

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.

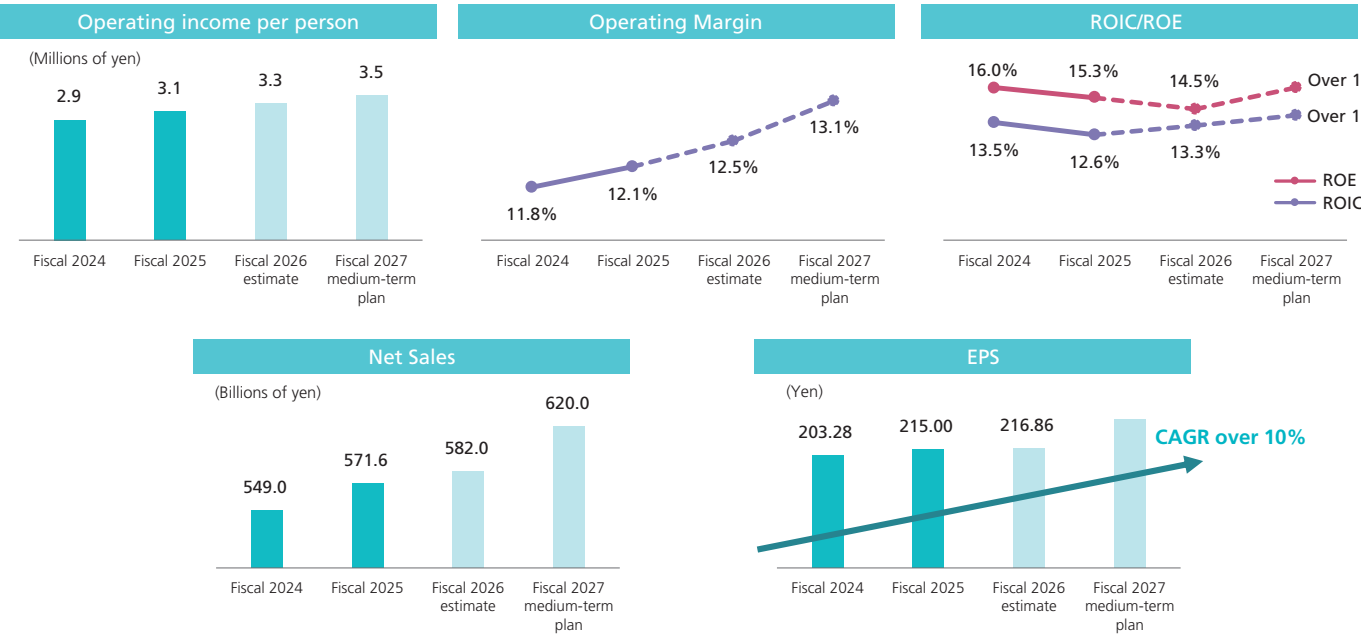
Basic policy

Frontiers 2026

We will set **frontier development** as a fundamental strategy and strive for **sustainable growth paralleling higher added value**. We will strive to achieve **changes in society and for corporate clients** by **enhancing quality across all value chains**, starting with **forward-looking market development** and **business domain expansion**.

Key Performance Indicators

Overall, results are generally on track with estimates. Efforts are also underway to improve indicators that address issues.



Measures in Medium-Term Management Plan (2024–2026): Fiscal 2025 Overview

Market Strategies

● Business expansion, driven by accurate responses to clients' demand for IT investment, including digital transformation, and promotion of service provision, contributed to overall results for each segment.

● Steadily capturing demand for social issues such as legacy system modernization, completion of SAP ERP standard support and standardization, of local government information systems

● In global business, pursue capital and business alliances and expand business scale, especially in ASEAN countries

Service Strategies

● On the industry axis, roll out Xenlon Xenlon Modernization services

● On the functional axis, we will develop credit (light version) in the payment domain, but order expansion will continue

● Progress in development of ERP+ complementary services, but IOS expansion effect is limited

Technology Strategies

● Utilization of generative AI for indirect operations became routine, but application to system development process is in verification phase

● GitHub Copilot, Publish knowledge gained through its use in offshore and large-scale development projects. Improve presence

● Full-fledged efforts to create higher added value for businesses are expected to progress

Intellectual Property Strategies

● Consolidate knowledge and problem-solving know-how in providing solutions as intellectual property to create a foundation for creating new value provision. Further strengthen decision-making support through use of generative AI

● Formulate education programs to more effectively use information and platform, and promote development of advanced sales personnel to drive high value-added proposals

Human Resources Strategies

● Develop human capital scenarios, and promote internal and external dialogues and priority measures to support 8% year-on-year increase in operating income per person

● Thanks in part to our efforts to date, we received the Special Award for Examiners in Nikkei Smart Work Grand Prize 2025

● Further strengthen training for next-generation leaders in addition to cultivating advanced human resources

Toward Medium-Term Management Plan (2024–2026) Targets

Business environment

● Uncertainty about economic outlook and heightened concerns about restraint on IT investment

● Active reorganization in IT industry

● Evolution of technology shaking the core of business

● Increasingly competitive recruitment environment amid worsening personnel shortages

Awareness of issues

● Increase added value and shift to high-growth areas

● Strengthen client base by expanding solutions and delivery system

● Review allocation of management resources with global perspective after widespread application of generative AI

● Accelerate human capital management and improve employee engagement

Key themes

Accelerate market development based on industry axis and functional axis

Industry axis

Achieve renewed growth in financial IT by further acquiring new clients through Xenlon, and penetrate core domains in Industrial IT Strategies by Industry

Functional axis

Accelerate the development of payment services in response to rising IT investment in payment domains, and expand income from offering services by optimizing portfolios, including enterprise and IT platform domains.

Operating Income Forecast

(Billions of yen)

	Operating income	Industry axis	Functional axis	Other
Fiscal 2024	64.5	30.5	33.3	0.7
Fiscal 2025	69.0	36.7	31.6	0.7
Fiscal 2026 estimate	73.0	39.5	33.0	0.5
Fiscal 2027 medium-term plan	81.0	44.7	36.0	0.3

Related segments

Industry axis: Financial IT Business, Industrial IT Business

Functional axis: Offering Service Business, Business Process Management, Regional IT Solutions

Strengthen initiatives to support growth

Reduce unprofitable projects

Early realization of within ¥1 billion per year

Early practical application of generative AI

Dramatic improvement in productivity

Aggressive investment in human capital

Achieving attractive compensation levels

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

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

Business direction

● Apply knowledge laterally, cultivate client base from industry perspective, deepen relationships with clients as core partner.

● Develop relationships with clients as strategic partners, including launch of co-creation businesses.

● Provide services with potential to become de facto standard for specific operations and functions in the future.

● Strengthen approach to address social and industry issues, shifting from emphasis on large-scale to include small- and medium-sized businesses as well.

Service strategies

Establish competitive services aimed at cultivating core business areas

✓ Differentiate ERP by enriching software system with original industry templates and optional modules
→ Mainly chemicals and assembly-based manufacturing sectors

✓ Modernization services will expand banking systems and address need for large-scale removal of legacy systems

Expand and promote pure services for specific operations and functions and social issue solutions

✓ Develop payment settlement solutions into pillar of business with strengths in finance and payment settlement to address social issues
→ Digitize transactions, including B2B

✓ 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

Shared

✓ Promote full value chain of services to address clients' wide-ranging transformation needs
→ Covering consulting, UX design, analytics, BPO expansion

✓ Hone sharper competitive edge in services by reinforcing feedback cycle for client comments

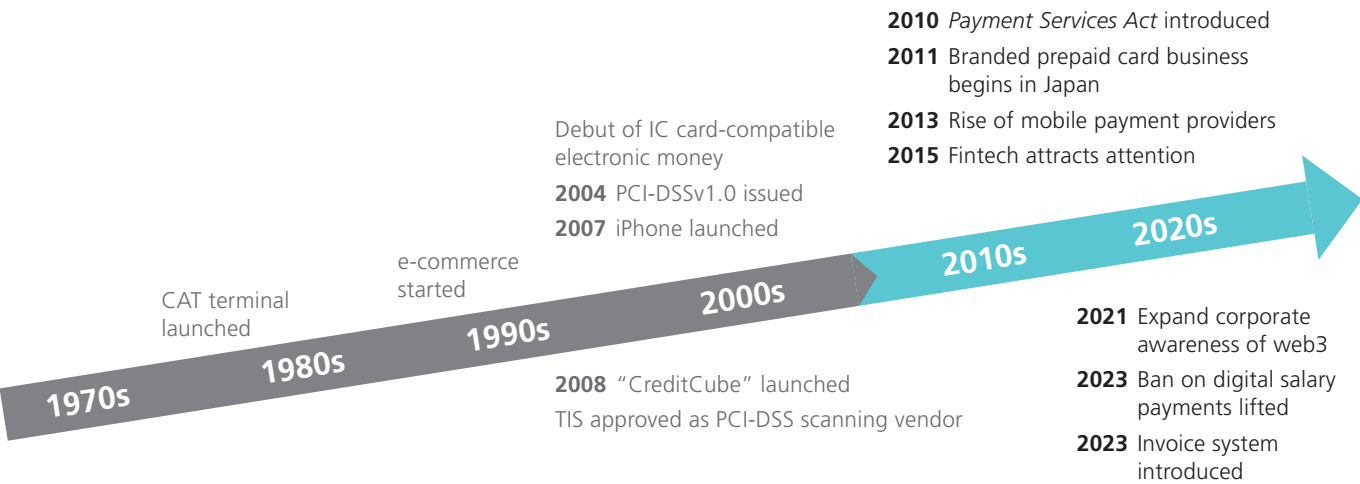
*For the past three medium-term management plans, please visit the following website.
<https://www.tis.com/ir/policy/midtermpolicy/>

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.

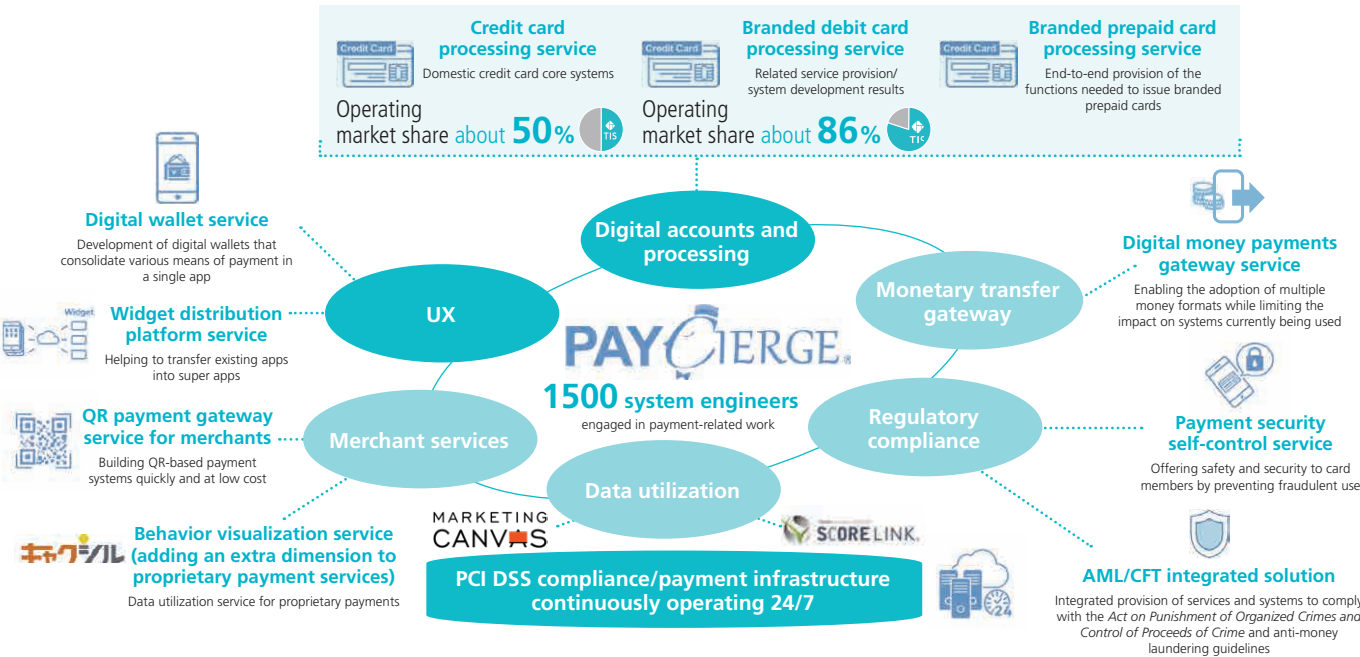
History of Payment Services Expansion

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. Today, through our total payment solutions brand PAYCIERGE, we have developed a service-based business leveraging advanced technology and extensive payment know-how which boasts a dominant market share of the credit card industry. Looking ahead, we aim to provide new value for society through payments and will accelerate further growth by broadening our service lineup in response to changes in the business environment.



What is PAYCIERGE?

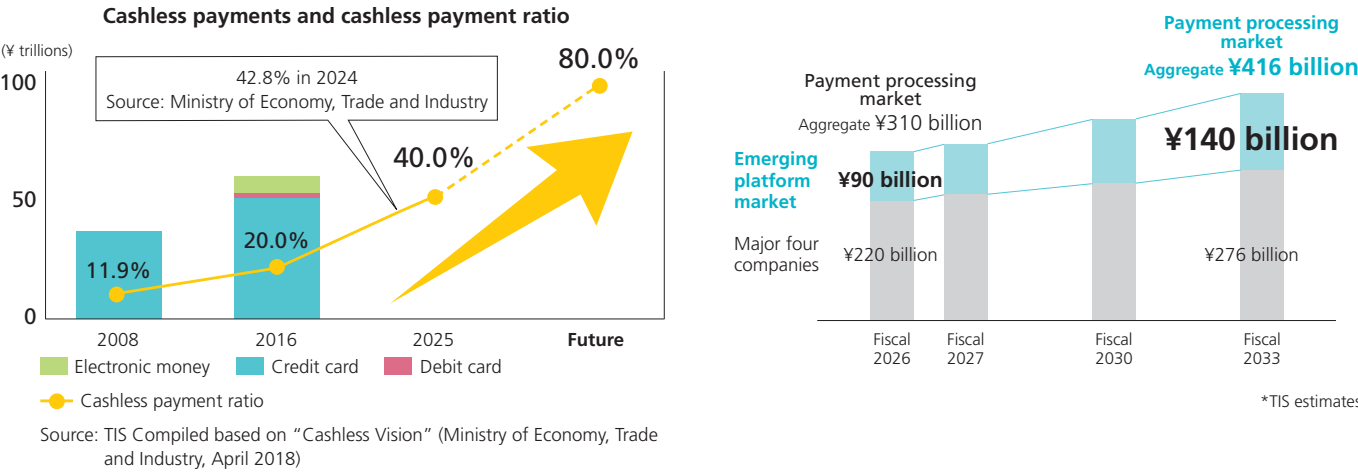
With PAYCIERGE, we offer a broad lineup of various payment-related solutions, focusing on digital accounts and processing. These solutions are being continually expanded and enhanced with functions that reflect the ever-changing payments market, enabling us to flexibly adapt to increasingly diverse needs. These efforts are underpinned by an extensive track record and have continued to support Japan's payments infrastructure 24/7 over many years.



Status of Cashless Payments in Japan and Market Size

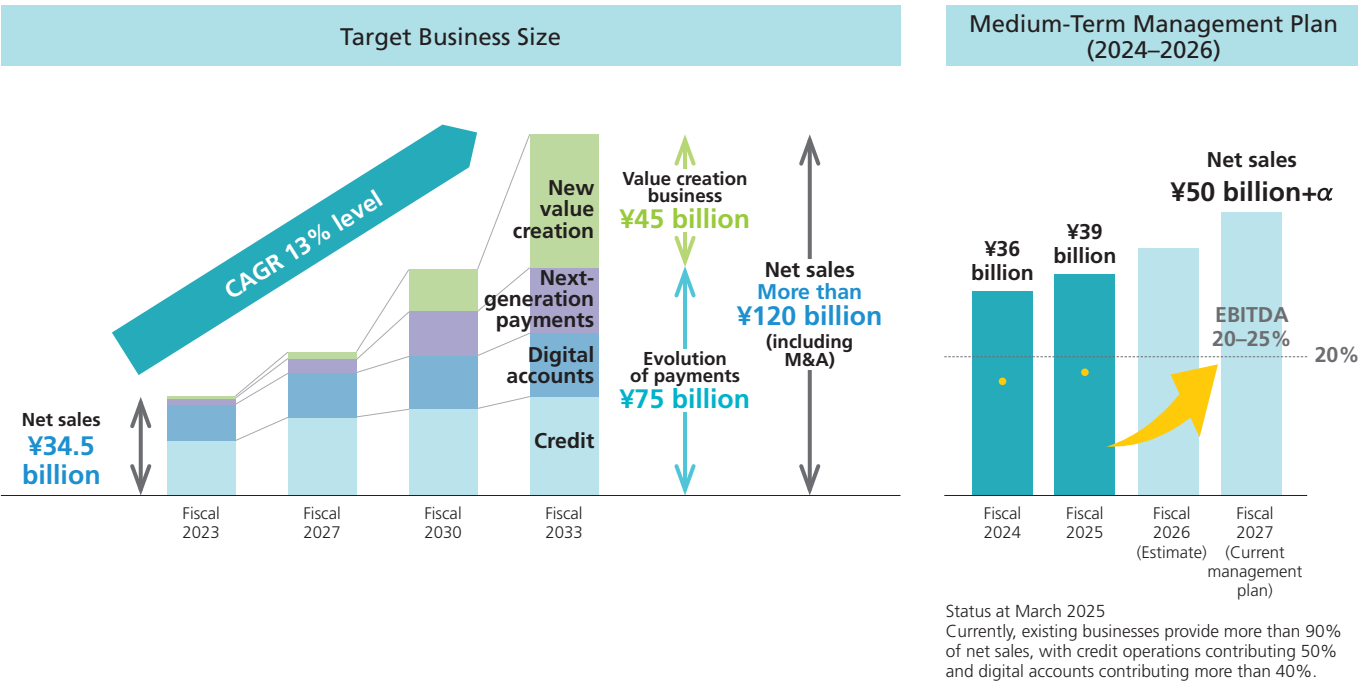
In Japan, the government has been promoting the shift to cashless payments, and cashless transactions are expected to further expand in the future. Among these forms of payment, credit cards continue to play a role as the primary means of payment, and in recent years, usage opportunities have also increased through integration with code-based payment services using QR codes and barcodes.

Against the backdrop of this market expansion, the Group expects the processing market to expand to a value of ¥416 billion by the fiscal year ending March 31, 2033, by further expansion into other transaction areas including B2B and B2E in addition to a higher ratio of cashless B2C transactions.



Target Business Size and Profitability

Under Medium-Term Management Plan (2024–2026), we are committed to further strengthening our existing assets to meet increasingly diverse payment needs while actively investing in new value creation, and we view business development along both these fronts as key to achieving our target sales of ¥120 billion by the fiscal year ending March 31, 2033. To this end, we aim to improve the profitability of our existing businesses while considering business development along themes that will facilitate new value creation.

