** Medium-Term Management Plan (2024–2026) is the first stage of our journey toward Group Vision 2032. To date, TIS has improved overall profit margins, on a consolidated basis, by leveraging business selection-and-concentration and realizing a higher level of added value in the services available across the TIS INTEC Group. I worked in a business division before joining the Corporate Planning SBU, so I have firsthand knowledge of how projects are executed and that the ability to consistently generate profits from projects is always evolving. That said, I feel that there may be a limit on future profit growth if we continue to do business the same old way going forward. To ensure further growth, we have to accelerate activities in new business areas with a strong sense of purpose. I shared this sense of challenge with the management team, and frontier development was set as the basic policy of Medium-Term Management Plan (2024–2026).

**Nakamura:** The times call for all companies, including our clients and ourselves, to be part of the solution to social issues, and SIS — a more concrete version of FCB — is a strategic domain that truly represents our approach to frontier development. In April 2024, TIS established the Social



Innovation Division to leverage the potential of SIS, and I assumed the role of manager. TIS had highlighted four social issues — financial inclusion, health concerns, urban concentration/rural decline and low-carbon/decarbonized society — where the TIS INTEC Group could contribute to solutions through business activities, and the Social Innovation Division will be integral to this goal by providing solutions, such as digital regional currency services and mobility as a service (MaaS), and collaborating on energy and health tech-related initiatives. In addition, TIS is supporting the healthcare theme at 2025 World Expo, Japan (Osaka Kansai Expo) and expects its involvement will benefit future business development even after the expo closes.

The Social Innovation Division has another mission — to embrace new technologies and explore new business areas, such as UX design and web3, which have the potential to be the next big thing.

**Kajimura:** The key concept of the frontier development strategy, as it applies to my division, is to take the payment settlement business to the next level, moving from Stage 1 to Stage 2. PAYCIERGE is already fairly comprehensive on Stage 1 — or basic — payment settlement-related content. However, going forward, providing functions à la carte won't be enough to meet client needs, and we will have to raise the bar with development of two-tiered services combining several functions, exemplified by embedded finance, which integrates financial and banking services into platforms for non-financial companies. Until now, the focus was on providing service-based payment solutions to large corporations, especially in the finance sector, but that focus is shifting. We are keen to explore beyond our current client base, including sectors other than finance, such as health tech, to cultivate new demand for service-based solutions and will strive to expand our reach to small and medium-sized businesses as well.



**Shihamura:** When I was working in a business division, I performed my duties with the idea of building a client base that would enable TIS to maintain growth for the next 10 years. We are in the business of solving issues of concern to our client companies, so even then I felt it was important to

enhance our relationships with companies ready to embrace IT to overcome issues and achieve a sharper competitive edge. I saw our position as a strategic partner to such companies, which are leaders in their respective industries, as a vital key to future business development. To support the IT-driven transformation of companies and society as a whole, TIS must be able to build IT systems but an important precursor is an enhanced ability to define issues for which IT can facilitate a solution. In addition, to solve the various issues our clients face, we have to broaden our approach through scaled up in-house capabilities and co-creation with diverse companies. I believe that deepening our relationships with clients this way will lead to the next new business, that is, frontier development.

**Leveraging the capabilities and strength of our people to pave the way to the future**

**Shihamura:** Under Group Vision 2032, TIS seeks to build a business portfolio that generates 80% of fiscal 2033 consolidated net sales from strategic domains, up from 48%, based on actual fiscal 2024 results (post-review reassessment). SIS and CCB are each expected to contribute 10% to consolidated net sales, which are quite frankly very ambitious targets given that both of these strategic domains are showing almost no growth right now. But it's important for us to show that we intend to create a business structure for the future. There's no point quibbling now about what might be possible in 10 years. We have to establish a vision as a guidepost and take sure and steady steps forward, including appropriate capital allocation, to turn a desired outcome into reality.

**Nakamura:** The key to increasing SIS's contribution to consolidated net sales — to 10% of the total — is co-creation with leading companies external to TIS and the TIS INTEC Group, complemented by investment to maintain the strengths that allow for co-creation with companies of such industry standing. The Social Innovation Division brings together various new business pursuits, so everyone in this division must take the initiative in driving their assigned projects forward and discovering potential companies to partner with. In that sense, I see this division as a place for practical learning and development, and I believe that if we can increase the number of people, on a groupwide basis, who are capable of dynamic co-creation, we will definitely get closer to realizing our vision for the future.

**Kajimura:** Based on the business portfolio described in Group Vision 2032, the contribution of IOS to consolidated net sales is to increase from the current 10%, as of fiscal 2024, to 30%. I see the frontline need to implement selection-and-concentration for each component of PAYCIERGE and other service-based solutions, and to pursue robust investment of management capital, including human resources, in the areas

selected. For the TIS INTEC Group, the payment settlement business is a strength, but we have to reinforce capabilities and develop business that adds something extra to payment solutions as well as new IOS content beyond payment solutions. This will require a major increase in the number of people who have the skills to respond.

**Shihamura:** People are without a doubt the TIS INTEC Group's most important form of management capital. TIS set operating income per person as a key management indicator in Medium-Term Management Plan (2024–2026) precisely because efforts to raise the added value of human resources are a priority theme. In recent years, corporate attention has focused on the use of intellectual property, and the TIS INTEC Group is no exception. But mechanisms for developing human resources are also important to reinforce intellectual property in a broader sense. To achieve value-added growth requires us to refresh various lucrative approaches within the Group from a client perspective and deploy these approaches groupwide. Such approaches would include the development of human resources able to promote frontier development and efforts to reduce the occurrence of unprofitable projects. Economies of scale don't apply to our business so it's important for us to take steps to boost efficiency while expanding scale.



**Nakamura:** Looking back over the last 10 years, the climate within the TIS INTEC Group has become more resilient in regard to challenges. Employees are encouraged to embrace challenges, and they know management has their back. I myself made mistakes many times, but I am now supported in taking on new challenges in a new division. I believe that steady growth in consolidated net sales and income has provided the leeway for employees to respond confidently to perceived challenges. And this is good because taking on challenges is indispensable to establishing our next pillar of business. Our current corporate culture, which encourages employees to explore new frontiers, has become a Group strength in and of itself. I will utilize this positive atmosphere to reinforce our presence as a leader in solving social issues. In addition, I will strive to achieve a balance between solving social issues and contributing to Group profits.

**Kajimura:** Group strengths were also part of conversations by Project Group Vision 2032. Looking back again, the TIS INTEC Group is involved in projects for clients in many different industries, enabling Group companies to connect with a diverse array of clients and co-creation partners. I also think that one of the Group's strengths is the depth of internal expertise — maybe the result of the Group's involvement in projects across industries — and ready access to people I can consult with if I encounter something I don't understand. Typically, I focus on the task at hand, so participating in Project Global Vision 2032, which provided me with the opportunity to talk with project members representing several Group companies about the kind of corporate group we want to be, from a medium- to long-term perspective, was a really stimulating and rewarding experience. Having been part of the project, I have somewhat of a vested interest in seeing the future we envisioned become a reality. And toward that end, I will help raise the Group's profile so that anyone, regardless of industry, will immediately equate “TIS INTEC Group” to a certain theme or buzzword, and thereby contribute to IOS expansion.

**Shihamura:** When I think of Group strengths — and this may sound old-fashioned— what comes to mind is our ability to see things through. We are committed in our approach to support our clients' businesses and help them succeed — a quality deeply rooted in our corporate DNA. It is surely the driving force behind the Group's growth. Recently, shareholders and investors have raised concerns about business results now that the number of large-scale development projects — which peaked last fiscal year — is on a downtrend. But I believe that it's inevitable in a project-based business like system development that sales will decrease by the amount previously brought in by a project once that project is completed. However, if we can build unshakable trust among clients through the project connection, the resulting bond will undoubtedly lead to new business opportunities and recurring revenue. And if we can expand the scope of our business by venturing into new areas, the baseline we use to measure growth from year to year will steadily rise in the medium to long term. I know how vital this is, and I know it's what we must strive to achieve. I believe we have the determination and ability to take on challenges and persevere to reach the desired conclusion, never being satisfied with the status quo. So to be the kind of corporate group we want to be 10 years from now, as described in Group Vision 2032, we should venture into various business domains with a pioneering spirit, drawing on the power of digital technology and the expertise of colleagues and partners inside and outside the Group, to become society's trailblazer of innovation.



We aim to enhance corporate value by strengthening the foundations that support sustainable growth.

To achieve the Group's sustainability management goals, it is essential to not only address social challenges through our business activities but also enhance management practices to reflect social demands. Accordingly, we worked to steadily advance our ESG initiatives under our previous medium-term management plan.

With respect to the Environment, we are working to reduce greenhouse gas emissions by achieving carbon neutrality throughout the Group and net zero emissions throughout our value chain in our quest to realize a decarbonized society. Regarding Society, we have advanced our human rights initiatives and accelerated investment in talent to enhance employee engagement. The results of this investment in talent are already manifesting in the form of improved employee satisfaction and motivation. As for

Governance, we focused on improving the effectiveness of the Board of Directors. At the same time, we rearranged our business portfolio to optimize the Group's configuration and sought to increase the sophistication and efficiency of our head office functions, including by using shared services for Group administrative processes. These efforts have been highly evaluated by external evaluation organizations, underscoring the progress we are making in sustainability management.

However, management enhancement is an ongoing process and requires a long-term perspective. Constantly pursuing an optimal business portfolio and enhancing management across the entire Group are not easy tasks. With this in mind, we established two new departments in the current fiscal year (ending March 2025): the Global Governance Office, tasked with strengthening governance in line with our global business expansion, and the Group Human Resources Promotion Dept., dedicated to advancing human capital management across the entire Group. With the help of these new entities, TIS will spearhead Groupwide management enhancement.

In addition to our ongoing ESG initiatives, under Medium-Term Management Plan (2024–2026) we will focus particularly on strengthening intellectual property and technology strategies that help enhance our business activities. These strategies are essential for strengthening the foundations that support sustainable business growth. By advancing them in an integrated manner, we aim to establish a competitive edge and maximize the value we deliver to society and our customers. In addition, we have established non-financial indicators based on our material issues. By setting quantitative targets and monitoring our progress, we will strengthen our commitment to advancing sustainability management. More keenly aware than ever of our impact on society, we are committed to achieving our plan with a sense of mission to realize transformational change in society and our customers' businesses.

