Notice of the 16th Annual General Meeting of Shareholders

(Business Report and Others)

From April 1, 2023 to March 31, 2024

Business report for the 16th period

Consolidated balance sheet

Consolidated statement of Income

Consolidated statement of changes in net assets

Balance sheet

Statement of Income

Statement of changes in net assets

Accounting Audit Report for Consolidated Financial Statements

Accounting Audit Report for Financial Statements

Audit Report of the Audit & Supervisory Board

TIS Inc.

Business report for the 16th period

(From April 1, 2023 to March 31, 2024)

1. Matters related to the current situation of the corporate group

(1) Business progress and achievement

During the consolidated fiscal year under review, the Japanese economy recovered moderately despite some stagnation, due in part to the effects of various policies, as the new employment and income environment improved. Looking ahead, although a moderate recovery is expected to continue, it will be necessary to watch carefully for the risk of downward pressure on Japan's economy due to the effects of a downturn in overseas economies following the worldwide monetary tightening as well as rising prices, fluctuations in financial and capital markets, and other factors.

In the information service industry to which the Group belongs, demand for IT investment is expected to increase further as business processes and business model reforms utilizing digital transformation technology progress globally as the Bank of Japan's Short-term Economic Survey of Principal Enterprise in Japan, which was released during the period, indicated that all the software investment plans (all the industries, including financial institutions) showed a year-on-year increase.

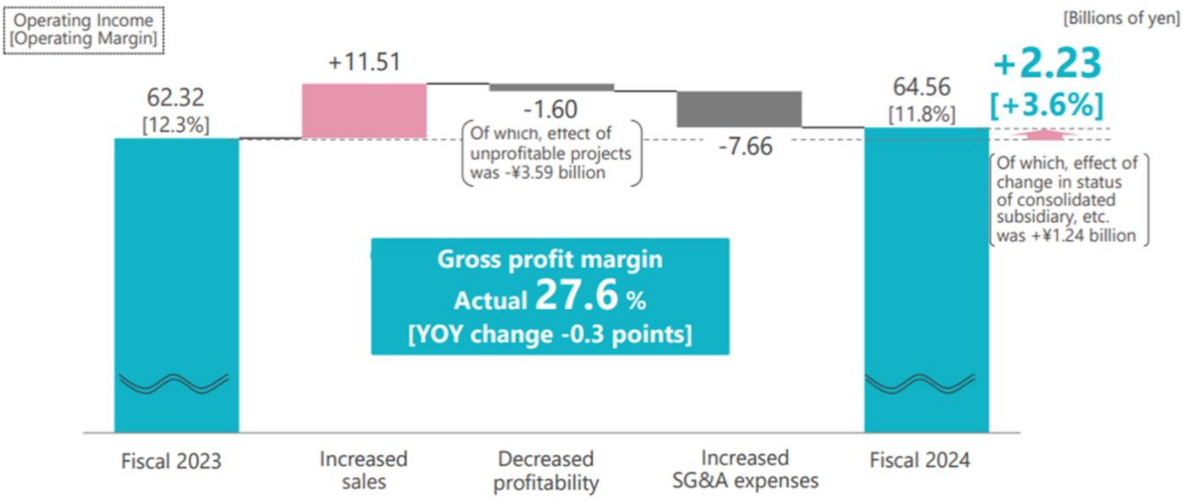
The consolidated fiscal year under review was the final fiscal year of the medium-term management plan (2021-2023), which was formulated as a second step toward the achievement of "Group Vision 2026," and under the slogan of "Be a Digital Mover 2023," we promoted the concentration of business into the strategic domains, while also promoting various measures aimed at accelerating the transformation of our business structure based on improving the value provided by digital transformation.

In the consolidated fiscal year under review, net sales were 549,004 million yen (up 8.0% year on year), operating income was 64,568 million yen (up 3.6% year on year), recurring profit was 68,553 million yen (up 8.5% year on year) and the net income attributable to owners of the parent company was 48,873 million yen (down 11.9%).

Net sales increased year on year due to factors such as business expansion by accurately responding to IT investment needs including customers' digital transformation demand. Operating income grew year on year due factors such as the provision of high-value-added businesses and the promotion of productivity improvement measures, in addition to the increase in income driven by higher revenue, despite active investments in human resources and other fields that will contribute to our future growth. However, unprofitable projects significantly impacted profitability, resulting in a gross profit margin of 27.6% (down 0.3 percentage points year on year) and an operating margin of 11.8% (down 0.5 percentage points year on year). Recurring profit increased year on year due to the increase in operating income, as well as an improvement in non-operating income. Net income attributable to owners of the parent company decreased year-on-year mainly due to the non-recurrence of extraordinary income resulting from a reduction in cross-shareholdings in the previous fiscal year.

In addition, the business results, etc., of Nihon ICS Co., Ltd., which became a consolidated subsidiary in April 2023, started to be reflected in the consolidated financial results from the second quarter. The business results of Nihon ICS Co., Ltd. recorded in business results for the consolidated fiscal year under review consisted of net sales of 5.8 billion yen and operating income of 1.8 billion yen, as well as amortization of goodwill related to Nihon ICS Co., Ltd. of 1.2 billion yen.

< Analysis of the increase/decrease in key factors of operating income (YOY change) >



Prior investment costs for promoting structural transformation:
Up ¥0.78 billion (YOY change)
(Cost of sales: +¥0.80 billion, SG&A expenses: -¥0.01 billion)
Software investment / Investment in human resources / Investment in R&D
+
Cost of investment in human resources (additional):
Up ¥5.21 billion (YOY change)
(Cost of sales : +¥3.58 billion, SG&A expenses : +¥1.63 billion)

Changes in SG&A expenses

Effect of change in status of consolidated subsidiary, etc.	+2.58
Prior investment (excludes investment in human resources)	-0.01
Prior investment (investment in human resources)	+1.63
Others	+3.46
Total	+7.66

The situation by segment is as follows. Net sales for each segment include net sales between segments.

1) Offering Service Business

We provide knowledge-intensive IT services by constructing services based on the best practices accumulated in our group through our own investments.

Net sales in the consolidated fiscal year under review were 130,759 million yen (up 17.0% year on year), and operating income was 7,659 million yen (up 19.2% year on year). In addition to the expansion in IT investment in the settlement solutions, platforms, and business management fields, overseas operations contributed to growing sales, and the business results, etc., of Nihon ICS Co., Ltd., which became a consolidated subsidiary in April 2023, started to be reflected in the consolidated financial results from the second quarter, resulting in a year-on-year increase in both income and profit with an operating margin of 5.9%, up 0.1 percentage points year-on-year.

2) Business Process Management

We realize and provide advancement, improvement in efficiency and outsourcing through IT technology, business know-how, human resources, etc. for issues related to business processes.

Net sales in the consolidated fiscal year under review were 41,953 million yen (down 3.0% year on year), and operating income was 4,551 million yen (down 11.2% year on year). Data entry operations remained sluggish, which led to a decrease in both income and profit year-on-year, and pushed down the segment's operating margin to 10.8%, a year-on-year decrease of 1.0 percentage points.

3) Financial IT Business

We examine and promote both business and IT strategy and support business promotion based on our business/operational know-how specialized in the financial industry. Net sales in the consolidated fiscal year under review were 106,304 million yen (up 5.1% year on year), and operating income was 15,185 million yen (up 9.3% year on year). Driven mainly in the first half of the year by large-scale development projects for credit card companies and other core clients as well as public-sector financial institutions, both income and profit increased year on year, and the operating margin rose to 14.3% (up 0.6 percentage points year-on-year).

4) Industrial IT Business

We examine and promote both business and IT strategy and support business promotion based on our business/operational know-how specialized in each industrial field other than the financial industry.

Net sales in the consolidated fiscal year under review were 121,896 million yen (up 7.3% year on year), and operating income was 18,287 million yen (up 9.3% year on year). Despite a decrease due to the non-recurrence of large-scale development projects in the manufacturing sector, the trend of expanding IT investments in a wide range of industries, including manufacturing and distribution, and activities related to enterprise resource planning (ERP) led overall growth, resulting in a year-on-year increase in income and profit, and the operating margin increased 0.3 percentage points to 15.0%.

5) Regional IT Solutions

We provide a wide range of IT professional services involving regions and customer sites and accumulate and deploy our know-how as solutions to support problem-solving and business promotion.

Net sales in the consolidated fiscal year under review were 172,376 million yen (up 7.7% year on year), and operating income was 18,497 million yen (down 4.4% year on year). Sales increased year-on-year owing to the trend of expanding IT investments, mainly by the medical, banking and network businesses. On the other hand, unprofitable projects significantly impacted operating income, resulting in a year-on-year decline in profit, while the operating margin decreased 1.4 percentage points year on year to 10.7%.

6) Others

It consists of incidental businesses, etc. upon providing various IT services.

Net sales in the consolidated fiscal year under review were 9,581 million yen (up 7.0% year on year), operating income was 777 million yen (down 11.5% year on year), and the operating margin came to 8.1% (down 1.7 percentage points year on year).

As mentioned earlier, the consolidated fiscal year under review was the final fiscal year of the medium-term management plan (2021-2023). Under the five basic policies of this plan, “virtuous cycle of value created jointly by society and employees,” “improve value provided by DX,” “expand investment to generate strengths,” “deepen and extend global operations,” and “diversification of human resources, sharper skills,” and with the slogan of “Be a Digital Mover 2023,” we promoted the concentration of business into the strategic domains, while also working to accelerate the transformation of our business structure based on further improving the value provided by digital transformation. In light of the fact that the Group achieved the key management indicators set forth in the plan one year ahead of schedule in the previous consolidated fiscal year, we promoted various measures by adopting the following Group management policies during the consolidated fiscal year under review, with the aim of achieving further sustainable growth and enhancing corporate value.

Note) Strategic domains: Four business areas that should become the core of the Group in 2026 as targeted in “Group Vision 2026.”

The status of main initiatives in the five basic policies of the medium-term management plan for the fiscal year under review are presented below.

1) Virtuous cycle of value created jointly with society and employees

The Company will continue to promote the resolution of social issues through co-creation with stakeholders, further deepen awareness of corporate social responsibility, and strengthen corporate sustainability initiatives, while developing its management foundation through the sophistication and efficiency of its head office functions.

As the Company seeks to establish its presence as a leading sustainability company, it has changed the positioning and composition of the Corporate Sustainability Committee since April 2023. Composed mainly of all Directors, including External Directors, the committee identifies trends in the practice of sustainability management, determines the issues to be focused on and the direction of our response through discussion, and supervises the execution of duties through the Board of Directors, aiming to continuously upgrade the sustainability activities.

As part of efforts to improve management transparency through detailed disclosure, the Company has published an ESG Data Book that comprehensively summarizes the Group's overall sustainability management, ESG initiatives, and related non-financial information.

Based on the basic policies for corporate sustainability, we will continue to carry out activities related to human rights and the environment, which are high-priority themes, as urgent important social issues. To address human rights issues, we have clarified a human rights risk management system that meets the United Nations Guiding Principles on Business and Human Rights. With regard to environmental issues, recognizing the importance of reducing emissions of greenhouse gas (hereinafter referred to as "GHG"), which is considered to be a cause of climate change, the Group raised the targets for reducing GHG emissions (Scope 1 + 2) (Note 1) at its offices in fiscal 2030 from a 27.5% reduction to a 50% reduction compared with fiscal 2019, while setting targets of carbon neutrality of GHG emissions (Scope 1 + 2) in fiscal 2040 and net zero (Note 2) GHG emissions (Scope 1 + 2 + 3) in fiscal 2050. The Company's targets have been validated by the Science Based Targets initiative (SBTi) (Note 3) as being scientifically in line with the "1.5°C target," which is an upgrade from the SBTi validation of the "2°C target" obtained in 2021.

Furthermore, in April 2023, the Company formulated the Multi-Stakeholder Policy to promote appropriate collaboration and co-creation with diverse stakeholders. We view that proper distribution of earnings and outcomes generated by value creation and productivity enhancement to multi-stakeholder groups will help maintain momentum for wage increases and sustainable economic development. Given the importance of distribution to employees and respect to business partners, we will continue to engage in our initiatives.

In addition, as one of the ideal ways that the Group ought to contribute to local communities, we are continuing initiatives such as utilizing the corporate version of hometown tax and launching projects to work with NPOs in three areas that cannot be covered by business operations (activity to support future users, activity to spread the benefit of digital technology to society and activity to reduce negative impacts of digital technology on society) among others.

From the viewpoint of developing the management foundations through advancement and improvement of the efficiency of the head office functions, we expanded the scope of the application of the "head office system function advancement project G20," which we have been working on for some time, and we promoted shared services and digital transformation for back office business activities for the entire group through the framework centered on TIS Business Service Inc. as part of our efforts to make indirect business activities shared and further advanced.

Note 1) An aggregation method that serves as an international standard for GHG calculation and aggregation methods. It was stipulated by the GHG Protocol around 2001. Scope 1 is direct emissions from the company, Scope 2 is indirect emissions from purchased electricity, and Scope 3 is indirect emissions from other sources, including the value chain.

Note 2) Net zero GHG emissions is the condition where anthropogenic GHG emissions and removals are balanced, with net zero GHG emissions into the atmosphere

Note 3) Targets consistent with reductions required to meet the Paris Agreement targets of the United Nations Framework Convention on Climate Change based on the latest climate change science

2) Enhance provided digital transformation value

The Group will continue to promote co-creation with stakeholders, strengthen digital transformation consulting functions, and advance IT delivery in order to enhance our vision for transforming society.

As we further strengthen the front line, which is the point of contact with stakeholders, the Group is taking measures to further strengthen DX consulting functions to formulate strategies and address business issues with the aim of enhancing value for clients. In addition to active recruitment from outside the Group and internal training rotation measures for the entire Group based on the DX Strategy Human Resources Conference, the Company's unique training programs geared to job types and skills are applied to the entire Group to expand the Group's consulting methodology and increase the number of talented DX consultants. The Group is enhancing the collaboration with Miotsukushi Analytics Co., Ltd., a consolidated subsidiary with strengths in data analysis and AI consulting, and Fixel Inc., a subsidiary with excellent design consulting capabilities, from a human resource aspect, as well as a business aspect. Through accelerating strategic allocation of management resources, we will continue to focus on enhancing our system to provide value to help with customers' digital transformation.

We have been promoting employees' work-style reforms with the introduction of a human resource system that enables employees to work in a variety of ways as well as the development of office and IT environments. In addition to them, as work-style reforms with DX, we consolidated the data that had been stored in each system within the Company into one place and built a database to further sophisticate work styles and enhance overall performance. Based on the analysis results derived from these pieces of data, we will develop measures to further sophisticate the work styles of our employees.