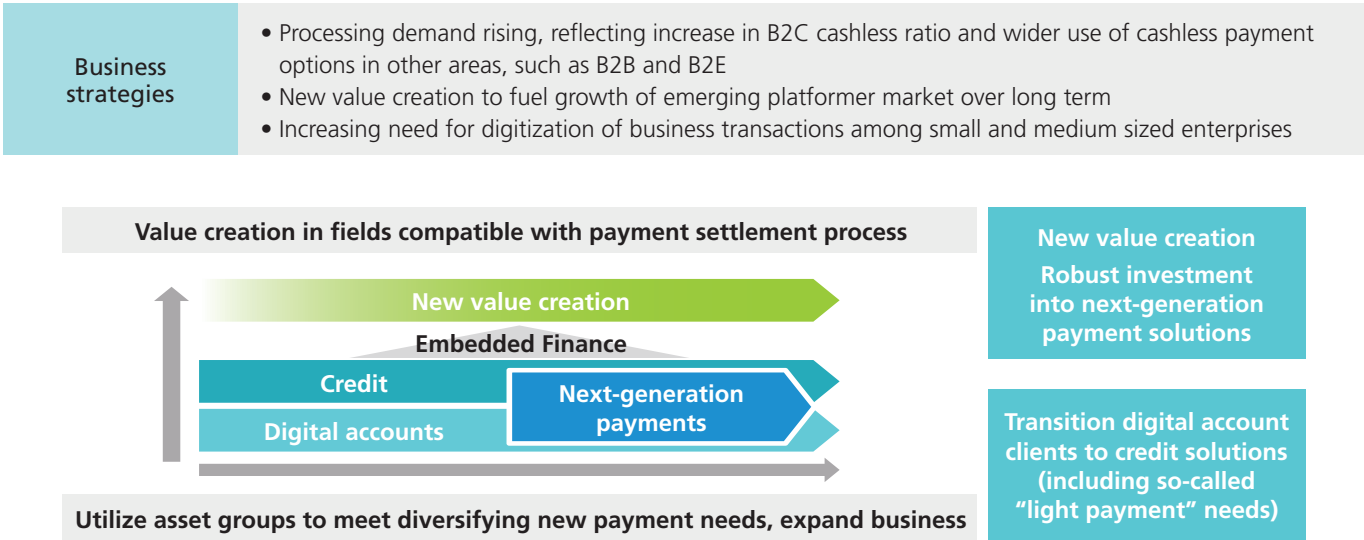


In December 2023, we held a briefing on the theme of "Payment Services" to provide a detailed explanation of our focus areas, strategies, and the like. Please follow the link below to see presentation materials from that day.

https://www.tis.com/documents/en/ir/finance/meeting/231207_1.pdf

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

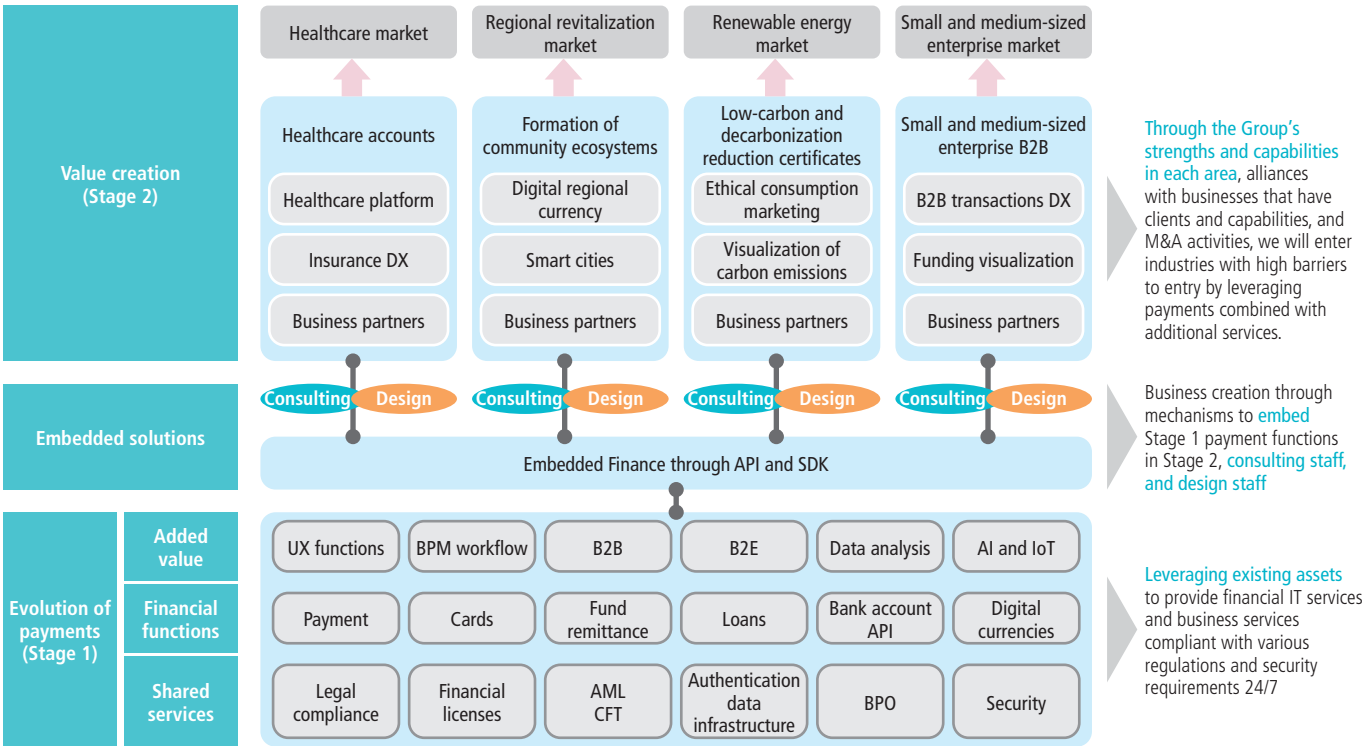
Amid expectations of continued growth in the cashless market, we are expanding our scale of business with a broader lineup of services, including digital wallets and embedded finance, to complement credit card processing service, which launched in fiscal 2023. To address increasingly diverse payment needs, we will strive to enhance profitability through rapid and efficient business expansion driven by utilizing our existing assets.



■ Strategy for Implementing the Plan

As the next step after Stage 1 of payment development, we are increasing the value of our financial services by strengthening the core assets used for payment processing. At the same time, we are preparing for future changes in the payment infrastructure—such as the adoption of digital currencies and bank account APIs—by expanding these assets.

Building on the foundation created in Stage 1, in Stage 2 we are developing embedded business solutions that integrate these assets. To grow this business, we plan to leverage partnerships and mergers & acquisitions (M&A) rather than relying solely on in-house development and traditional client relationships.



■ New Initiatives Amid the Growing Shift to Cashless Transactions

Next-generation payments: Advancing stablecoin initiatives

- Sumitomo Mitsui Financial Group, Inc., TIS, Ava Labs, Inc. and Fireblocks Pte. Ltd. have reached an agreement to officially launch a joint study into utilization with a view to the commercialization of stablecoin in the future.
- In addition to demonstration testing, the joint study will aim to develop a clear picture of use cases anticipating ongoing utilization in business.

Small and medium enterprise market: B2B transaction DX

- Starting in June 2025, TIS, Nihon ICS Co., Ltd., and The Hiroshima Bank, Ltd., began offering DX Connect Gate, a platform that digitizes the process from invoice receipt to payment by bank transfer.
- Providing DX Connect Gate, which seamlessly handles everything from invoice capture to settlement, will help streamline the operations of small and medium-sized enterprises where the digitization of accounting tasks are underserved, contributing to improved cash flow and enhanced decision-making.

Helping with cashless payment experiences for the Commons Tech KOBE project

- We took part in the Commons Tech KOBE project being advanced by Kobe City, supporting cashless experiences at GLION ARENA KOBE while providing new experiences to visitors by utilizing data gained through the KYAKUSHIRU client activity visualization service.



With rapid changes to society and technology amid the accelerating shift to cashless transactions, we will strive to create new value that encourages social transformation by driving the enhancement and evolution of payment services.

Isao Otokita
TIS Managing Executive Officer, Division Director, Digital Innovation SBU

Q1. Looking back at the initiatives pursued over the past year, how would you rate the Company's performance in the area of credit cards, which is one of our strengths in the payment business?

Over the past year, we have worked on rolling out services in line with the changing market. Those include the launch of a lite-version credit card processing service designed for the smartphone generation in collaboration with Nudge Inc., the co-creation of a B2B payment platform for small and medium-sized enterprises in response to Japan's invoice system going into effect, and the start of support for the introduction of stablecoin-based payments.

Our assessment is that these initiatives have allowed our services in the area of credit cards to demonstrate technological innovation and market adaptability, leading to the steady expansion of service transaction volume.

At the same time, based on the recognition that improved profitability is essential for continuous growth, we have worked to strengthen service portfolio management by concentrating investments in growth areas and speeding up decisions on business withdrawals.

Q2. How is your progress towards achieving the target sales of over ¥50 billion in the fiscal year ending March 31, 2027? What will be the drivers behind meeting this target?

We continue to view the trend toward cashless transactions as a growth opportunity, and through the enhancement of PAYCIERGE services, we are making progress in responding to increasingly diverse payment needs while creating new value. However, we are aware that a further acceleration of growth is needed to achieve the target.

The drivers of that growth will be active approaches to new markets including Gen Z, regional companies and SMEs, as well as the provisions of seamless and low-cost services due to the shift from individual SI to cloud and SaaS. Strengthening services aimed at next-generation payment infrastructure leveraging blockchain, AI and data analysis are also key forward-looking initiatives.

In addition, we aim to establish rock-solid foundations for growth and meet our targets by creating new services and achieving speedy market entry through co-creation with major companies and startups.

Q3. With the fintech industry rapidly evolving, will there be any changes to the demand environment and the competitive advantage of the services provided by TIS?

The Company boasts a domestic market share of around 50% in credit card core system development, and 80% or more in the debit card space. Backed up by our robust expertise in system operation, advanced security measures, dependable legal and regulatory compliance and other strengths, we have built trust over the years as a supporter of mission-critical payment infrastructure. These advantages will continue to be a source of competitiveness for the Company as it expands its business in the future.

However, the demand environment surrounding payments is changing significantly, with the rapid advance of the shift to cashless transactions, the lifting of the ban on digital salary payments, and other developments. Users want more accessible and diverse payment options, while companies are looking for accounting DX solutions and action on new technologies. Working in this environment, we see these changes as perfect opportunities, and we are ready to smoothly and swiftly respond in order to maintain and strengthen our competitive advantage by providing cloud-based services and pursuing co-creation with clients.

Going forward, we will continue to anticipate changes in the fintech industry, building a framework that supports flexible and sustainable growth by creating new markets and reliably catering to diverse needs.

Basic Strategies of the Medium-Term Management Plan |

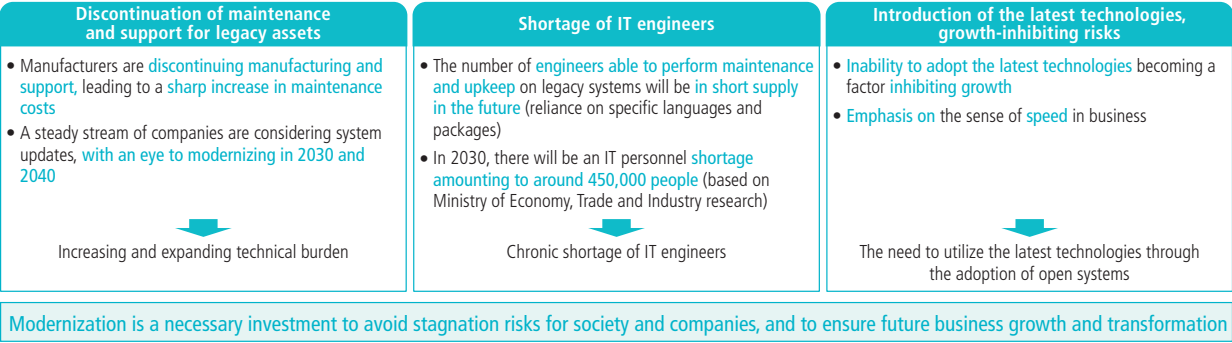
Market Strategy: Modernization

Through modernization utilizing the Xenlon Migrator proprietary development tool, the Company supports the medium- to long-term growth of clients to expand its Strategic Partner Business (SPB).

Market Trends

Legacy assets such as mainframes that have been supporting corporate activities for many years are now becoming factors that hinder the transformation of society and businesses, and those risks are expected to grow in the years ahead. Against this backdrop, the modernization of existing systems has become an increasingly urgent challenge, with interest and demand expanding also in the market.

Trends and challenges in the modernization market

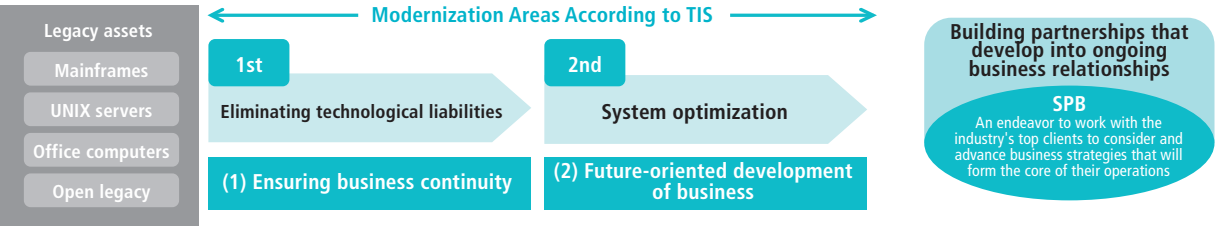


Definition of Modernization at TIS

The Company views modernization not as simply updating aging systems, but as an ongoing effort to continually optimize client IT systems for future business growth and transformation in the medium- to long-term. This is precisely the strategic partnership business (SPB) the Company advocates as a strategic domain. We regard modernization as a gateway project to develop into a true strategic partner for our clients.

Modernization is also one of the priority businesses identified in Medium-Term Management Plan (2024–2026).

The Role of Modernization at TIS

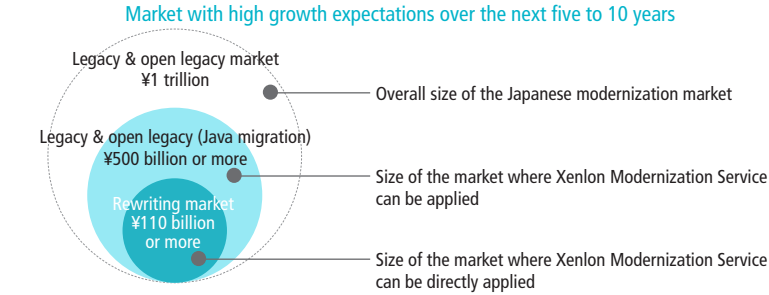


Target Business Size

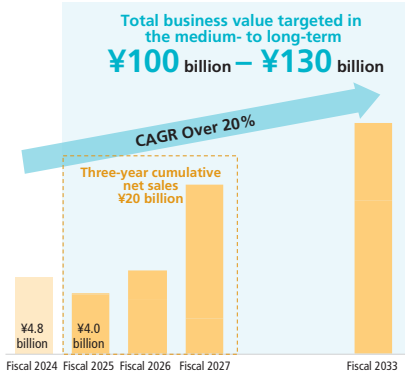
The overall modernization market is believed to be worth around ¥1 trillion, and a high growth rate is expected over the next five to 10 years. We have entered the rewriting market by leveraging our proprietary Xenlon Migrator rewriting tool as a strength. Over the three years of our medium-term management plan, we aim to achieve a cumulative business size of ¥20 billion, and in the medium- to long-term we anticipate annual growth of over 20%, in line with the growth of the market.

Business size targeted over the medium- to long-term

Size of the modernization market in 2024



* Prepared based on Deloitte Tohmatsu MIC Research Institute, Inc. (published in August 2024) Legacy & Open Legacy Migration Trends 2024 (mic-r.co.jp) and the Company's proprietary research data



TIS' Characteristics and Advantages in Modernization

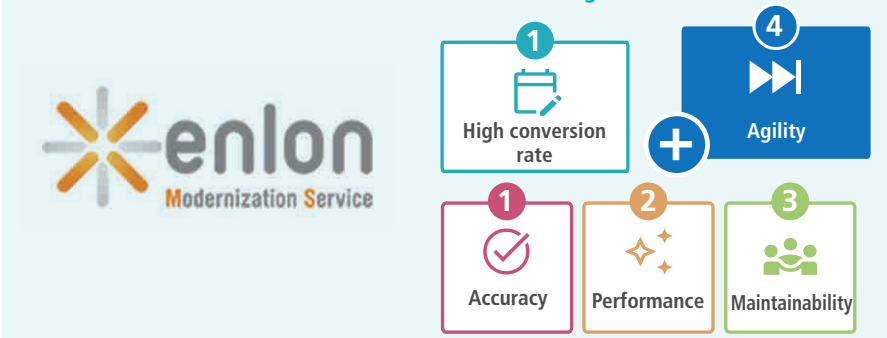
A key factor of TIS in the field of modernization is Xenlon Migrator, a migration tool the Company has developed in-house. As this is a proprietary tool, the tool itself will continually improve and grow, enabling quality enhancements and an expanded scope of coverage. In addition to its exceptional conversion rate, the tool boasts high levels of accuracy (complete recreation of execution results), processing performance and maintainability, aiding project efficiency and reliable completion. We have also obtained a patent for performance measures and maintainability improvements, and this offers another differentiating factor between TIS and its competitors.

Additionally, we have experience implementing many large-scale projects, building the knowledge and systems to meet diverse client needs across all industries and sectors. As a result, we are able to provide additional development, maintenance and operating services to high-performance and highly-maintainable systems even after initial modernization, thus contributing to the medium- to long-term business growth of clients.

To further expand the business in the future, we will develop tools to enhance the feature set of Xenlon Modernization Service itself and further streamline the development process in each phase, ensuring the agility of our solutions. In addition, we have aimed for deeper collaboration with existing implementation clients, providing value that extends to business processes in addition to IT support, and have also been working to enhance related solutions, including the updating of front-end systems through BPMS tools.

Through ongoing up-front investments going forward, we will further reinforce our competitive advantage in the modernization market.

TIS' Advantages in Modernization



Past and Future Initiatives

Our proprietary Xenlon Migrator was developed around 10 years ago in response to a large-scale project involving an extremely high level of difficulty, and significantly contributed to the project's success. In the years since, we have built up a stellar track record of adoption across various industries and sectors from manufacturing and retail to social infrastructure and financial institutions. Some of the projects began with modernization and developed into SPBs, making it a key initiative that has supported the Company's growth strategy.