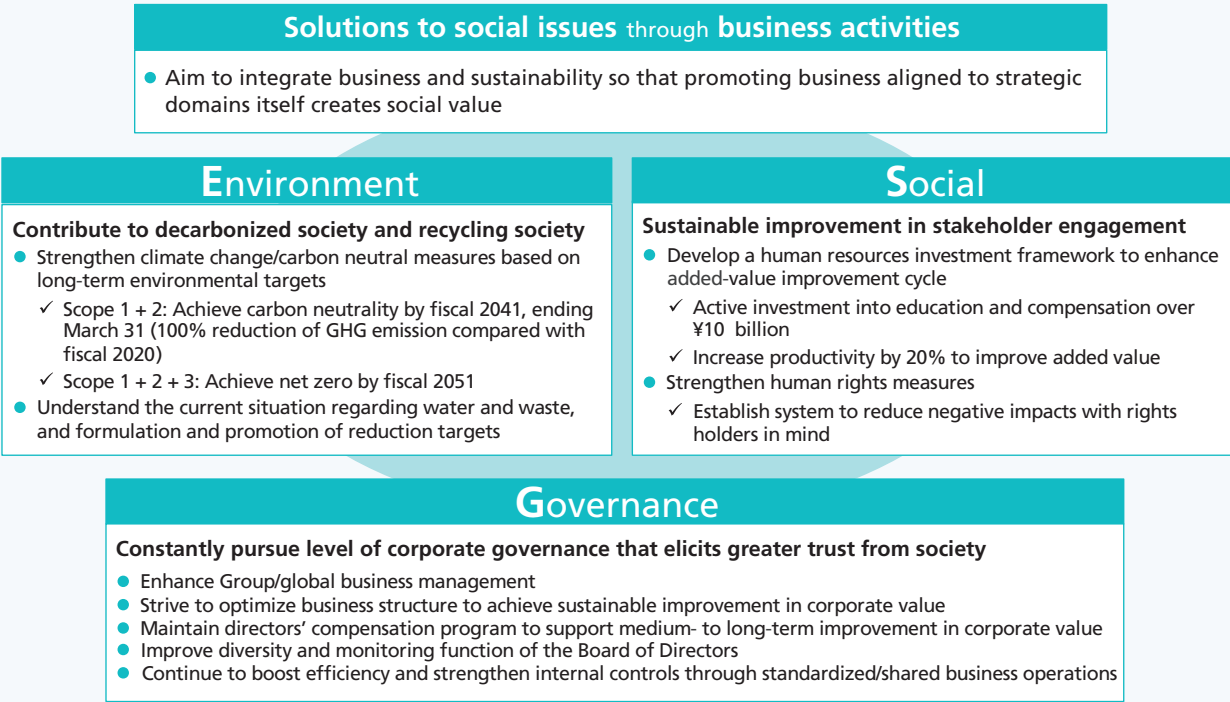
I look forward to your continued support.

Shinichi Horiguchi  
Representative Director,  
Executive Vice President



Evolution of ESG in Sustainability Management

- Continue to drive evolution of sustainability management forward and, from a medium- to long-term perspective, aim for sustainable growth paralleling added value



Non-Financial Management Metrics

- Aim to realize change for society and client companies by improving quality across entire value chain, and set non-financial metrics alongside financial metrics to measure impact of Group business activities on society from broader perspective

Materiality		Perspective/policy on measuring progress	Indicators	Scope of data collection <sup>2</sup>	Fiscal 2024 results	Fiscal 2027 targets
1	Create a society in which diverse human resources are engaged and thrive	<b>Demonstrate capabilities of employees</b> Human resources with specialized expertise will be at forefront of frontier development and provide high added value	Job satisfaction	B	52%	Above 58%
			Number of consultants	B	510	Above 700
			Number of female employees in management positions	B	12%	Above 15%
2	Create a society in which diverse human resources are engaged and thrive	<b>Provide value to society</b> Aim to integrate business and sustainability so that promoting business aligned to strategic domains itself creates social value	Strategic domain ratio <sup>*1</sup>	A	48% (new standard)	52% (new standard)
			Operating income per person	A	¥2.9 million	Above ¥3.5 million
			Growth investments	A	Three-year cumulative total ¥72 billion	Three year cumulative total ¥100 billion
3	Create a safe society through high-quality services	<b>Quality demanded by society</b> Realize management attitude/practices supporting accumulation/distribution of intellectual property, and create appealing quality	Client/service satisfaction	C	54%	59%
			Business partner satisfaction	D	77%	81%
4	Enhance corporate governance and earn the trust of society	<b>Company chosen by society</b> Constantly reinforce internal controls on groupwide basis, and contribute to decarbonized society and recycling-oriented society	GHG emissions (Scope1+2) <sup>*3</sup> [compared with fiscal 2020]	A	60% reduction	70% reduction
			Renewable energy utilization rate <sup>*3</sup> (Offices, data centers)	B	57% introduced	Fiscal 2031 Full introduction

<sup>\*1</sup> A: TIS and INTEC Group, Consolidated / B: TIS and consolidated companies (domestic) / C: TIS, INTEC, AGREX, QUALICA, AJS, and TIS Solution Link / D: TIS and INTEC  
<sup>\*2</sup> Strategic domain ratio reached 61% in fiscal 2024, but because of stricter scrutiny paralleling a review of strategic domains for the new medium-term management plan, the ratio was reassessed at 48% under a new standard, with new target for fiscal 2027 based on this standard as well.  
<sup>\*3</sup> Scope of data collection for fiscal 2024 results: TIS, INTEC, AGREX, QUALICA, AJS, TIS Solution Link, TIS System Service, TIS Tohoku, TIS Nagano, TIS West Japan, TIS Hokkaido, TIS Business Service, SorunPure, MFEC Public, Business Application, Motif Technology Public, Hongson, MISO Digital, Prain Fintech, Msyne Innovations, and Playtorium Solutions

Financial Investment Strategy  
—Message from the Director in Charge of Finance

Seeking to maximize corporate value, we will leverage financial and capital strategies that bring about value creation

Financial policy/Basic capital policy

The underlying goal of TIS’ financial policy, and basic capital policies, is to realize sustainable improvement in corporate value through the creation of an optimal capital structure that balances efforts to leverage growth investments, ensure financial health and enrich shareholder returns from a medium- to long-term management perspective. More precisely, we take a robust approach to growth investments and, as part of this process, constantly review our business portfolio so that it generates cash through a steady increase in business profits and improved profitability. Then, through balance sheet management, we maintain financial health and constantly offer returns that exceed the cost of capital by

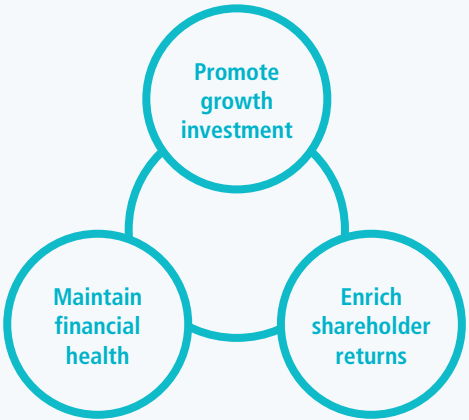
building an optimal capital structure aligned to progress in structural transformation. Meanwhile, we strive to enrich shareholder returns commensurate with business growth.

By implementing measures in line with these capital policies, we have been able to achieve sustainable business growth, enrich shareholder returns and boost capital efficiency. Going forward, we aim to raise corporate value still higher and will steadily implement additional measures in line with these capital policies.

Below, I will outline the rationale and initiatives applied to date and planned for the future in five categories: cash allocation, balance sheet management, growth investment, shareholder returns, and ROE, ROIC and EPS.

Financial policy/Basic capital policy

We aim to improve capital efficiency through the creation of an optimal capital structure that balances efforts to leverage growth investments, ensure financial health and enrich shareholder returns.



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

Cash allocation

In line with the aforementioned financial policy, and basic capital policies, cash allocation prioritizes measures that contribute to higher corporate value. We aim to create a virtuous cycle that starts with active investment in companies or businesses with the potential to reinforce our ability to generate cash and then use the cash gained from business growth to drive additional growth investments. At the same time, we seek to strike a good balance between such investments and efforts to enhance shareholder returns as we maintain a focus on balance sheet management to boost capital efficiency and build an optimal capital structure.

Cash inflow exceeded expectations under the previous medium-term management plan. This is largely due to an improvement in our ability to generate cash, paralleling business growth and progress in structural transformation driven by returns from growth investments made to date, and also due to such factors as the sale of subsidiaries, following a review of our business portfolio, and a reduction in strategic shareholdings. Taking advantage of greater financial latitude, we complemented efforts to enhance business content, develop the skills and scope of human resources, capitalize on M&A opportunities and strengthen shareholder returns with vigorous but flexible financial measures, such as treasury stock buybacks aimed at building an optimal capital structure.

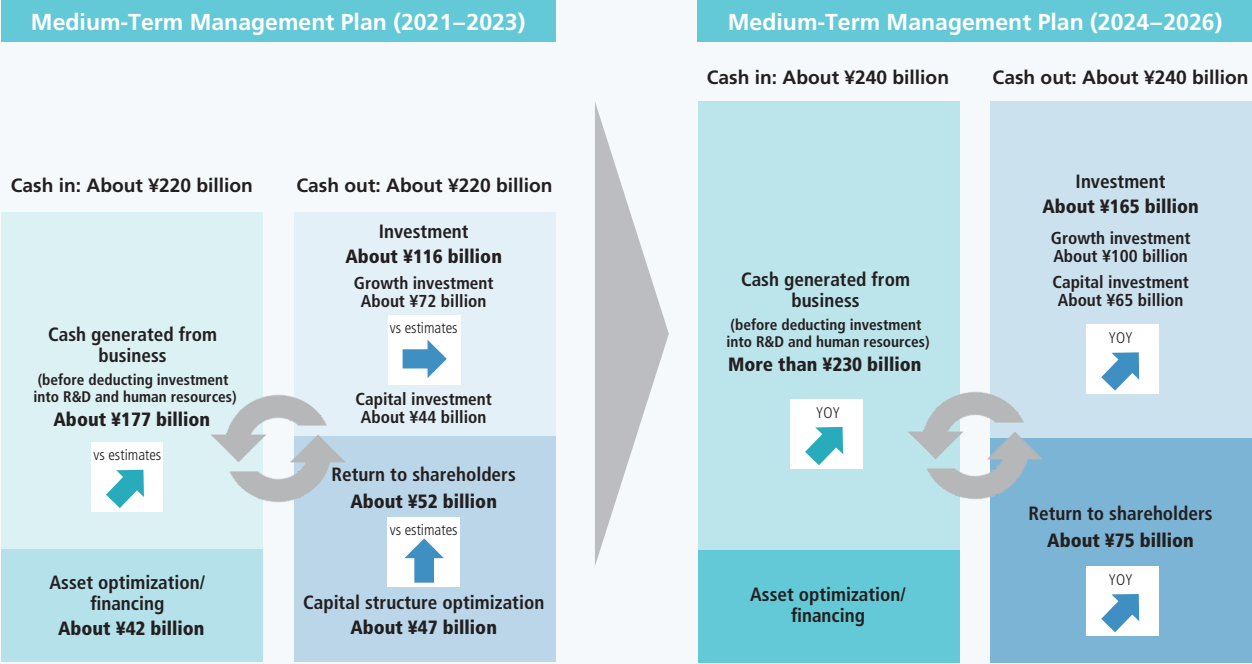
Details will be provided below, but suffice it to say, prudent allocation of capital resulted in ROE of 16.0% in fiscal 2024, and a three-year EPS CAGR of 22.5%.

