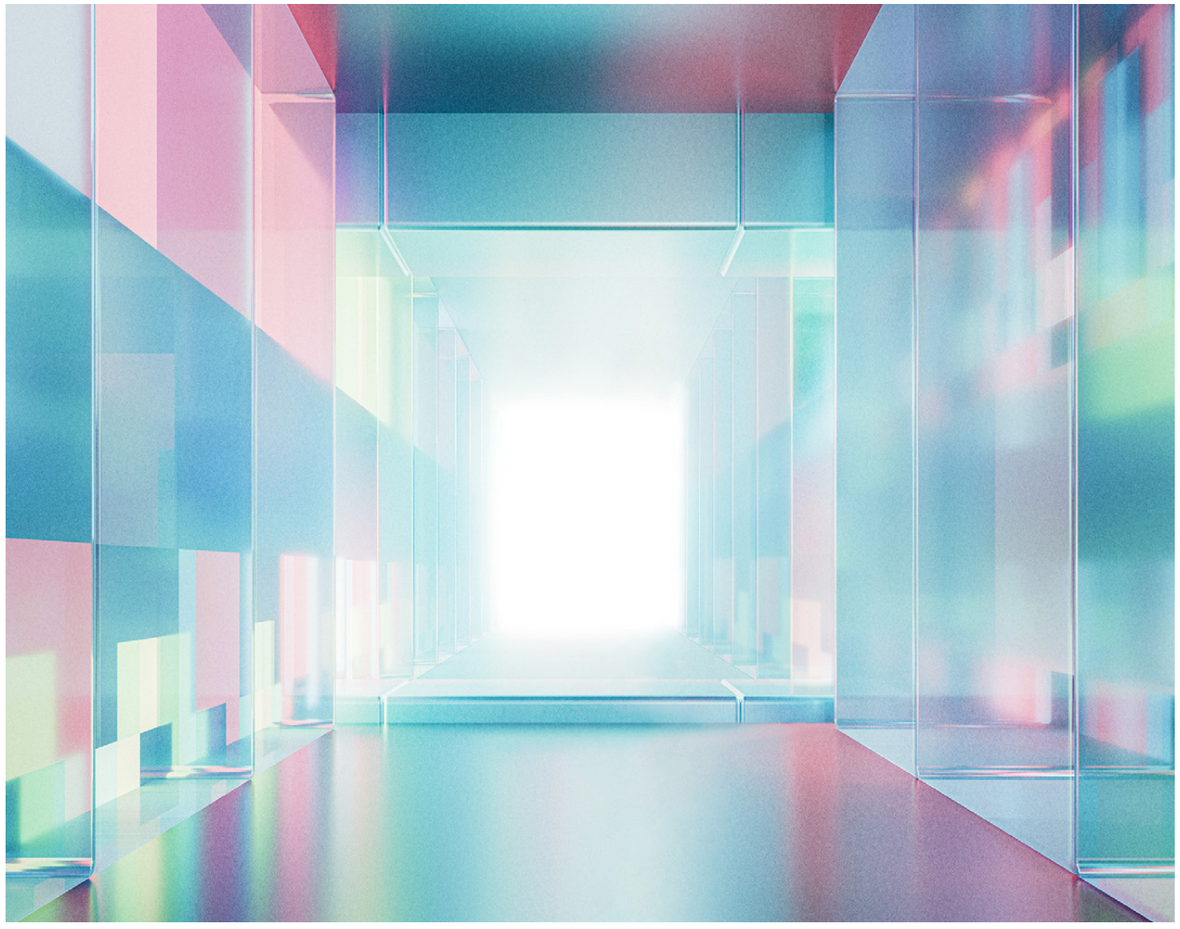
Integrated Report 2026

Year Ended March 31, 2026 (From April 1, 2025, to March 31, 2026)

TISI
TIS INTEC Group



TIS INTEC
Group

TISI Inc.

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https://www.tisi.jp/en/

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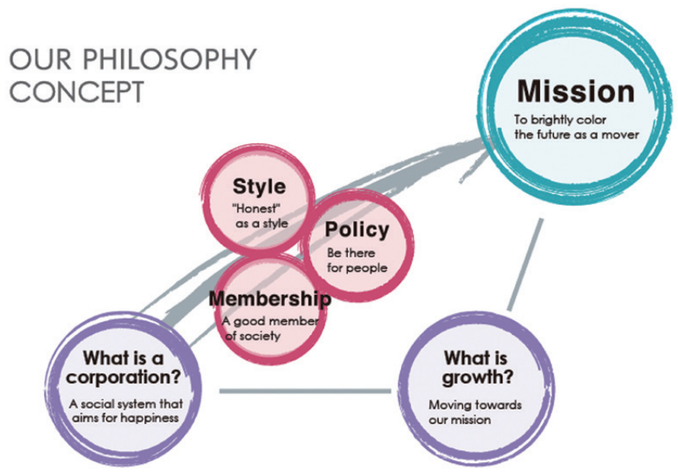
Securities Code: 3626



OUR PHILOSOPHY (TIS INTEC Group Philosophy)

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

OUR PHILOSOPHY



Mission to brightly color the future as a mover

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

For details, go to ▶ https://www.tisi.jp/en/group/philosophy/

Long-term management policy Group Vision 2032— The TIS INTEC Group's corporate ideal

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

For details, go to ▶ https://www.tisi.jp/en/group/vision/

Group VISION 2032

Society oriented, operationally diverse, globally active

Group Code of Conduct

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

For details, go to ▶ https://www.tisi.jp/en/group/sustainability/governance/compliance/index.html

A New Company

On July 1, 2026, TIS and INTEC merged to form **TISI Inc.**

TIS INTEC Group + INTEC TIS INTEC Group

July 1, 2026 Started

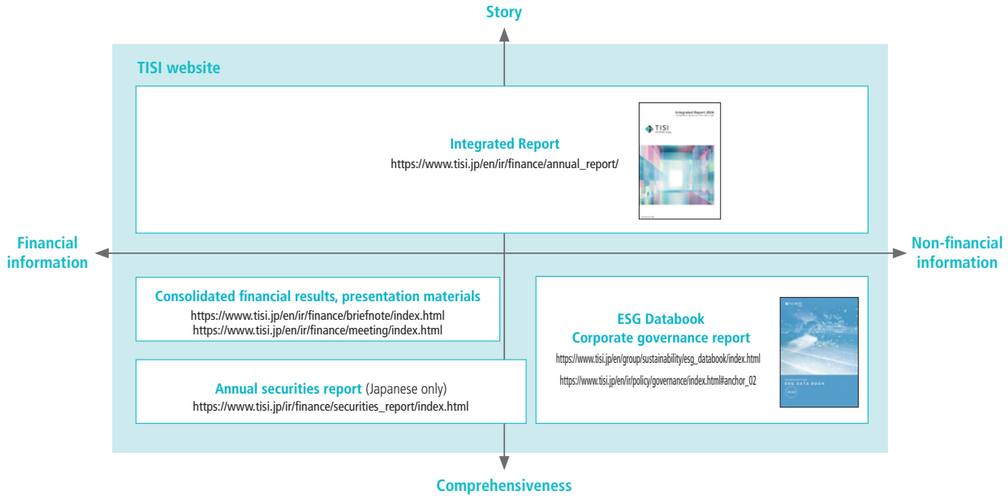
TISI TIS INTEC Group **TISI Inc.**

Editorial Policy

TISI sees integrated reports as a vital communication tool for engaging with all stakeholders, particularly shareholders and investors. This year's report focuses on high-priority topics, drawing on key financial and non-financial information to support strategies and initiatives designed to realize sustainable improvement in corporate value, and is intended to help stakeholders gain a better understanding of the activities and future direction of the Company and the corporate group it leads. For detailed information on the topics covered in the report, please visit our corporate website.

This edition describes progress toward the long-term targets of Group Vision 2032, as of the second year of Medium-Term Management Plan (2024–2026), and results achieved during the most recent fiscal year, as well as groupwide activities to turn changes in the operating environment driven by a widening embrace of AI into growth opportunities. In this edition, we also outline our strategic direction for future growth ahead of efforts to finalize our next medium-term management plan. The content of this year's integrated report should provide stakeholders with a clear view of our path forward.

Information Disclosure Structure



About Our Website

The corporate website gives stakeholders timely access to multifaceted information covering all manner of corporate activities.

IR Information
https://www.tisi.jp/en/ir/

Sustainability Information
https://www.tisi.jp/en/group/sustainability/

Scope of reporting

Reporting organization: TISI (non-consolidated) and TIS INTEC Group
Reporting period: April 1, 2025, to March 31, 2026
*This report includes some activities occurring in April 2026 and later.

TIS Inc. and INTEC Inc. merged on July 1, 2026. Information prior to July 1, 2026, is presented using the company names—TIS and INTEC—in effect at that time.

Issued:

September 2026

Guidelines:

International Integrated Reporting Framework, Guidance for Collaborative Value Creation 2.0

Disclaimer:

Forward-looking statements, such as performance forecasts, described in this report are based on information available to management regarding the TIS INTEC Group—that is, TISI and the subsidiaries under its umbrella—as of the production date and certain assumptions deemed reasonable at this time. These statements are not intended as a promise by the Company that they will be realized. Indeed, various factors may cause future results to be substantially different from the assumptions presented in these materials.

The names of the products and services described in this report are trademarks or registered trademarks of their respective owners.

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We will enhance corporate value by leveraging the momentum of change in the age of AI.





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On the cover

A corridor of vibrant colors leads to a bright opening—not just an end-point but also a gateway, linking Medium-Term Management Plan (2024–2026) to the next medium-term management plan and a bright future.

Leveraging AI-driven changes as driver of growth

Technological innovations, particularly AI, are rewriting the rules of competition from the ground up.

Drawing on groupwide capabilities, we will utilize the changing landscape as an opportunity for growth.

We will combine extensive industry and business operation insights as well as technical expertise cultivated as a leading, independent prime contractor with AI to deliver end-to-end support for our clients' AI transformation, from concept to implementation, and thereby contribute to the sustainable growth of our clients as well as society.

At the same time, we will reshape our own business and revenue structure, and by sharpening our competitive edge and improving profitability, we will achieve a sustainable increase in corporate value.



Group's Value Proposition

End-to-end services, from development of mission-critical core systems through to operation

Optimal integration using broad range of intellectual property and technology accumulated as independent prime contractor

Industry-, operational- and IT-related know-how translate into enhanced client-side operating efficiency and sharper competitive edge

× AI

Three Priorities

1 **Qualitative transformation of revenue through AI-driven development**
Expand all layers of value proposition, hinging on TISI

2 **Expansion of recurring revenue through Vertical AI services**
Provide operation-specific (vertical) AI services to expand recurring revenue

3 **Diversification of revenue model through strategic investment into priority sectors**
Develop revenue-sharing business model for services in priority sectors, such as payment settlement and healthcare

See changes in industry structure brought about by AI as growth opportunity and accelerate growth under unified group management

Desired Financial Standing by Fiscal 2033

Net sales

Fiscal 2027 ¥620 billion → Fiscal 2033 Approx. ¥1 trillion

Operating income

Fiscal 2027 ¥81 billion → Fiscal 2033 Above ¥150 billion

Operating margin

Fiscal 2027 13.1% → Fiscal 2033 Above 15%

CAGR (Fiscal 2027→Fiscal 2033)
Net sales: Above 8% | Operating income: Above 10%

We will respond to questions from capital markets with results.
With TISI at its core, our Group will demonstrate its true value in the AI era.