By grasping digital transformation in three areas, the Group is committed to "social digital transformation" to realize a better society, "business digital transformation" to innovate the businesses of our customers and "internal digital transformation" to evolve the Group itself as a chain of elements that strongly affect each other from a comprehensive perspective in order to create a virtuous cycle of new value. As part of internal digital transformation efforts, we have released TIS AIChatLab, an in-house dedicated ChatGPT environment powered by Microsoft's Azure OpenAI Service environment. In the midst of rapid technological development, the field of generative AI, including ChatGPT, is particularly remarkable for its evolution. We develop an environment where generative AI can be used securely so that all employees can actually use generative AI, thereby improving operational efficiency and leading to its effective use in business.

In March 2024, the Company and INTEC Inc. concluded a capital and business alliance agreement with Nippon Life Insurance Company and Nissay Information Technology Co., Ltd. The Group and the Nippon Life Group have previously worked on areas such as human resources exchange in the IT field and system development, but with the opportunity provided by this alliance, the two groups will further strengthen the Nippon Life Group's IT strategies and DX initiatives, and respond to various changes in the market environment and increasingly diverse customer needs.

3) Expand investment to generate strengths

Aiming to enhance our ability to realize business structure transformation, the Company will continue working to allocate management resources to priority areas such as social issue solution services, as well as measures to upgrade management.

In the payments domain, which is one of the Group's strengths, we are developing our business in the overall settlement area under "PAYCIERGE," a total brand of retail settlement solutions. The credit card processing service, which went into service in the second half of the previous fiscal year, is operating steadily, and we are promoting sales activities to further expand transactions. In addition to this, the Group is preparing to develop the "Embedded Finance" business and made it possible to embed a full range of settlement services by combining the front-end settlement functions owned by ULTRA, a consolidated subsidiary, and the Group's existing expertise in building settlement back-end functions. Additionally, in collaboration with Sumitomo Mitsui Card Company, Limited (SMCC), we launched a new payment platform, the SMCC Mobile Payment Package, which enables businesses to incorporate payment functions into their own applications. Prepared with functions needed to install payment functions in their apps, this package service allows businesses to select the necessary functions according to their strategies and to install payment functions in their apps at a lower price and in a shorter period of time. Evolving the service so that it can respond to changes in business needs and strategies, we work to provide businesses with comprehensive support for their cashless initiatives according to their needs and changes in strategies. In these circumstances, we have formulated a new payment strategy focusing on the four areas of credit, digital accounts, next-generation payments, and new value creation, in response to the market environment and trends in customer needs, such as the recent spread of light payment needs. Under the new strategy, we provide complex services combining products and services, which were previously provided in units, to promote evolution and expansion of payments. The aim is to reduce barriers to entry into the financial sector, and develop payments with the theme of social changes to solve social issues. With these efforts, we continue to contribute to the development of a cashless society.

As various measures for structural transformation are promoted in the medium-term management plan (2021–2023), the Company made Nihon ICS Co., Ltd. ("Nihon ICS") a consolidated subsidiary in April 2023. The aim is to accelerate the growth of IT Offering Services (Note 1), one of our Strategic Domains, by welcoming the company, which mainly targets tax accountant offices and their corporate clients and is engaged in providing financial accounting packages and related services. By combining the Company's business for financial institutions and Nihon ICS's business for professionals such as tax accountants, we are working to sophisticate professional services, enhance financial institutions, and expand our initiatives into new companies. Aiming to expand our client base and realize new business schemes, Nihon ICS has formulated the "Tax Accountant 360 Initiatives," in order to solve various issues faced by tax accountants over the medium to long term. Going forward, we will contribute to the development of tax accountants and corporate clients by offering a full range of services to support tax accountants from all 360 degrees, positioning the existing provision of tax and accounting software at the core of these efforts, by utilizing generative AI and other digital technologies, and strengthening cooperation and collaboration with companies both within and outside the Group. In addition, through cooperation with the Company, Nihon ICS has promoted initiatives such as the establishment of management and operation systems, the strengthening and integration of governance, and the introduction of the Company's proprietary quality management system, Trinity. We will continue to strengthen the linkage of the Company's services for the sophistication of professional services and the advancement of DX in corporate clients with expense settlement and the incorporation of financial statements by financial institutions. We will share our R&D outcomes, collaboration know-how, and cutting-edge technologies to further consider the possibility of collaboration between the Company's clients and Nihon ICS, strengthen the development system, and enhance the management process for quality improvement.

In July 2023, we concluded a capital and business alliance agreement with Financie, Inc., a Web3 platformer, which can realize the token ecosystem in one go. In order to address the various issues and to meet diverse needs that have emerged during the large-scale transition from Web2 to Web3, we will leverage the knowledge, experience, and extensive personal connections held by the Company and Financie, Inc. to develop measures to drive the spread and development of Web3.

Furthermore, as part of the efforts to address "health issues," one of the social issues that the Group aims to solve through its business, the Company joined the PHR Service Business Association, which was established in July 2023. The aim is "Promoting cooperation among diverse stakeholders and contributing to the extension of the healthy life expectancy of the people and to the well-being of the people through the development of the PHR (Personal Health Record, Note 2) service industry" and our President became Executive Officer (Vice President) and Chairperson of the Technical and Education Committee. The Company provides a healthcare platform that develops health data managed mainly by medical institutions into PHR so that it can be utilized for health promotion. Utilizing know-how and digital technology, the Group will contribute to the development of guidelines for data utilization and play a role in promoting standardization as an IT company providing PHR services, and thereby contributing to the development of the PHR service industry. In addition, as part of our efforts to expand the network to realize optimal prevention and treatment for individuals using PHR, we invested in GENEX, Inc., a start-up company that operates a whole genome testing business.

In December 2023, we made RESCHO, INC., a provider of electronic medical records for psychiatric hospitals, a consolidated subsidiary to further expand our healthcare platform. We will leverage our network to develop a linkage between various industries, centering on the medical industry, and the knowledge and information assets that RESCHO, INC. has cultivated in the electronic medical record system market for psychiatry, and mutually utilize our system personnel and security technology, aiming to promote DX in the medical, insurance and pharmaceutical sectors, and create new businesses in the mental health care field.

Note 1) A business area to create IT solution services ahead of customers and speedily provide them by combining the know-how accumulated in the Group and the advanced technology it owns

Note 2) Lifetime personal health information (medical examination (screening) information, vaccination history, drug information, medical test results and other medical-care-related information, and vitals, etc. that individuals measure on a daily basis)

4) Deepen and expand global management

The Group intends to enhance its global operations and expand the global partnership network by further deepening markets through strengthening relationships with investee companies and developing joint ventures based on its business strategy.

Aiming to form an ASEAN Top Class IT Syndicate, the Group is expanding its partnerships through capital and business alliances with leading companies in each domain, focusing on our three axes: “channels” for local market expansion, “technology” for new business/service creation and next-generation technology development, and “consulting” for delivering value chain expansion.

In “channels,” Thailand’s MFEC Public Company Limited is accelerating its investment activities to expand the Group’s business through Synergy Group Ventures Co., Ltd., which was established as a corporate venture capital (CVC), and is promoting investments in promising start-up companies in Thailand and collaborations with the companies invested in.

In “technology,” the Company made minor investments in Atom Computing Inc. and QuEra Computing Inc., quantum computer startups in the U.S., with the aim of further expanding leading technologies and services. In quantum computer technology, for which intensified competition is expected in the future, we will accelerate the collection of information on cutting-edge technologies and consider long-term cooperation. In addition, by investing in and collaborating with Vista Equity Partners Management, LLC in the U.S., which is a company specialized in investing in enterprise software companies, we seek to provide high value-added IT services with the products provided by the company and its group companies and to gain expertise in the success stories of the companies it invested in.

In “consulting,” the Company made Vector Management Consulting Pvt. Ltd., a major local management consulting firm in India, an equity-method affiliate and is now working to develop new global clients. By leveraging Vector Consulting’s expertise in the domain of management consulting, the Group aims to realize high value-added IT services for the clients in India, Japan, the ASEAN region, and China, and promote collaboration.

The Group will continue to expand its business domain by making maximum use of alliances forged through strategic investments, integrating the strengths of each company, and building and strengthening alliances that can cover the ASEAN region, aiming to achieve the FY2026 target of 100 billion yen of consolidated net sales in our global business.

5) Advance and diversify human resources

Aiming at added value improvement, the Company will continue to invest in human resources, including reviewing remuneration and investing in education, so that diverse employees can be engaged and thrive as professionals.

We are promoting initiatives such as improving employees’ engagement and supporting their autonomous career development by developing an environment and organizational culture in which diverse individuals can play an active role, promoting next-generation work style reform in anticipation of a new work environment, advancing human resource portfolio management through digitalization of the human resource database and having full-scale operation of HR business partners. Also, in order to further accelerate structural transformation, we strive to strategically secure and develop cutting-edge human resources in such areas as consulting, global and service business, and optimally allocate human resources.

To achieve structural transformation toward the realization of Group Vision 2026, the Group is focusing on increasing added value through the growth of human resources, which is the most important management capital in order to carry this forward. We have been investing in human resources to increase employees’ engagement with three axes of “meaning of work,” “work environment” and “remuneration.” In order to further promote the reform of “meaning of work” and “remuneration,” we introduced a new personnel system that completely renewed the remuneration, evaluation and grade systems, etc. in April 2023.

Under the remuneration system, the Company prioritizes investments in high-level personnel and young employees who drive the business forward, with base salary increases of up to 17% and an average increase of 6%, and the whole Group is working to improve compensation. As a result, personnel expenses increased by approximately 5.2 billion yen in the consolidated fiscal year under review compared with the previous year, but this is positioned as an upfront investment in human capital, which is essential for the sustainable growth of the Group. We will continue to implement these measures and enhance employee engagement with the aim of accelerating corporate growth and increasing added value by improving corporate competitiveness through the growth of human resources by encouraging employees to think and act proactively and demonstrate higher performance than expected.

In addition, under the Group Diversity and Inclusion Policy, we are promoting measures to realize "physical and mental health," "improvement of job satisfaction" and "improvement of viability" with the aim of improving the quality of life of each and every employee working in the Group. Amid such circumstances, in order to achieve advanced health and productivity management, greater productivity and engagement of employees, and enhanced value exchange with society, the Company and INTEC Inc. joined, in July 2023, the Health and Productivity Management Alliance. This is a group of 148 companies and organizations (as of June 30, 2023) that share the vision of "revitalizing Japanese companies and realizing the sustainability of employees' health insurance system through the enhancement of employees' health condition." In line with the progression of our efforts related to health and productivity management, there has been an increase in the number of Group companies that have been certified as "Health & Productivity Management Outstanding Organizations" by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. A total of six Group companies were certified as "2024 Health & Productivity Management Outstanding Organizations," and the Company and INTEC Inc. have also been certified as ones of "2024 Health & Productivity Management Outstanding Organizations: White 500." Additionally, the Company has continuously implemented various measures based on analysis of the results of awareness surveys and employee feedback, with the aim of "improvement of job satisfaction." As a result, the Company was selected as a "Great Place to Work Certified Company" by the Great Place to Work® Institute Japan in the December 2023 "Great Places to Work" survey.

We will continue to make proactive investments in order to increase the value of human resources in the entire group to create a virtuous cycle of adding high value to the company, employees and society with the aim of further growth and increase of corporate value of the Group and realization of a more prosperous society.

In addition, from May to July 2023, the Company acquired treasury stock of 6,199 million yen (total of 1,678,900 shares) in total, in accordance with the basic policy on shareholder returns of a "total return ratio of 45%," as part of its efforts to increase benefits for shareholders and enhance capital efficiency by implementing flexible capital policies that can swiftly respond to changes in the business environment. Additionally, based on the intention to sell shares of multiple shareholders of the Company's operating company, in February 2024, the Company acquired treasury stock of 22,422 million yen (6,766,000 shares) through the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3), from the perspective of mitigating the impact of this sale on the short-term balance of supply and demand for the Company's shares and the impact on existing shareholders. Under its policy, as a general rule, the Company holds up to 5% of the number of issued shares, retire any holdings exceeding 5% of issued shares. Taking this policy into consideration, as well as factors such as the elimination of concerns about the future dilution of shares, the Company retired 8,212,000 shares (3.4% of issued shares prior to the retirement), equivalent to almost all treasury stock held including the aforementioned acquired shares, in March 2024.

(2) Capital investments

In the consolidated fiscal year under review, capital investments in property and equipment include investments for the purpose of expansion for regular equipment renewal, various types of renovation as part of the promotion of work style reform, etc., as well as the installment acquisition of real estate trust beneficiary rights for the core facilities used for system operation business activities and providing cloud services of our own brand. With regard to intangible fixed assets, the Company made software investments to promote the service-type business. As a result, the total amount of capital investment was 19,193 million yen.

(3) Financing

In the consolidated fiscal year under review, the Group as a whole borrowed 23,159 million yen in long-term debts and repaid 1,802 million yen.

(4) Issues Requiring a Response

1) Management policies

The Company determines ten-year visions in the form of the Group Vision, in order to guide efforts by all officers and employees of the Group to combine their capabilities to achieve our ideal state and sustainably enhance corporate value. In April 2024, the Company formulated the "Group Vision 2032," the latest version of the Group Vision, taking into consideration changes in the internal and external environment.

< Group Vision 2032: Long-term Management Policy >

Based on the theme of "Society oriented, operationally diverse, globally active," the Group aims to become an advanced global IT group, while maintaining a social and innovative nature. In order to solve social issues, the Group will work to make its businesses more diverse and global, while actively adopting innovative technologies and incorporating capabilities from other industries, thereby achieving business innovation and market creation.

Domains where the Group engages in original business activities to achieve sustainable growth will be defined as strategic domains, and in each segment, the Group will work to develop and create markets with the best mix of strategic domains, taking into consideration the unique characteristics of markets.

<Strategic domains>

Social Innovation Services	Businesses where the Group directly solves social issues, based on social impact indicators
Co-Creation Business	Businesses where the respective strengths of the Group and co-creation partners are combined to create new markets, in domains where the Group cannot compete alone
Strategic Partnership Business	Businesses where we discuss and promote business strategies for top-class customers in the industry together to play a fundamental role in business with foresight in the industry as well as knowledge which other companies cannot emulate
IT & Business Offering Services	Businesses where we offer services with the potential to become future de-facto standards by anticipating industry needs in specific industries and operations, utilizing our accumulated technology and expertise

2) Review of the medium-term management plan (2021-2023)

The business environment was favorable for the Group, with strong appetite for IT investment among customers amid a background of factors such as demand for DX in Japan and overseas.

Amid these conditions, the Group positioned the three-year medium-term management plan ending in the consolidated fiscal year under review (2021-2023) as a period for enhancing the sophistication of the value chain by increasing value offered with DX. We promoted further structural transformation as part of our aim to solve social issues through the growth of the Group. We generally achieved the key management indicators that were set in the medium-term management plan (2021-2023) from the perspective of aiming to sustainably enhance corporate value through business growth and profitability improvements based on structural transformation in four strategic domains, namely “net sales of 500 billion yen,” “operating income of 58 billion yen (operating margin of 11.6%),” “average annual EPS (earnings per share) growth rate of over 10%,” “strategic domain percentage of 60%,” and “net sales from the social issue resolution-type service business of 50 billion yen.”