Under the new medium-term management plan, we remain keen to expand our capacity to generate cash by growing our businesses and leveraging structural transformation while also optimizing assets and raising funds as investment opportunities dictate. We expect cash-in to reach about ¥240 billion through these efforts. Meanwhile, on the cash-out side, we will allocate about ¥65 billion for capital investments and ¥100 billion for growth investments, and return about ¥75 billion to shareholders through dividends and treasury stock buybacks.

Capital expenditures include a diversified acquisition amount of about ¥42 billion for real estate trust beneficiary rights in a key facility where TIS provides system operation services and a proprietary brand of cloud services. The decision to acquire these rights was made back in March 2023 as an exception to a practice at the time of leasing rather than owning such facilities. While we will stay true to the basic framework, we will always be on the lookout for opportunities to improve corporate value and, as needed, modify approaches and optimize cash allocation to make the most out of changes in the business environment or new growth investment prospects.

Cash Allocation

Prioritize allocation of cash to pursuits that contribute to enhanced corporate value.





## Balance sheet management

The balance sheet, which comprises medium- to long-term capital, or more specifically, management of these financial assets, is the cornerstone of sustainable improvement in our ability to generate cash and continuously deliver returns that exceed cost of capital. Essentially, balance sheet management is a capital policy that brings about value creation. But this cannot be achieved through short-term profit and loss management alone.

Under the previous medium-term management plan, business assets increased significantly. This reflects higher software assets—software account grew about ¥5 billion over three years, to more than ¥20 billion—due to robust investment to leverage structural transformation, and higher associated assets driven by M&A activity, notably, Nihon ICS. Meanwhile, non-business assets recorded on the balance sheet as of March 31, 2024, came to ¥26.7 billion, down about ¥19.3 billion from three years earlier, owing to a particularly persistent effort to reduce strategic shareholdings. As a result, we were able to push the strategic shareholding ratio—strategic shareholdings as a percentage of consolidated net assets—down to the targeted 10% level already by the end of fiscal 2023, a year ahead of schedule. The quality of capital management methods has improved and, given growing confidence that this trend will continue and with an eye to financial health, we carried out large-scale treasury stock buybacks totaling about ¥47 billion in fiscal 2023 and fiscal 2024 in our pursuit of an optimal capital structure. All repurchased treasury stock was cancelled, in line with our policy to limit holdings of treasury stock to 5% of the total number of shares outstanding and cancel the excess. As a result, the equity ratio for fiscal 2024 slipped 4.7 points year on year, to 59.5%.

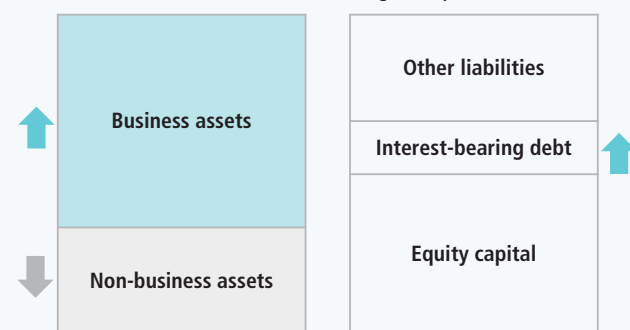
Under the new medium-term management plan, we will continue to emphasize capital efficiency and will reinforce business assets through robust growth investment activity as well as the accumulation of intellectual property to support

### Balance Sheet Management

Capital policy that brings about value creation.

- ✓ Robust growth investment emphasizing capital efficiency
- ✓ Optimization of financial assets as necessary

- ✓ Assuming sustained A rating, procure funds to respond to investment opportunities
- ✓ Capital is not accumulated but rather flexibly allocated to investments that will underpin higher corporate value



structural transformation and an expanded scale of business. We will keep cash and deposits to a set level, complemented by commitment lines, totaling the equivalent of about two months' worth of sales, and we will avoid accumulating excessive amounts of non-business assets, primarily financial assets, and, conscious of capital costs, strive to reduce such non-business assets. In addition, assuming TIS can maintain an "A" rating and ensure financial health, management will allow a debt-equity ratio of up to 0.5, eyeing possible use of interest-bearing debt to cover M&A and the increase in facility-related assets mentioned above. We will take a flexible approach to allocating capital for investment with the potential to increase corporate value, rather than accumulating it, since we expect capital to accumulate in line with sustainable profit growth.

## Growth investments

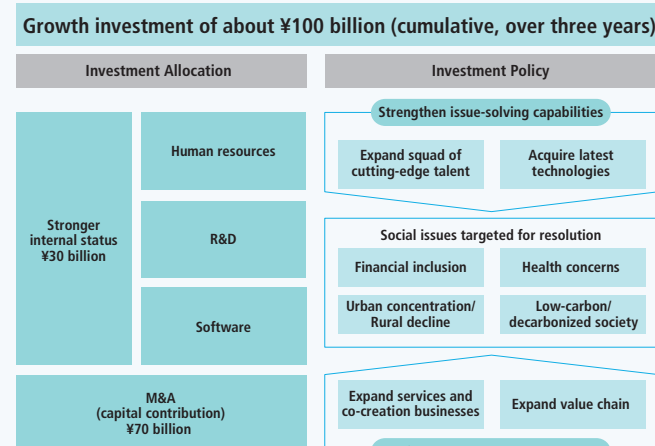
Under the previous medium-term management plan, we budgeted for growth investments of about ¥100 billion, and investments in human resources, primarily R&D and education and training, as well as investments to promote service-based business, were generally in line with the budgeted amount. In regard to M&As and capital contributions, notably, Nihon ICS, external factors significantly influenced our investment decision process and, after carefully assessing opportunity and timing, we set a limit of about ¥34 billion for growth investments. But the amount was not set in stone and, after reviewing our investment allocation, we took the initial step of significantly improving employee benefits to a value of about ¥5 billion as an upfront investment in human resources, our most important management capital. This allocation of funds reflects nationwide discussions surrounding base salary increases and the expectations of our stakeholders, and we were the first in our industry to act. We didn't stop there, proactively implementing investments that will contribute broadly to enhanced corporate value. This includes allocation of about ¥47 billion for financial measures to support an optimal capital structure.

Under the new medium-term management plan, about ¥100 billion has been earmarked for growth investments over three years, reflecting our firm belief that robust investment activity is critical to improvement in corporate value. Our aim in investing in human resources as a means of strengthening in-house capabilities is to put into motion a virtuous cycle of value exchange between employees and the company. Essentially, as indicated on human resources strategies, a virtuous cycle will motivate employees to embrace challenges while also helping TIS and the TIS INTEC Group realize the underlying strategy of frontier development described in the new medium-term management plan. We set operating income per person as a new metric to measure return on investment, and we are determined to show growth through investment.

\*Please refer to "Human Resources Strategies/Enhancing Added Value by Investing in Talent" on page 54.

## Growth Investment

Active investments for measures for medium-and long-term growth and improvement of corporate value.



In other approaches to strengthen in-house capabilities, we will budget a total of ¥30 billion for R&D to accelerate the creation of cutting-edge technologies and new businesses and for software to expand our service lineup, address social issues and build industry platforms. We will also allocate ¥70 billion for M&A, including capital contributions. I venture to say that the main objective of M&A and other activities to establish a wider presence, whether at home or abroad, is to leverage offering services and co-creation businesses and to expand the

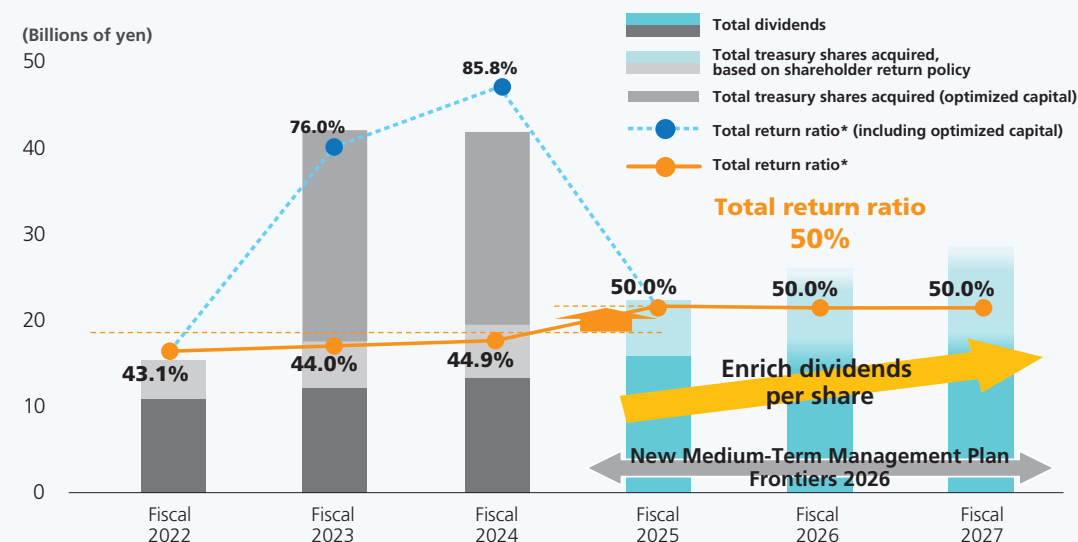
value chain. To support this objective, we will set hurdle rates based on weighted-average cost of capital, or WACC, and carefully consider and execute our wider-presence strategy while adhering to disciplined investment that will help raise our ROIC level over the long term.