Yasushi Okamoto
Representative Director, President and Executive Officer

Q. How would you evaluate progress on the medium-term management plan?

Fiscal 2027, ending March 31, 2027, is the last year of three-year Medium-Term Management Plan (2024–2026), and I would say progress is generally proceeding well. Achieving targets for key performance indicators is within sight, not only for net sales and operating income but also for ROE and EPS CAGR, and we have already hit the target for operating income per employee. Challenges do exist, in such pursuits as expansion of service-based businesses, but overall, efforts to date are steadily yielding results.

That said, the business environment is changing at a pace exceeding assumptions made when the medium-term management plan was formulated. The evolution of artificial intelligence (AI) in particular has created a situation where it's not business as usual anymore. We can't move on to the next stage of growth simply by extending initiatives already in play. Fiscal 2027 will therefore be a crucial run-up phase during which we will not only do our utmost to see the current medium-term management plan through to successful completion but also set the stage for a strong start to the next medium-term management plan. TISI, at the core of the TIS INTEC Group, will solidify the foundation for next-stage growth through the evolution of an AI-driven business model and an emphasis on strategic investments in key areas.

Q. The evolution of AI is bringing about major changes in the business environment and in market perceptions. What is your take on the current situation?

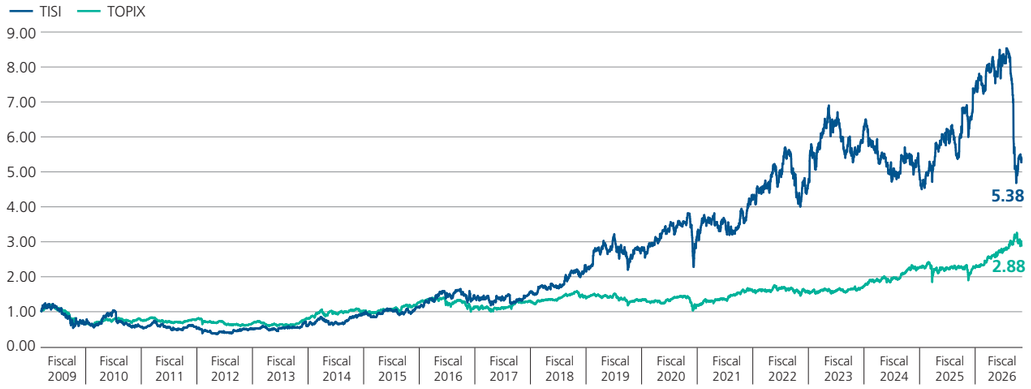
In early 2026, against the backdrop of AI's rapid evolution, the position taken by capital markets regarding value proposition—the promise of value to be provided—as well as value delivered and growth prospects of companies in the IT services industry shifted dramatically from optimism to concern, and TISI was not immune to the inevitable impact on stock prices caused by changing market perceptions. Shareholders and investors joined a worried chorus, voicing concerns and harsh criticisms of their own, and we recognized this as a critical juncture that required us to demonstrate with greater clarity how TISI and the corporate group it leads would continue to grow in the age of AI.

To shareholders and investors, stock price is most certainly an important indicator for gauging corporate growth. While management decisions are not based solely on daily stock prices, it's the responsibility of management at TISI, as executives of a publicly traded company, to outline a path to growth and present a track record of success to shareholders who have invested in our future potential and who have stood by us, with support and high hopes for success from a long-term perspective. To that end, the announcement about a decision made in March 2026 to repurchase treasury stock was the perfect opportunity to articulate management's perspective on the Group's medium- to long-term growth potential and intrinsic value.

Of fundamental importance, however, is for us to show just how much growth potential we have, because it's this information that capital markets are so eagerly awaiting. From shareholders and investors, comments indicate concern that AI might diminish the value of system integrators' work and usurp existing system development demand. But we see this sentiment stemming in part from our own inability to fully communicate the nature of the Group's businesses and the underlying potential for growth even in the age of AI.

AI significantly improves the efficiency of programming work, but being able to write programs and being able to build and operate mission critical systems are completely different things. The ability to design, implement and operate systems that support our clients' core business activities—safely, reliably and aligned with overall operations—is and will remain necessary. If

Stock Performance



*The above figures are indexed with closing price data, on March 31, 2008 set at 1.00.

anything, the value of our expertise as a system integrator to design an entire system, guarantee its quality and maintain it on an ongoing basis is increasing precisely because companies are so keen these days to integrate AI into business processes.

We will use AI-driven changes as fuel to create new value propositions and enhance revenue models, and we will continue to actively communicate Group philosophy and strategic direction.

Q. How will AI contribute to growth of the Group?

We aim to utilize AI in two main ways. One is to integrate AI into our development processes to improve productivity, quality and profitability. And the other is to integrate AI into clients' business processes to enhance the value we deliver to clients.

First, regarding our own development processes, we are already moving toward AI-driven system development. In new system development, we augmented the capability of AXION, a proprietary development platform, with AI tools, and confirmed a 47% improvement in productivity on select projects. In addition, in the area of maintenance development, we created Agentic RAG, a project-dedicated chat system incorporating project-specific information, and have initiated verification tests at the client project level. We are also promoting the use of AI in project management and quality control activities and consequently seek to boost development productivity by 50% by fiscal 2030.

We will redirect resources freed up by AI-driven development toward business activities that generate higher added value. AI may change the way we develop systems, but ultimately responsibility for ensuring quality and delivering value to clients lies with humans.

Turning to the second objective—the value we deliver to clients—simply introducing AI into individual business processes isn't going to be enough to achieve the desired results. Integrating AI into a company's mission-critical operations—its core activities—safely and effectively requires a holistic view of the entire business and a strategy to identify which AI technology will best enhance which business or operational process and what data to utilize, and how to ensure safety and quality.

This is precisely where we, as a system integrator, can demonstrate our strength in solution design. Rather than use AI as a standalone tool, we will increase the value we deliver to clients by providing AI-driven solutions that work effectively within client operations.

Q. In the age of AI, how will you leverage industry and business insights and expertise in mission-critical systems to secure a competitive advantage?

Our industry and business insights and our expertise in mission-critical systems are vital in converting growth opportunities in the age of AI into competitive advantages unique to our corporate group. For agentic AI to deliver value, it must interact with client-side business data and mission-critical systems. The challenge lies not in the introduction of surface-level AI tools but in how best to transform key business processes with AI technology and translate such changes into lasting results.



We will transform long-established industry expertise, deep operational insights, and strengths in mission-critical systems into a competitive advantage for the age of AI to accelerate our growth.

Through extensive involvement in projects for a diverse client base, we have gained a keen understanding of business processes across a wide range of industries and sectors, including finance, manufacturing, the public sector, payment settlement and networking, enabling us to amass extensive knowledge and build a proven track record. In the payments sector in particular, we have a long history of supporting mission-critical systems. We will roll out Vertical AI services offered nowhere else but from TISI and the Group it leads by combining accumulated industry and business sector knowledge and expertise in mission-critical systems with AI.

Our strategy for helping clients utilize AI in their operations highlights three approaches.

The first is to develop and deliver AI-powered services in areas where TISI and companies under the Group umbrella enjoy a competitive advantage. Cashless payments and networking are examples of areas where in-depth knowledge and years of experience enable us to identify industrywide challenges and quickly provide solutions in the form of standardized services. In January 2026, we launched an AI fraud detection service for international credit cards. Going forward, we will continue to integrate AI into forte fields and provide services closely tailored to clients' day-to-day business practices.

The second approach is to build AI-powered systems matched to the business operations of client companies. We are integral to the successful performance of clients' mission-critical systems, having the ability to design the appropriate architecture and identify the areas that would most benefit from AI, based on our understanding of the big picture. Xenlon Modernization Service, from TISI, also serves as a key client touchpoint, promoting wider involvement in areas related to mission-critical systems through modernization of legacy systems and then subsequent adoption of AI.

The third approach is on-site client support. This goes beyond simply handling programming work at client offices. We have built trust with our clients through close interaction on projects and a deep understanding of their business processes and the issues they face. Such trust is a major competitive advantage when tasked with integrating AI into client operations.

An issue that will become increasingly important with wider use of AI is the proliferation of individual AI systems without adequate oversight. The more AI is used for local optimization, the greater the potential for overall inefficiency and increased security risk. Our ability to design and deliver practical, real-world solutions to such issues from a holistic optimization perspective is our true strength, honed through many years of developing mission-critical systems. We will not limit the use of AI merely to improve efficiency, but rather leverage AI as a mechanism to continuously support client-side business transformation, which will translate into unique competitive advantage and expanded recurring revenue streams.

Q. What is the significance of TIS and INTEC merging at this time to form TISI?

With the merger of TIS and INTEC on July 1, 2026, we marked a new beginning as TISI Inc. Historically, both companies reinforced existing operations as part of the same corporate group following the establishment of IT Holdings Corporation through management integration in 2008, drawing on distinctive characteristics to hone respective strengths. Later, both companies promoted unified group management and demonstrably reinforced quality control and business collaboration. But there was, I must admit, still room for improvement, especially in maximizing synergies between TIS and INTEC.

For example, by combining TIS' expertise in large-scale core system development with INTEC's expertise in on-site client support, value provided to TIS' clients would certainly rise. From the INTEC perspective, TIS' development capabilities and services—notably, payment settlement—could be brought to INTEC's client touchpoints.

The merger of TIS and INTEC into TISI as "One Company" will remove the barriers that previously existed between the two companies. Through rapid decision-making and unified business operations, we will consolidate business strengths cultivated separately by TIS and INTEC and create a structure better positioned to deliver value to clients across all business areas. Today, as AI drives demand for business transformation among client companies, our enhanced ability to provide multifaceted support that brings together core systems, on-site client support, networking, payment settlement and service-based businesses carries significant weight.

A key component of success here is something I call "buddy power"—essentially, "strength as a team." The merger has enabled "teammates" with different capabilities to connect on a deeper level and take on challenges in areas that would have been daunting to tackle alone. I believe that pooling our respective insights, client touchpoints, services and technologies to generate greater value across the client base is the very essence of the evolution of buddy power at TISI.

Through the launch of TISI, we aim to achieve far-reaching synergies throughout the Group. Instead of simply adding up sales and income generated in each business unit, we will raise overall growth potential by leveraging the strengths of one business unit to serve a different sphere of clients and by introducing new services to the client touchpoints of other business units. These initiatives will help us define new business models for the age of AI.

Q. How will strategic investments in key areas help to diversify revenue models?

Systems integration is the cornerstone of the Group's business foundation and will continue to evolve. But even if we could achieve stable growth with traditional systems integration alone, the business would be limited in its capacity to accelerate growth. Consequently, we will diversify our revenue models by introducing additional service-based solutions and businesses in which we are directly involved in operations through co-creation initiatives and the pursuit of M&A.

The objective of this approach is to expand the IT & Business Offering Service (IOS) and Co-Creation Business (CCB) in particular, two of the four strategic domains highlighted in Group Vision 2032. In the age of AI, we will continue to shift toward a service-oriented model in areas where we already have a competitive edge and at the same time incorporate insights gained in new business areas while leveraging co-creation with partners, strategic investments and M&A opportunities.

An example of this process is Nihon ICS Co., Ltd., a provider of accounting and tax-filing packages to tax accounting offices and the clients they advise, which then-TIS turned into a consolidated subsidiary in April 2023. This expanded our business into tax and accounting, and gave us a new client base of tax accounting offices and their clients. By incorporating AI into these operations, the company will sharpen the competitiveness of its services and improve profitability.

Another example is RESCHO, INC., a provider of electronic medical record software solutions fine-tuned for use by psychiatry professionals, which came under the Group umbrella in December 2023, reinforcing our healthcare IT and medical DX platforms.