Additionally, the Company was targeting a net income to equity capital ratio (ROE) of 12.5%-13% in the medium-term management plan (2021-2023) driven by a higher net income ratio from increases to business profitability, and over the long term, the Company aimed to grow into a company capable of generating a stable ROE of 15%, based on structural transformation. Thanks partly to a contribution from financial measures through stronger balance sheet management, etc., the Company achieved this target, with a net income to equity capital ratio of 16.0% in the consolidated fiscal year under review.

<Level of Success in Reaching Key Numerical Targets>

Medium-Term Management Plan (2021–2023) Key Numerical Targets	Fiscal 2021 Actual	Fiscal 2024 Management Plan Targets	Fiscal 2024 Actual
Net sales	¥448.3 billion	¥500 billion	¥549 billion
Operating income	¥45.7 billion	¥58 billion	¥64.5 billion
Operating margin	10.2%	11.6%	11.8%
EPS (Earnings Per Share) growth CAGR	11.1%	Above 10%	22.5%
Strategic domain ratio	51%	60%	61%
Sales of societal issue solution services	¥38.0 billion	¥50 billion	¥49.7 billion

<ROE Growth Structure>

	Fiscal 2021 Actual	Fiscal 2024 Management Plan Targets		Fiscal 2024 Actual
ROE	10.8%	12.5%～13%		16.0%
Net profit margin	6.2%	7.8%	(Structural transformation, creation of growth investment)	8.9%
Total asset turnover	1.08	Somewhat low	(Increase in business assets through growth investment)	1.11
Financial leverage	1.63	Same level	(Maintain financial soundness)	1.62

3) Management issues (issues requiring a response)

There are numerous factors that require close attention, such as rising political and social tension and the increasingly unclear outlook for the global economy, but we expect the favorable business environment for the Group to continue.

Amid the social trend requiring the balancing of solutions to social issues with economic development, a succession of innovative technologies, such as generative AI, have entered the stage of practical application, and it is likely that social demand for the utilization of digital technologies will continue to expand and diversify. In connection with these clear business opportunities, we expect significant fluctuations in the competitive environment on both the demand side and the supply side, including advancements by global IT platformers and consulting firms, as well as more active new entry to the industry from companies in peripheral industries.

With forecasted major changes in the environment, we believe it is important that the Group enhances our ability to solve issues by further refining our strength in our deep understanding of customers and technologies, while also expanding our ability to solve issues through co-creation with players with a diverse range of capabilities. Our understanding of management issues facing the Company is as follows.

・Active entry into growth domains

Continue efforts to strengthen our earnings base and develop an environment for creating high value-added services, technologies, and human resources

・Strengthening and expansion of issue-solving capabilities

Enhance insight concerning the true issues faced by society and customers, and acquire issue-solving methods unconstrained by existing frameworks

・More sophisticated human resources

Achieve more high value-added human resources and competitive remuneration levels

・Acquisition of agility to create practical applications for new technologies

Develop human resources with advanced technical skills capable of driving continuous assessments of new technologies and their application in the field, and develop a knowledge base

・Promotion of the accumulation and utilization of intellectual property

Promote the accumulation and utilization of quality intellectual property to achieve business structural transformation and the scaling-up of businesses

・More advanced governance

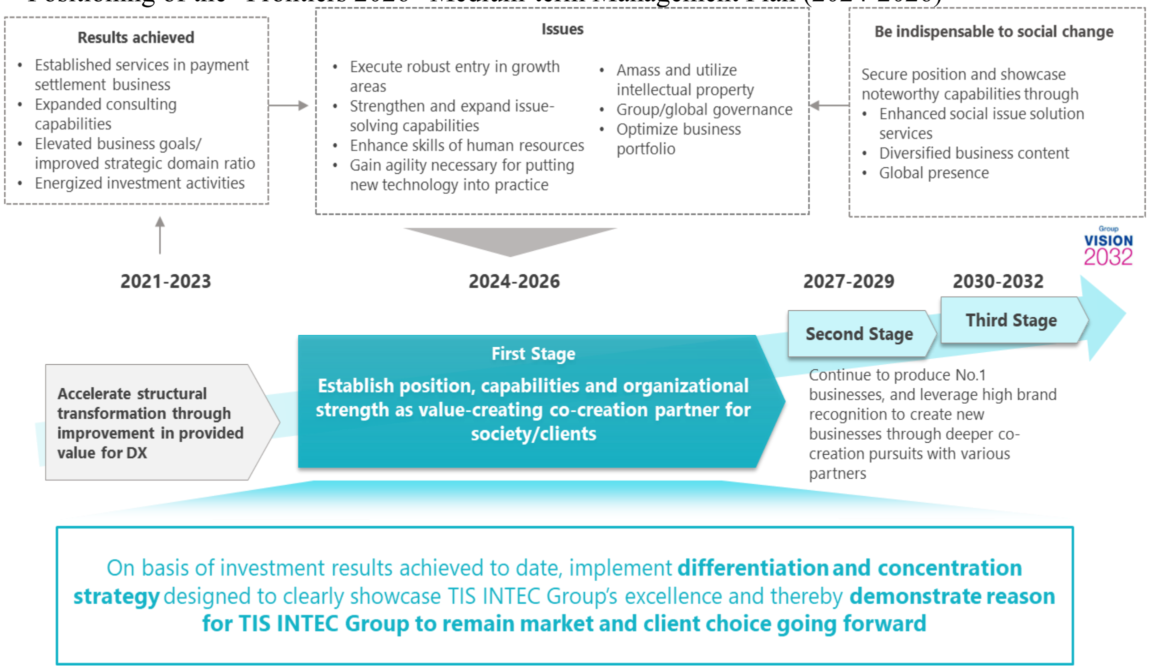
Create more advanced governance to support ambitious growth plans

・Optimized business portfolios

Pursue the optimal business portfolio to achieve the above and generate the maximum returns with the least capital

Based on the above, the Company will start "Frontiers 2026," a medium-term management plan (2024-2026) formulated as a three-year plan starting from April 2024. In addition to linking various investments and relationships built with customers during the previous medium-term management plan to results, we will also create reasons for us to continue being the company of choice for markets and customers in the future, through differentiation and concentration to establish clear superiority, based on the results achieved to date as the first stage of realizing our Group Vision 2032.

< Positioning of the “Frontiers 2026” Medium-term Management Plan (2024-2026) >



4) “Frontiers 2026” medium-term management plan (2024-2026)

Through the exchange of value with stakeholders in all directions, the Group aims for continuous business expansion and the achievement of a sustainable society, while also aiming to provide consistent value through all processes for solving social issues, from strategy formulation to solution implementation.

In the “Frontiers 2026” medium-term management plan (2024-2026), we will focus on achieving qualitative enhancements across all aspects of the value chain, rooted in the development of new future-oriented markets and the expansion of our business domains, under the basic policy of expanding into new frontiers.

<table>
<tr><td>Basic policy</td><td colspan="5">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.</td></tr>
<tr><td rowspan="2">Key performance indicators</td><td>Human resources growth and added value cycle</td><td>Improved earning power</td><td>Asset (=intellectual property) value creation</td><td>Winning confidence of society</td><td>Meaningful growth</td></tr>
<tr><td>Operating income per person
More than ¥3.5 million</td><td>Operating margin
13.1%
Adjusted operating margin 13.4%※1</td><td>ROIC/ROE
Above 13%/ above16%</td><td>Sales
¥620 billion</td><td>EPS CAGR
Above 10%</td></tr>
<tr><td rowspan="4">Priority strategies</td><td colspan="5">Market Strategies</td></tr>
<tr><td colspan="5">• Concentrate investment of management resources into defined growth areas, based on social issues and in-house strengths
• Balancing efforts to increase added value of services and reinforce technology investment, expand business with sense of speed, especially in ASEAN region</td></tr>
<tr><td>Service Strategies</td><td>Technology Strategies</td><td>Intellectual Property Strategies</td><td colspan="2">Human Resources Strategies</td></tr>
<tr><td>• All services, from upstream to business process outsourcing, will benefit under full value chain status
• Enrich pure services*3, focusing on four social issues*2</td><td>• Leverage knowledge distribution, IT architect development and redeployment structure
• Promote process redevelopment using AI x automation</td><td>• Seek balance between higher added value and expanded business scale, with greater accumulation and utilization of intellectual property
• Accelerate intellectual property creation through internal use of information on points of client contact</td><td colspan="2">• Bolster issue resolution capabilities by increasing number consultants to create 700-person structure and by standardizing basic consulting skills
• Secure and develop top talent and establish structure for flexible redeployment of human resources</td></tr>
</table>

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

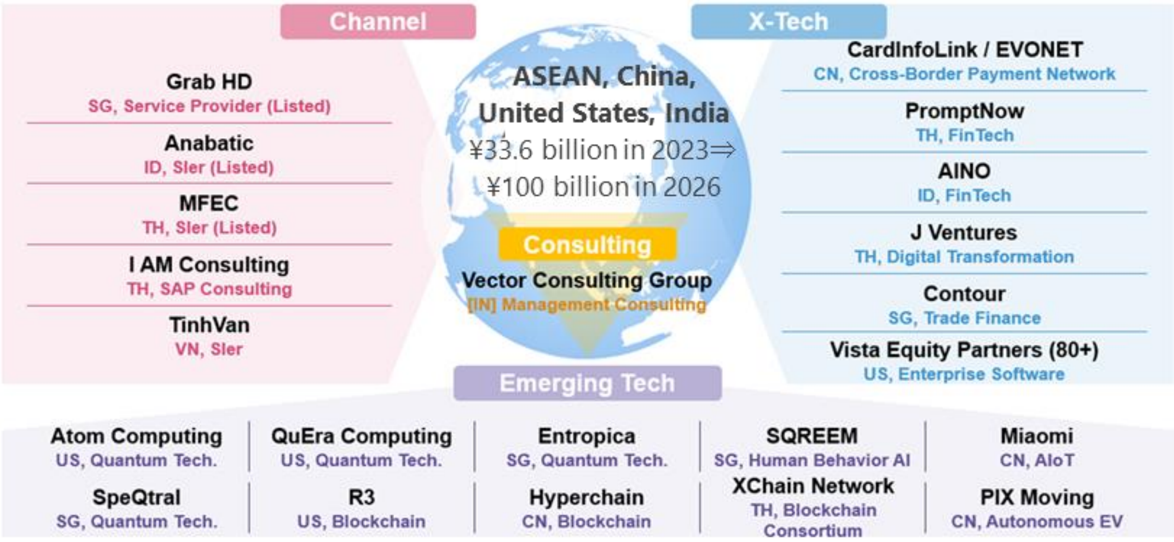
i) Market Strategies/Overall Segment Strategies

We will take steps to expand our business domains and continuously strengthen business foundations for sustainable growth, through the provision of a diverse range of services based on unique characteristics in each segment. Growth strategies by segment are as follows.

Offering Service Business	・While responding to diverse demand for cashless services, newly expand our business domains as a business creator with strengths in finance and settlement in the social issue domain ・Enhance profitability through more advanced investment management
Business Process Management	・As the market shrinks for some aspects of BPO services, revise our business portfolio and return to a growth trajectory, through measures such as expansion of the CX domain, where there is high demand, and enhancement of services in coordination with other segments
Financial IT Business	・Although this segment is approaching a peak along with the completion of large-scale projects, establish the foundations for the next stage of growth through co-creation businesses with customers, the roll-out of the modernization business and the acquisition of new customers, and the diversification of our customer base
Industrial IT Business	・Develop deeper relationships with customers and develop services, particularly in the manufacturing industry, energy, and social infrastructure ・Promote the development of existing customers and the acquisition of new customers while leveraging the strength of our diverse range of services, such as ERP and modernization
Regional IT Solutions	・Nationwide deployment of proprietary IT solutions developed through close relationships with customers in five priority areas (public administration, medicine and healthcare, finance, industry, and infrastructure)

ii) Market Strategies/Global Strategies

While targeting Asia, which has enormous market potential, over the long term, we will broaden the scope of global partnerships and expand our business in the ASEAN region as we aim to achieve consolidated net sales of 100 billion yen by fiscal 2026. We will promote the shift toward higher added value across all businesses by integrating business restructuring consulting and IT, while also making technology investment functions more advanced, and thus develop our business at a brisk pace.



iii) Service Strategies

Customer needs are becoming increasingly diversified as a result of changes in social trends and the emergence of innovative technologies. Amid these conditions, we will develop new markets by enhancing our services and providing greater added value, in order to support the transformations of society and our customers. In Financial IT and Industrial IT Businesses, we will develop new markets based mainly on industries, while in Offering Service Business, Business Process Management, and Regional IT Solutions Business, we will develop new markets based on functions. In each business, we will provide services in line with respective business policies.

	Develop market from industry perspective	Develop market from function perspective
Business direction	• Apply knowledge laterally, cultivate client base from industry perspective, deepen relationships with clients as core partner. • Develop relationships with clients as strategic partner, 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 of client comments	

iv) Technology Strategies

The evolution and diversification of fundamental technologies is remarkable, and we believe that rapid adaptation to these technologies will significantly impact competitive strength. Based on a select technology portfolio of key technologies for the Group, we will engage in comprehensive measures for anticipatory research into these technologies and their rapid application in the field.

In the short term, we will promote initiatives such as the development of environments that encourage employees to use generative AI, the redevelopment of processes in various internal operations based on the assumption of utilizing AI, and the development of a generative AI educational curriculum and related education. In parallel with these efforts, we will leverage collaboration between industry and academia for applied research into multiple technologies that will act as the core of business differentiation over the next three to ten years, and combinations of such technologies, including technology for sending large quantities of data and related algorithms, which will be required as the digital world and real world become increasingly integrated.

v) Human Resources Strategies

We will propel human resources strategies focusing on diversification and advancement of individuals in order to continuously enhance the value exchange between the employees and the company. We will work to improve employees' engagement by developing an environment and organizational culture in which diverse individuals can play an active role, promoting next-generation work style reform in anticipation of a new work environment and advancing human resource portfolio management through digitalization of the human resource database among others.

We have proactively made upfront investments in human resources regarding human resources as the most important management capital. In our human resources strategies, we are investing in human resources to increase employees' engagement based on three axes, "meaning of work," "work environment," and "remuneration," and we will continue striving to further grow our company by strengthening the virtuous cycle of high added value for the company, employees and society and secure excellent domestic and overseas human resources who will realize growth.

In the medium-term management plan (2024-2026), we will focus on increasing DX consultants, advanced sales human resources, and IT architects, invest in their development and acquisition, and create related frameworks, based on the themes of strengthening our issue-solving abilities, strengthening our insight, and strengthening our integration abilities.

vi) Intellectual Property Strategies

In order to strengthen the services of the Group and the processes for providing those services, and balance business scale expansion with higher added value, we believe it will be increasingly important that we accumulate intellectual property and use it in an advanced manner. In the medium-term management plan (2024-2026), we will work to stimulate the creation of intellectual property by strengthening feedback from contact points with customers. We will strengthen the virtuous cycle, in which high-value services and processes for providing services with a high level of satisfaction result in quality communication with customers, which in turn creates high-value information that contributes to updates to existing intellectual property and the next intellectual property.