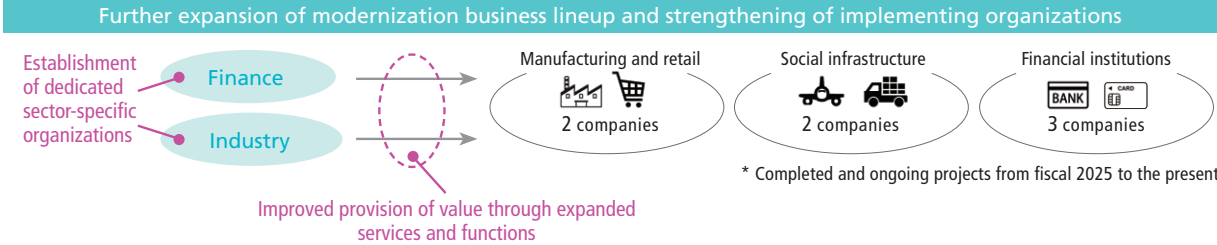
Starting in the fiscal year ended March 31, 2025, we set up dedicated organizations to drive modernization in both the financial and industrial sectors in an effort to further strengthen our ability to implement these initiatives companywide. We will continue to support the business transformation of clients by driving modernization, leading to the sustainable growth of TIS.

Results of past initiatives

Phase 1 of business growth (fiscal 2015 to fiscal 2024)



Phase 2 of business growth (fiscal 2025 and beyond)



In December 2024, we held a briefing on the theme of "Modernization" to provide a detailed explanation of our focus areas, strategies, and the like.

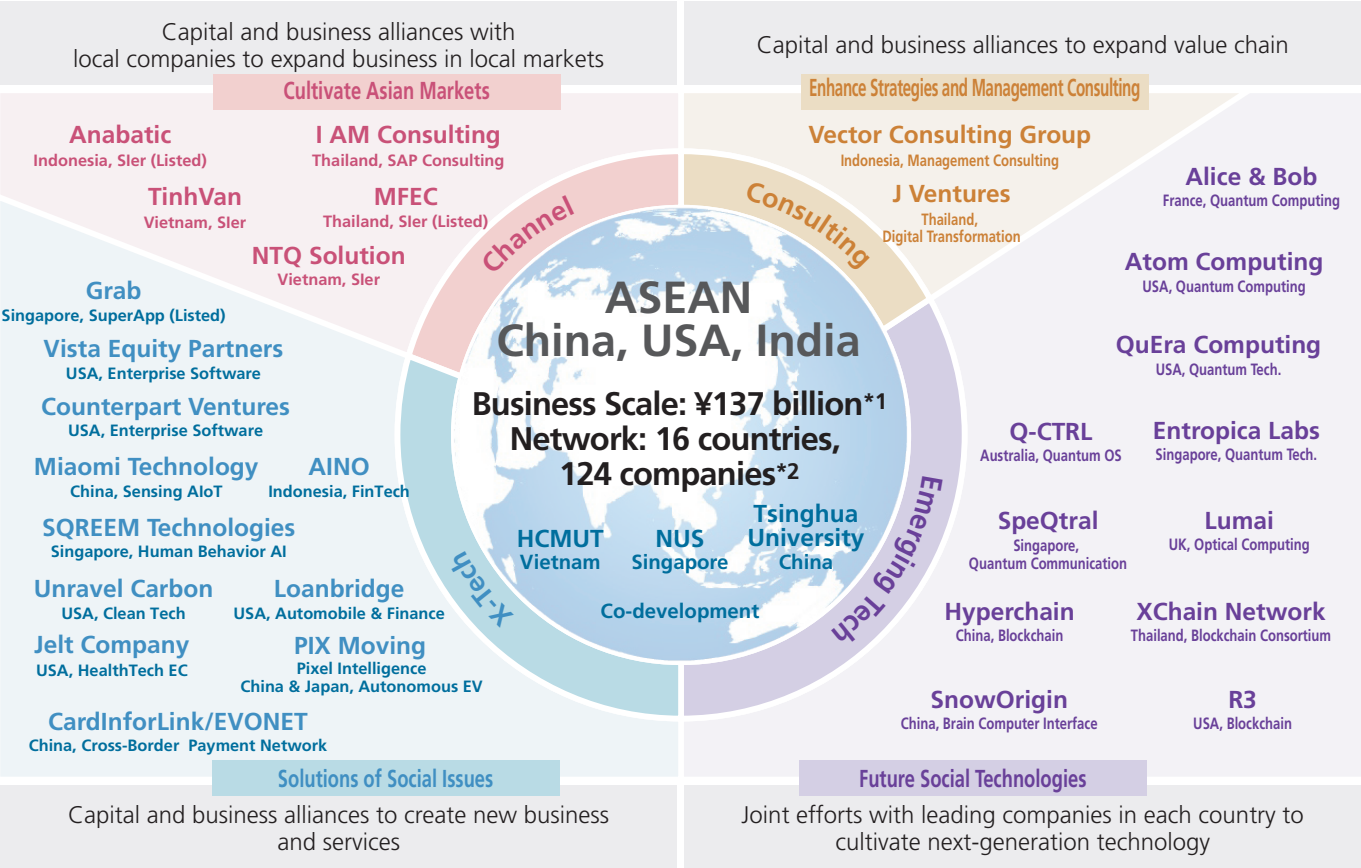
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Key Strategy of the Medium-Term Management Plan | Global Business Strategies

Identifying Asia, with its enormous market potential, as a long-term target, the TIS INTEC Group aims to expand its business in the ASEAN region by developing global partnerships and driving investment strategies, with the aim of generating consolidated sales of ¥100 billion in FY2026.

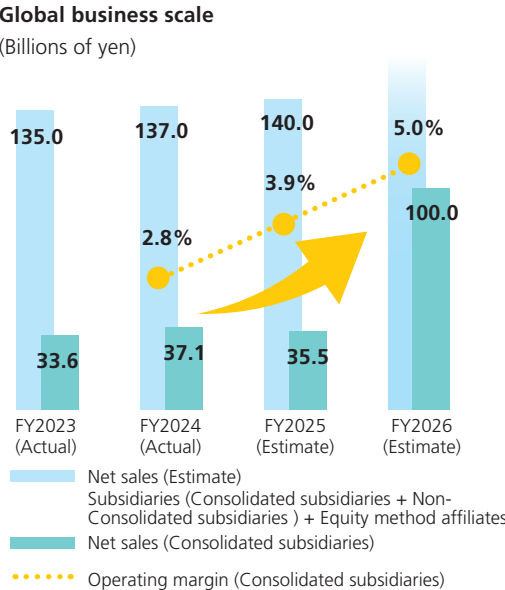
The TIS INTEC Group is pursuing alliances with leading global companies along four axes: Channel for expanding local markets, X-Tech for creating new businesses and services, Emerging Tech for pioneering next-generation technologies, and Consulting for expanding the value chain from upstream. We will develop our businesses with a sense of urgency by promoting the development of businesses with high added value through a fusion of consulting and IT, and by enhancing our technology investment functions.



*1 Total FY2024 sales (estimates) of TIS overseas subsidiaries (consolidated and non-consolidated) and equity method affiliates are converted at FY2024-end rate
*2 As of June 30, 2025

Priority Measures

- Raising channel value: Drive the selection and concentration of businesses and shift to consulting and high-value-added services
- Enriching the value chain: Develop cross-border services and businesses utilizing the operating foundations of NTQ
- Diversifying investment targets: Promote global sourcing from bases in North America and Singapore combined with the promotion of local investments in each country
- Attracting and developing business creation talent: Secure young entrepreneurial talent through partnerships with Asia's top universities



TOPICS | Capital and business alliance with NTQ Solution Joint Stock Company, a leading IT service provider based in Vietnam

Vietnam-based NTQ Solution Joint Stock Company (NTQ) is an IT company that has achieved rapid growth since its founding through its high-level technological capabilities and ability to propose advanced solutions in the European and Asian markets. In December 2024, the Company entered into a capital and business alliance with NTQ, making NTQ an equity-method affiliate.

Company name	NTQ Solution Joint Stock Company
Establishment	2011
Head office	Vietnam (Hanoi)
Capital	138,380,000,000 Vietnamese dong
Representative	Pham Thai Son
Business activities	IT consulting, system development services, provision of in-house solutions, etc.
Locations	Vietnam (Hanoi), Japan (Tokyo, Osaka), South Korea, Hong Kong, United States, Netherlands, Germany
Number of employees	1,300 (as of January 2025)

- Through the alliance with NTQ, in addition to creating new businesses in both Vietnam and Japan, we will work to develop joint businesses in overseas markets and strengthen IT support for the global sites of our clients.
- In addition to the joint development of advanced IT services based on software-driven solutions, we are working to create new value through collaboration and investment with startup companies.



TOPICS | I AM Consulting wins awards at SEA SAP Partner Success Summit 2025*

I AM Consulting, which provides SAP consulting services in Thailand, won the following two awards.
* SEA SAP Partner Success Summit 2025 is an annual award presentation and networking event held by SAP for local partners in Southeast Asia (SEA). In July 2025, it was held in Phuket, Thailand.

- Best Partner of the Year (Indochina)**
I AM Consulting was selected as the Best Partner of the Year in the Indochina region, which includes Thailand, Cambodia and Laos. The company was highly rated for building trusting relationships with clients, along with its implementation track record and sustainable growth initiatives.
- Best BTP Partner Southeast Asia**
The company was also recognized as a partner achieving especially strong results in the Business Technology Platform (BTP) domain that represents SAP's cloud infrastructure, where I AM Consulting's advanced initiatives demonstrated technical expertise, the ability to propose solutions, and the creation of client value.
- I AM Consulting contributes to the growth of Southeast Asia focused on Thailand, supporting evolution of client's business through SAP solutions.



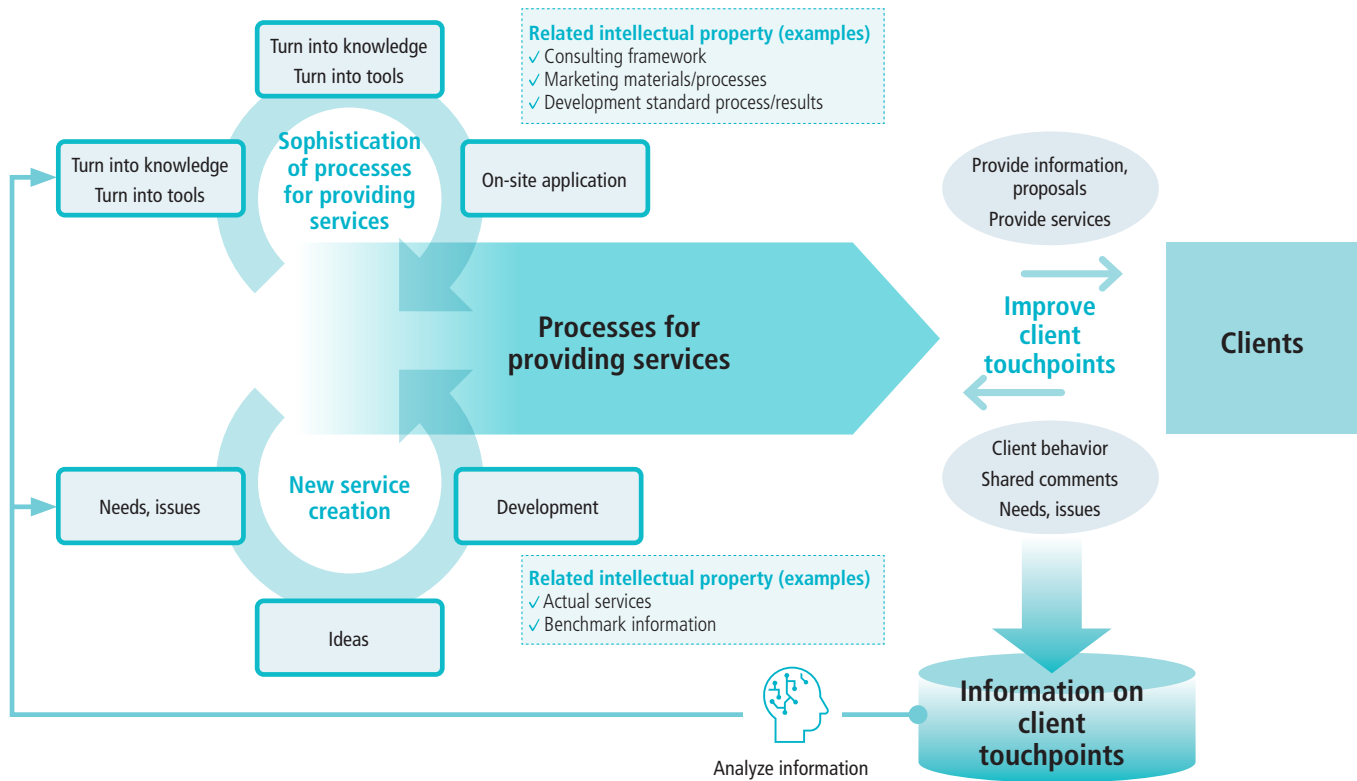
As well as creating synergies with partners in various countries, primarily in the ASEAN region, we will boost competitiveness through cutting-edge technologies and enhanced consulting functions, aiming to become one of the leading IT corporate alliances in ASEAN.

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

- Q1. Looking back over the past year, how would you rate the state of initiatives in the global business?**
Since 2014 we have been pursuing a strategy of alliances and M&A with local companies. That strategy continued to evolve this year, greatly contributing to the revitalization of our global business.
More specifically, as part of our Channel strategy, we entered into an alliance with the major Vietnam-based IT service provider NTQ Solution, following on from similar developments in Thailand and Indonesia. We have been working to create new business opportunities in both the Japanese and Vietnamese markets.
In addition, under our Emerging Technology strategy, our quantum technology partners have increased to six companies after establishing alliances with the Australia-based quantum technology-focused Q-Ctrl and France-based Alice & Bob. This marks ongoing progress establishing systems that cover the entire quantum technology stack.
We have also pursued alliances with US-based health tech companies, and I see it as a year in which efforts to shift from an Asia-centric approach to global network expansion went into full gear.
- Q2. What is the outlook for the global business environment, and what medium- to long-term strategies have you laid out to achieve sustained growth in that climate?**
With the evolution of AI, a series of groundbreaking innovations are being made over the short term by small teams, making the business environment increasingly complex. IT companies are working to restructure and generate added value from their human resources, and TIS is also adapting to this trend.
One of our core strategies has been to boost competitiveness by acquiring cutting-edge technologies and services, and we have driven the acquisition of new added value in a number of ways, such as strengthening our US subsidiary structure, forming alliances with global partners, and collaborating with National University of Singapore, one of Asia's top-tier universities.
We want to transition into a business that transcends conventional system development. To that end, we will flexibly adapt to change in rebuilding our portfolio, achieving sustainable growth while enhancing global competitiveness.

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

We leverage client touchpoints internally to drive the creation of new services and enhance the sophistication of service delivery processes. By using these processes, we aim to provide high-value services that deliver strong customer satisfaction, improving client communication and creating a virtuous cycle. This cycle generates valuable insights from client interactions, which can then be transformed into future intellectual property assets.



Efforts to develop more sophisticated client proposals driven by intellectual property and digital technologies

To help solve client challenges and achieve business growth, the Company is strategically enhancing its ability to create and utilize intellectual property (IP). By driving the digitalization of client touchpoints and swiftly analyzing the information obtained through dialogue and transaction history, we combine the problem-solving expertise and track record we have cultivated in-house, putting in place a system to deliver proposals in a more accurate and timely fashion. This leads to the provision of high-quality services catering to client needs, leading to greater satisfaction.

We also make use of generative AI to quickly and accurately identify the necessary information from our vast knowledge, and support decision making. Further, to enhance our proposal capabilities at the organizational level by fully utilizing these mechanisms, we also run training programs on management methods to deftly ascertain client needs and formulate valuable proposals.

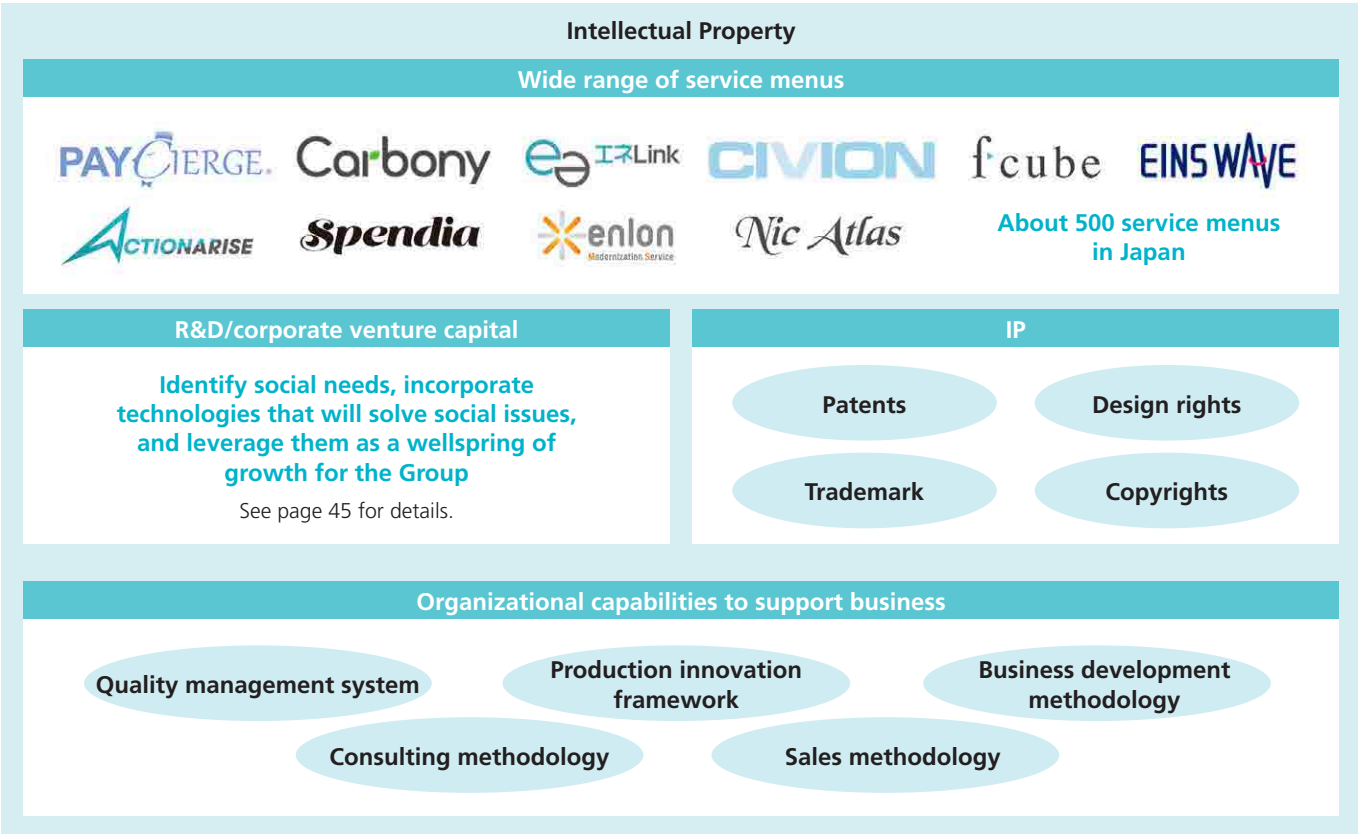
Going forward, we will further drive the utilization of digital technologies, including integration with human resource information and the automated creation function for the first draft proposal, aiming for improved business efficiency and provision of services with high added value while also leading to collaboration within the Group and synergy creation.

Through these efforts, the Company aims to become a beneficial and highly reliable partner for our clients.



Aiming to Enhance Corporate Value by 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.