## Shareholder returns

The return of profits to shareholders is an important management priority, and to ensure continuous improvement in shareholder returns commensurate with business growth, the Company calculates dividends based on income from operating activities not affected by temporary profits or losses. Under the previous medium-term management plan, we provided shareholder returns based on a total return ratio yardstick of 45%. The dividend for fiscal 2024 was up, marking the 12th consecutive year of increase, and by an amount higher than initially forecast, paralleling business growth exceeding expectations in each year of the three-year plan. We feel attractive shareholder returns are an integral part of engagement with shareholders. Our basic approach remains unchanged under the new medium-term management plan, but we aim to reinforce our connection to shareholders by maintaining the upward trend in dividends per share and ensuring payment stability, including the equalization of interim and year-end payouts. We will also raise the total return ratio yardstick, including acquisition of treasury stock, to 50% from the current 45%, thereby reinforcing shareholder returns. As a general rule, we will continue to repurchase and hold treasury stock, up to a maximum of 5% of the total number of shares outstanding, and cancel any excess.

## Return to Shareholders

To increase engagement with shareholders, strive to reinforce shareholder returns through continuous improvement in dividends and a stable payout ratio.



\*Calculation based on income earned from operating activities (after deducting corporate taxes and non-controlling interests)

Total return ratio  
50%\*  
(rising from 45%)

Dividends per share  
Constantly enrich  
the dividend

Upper limit on  
treasury stock holdings  
at 5%



## ROE/ROIC, EPS

### ROE/ROIC

Under the previous medium-term management plan, we successfully raised ROE to 16%, significantly exceeding even the upper end of the targeted 12.5–13% range, through not only agile implementation of financial measures tailored to prevailing conditions but also a favorable shift in business activities, which generated higher profits. This achievement also reflects the positive impact of extraordinary income and other factors on our net income ratio. But even if we discount such one-off factors, ROE would probably still have settled in the 14% range, above the upper end of our estimate. As a result, I believe we have come closer to our long-term goal of becoming a company that can consistently achieve ROE of 15%.

Under the new medium-term management plan, we will continue to promote management conscious of capital efficiency and, from the perspective of exceeding recent performance, excluding one-off factors, we have set a minimum target for ROE above the 16% achieved in fiscal 2024, with a long-term goal of more than 20%. In addition, from a perspective emphasizing value creation from assets—

which here, equates to intellectual property—we decided to introduce ROIC as a new management metric. Over the three years of the new medium-term management plan, we aim to realize ROIC above 13%, assuming a slight decrease due to robust growth investment activity. We feel that efforts to create benefits from growth investment will, with a disciplined financial approach over the long term, lead to a high ROIC.

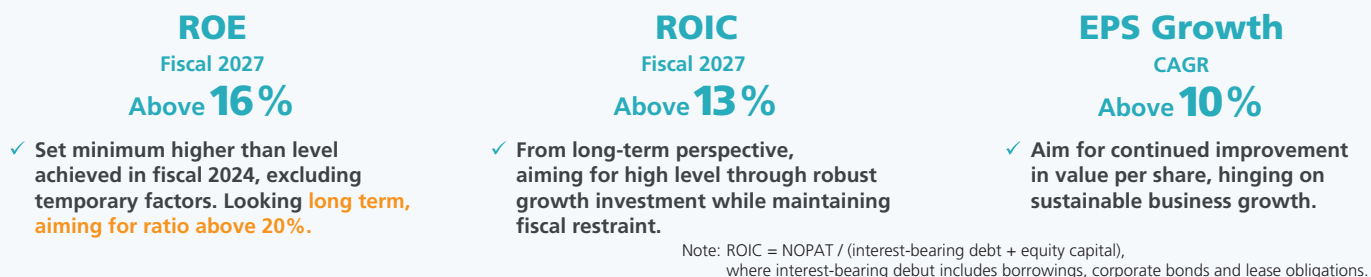
### EPS

Under the previous medium-term management plan, we achieved EPS CAGR of 22.5%, greatly exceeding our target of 10%. The fuel for this tremendous result was business growth along with proactive steps, namely, selling off certain subsidiaries and a reduction in strategic shareholdings following a review of our business portfolio, and a robust, flexible approach to implementation of financial measures to optimize capital structure. Notwithstanding this EPS CAGR result, we will stick to the same 10% target under the new medium-term management plan as well, based on a “valuable growth” perspective, with a focus on both financial and business strategies driving achievement.

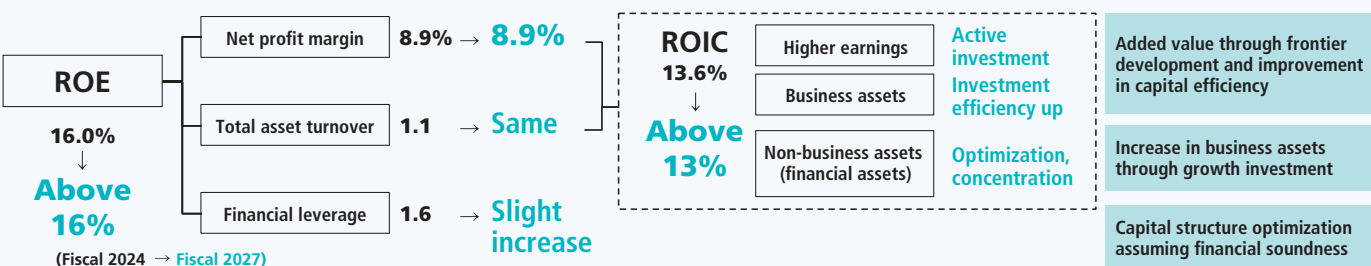
### ROE/ROIC and EPS

From perspective of emphasizing value creation from assets—where assets are intellectual property—we will maintain sustainable returns exceeding cost of capital, and from valuable growth perspective, we will ensure growth in value per share.

### Key financial index



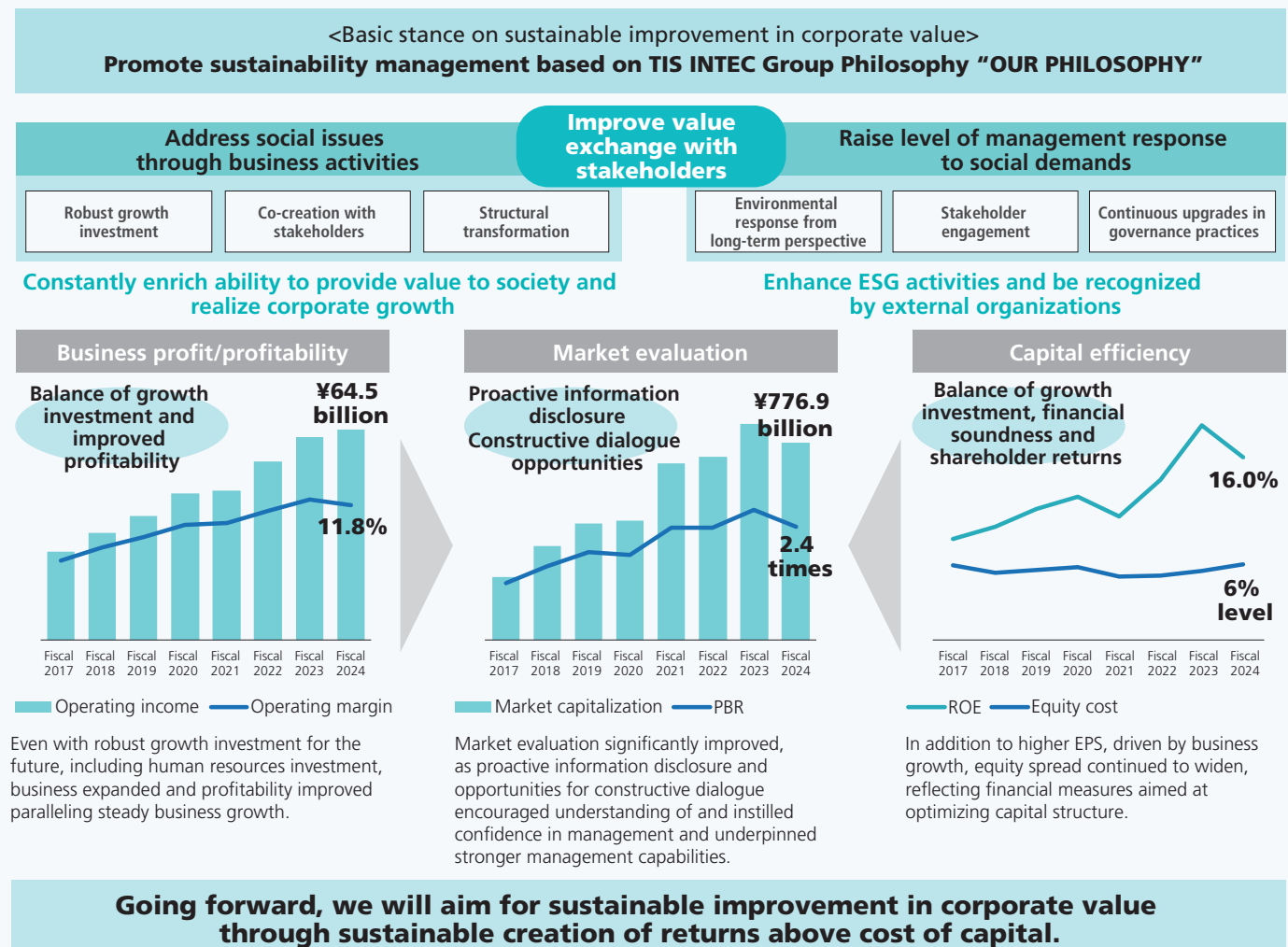
### ROE, ROIC Improvement Structure



## Seeking to improve corporate value

We seek to contribute to a sustainable society while continuously increasing corporate value through TIS INTEC Group philosophy “OUR PHILOSOPHY,” which forms the backbone of efforts to promote sustainability management throughout the Group and improve value exchange with stakeholders. In addition, conscious of capital costs, we have pursued proactive information disclosure, including efforts in human capital management, and constructive dialogue opportunities to encourage understanding of and confidence in management capabilities. Also, investing in growth for the future includes investing in human resources, and we have been successful thanks to a robust approach to growth investment that has buoyed business profits and profitability. At the same time, we have prioritized financial measures to optimize capital structure, with our equity spread continuing to widen. I believe management results like this underscore our ability to meet the expectations of shareholders, typified by a significant improvement in market valuation.