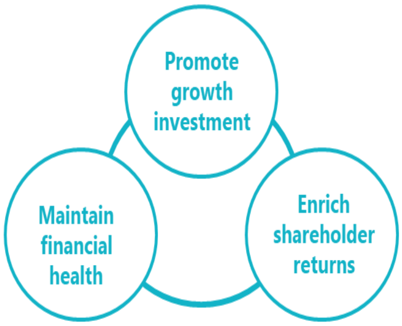
vii) Financial Policies/Basic Policy on Capital Policies

In order to sustainably increase corporate value, the Company's basic policy on capital policies is to optimize its capital structure, based on a balance between promoting investment for growth, ensuring a sound financial position, and strengthening shareholder returns, from a medium- to long-term management perspective.

Specifically, the Company actively invests in future growth in order to strengthen cash flow generation through sustainable business profit growth and enhancements to profitability, and as part of this, the Company reviews and revises its business portfolio on an ongoing basis.

Additionally, optimizes its capital structure to match its business portfolio through stronger balance sheet management and other methods, and thus sustainably creates returns that exceed the cost of capital, while ensuring a sound financial position. The Company takes steps to strengthen and enhance shareholder returns in accordance with business growth.

Based on the above, in the medium-term management plan (2024-2026), the Company will work toward cumulative growth investment of 100 billion yen over three years, a total return ratio of 50%, and the optimization of the capital structure in accordance with the enhancement of cash flow generation.



Promote growth investment

- ✓ Total growth investment over three years **About ¥100 billion**
- ✓ Robust investment to optimize business portfolio
- ✓ Sustainable generation of returns exceeding cost of capital, and wider equity spread

Enrich shareholder returns

- ✓ Raise **total return ratio to 50%** (yardstick)*from 45%
- ✓ Continue to enrich dividends per share
- ✓ Maintain upper limit on treasury stock holdings at 5% of total shares outstanding, and cancel the excess

Maintain financial health

- ✓ Allow debt-equity ratio up to 0.5, understanding **optimization of capital structure** comes with improved ability to generate cash
- ✓ Maintain "A" rating * "A+" as of November 13, 2023
- ✓ Maintain level of cash and deposits, plus commitment line, equivalent to about two months' worth of sales

5) Objective indicators to assess the status of the achievement of management indicators, etc.

In the medium-term management plan (2024-2026), the Company has set forth the following objective indicators for measuring its contribution to society: "net sales of 620 billion yen," "operating income of 81 billion yen (operating margin of 13.1%)," "average annual EPS growth rate of over 10%," "ROIC/ROE of over 13%/over 16%," and "operating income per person of over 3.5 million yen."

(Reference) Approach to Sustainability and Related Initiatives

We aim to improve value exchangeability with our stakeholders by solving social issues through business activities and enhancing management in response to social demands with our basic group philosophy “OUR PHILOSOPHY” as a firm axis to promote sustainability management to achieve both sustainable contribution to society and continuous improvement of corporate value.

<Overall picture of sustainability management>

To date, the Group has established an execution framework to advance sustainability management such as setting up a Corporate Sustainability Committee, identifying materiality and identifying four social issues it aims to solve, and has promoted initiatives related to human rights and the environment, which are high-priority themes as urgent and important social issues based on the basic corporate sustainability policies. In addition to continuing these initiatives, we recognize that it is important to review not only the Group’s direct corporate activities but also the Group’s corporate activities in the entire value chain. We will strengthen our management framework with the aim of establishing our presence as a leading company in sustainability by further deepening our sustainability management.

Also, even in an increasingly uncertain environment, we will continue to develop and strengthen the management foundation in order to realize sustainable growth. We have appointed segment owners to clarify who has authority and responsibility to promote realization of growth strategy taking advantage of the strengths of each group company. We are also pursuing optimal group formation by replacing the business portfolio through business management with an awareness of the cost of capital as well as M&A of domestic and overseas companies and working to further enhance and improve the efficiencies of the head office functions including getting indirect business activities shared in the Group. In addition, we will propel enhancement of investment management to acquire proper returns while proactively making growth investments that contribute to future growth (software investment, human resource investment, research & development investment, M&A investment, etc.).

At the same time, we will continue to carry out strategic brand activities by broadcasting TV commercials and posting articles on advertisement media among others as part of activities to increase corporate value and the degree of recognition. Even now, we are steadily seeing results such as an increase in recognition of the Group and the corresponding effect in terms of employee job satisfaction and recruitment. We will continue to be committed to it in order to strengthen the appeal of our service brand based on our corporate brand among others.

(5) Change of the status of properties and profit and loss

1) Properties and profit and loss of the corporate group

Category		The 13th Period: Fiscal year ended March 31, 2021	The 14th Period: Fiscal year ended March 31, 2022	The 15th Period: Fiscal year ended March 31, 2023	The 16th Period: Fiscal year ended March 31, 2024 (Consolidated fiscal year under review)
Net sales	(millions of yen)	448,383	482,547	508,400	549,004
Operating income	(millions of yen)	45,748	54,739	62,328	64,568
Recurring profit	(millions of yen)	39,257	55,710	63,204	68,553
Net income attributable to owners of parent company	(millions of yen)	27,692	39,462	55,461	48,873
Net income per share	(yen)	110.51	157.69	227.11	203.28
Total assets	(millions of yen)	451,072	476,642	462,320	525,456
Net assets	(millions of yen)	279,429	302,993	309,226	324,725
Net assets per share	(yen)	1,078.60	1,173.60	1,227.44	1,333.32

(Notes)

1. "Net income per share" is calculated based on the average total number of shares issued during the fiscal year, and "net assets per share" is calculated based on the total number of shares issued at the end of the fiscal year.
   Both the average total number of shares issued during the period and the total number of shares issued at the end of the period are calculated by deducting treasury stock. Also, the respective shares of the Company, which are held by the dedicated trust account of the TIS INTEC Group Employees' Shareholding Association and the Board Incentive Plan (BIP) Trust account are included in treasury stock to be deducted.
2. In the 13th period, because the increase in selling, general and administrative expenses mainly for strategic investments for the future was absorbed as the gross profit rate improved to 25.4% (up 1.5 percentage points year on year) due to the improvement of productivity, profit increased year on year.
3. In the 14th period, profit increased year on year because revenue increased and also the increase in the gross profit rate to 26.7% (up 1.3 percentage points year on year) due to promotion of measures to provide a high-added-value business and improve productivity absorbed the selling, general and administrative expenses mainly for investments for future growth including office reform cost.
4. In the 15th period, operating income grew year on year due to the increase in profit from higher revenue as well as by absorbing increases in selling, general and administrative expenses centered on upfront investment costs to promote structural transformation and investments that facilitates future growth such as improvement of work conditions. Meanwhile, the gross profit margin improved to 27.9% (up 1.2 percentage points year on year) by providing high value-added businesses and promoting measures to improve productivity and quality among others.
5. The "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan No. 29, March 31, 2020) has been applied since the beginning of the 14th period. The figures for the consolidated fiscal year in and after the 14th period are the figures with the relevant accounting standards applied.

2) Properties and profit and loss of the Company

Category		The 13th Period: Fiscal year ended March 31, 2021	The 14th Period: Fiscal year ended March 31, 2022	The 15th Period: Fiscal year ended March 31, 2023	The 16th Period: Fiscal year ended March 31, 2024 (Fiscal year under review)
Net sales	(millions of yen)	199,354	222,986	238,140	251,334
Operating income	(millions of yen)	22,198	25,298	29,450	32,025
Recurring profit	(millions of yen)	33,282	38,833	41,599	53,541
Net income	(millions of yen)	27,279	33,563	40,323	44,249
Net income per share	(yen)	108.87	134.12	165.12	184.05
Total assets	(millions of yen)	368,578	396,315	362,079	388,113
Net assets	(millions of yen)	227,995	242,920	228,815	234,346
Net assets per share	(yen)	909.17	972.59	945.52	1,000.16

(Notes)

1. "Net income per share" is calculated based on the average total number of shares issued during the fiscal year, and "net assets per share" is calculated based on the total number of shares issued at the end of the fiscal year.
   Both the average total number of shares issued during the period and the total number of shares issued at the end of the period are calculated by deducting treasury stock. Also, the respective shares of the Company, which are held by the dedicated trust account of the TIS INTEC Group Employees' Shareholding Association and the Board Incentive Plan (BIP) Trust account are included in treasury stock to be deducted.
2. The "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan No. 29, March 31, 2020) has been applied since the beginning of the 14th period. The figures for the fiscal year in and after the 14th period are the figures with the relevant accounting standards applied.

(6) Significant status of subsidiaries

1) Significant status of subsidiaries

Company name	Common stock	Voting rights ratio(%)	Principal lines of business
INTEC Inc.	¥20,830 million	100.0	Outsourcing network, software development, system integration
AGREX INC.	¥1,292 million	100.0	Business process outsourcing, software development, system integration
QUALICA Inc.	¥1,234 million	80.0	Outsourcing network, software development, solutions
AJS Inc.	¥800 million	51.0	Outsourcing network, software development, solutions
TIS Solution Link Inc.	¥230 million	100.0	Software development, system operation
TIS System Service Inc.	¥100 million	100.0	System operation
Nihon ICS Co., Ltd.	¥100 million	100.0	Package provision and maintenance of finance, tax, and payroll accounting systems
MFEC Public Company Limited	441 million Thai baht	49.0	IT service, system integration
TIS Business Service Inc.	¥50 million	100.0	DX promotion business and shared services business for group companies
Sorun Pure Inc.	¥65 million	100.0	Cleaning business

(Notes)
1. MFEC Public Company Limited is considered to be a subsidiary because it is substantially controlled by us even though our ownership ratio of voting rights is less than 50/100.
2. Sorun Pure Inc. is a special subsidiary for employing people with disabilities.

2) Specified wholly owned subsidiaries as of the end of the fiscal year

Not applicable.

3) Other important business combinations

1) At a meeting of the Board of Directors of the Company held on February 1, 2023, the Company resolved to participate in bidding for the acquisition of shares of Nihon ICS Co., Ltd., and in accordance with the conclusion of a stock transfer agreement on March 7, 2023, the Company acquired 100% of the shares of Nihon ICS Co., Ltd. on April 6, 2023, and made it a consolidated subsidiary of the Company.
2) In accordance with a stock transfer agreement concluded with Constellation Software Japan Inc., on December 15, 2023, the Company acquired 100% of the shares of RESCHO, Inc., a subsidiary of Constellation Software Japan Inc., and made it a consolidated subsidiary of the Company.

(7) **Major business contents** (as of March 31, 2024)

The Group consists of the Company and 51 consolidated subsidiaries as well as 58 affiliated companies accounted for by the equity method.

The business categories and business contents in the Group are as follows:

Category	Principal business
Offering Service Business	We provide knowledge-intensive IT services by constructing services based on the best practices accumulated in our group through our own investments.
Business Process Management	We realize and provide advancement, improvement in efficiency and outsourcing through IT technology, business know-how, human resources, etc. for issues related to business processes.
Financial IT Business	We examine and promote business and IT strategies together to support business promotion based on our business/operational know-how specialized in the financial industry.
Industrial IT Business	We examine and promote business and IT strategies together to support business promotion based on our business/operational know-how specialized in each industrial field other than the financial industry.
Regional IT Solutions	We provide a wide range of IT professional services involving regions and customer sites and accumulate and deploy our know-how as solutions to support problem-solving and business promotion.

(8) **Major offices** (as of March 31, 2024)

1) The Company

Tokyo Head Office:	17-1, Nishi-shinjuku 8-chome, Shinjuku-ku, Tokyo
Toyosu Office:	2-1, Toyosu 2-chome, Koto-ku, Tokyo
Nagoya Head Office:	6-1, Ushijima-cho, Nishi-ku, Nagoya
Osaka Head Office:	2-1, Dojimahama 1-chome, Kita-ku, Osaka
Kyushu Branch:	5-1, Hakataeki-higashi 2-chome, Hakata-ku, Fukuoka

2) Major subsidiaries

INTEC Inc.:	(Head office) Toyama City, Toyama Prefecture, (Tokyo Head Office) Shinjuku-ku, Tokyo
AGREX INC.:	(Head office) Shinjuku-ku, Tokyo
QUALICA Inc.:	(Head office) Shinjuku-ku, Tokyo
AJS Inc.:	(Head office) Shinjuku-ku, Tokyo
TIS Solution Link Inc.:	(Head office) Shinjuku-ku, Tokyo
TIS System Service Inc.:	(Tokyo Head Office) Shinjuku-ku, Tokyo, (Nagoya Head Office) Naka-ku, Nagoya, (Osaka Head Office) Kita-ku, Osaka
Nihon ICS Co., Ltd.:	(Head office) Tennoji-ku, Osaka
MFEC Public Company Limited:	(Head office) Bangkok, Thailand

TIS Business Service Inc.: (Head office) Shinjuku-ku, Tokyo

Sorun Pure Inc.: (Head office) Shinjuku-ku, Tokyo

(9) **Employees** (as of March 31, 2024)

1) Employees of the corporate group

Business category	Number of employees		Increase/decrease from the previous fiscal year-end	
Offering Service Business	5,672	[230]	Decreased by 11 employees	[Increased by 54 employees]
Business Process Management	2,496	[966]	Decreased by 84 employees	[Decreased by 140 employees]
Financial IT Business	1,964	[12]	Increased by 43 employees	[Increased by 2 employees]
Industrial IT Business	3,855	[63]	Increased by 45 employees	[Decreased by 9 employees]
Regional IT Solutions	7,235	[497]	Decreased by 68 employees	[Increased by 28 employees]
Others	750	[108]	Increased by 101 employees	[Decreased by 2 employees]
Total	21,972	[1,876]	Increased by 26 employees	[Decreased by 67 employees]

(Notes)
1. The number of employees is the number of those who are at work.
2. The number in parentheses in the number of employees column is the annual average number of people employed as temporary employees, and is not included in the total.

2) Number of employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average years of service
5,834	Increased by 139 employees	40 years and 6 months old	14 years and 6 months

(Notes)
1. The number of employees is the number of those who are at work.
2. Upon calculating average length of service, the length of service at each company is aggregated for the employees who work at the Company on loan.

(10) **Major creditors** (as of March 31, 2024)

Creditors	Amount of borrowings (million yen)
MUFG Bank, Ltd.	25,950
Sumitomo Mitsui Banking Corporation (Note)	5,959
Sumitomo Mitsui Banking Corporation	2,000
Mizuho Bank, Ltd.	1,500
Kasikorn Bank Public Company Limited	1,032

(Note) Refers to borrowings by the dedicated trust account of the TIS INTEC Group Employees' Shareholding Association, which was established as a result of the trust-type employee shareholding incentive plan.