IP utilization and co-creation with overseas partners in transportation payments

TIS has jointly planned and developed the Acasia digital payment solution for public transportation in Indonesia together with PT.AINO Indonesia, an equity method affiliate. Rather than applying a high performance system based on Japanese specifications without localization, we planned and developed an architecture adapted to local social challenges and economic conditions from the ground up, transferring our quality control expertise to AINO in a phased manner to ensure the quality of the solution. We have also obtained patents for some of the planned features.

AINO is using the solution jointly developed with TIS to support JakLingko, the transportation payment infrastructure in place in Jakarta, Indonesia's capital. The solution has also been rolled out to 28 regional cities, becoming established as social infrastructure in Indonesia's mobility sector. In the future, we will utilize the expertise cultivated through these systems in efforts to improve the convenience of payments in the Japanese transportation sector.

These initiatives are part of TIS' goal to solve social issues at a global scale, and represent a partnership






designed to co-create value with overseas portfolio companies while leveraging the Company's IP to achieve mutual growth.

Going forward, we will continue efforts to create sustainable value in Japan and overseas through digital technologies, including the promotion of financial inclusion, low-carbon and decarbonization initiatives, and the revitalization of regional cities.



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

Based on a technology portfolio featuring key technologies identified from a global perspective by the TIS INTEC Group, we implement comprehensive initiatives to promote proactive research and accelerate the practical application of these technologies.

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 the 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
<ul style="list-style-type: none">✓ Knowledge distribution platform (components, rules, guidelines, etc.)✓ Mutual technical support platform✓ On-site deployment of highly skilled engineers	<ul style="list-style-type: none">✓ Enhance level-specific technical training✓ Implement job rotation for highly skilled engineers✓ Create and expand generative AI training curriculum	<ul style="list-style-type: none">✓ Process redevelopment through AI x automation Candidate areas/themes: <ul style="list-style-type: none">✓ Acquiring insight from client/market information✓ Internal audit DX✓ Legal tech✓ Training materials, test generation, etc.	<ul style="list-style-type: none">✓ AI utilization (for data-labeling, fraud detection, etc.)✓ Generative AI utilization (for system development processes, automated document production)	<ul style="list-style-type: none">✓ 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.

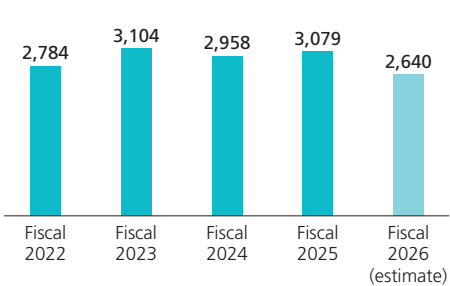
- (1) R&D focusing on fundamental technologies that will form the core of businesses in the future
- (2) New business creation that contribute to the realization of a sustainable society and contribute to solving social issues*
- (3) Medium to long-term business growth acquiring core technology of the future

*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 an 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 workspaces and IT resources through 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)



Number of CVC Investments (Accumulated) (From April 2016 to March 2025)

54 companies / 57 cases

Special Feature | Technology Strategy

Evolving together with generative AI

The emergence of generative AI is rapidly transforming the way society and businesses operate. The Group views this change not as a passing trend but as a fundamental structural shift. Building on decades of technological research and implementation experience, we are advancing initiatives aimed at corporate transformation and the resolution of social challenges. In this section, we present the Group's initiatives in leveraging generative AI, along with our outlook for the future.

History of our AI initiatives

Q. Can you tell us about TIS's journey in generative AI and how it developed into a company-wide initiative?

We recognized the potential of AI technology at an early stage in the Group, and since around 2015 we have been conducting R&D on such areas as machine learning and natural language processing. In 2017, we launched DialogPlay, an AI-powered chatbot creation service that has since supported companies and municipalities in streamlining inquiry and help-desk operations. Since the release of ChatGPT in March 2023, we have been evaluating a variety of AI services while carefully examining the characteristics of generative AI, particularly from the perspectives of safety, ethics, and accuracy of its outputs. In our business units as well, employees have independently begun experimenting with generative AI, and we are gradually hearing feedback from the field that it is improving operational efficiency.

Building on our years of technical expertise and in-house trials, since April 2025 we have been creating a framework for the full-scale adoption of generative AI in both business activities and internal operations. As a company-wide initiative, we are now accelerating the use of generative AI even further.

Business development: Supporting our clients' business transformation as a partner

Q. Can you share some examples of how you're using generative AI in business and the services you provide?

As business needs for generative AI grow rapidly, we have been receiving a wide range of inquiries from clients related to exploring how to apply generative AI, establishing rules for adoption, and consulting support to expand usage after implementation. Against this backdrop, we partnered with Group company Miotsukushi Analytics Inc., which specializes in data analytics and AI consulting, to launch a generative AI implementation support service for companies considering adoption. This service provides end-to-end support from planning and development to operation.

In recent years, there has been growing demand for enhanced efficiency in such areas as knowledge search. To address this, we introduced our Generative AI Platform in 2024. This platform is equipped with standard features that enable generative AI to be used in business operations quickly, safely, and easily. It is offered in both SaaS and custom-developed models, and is designed with security in mind, ensuring that input information does not leave the company. With the SaaS model, moreover, integration with the AI chatbot DialogPlay makes it possible to implement the system in as little as one day.

To date, we have provided this service to a wide range of clients, including enterprise companies, where it has been highly valued for its strong applicability to business operations and its reliability.

We are also integrating generative AI to enhance the functionality of our own services. In addition, we are helping our clients improve operational efficiency and enhance added value across a wide range of front- and back-office services, including sales and client support, business management, expense settlement, and human resources.

Future of system development: Challenge of improving productivity

Q. Could you tell us about the current use of generative AI in system development and your outlook for the future?

As a system integrator (Sier), using generative AI in system development, which accounts for roughly half of our revenue, is a critical theme in terms of both improving internal efficiency and strengthening competitiveness. Since many stages of the development process, such as design, coding, and testing, still rely heavily on human effort, we believe that leveraging generative AI can dramatically enhance overall development productivity. We have taken the lead by first implementing initiatives within core Group companies and in fiscal 2025 we utilized generative AI in approximately 33% of all our system development projects.

At present, we are working to improve efficiency, mainly in the manufacturing and testing phases, where generative AI can be more readily applied. For example, we are using it to automatically generate test specifications from design documents. We have also begun applying GitHub Copilot, a generative AI service specialized in coding, to large-scale offshore development for coding and testing, and the number of resulting productivity gains is steadily increasing.

Looking ahead, we envision a two-stage evolution with the goal of drastically raising system development productivity. In the initial stage, we will expand the scope of generative AI application to cover the entire system development process. Here, we will integrate functions that support all phases of development, from requirements definition through testing, into our internal development environment. In doing so, we will expand the use of generative AI in both development support and management support. This will allow us to establish an environment in which all of our development projects can benefit from generative AI.

In the second stage, we aim to leverage AI agents and fundamentally restructure the development process itself. An AI agent is an AI system that understands user intent and autonomously carries out tasks, such as gathering necessary information and executing actions. Given these capabilities, we anticipate a shift from the traditional model, where humans operate AI, to a new model in which AI autonomously executes tasks while humans oversee its activities. As the relationship evolves into one where humans and AI work together, it will become difficult to apply the traditional development framework, driven primarily by people, in its current form. This will require a significant redefinition of processes in both the development and quality assurance phases.



Shunsuke Masaki

TIS Deputy General Manager, Business Innovation Division

From internal adoption to high-value talent development

Q. Could you tell us about TIS' efforts to promote the internal adoption of generative AI and the results achieved so far?

To maximize the benefits of generative AI, all employees must understand its value and have an environment where they can naturally incorporate it into their daily work. In fiscal 2025, we launched our Generative AI Literacy Training Program, with participation by 83% of all employees. By helping employees understand the strengths and limitations of generative AI and learn through hands-on practice, we encourage its practical application in their daily work.

When it comes to everyday use, our in-house AI chat system has seen rapid growth over the past year and is now used by about 70% of employees each week. In addition, our internal community for sharing information and exchanging ideas on generative AI has become increasingly active, with about half of our employees taking part. Through this kind of self-directed learning and interaction, we expect generative AI to foster both individual work improvements and the creation of new ideas.

Anticipating major efficiency gains in development processes through the use of AI agents, we will also focus on fostering multi skilled talent going forward. In system development, we assemble teams with diverse skill sets and experiences required to deliver results in short timeframes. However, the time required for coordination and collaboration can sometimes hinder the rapid progress of projects. With AI support, individual employees will be able to handle multiple processes and roles, reducing communication costs and improving overall project productivity. We believe this will lead to greater value delivered to our clients.

Risk management for responsible AI utilization

Q. How do you view the risks associated with using generative AI, and how are you managing and controlling its deployment?

Generative AI also carries various risks, including "hallucinations" (outputs not based on facts) and information leaks. With this in mind, we clearly distinguish between the areas where generative AI should and should not be used, depending on application or project, to ensure its safe and effective utilization.

In our proprietary Xenlon Migrator, for instance, we deliberately avoid using generative AI for the process of converting (rewriting) legacy languages into modern ones. This is because generative AI carries an inherent risk of hallucinations leading to incorrect conversions that would require painstaking verification of the entire converted code. Xenlon has long achieved a 100% conversion rate through its proprietary logic, and in areas where certainty and accuracy are paramount, we have made the deliberate decision not to use generative AI.

Within modernization projects, however, we actively leverage generative AI in processes where its strengths can be maximized. These include creating documentation and generating test code for the maintenance and operation phase after system modernization, which helps improve productivity. We believe that correctly understanding the technical characteristics and adopting an approach that utilizes AI appropriately for the right tasks are essential for responsible AI deployment. Addressing security risks is also critical. Therefore, we use generative AI only after ensuring safety.

Deploying generative AI across the Group

Q. How are the different Group companies applying generative AI to business operations?

Each Group member, including core companies like TIS and INTEC, is introducing generative AI in ways tailored to its business characteristics.

For example, TIS System Service Inc., which is responsible for operational services, is developing an integrated operations platform incorporating AI and automation technologies. This platform enhances and streamlines operations through such functions as early detection of potential failures, automated execution of routine tasks, and visualization to support faster decision-making. In addition, the use of generative AI for knowledge sharing and application is progressing, and its adoption is steadily expanding in the workplace.

Also, TIS Business Service Inc., which provides shared services for groupwide operations, is using generative AI in help-desk support for core functions, such as sales, procurement, and accounting. This is helping to streamline routine tasks by speeding up responses to inquiries and optimizing FAQs.

In addition, we are focusing on creating synergies by sharing knowledge across the Group, disseminating case studies, and best practices.

In addition to simply improving operational efficiency, these initiatives drive various changes, such as reducing dependence on individual expertise, accelerating decision-making, and raising AI literacy. As a result, they enhance service quality and decision-making speed, ultimately contributing to greater value for clients and stronger business competitiveness.

Evolving with AI as Siers/consultants

Q. How do you view the use of AI agents and the future roles of Siers and consultants?

Masaki: The evolution of generative AI has been remarkable, with the trend rapidly shifting from retrieval-augmented generation (RAG) to AI agents capable of dialogue, decision-making, and execution. In addition to improving operational efficiency, this technological evolution is bringing transformation to corporate business models and even the very nature of organizational structures. Accordingly, we regard generative AI as an effective means of enabling innovation in our clients' businesses.

TIS has released its own generative AI platform equipped with AI agents and is promoting its adoption in the market. In line with this, we also established a framework to provide end-to-end support, from consulting to implementation and operation. Maximizing the value of generative AI requires a holistic approach tailored to each client's business characteristics and challenges. This includes implementation support and adoption, as well as long-term integration and the establishment of governance frameworks. Through practical consulting that goes beyond simple implementation, we aim to be a leading player in generative AI deployment.

Yutani: At our company, we position the full-scale use of generative AI, including AI agents, as a core element of our future technology strategy. We are currently engaged in a knowledge reconstruction project aimed at enabling AI to make full use of extensive expertise and know-how accumulated in the field. Human systems engineers will continue playing a vital role in building mission-critical systems that support social infrastructure. By also leveraging AI, we expect to achieve higher product quality and a fundamental streamlining of development processes. This will also enable us to address client needs with greater flexibility and speed. At the same time, we also need to address legal and contractual issues, such as copyright of AI-generated content and confidentiality. From the standpoint of governance and risk, we are therefore reviewing and revising our processes.

We view these transformations not merely as challenges but as opportunities to create new value. In addition to improving development efficiency through AI, the role and mission of the next generation of Siers and consultants is to drive innovation in user experience and create new value for both clients and society.



Miki Yutani

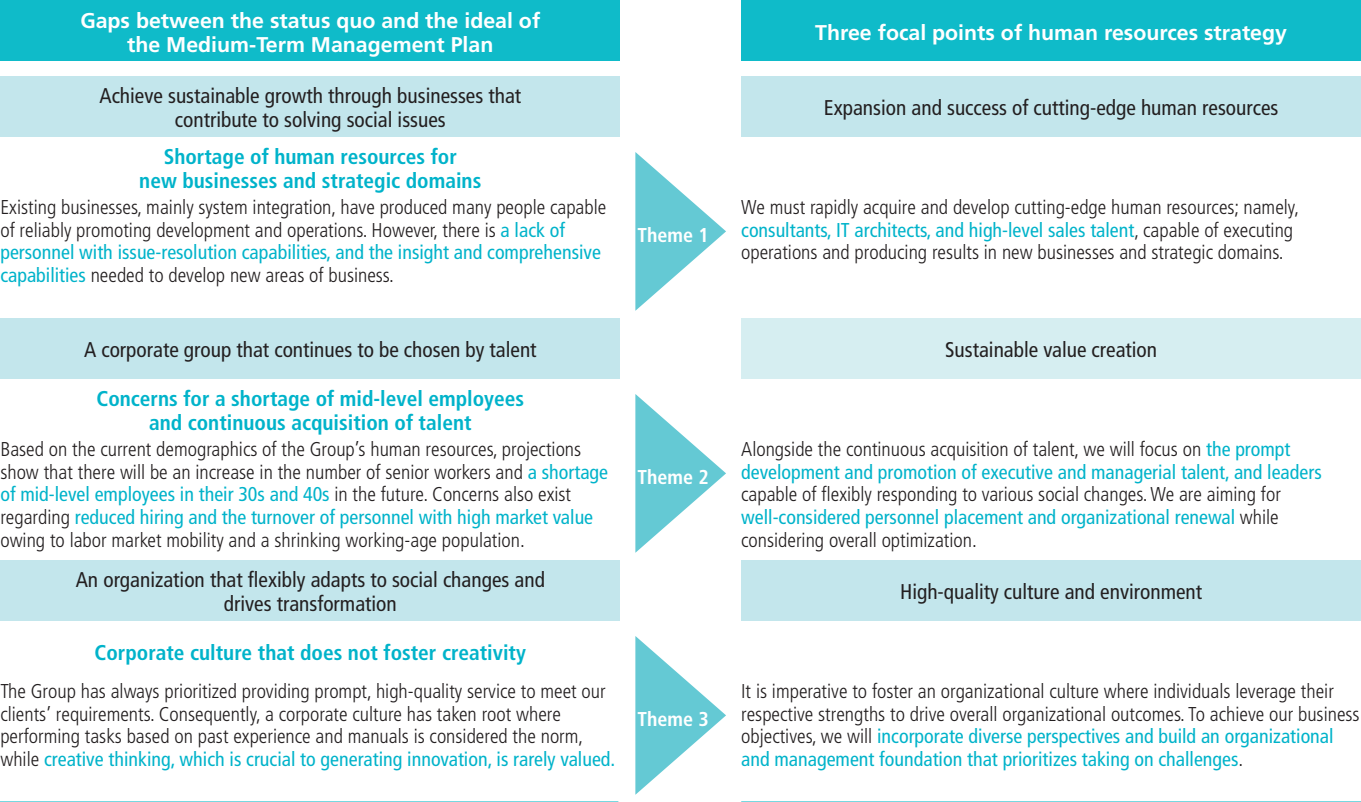
TIS Executive Fellow, Social Innovation Division and Technology & Innovation SBU

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

■ Issues to Be Solved to Realize the Group Vision

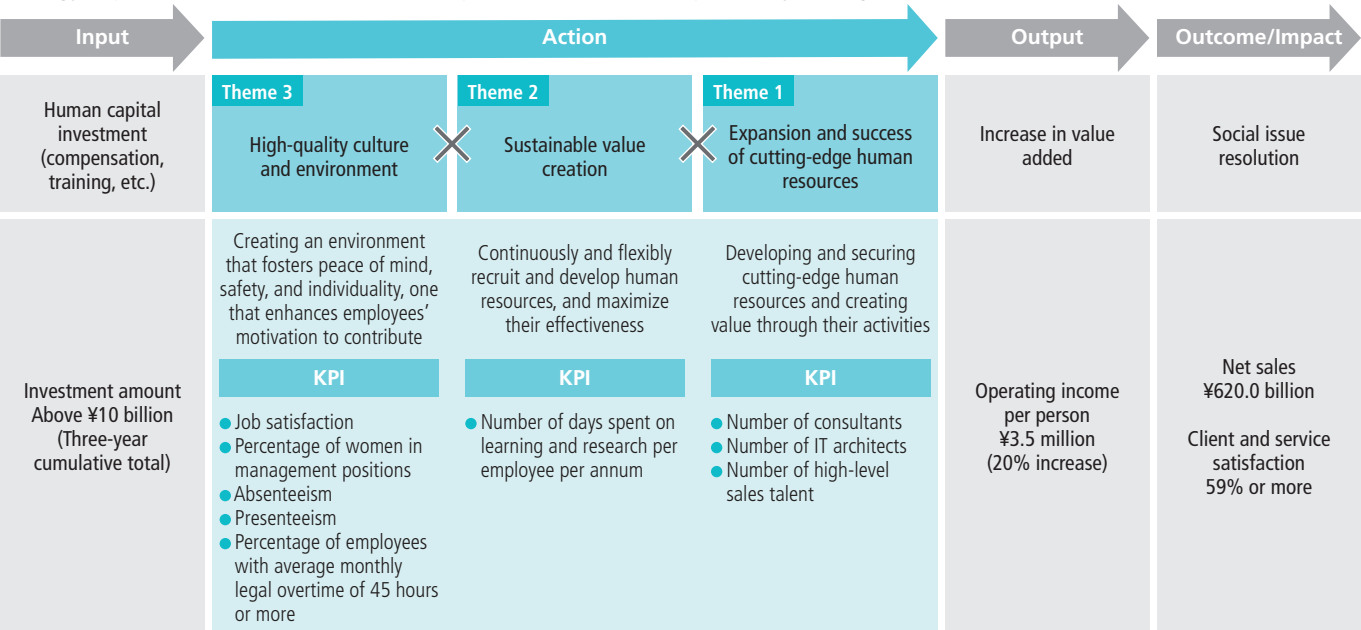
The TIS INTEC Group’s existing businesses, centered on system integration, are performing well, with many talented individuals driving them forward. Meanwhile, our long-term management policy, Group Vision 2032, sets a goal of becoming a progressive, global IT group combining social responsibility with the spirit of innovation. It’s crucial that we become a corporate group that continuously reinvents itself, incorporates social change, and resolves issues—transforming the people and organizations that support this—rather than merely extending our current business lines.