Under the next medium-term management plan, we will focus attention on areas with major potential for transformation through AI—such as payment settlement, where we maintain a strong presence, as well as healthcare, where strategic investments have strengthened our business foundation—and establish revenue models for pursuits that go beyond traditional system integration.

*Strategic domains are described on page 24

Q. How will the workforce and organizational capabilities change as you implement the TISI strategy for future growth?

Even in the age of AI, people will always be the source of value creation and competitive advantage. What will change, however, are the roles employees are expected to play—and significantly so. Tasks that can be handled by AI will be delegated to AI, thereby freeing personnel to focus on areas that generate higher added value. This will be our basic concept for human resources and structural change going forward.

It will be crucial for all employees to be AI-literate, understand the characteristics of each AI system, and have the ability to determine which business operations would benefit from AI and how to apply the associated system effectively. Regardless of the department where employees work, be that development, operation, sales or administration, they will have to possess the ability to integrate AI into their work to boost productivity and provide greater value.

That said, even as AI continues to evolve, there will always be roles that require people to fill. In fact, the ability to understand our clients' business operations and management challenges, visualize what needs to be changed, and formulate solutions through discussions with stakeholders will become more important than ever. Employees closest to clients—the business frontline—take on the roles that AI doesn't cover. A particular priority for me since becoming president has been to strengthen our frontline, and I believe a robust frontline will acquire greater significance in the age of AI. Going forward, we will focus on developing and deploying talent with the ability to address client issues on the frontline, talent responsible for creating new businesses, and cross-functional IT talent utilizing multiple IT skills to design comprehensive solutions.

In conversations with shareholders and investors, I often share this analogy: When a car manufactured using factory automation breaks down, it's people who identify the cause, disassemble the vehicle and repair it, and thereby ensure quality. The same holds true for IT. Only when people correctly understand what AI has generated and can guarantee quality will we earn client trust and fulfill our social responsibilities.

Utilizing AI to expand human potential and enabling diverse talent to connect organically to create value will lead to competitive advantage. We will accelerate strategic investment activity, including talent development, to realize this.

In terms of organizational capabilities, we will promote unified business operations centered on TISI and evolve into a corporate group capable of delivering optimal value across the Group's client base. We will increase the collective value of the Group by applying insights cultivated and services provided in one area to other clients and other business areas. This approach must take root within our corporate culture.

By simultaneously leveraging AI to improve productivity and shifting freed-up assets to high-value-added areas where human involvement is essential, we will ensure the effectiveness of our growth strategy and realize tangible results, including higher operating income per employee.

Q. How will the foundation built under the current medium-term management plan and future changes lead to sustainable improvement in corporate value?

The real test from here on is whether the foundation we have built under the current medium-term management plan is sufficient to drive sustainable growth. We will leverage a combination of factors—namely, the evolution of AI, the merger of TIS and INTEC, and strategic investments in select areas—to enhance productivity on a groupwide basis and increase the value we provide to our clients. The cumulative effect will fuel growth more robust than ever before and, keeping in mind numerical targets—consolidated net sales of about ¥1 trillion and consolidated operating income exceeding ¥150 billion by fiscal 2033—that demonstrate our corporate aspirations, lead to sustainable improvement in corporate value, which is a goal we share with our stakeholders.

The key is to steadily implement stated strategies to a successful end. We are committed to engaging sincerely with our clients, earning their appreciation, and translating that into better business results. By carefully building on these efforts, one following another, we will enhance the growth potential of the Group.

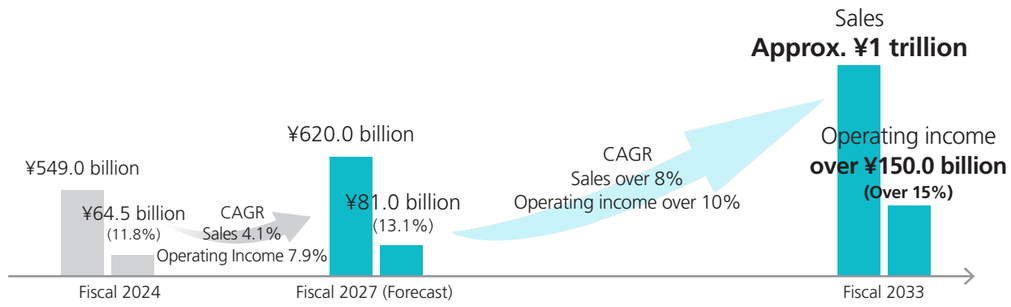
One of the biggest achievements I've seen in the past five years since becoming president in April 2021 is that executives and employees are thinking more for themselves and taking greater initiative instead of simply waiting for instructions from upper management. When we formulated the current medium-term management plan, some aspects were perhaps too ambitious for the Group to achieve as it stood at that time. We communicated to shareholders and investors the difficulty of reaching certain targets by simply continuing along the same path as before. Happily, however, the Group worked as a cohesive unit, promoting unified measures, and we are now within sight of even those challenging goals.

This experience served to reinforce my already strongly held belief—that without dreams and a vision, people can neither aim for great heights nor reach them. For exactly this reason, I feel my most important job as president of TISI is to articulate the vision and goals that the Company, and by extension, the Group, seeks to achieve, take the lead on this journey, and maintain a fighting spirit no matter what changes occur in the business environment.

The numerical targets stated above that reflect the size and scale of the corporate group we seek to be are by no means easy to achieve. Nevertheless, I believe my role is to use the launch of TISI as an opportunity to grow our corporate group into a stronger, more sophisticated organization and then pass the leadership baton on to the next generation.

I hope all stakeholders, including shareholders and investors, will see the bright future that is sure to come as efforts to realize sustainable growth and enhance corporate value bear fruit, and I ask for your continued support.

Toward Our Vision through Business Growth



Medium-Term Management Plan (2024–2026)

- **Strengthening the Group Value Chain**
  - Pursue the maximization of Group-wide value creation with TISI at the core
  - Strengthen client-facing value creation through the establishment of TISI Solutions
- **Advancing Growth Strategies for the AI Era**
  - Transform earnings quality through AI-driven development
  - Expand recurring revenue through Vertical AI services
  - Diversify earnings models through strategic investments in priority areas

Group VISION 2032

Growth Trajectory

Making the most of the advanced technologies and know-how the TIS INTEC Group has accumulated over the years, we aim to revitalize society and contribute to the well-being not only of our clients, but of society as a whole.

We will continue to challenge ourselves to achieve further growth, contribute to a sustainable society, and realize sustainable enhancement of corporate value based on an unwavering ambition to contribute to the development of society through digital technology.

Transition to operating holding company structure marked start of steady growth

Net Sales

About **1.5** times

Fiscal 2016 **¥382.6** billion ▶ Fiscal 2026 **¥596.4** billion

Operating Income

About **3** times

Fiscal 2016 **¥24.4** billion ▶ Fiscal 2026 **¥76.2** billion

Operating Margin

About **2** times

Fiscal 2016 **6.4%** ▶ Fiscal 2026 **12.8%**

January 1964



Toyama Computer Center, Inc. (now, INTEC) established. Began its business at the former Kitanihon Hoso building.

1986
INTEC listed on the First Section of the Tokyo Stock Exchange.

April 1971



Toyo Information Systems Co., Ltd. (now, TIS) established. Began software development services in Osaka.

1991
TIS listed on the First Section of the Tokyo Stock Exchange.

April 2000
Turned Komatsu Soft Ltd. (now, QUALICA Inc.) into subsidiary.

February 2002
Turned AGREX Inc. into subsidiary.

April 2004
Turned UFIT Co., Ltd., into subsidiary.

April 2005
Turned Asahi Kasei Information Systems Co., Ltd. (now, AJS Inc.) into subsidiary.

April 2008
IT Holdings Corporation established
Birth of a leading independent company: a group of like-minded companies integrated their operations, aiming to expand scale and pursue evolution through synergies.

December 2009
SORUN Corporation joined the ITHD Group.

April 2011
ITHD orchestrated a three-company merger involving TIS, SORUN and UFIT Co., Ltd., with TIS as the surviving company.

March 2015
ITHD turned AGREX Inc. into a 100% consolidated subsidiary.

July 2016
Transition to an operating holding company structure
Accelerating the TIS INTEC Group's integrated management: restructuring with the aim of realizing groupwide optimization and portfolio management through synergies.

May 2017
Announced Group Vision 2026.

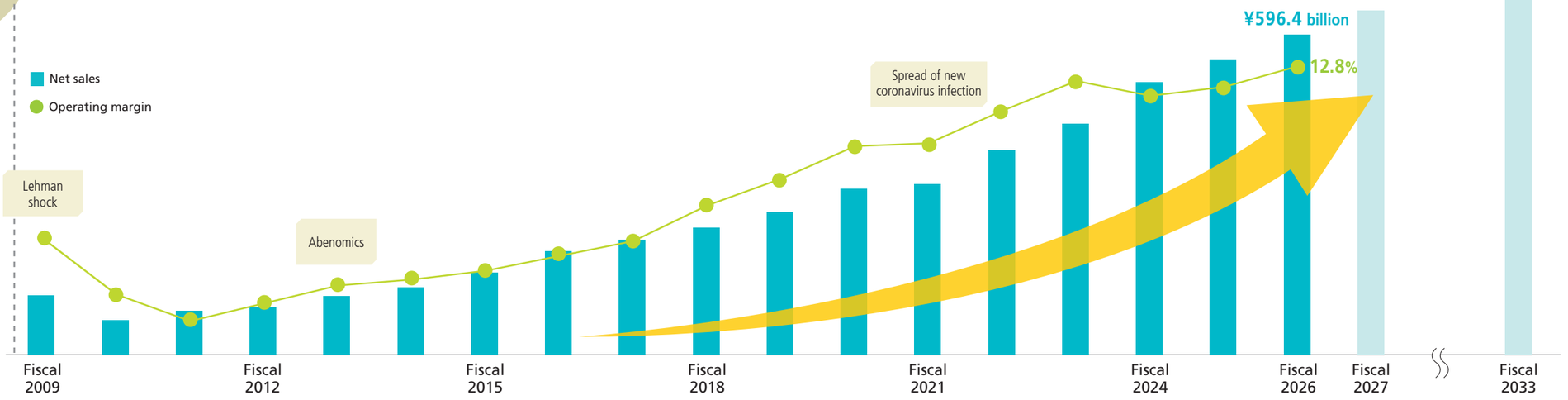
October 2020
MFEC Public Company Limited (Thailand) under consolidation.

April 2023
Nihon ICS Co., Ltd., turned into a consolidated subsidiary

April 2024
Drafted Group Vision 2032

July 2026
TIS and INTEC merged to form TISI Inc.
TISI TIS INTEC Group

Group VISION 2032



Mainframe computer/Internet | **Cloud computing** | **DX (AI, robotics, IoT, big data, Fintech, etc.)** | **Generative AI**

Special Feature: Merger Dialogue

We will combine the respective strengths of both companies and, as TISI, accelerate growth by maximizing the sum total.

On July 1, 2026, TIS and INTEC merged to form TISI Inc. What prompted the timing of this merger? How will TISI leverage the respective strengths of the two companies to realize growth in the rapidly evolving age of AI? These questions are addressed below, in a conversation between Shinichi Horiguchi and Shuzo Hikida, both executive vice presidents at TISI and members of the steering committee established to guide discussions related to the merger.

Q. It's been 18 years since the management integration of TIS and INTEC under a holding company structure. Why take the step to merge TIS and INTEC into a new company now?

Hikida: Since the management integration in 2008, both companies have leveraged respective strengths to achieve growth. The primary reason behind the decision to merge TIS and INTEC into a new company now is the magnitude and speed of changes in the business environment today. We asked ourselves, how can we respond to restructuring in the IT services industry and rapid technological advances, notably AI, and reinforce Group strengths to achieve robust growth? After extensive discussion, we concluded that the best approach would be to consolidate our collective wisdom and management resources into a single company.