Building on the successes we have achieved to date, we will strive to improve corporate value and become a company brimming with hope for the future. This will help ensure that we remain the top choice for the market and shareholders. We will continue to boost corporate value through robust capital policies under a disciplined management approach. We will maintain a capital cost perspective, acknowledging the importance of sustainable returns that exceed cost of capital while balancing active investment for growth with improved profitability and constantly enriching shareholder returns commensurate with growth in business profits. Furthermore, we see engagement with shareholders and investors as opportunities to gather a variety of comments and opinions that may prove to be extremely valuable in designing future policies. I know we have applied insights gained from such engagement opportunities in making necessary adjustments to existing management methods. In other words, I think it would be fair to say that shareholders and investors have complemented our own efforts to strengthen management and enhance corporate value, and we will continue to actively connect, using dialogue as our point of contact, to understand and meet shareholder expectations.



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.

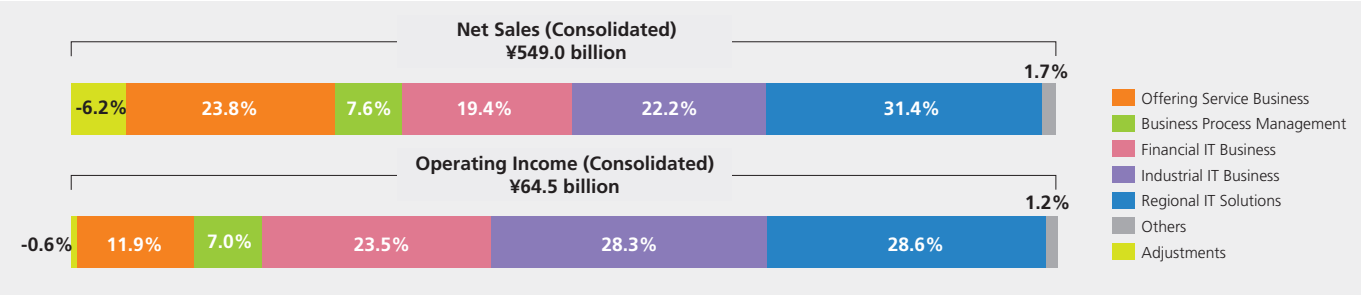
TIS clarifies the delegation of authority and scope of responsibilities for segment operators and works toward realization of growth strategies utilizing the strengths of each Group company to promote further structural transformation.

Fiscal 2024 Segment Review

Segments	Net sales (Millions of yen)	Operating income (Millions of yen) (Operating margin)	Segment assets (Millions of yen)		Number of employees at year-end (Person)	Per person		Net sales by business category	Number of companies
						Net sales (Millions of yen)*2	Operating income (Millions of yen)*3		
<b>Offering Service Business</b> *1 Configures services through own investment based on best practices accumulated groupwide and provides knowledge-intensive IT services.	130,759	7,659 (5.9%)	159,816		5,672	23.1	1.4		TIS and 26 consolidated companies (6 domestic, 20 overseas), 54 equity method affiliates (one domestic, 53 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.	41,953	4,551 (10.8%)	12,972		2,496	16.8	1.8		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.	106,304	15,185 (14.3%)	88,392		1,964	54.1	7.7		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.	121,896	18,287 (15.0%)	75,557		3,855	31.6	4.7		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.	172,376	18,497 (10.7%)	123,022		7,235	23.8	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.	9,581	777 (8.1%)	18,967		750	12.8	1.0	—	4 consolidated subsidiaries (3 domestic, one overseas)
Adjustments	−33,866	−390	46,727		—	—	—	—	
<b>Total (consolidated basis)</b>	<b>549,004</b>	<b>64,568 (11.8%)</b>	<b>525,456</b>		<b>21,972</b>	<b>25.0</b>	<b>2.9</b>		51 consolidated subsidiaries 58 equity method affiliates

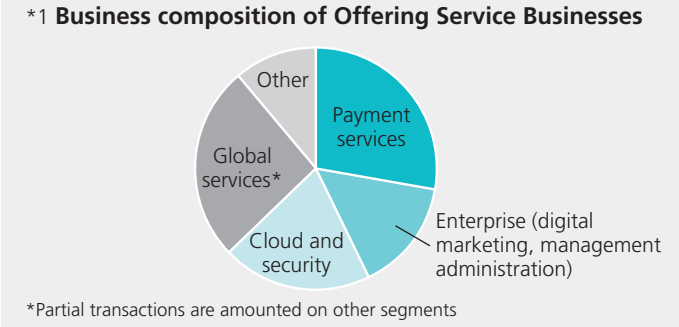
Fiscal 2024 Business Results by Segment

\*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.



\*2 Fiscal 2024 net sales by segments/ number of employees by segments at March 31, 2024.  
\*3 Fiscal 2024 operating income by segments/ number of employees by segments at March 31, 2024.



## Offering Service Business

We will accelerate efforts to become a real driver of growth, and we will strive to improve profitability by focusing on service-based business and global operations.



**Kiyotaka Nakamura**  
TIS, Senior Managing Executive Officer,  
Division Director, Digital Innovation SBU

The Offering Service Business covers multiple domains, including payment services — which turn knowledge gained through systems integration for financial institutions into solutions — insurance and healthcare, digital marketing and business administration services. This segment is also involved in global operations.

Under the previous medium-term management plan, we expanded payment-related services and overseas operations. These efforts, along with the inclusion of Nihon ICS under the TIS INTEC Group umbrella from fiscal 2024, pushed segment sales higher than expected and enabled us to expand business scale to a certain degree. Unfortunately, the segment did not reach its operating income target, mainly because activities are still in an upfront investment phase. Measures to improve profitability are certainly seen as an urgent priority.

As we enrich the content of payment services under the new medium-term management plan, several solutions will enter recovery phase — that is, begin to contribute to profits. We will also be focusing on profitability, seeking improvement through business structure reforms in our global operations. We will reinforce specific services and capabilities, including digital marketing and healthcare solutions, as well as services aimed at resolving social issues, and we will strive to create new value as a growth driver of the TIS INTEC Group.

### Business environment

- Cashless market continues to grow.
- Amid trend toward decrease in settlement fees, next-generation payment options, such as account-to-account (A2A) and central bank digital currency (CBDC), will become more widespread in medium to long term.
- Demand for business administration and cloud computing services will continue to grow, along with greater need among corporate clients to use AI and data analysis to underpin business growth.
- ASEAN feeling impact of slowing Chinese economy.

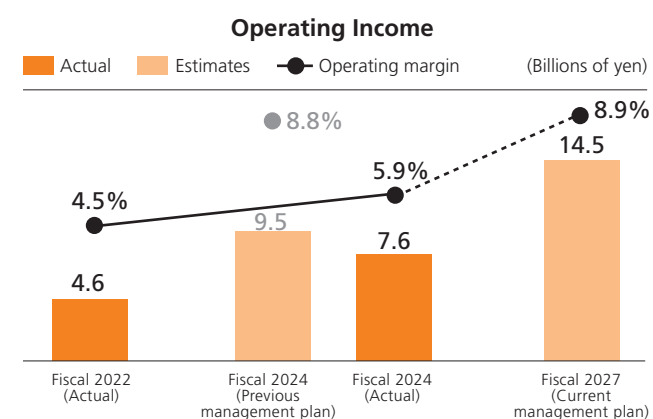
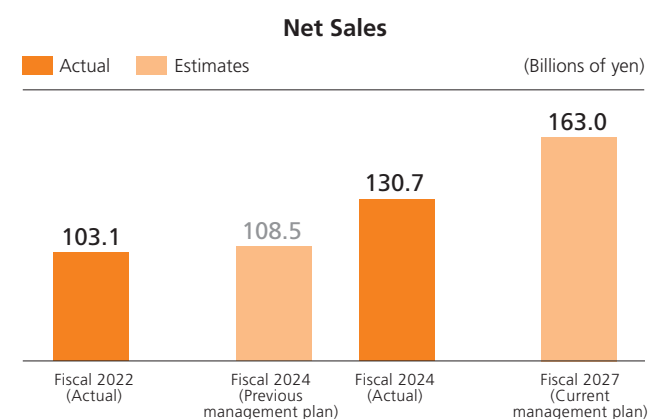
### Strengths

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

### Issues in focus

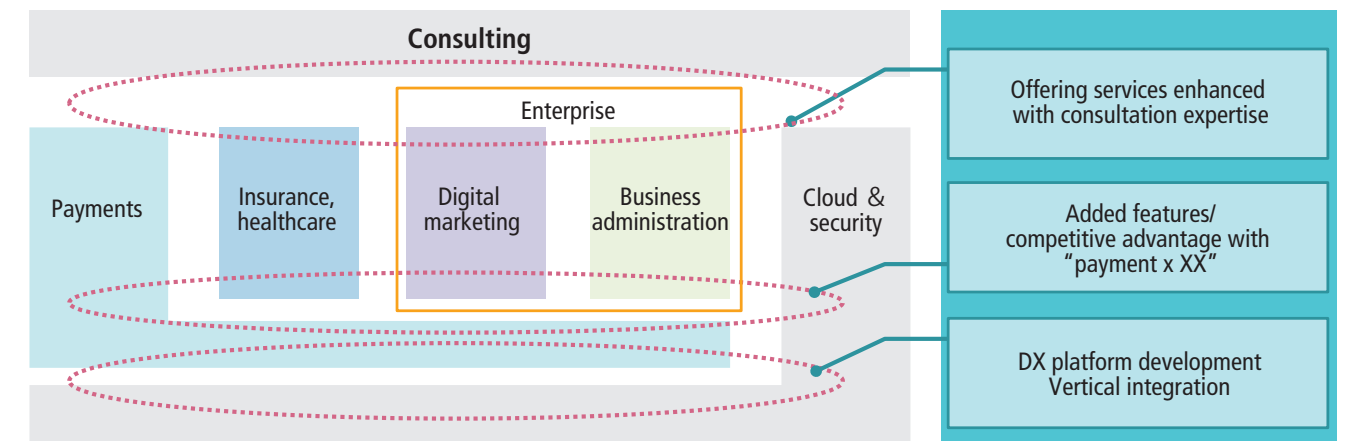
- Need to maintain high growth rate and improve profitability.
- Must accelerate shift toward recurring business, driven by payment services.
- Need to provide comprehensive lineup of offering services, from consultations to IT delivery, to achieve higher added value.