(11) Other important matters related to the current situation of the corporate group

INTEC Inc., a consolidated subsidiary of the Company, is in a lawsuit for damages regarding the system development and other business activities entrusted in the said company from Mitsubishi Shokuhin Co., Ltd. (The amount of damages claimed on November 13, 2018 was 12,703 million yen. On December 8, 2023, the amount of damages claimed was changed to 15,485 million yen).

2. Matters related stock of the company (as of March 31, 2024)

(1) Total number of authorized shares 840,000,000

(2) Total number of issued shares 236,233,411(including 1,234 shares of treasury stock)

(Note) Due to the cancellation of treasury stock, which was implemented on March 27, 2024, the total number of issued shares decreased by 8,212,000 compared with the previous consolidated fiscal year.

(3) Number of shareholders 14,259

(4) Major shareholders (top 10 shareholders)

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	32,950	13.95
Ichigo Trust Pte. Ltd.	23,171	9.81
Custody Bank of Japan, Ltd. (trust account)	10,349	4.38
TIS INTEC Group Employees' Shareholding Association	6,567	2.78
Nippon Life Insurance Company	6,219	2.63
SSBTC CLIENT OMNIBUS ACCOUNT	5,633	2.38
The Master Trust Bank of Japan, Ltd. (Retire benefit trust account/Mitsubishi Electric Corporation account)	4,796	2.03
STATE STREET BANK WEST CLIENT-TREATY 505234	4,328	1.83
GOVERNMENT OF NORWAY	4,043	1.71
JCB Co., Ltd.	3,484	1.48

(Notes)

1. The ratio of shareholding is calculated after deducting treasury stock (1,234 shares). Treasury stock does not include 1,742,000 shares of stock of the Company, which are held by the dedicated trust account for the TIS INTEC Group Employee Shareholding Association Trust, and 180,000 shares of the stock of the Company, which are held by the Board Incentive Plan (BIP) Trust.
2. Mitsubishi Electric Corporation retains the right to direct the exercise of voting rights for the 4,796,000 shares held by the Master Trust Bank of Japan, Ltd. (retirement benefit trust account/Mitsubishi Electric Corporation account).

(5) Status of shares delivered to officers of the Company as compensation for the execution of duties during the fiscal year under review

The Company has introduced a performance-linked stock remuneration system, under which shares are delivered every three years, in accordance with the level of achievement of company performance indicators established in the "stock delivery regulations for officers' remuneration BIP trust."

The shares delivered in the relevant fiscal year to officers of the Company who retired are shown.

Person(s) eligible for delivery	Number of shares delivered	Number of person(s) eligible for delivery
Directors (excluding part-time Directors and External Directors)	2,100 shares	1

(6) Other important matters related to stock

1) Acquisition of treasury stock

Based on the resolution of the meetings of the Board of Directors, which were held on May 9, 2023, and February 2, 2024, treasury stock was acquired as follows:

1] Acquisition based on resolution on May 9, 2023

Type and number of shares acquired	Common shares: 1,678,900
Acquisition cost	¥6,199 million
Acquisition period	From May 10, 2023, to July 12, 2023

2] Acquisition based on resolution on February 2, 2024

Type and number of shares acquired	Common shares: 6,766,000
Acquisition cost	¥22,422 million
Acquisition date	February 5, 2024

2) Cancellation of treasury stock

Based on the resolution of the meeting of the Board of Directors, which was held on February 27, 2024, treasury stock was cancelled as follows:

Type and numbers of shares cancelled	Common shares: 8,212,000
Amount of treasury stock canceled	¥28,155 million
Cancellation date	March 27, 2024

3. Matters related to the share acquisition rights of the company

Not applicable.

4. Basic policies for shares held as cross-shareholdings and exercise of voting rights related to cross-shareholdings

(1) Policies for cross-holdings of shares

In accordance with the basic corporate governance policies set by the Company, the Company will not newly acquire any domestic listed shares, and works to reduce domestic listed shares that it holds as much as possible by positioning it as a priority issue. On the other hand, only if it is judged that it will contribute to the sustainable growth of the Group as well as the enhancement of its medium- to long-term corporate value, shares of companies including start-up and venture companies may be strategically held. Specifically, in order to proactively promote business deployment focusing on the social issues to be resolved, which the Company has selected to contribute to the realization of a sustainable society, including “financial inclusion,” “concentration in cities/decline in rural areas” and “health issues,” collaboration and co-creation activity with those companies and stable alliance and cooperative relationships may be essential for continuous creation of business opportunities and utilization of technologies. We position shareholdings for that case as an investment that meets the growth strategy of the Group, and define them as “strategically held shares.”

Upon verifying the rationality of continuing to hold shares, we classify shares held into the following two categories and set a verification method for each of them.

<Capital alliance partners>

After making an investment, the Company will continue to hold the shares for a certain period of time determined by the Company as a period to establish the foundation of the strategic alliance.

After a certain period of time has passed, we will verify to check the progress status of the collaborative business and to see whether or not there are ongoing transactions through qualitative evaluation. As a result of the verification, if it is judged that there is little significance in holding them, listed shares will be sold based on the market conditions, etc. and unlisted shares will be sold as soon as a buyer is found in consultation with the issuer.

<Others (what does not fall under the above category)>

We will calculate the percentage of the total amount of the business-related revenue and dividends from each issuer and its affiliated companies against the amount of shares of each stock held as cross-shareholdings, which is recorded on the balance sheet to check to see whether or not it exceeds 10%. As a result of the verification, also considering the qualitative evaluation such as future transaction prospects, if it is judged that there is little significance in holding them, listed shares will be sold based on the market conditions, etc. and unlisted shares will be sold as soon as a buyer is found in consultation with the issuer.

Also, while proceeding with reduction in line with the above-mentioned policies and concepts, we aim to lower the percentage of the amount of the cross-shareholding shares recorded on the balance sheet against the consolidated net assets to the 10% level. To achieve this goal, we reduced 7 issues of shares held for cross-holdings including 6 issues sold in full. Due to fluctuations in the market value in the stock market in addition to the above-mentioned reduction, the amount recorded on the balance sheet for the fiscal year ended March 31, 2024 decreased by 0.8 billion yen to 26.7 billion yen. As a result, the above-mentioned percentage in the fiscal year ended March 31, 2024, is 8.2% (down 0.7 percentage points year on year), and the percentage excluding strategically held shares is 2.7%.

(2) Criteria for exercising voting rights for cross-shareholdings

We will exercise voting rights for listed shares held properly after comprehensively judging whether or not it will contribute to the sustainable growth of the Group and the investees as well as the enhancement of their medium- to long-term corporate value among others also while considering the proxy advisory policies of proxy advisory firms.

(3) Number of issues held by the Company for purposes other than portfolio investment and total amounts recorded on the balance sheet

<table>
<tr><th colspan="3">Category</th><th>The 15th Period: Fiscal year ended March 31, 2023</th><th>The 16th Period: Fiscal year ended March 31, 2024 (the consolidated fiscal year under review)</th></tr>
<tr><td colspan="3">Number of issues</td><td>74</td><td>79</td></tr>
<tr><td rowspan="2"></td><td>(Breakdown)</td><td>Strategically held stock</td><td>50</td><td>59</td></tr>
<tr><td></td><td>Shares held as cross-shareholdings</td><td>24</td><td>20</td></tr>
<tr><td colspan="3">Total amount recorded on the balance sheet</td><td>27,628 million yen</td><td>26,774 million yen</td></tr>
<tr><td rowspan="2"></td><td>(Breakdown)</td><td>Strategically held stock</td><td>15,185 million yen</td><td>17,700 million yen</td></tr>
<tr><td></td><td>Shares held as cross-shareholdings</td><td>12,443 million yen</td><td>9,073 million yen</td></tr>
</table>

(Note) During the fiscal year under review, for the purpose of strategic collaboration to promote open innovation, etc., we newly acquired shares of 11 capital alliance partner companies including a venture company (1,425 million yen).

5. Matters related to corporate officers

(1) Name, etc. of the Director and Audit & Supervisory Board Member (as of March 31, 2024)

Position at the company	Name	Responsibilities in the Company and significant concurrent positions outside the Company
Chairman and Director	Toru Kuwano	
President and Representative Director	Yasushi Okamoto	In charge of the Audit Department
Representative Director Executive Vice President	Josaku Yanai	In charge of Digital Transformation Promotion SBU, Financial Industry SBU, Industries & Public Solutions SBU, Digital Transformation Business Unit, Enterprise Consulting Business Unit, IT Platform SBU, Business Innovation Unit, Digital Society Service Planning Unit, and Global Div., and Director of Global Div.
Director and Senior Managing Executive Officer	*Shinichi Horiguchi	In charge of Corporate Planning SBU, Human Resources SBU, Corporate Management SBU, Technology & Innovation SBU, and System Development & Quality Management Innovation SBU, and General Manager of IT Platform SBU
Director	Takayuki Kitaoka	President and Representative Director of INTEC Inc. Chairman of Telecom Services Association
Director	*Shuzo Hikida	Director and Executive Vice President of INTEC Inc.
Director (External Director)	Koichi Sano	
Director (External Director)	Fumio Tsuchiya	
Director (External Director)	Naoko Mizukoshi	Partner of Leftright Law & IP External Director of Nabtesco Corporation
Full-Time Audit & Supervisory Board Member	Tetsuya Asano	
Full-Time Audit & Supervisory Board Member	*Makoto Tsujimoto	
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Yukio Ono	Director of the Accounting Offices of Yukio Ono External Audit & Supervisory Board Member of SEIKITOKYU KOGYO CO., LTD.
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Akiko Yamakawa	Partner of the Vanguard Lawyers Tokyo
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Hiroko Kudo	Professor of Chuo University Faculty of Law

(Notes)

1. Changes in officers during the fiscal year under review
   - Appointment: Directors Shinichi Horiguchi and Shuzo Hikida, and Audit & Supervisory Board Member Makoto Tsujimoto (indicated with *) were newly elected and appointed at the 15th Annual General Meeting of Shareholders, which was held on June 23, 2023.
   - Retirement: Masahiko Adachi and Akira Shinkai retired as Directors at the expiration of their terms of office, and Tatsufumi Matsuoka resigned as an Audit & Supervisory Board Member, at the conclusion of the 15th Annual General Meeting of Shareholders, which was held on June 23, 2023.

2. The Company has submitted notification to the Tokyo Stock Exchange that all the External Directors and External Audit & Supervisory Board Members have been designated as independent officers as provided for by the aforementioned exchange.
3. Audit & Supervisory Board Member Tetsuya Asano has experience in financial institutions and company management for many years and considerable knowledge of finance and accounting.
4. Audit & Supervisory Board Member Yukio Ono is a certified public accountant and has considerable knowledge of finance and accounting.
5. Change of "position and responsibility" of directors after the fiscal term

Change as of April 1, 2024

Position at the company	Name	Responsibility
Representative Director Executive Vice President	Josaku Yanai	In charge of Financial Industry SBU, Industries & Public Solutions SBU, Digital Innovation SBU, Enterprise Consulting SBU, IT Platform SBU, Business Innovation Div., Social Innovation Div., and Global Div., General Manager of Social Innovation Div. and Global Div.
Representative Director Executive Vice President	Shinichi Horiguchi	In charge of Corporate Planning SBU, Human Resources SBU, Corporate Management SBU, Technology & Innovation SBU, System Development & Quality Management Innovation SBU, and Corporate Digital Transformation Promotion SBU
Director	Takayuki Kitaoka	Chairman and Director of INTEC Inc. Chairman of Telecom Services Association
Director	Shuzo Hikida	President and Representative Director of INTEC Inc.

(2) Amount of remuneration for Directors and Audit & Supervisory Board Members for the fiscal year under review

1) Total amount of remuneration, etc. for the fiscal year under review

Category	Number of eligible persons	Total amount of remuneration	Total amount of remuneration, etc. by type		
			Base remuneration	Performance-linked remuneration	Performance-linked stock remuneration
		million yen	million yen	million yen	million yen
Directors	11	268	187	73	7
[External Directors]	[3]	[32]	[32]	[-]	[-]
Audit & Supervisory Board Members	6	58	58	-	-
[External Audit & Supervisory Board Members]	[3]	[28]	[28]	[-]	[-]
Total	17	326	245	73	7
[External officer]	[6]	[61]	[61]	[-]	[-]

(Notes)
1. There is no employee portion of salaries for Directors who concurrently serve as employees for the fiscal year under review. Also, no bonuses were paid because the Company has not implemented an Officer retirement benefit system.
2. As of the end of the fiscal year under review, there are nine (9) Directors (including three (3) External Directors) and five (5) Audit & Supervisory Board Members (including three (3) External Audit & Supervisory Board Members). It is different from the above-mentioned number of Directors and Audit & Supervisory Board Members because it includes two (2) Directors and one (1) External Audit & Supervisory Board Member who retired at the conclusion of the 15th Annual General Meeting of Shareholders, which was held on June 23, 2023.
3. It has been resolved at the first Annual General Meeting of Shareholders, which was held on June 25, 2009, that the amount of remuneration for Directors and Audit & Supervisory Board Members (base remuneration and performance-linked remuneration) shall be 400 million yen or less per year (of which, 50 million yen or less for External Directors) and 85 million yen or less per year for Audit & Supervisory Board Members. At the conclusion of the relevant General Meeting of Shareholders,

there are eight (8) Directors (including two (2) External Directors) and four (4) Audit & Supervisory Board Members (including three (3) External Audit & Supervisory Board Members).

4. Performance-linked stock remuneration is the amount of expenses recorded during the fiscal year under review for four (4) Directors (excluding External Directors and part-time Directors).
As for the relevant performance-linked stock remuneration, it was resolved at the 10th Annual General Meeting of Shareholders, which was held on June 26, 2018, that the number of shares of the Company to be delivered through the trust shall be limited to 132,100 shares per fiscal year (including 99,000 shares for the Company) by contributing a maximum of 700 million yen (including 520 million yen for the Company) to the relevant trust for each target period (three fiscal years) for Directors (excluding four (4) External Directors and part-time Directors), corporate executive officers and executive fellows and also partial revisions such as adding directors (excluding external directors and part-time directors) and executive officers of INTEC Inc., a subsidiary of the Company, as eligible persons and continuation of the system were resolved at the 13th Annual General Meeting of Shareholders, which was held on June 24, 2021.

2) Total amount of officers' remuneration, etc. received by external officers from subsidiaries

Not applicable.

(3) Overview of the policies for determination of remuneration, etc.

1) Remuneration determination policies

In order to ensure objectivity and transparency of the remuneration determination process and further strengthen the corporate governance framework, the Company has set up an arbitrary remuneration committee consisting mainly of Independent External Directors as an advisory body to the Board of Directors.

Officers' remuneration is determined by the resolution of the Board of Directors after consulting and reporting to the Remuneration Committee with the basic policy of strengthening incentives to improve performance by implementing a remuneration system linked to the company performance indicators.