As the first step to realize the Group Vision 2032, Medium-Term Management Plan (2024–2026) identifies three focal points relating to human resources.



■ TIS INTEC Group Human Capital Scenario

To evolve our human capital strategy in tandem with our business strategy, we have defined our investment plans, key initiatives, and expected outcomes as a **Human Capital Scenario**. We enumerate the key performance indicators (KPIs) that serve to evaluate strategy implementation, and the results (outputs and outcomes) expected by management, and monitor their effectiveness.



The Human Capital Scenario will be reviewed based on actual performance and feedback from stakeholders. We have also begun monitoring indicators linked to Theme 2 measures, including hiring and turnover, as well as appointment and reassignment.

■ Investment in Human Resources and Management Outcomes (Return)

Through the implementation of the Human Capital Scenario, we aim to create personnel and organizations that continuously generate high added value by proactively investing in talent. This will contribute to enhancing profitability, as well as expanding the strategic domains outlined in our Group Vision.

Expected return on investment ① Productivity improvement in individual businesses

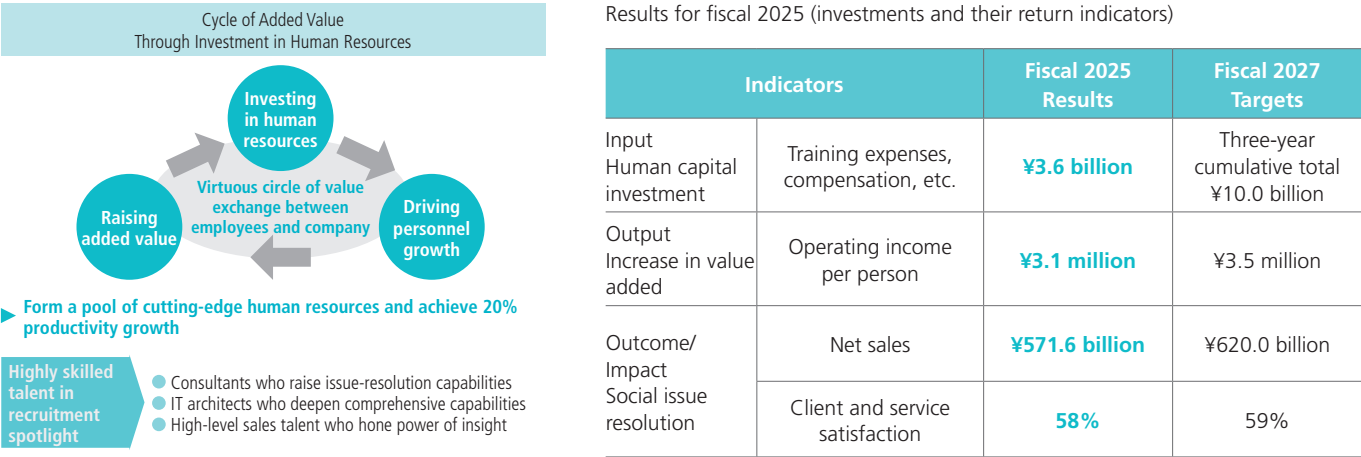
Improving the productivity of individual businesses through the activities of cutting-edge human resources and the provision of high added value by every individual

Expected return on investment ② Enhancing groupwide profitability through portfolio optimization

Expansion of strategic domains in high-value-added focus areas capable of driving long-term earnings growth

Medium-term Management Plan (2024–2026) earmarks investment of ¥10 billion in human resources over a three-year period, with the target of achieving operating income per person of ¥3.5 million (a 20% increase in productivity over fiscal 2024) as a return on this investment.

In the first year, fiscal 2025, we invested about ¥3.6 billion in human resources, primarily in compensation and training, resulting in an operating income per employee of ¥3.1 million. Net sales and client and service satisfaction have also been steadily improving, resulting in an increase in the strategic domain ratio to 51%.



■ Human Resources Strategy Performance Indicator Results

Of the seven performance indicators for which targets were set in the Human Capital Scenario for fiscal 2027, four have exceeded planned values, indicating overall steady progress. The number of consultants fell short of plan by 25 because the effects of the internal training measures that we are focusing on have not yet been fully realized. We are improving our training processes in short bursts to achieve our stated goal of training 700 employees. Presenteeism was primarily affected by a worsening general malaise, but underlying factors include an aging workforce and anxiety about adapting to change. We will promote organizational improvements centered on health management, and will implement physical and mental health initiatives, continuously monitoring the state of the entire organization as well as each individual employee.

Results of Key Performance Indicators (KPI) for fiscal 2025

Action		Fiscal 2025			Fiscal 2027
Theme	Indicator	Plan	Actual	Achievement level	Target
Expansion and success of cutting-edge human resources	Number of consultants	570 or more	545	25 short	700 or more
	Number of IT architects	—	270	—	370 or more
	Number of high-level sales talent	—	262	—	360 or more
Sustainable value creation	Number of days spent on learning and research per employee per annum	12 or more	12	○	12 or more
High-quality culture and environment	Job satisfaction	54% or more	56%	○	58% or more
	Percentage of women in management positions	13.0% or more	12.9%	0.1pt short	15% or more
	Absenteeism	1% or less	0.9%	○	1% or less
	Presenteeism	19% or less	22.1%	3.1pt short	18% or less
	Percentage of employees with average monthly legal overtime of 45 hours or more	3.7% or less	2.6%	○	1.5% or less

Theme 1: Expansion and Success of Cutting-Edge Human Resource Theme 2: Sustainable Value Creation

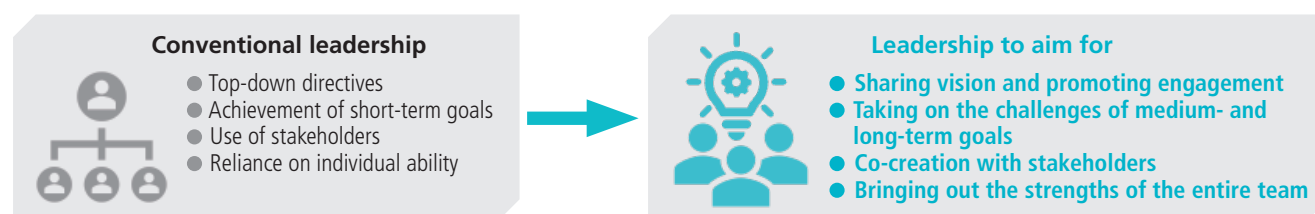
Amid the rapid decline in the working-age population and increasing mobility in the labor market, we are advancing efforts to secure and develop talent—including cutting-edge human resources—who will drive business strategies forward, thereby sustaining continuous growth. The most important targets for personnel expansion are the next generation of **executive and managerial talent**, **core talent** who will advance the business of individual Group companies, and **cutting-edge human resources** who will be responsible for expanding the Group's strategic domains.

The Group's workforce contains few people in their 30s, and there is a risk of being unable to secure a stable pool of mid-level talent to sustain the Group over the medium to long term. In addition, acquiring and retaining talent with advanced expertise and high market value is expected to become increasingly challenging. Therefore, alongside strengthening recruitment efforts, we are accelerating the development and promotion of existing young talent, focusing on appropriate placement aligned with business priorities and support for their success.

Executive and Managerial Talent

Future executive and managerial talent personnel must possess the ability to respond flexibly to changes in the business environment and lead discontinuous growth. It is essential not only to reliably execute assigned missions and secure short-term profits, but also to understand the significance of the sustainable growth that the Group is pursuing. This involves collaborating with various stakeholders to create new value and generate societal impact with a medium- to long-term perspective. Our team members are becoming increasingly diverse in their attributes, careers, work styles, and ways of thinking. Leadership that takes responsibility for the growth and success of each individual, demonstrates integrity and fairness in its actions, and moves steadily toward its goals contributes to the sustainable improvement of corporate value.

From conventional command-and-control leadership to leadership that values empathy, flexibility, and diversity



Cutting-Edge Human Resources

The strategic domains outlined in our Group Vision represent high-value-added business areas where we focus our efforts to expand profitability over the long term. Cutting-edge human resources will not only accelerate the increase in strategic domain ratios but also—by being involved in business and service planning and development, sales and proposal activities, and duty and service provision—drive the uptake of projects with higher margins and project completion. These all contribute to enhancing the added value of the entire TIS INTEC Group.

- Consultants: Create new value through business co-creation with stakeholders not confined to IT
- IT architects: Contribute to the enhancement of product appeal and issue resolution through the use of digital technology and service integration
- High-level sales talent: Identify client issues accurately, enhance the value of IT assets, and improve proposal capabilities and the profitability of orders

Core Talent

The Group's operating companies consider the personnel who are indispensable to the business strategy of each individual company as core talent, and have a clear vision for their personnel image, mission and roles, linkage to the business strategy, and skill requirements. For core talent, we discern the current status at each level and establish expansion targets based on the gap between current headcount and the required talent pool three years ahead.

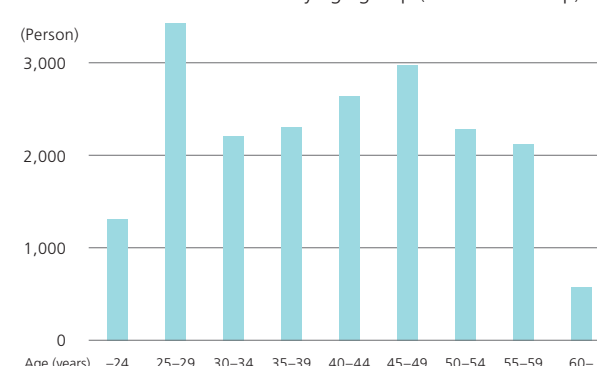
Talent Acquisition

To achieve the sustainable growth of the Group, we are enhancing the quality of our hires and improving retention, while also strengthening our efforts to acquire work-ready talent through mid-career recruitment.

New Graduate Recruitment

In our new graduate recruitment program, we emphasize mutual understanding between the Company and students. By increasing opportunities for internships and dialogue with employees, we provide diverse students with chances to experience our Group's operations and corporate culture. This enables us to attract talent who resonate with OUR PHILOSOPHY and culture and can thrive within the Group. This helps prevent mismatches after joining and contributes to reducing turnover. We are also focusing on acquiring personnel with advanced expertise in cutting-edge technologies and data science, aiming to expand the talent base that will lead the next generation.

Human resources breakdown by age group (TIS INTEC Group)



Mid-Career Recruitment

In our mid-career recruitment, we aim to acquire cutting-edge human resources who will drive our business strategies and core talent that drives continuous development in each business domain.

TIS and INTEC are spearheading initiatives to strengthen groupwide branding, broaden the applicant pool through diversifying recruitment channels, and optimize the entire process from hiring to retention.

Selection Phase

We employ optimal recruitment methods tailored to personnel requirements, job type, years of experience, and position level, using external recruitment agents and selecting appropriate screening processes to ensure precise targeting of desired candidates. Given the high market value of cutting-edge human resources and intensifying competition to hire them, the business organizations and human resource business partners (HRBPs) are working closely together to find human resources that match their needs, and then offer compensation commensurate with their market value and attractive conditions. These efforts have produced noteworthy results.

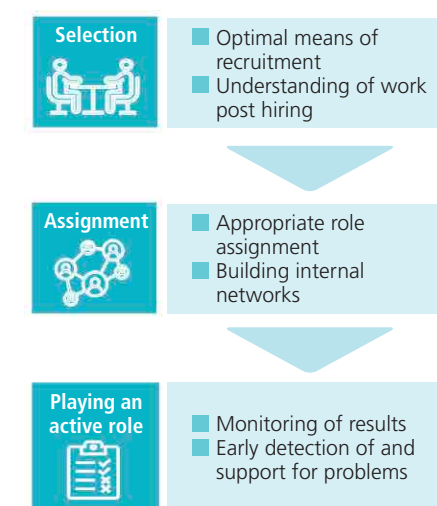
Assignment Phase

Employees are assigned to positions whose selection criteria match their skills, then facilitate the formation of employee resource groups where mid-career hires can exchange information and support each other, providing venues for new colleagues to interact. This promotes rapid integration into the organization and enhances engagement.

Active Phase

We regularly monitor employees' progress to ensure they are fulfilling their expected roles and achieving results, while also checking for workplace rapport, job mismatches, or mental fatigue. We provide support to help our employees thrive and stay with the Company long-term.

Midcareer Recruitment Process



Human Resource Development

Faced with increasingly rapid changes in the business environment, we are building a foundation to continuously cultivate future core talent by supporting the early acquisition of broad business experience and diverse perspectives as well as their smooth advancement into managerial and specialized roles. Going forward, we believe it is vital to actively promote talent mobility and enhance a groupwide optimization mindset to accelerate the development of personnel with broad cross-organizational experience and diverse skills, thereby driving growth across the entire Group. We aim to tackle risks such as workforce stagnation, dependency on specific individuals, and diminished ability to innovate, while fostering self-directed career development by employees and organizational revitalization.

Executive and Managerial Talent Development

To secure executive and managerial talent, we have been working on systematic development through strategic selection of candidates and mentoring. In addition to such measures, we are advancing initiatives to strengthen leadership that will drive discontinuous growth.

- Establishment of a training system with a view to promotion to executive positions
- Clarification of human resource definitions and appointment criteria, formation of a talent pool
- Providing opportunities to take on more challenging management experiences

Cutting-Edge Human Resource Development

Consultants and IT architects are trained primarily by their respective specialist organizations, which provide opportunities to hone practical skills through hands-on experience. High-level sales talent are developing their capabilities through community building in partnership with the sales organization and structured training programs with the aim of improving the skills of sales personnel.

- Providing skills improvement programs tailored to the level of personnel
- Strengthening practical skills through work experience
- Networking with cutting-edge human resources and their candidates

Development and Promotion of Younger Employees

To promote the career development of younger employees, starting in fiscal 2026, we have begun monitoring the percentage of managers aged 35 or younger as a groupwide indicator. We are implementing various measures, including early promotion of young talent and appointment of the right person to the right position. To unlock the potential of young talent early on, we prioritize initiatives that help them identify and hone their own strengths.

- Early promotion measures for young employees (biannual salary increases and accelerated grade promotions)
- Talent reviews to formulate development and placement strategies
- Rotations for development purposes, utilization of internal and external work experience opportunities

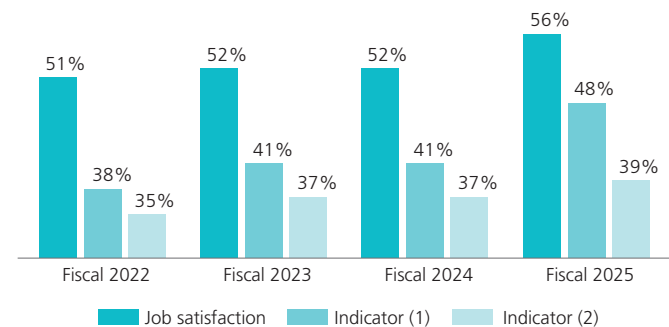
Theme 3: High-Quality Culture and Environment

We believe that the fundamental drivers of business transformation—such as transforming our portfolio and expanding services that address social issues—are the autonomy, creativity, and strong commitment to contribute demonstrated by each and every employee. To foster a corporate culture where diverse talent with different values and backgrounds respect each other, openly exchange opinions, and embrace challenges without fear of failure, we will focus on three themes: **Diverse human resources playing an active role**, **Enhancement of well-being**, and **Flexible and diverse work styles**. This will drive each employee's self-motivation and job satisfaction, while increasing added value.

Trends in Job Satisfaction

To enhance self-motivation, it is necessary to cultivate a greater sense of pride and purpose in their work among employees. TIS has introduced a personnel system based on the Must/Will/Can framework, establishing a structure that enables each employee to leverage their strengths and contribute to the Company. The entire Group measures job satisfaction and degree of conviction about work (Indicators (1) and (2)), and these indicators are steadily improving.

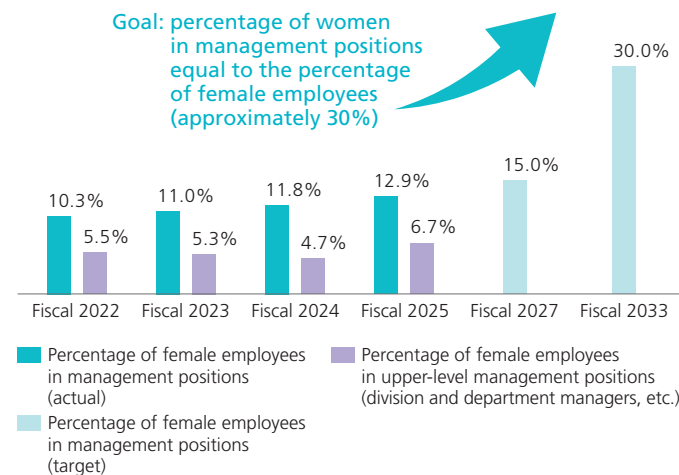
- (1) I feel my own work is aligned with the Company's direction
(2) I feel that my work is not just a job but has special meaning



Diverse Human Resources Playing an Active Role

To promote women's participation, we are strengthening initiatives that expand opportunities for women to demonstrate their abilities and grow. These include guidelines for evaluation and promotion, selection and development mentoring, and early career development, aiming for a balanced percentage of female employees in total and at each grade level. Although the percentage of female employees in management positions is steadily increasing, we are now considering effective measures to take a further step toward greater fairness, with an eye to promoting women to senior management and executive positions.

The Group is committed to fostering a workplace free of discrimination and prejudice for employees of all backgrounds, and to cultivate a culture where everyone can grow and thrive. We conduct regular programs and employee training that accommodate senior employees, employees with disabilities, employees hired through mid-career recruitment, and LGBTQ+ employees.



Enhancement of Well-Being

For employees to enhance their well-being and fully demonstrate their individuality and strengths, it is essential that each leads a rich and fulfilling life. The Group promotes health management with the aim of improving the quality of life of employees and their families. Building on a foundation of occupational health and safety, we are committed to enhancing psychological safety, organizational development, and improving quality of life.

Social and Physical Well-Being

We will continue our initiatives to enhance the vitality and productivity of each individual through fundamental occupational safety and health measures and workplace improvements achieved through comprehensive organizational development.

- Reduction of undesirably long working hours, elimination of discrimination and harassment
- Implementation of workplace improvements using assessments
- Promotion of organizational activities that boost psychological safety
- Provision of programs focusing on resolution of general malaise, lifestyle improvement, and mental health
- Conducting specific health guidance and seminars targeting specific age groups
- Introduction of FEMTEC services for women, etc.

Financial Well-Being

We are advancing initiatives to enhance employees' quality of life, including asset formation and benefit programs, so that employees and their families can lead prosperous and happy lives both during their tenure and after retirement.

- Provision of non-statutory employee benefit services
- Employee stock ownership plan, incentive plan (e-Ship)
- Property accumulation savings program, group insurance program
- Long-term disability (LTD) income compensation insurance program
- Defined contribution (DC) pension plan and DC matching contribution plan
- Providing opportunities for continuing investment education and free financial planner consultations, etc.

Flexible Work Reforms

We are establishing programs to enable employees to work in line with their differing values, family situation, and life stage. We provide various consultation services tailored to individual circumstances to support work-life balance.