### Changes in Net Sales and Operating Income



## Growth strategies designed to expand business even further

### Basic direction



Offering services enhanced with consultation expertise	<ul style="list-style-type: none"> <li>● Reinforce consultation expertise</li> <li>● Provide even more comprehensive lineup of offering services, from consultations to IT delivery</li> </ul>
Competitive advantage with "payment x XX"	<ul style="list-style-type: none"> <li>● Make payment services more value-added by combining other features with forte payment settlement, and sharpen competitive edge in demand areas of healthcare and digital marketing</li> </ul>
DX platform development Vertical integration	<ul style="list-style-type: none"> <li>● Develop platforms that provide services, accelerate market entry of services, and strengthen ability to respond to changes</li> <li>● Promote integration between business/function layer and infrastructure layer to improve added value</li> </ul>

### Key points of medium-term management plan, and goals to achieve

- Improve profitability by controlling investment in services that have moved from growth stage to harvest stage, and do this by reinforcing service portfolio management.
- Emphasize business strategies hinging on payment settlement but also actively pursue M&A opportunities and enhance management capabilities.
- Expand business portfolio through M&A.

### Topics

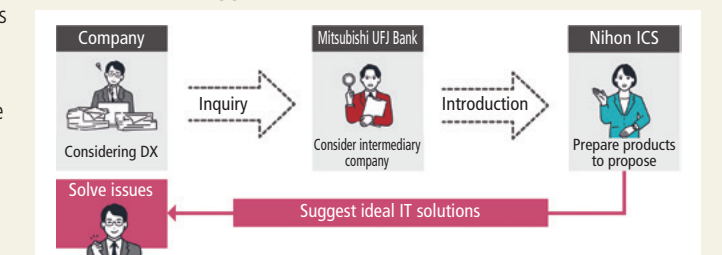
#### Nihon ICS participates in Mitsubishi UFJ Bank's DX Support Scheme with second edition of Tax Accountant 360 Concept

TIS INTEC Group company Nihon ICS participated in DX support scheme promoted by Mitsubishi UFJ Bank to help clients implement DX, and brought to this scheme its second service under *Zeirishi 360 Koso* ("tax accountant 360 concept"), a medium- to long-term initiative launched as a solution to address various issues faced by tax accountants.

In recent years, DX has piqued the interest of small and medium-sized enterprises seeking ways to ameliorate management issues, such as going paperless, dealing with labor shortages, complying with the Electronic Bookkeeping Act, and integrating remote work into workstyle options. There is an urgent need for tax accountants, too, to be able to provide services that help their corporate clients and self-employed individuals address issues affecting business.

Drawing on digital technologies, such as generative AI, and strengthening collaborative efforts with companies inside and outside the TIS INTEC Group, Nihon ICS offers a 360° support menu for tax accountants under the tax accountant 360 concept. This initiative complements existing mainstay tax and accounting software operations.

#### Overview of DX support scheme



Details ▶ <https://www.icscs.co.jp/post-news/47421> (in Japanese only)

## Business Process Management

We will boost the value of our services even higher by leveraging the synergies derived through stronger intersegment collaboration within the Group.



**Kiyotaka Nakamura**  
TIS, Senior Managing Executive Officer,  
Division Director, Digital Innovation SBU

Business Process Management (BPM) is a segment that utilizes digital technology and operational know-how to support optimization of client-side business processing needs. Activities include outsourcing services, contact center operation, system configuration and DX support that smooths the introduction of IT solutions.

The business environment for existing data entry services became increasingly difficult through the latter part of the previous medium-term management plan, mainly due to the advance of digitization. This had a significant impact on segment performance in fiscal 2024, culminating in lower sales and income year on year.

An urgent issue that we will have to address during the current medium-term management plan is to review our business portfolio and then selectively increase added value to differentiate our services from our competition. We are considering a shift toward the high-demand customer experience (CX) area and will emphasize development of services that involve collaboration with other segments. In particular, the integration of services, that is, solutions, and BPM is expected to lead to increased value added across the value chain and ultimately put this segment back on a growth trajectory. With this in mind, I was given responsibility for BPM as well as the Offering Services Business, and I will do my utmost to enhance added value and get the segment into the black.

### Business environment

- With no course correction on labor shortage or workstyle reform, business process outsourcing (BPO) market should remain in gradual growth mode.
- Demand for labor-intensive, simple outsourcing, such as data entry work, is shrinking due to digital advances, but demand for services to digitize business processes is brisk.

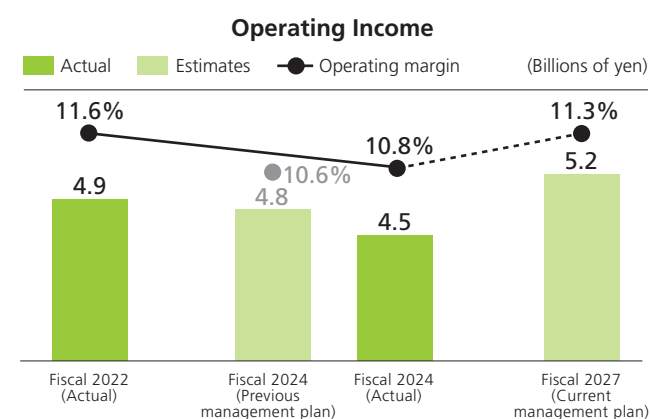
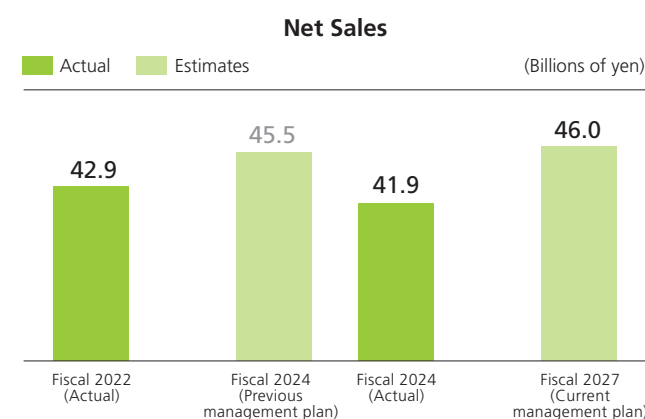
### Strengths

- Unique methodology that turns service know-how accumulated over half a century into a system.
- In-house system development capabilities.
- Comprehensive capabilities to optimize business processes overall by providing combination of BPO and SI services.
- Business know-how based on outsourcing results for insurance industry.

### Issues in focus

- Must respond to intensifying price competition.
- Need to reduce labor-intensive, simple outsourcing operations to free up personnel for other business activities
- Must address decline in working population and boost productivity.

### Changes in Net Sales and Operating Income

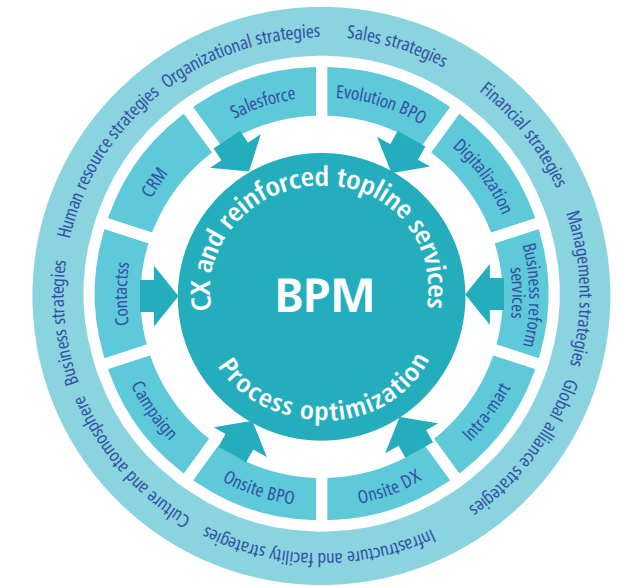


## Growth strategies designed to expand business even further

### Basic direction

Contribute to maximum value creation by addressing challenges faced by clients and continually providing services that put IT and outsourcing expertise to best use.

Field	<ul style="list-style-type: none"> <li>✓ CX, which contributes to maximum top line for clients</li> </ul>
Style	<ul style="list-style-type: none"> <li>✓ Use shared management challenges to build lasting partnerships, and transform services offered (into SPB domain)</li> <li>✓ Establish connection that is irreplaceable, from client perspective</li> </ul>
Services	<ul style="list-style-type: none"> <li>✓ Create business models, and deliver internal and external solutions as integrated capabilities</li> <li>✓ Provide comprehensive services combining operations and IT by formulating models and strategies that match needs of clients</li> </ul>



### Key points of medium-term management plan, and goals to achieve

- Shift business emphasis toward CX and reinforced topline services and strive to differentiate from rivals by focusing more on added value than cost competitiveness, while modifying the area where we deliver value so that we can maximize value creation for clients.
- Create synergistic effect within the Group by combining BPM expertise of AGREX with IT solutions to deliver high-value-added administrative services.
- Form partnerships with clients and concurrently strive to build track record of providing more effective and efficient BPM services, turning co-creation projects into business models, and expand client base through shared development.

### Topics

#### Promote real change in business processing through BPM. Co-create with clients to realize ideal format.

AGREX, a member of the TIS INTEC Group, ran a Process Transformation Challenge workshop for Hansaku Life Insurance Co., Ltd., where participants gained knowledge and skills necessary to revitalize the company's business processing work. In conjunction with this workshop, AGREX and Hanasaku Life co-created improvement measures based on actual issues of concern. The workshop enabled management at Hanasaku Life to formulate a concrete plan to cut annual costs more than ¥40 million by reducing the amount of time spent by employees on administrative tasks by about 60%. In addition, the workshop provided an opportunity to get employees solidly behind management's plan to transform business processing.

Details ► [https://www.agrex.co.jp/case/process-transformation-challenge\\_01.html](https://www.agrex.co.jp/case/process-transformation-challenge_01.html) (in Japanese only)



## Financial IT Business

We will strive to deepen relationships with clients and expand our client base by attracting wider market attention with new value.



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

The Financial IT Business provides one-stop support across entire system lifecycles based on knowledge specific to the finance industry. This segment strengthens partnerships with clients in the finance industry, focusing on core clients, and helps them find solutions to management issues.

Under the previous medium-term management plan, our focus was on developing business through stronger relationships with core clients. We were particularly keen to ensure smooth execution of large-scale development projects for core clients in the credit card industry as well as public-sector financial institutions. Through such efforts, we achieved targets a year ahead of schedule and continued to post favorable results in fiscal 2024 as well.

However, work on large-scale projects, which had driven growth, peaked, and going forward, business results will come under pressure as revenues from large-scale projects are now on a downtrend. Our true value will be put to the test, and I know that a major challenge for this segment will be to chart a new path for growth. During the current medium-term management plan, we aim to achieve rapid recovery in business performance by deepening our relationships with existing clients and attracting wider market attention by providing new value derived from system modernization activities.