Horiguchi: I placed importance on measures to expand the footprint of the Group's core companies and create a system that would allow for integrated allocation of management resources. As separate companies, each had its own business priorities and decision-makers. But as TISI—one company—we can allocate human resources and capital from a holistic perspective to generate synergies and fuel growth. This is especially true in the area of AI. Neither TIS nor INTEC would be able to keep up with changes if investing separately. I believe establishing a structure that allows us to pool our people and our capital will bring significant benefit to corporate pursuits generally.

Hikida: Around July 2025, when the decision was made to merge TIS and INTEC, a major wave of restructuring was rolling through the IT services industry. Against this backdrop, the timing of our decision couldn't have been more perfect. Now, to stay ahead of industry changes rather than merely keeping up with them, we need to reinforce the respective strengths that TISI inherited from TIS and INTEC.



Shinichi Horiguchi
TISI Representative Director and Executive Vice President

Q. How will TISI demonstrate synergies resulting from the merger?

Horiguchi: Prior to the merger, each company transferred to the other certain businesses where expertise in that particular area of operations would support expanded business scale—services for the electric power and gas industries were consolidated with TIS, and services for national health insurance and the EDI business became the responsibility of INTEC. Unfortunately, efforts to integrate client bases and solutions weren't delivering the results we had hoped for.

Hikida: As separate entities, TIS and INTEC had to share project information and define a framework for proposals, which required coordination between the two companies. The need for this process created a barrier to smooth collaboration. Thanks to the merger, we can now discuss priorities under a single organizational structure, effectively removing that barrier and facilitating speedier responses.

Horiguchi: For example, in financial services, INTEC worked closely with numerous banks for many years and built a team of engineers who had a deep understanding of mission-critical systems and client-side business operations. Meanwhile, TIS had amassed expertise in the solutions and services that underpin a comprehensive response to payment settlement needs. Inheriting the strengths of both companies, TISI can deliver integrated support for a wide range of financial services, from the mission-critical systems of banks to payments made by their customers. In addition, to help clients leverage the power of AI in their core operations, it's essential that we modernize legacy systems and convert them into platforms capable of utilizing data. Large projects for INTEC clients using TIS' Xenlon Modernization Service are already in progress. This is a great example of how efforts to integrate respective client bases and solutions have taken shape since the decision to merge TIS and INTEC was announced.

Hikida: There is major growth potential in regional business activities as well. INTEC had promoted "The 47 Model," an initiative to expand services developed in collaboration with clients across Japan, in the country's 47 prefectures—hence, "47" in the name—beginning with the company's home-prefecture of Toyama. This initiative will gain a higher profile and roll out more quickly and extensively under TISI. In addition, with offices nationwide, including four headquarters—in Tokyo, Toyama, Osaka and Nagoya—TISI has the organizational footprint to support strong business continuity planning and rapid recovery in the event of a large-scale disaster, and also allows us to tap into excellent talent pools across Japan.

Horiguchi: TIS also has a track record of working to solve local community issues. The company opened an office in Aizuwakamatsu, Fukushima Prefecture, to facilitate the introduction and operation of a regional currency service. As TISI, we will discover new possibilities by combining TIS' solutions, especially in such areas as smart cities, healthcare and payment settlement, and relationships cultivated by INTEC with local governments in different parts of Japan. In addition, the synergy created by integrating capabilities for activities in other fields should generate a top-line effect of more than ¥60 billion in sales by fiscal 2033, as announced at the time of the merger.

Q. Can you talk about future themes, including employee integration?

Hikida: Responses from a survey conducted prior to the merger to gauge perceptions among employees at TIS and INTEC indicated a significantly forward-looking view of the merger. As a follow-up, I traveled with President Okamoto to 10 offices around Japan for town hall–style meetings where we connected directly with employees of both TIS and INTEC to clarify the purpose of the merger. To be honest, I was initially concerned about the degree to which employees from two companies with different values and corporate cultures would be able to integrate. But already from the preparation stage, employees at both companies were working together, keen to achieve that single, overarching goal of a successful merger. I witnessed great optimism and enthusiasm among employees at the re-onboarding ceremony and reception on the day of the merger—a sure sign that the integration of human resources under TISI was well underway.

Horiguchi: I agree. I think our history of collaboration after management integration in 2008 was a major factor as well. The training program for prospective executives, which kicked off when OUR PHILOSOPHY—the corporate philosophy that guides the Group—was formulated, has welcomed more than 300 participants from companies under the Group umbrella over the years. The intercompany connections forged through this program proved invaluable in facilitating preparations for the recent merger. Indeed, this network of contacts will serve as the foundation upon which TISI will move forward as a cohesive organization.



A town hall–style meeting

We will embark on the next medium-term management plan in April 2027. Under this plan, we will steadily leverage the synergies generated through the merger while also defining a clear approach to deliver value to our clients in the age of AI. With our sights set on achieving consolidated net sales in the region of ¥1 trillion and consolidated operating income above ¥150 billion by fiscal 2033, ending March 31, 2033, we will translate the potential created through the merger into concrete growth initiatives and put them into action.

Hikida: Mutual respect is what matters above all else in the effort to accelerate growth by maximizing the sum total. The strengths that TIS and INTEC have cultivated separately will be brought together under TISI, connecting capabilities laterally to expand our services not as isolated parts but as a cohesive whole. To instill this idea of mutual respect and unified capabilities, I'd like Mr. Horiguchi to join me in visiting TISI offices all over Japan and engaging in an ongoing process of dialogue with employees. We have both discussed the merger in depth and share a strong commitment to the future success of TISI, which makes us uniquely positioned to fulfill this role.

Horiguchi: Terrific idea. The enthusiasm of employees at the re-onboarding ceremony and reception on July 1 was far greater than I had expected and, to be honest, that enthusiasm kindled a real sense of "We can do this." However, the merger was not the destination but rather the beginning of a journey to grow by maximizing the sum total. To keep the momentum going and ensure it leads to further steps forward, we ourselves must engage in ongoing dialogue with employees. We must lead by example—do some heavy lifting as it were. Some in capital markets might see the merger as just an internal reorganization within a corporate group. Words alone won't alter this perception. As "One Company," TISI will demonstrate through results that we are achieving success, including top-line growth, and that the merger will lead to growth that is greater than the sum of constituent parts.



Shuzo Hikida
TISI Representative Director and Executive Vice President
(formerly, INTEC President and Representative Director)

About the TIS INTEC Group

Top-class position in domestic market as largest independent contractor offering comprehensive IT services to corporate clients

Three Characteristics and Strengths of the TIS INTEC Group

1. Solid management platform

The Group's solid management platform comprises three building blocks—a broad client base, an extensive business base and a stable financial base—which provides the leverage to drive business forward and underpins good financial health and capital efficiency.

2. Dominant presence in payment services domain

We have cemented our position as a leading system integrator in the domestic payment services domain. Drawing on capabilities accumulated through SI activities, we are quickly rolling out service-style operations matched to technological innovation and diversifying payment methods.

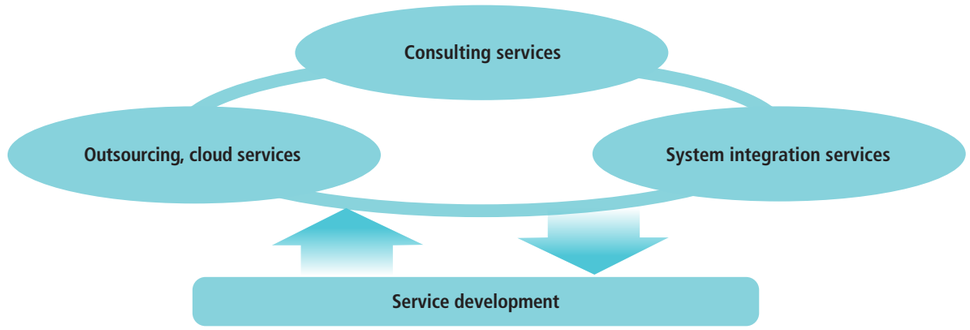
3. Flexible management strategies and speedy decision-making thanks to independent status

The TIS INTEC Group established itself at the top of Japan's IT services industry as a major, independent corporate group free from *keiretsu* ties. The absence of a controlling shareholder ensures management independence facilitates decisions that leverage robust, flexible and speedy business development of Group operations.

Business Activities

As an IT specialist working closely with clients, we offer a wide range of IT services on our own and through the TIS INTEC Group to provide optimal one-stop support. As a corporate group specializing in IT, we support society in ways some people might take for granted, and we help solve social issues through our business activities.

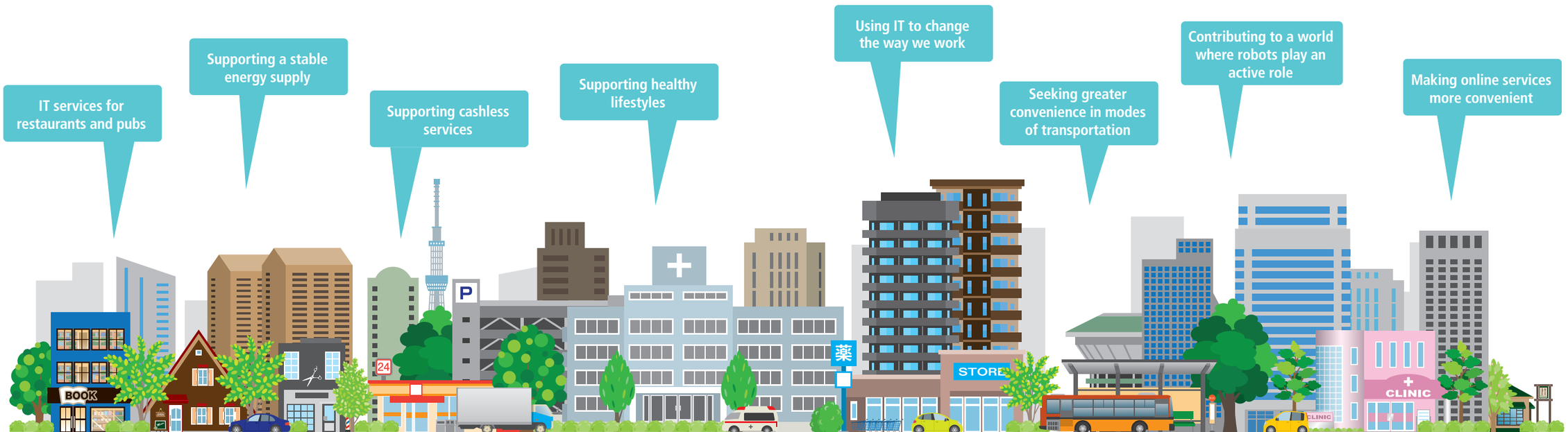
TIS INTEC Group Business Activities



Consulting services	Propose services and support clients in their use of IT to raise business value
System integration services	Provide services, from system construction to operation, perfectly matched to client needs
Outsourcing and cloud services	Offer clients everything from IT system operation and cloud services to business process outsourcing (BPO)
Service development	Create and enhance services researching and utilizing knowledge, experience and advanced technology acquired through operations

Meeting Various Social Needs by Providing IT Services

The TIS INTEC Group operates across all these domains (examples) —



TIS INTEC Group by the Numbers (Year ended March 31, 2026)

We have achieved sustainable growth based on sound financial health and capital efficiency.
On a consolidated basis, we achieved record-high business results in fiscal 2026, extending the upward climb in net sales and operating income for the 16th consecutive year and 15th consecutive year, respectively.