Programs Available According to Working Values

We encourage flexible and diverse work arrangements to empower employees to work autonomously, exercise discretion in their duties, and demonstrate their capabilities as professionals to the maximum.

- No limits on telework and telework from remote areas
- Flexible working hours, without core hours
- Staggered work hours for personal reasons; temporary breaks during work
- Paid leave in hourly increments
- Initiatives to reduce unwanted transfers and working away from family
- Once a year, employees are granted paid recuperation leave for taking 10 or more consecutive days off
- Selective retirement age program (from 60, 63 and 65)

Programs Available According to Life Stage

Taking into account the diverse needs of employees at different life stages, we have established programs to enhance work-life balance, reducing work-related stress issues.

- Programs supporting those trying to conceive, childbirth, returning to work after childcare, and continuation of career regardless of gender
- A program aimed at preventing resignations due to caregiving responsibilities, adaptable to individual circumstances
- Expanding the scope of programs to accommodate diverse family structures (such as same-sex partners and cohabiting family members)
- Support for balancing work with life, including living with disability and receiving treatment for illness, gender reassignment, family relocation, and similar employee needs
- Awareness-raising to promote mutual understanding and cooperation in the use of the programs

Major Evaluations and Accreditations from External Parties

Nikkei Smart Work



"Great Place to Work" certification



Certified Health & Productivity Management Outstanding Organizations



DC Excellent Company



Eruboshi (L-Star)



PRIDE Index



Platinum Kurumin Plus



Career Ownership Management Award



Positioning human resources as key drivers for realizing Group Vision 2032, we are strengthening the linkage between management strategy and human resources strategy. Through key initiatives based on our Human Capital Scenario, we will achieve sustainable growth with added value through the self-directed growth of each employee.

Masakazu Kawamura

TIS Managing Executive Officer and Division Manager of Human Resources SBU, Human resources strategy promotion officer

Q1. What themes do you prioritize in linking management and human resource strategies?

Amid rising uncertainty in the business environment, I believe it is crucial to have a dynamic linkage between management and human resources strategies that is mutually complementary, with each reinforcing the other. Management strategy sets the ideal human capital value and portfolio, while at the same time the quality and performance of personnel significantly impact the feasibility of executing that strategy. The Group has developed a Human Capital Scenario, which is reflected in its business plans and performance indicators, thereby strengthening the dynamic linkage between the two. With limited management resources, we will prioritize human capital investments and target actions to enhance the effectiveness of our human resource strategy to boost corporate value.

Q2: As competition for human resources intensifies, how do you plan to attract and retain the best talent?

Our Group conducts recruitment activities that attract talent through business activities with high social significance and growth potential. Furthermore, aiming to be a company regarded consistently favorably by potential employees, we are strengthening our organizational foundation to enable diverse talent to thrive as their authentic selves. This includes offering compensation commensurate with the true value of human resources, creating an environment where flexible work styles can be chosen, fostering self-directed career development, and providing growth opportunities to take on new challenges. In fiscal 2025, mid-career hiring is progressing according to plan, and results are steadily improving in terms of post-employment retention rates and job satisfaction. We will continue to strategically recruit and develop employees, establishing an infrastructure that facilitates their active participation.

We will maximize corporate value through an integrated approach leveraging capital strategies and business strategies.

Financial Policy: Basic capital policies

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

- 1. Take robust approach to growth investments and, as part of this process, constantly review and restructure business portfolio to reinforce ability to generate cash through sustainable increase in business profits and improved profitability.
- 2. Through stronger balance sheet management, build optimal capital structure aligned to progress in structural transformation to maintain financial health and constantly deliver returns that exceed cost of capital.
- 3. Strive to enrich shareholder returns commensurate with business growth.



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

Q. Remind us of the key financial policy indicators in Medium-Term Management Plan (2024–2026).

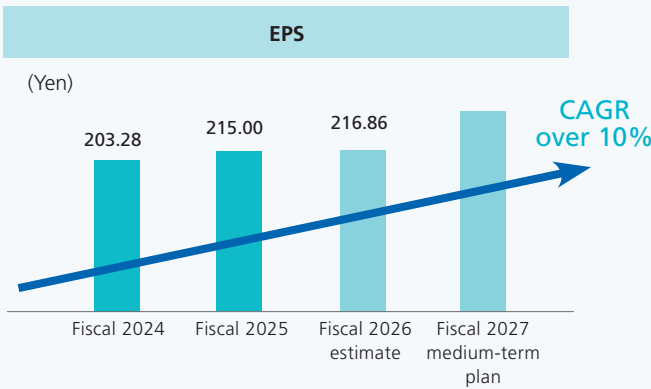
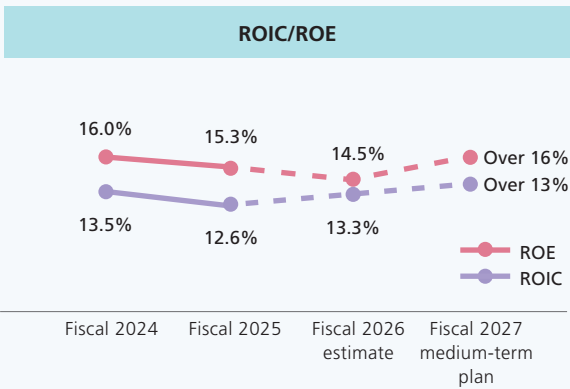
TIS has long promoted management conscious of capital efficiency. With this in mind, we are working toward ROE above 16% by fiscal 2027, higher than the level recorded in fiscal 2024, excluding one-time factors. But in the long term, we are aiming for ROE above 20%, which is considered high for the IT industry.

ROIC (return on invested capital), like ROE, reflects an emphasis on value creation from assets, which equates to intellectual property, and was introduced as a new management metric. Over the three years of the current medium-term

management plan, we are aiming for ROIC above 13%, assuming a slight decrease due to robust growth investment activity. We feel that efforts to derive benefits from growth investment will lead to higher ROIC over the long term.

For EPS (earnings per share), we will stick to the same 10% Compound Annual Growth Rate target set under the previous medium-term management plan, based on a “valuable growth” perspective, and work toward 10% by leveraging financial strategies aligned with business strategies.

Key Performance Indicators



Q. How would you evaluate fiscal 2025, the first year of Medium-Term Management Plan (2024–2026)?

On a performance basis, we struggled somewhat as activity on two large finance-related development projects—key drivers of growth up to and including fiscal 2024, the last year of the previous medium-term management plan—fell from peak service status at the same time, with significant impact on performance. But we were able to maintain business growth overall by promoting high-value-added services and capitalizing on strong IT investment demand in a favorable business environment. We exceeded our initial estimate and moved into the second year of the current medium-term management plan on a solid footing. That said, we have to accelerate profit growth if we are to achieve our operating income target of ¥81 billion by fiscal 2027, the last year of Medium-Term Management Plan (2024–2026). We will continue to engage in robust business development and leverage growth investments to support this process.

In regard to counterpart financial measures, we began fiscal 2025 knowing full well that growth investments are essential to the significant profit growth we seek, and that such investments should be prioritized in the allocation of capital. With regard to shareholder returns, we have raised

dividends for 13 consecutive years and implemented treasury stock buybacks worth about ¥6.4 billion to underpin progress toward a 50% total return ratio, up from the previous benchmark of 45%. On the strategic shareholdings front, we successfully pushed the ratio of total strategic shareholdings to net assets below 10%, but continued to seek reduction, squeezing the ratio to 6.5%, down 1.7 points year on year. Growth investments settled at ¥19.5 billion. We maintained steady investment—to the tune of ¥11.3 billion—to strengthen in-house capabilities and, although we actively considered M&A opportunities and other business-building pursuits, we only applied ¥8.2 billion to expand our presence, reflecting a disciplined approach to investment that puts large investments on a back burner. Over the three years of Medium-Term Management Plan (2024–2026), there will be no change in our stance on robust growth investment, supported by a framework of ¥100 billion—¥30 billion to reinforce in-house capabilities and ¥70 billion for M&A and other activities to establish a wider presence—but the end of the first year of the plan highlighted issues with a growing cash position and increased equity capital that we must address.

Q. You say the ¥100 billion framework for growth investment will not change, but might you revisit the approach to cash allocation?

Our basic approach to cash allocation is to distribute funds in a timely and appropriate manner to business pursuits that will drive corporate value higher. An underlying priority in decisions on allocation is to strike a balance among promoting growth investments aimed at sustainably increasing corporate value, ensuring financial soundness, and enhancing shareholder returns, as stipulated in basic financial and capital policies.

The information services industry, to which the TIS INTEC Group belongs, has seen remarkable growth, with a noted increase in recent years toward business expansion, including large-scale M&As. Against this backdrop, we will continue on a groupwide basis to actively explore investment aimed at M&As and capital contributions that lead to discontinuous growth. As I mentioned earlier, we earmarked ¥70 billion over

three years, and used only ¥8.2 billion of the allocated amount in the first year. But in the execution of investments, timing and scale vary depending on the target or type of investment, and the conservative use of capital for investments in the first year should not be construed as slow progress toward application of earmarked funds.

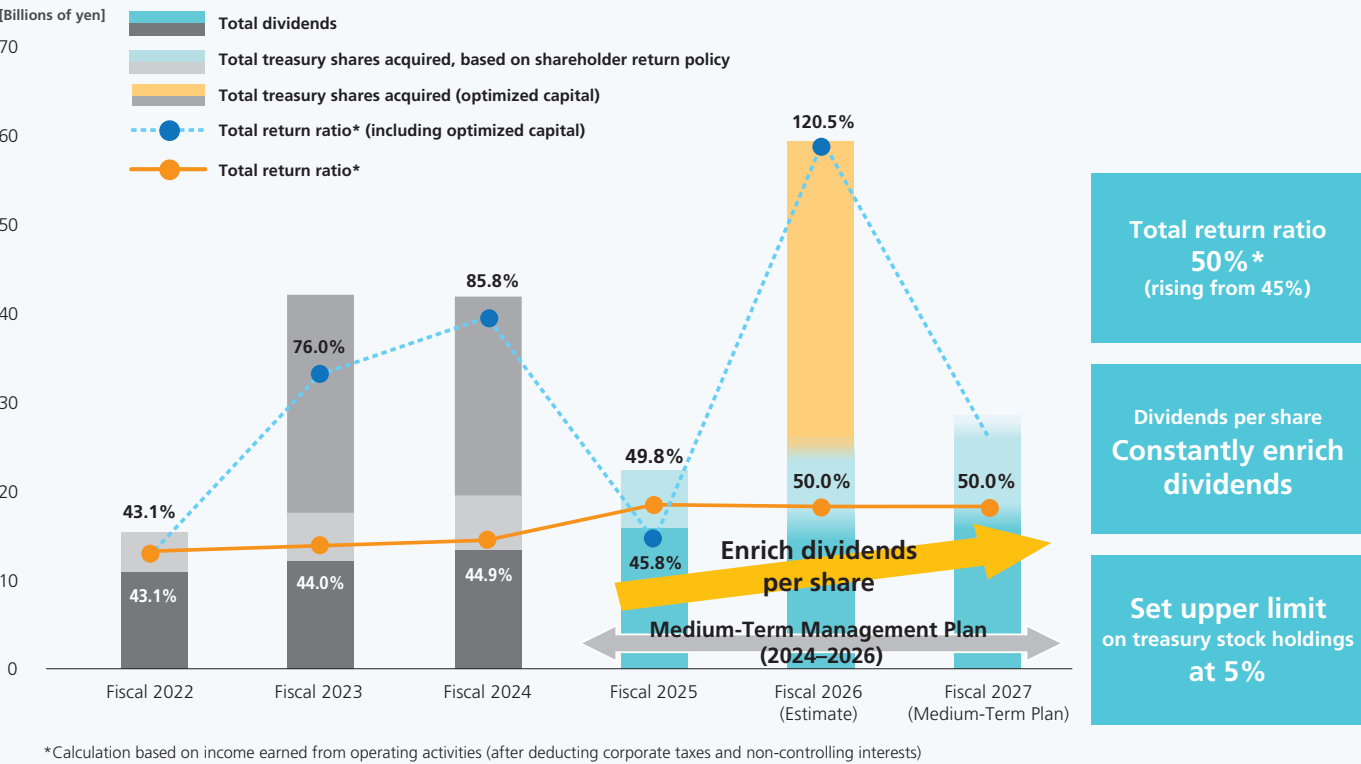
We have to be flexible, not only in executing growth investments but also in implementing capital policies to maximize opportunities. Therefore, we will take an open approach, focusing on optimal distribution of capital for initiatives that contribute to enhanced corporate value, tempered by the state of our balance sheet and cash position at the time of cash allocation. Actual results will validate the rationality of this approach.

Cash Allocation					
Progress	Medium-Term Management Plan (2024–2026) Updated Three-Year Cumulative Outlook			Progress	
	Cash in	Cash out		Fiscal 2025 actual	Fiscal 2026 estimate
<div>Steady Progress toward Medium-Term Management Plan (2024–2026) Targets</div> <div><div>• Operating Income</div><div>Fiscal 2025 ¥69.0 billion</div><div>Fiscal 2026 ¥73.0 billion</div><div>Fiscal 2027 ¥81.0 billion</div><div></div><div>• Operating Income per person</div><div>Fiscal 2025 ¥3.1 million</div><div>• Ratio of Strategic Domains</div><div>Fiscal 2025 51%</div></div>	Cash generation from business operations	Growth investment ¥100 billion	M&A investment ¥70 billion	¥8.2 billion	Not yet determined (Under active consideration)
			HR R&D SW ¥30 billion	¥11.3 billion	¥11 billion
			Capital expenditures ¥65 billion	¥20.2 billion	¥20 billion
			Dividends and share buyback ¥110 billion (+¥35 billion compared with initial estimate)	¥22.7 billion	¥59 billion
• Reduction in strategic shareholdings	Asset optimization /Financing				
	Use of Cash in Hand				

Return to Shareholders

The fiscal 2025 year-end dividend was ¥2 per share higher than initially planned for, bringing the annual dividend to ¥70 per share. This marked the 13th consecutive year of increase.

In line with our basic policy on return to shareholders and our stated yardstick of 50% for the total return ratio, we plan to pay an annual dividend of ¥76 per share in fiscal 2026, up ¥6 from fiscal 2025, and have already repurchased treasury stock worth ¥7 billion. We will also repurchase an additional ¥35 billion worth of treasury stock to optimize capital structure, bringing the aggregate buyback amount to ¥42 billion in fiscal 2026.



Q. TIS views acquisition of treasury stock as a strategic tool to optimize its capital structure. What led to the recent buyback decision?

Our intention was to improve capital efficiency, and our financial strategy states that measures to optimize capital structure will be implemented flexibly, taking into account prevailing circumstances. We set a target of at least 16% for ROE as an indicator of capital efficiency, but the market raised concerns that the target was unattainable based on profit estimates and proposed allocation of cash as described in Medium-Term Management Plan (2024–2026). We had to respond.

In addition, when we looked at the state of our balance sheet at fiscal 2025 year-end, on March 31, 2025, we realized that we would have to optimize capital structure, given that our equity ratio had expanded to 61.5% and our cash position was also trending upward due to a stronger earnings base

paralleling business growth. These factors were behind the Board's decision to acquire an additional ¥35 billion equivalent in treasury stock on top of the ¥7 billion equivalent buyback executed in line with our basic policy on shareholder returns, for an aggregate acquisition amount of ¥42 billion. Consequently, we were able to demonstrate a clear path toward achieving ROE above 16% and also set the stage for similar progress toward our EPS target.

This awareness of capital efficiency and a commitment to take the steps necessary to reach stated targets were favorably received by shareholders and investors, indicating that management met their expectations. A commendable result, indeed.

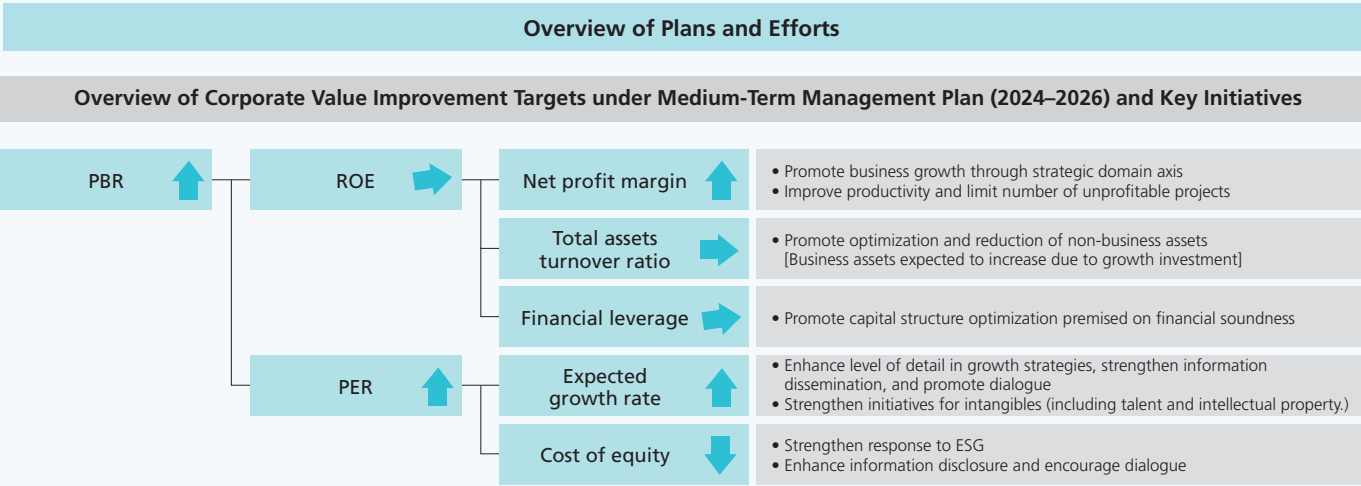
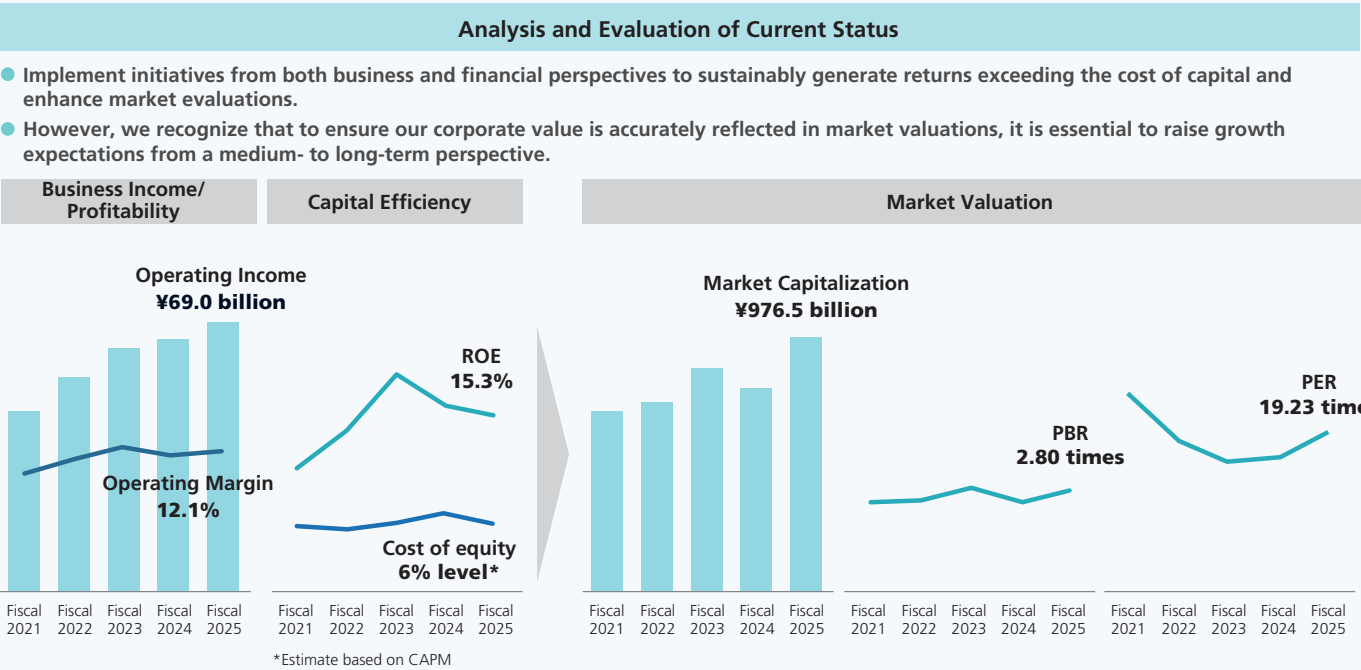
Q. What prompted TIS to enhance disclosure of measures aimed at achieving management conscious of capital cost and stock price?