2) Remuneration structure for officers

The remuneration for Directors of the Company consists of the base remuneration, performance-linked remuneration and performance-linked stock remuneration as shown in the diagram below. If the company performance indicators set are achieved at the maximum level, the remuneration composition rate will be as follows: Base remuneration : Performance-linked remuneration : Performance-linked stock remuneration = 6:3:1.

* The performance-linked stock remuneration system has been implemented since fiscal 2018 for the purpose of increasing awareness of the need to help improve medium- to long-term performance and increase corporate value and sharing interests with shareholders for the Company's Directors, Executive Officers and executive fellows (excluding External Officers and part-time Directors and whose who do not reside in Japan).

3) Remuneration structure for External Directors and Audit & Supervisory Board Members

The remuneration for External Directors consists of only base remuneration without performance-linked remuneration paid.

Also, remuneration for Audit & Supervisory Board Members is determined through discussions among Audit & Supervisory Board Members. Only base remuneration is paid without linking to performance from the perspective of ensuring a high degree of independence.

Remuneration ratio by position

	Base remuneration	Performance-linked remuneration	Performance-linked stock remuneration
Directors (excluding part-time Directors)	60%	30%	10%
External Director(s)	100%	-	-
Audit & Supervisory Board Member(s)	100%	-	-
External Audit & Supervisory Board Member(s)	100%	-	-

4) Others

i) When the performance-linked stock remuneration system was introduced, the Board of Directors resolved to stipulate activities that are not complying with the stock delivery regulations and a clause that makes it possible to request that a person who has violated returns the amount equivalent to the delivered shares, etc. and a clause that makes it possible to confiscate the awarded points.

ii) We have a rule that Directors (excluding External Directors) shall uniformly acquire shares of the Company through the Officers' Stock Ownership Association based on the contribution calculated from the position and remuneration amount from the perspective of reflecting medium- to long-term performance and shall hold all of the acquired shares during their tenure of office for the purpose of sharing value with shareholders.

5) Process to determine officers' remuneration

a. Based on the medium-term management plan, evaluate the results including the status of achievement of the business plans drawn up at the beginning of the fiscal year at a performance evaluation meeting to be held in late May, every year.

b. At the performance evaluation meeting mentioned in a. above, the President and Representative Director evaluates officers.

c. Consult on the evaluation result of b. above and the amount of remuneration based on the evaluation result at the Remuneration Committee to be held in mid-June each year.

d. The Board of Directors shall resolve the amount of remuneration for officers, which has been mentioned to and discussed with the Remuneration Committee mentioned in c. above.

e. Pay the annual amount of officers' remuneration for officers, which has been resolved at the meeting of the Board of Directors as described in d. above, in monthly installments from July.

f. As for the level of the amount of officers' remuneration, we ask a third-party organization to conduct a survey on officers' remuneration to analyze trends of other companies from July each year.

g. We report the result of the officers' remuneration survey conducted by the third-party in f. above to the Remuneration Committee in November each year to inquire about a revision of the amount of officers' remuneration.

Performance-linked stock remuneration is calculated based on the stock delivery regulations, and there is no room for discretion of the Representative Director or the Remuneration Committee.

6) Activities of the Advisory Committee with respect to determination of officers' remuneration

A total of six Remuneration Committee meetings were held in the fiscal year ended March 31, 2024, to inquire about the validity of the remuneration of the Company based on comparative analysis between the officers' remuneration amount of the Company and the officers' remuneration of other companies, which had been made by the research company, as well as amendments to officer remuneration systems that would act as an incentive for officers to contribute to enhancing corporate value. The Board of Directors put a proposal on officers' remuneration on the agenda based on the result of the advice given by the relevant organization.

7) Method of calculating remuneration

i) Base remuneration

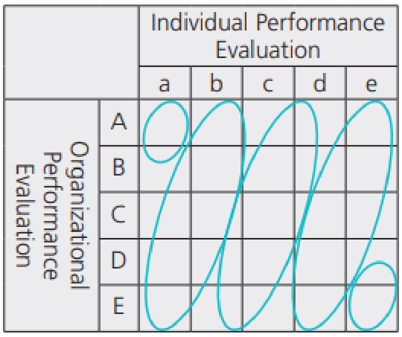
Paid based on the magnitude of the role and the scope of responsibility for each position.

ii) Overview of calculation of performance-linked remuneration

We have decided to pay within a range of 0% to 50% of the performance evaluation coefficient specified for each position against the base remuneration amount in conjunction with the degree of achievement against the company performance indicators specified based on the annual management plans for each fiscal year.

The amount of payment is calculated by making organizational performance evaluation and individual performance evaluation each on a scale of five points for each officer for the performance-linked remuneration amount determined according to the company performance evaluation. (Organizational performance evaluation : personal performance evaluation = 3:7)

In the standard model for the allowance, in case that performance evaluation coefficient of the company is 30%, if the organizational performance evaluation/individual performance evaluation is AA, it will be 33%. Similarly, it will be 27% for BB, 20% for CC, 13% for DD, and 7% for EE.



For the company performance indicators specified in the fiscal year ended March 31, 2023, the performance-linked remuneration amount has been determined by applying a performance evaluation coefficient of 30% according to the degree of achievement of the preset target values including "consolidated net sales," "consolidated operating income" and "EPS."

Performance indicators	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2022
	Plan	Actual	Actual
Consolidated net sales	¥500,000 million	¥508,400 million	¥482,547 million
Consolidated operating income	¥57,000 million	¥62,328 million	¥54,739 million
EPS	¥154.22	¥227.11	¥157.69

iii) Performance-linked stock remuneration

For performance-linked stock remuneration, "stock delivery regulations" were established upon introducing the system. Based on the degree of achievement against the company performance indicators of the management plans as stipulated in the regulations, points are to be awarded within a range of 0% to 15% of the base remuneration amount specified for each position, and shares are to be granted according to the points.

As for the reason for selecting the corporate performance indicators, in order to steadily realize the corporate value improvement expected by shareholders, we have set "consolidated operating income amount," "EPS" and "gross profit from service-type business" as financial indicators to pursue growth of business, and "job satisfaction," "customer/service satisfaction" and "business partner satisfaction" as non-financial indicators to pursue improvement of satisfaction of stakeholders with the Company.

In the fiscal year ended March 31, 2024, we evaluated the degree of achievement of each indicator against the planned value (a performance-linked coefficient of 100% if achieved) in accordance with the "stock delivery regulations," and determined the performance-linked stock remuneration amount by applying a performance-linked coefficient of 50%.

Performance indicators	Weight	Fiscal year ended March 31, 2024		Remarks
		Plan	Actual	
Amount of consolidated operating income	25.00%	¥58,000 million	¥64,568 million	
EPS	25.00%	¥157.00	¥203.28	
Gross profit from service-type business	25.00%	¥38,072 million	¥32,243 million	(Notes) 1
Job satisfaction	12.50%	62% or higher	61%	(Notes) 2
Customer/service satisfaction	6.25%	60% or higher	56%	(Notes) 3
Business partner satisfaction	6.25%	81% or higher	77%	(Notes) 4

(Notes)

1. We have set gross profit for the consolidated service-type business as a target value to calculate the evaluation points based on the result.
2. Questionnaire surveys are outsourced to an external organization. Evaluation points are calculated according to the percentage of employees who have selected "Often applicable (4)" or higher for the "comprehensive question (it can be said that the company is a worthwhile place to work from a comprehensive viewpoint)" among the survey results.
3. Questionnaire surveys are conducted in-house. Evaluation points are calculated according to the percentage of the respondents who have selected (4) or higher for the question to measure the degree of satisfaction of the "account service" among the survey results.
4. Questionnaire surveys are conducted in-house. Evaluation points are calculated according to the percentage of the respondents who have selected (4) or higher for the question to measure the degree of satisfaction "as a project and a business partner" among the survey results.

<Overview of the performance-linked stock remuneration system>

According to the resolution at the 10th Annual General Meeting of Shareholders, which was held on June 26, 2018, a performance-linked stock remuneration system "Officers' Remuneration BIP Trust" (hereinafter referred to as "BIP trust system") has been implemented. Eligible persons are Directors, Executive Officers and executive fellows (excluding External Officers, part-time Directors and those who do not reside in Japan) (hereinafter referred to as "Directors, etc.").

Also, at the 13th Annual General Meeting of Shareholders, which was held on June 24, 2021, it was resolved that a partial revision should be made to it such as additionally including the directors (excluding external director and part-time directors) of INTEC Inc., a subsidiary of the Company, as well as executive officers (hereinafter referred to as "directors, etc. of subsidiaries," and as "eligible directors, etc." together with the director of the Company) in the scope of this BIP trust system and that this BIP trust system should be continued.

a. Mechanism of the BIP trust system

When introducing the BIP trust system, "stock delivery regulations for officers' remuneration BIP trust" (hereinafter referred to as "stock delivery regulations") were established. Based on the stock delivery regulations established, in order to acquire the shares to be granted in the future in advance, we entrusted money (up to 700 million yen

(including 520 million yen for the Company)), and the trust bank acquired the shares of the Company according to the entrusted money.
The BIP trust system is a mechanism to award points to directors, etc. based on the stock delivery regulations and to grant stock to directors, etc. according to the points. The calculation method is as follows:
(Calculation formula) Number of shares to be provided (points*) = Base amount × performance variation coefficient/acquisition unit price
* Truncated to the nearest decimal point.

b. Total number of shares scheduled to be provided for the eligible directors, etc.
One fiscal year 132,100 (including 99,000 shares for the Company) (maximum)

c. Scope of those eligible for receiving beneficiary rights and other rights under the BIP trust system
Persons who have retired as directors, etc. and meet the beneficiary requirements stipulated in the stock delivery regulations

(4) Overview of the contents of the indemnity agreement, etc.

On April 1, 2024, the Company concluded an indemnity agreement as stipulated in Article 430-2, Paragraph 1 of the Companies Act with Directors and Audit & Supervisory Board Members.

1) Names of officers of the Company that are parties to the corporate indemnity agreement

i) All Directors
Toru Kuwano, Yasushi Okamoto, Josaku Yanai, Shinichi Horiguchi, Takayuki Kitaoka, Shuzo Hikida, Koichi Sano, Fumio Tsuchiya, and Naoko Mizukoshi

ii) All Audit & Supervisory Board Members
Tetsuya Asano, Makoto Tsujimoto, Yukio Ono, Akiko Yamakawa, and Hiroko Kudo

2) Overview of the contents of the indemnity agreement

The Company will provide indemnification for expenses described in Article 430-2, Paragraph 1, item (i) of the Companies Act and losses described in item (ii) of the same, within the scope prescribed in laws and regulations. Certain measures, however, have been taken to ensure that this indemnity agreement does not impair the proper execution of duties of officers of the Company, such as excluding officers from eligibility for indemnification if the relevant duties were performed in bad faith or with gross negligence, and if the Company enforces the liability of officers.

(5) Overview of the contents of the officers' liability insurance contract

The Company has concluded an officer liability insurance contract as stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company as follows:

1) Scope of the insured

i) Directors, audit & supervisory board members and executive officers of the Company and consolidated subsidiaries of the Company

ii) Executive officers and employees who are dispatched to or concurrently serving at overseas subsidiaries and overseas investment companies of the Company

2) Overview of the contents of the insurance contract

In the event of a claim for damages due to an action (including in-action) by the insured as part of their duties as officers of the company, that falls under 1), damages including compensation for damages and legal expenses to be borne by the insured shall be compensated for under the said insurance agreement. However, damages, etc., incurred by officers themselves who have conducted a criminal act such as bribery and/or intentionally conducted an illegal act are not subject to compensation. This way, measures are taken to ensure that the appropriateness of the execution of duties by officers, etc. is not impaired.

The Company bears the full amount of insurance premiums including the rider portion, and there are no substantial premiums borne by the insured.

(6) External officers

1) Significant concurrent positions at other organizations and relationships with such other organizations

Position at the company	Name	The corporation at which the concurrent positions are held and the details of the concurrent positions
Director	Naoko Mizukoshi	Partner of Leftright Law & IP External Director of Nabtesco Corporation
Audit & Supervisory Board Member	Yukio Ono	Director of the Accounting Offices of Yukio Ono External Audit & Supervisory Board Member of SEIKITOKYU KOGYO CO., LTD.
Audit & Supervisory Board Member	Akiko Yamakawa	Partner of the Vanguard Tokyo Law Firm
Audit & Supervisory Board Member	Hiroko Kudo	Professor of Chuo University Faculty of Law

(Note) There is no special relationship between the Company and the above-mentioned organizations at which the External Director(s) and each External Audit & Supervisory Board Member(s) hold a concurrent position.

2) Major activities during the fiscal year

Position at the company	Name	Attendance status, activity status and an overview of the duties performed in relation to the roles expected of External Directors
Director	Koichi Sano	He attended all 19 meetings of the Board of Directors, which were held during the fiscal year under review, and provided advice and recommendations to ensure validity and appropriateness of decision-making of the Board of Directors based on his abundant experience and insight in corporate management. Also, he has served as a member of the Nomination Committee and the Remuneration Committee, which are voluntary advisory bodies to the Board of Directors, and has served as chairperson of the respective committee until June 23, 2023, attending all eight meetings of the Nomination Committee and all six meetings of the Remuneration Committee held during the fiscal year under review, and playing an important role upon reporting to the Board of Directors in response to the inquires of the Board of Directors about nomination and remuneration of Directors, etc.
Director	Fumio Tsuchiya	He attended all 19 meetings of the Board of Directors, which were held during the fiscal year under review, and provided advice and recommendations to ensure validity and appropriateness of decision-making of the Board of Directors based on his abundant experience and insight in corporate management. Also, he has served as chairperson of the Nomination Committee and the Remuneration Committee, which are voluntary advisory bodies to the Board of Directors, since June 23, 2023, attending all eight meetings of the Nomination Committee and all six meetings of the Remuneration Committee held during the fiscal year under review, and playing an important role upon summarizing opinions and reporting to the Board of Directors in response to the inquires of the Board of Directors about nomination and remuneration of Directors, etc.