### Business environment

- Fintech market is bustling thanks to greater interest in cashless payment and online banking as well as an increase in online investment.
- Seeing accelerated pace of entry by non-financial companies into finance industry and greater collaboration among participants as embedded finance gains momentum.
- Banks and securities firms keen to streamline staffing and cut branch operating costs through digital technology but face challenges in automating administrative tasks and making the DX shift without eroding contact with clients.
- Migration from host legacy systems to open, cloud-based systems in full-swing as companies seek to cut costs and improve serviceability.

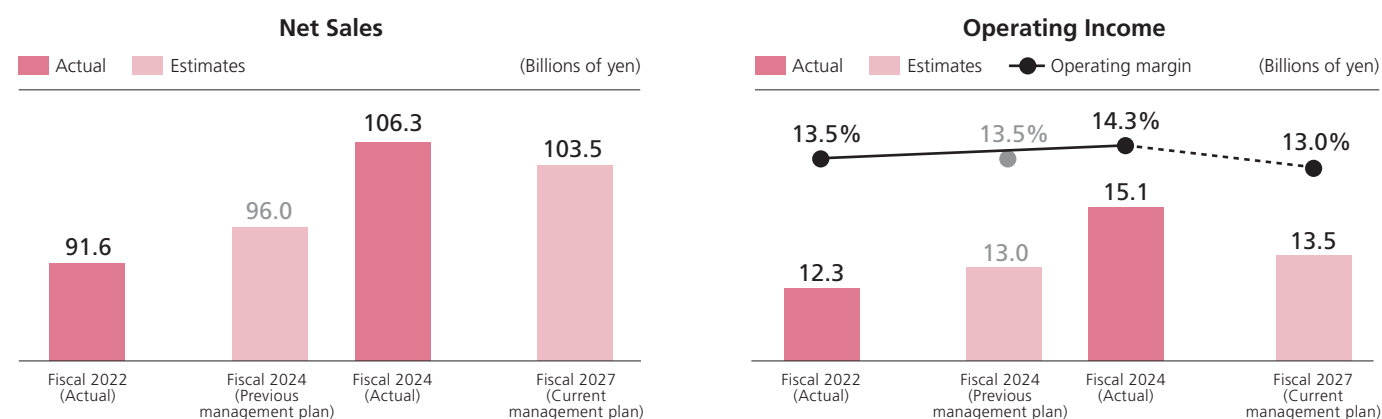
### Strengths

- Overwhelming share in developing credit card-oriented core systems and providing services related to branded debit cards.
- High-level technologies and know-how accumulated through core system development and operation for large credit card companies.
- Strong relationships of trust built with core clients through high-quality system support.

### Issues in focus

- Must review growth trajectory since work on large-scale projects peaked and income now trending downward.
- Need to reinforce co-creation opportunities with existing clients.
- Must diversify client base by applying Group strengths and know-how to services for wider demand market.

### Changes in Net Sales and Operating Income



## Growth strategies designed to expand business even further

### Basic direction

- Contribute to development of society and help address social issues, especially financial inclusion.
- Establish solid business foundation to get back on growth track after number of active large-scale projects peaked.

#### Existing client sectors

- Return to growth after number of active large-scale projects peaked.
- Maintain segment strengths of quality and reliability in financial IT services offered while maintaining steady progress on large-scale projects still ongoing.
- Deepen and transform relationships with clients through co-creation approach to new business opportunities.

#### Grow service-driven businesses

- Accelerate cross-selling within and beyond the segment, and focus on expansion of all service-driven businesses.
- Continue active investments in Financial IT Business to create services.

#### Cultivate new domains and attract new clients

- Initiate full-scale launch of system modernization business for clients in finance sector.
- Make proposals to existing clients, and create synergy across entire segment.
- Stay ahead of new technologies to help clients launch new businesses and improve operating efficiency.

### Key points of medium-term management plan, and goals to achieve

- Deepen relationships and expand business prospects through dialogue and co-creation with existing clients.
- Use system modernization service to attract new core clients.
- Expand client base by applying accumulated high-quality system support capabilities in other industries.
- Build know-how in system modernization techniques and reinforce structure to better promote services.

### Topics

#### Expand client base through system modernization service

Under the medium-term management plan, Xenlon-Shinryu Modernization Service, developed in-house, is integral to our goal of attracting new core clients.

This service has already been adopted by many companies in the industrial sector and has acquired a track record for legacy modernization that is among the best in Japan across different industries. During the medium-term management plan, we will execute a full-scale launch of modernization services for financial institutions to expand our client base.

#### What is the Xenlon-Shinryu Modernization Service?

The conversion rate for Xenlon-driven migration from legacy languages, such as COBOL and PL/1, to Java, is far and away higher than for any other service, demonstrating an enviable level of safety and reliability in modernizing large-scale legacy systems in a short timeframe. The Xenlon-Shinryu Modernization Service solves the following challenges faced in modernizing systems.

- Challenge 1** Delivery: Migration period too long → Migration period reduced to half
- Challenge 2** Cost: Massive development expense → Development costs reduced to half
- Challenge 3** Quality: System quality not guaranteed → 100% quality guarantee



Details ▶ [https://www.tis.jp/service\\_solution/xenlon/](https://www.tis.jp/service_solution/xenlon/) (in Japanese only)

Columns by system migration experts are posted here ▶ <https://www.tis.jp/special/modernization/> (in Japanese only)

## Industrial IT Business

We aim to strengthen our relationship as a business partner to clients while pursuing co-creation business opportunities and providing new value to our clients and to society as a whole.



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

The Industrial IT Business provides support to a wide range of clients in different private sectors as well as the public sector over the entire system lifecycle, from planning and consultations to system configuration, operation and suggestions for full utilization. We have a proven track record in various fields, including energy, manufacturing, services, distribution, retail, engineering and social infrastructure, and boast strengths in system modernization and enterprise resource planning (ERP) implementation.

Under the previous medium-term management plan, we hit our performance targets a year ahead of schedule by maximizing our relationships with clients, improving the value we provide through DX, and promoting ERP and other large-scale projects. In fiscal 2024, the final year of the plan, we maintained favorable results through a proactive approach to clients' IT investment needs and ERP demand. We prioritized efforts to reinforce relationships of trust with clients and enhance profitability and were rewarded with the highest operating margin of any TIS segment. Going forward, we will continue to develop new strengths and create new businesses in addition to improving quality and productivity so that we grow along with our clients.

The new medium-term management plan will guide us in building stronger relationships with clients as a business partner, as we pursue opportunities to co-create businesses drawing on the combined capabilities of the TIS INTEC Group and provide new value to our clients and to society as a whole.

### Business environment

- DX demand continues, with interest from clients in a wide range of industries.
- System upgrade demand continues, especially requests for system modernization and ERP.
- Energy-related business opportunities taking shape as world moves toward realization of decarbonized society.
- Companies increasing investment to digitize administrative work and customer contact points to offset challenges posed by shrinking workforce.

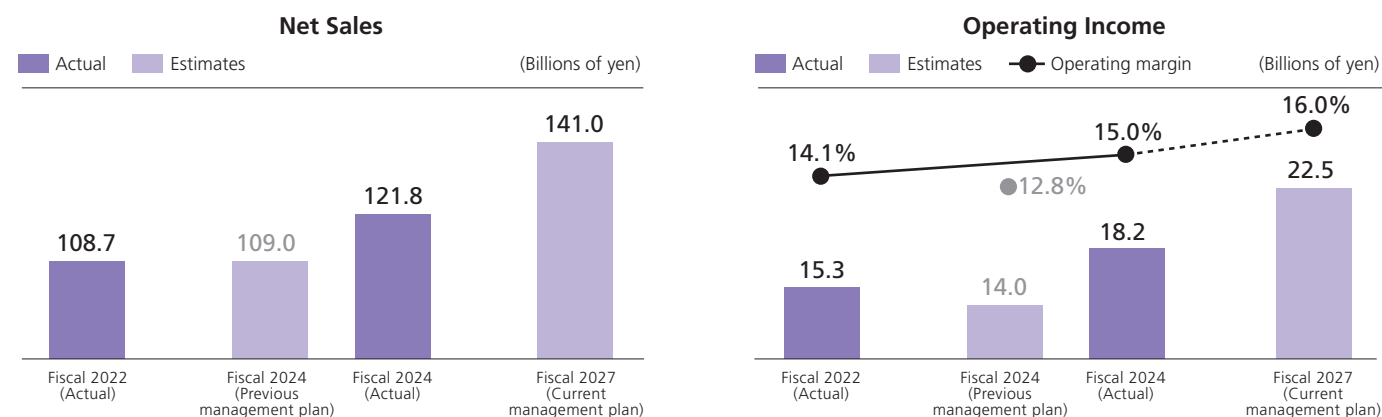
### Strengths

- Industry and administrative insights and IT utilization know-how accumulated through services for wide range of clients.
- System integration, modernization services and core ERP configuration capabilities.
- Relationships of trust with clients built through high-quality system responses.