Details here: ▶ https://www.tisi.jp/en/ir/finance/meeting/index.html

Consolidated Net Sales
¥596.4 billion

Consolidated Operating Income
¥76.2 billion

Consolidated Operating Income to Net Sales Ratio
12.8%

Consolidated ROE
14.0%

Consolidated Equity Ratio
58.9%

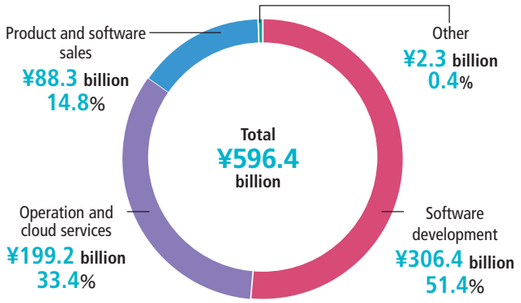
Rating
(At November 19, 2025)
A+/Stable

Number of Group Companies
113 companies
(TIS + consolidated subsidiaries + equity method affiliates)

Number of Client Companies
Domestic: About 15,000 companies
Overseas: Above 600 companies

Number of Employees, Consolidated
21,598

Net Sales by Business Category



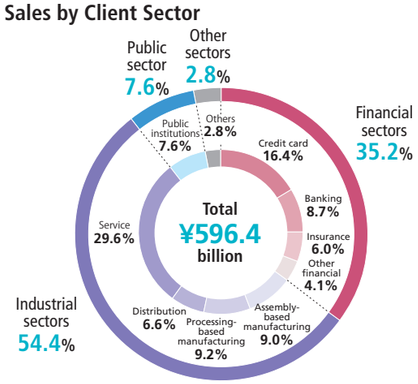
Highly sustainable businesses* Above 50%
*Includes system operation, cloud services, and maintenance and development

Software Development
Offers consulting services related to IT management, development of IT systems from scratch and development and maintenance of systems using business packages to address client-side management and business issues.

Operation and Cloud Services
Provides on-demand IT resources using SaaS and other categories of cloud computing, including system operation through Company-run data centers.

Product and Software Sales
Sale and maintenance of hardware, such as servers and network equipment, and software.

Net Sales by Client Sector



Top 10 Companies' Contribution to Net Sales: 24.9%

We provide IT services for clients across diverse industry categories, including finance and manufacturing, as well as the public sector. A client base that transcends industry and business borders, and insights cultivated over many years are strengths we leverage to support clients in their pursuit of digital and business transformation.

Partnerships

As an independent system integrator, TISI, independently and through the Group, works with a wide range of partners to provide flexible and optimal solutions that address the diverse needs of clients. We have achieved steady improvement in business results, and we have earned high praise in such categories as client satisfaction and number of employees with qualifications.

SAP

Business: More than 30 years
System implementation and maintenance results: For more than 300 companies

- Provide integrated support, encompassing high-level ERP consulting through implementation, operation and maintenance, that accelerates utilization of business AI by manufacturers. https://www.tisi.jp/service_solution/tis-sap-solution/ (Japanese only)
- Won top award at SAP® BTP Hackathon 2026, attended by 422 people in 70 teams representing 54 companies https://www.tisi.jp/news/2026/tisi_news/20260807_1.html (Japanese only)

Oracle

Oracle Certification Award
OCI/PaaS category: Have won for 4 consecutive years
SaaS category: Have won for 6 consecutive years

- Provide end-to-end support, from database and middleware to business apps https://www.tisi.jp/service_solution/tosp_license/ (Japanese only)
- Won in two Oracle Certification Award categories (OCI/PaaS and SaaS) in 2025 https://www.tisi.jp/company/award/#ID012 (Japanese only)
- Won "Best Oracle Cloud Applications Partner of the Year" at Oracle Japan Award 2025 https://www.tisi.jp/company/award/#ID010 (Japanese only)

Salesforce

Project track record: More than 4,000
Full-time system engineers: About 350

- Provide solid support for client-side business model transformation in various situations, regardless of industry, business type or company size. https://www.agrex.co.jp/service/detail/salesforce.html (Japanese only)
- Joined as initial partner for domestic launch of Agentforce Voice, an AI-powered voice interface from Salesforce https://www.salesforce.com/jp/news/press-releases/2026/08/07/agentforcevoice-japan-ga/ (Japanese only)

Branding campaigns

Under a branding campaign launched in the second half of fiscal 2020, TISI has focused on television commercials to boost name recognition. Efforts are yielding steady results. Going forward, our goal is to make the TIS INTEC Group top of mind among all stakeholders, and we will continue to implement branding campaigns that deliver results.

Commercial appeal
TISI original research in March 2026

Businesspeople	Students
71%	82%

Group recognition
TISI original research in March 2026

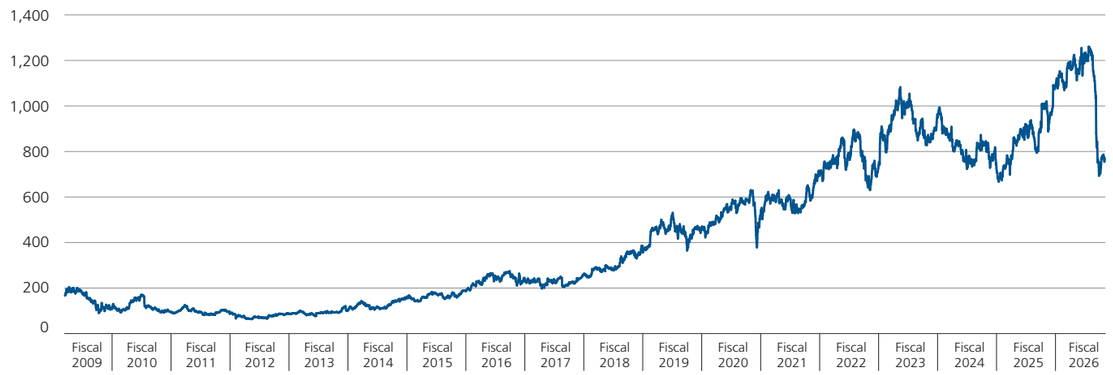
Businesspeople	Students
70%	68%



Make society's wishes come true through IT.

Trends in market value

(Billions of Yen)



Total shareholder return (TSR)

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
TISI	110.6	135.7	130.2	164.9	138.6
TOPIX with dividends	102.0	107.9	152.5	150.2	202.2

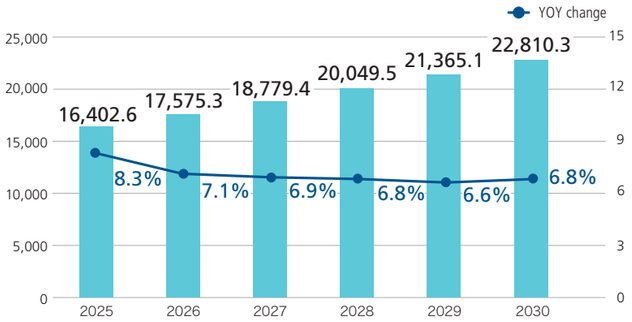
*Calculations based on stock price of 100 on March 31, 2021.

Positioning in the IT Services Market

TIS INTEC Group has cemented a position as a leading, independent prime contractor in Japan's IT services industry—a market that is expected to continue growing against a backdrop of robust corporate demand for digital technology.

IT Services Market Size in Japan

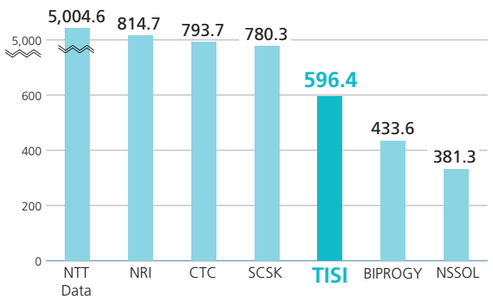
(Billions of yen, %)



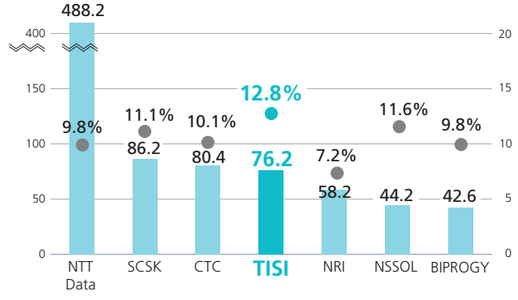
* Gartner®,"Forecast: Services, Worldwide, 2024-2030, 2Q26 Update"
Neha Sethi, et al., 25 June, 2026 End User spending, Constant Currency basis, graph created by TISI based on Gartner Research. The Gartner content described herein (the "Gartner Content") represents research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and is not a representation of fact. Gartner Content speaks as of its original publication date (and not as of the date of this Integrated Report), and the opinions expressed in the Gartner Content are subject to change without notice. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.

Comparison of Japan's Leading IT Companies (Year ended March 31, 2026)*1, 2

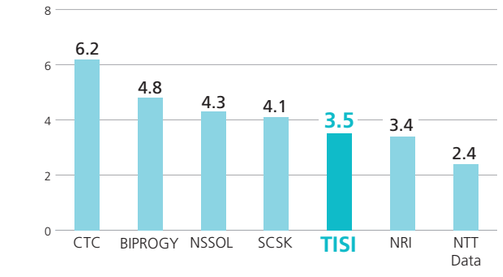
Net Sales (Billions of yen)



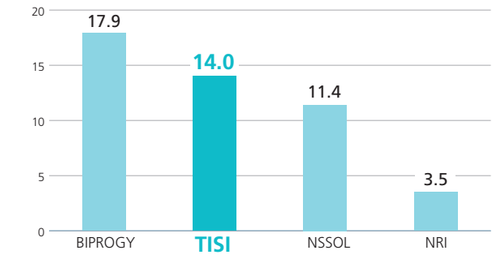
Operating Income, Operating Margin (Billions of yen)



Operating Income per Person (Millions of yen)



ROE (%)*3

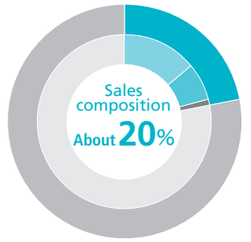


*1 The full company names used in the above graphs (NTT Data, NRI, CTC, SCSK, BIPROGY, and NSSOL) are: NTT Data Group Corporation, Nomura Research Institute, Ltd., ITOCHU Techno-Solutions Corporation, SCSK Corporation, BIPROGY Inc., and NS Solutions Corporation. Each company's amounts are based on the IFRS (International Financial Reporting Standards).
*2 The above graphs are made by TISI based on each company's public materials on fiscal 2026 consolidated basis. Figures of operating Income per person are calculated by TISI based on number of employees, which each company publicly announced, as of March 31, 2026. CTC's number of employees is based on April 1, 2026.
*3 ROE indicates fiscal 2026 figures of listed companies for comparison.

Below are some examples of IT services in the TIS INTEC Group's portfolio that support clients' businesses and also benefit daily life and social infrastructure.

Payment-Related Services

(Fiscal 2026)



Supporting safe and secure daily credit card settlement

Credit cards

Core system development results

Domestic market share
About **50**%
(On annual transaction volume basis for clients served)

Of 26 companies* in Japan with significant consumer credit transaction volumes, 11 are in the Group's client base for core system development.
Total credit extended for card-facilitated purchases has reached ¥116 trillion in Japan. The 11 companies in the TIS INTEC Group client base have aggregate membership of about 250 million people and credit transaction volume representing about 50% of the total market.
*TISI estimates

Promoting cashless settlement in Japan

Branded debit cards

Related service provision/system development results

Domestic market share
Above **80**%

The number of debit cards issued in Japan has reached about 460 million, and settlement transactions, mainly using debit cards affiliated with international brands, have increased to about 1,430 million per year, for an aggregate value of ¥5.8 trillion. The TIS INTEC Group boasts an overwhelming share—more than 80%—of the market, on a transaction-handling financial institution basis, through such solutions as Branded debit processing services, which provides one-stop access to services required for branded debit card issuance and operation.