Position at the company	Name	Attendance status, activity status and an overview of the duties performed in relation to the roles expected of External Directors
Director	Naoko Mizukoshi	She attended all 19 meetings of the Board of Directors, which were held during the fiscal year under review, and provided advice and recommendations to ensure validity and appropriateness of decision-making of the Board of Directors from her professional viewpoint as a lawyer. Also, she has served as a member of the Nomination Committee and the Remuneration Committee, which are voluntary advisory bodies to the Board of Directors, attending all eight meetings of the Nomination Committee and all six meetings of the Remuneration Committee held during the fiscal year under review, and playing an important role upon reporting to the Board of Directors in response to the inquires of the Board of Directors about nomination and remuneration of Directors, etc.
Audit & Supervisory Board Member	Yukio Ono	He attended 18 out of the 19 meetings of the Board of Directors and 13 out of the 14 meetings of the Audit & Supervisory Board, each of which were held during the fiscal year under review, and provided recommendations to ensure appropriateness of decision-making of the Board of Directors from his professional viewpoint as a certified public accountant. Also, in addition to making the necessary remarks as appropriate at meetings of the Audit & Supervisory Board, he has served as a member of the Nomination Committee and the Remuneration Committee, which are voluntary advisory bodies to the Board of Directors, until June 23, 2023, attending both two meetings of the Nomination Committee and both two meetings of the Remuneration Committee held while he was in office during the fiscal year under review, and playing an important role upon reporting to the Board of Directors in response to the inquires of the Board of Directors about nomination and remuneration of Directors, etc.
Audit & Supervisory Board Member	Akiko Yamakawa	She attended all 19 meetings of the Board of Directors and 13 out of the 14 meetings of the Audit & Supervisory Board, each of which were held during the fiscal year under review, and provided recommendations to ensure appropriateness of decision-making of the Board of Directors from her professional viewpoint as a lawyer. Also, in addition to making the necessary remarks as appropriate at meetings of the Audit & Supervisory Board, she has served as a member of the Nomination Committee and the Remuneration Committee, which are voluntary advisory bodies to the Board of Directors, since June 23, 2023, attending three out of the six meetings of the Nomination Committee and two out of the four meetings of the Remuneration Committee held while she was in office during the fiscal year under review, and playing an important role upon reporting to the Board of Directors in response to the inquires of the Board of Directors about nomination and remuneration of Directors, etc.

Position at the company	Name	Attendance status, activity status and an overview of the duties performed in relation to the roles expected of External Directors
Audit & Supervisory Board Member	Hiroko Kudo	She attended 17 out of the 19 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board, each of which were held during the fiscal year under review, and provided recommendations to ensure appropriateness of decision-making of the Board of Directors with her high level of knowledge and insight as an academic expert. Also, she made the necessary remarks as appropriate at meetings of the Audit & Supervisory Board.

(Note) In addition to the above-mentioned number of meetings of the Board of Directors that were held, we have made two written resolutions deemed to have been made by the Board of Directors based on the provisions of Article 370 of the Companies Act and Article 27 of the Articles of Incorporation.

3) Overview of the contents of limited liability agreement

The Company and each External Director and each External Audit & Supervisory Board Member have concluded an agreement to limit liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act based on the provisions of Article 427, Paragraph 1 of the said Act.

The amount of limit of liability for damages under the relevant agreement is the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the said Act.

6. Financial auditor

(1) Name of the financial auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration for the financial auditor for the fiscal year

Category	Amount paid (million yen)
1) Amount of remuneration as the financial auditor for the fiscal year under review	151
2) Total of money and other economic benefits to be paid by the Company and its subsidiaries to the financial auditor	260

(Notes)

1. In the audit contract between the Company and the financial auditor, the amount of remuneration, etc. for audits in terms of the Companies Act and the amount of remuneration for audits in terms of the Financial Instruments and Exchange Act are not distinguished and cannot be actually distinguished. Therefore, the amount of money in 1) above is the total amount of these.
2. The Audit & Supervisory Board makes the necessary verification to check the contents of the audit plans for the financial auditor, status of fulfillment of the duties of accounting auditing and whether or not the grounds for calculating the estimates of remuneration, etc. are appropriate to decide whether to agree on the amount of remuneration, etc. of the financial auditor.

(3) Details of the non-audit business activities

The Company outsources the following business activities other than the business activities stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act to the financial auditor, and pays consideration to them.

Advice and guidance on taxation, etc.

(4) Policy on decisions of dismissal or non-reappointment of financial auditor

In case that it is difficult for the financial auditor to execute their duties, the Audit & Supervisory Board will determine the contents of a proposal on dismissal or non-reappointment of the financial auditor to be submitted to the General Meeting of Shareholders if they deem it necessary.

Also, if the financial auditor is deemed to fall under what is stipulated in each item of Article 340, Paragraph 1 of the Companies Act, the financial auditor will be dismissed based on the consent of all the Audit & Supervisory Board Members. In this case, the Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the dismissal of the financial auditor and the reason for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

7. Basic policies for control of stock companies

We are not considering any introduction of countermeasures against acquisitions (so-called takeover defense measures) as of now.

8. Policies for dividends

The Company recognizes returns to shareholders as an important management issue and strives for a sustainable and stable dividend payout in consideration of consolidated business performance while maintaining a level of retained earnings appropriate for business development from a medium- to long-term management perspective.

Based on this policy, in regard to the medium-term management plan (2021-2023), the Company is raising our total return ratio target from 40% to 45% and has a policy to continually enhance the dividend per share, while balancing the promotion of investment for growth, the maintenance of fiscal health and the strengthening of shareholder returns. In order to continually enhance the return of profits to shareholders, the Company believes it is desirable to return to shareholders based on profits from business activities that are not affected by one-off profits.

In addition, for shareholder returns in the medium-term management plan starting from the fiscal year ending March 31, 2025 (2024-2026), the Company will raise its total return ratio target from 45% to 50%, in order to further enhance engagement with shareholders.

The numbers shown are truncated to the nearest number of digits displayed. Note that percentages and numeric values per share are rounded to the nearest digits displayed.

Consolidated balance sheet (As of March 31, 2024)

(Millions of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	**291,556**	**Current liabilities**	**140,277**
Cash and deposits	103,554	Notes and accounts payable - trade	26,206
Notes receivable, accounts receivable and contract assets	144,141	Short-term borrowings	17,398
Lease receivables and lease investment assets	4,312	Income taxes payable	9,024
Marketable securities	281	Accrued bonuses to directors and employees	16,952
Merchandise and finished goods	3,946	Provision for loss on orders received	1,955
Work in process	1,432	Other allowances	114
Raw materials and supplies	193	Contract liabilities	26,946
Prepaid expenses	30,217	Others	41,678
Others	3,868	**Non-current liabilities**	**60,453**
Allowance for doubtful accounts	(392)	Long-term debts	20,509
Fixed assets	**233,899**	Lease obligations	4,763
Property and equipment	**69,715**	Deferred tax liabilities	8,507
Buildings and structure	34,325	Deferred tax liabilities for revaluation of land	272
Machinery and equipment	8,205	Accrued retirement benefits to directors	0
Land	15,802	Other allowances	131
Leased assets	4,720	Net defined benefit liability	12,808
Others	6,662	Asset retirement obligation	6,617
Intangible assets	**55,801**	Others	6,844
Software	20,329	**Total liabilities**	**200,730**
Software in progress	3,246	(Net assets)	
Goodwill	9,659	**Shareholders' equity**	**299,453**
Others	22,565	Common stock	10,001
Investments and other assets	**108,382**	Additional paid-in capital	12,314
Investment securities	56,396	Retained earnings	283,533
Net defined benefit asset	10,754	Treasury stock	(6,395)
Deferred tax assets	20,397	**Accumulated other comprehensive income**	**12,956**
Others	21,092	Net unrealized gains on other securities	11,715
Allowance for doubtful accounts	(258)	Deferred gains or losses on hedges	(2)
		Revaluation reserve for land	(2,672)
		Foreign currency translation adjustments	983
		Remeasurements of defined benefit plans	2,931
		Non-controlling interests	**12,315**
		Total net assets	**324,725**
Total assets	**525,456**	**Total liabilities and net assets**	**525,456**

Consolidated statement of Income

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

Account title	Amount	
Net sales		549,004
Cost of sales		397,365
Gross profit		**151,639**
Selling, general and administrative expenses		87,070
Operating income		**64,568**
Non-operating income		
Interest income	401	
Dividend income	689	
Reversal of allowance for doubtful accounts	2,501	
Others	1,420	5,012
Non-operating expense		
Interest expenses	380	
Equity in losses of affiliated companies	20	
Financing expenses	224	
Loss on investments in investment partnerships	142	
Others	260	1,027
Recurring profit		**68,553**
Extraordinary income		
Gain on sale of investment securities	2,254	
Gain on reversal of asset retirement obligations	551	
Others	484	3,291
Extraordinary loss		
Loss on valuation of investment securities	1,382	
Impairment losses	1,094	
Other	175	2,652
Income before income taxes		**69,193**
Income taxes: current	18,277	
Income taxes: deferred	664	18,942
Net income		**50,250**
Net income attributable to non-controlling interests		**1,376**
Net income attributable to owners of parent company		**48,873**

Consolidated statement of changes in net assets

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2023	10,001	40,470	247,263	(7,614)	290,120
Changes during the consolidated fiscal year					
Dividends from surplus	-	-	(12,604)	-	(12,604)
Net income attributable to owners of parent company	-	-	48,873	-	48,873
Acquisition of treasury stock	-	-	-	(34,585)	(34,585)
Disposal of treasury stock	-	(0)	-	7,649	7,648
Cancellation of treasury stock	-	(28,155)	-	28,155	-
Items other than changes in shareholders' equity, net	-	-	-	-	-
Net changes during the consolidated fiscal year	-	(28,155)	36,269	1,219	9,333
Balance as of March 31, 2024	10,001	12,314	283,533	(6,395)	299,453

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gains on other securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumu-lated other compre-hensive income		
Balance as of April 1, 2023	7,900	(31)	(2,672)	628	1,093	6,918	12,186	309,226
Changes during the consolidated fiscal year								
Dividends from surplus	-	-	-	-	-	-	-	(12,604)
Net income attributable to owners of parent company	-	-	-	-	-	-	-	48,873
Acquisition of treasury stock	-	-	-	-	-	-	-	(34,585)
Disposal of treasury stock	-	-	-	-	-	-	-	7,648
Cancellation of treasury stock	-	-	-	-	-	-	-	-
Items other than changes in shareholders' equity, net	3,815	28	-	354	1,838	6,037	128	6,165
Net changes during the consolidated fiscal year	3,815	28	-	354	1,838	6,037	128	15,498
Balance as of March 31, 2024	11,715	(2)	(2,672)	983	2,931	12,956	12,315	324,725

Balance sheet (As of March 31, 2024)

(Millions of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	**163,026**	**Current liabilities**	**116,679**
Cash and deposits	64,251	Accounts payable	11,009
Notes receivable	631	Short-term borrowings	14,900
Accounts receivable and contract assets	76,186	Short-term borrowings from subsidiaries and associates	50,191
Merchandise and finished goods	1,084	Lease obligations	423
Work in process	0	Accounts payable - other	318
Prepaid expenses	16,505	Accrued expenses	11,455
Short-term loans receivable from subsidiaries and associates	4,123	Income taxes payable	4,123
Other	1,138	Contract liabilities	10,594
Allowance for doubtful accounts	(895)	Deposit received	2,536
Fixed assets	**225,086**	Accrued bonuses to directors and employees	6,588
Property and equipment	**28,960**	Provision for loss on orders received	103
Buildings	12,185	Other allowances	14
Structure	0	Asset retirement obligation	842
Machinery	4,495	Other	3,579
Tools, furniture and fixtures	1,884	**Non-current liabilities**	**37,086**
Land	8,842	Long-term debts	20,509
Lease assets	1,054	Long-term debts from subsidiaries and associates	4,340
Construction in progress	497	Lease obligations	858
Intangible assets	**17,652**	Deferred tax liabilities for revaluation of land	272
Software	15,065	Reserve for retirement benefits	1,139
Software in progress	2,506	Other allowances	44
Other	80	Asset retirement obligation	3,773
Investments and other assets	**178,473**	Other	6,149
Investment securities	30,101	**Total liabilities**	**153,766**
Shares of subsidiaries and associates	119,824	(Net assets)	
Investments in capital of subsidiaries and associates	2,584	**Shareholders' equity**	**233,812**
Guarantee deposits	10,494	Common stock	10,001
Long-term prepaid expenses	1,385	Additional paid-in capital	55,950
Prepaid pensions costs	693	Legal capital surplus	4,111
Long-term loans receivable from subsidiaries and associates	199	Other additional paid-in capital	51,839
Deferred tax assets	12,961	Retained earnings	174,256
Other	229	Other retained earnings	174,256
Allowance for doubtful accounts	(0)	Retained earnings brought forward	174,256
		Treasury stock	(6,395)
		Valuation and translation adjustments	**533**
		Net unrealized gains on other securities	3,205
		Revaluation reserve for land	(2,672)
		Total net assets	**234,346**
Total assets	**388,113**	**Total liabilities/net assets**	**388,113**

Statement of Income

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

Account title	Amount	
Net sales		251,334
Cost of sales		181,420
Gross profit		**69,914**
Selling, general and administrative expenses		37,889
Operating income		**32,025**
Non-operating income		
Interest income	354	
Dividend income	18,661	
Reversal of allowance for doubtful accounts	2,538	
Others	719	22,273
Non-operating expense		
Interest expenses	305	
Financing expenses	224	
Loss on investments in investment partnerships	121	
Others	106	757
Recurring profit		**53,541**
Extraordinary income		
Gain on sale of investment securities	1,936	
Gain on reversal of asset retirement obligations	551	
Others	331	2,820
Extraordinary loss		
Loss on valuation of shares of subsidiaries and affiliates	1,472	
Loss on sale of investment securities	1,229	
Impairment losses	651	
Others	82	3,435
Profit (loss) before income taxes		**52,926**
Income taxes: current	8,351	
Income taxes: deferred	325	8,676
Net income		**44,249**

Statement of changes in net assets

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity							
		Additional paid-in capital			Retained earnings			
					Other retained earnings			
	Common stock	Legal capital surplus	Other additional paid-in capital	Total additional paid-in capital	Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2023	10,001	4,111	79,994	84,106	142,610	142,610	(7,614)	229,103
Change during the fiscal year								
Dividends from surplus	-	-	-	-	(12,604)	(12,604)	-	(12,604)
Net income	-	-	-	-	44,249	44,249	-	44,249
Acquisition of treasury stock	-	-	-	-	-	-	(34,585)	(34,585)
Disposal of treasury stock	-	-	(0)	(0)	-	-	7,649	7,648
Cancellation of treasury stock	-	-	(28,155)	(28,155)	-	-	28,155	-
Items other than changes in shareholders' equity, net	-	-	-	-	-	-	-	-
Net change during the fiscal year	-	-	(28,155)	(28,155)	31,645	31,645	1,219	4,709
Balance as of March 31, 2024	10,001	4,111	51,839	55,950	174,256	174,256	(6,395)	233,812

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on other securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance as of April 1, 2023	2,384	(2,672)	(287)	228,815
Change during the fiscal year				
Dividends from surplus	-	-	-	(12,604)
Net income	-	-	-	44,249
Acquisition of treasury stock	-	-	-	(34,585)
Disposal of treasury stock	-	-	-	7,648
Cancellation of treasury stock	-	-	-	-
Items other than changes in shareholders' equity, net	821	-	821	821
Net change during the fiscal year	821	-	821	5,530
Balance as of March 31, 2024	3,205	(2,672)	533	234,346

Accounting Audit Report for Consolidated Financial Statements

Independent auditor's audit report

May 16, 2024

To the Board of Directors
TIS, INC.