### Issues in focus

- Aim to strengthen sales and business promotion efforts (reinforce marketing activities, segment collaboration and client partnerships)
- Seek to enhance business structure (improve value in IP and DX services provided, promote and develop SPB, and sharpen market development capabilities)
- Work to boost quality and productivity (constantly raise software development productivity, quality, and external leverage)

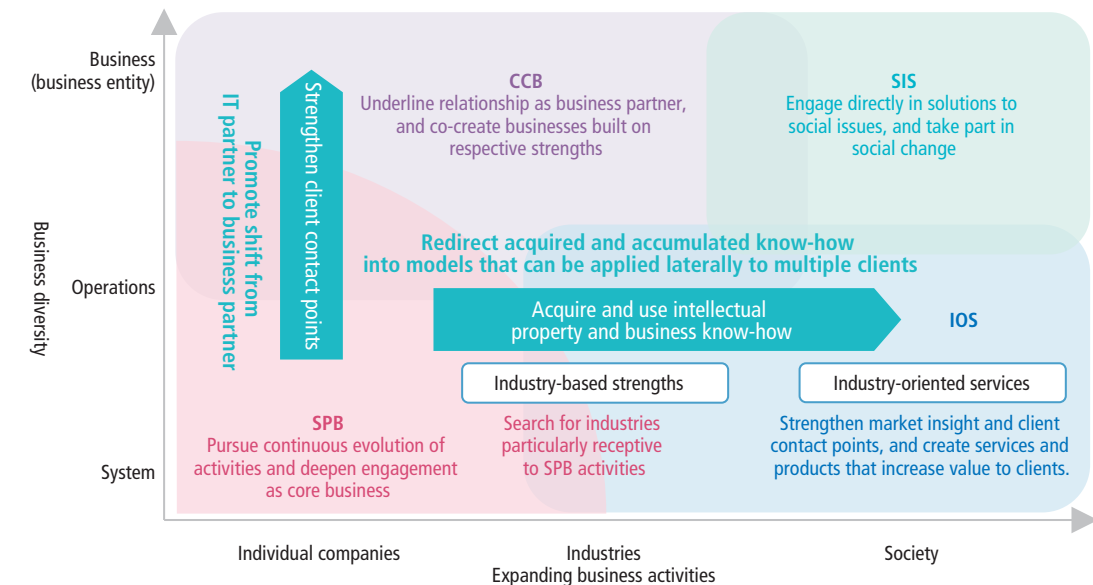
### Changes in Net Sales and Operating Income



## Growth strategies designed to expand business even further

### Basic direction

- Support clients' growth and build more extensive client portfolio (promote continuous and progressive development of SPB).
- Leverage acquisition and use of intellectual property and business know-how, and create and develop industry-based strengths and industry-oriented services.
- Reinforce client contact points to create and develop new co-creation businesses, based on strategic partnerships



### Key points of medium-term management plan, and goals to achieve

- Leverage strength of extensive client base to reinforce industry-specific approach, and promote further development of client base and services with focus on manufacturing, energy and social infrastructure-related industries.
- Actively develop strengths, especially in regard to system modernization, BPO (pertaining to IT), ERP, consultation and client business support, and secure growth trajectory by eliciting new demand from existing clients and attracting attention of new clients.
- Strengthen collaboration with development partners and strive for improvements in quality and productivity to underpin stable business evolution.
- Ensure continuous development and retention of human resources, and establish structure that includes rotation across segments.

### Topics

#### TIS and Asahi Kasei established Akliteia® digital anti-counterfeiting platform

TIS worked with Asahi Kasei Corporation to establish Akliteia®, a digital anti-counterfeiting platform to address the issue of false labeling of products. This digital solution draws on Asahi Kasei's proprietary technology and TIS' blockchain technology to ensure authenticity and validate product origin.



#### Start of practical verification of energy management system for coordinated control of electric vehicles and commercial air conditioning

Practical verification began on an energy management system that utilizes renewable energy to charge and discharge control systems for electric vehicles and control demand systems for commercial air conditioning. Note: Verification conducted by four companies — Nissan Motor Co., Ltd., Daikin Industries, Ltd., TIS, and Matsumoto Precision Co., Ltd. — under participating general incorporated association AICT Consortium.





## Regional IT Solutions

We will help solve social issues and create new value, underpinned by a balanced operating base and wider IT support directly linked to clients' business strategies.



**Shuzo Hikida**  
INTEC Inc.  
President

Regional IT Solutions provides IT-specific professional services through highly skilled IT engineers who typically work on-site at client premises. We leverage the know-how cultivated through on-site activities to roll out unique IT solutions nationwide in five key areas: government administration, healthcare, finance, industry and infrastructure.

Under the previous medium-term management plan, segment sales and income grew, thanks to a strong push to support small and medium-sized enterprises as they expanded DX-driven IT investment, and we achieved performance targets. However, unprofitable projects had a considerable impact on income in fiscal 2024, leading to a year-on-year decrease. An urgent issue for this segment, if we are to prevent projects from turning unprofitable in the future, is to strengthen quality management.

Under the new medium-term management plan, we will take advantage of the trend among local governments to standardize systems, which is expected to gain momentum going forward, and we will reinforce our operating base with balanced development of services appropriate to all government levels, from urban to rural. We also aim to create new value to address management issues of concern to our clients as well as issues that affect society through qualitative evolution of business activities. This will be achieved by incorporating the latest technologies into services and by combining IT-specific professional services with solutions.

### Business environment

- Demand for IT is strong in various sectors, notably, government administration, healthcare and manufacturing, driven by government-led DX and smart city initiatives.
- Local governments across Japan are genuinely keen to transition to standard-compliant systems by the end of fiscal 2026.
- Generally favorable business results across finance industry, encouraging major companies, including banks, insurers and securities firms, to invest more in IT.
- Need for regional collaboration and data integration in healthcare sector increasing as population ages to ensure patient safety.

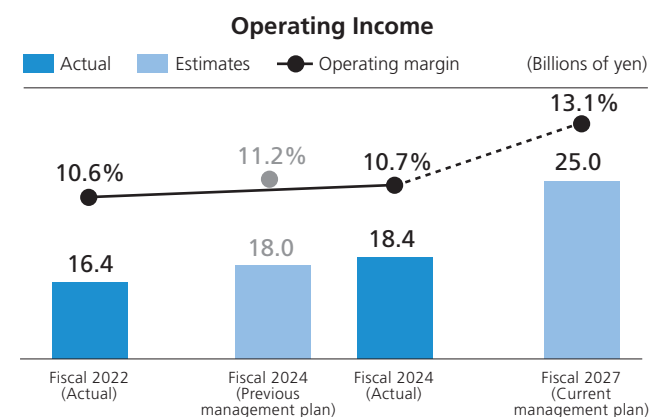
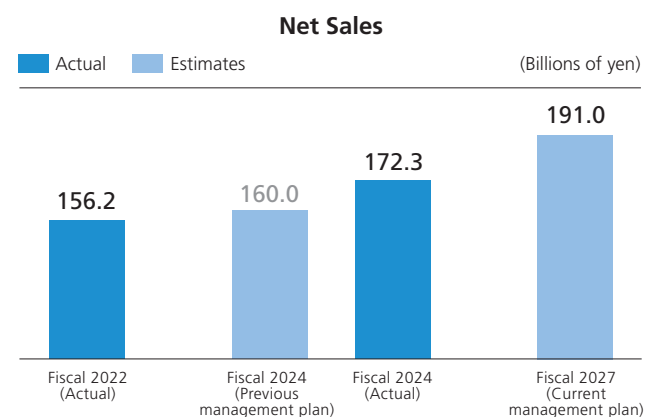
### Strengths

- Extensive industry representation in client base, including local governments, financial institutions, manufacturers, service providers and aerospace companies from across Japan.
- Business insights cultivated through fusion of network integration and system integration, synergy with unique services, and extensive menu of IT-specific professional services applicable to wide range of industries and business formats
- Proven track record in implementing solutions for regional banks and local governments, including comprehensive information solutions for financial institutions and system implementation and operation for Federation of National Health Insurance Associations.

### Issues in focus

- Seek to transition to more profitable and productive business structure.
- Must create new businesses on social issue resolution theme through co-creation with clients.
- Working to boost quality management
- Aim to improve productivity and cut costs through robust use of latest technologies.

### Changes in Net Sales and Operating Income



## Growth strategies designed to expand business even further

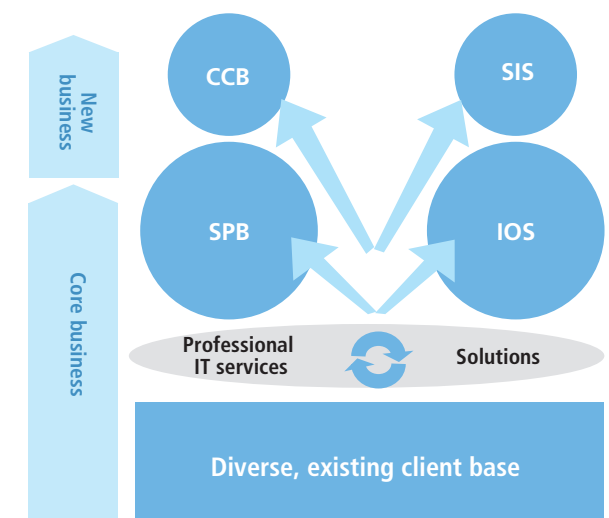
### Basic direction under new medium-term management plan

The growth strategy laid out by TIS is two-fold: 1) to leverage a client base extending across a wide regional and industry range in five key areas — government administration, healthcare, finance, industry and infrastructure — while expanding core businesses through a geographically wide rollout of solutions fine-tuned to each business area, and 2) to increase the ratio of sales from strategic domains to consolidated net sales by creating new businesses hinging on social issue resolution.

### Business areas where segment can demonstrate strengths

Wide-area promotion	Provide balanced regional IT solutions in big cities and rural areas
Administration DX	Promote wider use of digital technology at municipal level in line with national government's push toward standard-compliant systems
Medical DX	Promote wider use of digital technology in healthcare settings in line with national government's policy on medical DX
Financial DX	Promote DX through co-creation of business and IT strategies with client megabanks, regional banks, life and non-life insurers, and securities firms
Industry DX	Provide solutions that help industries broadly and companies specifically address management issues
Infrastructure DX	Provide platforms for building social systems

### Business Vision / Business Image



### Key points of medium-term management plan, and goals to achieve

- More steadily implement measures to prevent projects from turning unprofitable and establish strong business foundation based on quality management. Strive to raise profile as a trusted top brand known for quality by reviewing and building better quality control processes, offering programs that enable employees to hone sharper skills, establishing system for proactively incorporating feedback from clients, and encouraging everyone to work as a cohesive team to promote quality-improvement initiatives.
- Shift to a more profitable and more productive business structure by leveraging integration of professional IT services and solutions, and increasing sales from SPB activities, which involve key large clients as strategic partners, and IOS activities, which focus on original solutions, as percentage of overall net sales. Aim for value creation through co-creation with cross-industry clients in each region.

### Topics

#### Contribute to realization of carbon-neutral society through next-generation power management

Hokuriku Electric Power Company and INTEC, both of which have business bases rooted in the Hokuriku region, embarked on joint activities to contribute to development of the regional economy by complementing reciprocal strengths of the energy business and digital technology, respectively, to realize energy resource aggregation.

The joint effort will culminate in a new demand response service for next-generation power management that uses INTEC's smartphone app UCHITAS to link distributed energy sources (DER), such as EcoCute heat pump water heaters and storage batteries, to home appliances, such as air conditioners and lights. The service will optimize household power consumption and boost power system efficiency through remote and integrated control.

Efforts also include work on cybersecurity measures needed for this service, utilizing the results of research conducted jointly since 2020 with the Regional ICT Platform Laboratory at Keio University Research Institute at SFC.

Details ▶ [https://www.intec.co.jp/news/2024/0611\\_1.html](https://www.intec.co.jp/news/2024/0611_1.html) (in Japanese only)