Supporting promotion of overall banking business through use of digital data generated from client contact points

fcube

Implementation

50 of **96** banks
(regional banks)

A proven solution for financial institutions with a market share of over 50% in the regional bank market. The Company has continued to expand functionality across various services, including CRM, to reflect client needs, supporting banks' business growth through increasingly sophisticated customer touchpoints and data utilization.

Supporting business DX (optimization, greater efficiency) in business-to-business transactions

EDI

SaaS market

Market share
About **20**%*1

The Company holds the No. 1 share in the industry in the EDI/SaaS market.
The Company launched the EDI Platform Service, which achieves parallel and distributed processing across two remote sites using patented technology. As of July 2025, the service is compliant with ISO 20022, the international standard for cross-border remittances.
The Company continues to advance Industry OS, a business co-creation platform that serves as the foundation for connecting EDI, EAI and API with information.

Highly evaluated as a restaurant-sector–specific shop management system

TastyQube Growth

System implementation

About **20**%
(Top 250 companies in the restaurant sector)

TastyQube Growth is highly versatile and can be applied to any restaurant format, helps to visualize shop operations, and realizes enhanced operating efficiency.
Earning high regard for offering functions necessary for restaurant/shop management in one package, this solution enjoys a domestic market share of about 20%, mainly for restaurants, cafes and pubs.

Supporting the electricity retail business all in one place

EneLink

50 systems deployed at 30 companies

Retail electricity provider
10 of **30** leading PPSs

The Company provides fee calculation systems, supply and demand management systems and other solutions that support the businesses of former general electric utilities and new power providers, helping to realize the reform of Japan's electric power system.
The Company contributes to solving power- and energy-related challenges that underpin industry and daily life, including stable supply, cost reduction and decarbonization.

Contributing to stable insurance system platform creation

For Federation of National Health Insurance Associations

Track record in system implementation/ operation/maintenance

10 of **47** prefectures

The Company handles the introduction, operation and maintenance of systems for 10 of the National Health Insurance Federations located across Japan's 47 prefectures. Insurance subscribers*2 in these 10 federations total approximately 4.3 million people*3, and the Company thereby helps underpin part of Japan's universal health insurance system.
The Company also supports the operation and maintenance of the National Health Insurance Database (KDB), a standardized nationwide system, contributing to solving the health challenges people face.

Helping to streamline client address management for more than half a century

National address master file "ADDRESS"

Implementation ratio in non-life insurance sector

Above **95**%
(Excludes insurance companies offering specialized products, such as pet insurance and reinsurance)

The Company has developed a master file assigning 10-digit codes to addresses across Japan and recording approximately 300,000 addresses in kana and kanji. It handles updates to client addresses arising from municipal mergers, standardizes address information and enables features such as efficient record matching. With a track record of more than 50 years since launch, the solution is used for purposes such as calculating fire insurance premium rates in the non-life insurance industry.

Note: Market data (market share) is based on the Group research/estimates.
*1 Fiscal 2026 results of EDI, SaaS/PaaS, vendor share and amounts are based on "Software Business New Market 2025" by Fuji Chimera Research Institute, Inc.
*2 Covers National Health Insurance system.
*3 As of March 31, 2026.

Taking a Long-Term Perspective on Target Trajectory

World in 2050

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

Politics	• Predict **pension and social security system failure** due to changing demographics • Trend to limit impact of corporate activities on society, with tougher restrictions on use of fossil fuels and use of resources as **measures to deal with climate change**
Economy	• **Hub of global economy will shift to emerging countries of Asia** that continue to enjoy high economic growth • Disparity between countries will shrink, paralleling economic growth, but **personal income gap will widen**
Society	• Population growth is particularly noticeable in Asia, where the benefits of economic progress have **extended average life expectancy and produced an aging society** • Technological innovation is fueling **economic growth in urban areas** while **regional economies, impacted by a decrease in population** and little promise of a demographic turnaround, are **in decline**
Technology	• Technological innovation will accelerate, technological breakthroughs will become more frequent, and technology will have a major impact on political, economic and social activity

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

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

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

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

Brand Message

Make society's wishes come true through IT.

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

March 2018
Strategic domain ratio (old standard)
35%

March 2021
Strategic domain ratio (old standard)
51%

March 2024
Strategic domain ratio (old standard)
61%

March 2027
Strategic domain ratio (new standard)
SPB 38%
IOS 10%
48%

March 2030

March 2033
Strategic domain ratio (new standard)
SPB 30%
SIS 10%
CCB 10%
IOS 30%
80%

2050

Medium-Term Management Plan (2024–2026)

Basic policy

Frontiers 2026

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

*Please refer to "Medium-Term Management Plan (2024–2026) Overview" on page 33.

Group Vision 2032

Group VISION 2032

Society oriented, operationally diverse, globally active

Business policy guiding progress toward successful conclusion	**Seek to possess insight into future and ability to solve issues, integrate capabilities of various players, maintain position conducive to co-creation, and be indispensable to social change**

Four Strategic Domains to Realize Corporate Ideal

The Group defines areas of business that will underpin sustainable growth, on a groupwide basis, as strategic domains.

Since 2017, when Group Vision 2026 was prepared, the social role that we see the TIS INTEC Group playing 10 years into the future and the best business approach to take going forward have come into greater clarity, allowing management to identify new priority business areas. Each segment strives to develop markets and create new demand with the best mix of strategic domains fine-tuned to market characteristics.

Four Strategic Domains

Strengthen response to social issues
Social Innovation Service (SIS)
Business where TIS INTEC Group directly offers solutions to social issues in line with stated social impact indicator

Promote co-creation style business
Co-Creation Business (CCB)
Business combining respective strengths of TIS INTEC Group and co-creation partners in areas beyond those where the Group maintains presence to create new markets

Organic coordination /cycle

Expand definition to include BFS
IT & Business Offering Service (IOS)
Business providing services with potential to be de facto standard of the future, using technology and know-how accumulated by TIS INTEC Group and anticipating needs of specific industries and operations

Balance revenue base and technology/know-how base
Strategic Partnership Business (SPB)
Business providing various need-matched resources to companies in industry top class as strategic partner and supporting client companies' business growth and corporate reforms

1st stage	2nd stage	3rd stage
Medium-Term Management Plan 2018–2020	Medium-Term Management Plan 2021–2023	Medium-Term Management Plan 2024–2026	Medium-Term Management Plan 2027–2029	Medium-Term Management Plan 2030–2032

Group Vision 2026 Create Exciting Future

Group VISION 2032 **Society oriented, operationally diverse, globally active**

Value Creation Process

We will balance efforts to contribute a sustainable society with efforts to achieve sustainable improvement in corporate value by leveraging unified Group management based on "OUR PHILOSOPHY," the TIS INTEC Group philosophy.

TIS INTEC Group Philosophy OUR PHILOSOPHY

Mission | To brightly color the future as a mover P.1

Basic Policy on Corporate Sustainability

Four Key Themes and Materiality (Priority issues)

Group VISION 2032

Society oriented, operationally diverse, globally active

Input

Source of Value Creation

Social and Related Capital
- Strong relationship of trust with clients and business partners

Human Capital
- Diverse and highly specialized human resources platform

Intellectual Capital
- Rich experience and methodology
- Business and management systems
- Human resource development system

Financial Capital
- Stable financial base
- Strong profitability and capital efficiency

Natural Capital

Manufacturing Capital

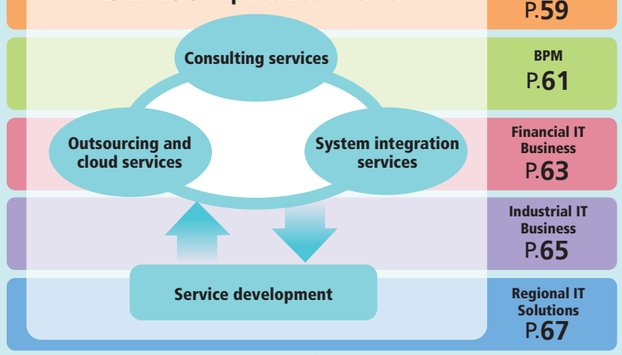
Business Activities

Business Activities Based on Group Philosophy and Medium- and Long-Term Management Strategy

Extension of strategic domains

- **Social Innovation Service (SIS)**: Social issue resolution business
- **Co-Creation Business (CCB)**: Co-creation business
- **IT & Business Offering Service (IOS)**: Business driven by market needs
- **Strategic Partnership Business (SPB)**: Industry-leading client development business

TIS INTEC Group Business Activities



- Offering Service Business P.59
- BPM P.61
- Financial IT Business P.63
- Industrial IT Business P.65
- Regional IT Solutions P.67

Platform that supports value creation of the Group

- **Environment**: Contribute to decarbonized society and recycling society P.95
- **Social**: Sustainable improvement in stakeholder engagement P.45, P.101
- **Governance**: Constantly strive for governance that promotes higher level of trust from society P.75

Quality Control P.93 | Intellectual Property P.41 | Research and Development P.42

Output

Creating Added Value

Four social issues

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

Optimal solutions
- Support clients' businesses, support greater efficiency
- One-stop integrated services
- De facto market services
- New market creation through co-creation
- Directly solve social issues

Outcome

Contributing to Sustainable Society Sustainable Improvement in Corporate Value

Economic Value Creation

Contribution to economic development

Securing sustainable profits and shareholder returns

Social Value Creation

Shareholders and Investors
- Sustainable improvement in shareholder value and return to shareholders

Employees
- Provide opportunities for growth and personal development
- Provide environment that is safe and comfortable

Clients
- Provide the best services

Business Partners
- Create new added-value
- Fair, transparent, open competition and appropriate business practices

Local Communities
- Realize the means for safe and secure living
- Reduction of environmental impact

Clients and Social Issues

Opportunities and Risk due to the Changes in External Environment

Sources of Value Creation and Competitive Advantage

The management capital that the TIS INTEC Group has developed over the years is an indispensable element for sustainable corporate value growth and a source of value creation. We aim to create further value through the enhancement and effective utilization of this capital.