Ernst & Young ShinNihon LLC
Tokyo Office
Osamu Kimura
Designated limited liability partner Engagement partner
Certified Public Accountant

Takanori Miyake
Designated limited liability partner Engagement partner
Certified Public Accountant

Taro Kuramochi
Designated limited liability partner Engagement partner
Certified Public Accountant

Audit opinions

In accordance with the provisions of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of TIS, INC. for the fiscal year from April 1, 2023 to March 31, 2024, that is, the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated notes.

We acknowledge that the above-mentioned consolidated financial statements properly represent the status of the assets and profit and loss for the period of time for the relevant consolidated financial statements of the corporate group that consists TIS INC. and its consolidated subsidiaries in all the important points in accordance with the generally accepted accounting principles in Japan.

Grounds for the audit opinions

We have conducted audits in accordance with the generally accepted accounting principles in Japan. Our responsibilities in the standards for audits are described in "auditor's responsibilities in audits of consolidated financial statements" We are independent of the Company and its consolidated subsidiaries in accordance with the regulations on professional ethics in Japan, and fulfill our other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence used as the basis to express our opinions.

Other content

Other content includes the business report and supplementary schedules. Management is responsible for preparing and disclosing other content. Further, Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of duties by directors in development and management of the reporting process for other content.

Other content is not included in the scope of our audit opinions on the consolidated financial statements, and we do not express any opinions on other content.

Our responsibility in the audit of the consolidated financial statements is to read through other content, and examine whether or not there are any material discrepancies between the other content and the consolidated financial statements or the knowledge we obtained in the process of the audit, in the process of reading it through, and also to pay attention to whether or not there are any signs of significant errors in the other content other than such material discrepancies.

Based on the work carried out, if it is judged that there are any significant errors in the other content, we are required to report that fact.

There are no matters to be reported by us regarding the other content.

Responsibilities of management, Audit & Supervisory Board members and the Audit & Supervisory Board for the consolidated financial statements

Management is responsible for preparing and properly representing consolidated financial statements in accordance with the generally accepted accounting principles in Japan. This includes developing and managing internal controls deemed necessary by management in order to prepare and properly represent consolidated financial statements that are free from material misstatements due to fraud or error. Upon preparing consolidated financial statements, management is responsible for assessing whether or not it is appropriate to prepare consolidated financial statements based on the premise of going concern. If it is necessary to disclose matters related to going concern in accordance with the generally accepted accounting principles in Japan, they are responsible for disclosing the relevant matters.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of duties by the directors in the development and management of the financial reporting process.

The auditor's responsibility in auditing consolidated financial statements is to obtain reasonable assurance that there are no material misrepresentations due to fraud or error in the consolidated financial statements as a whole based on the audits conducted by the auditor and to express opinions on the consolidated financial statements from an independent standpoint in the audit report. Misrepresentation may be caused by fraud or error and are considered to be material if it is reasonably expected to affect decision-making of the users of the consolidated financial statements individually or in aggregate.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism concerning the following;

- Identify and evaluate the risk of material misrepresentation due to fraud or error. Further, to draw up and implement audit procedures that address the risk of material misrepresentations. The audit procedures shall be selected and applied at the discretion of the auditor. In addition, obtain sufficient and appropriate audit evidence used as a basis to express opinions.
- The purpose of auditing consolidated financial statements is not to express any opinions on the efficiency of internal controls. However, the auditor shall examine internal controls related to audits in order to draw up appropriate audit procedures according to the relevant circumstances when conducting a risk assessment.
- Evaluate the appropriateness of the accounting policies and methods of application adopted by management as well as the method to apply them and rationality of the accounting estimates made by management and the validity of related notes.
- Conclude whether or not it is appropriate for management to prepare consolidated financial statements on the premise of going concern and whether or not any incident that would cause any significant doubt to the premise of going concern or any significant uncertainty is recognized regarding the situation based on the audit evidence obtained. If any significant uncertainty regarding the premise of going concern is recognized, it is required to call attention in notes of the consolidated financial statements in the audit report. Or, if the notes of the consolidated financial statements on the significant uncertainty are not appropriate, it is required to express opinions with exclusions on the consolidated financial statements. Although the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, future incidents and/or circumstances may prevent the Company from continuing as a going concern.
- Evaluate whether or not the representation and notes on the consolidated financial statements comply with generally accepted accounting principles in Japan and whether or not the representation, structure and content of the consolidated financial statements, including related notes and the consolidated financial statements properly represent underlying transactions and accounting incidents.
- In order to express opinions on the consolidated financial statements, obtain sufficient and appropriate audit evidence regarding financial information of the Company and its consolidated subsidiaries. The auditor is responsible for providing instruction, supervision and implementation of the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinions. The auditor shall report to Audit & Supervisory Board members and the Audit & Supervisory Board on the planned scope of the audit and the timing of its implementation, important findings in the audit, including material weaknesses in internal controls identified in the course of carrying out the audit, and other matters required by auditing standards.

The auditor shall report to Audit & Supervisory Board members and the Audit & Supervisory Board on compliance with the regulations on professional ethics in Japan regarding independence, matters reasonably considered to affect independence of the auditor, and where applicable, any measures taken to remove the factors of inhibition to independence or any safeguards applied to mitigate the factors of inhibition to a tolerable level.

Interest

Our audit firm or executive partners have no interest with the Company and its consolidated subsidiaries, which should be described in accordance with the provisions of the Certified Public Accountants Act.

END

Accounting Audit Report for Financial Statements

Independent auditor's audit report

May 16, 2024

To the Board of Directors
TIS, INC.

Ernst & Young ShinNihon LLC
Tokyo Office
Osamu Kimura
Designated limited liability partner Engagement partner
Certified Public Accountant

Takanori Miyake
Designated limited liability partner Engagement partner
Certified Public Accountant

Taro Kuramochi
Designated limited liability partner Engagement partner
Certified Public Accountant

Audit opinions

In accordance with the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the financial statements of TIS, INC. for the 16th fiscal year from April 1, 2023 to March 31, 2024, that is, the balance sheet, the income statement, the statement of changes in equity and the individual notes as well as supplementary schedules (hereinafter referred to as "financial statements, etc.").

We acknowledge that the above-mentioned financial statements, etc. properly represent the status of the assets and profit and loss for the period of time for the relevant financial statements, etc. in all the important points in accordance with generally accepted accounting principles in Japan.

Grounds for the audit opinions

We have conducted audits in accordance with the generally accepted accounting principles in Japan. Our responsibilities in the standards for audits are described in "auditor's responsibilities in audits of financial statements, etc." We are independent of the Company in accordance with the regulations on professional ethics in Japan, and we are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence used as the basis to express our opinions.

Other content

Other content includes the business report and supplementary schedules. Management is responsible for preparing and disclosing other content. Further, Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of duties by the directors in the development and management of the reporting process for other content.

Other content is not included in the scope of our audit opinions on the financial statements, etc., and we do not express any opinions on other content.

Our responsibility in the audit of the financial statements, etc. is to read through other content, and examine whether or not there are any material discrepancies between the other content and the financial statements, etc. or the knowledge we obtained in the process of the audit in the process of reading it through, and also pay attention to whether or not there are any signs of significant errors in the other content other than such material discrepancies.

Based on the work carried out, if it is judged that there are any significant errors in the other content, we are required to report that fact.

There are no matters to be reported by us regarding the other content.

Responsibilities of management, Audit & Supervisory Board members and the Audit & Supervisory Board for the financial statements, etc.

Management is responsible for preparing and properly representing financial statements, etc. in accordance with generally accepted accounting principles in Japan. This includes developing and managing internal controls deemed necessary by management in order to prepare and properly represent financial statements, etc. that are free from material misstatements due to fraud or error.

Upon preparing financial statements, etc., management is responsible for assessing whether or not it is appropriate to prepare financial statements, etc. based on the premise of going concern. If it is necessary to disclose matters related to going concern in accordance with generally accepted accounting principles in Japan, they are responsible for disclosing the relevant matters.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for monitoring the execution of duties by the directors in the development and management of the financial reporting process.

Responsibility of the auditor in auditing the financial statements, etc.

The auditor's responsibility is to obtain reasonable assurance that there are no material misrepresentations due to fraud or error in the financial statements, etc. as a whole based on the audits conducted by the auditor and to express opinions on the financial statements, etc. from an independent standpoint in the audit report. Misrepresentation may be caused by fraud or error and are considered to be material if it is reasonably expected to affect decision-making of the users of the financial statements, etc. individually or in aggregate.

The auditor shall exercise professional judgment throughout the audit process in accordance with auditing standards generally accepted as fair and appropriate in Japan, and shall maintain professional skepticism concerning the following;

- Identify and evaluate the risk of material misrepresentation due to fraud or error. Further, to draw up and implement audit procedures that address the risk of material misrepresentations. The audit procedures shall be selected and applied at the discretion of the auditor. In addition, obtain sufficient and appropriate audit evidence used as a basis to express opinions.
- The purpose of auditing consolidated financial statements is not to express any opinions on the efficiency of internal controls. However, the auditor shall examine internal controls related to audits in order to draw up appropriate audit procedures according to the relevant circumstances when conducting a risk assessment.
- Evaluate the appropriateness of the accounting policies and methods of application adopted by management as well as the method to apply them and rationality of the accounting estimates made by management and the validity of related notes.
- Conclude whether or not it is appropriate for management to prepare consolidated financial statements on the premise of going concern and whether or not any incident that would cause any significant doubt to the premise of going concern or any significant uncertainty is recognized regarding the situation based on the audit evidence obtained. If any significant uncertainty regarding the premise of going concern is recognized, it is required to call attention in notes of the financial statements, etc. in the audit report. Or, if the notes of the financial statements, etc. on the significant uncertainty are not appropriate, it is required to express opinions with exclusions on the financial statements, etc. Although the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, future incidents and/or circumstances may prevent the Company from continuing as a going concern.
- Evaluate whether or not the representation and notes on the consolidated financial statements comply with generally accepted accounting principles in Japan and whether or not the representation, structure and content of the consolidated financial statements, including related notes and the consolidated financial statements properly represent underlying transactions and accounting incidents.

The auditor shall report to Audit & Supervisory Board members and the Audit & Supervisory Board on the planned scope of the audit and the timing of its implementation, important findings in the audit, including material weaknesses in internal controls identified in the course of carrying out the audit, and other matters required by auditing standards.

The auditor shall report to Audit & Supervisory Board members and the Audit & Supervisory Board on compliance with the regulations on professional ethics in Japan regarding independence, matters reasonably considered to affect independence of the auditor, and where applicable, any measures taken to remove the factors of inhibition to independence or any safeguards applied to mitigate the factors of inhibition to a tolerable level.

Interest

Our audit firm or executive partners have no interest with the Company, which should be described in accordance with the provisions of the Certified Public Accountants Act.

END

Audit Report of the Audit & Supervisory Board

Audit report

The Audit & Supervisory Board has deliberated and has prepared the audit report based on the audit report prepared by each Audit & Supervisory Board member regarding the execution of duties of the directors for the 16th fiscal year from April 1, 2023 to March 31, 2024, and hereby reports as follows;

1. Auditing methods and content of audits by audit & supervisory board members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board has established audit policies, audit plans, etc., received a report on the implementation and result of the audit from each Audit & Supervisory Board member as well as the execution of duties from the directors, etc. and the financial auditor, and requested explanations as necessary.

(2) Each Audit & Supervisory Board member has communicated with the directors, the Internal Audit Department and other employees, etc. to strive to collect information and establish an appropriate audit environment, and carried out the audit using the following method while utilizing means via telephone or the Internet, etc. in accordance with the Audit & Supervisory Board Members' Auditing Standards provided by the Audit & Supervisory Board as well as the audit policies and audit plans, etc.;

1) We attended the meetings of the Board of Directors, management meetings and other important meetings, received reports from directors and employees, etc. on the execution of their duties, and requested explanations as necessary, perused important approval documents, etc. to investigate the status of the business activities and assets. Further, in regard to subsidiaries, we have communicated and exchanged information with the directors and Audit & Supervisory Board members of the subsidiaries in person and online, and received business reports from the subsidiaries as necessary.

2) In regard to the content of resolutions made by the Board of Directors regarding the preparation and maintenance of systems to ensure that the execution of duties by the directors as described in the business report, complies with laws and regulations and the Articles of Incorporation as well as the systems prepared and maintained as necessary to ensure the appropriateness of the business activities of the corporate group, consisting of the stock company and its subsidiaries as stipulated in the enforcement rules of Article 100, Paragraphs 1 and 3 of the Companies Act and the systems prepared and maintained based on the relevant resolution (internal control system), we have regularly received reports from the directors and employees, etc. on the status of construction and operation, requested explanations as necessary and expressed opinions.

3) We have monitored and verified to confirm whether the financial auditor maintained an independent position and conducted an appropriate audit, received reports from the financial auditor on the status of the execution of duties, and requested explanations as necessary. Further, we have been notified by the financial auditor that the "systems to ensure that duties are performed properly" (matter listed in each item of Article 131 of the Regulations on Corporate Accounting) in accordance with the "the Quality Control Standards for Audits" (October 28, 2005 Business Accounting Council), etc., and requested explanations as necessary. We have discussed the major audit matters to be examined with the financial auditor, received reports on the status of implementation of the audit, and requested explanations as necessary.

Based on the above method, we have examined the business report and its supplementary schedules, financial statements (balance sheet, income statement, statement of changes in equity and individual notes) and supplementary schedules as well as consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated notes) for the relevant fiscal year.

2. Results of the audit

(1) Results of the audit of the business report, etc.

i. We acknowledge that the business report and supplementary schedules properly represent the status of the Company in accordance with the laws and regulations and the Articles of Incorporation.

ii. We have not found any illegal acts or material violations of the laws and regulations or the Articles of Incorporation, that are related to the execution of duties by the Directors.

iii. We acknowledge that the content of resolutions made by the Board of Directors regarding internal control systems are appropriate. Further, we have not found any matters to be pointed out regarding the description of the business report and the execution of duties by the directors in relation to the relevant internal control systems.

(2) Results of audit of financial statements and the accompanying supplementary schedules
We acknowledge that the methods applied and results of the audit by the accounting auditor Ernst & Young ShinNihon LLC are appropriate.

(3) Results of audit of the consolidated financial statements
We acknowledge that the methods applied and results of the audit by the accounting auditor Ernst & Young ShinNihon LLC are appropriate.

May 17, 2024

Audit & Supervisory Board, TIS, INC.

Tetsuya Asano (Seal)
Full-Time Audit & Supervisory Board Member
Makoto Tsujimoto (Seal)
Full-Time Audit & Supervisory Board Member
Yukio Ono (Seal)
External Audit & Supervisory Board Member
Akiko Yamakawa (Seal)
External Audit & Supervisory Board Member
Hiroko Kudo (Seal)
External Audit & Supervisory Board Member

END