As presented in Analysis and Evaluation of Current Status, we sustainably generated returns above the cost of capital and, accordingly, raised market assessment by achieving steady business growth and maintaining successful capital policies. However, in recent years, the number of large-scale projects that had been driving business results fell from its peak, and we haven't been able to present a clear growth strategy or progress in service-oriented activities that would enable us to neutralize the impact and achieve strong growth. The market is increasingly of the view that we have reached a growth plateau, so to speak, and PER obviously isn't charting a stable upward trajectory. Sluggish improvement in PER means we lack a powerful contributing factor to higher PBR, which is an important indicator of corporate value.

Of course, we discussed the situation internally to understand and remedy underlying causes. But we felt it was vitally important to delve deeper into perceived issues, clearly articulate our perspective on and approach to further growth, and foster higher expectations for growth through enhanced engagement with shareholders and investors. This required an expanded level of disclosure. Of note, as shown in the PBR logic tree in Overview of Plans and Efforts, we identified issues and initiatives to facilitate responses with a sense of urgency and speed, as well as to more easily share content with shareholders and investors. We also hope to convey the idea that corporate growth and value improvement depend on the intrinsic value of TIS being reflected in market valuation.

Measures to Realize Management Conscious of Cost of Capital and Stock Price

(Source: Financial Results for the Fiscal Year Ended March 31, 2025)



Q. What issues were identified from the PBR logic tree, and what solutions have been implemented?

As I mentioned before, our PER isn't rising, and our expected growth rate is particularly low and that, unfortunately, erodes our position in the market, specifically in terms of comparison with our competitors in the IT industry. This is most obvious in the prevailing market perception that the performance targets we set for fiscal 2027, the last year of the current medium-term management plan, are unrealistic. Our first course of action must therefore be to increase the likelihood that we can achieve stated targets, which is, of course, incumbent upon solid business results.

We also recognized the need to prioritize efforts to very clearly present our narrative of strong growth driven by a favorable business environment, highlighting progress in service-based businesses, which we have emphasized for some time, and initiatives and investments in human capital, our most valuable corporate asset, which fuels business success. Underpinned by our growth narrative and a track record of results, we will give shareholders and the investor community a better understanding of TIS and the TIS INTEC Group and raise expectations of success. We believe that intrinsic value will push PBR higher, and this is an important theme for us right now.

Q. Do you have a message for shareholders and investors?

To reiterate, through management practices guided by OUR PHILOSOPHY—the Group's basic philosophy—TIS and the rest of the TIS INTEC Group strive to create social and economic value, contribute to a sustainable society, and achieve lasting improvement in corporate value. TIS will continue to promote measures from both financial and business perspectives and endeavor to become a company brimming with promise for the future and a premier choice for the market and for shareholders. To this end, in allocating capital, we will emphasize proactive investments for growth, including investment in our most precious asset—our people—which will create a virtuous cycle that reinforces cash generating capabilities. At the same time, we remain committed to enriching shareholder returns.

Engagement opportunities with shareholders and investors tend to produce all sorts of comments and opinions, some of which are critical of management decisions or corporate direction. However, every comment—whether positive or negative—is extremely valuable because it has been extended as advice and insight from a stakeholder's perspective. Each is a form of support from a long-term perspective with the underlying expectation that TIS will grow in a business sense and improve corporate value.

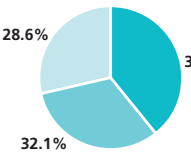
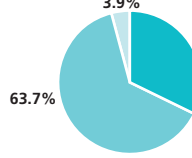
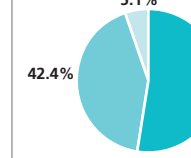
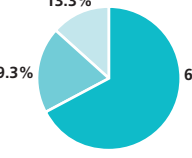
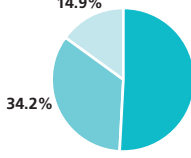
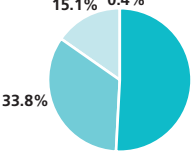
In fact, management has drawn on input from shareholders and investors when considering and implementing steps necessary to achieve growth. In other words, I think it's fair to say that you, our shareholders and investors, have been integral in enabling us to enhance management practices, maintain management discipline and increase corporate value. Nothing will change this sentiment. We will continue to actively engage in dialogue with you and all stakeholders to further reinforce management practices and corporate value, and strive to meet your expectations.



Business Strategies by Segment

The TIS INTEC Group operates across five segments: Offering Services, Business Process Management, Financial IT Business, Industrial IT Business, and Regional IT Solutions. TIS defines clear authority and responsibility for segment leaders and pursues growth strategies that leverage the strengths of each Group company to drive ongoing structural transformation.

Fiscal 2025 Segment Review

Segments		Offering Service Business	Business Process Management	Financial IT Business		Industrial IT Business	Regional IT Solutions	Other	Adjustments	Total (Consolidated basis)
Net sales (Millions of yen)		145,515	42,646	100,252		128,120	177,425	10,123	−32,396	571,687
Operating income (Millions of yen) (Operating margin)		9,937 (6.8%)	5,326 (12.5%)	12,321 (12.3%)		19,330 (15.1%)	21,576 (12.2%)	877 (8.7%)	−322	69,047 (12.1%)
Segment assets (Millions of yen)		208,876	13,785	90,636		87,254	127,108	19,090	11,299	558,051
Number of employees at year-end		5,706	2,361	1,964		3,817	7,264	653	—	21,765
Per person	Net sales (Millions of yen)	25.5	18.0	51.0		33.5	24.4	15.5	—	26.2
	Operating income (Millions of yen)	1.7	2.2	6.2		5.0	2.9	1.3	—	3.1
Net sales by business category								—	—	

■ Software development

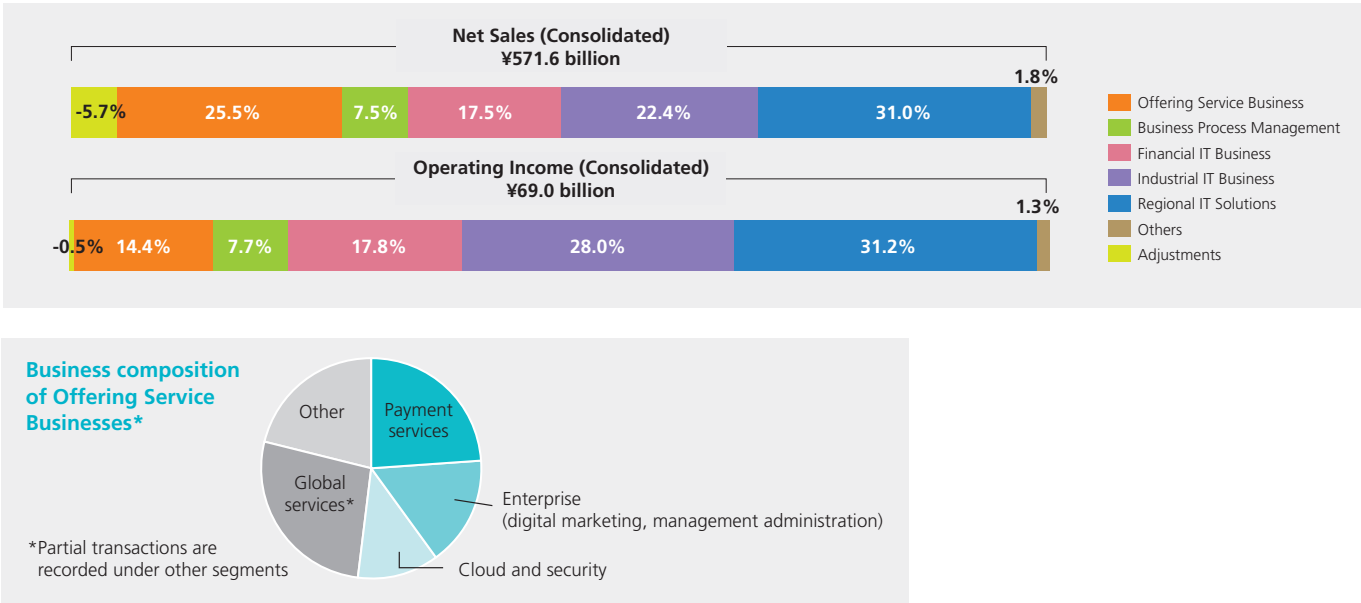
■ Operation and cloud services

■ Product and software sales

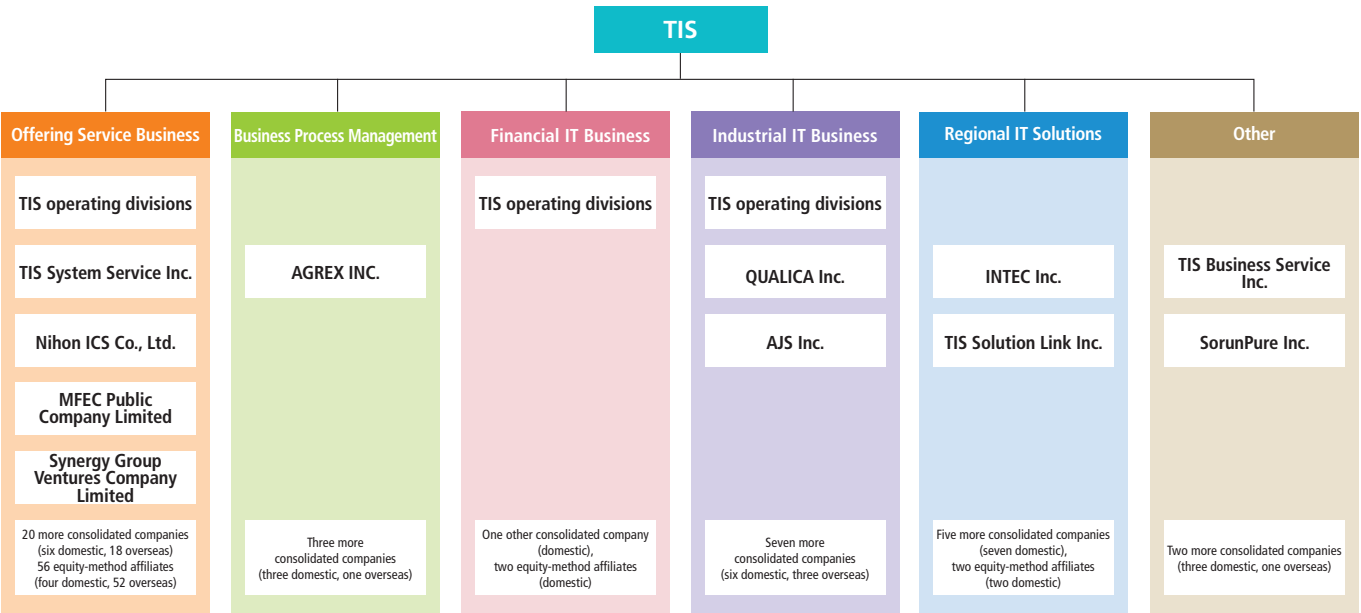
■ Other

Fiscal 2025 Business Results by Segment

*Segment sales include intersegment sales.



Group Formation



Offering Service Business

Develops services through proprietary investments, leveraging best practices accumulated across the Group, while delivering knowledge-intensive IT solutions.

Message

By accelerating our service-based business and improving the profitability of existing services, we aim to achieve both high growth and strong profitability.



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 the 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.
- There is much room for growth in ASEAN despite the uncertain global situation.

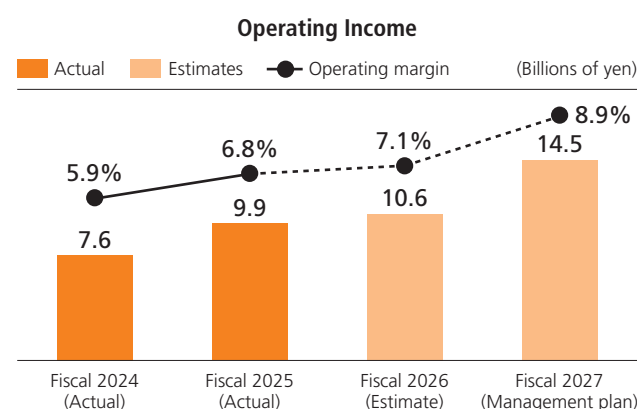
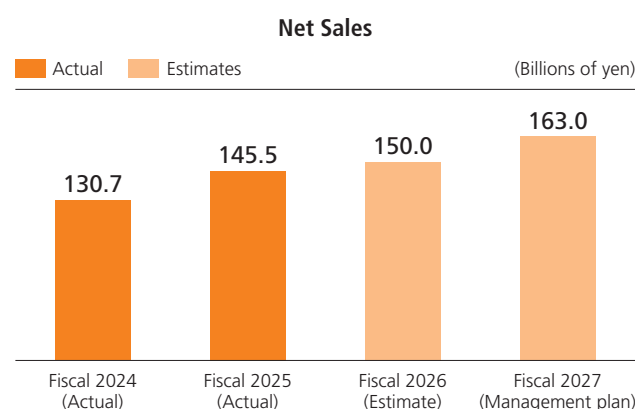
Strengths

- 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

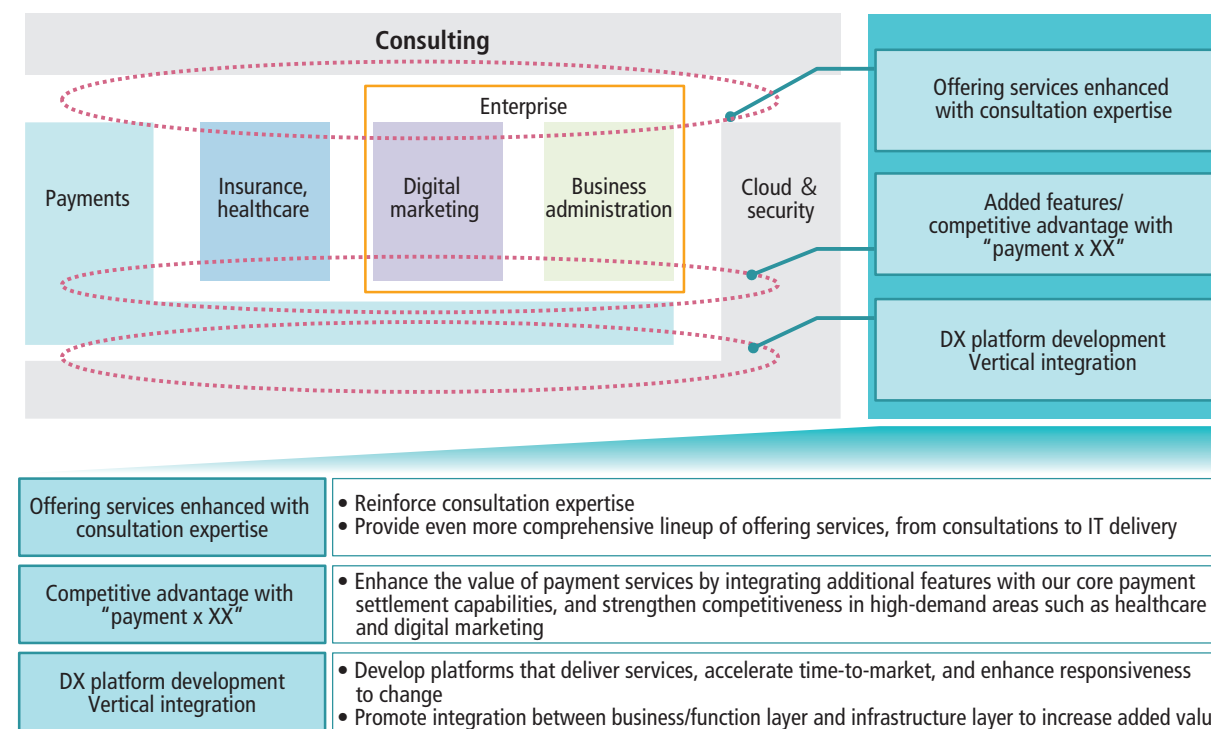
- Need to maintain high growth rate and improve profitability.
- Must accelerate shift toward recurring business, driven by payment services.
- Need to provide comprehensive lineup of offering services, from consultations to IT delivery, to achieve higher added value.

Changes in Net Sales and Operating Income



Growth strategies designed to expand business even further

Basic direction



Key points of Medium-Term Management Plan (2024–2026), 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.

Q&A

Q1: How do you evaluate your performance in fiscal 2025?

We captured IT investment demand, particularly in the enterprise and payment sectors, and accurately addressed clients' digital transformation needs. As a result, we posted year-on-year increases in revenue and earnings. Because demand exceeded expectations, we were able to meet our targets for both sales and operating income.

Although the burden of upfront investment costs left some challenges in terms of profitability, we achieved significant growth in sales over the past year. We are happy with our steady progress in expanding our business scale and believe we made a solid start in the first year of our medium-term management plan.

Q2: What do you see as the reasons behind the slower-than-expected profit contribution from your services business, and what is your outlook going forward?

The main factor was that we took longer than expected to launch our IT Offering Service (IOS) business and improve profitability. In particular, delays in rolling out our credit SaaS platform and an increase in amortization costs associated with upfront investments have put pressure on profit margins.

On the other hand, market demand for service-based businesses, such as cloud migration and digital transformation, remains strong, presenting significant growth opportunities. We will continue working to improve profitability by accelerating our payment business and moving multiple services into the recovery phase.

In addition, we aim to further differentiate ourselves and achieve sustainable profitability by expanding services that help address social issues, such as healthcare, while strengthening collaboration with consulting and solution-oriented value-added services.

Business Process Management

Addresses issues related to business processes with IT technology, business know-how, and skilled human resources to provide more sophisticated, more efficient outsourcing services.

Message

By demonstrating our ability to execute the Group's strategy, we will drive growth and create value through the transition to the BPM business and the expansion of high value-added services.