Input

Management Capital	Inputs		Scope of Data Collection	Features	Initiatives to Maintain and Strengthen Capital
Social and Related Capital	Number of group trading clients	About 15,000 companies More than 600 companies	Domestic Overseas	●Stable business promotion through a strong relationship of trust	**Strengthen client relationships and satisfaction by capturing a wide range of client requirements and leveraging them in development and service provision** Please refer to "With Clients" and "With Business Partners" on page 101.
	Client and service satisfaction*1	60.6%	C		
	Number of business partners	About 700 companies	E		
	Results of business partner satisfaction survey*2	77%	D		
	Linkage with startups (CVC investees)	58 companies/ 61 cases	E		
Human Capital	Number of employees (consolidated)	21,598	A	●Diverse human resources engaged as movers ●Sustainable engagement	**Visualize human capital investment and returns / review monitoring indicators / expand and utilize cutting-edge talent / promote sustainable recruitment and skill development / cultivate good corporate culture** Please refer to "Key Strategies of the Medium-Term Management Plan/Human Resources Strategies" on page 45.
	Results of job satisfaction surveys*3	59%	B		
	Percentage of female employees in management positions	13.8%	B		
	Number of consultants	589	B		
	Number of IT architects	303	B		
	Number of high-level sales talent	274	B		
Intellectual Capital	Extensive service menu (aggregate number of solutions)	About 500	Domestic	●Strong technological capability ●Abundant experience and know-how ●Dedication to improving quality, productivity, and technology	**Share of development knowhow and technical issues / Tech Lead Team activities / Brand maintenance and enhancement** Please refer to "Key Strategies of the Medium-Term Management Plan/ Intellectual Property Strategies" on page 41.
	Group awareness (among business people)	70%	Domestic		
	Original quality management system				
Financial Capital	Net assets	¥337.7 billion	A	●Stable financial base ●Strong profitability and capital efficiency	**Promote structural transformation of business by strengthening investment** **Promote capital optimization** **Reduce cross-shareholdings** Please refer to "Financial Investment Strategy": Message from the Director in Charge of Finance on page 51.
	Equity ratio	58.9%	A		
	Credit rating	A+ / Stable	A		
	Investments in growth	¥17.1 billion	A		
Natural Capital	Energy consumption (electricity)	105,819 MWh	A	●High energy efficiency through environmentally friendly data centers	**Promote use of renewable energy** **Consolidate data centers** Please refer to "For the Global Environment" on page 95.
Manufacturing Capital	Business sites throughout Japan Overseas sites centered in ASEAN	About 160 sites About 10 countries	Domestic Overseas	●Extensive domestic and overseas business network	**Development of high-quality services that respond to environmental changes and client needs**

Business Activities

Business Activities Based on Group Philosophy and Medium- and Long-Term Management Strategy

Output

Creating Added Value

Outcome

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

Key Management Indicators

Operating income per person	More than ¥3.5 million
Operating margin	13.1%
ROIC	More than 13%
ROE	More than 16%
Net sales	¥620.0 billion
EPS CAGR	More than 10%

Non-Financial Key Management Indicators

Demonstrate capabilities of employees

Job satisfaction	More than 58%
Number of consultants	More than 700
Percentage of female employees in management positions	More than 15%

Provide value to society

Strategic domain ratio	52%
Operating income per person	More than ¥3.5 million
Growth investments	¥100 billion (accumulated three years)

Quality demanded by society

Client and service satisfaction	59%
Business partner satisfaction	81%

Company chosen by society

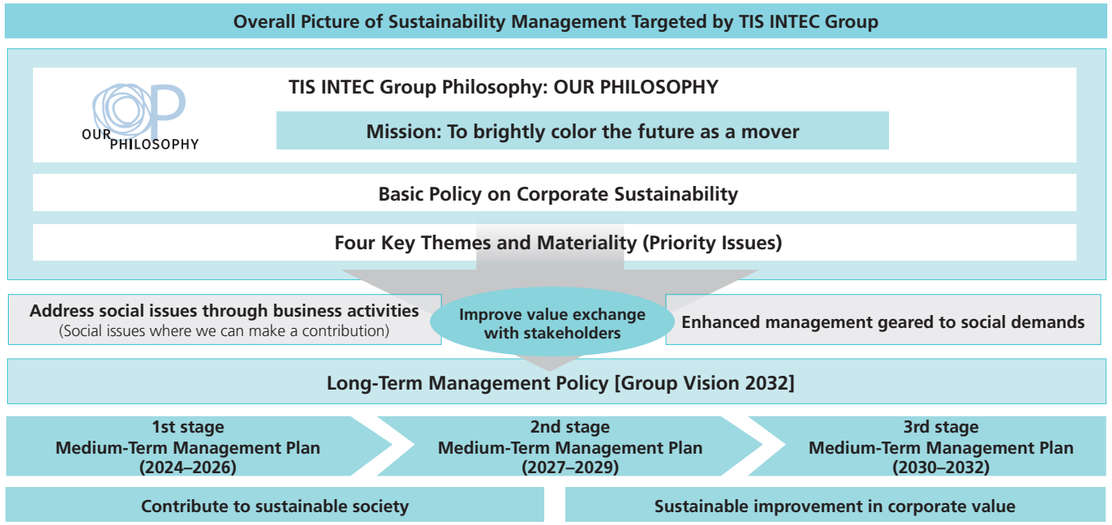
GHG emissions (Scope 1 + 2) (compared to fiscal 2020)	70% reduction
Renewable energy utilization rate (Offices and data centers by fiscal 2031)	100%

Figures are as of March 31, 2026.
*1 Percentage of respondents who answered we were "an irreplaceable business partner" in the client satisfaction survey.
*2 Percentage of respondents who answered "satisfied with our business and relationship" in the business partner satisfaction survey.
*3 Percentage of respondents answering positively to the question "Overall, this company is a good place to work" in the employee awareness survey.

Scope of data collection
A. TIS INTEC Group, consolidated
B. TIS and domestic consolidated subsidiaries
C. TIS, INTEC, AGREX, QUALICA, AJS, and TIS Solution Link
D. TIS and INTEC
E. TIS parent

Sustainability Management/Materiality

TIS INTEC Group will reinforce its commitment to corporate social responsibility through its contribution to the sustainable development of society by resolving social issues through its business, and will further strengthen its corporate sustainability initiatives.



Materiality

To fulfill the mission set out in the Group's basic philosophy, the Group has identified the priority issues it will address as its materiality. For each materiality theme, we analyze related impacts and opportunities, translate them into specific actions, and work to improve the effectiveness of our initiatives.

1. Create a society in which diverse human resources are engaged and thrive
- a. Promote diversity
- b. Promote workstyle reforms
- c. Human resource development and training emphasizing self-fulfillment

2. Create a comfortable society through innovation and joint activities
- d. Promote safe, convenient social foundation that supports people and society
- e. Connect with stakeholders and promote joint activities
- f. Reduce environmental impact

3. Create a safe society through high-quality services
- g. Continuous quality improvement
- h. Information security
- i. Safeguard personal information

4. Enhance corporate governance and earn the trust of society
- j. Corporate governance
- k. Compliance
- l. Risk management

Materiality Theme	Impacts to Be Reduced	Opportunities to Be Seized
1. Create a society in which diverse human resources are engaged and thrive	• Labor shortages that reduce productivity • Inability to input the necessary human resources causing business growth to be impeded • Lack of technology for new areas • Less creativity and imagination among employees • Less intra-Group and intraorganizational synergy	**Boost value creation capacity** • Enhance innovation abilities • Secure human resources • Boost productivity through greater employee engagement
2. Create a comfortable society through innovation and joint activities	• Opportunities lost through stagnation of R&D, etc. • Weak framework for considering new business causing lost business opportunities • Environmental burden triggering natural disasters, which in turn damage social infrastructure • Changes to environmental regulations	**Construct a sustainable profit model** • Shift to a better profit structure • Market growth • Global environmental protection and climate change adaptation
3. Create a safe society through high-quality services	• Productivity and quality reduced due to lack of manufacturing capacity • Deterioration in business sentiment causing clients and business partners to go bankrupt and existing clients to fall away • Lack of understanding of technological trends and client needs, among other deficiencies, creating the risk of providing services of inappropriate quality and safety, and reducing competitiveness • Information leaks and cyberattacks • Intellectual property lawsuits	**Boost market competitiveness** • More attractive products and services • Optimization of manufacturing costs • Responses to country risk and technological advance
4. Enhance corporate governance and earn the trust of society	• Group governance deficiencies causing vulnerabilities (compliance, risk management, and IT governance) • Fund planning failures • Credibility affected by fraudulent transactions	**Enhance corporate credibility** • Better management quality • Eradication of misconduct

Materiality-Related Initiatives and Targets

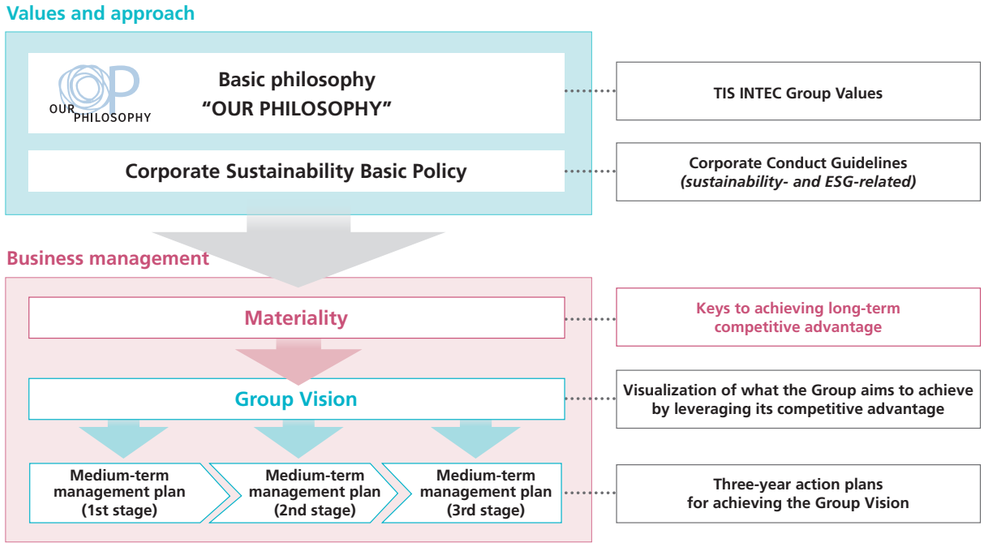
We aim to achieve the targets set for each materiality theme through Medium-Term Management Plan (2024–2026).

Materiality Theme	Status of Fiscal 2026 Initiatives	Medium- to Long-Term Targets			
		Indicators	Scope*1	Fiscal 2026 Results	Fiscal 2027 Targets
1. Create a society in which diverse human resources are engaged and thrive	• Continue to attract and develop advanced talent, while improving recruitment quality by diversifying hiring channels and refining the selection process. • Define AI business application capabilities across four proficiency levels and promote talent development to use generative AI for business transformation and value creation. • Develop a succession planning methodology to systematically identify, develop, and promote executive and managerial talent. • Continue initiatives to support women's advancement, including development and promotion opportunities, together with career development support. • Consider a new personnel system for introduction in April 2027, taking into account the merger of TIS and INTEC.	Job satisfaction	B	59%	Above 58%
		Number of consultants	B	589	Above 700
		Percentage of female employees in management positions	B	13.8%	Above 15%
2. Create a comfortable society through innovation and joint activities	• Through PAYCIERGE, launched collaboration with regional banks to support digital transformation (DX) in B2B transactions for the SME market, with plans to begin initiatives with six banks in total during the medium-term management plan period. • Advanced the shift to AI-driven development by completing the integration of AI tools into AXION, the companywide development platform, and validating their effectiveness through pilot projects. • Promoted business co-creation and explored new business opportunities through collaboration with startups and corporate venture capital investments.	Strategic domain ratio*2	A	52%	52%
		Operating income per person	A	¥3.5 million	Over ¥3.7 million
		Growth investment	A	¥17.1 billion per year	Three-year cumulative total ¥100 billion
3. Create a safe society through high-quality services	• Analyzed survey results and implemented improvement measures to enhance client satisfaction. • Strengthened relationships with business partners through networking events, forums, and other initiatives to improve partner satisfaction. • Strengthened measures to prevent unprofitable projects by focusing on early-stage risk assessment, monitoring of critical projects, and prompt escalation when issues arise. • Established new AI User Guidelines, which define risks associated with AI use, and Generative AI Development and Quality Management Guidelines, which set out quality management requirements for AI-enabled development. • Delivered generative AI literacy training for all employees.	Client and service satisfaction	C	60.6%	59%
		Business partner satisfaction	D	77%	81%
4. Enhance corporate governance and earn the trust of society	• Reviewed key issues related to transitioning to a company with an Audit and Supervisory Committee and determined the transition policy. • Conducted a Board effectiveness evaluation and confirmed the process for reporting progress on the next medium-term management plan to the Board as appropriate. • Announced a policy to strengthen the AI governance framework that supports appropriate AI use in response to increasingly sophisticated and large-scale cyber threats. • Switched six major data centers and BPO facilities to 100% renewable electricity. • Launched a solar corporate PPA in the Toyama area and strengthened engagement with business partners through briefing sessions aimed at reducing Scope 3 emissions.	GHG emissions (Scope 1 + 2) [Compared to fiscal 2020]	A	83% reduction	70% reduction
		Renewable energy utilization rate (Offices and data centers)	B	79%	100% introduction in Japan (fiscal 2031)