Josaku Yanai
AGREX Inc.
President

Business environment

- The CX domain remains strong as AI drives continued market expansion.
- 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.

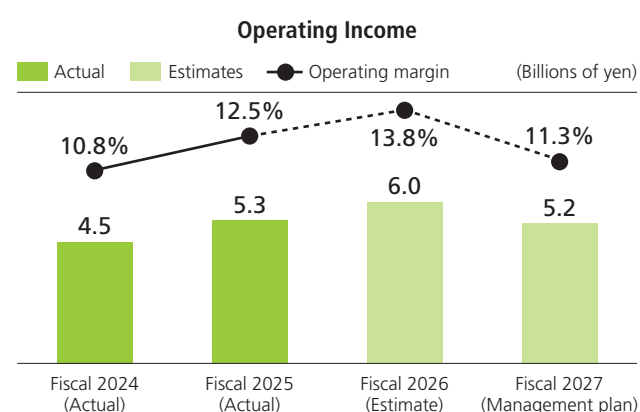
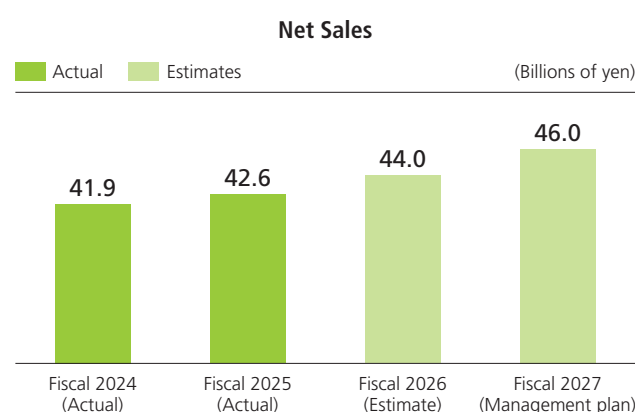
Strengths

- Ability to deliver BPM that optimizes entire business processes through the combined deployment of BPO and SI.
- Proprietary methodology that systematizes BPO expertise accumulated over half a century of practical experience.
- In-house system development capabilities with particular strength in the CX domain.
- Business expertise grounded in extensive outsourcing experience in the insurance industry.

Issues in focus

- Need to shift business portfolio from simple BPO services to advanced BPM services by addressing progression of paperless operations and growing use of AI.

Changes in Net Sales and Operating Income

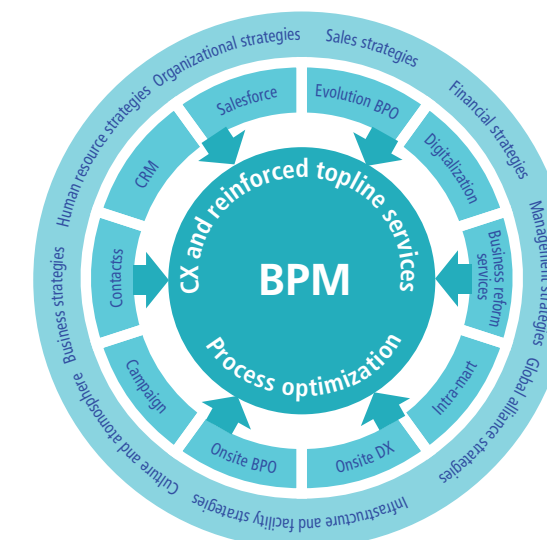


Growth strategies designed to expand business even further

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	✓ Provide BPM services that enhance business processes
Style	<ul style="list-style-type: none"> ✓ Offer hybrid human-IT solutions ✓ Build enduring partnerships that share management challenges while transforming outsourced operations themselves (SPB model)
Services	✓ Provide comprehensive services that integrate operations and IT by tailoring solutions to client challenges through consultations (such as BPMN and process mining) and by conducting modeling and strategy formulation



Key points of Medium-Term Management Plan (2024–2026), 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.

Q&A

Q1: How do you evaluate your performance in fiscal 2025?

Thanks to the contribution of high-profit services in our DX business, as well as cost control efforts, we achieved year-on-year growth in both revenue and profit. In our DX business, positioned as a future growth driver, we performed well with various solutions, such as data cleansing and record matching, along with services that improve business process efficiency. As a result, we achieved record-high sales.

In our Salesforce business*, pillar of our DX operations, we launched a groupwide project team to further strengthen our capabilities. In the BPO business as well, our contact center services and on-site operations remained steady and contributed to performance, although we scaled back simple labor-intensive outsourcing in response to declining market demand. While sales fell slightly short of our target, we posted much better-than-expected operating income. In short, we are making steady progress toward achieving the goals of our medium-term management plan.

Q2: Could you tell us about the progress made in shifting toward the BPM and DX businesses?

To strengthen our Group strategy execution capability, in April 2025 the Vice President of TIS personally assumed the role of head of the BPM business. Through co-creation activities with clients and efforts to strengthen alliances with partner companies that provide BPM solutions, we have earned high evaluation* for client satisfaction. We are beginning to see tangible results in our efforts to transform our business structure.

Furthermore, to strengthen our CX capabilities, we are advancing a proof-of-concept initiatives for deploying autonomous AI agents in our contact centers, aiming to further enhance our services. We are also working to build strategic partnerships in collaboration with other segments while actively investing to create new BPM services.

*For details, see page 16.

Financial IT Business

Considers and leverages business and IT strategies and supports business progress using specialized business and operational know-how specific to the finance industry.

Message

Starting with modernization, we forge new client relationships aimed at expanding our client base and driving sustainable growth.



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

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.
- With the full-scale emergence of a “world of interest rates,” there is a growing need for initiatives to attract deposits and new accounts, as well as the creation of new services.
- Migration from host legacy systems to open, cloud-based systems in full-swing as companies seek to cut costs and improve serviceability.

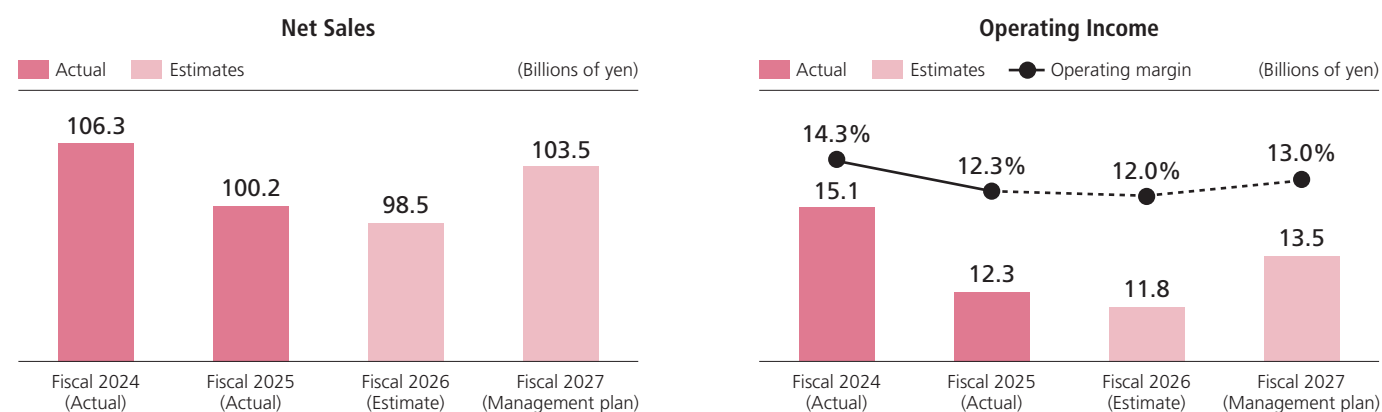
Strengths

- 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.
- Modernization of legacy system utilizing Xenlon.

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 (2024–2026), 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.
- Acquire new clients and strengthen organizational structures for business expansion.

Q&A

Q1: How do you evaluate your performance in fiscal 2025?

We posted year-on-year declines in revenue and earnings as large-scale development projects for core credit card clients and public financial institutions peaked out. Because the impact was less than anticipated, however, we achieved our targets for both sales and operating income.

For existing clients, we are steadily advancing development projects while simultaneously making new proposals. We are also acquiring new customers through modernization initiatives. As a result, we feel we have taken a solid step toward growth following the completion of large-scale projects.

Q2: You mentioned that operating income declined due to the peak-out effect of large-scale projects. How do you plan to restore profit growth?

We will maximize the use of our accumulated assets, such as human capital and advanced technological foundations, to deepen our existing businesses. We will step up efforts to capture growing demand for modernization, including by renewing of legacy systems to enhance corporate competitiveness and optimizing business processes. In particular, we will leverage our Xenlon-Shinryu Modernization Service to acquire new clients, mainly in financial sectors like leasing and insurance. By driving continuous IT optimization and improvement, we aim to expand our Strategic Partnership Business (SPB).

Building on the trust we have established with existing clients, we will also focus on co-creation initiatives to expand business relationships, as well as on improving efficiency and productivity through the use of generative AI and automation technologies.

Through these initiatives, we aim to steadily restore profitability and achieve sustainable, stable earnings growth.

Industrial IT Business

Considers and leverages business and IT strategies and supports business progress using specialized business and operational know-how specific to industries other than finance.

Message

By building on the solid trust we have established with our clients, along with the knowledge and track record gained from our broad client base, we will achieve steady business growth and improved profitability.



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.
- Continued steady investment in the digitalization of operations and client touchpoints amid a shrinking labor force.
- Impacts of geopolitical risks, resource price fluctuations, and protectionism require close monitoring, particularly in the manufacturing sector.

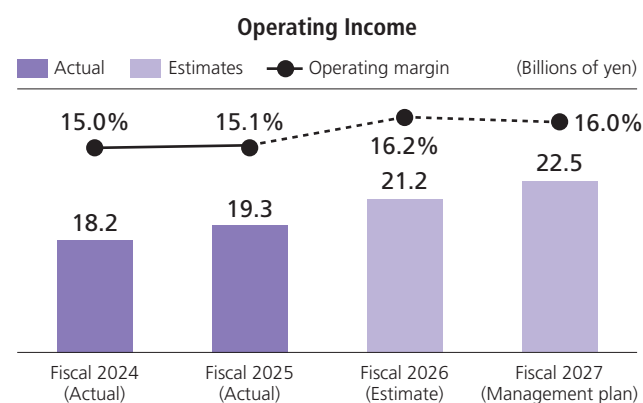
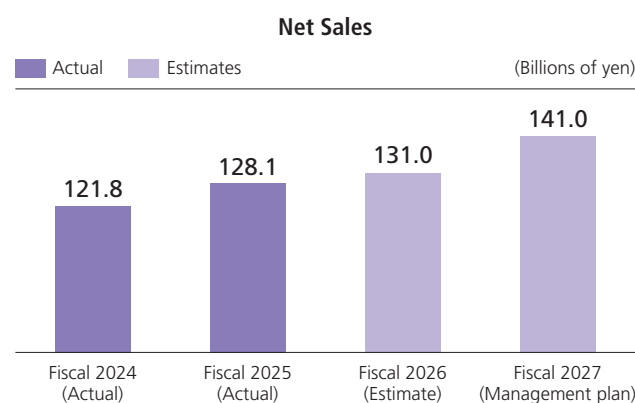
Strengths

- 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)

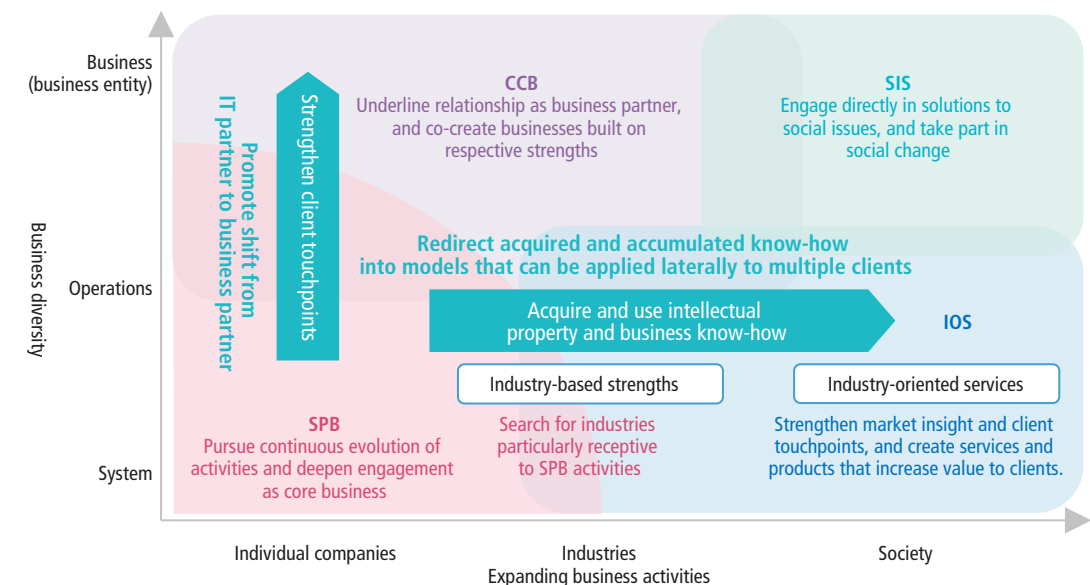
Changes in Net Sales and Operating Income



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 touchpoints to create and develop new co-creation businesses, based on strategic partnerships



Key points of Medium-Term Management Plan (2024–2026), 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.

Q&A

Q1: How do you evaluate your performance in fiscal 2025?

By steadily responding to IT investment demand across a wide range of industries, including manufacturing, distribution, energy, and services, we achieved year-on-year growth in both sales and profit. Operating income fell slightly short of our target due to difficulties faced by some projects. Nevertheless, we continued to deepen client relationships and advance large-scale projects, including ERP and modernization, to keep our business on a growth trajectory. On the industry front, we are making steady progress in developing co-creation businesses that leverage the collective strengths of our Group. These include establishing joint ventures in the decarbonization and consumer goods distribution sectors and collaborating on modernization initiatives.

Q2: You have achieved continuous improvements in profit margins. What factors are driving this profitability, and do you expect further improvement?

Across the entire segment, we continue to pursue quality and productivity in the planning, development, implementation, and operation of clients' core business systems, thereby enhancing the value we deliver to them. We are also actively working to strengthen our talent base and expand partnerships, which form the foundation of these initiatives. I believe each of these efforts is steadily contributing to our results. We will continue strengthening our focus and activities on contributing to clients, while building deeper and more advanced relationships that include business co-creation. We also aim to leverage our business knowledge and intellectual property, grounded in experience and proven results, as strengths to further enhance client value. We believe that driving these initiatives forward and making steady progress will lead to further business growth and improved profitability.

Regional IT Solutions

Provide extensive IT professional services, including at regional and client sites, while accumulating and deploying that expertise as solutions to support problem-solving and business advancement.

Message

Leveraging our long-standing IT professional services and our solutions as dual strengths, we create new value for our clients.



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.
- Continued steady demand for migration to standard-compliant systems across municipalities nationwide.
- 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.

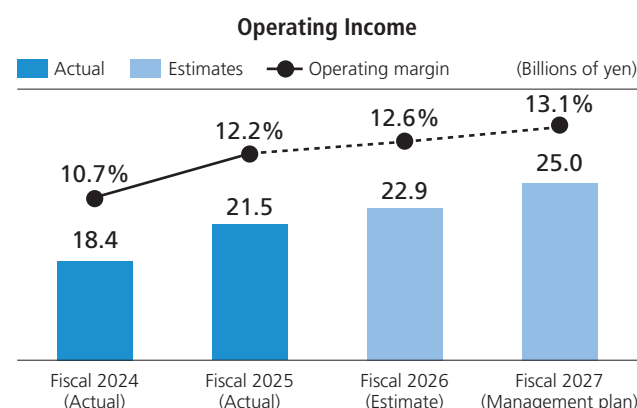
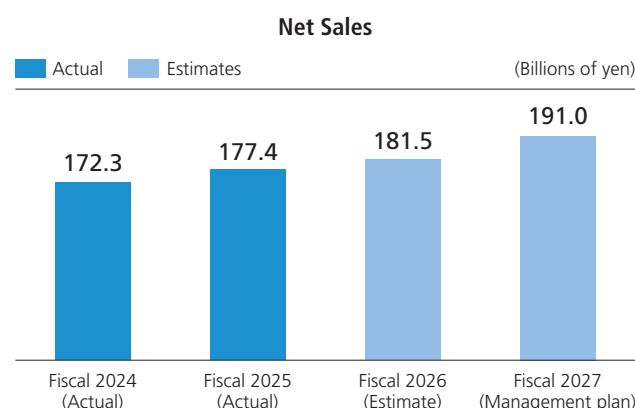
Strengths

- 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 expand 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

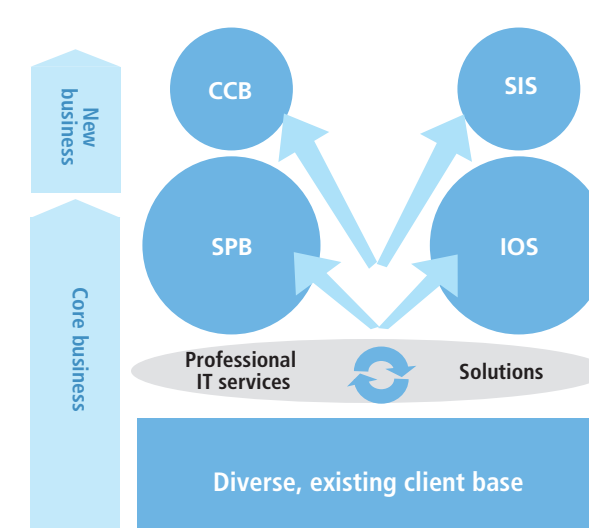
Basic direction

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 (2024–2026), and goals to achieve

- Establish a solid business foundation by further strengthening quality management to prevent projects from becoming unprofitable; review and improve quality management processes while implementing training programs aimed at enhancing employee skills; establish a system that actively incorporates feedback from clients; and raise profile as a trusted top brand known for quality through company-wide initiatives to improve quality.
- 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.

Q&A

Q1: How do you evaluate your performance in fiscal 2025?

By steadily capturing the expanding IT investment demand across a wide range of areas, particularly municipal projects and life and non-life insurance, while curbing unprofitable projects that cause issues, we achieved year-on-year growth in both revenue and profit. Demand also exceeded expectations, enabling us to achieve our targets for sales and operating income. Furthermore, initiatives such as deepening relationships with strategic partners and strengthening the rollout of priority services are driving qualitative improvements in our earnings base. To further drive this growth, we will continue expanding new businesses in our core operations and in areas that address social issues while advancing quality management to higher levels.

Q2: Could you tell us about the distinctive strength of your regional IT solutions and the IT investment demand that will drive future growth?

The strength of our regional IT solutions lies in our broad client base spanning diverse industries and regions, as well as our large pool of engineers with the expertise to meet clients' needs. This enables us to respond flexibly and accurately to growing cross-industry demand for IT investment, achieving both the stability (being less affected by economic fluctuations) and the agility to expand into growth areas. Our dual strengths of IT professional services and solutions, built on years of experience, are the source of our competitiveness. By leveraging our business expertise, cultivated across a wide range of industries, while expanding solutions that incorporate advanced technologies like AI and automation—where demand has been rising in recent years—we aim to drive further growth in this segment.