*1 A: TIS INTEC Group consolidated; B: TIS and consolidated subsidiaries (domestic); C: TIS, INTEC, AGREX, QUALICA, AJS, and TIS Solution Link; D: TIS and INTEC
*2 New standard ratio based on the review of strategic domain in Medium-Term Management Plan (2024–2026)

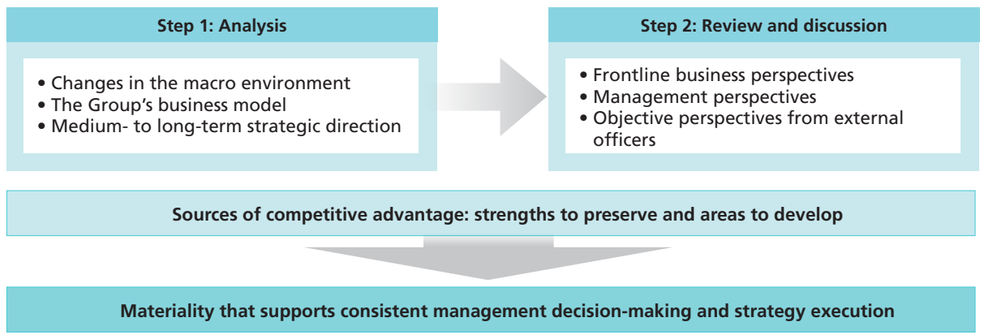
Redefining Materiality

With uncertainty in the business environment increasing, we redefined our materiality in February 2026 to ensure consistent management decision-making and steadily execute strategies that enhance corporate value over the long term. In addition to our impact on society, the redefined materiality places greater emphasis on financial impacts on the Group and links to our competitive advantages, providing clear criteria for management resource allocation and business decision-making.



Materiality Identification Process

To identify the sources of the Group's competitive advantage, we conducted a multifaceted analysis and held extensive discussions as part of the materiality identification process. We began by analyzing changes in the macro environment, the Group's business model, and its medium- to long-term strategic direction to identify the strengths we must preserve to sustain growth and the areas we should further develop. We then interviewed segment owners to confirm alignment with business realities and frontline challenges. In addition to management deliberations, we incorporated the objective perspectives of external officers and examined the issues from a broad range of viewpoints. Through this process, we identified materiality that goes beyond a formal list of key issues and serves as a foundation for consistent management decision-making and strategy execution.



Materiality Verification and Review

To ensure that materiality remains a cornerstone of management decision-making even in periods of heightened uncertainty, the Group conducts an annual review through the Corporate Sustainability Committee from a 10-year perspective. While maintaining our fundamental approach to ensure management consistency, we review our materiality flexibly as needed when significant changes occur in the business environment or social trends. Through this ongoing review process, we maintain the relevance and effectiveness of our materiality and use it to build sustainable competitive advantage and enhance corporate value.

Redefined Materiality

The redefined materiality will apply from the next medium-term management plan, which begins in April 2027, and will serve as a decision-making framework for balancing risk response with sustained improvement in capital efficiency.

Changes in the Business Environment	Direction of Growth Strategies	Characteristics of the Group
• Progress in industry and capital restructuring/ convergence across industries • Intensifying competition for talent • Shift in the source of added value driven by AI	• Strengthening SPB and IOS/developing CCB and SIS	• Enterprise Solutions Business • Extensive track record in mission-critical domains

TIS INTEC Group's New Materiality

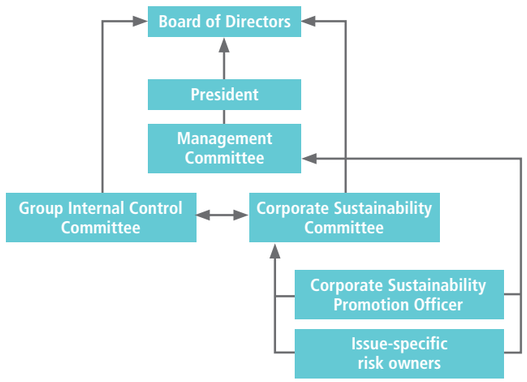
Even in an era of accelerating AI, it is people who identify the issues facing clients and society, develop technological capabilities, and build trust.
By placing people at the center of our management, we will maximize their potential.
We will continue to build an organization where everyone can learn, take on challenges, and create meaningful results.

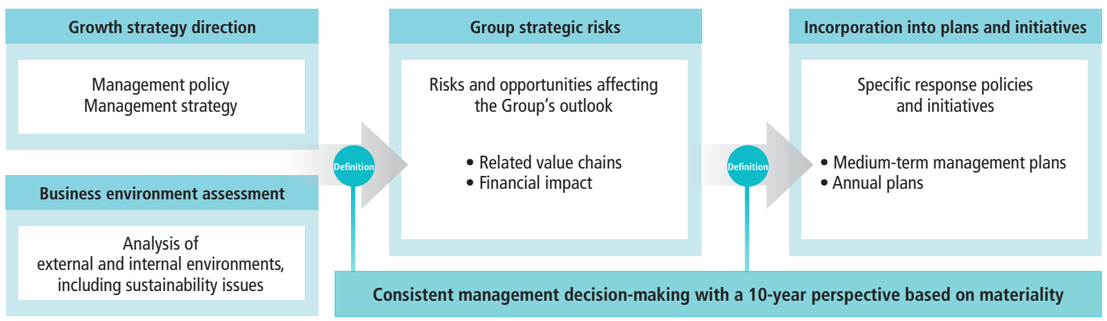
Foundation for Value Creation	Clients	Client base that expands value through co-creation and enables transformation at scale	Delivery Capabilities	System Development	Capabilities to reliably design and develop highly complex systems
	Talent	Talent capabilities needed in the AI era: engaging deeply with clients, mobilizing action, and fostering empathy		Quality	Capabilities that ensure trusted quality and stable operations
Problem-Solving Capabilities	Solutions	Solutions that deliver repeatable outcomes	Organizational Capabilities	Growth Opportunities	Environment that supports challenge and growth
	Technology	Technology foundation that supports robust quality and transformation		Management Foundation	Organization that continuously learns through dialogue

Utilizing Materiality—Advancing Management Based on Materiality

To maintain management consistency in a rapidly changing business environment, the Group manages strategic risks with materiality as its starting point. Each year, we review risks and opportunities from a Group management perspective, based on the latest assessment of the business environment and progress against our strategies. As part of this review, we confirm alignment with our materiality, analyze the perspectives incorporated in the Corporate Sustainability Basic Policy, and consider factors that could affect the Group's outlook on social issues to be reflected in management plans. We use the results to formulate annual and medium-term management plans, allocate management resources, mitigate risks, and capture business opportunities. By returning to our materiality when determining response policies, we can adapt quickly to environmental changes while maintaining consistency in strategy execution.

TIS INTEC Group Risk Management Structure





Medium-Term Management Plan (2024–2026) Overview

We will achieve sustainable improvement in corporate value through progress in structural transformation, guided by our Group Vision 2032 and underlying strategy of frontier development.

Basic Policies and Key Performance Indicators

Under Medium-Term Management Plan (2024–2026), with frontier development as our basic policy, we strive for value-driven sustainable growth. With a future-oriented perspective, we will develop new markets and cultivate a wider client base while expanding our business domains. By raising quality across our value chain, we will contribute to positive changes in society and new possibilities for our clients.

Basic Policy

Frontiers 2026

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

Key performance indicators

Human resources growth and added value cycle	Improved earning power	Asset (=intellectual property) value creation	Winning confidence of society	Meaningful growth
Operating income per person **More than ¥3.5 million**	Operating margin **13.1%** Adjusted operating margin 13.4%*1	ROIC/ROE **Above 13%/Above 16%**	Net sales **¥620 billion**	EPS CAGR **Above 10%**

Priority strategies

Market Strategies

- Concentrate investment of management resources into defined growth areas, based on social issues and in-house strengths
- Balancing efforts to increase added value of services and reinforce technology investment, expand business with sense of speed, especially in ASEAN region

Service Strategies

- Build a full value chain of services from upstream to business process outsourcing
- Expand and enhance pure services*3, focusing on four social issues*2

Technology Strategies

- Advance knowledge distribution, IT architect development and redeployment structure
- Promote process redevelopment using AI x automation

Intellectual Property Strategies

- Promote greater accumulation and utilization of intellectual property to achieve both higher added value and expanded business scale
- Accelerate intellectual property creation by strengthening feedback from client contact information

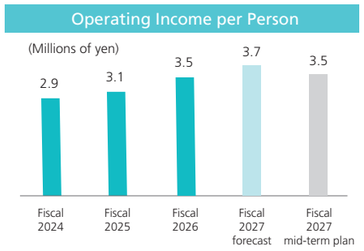
Human Resources Strategies

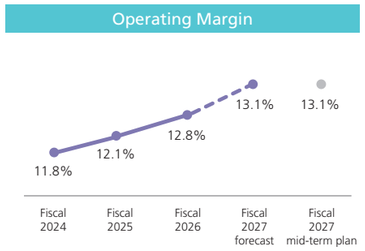
- Bolster issue resolution capabilities by increasing the number of consultants to create 700-person structure and by standardizing basic consulting skills
- Secure and develop top talent and establish structure for flexible redeployment of human resources

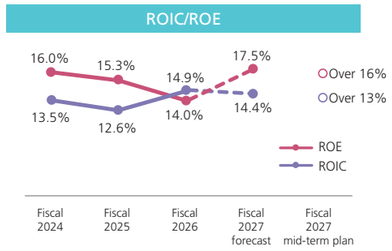
*1 Adjusted operating income margin: Calculated by adding goodwill amortization cost back to operating income.
*2 Financial inclusion, health concerns, urban concentration/rural decline, and low-carbon/decarbonization. These issues were determined by backcasting from what the world might be like in 2050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

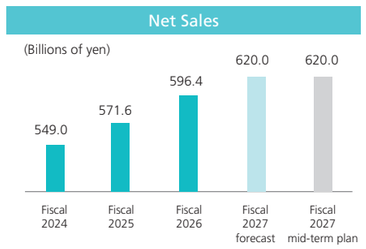
Key Performance Indicators

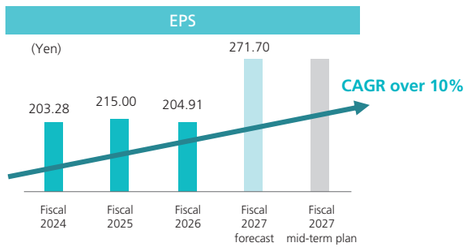
- Overall, results are generally on track with estimates. Efforts are also underway to improve indicators that address issues.











Progress on the Medium-Term Management Plan (2024–2026): Fiscal 2026 Overview

Market Strategies: On track

- Despite lower profitability in Offering Service Business and Regional IT Solutions due to increased upfront investment in payment and low-margin/unprofitable public-sector projects, overall net sales and operating income achieved the upwardly revised forecast, supported by growth in other segments driven by IT investment demand. Both net sales and operating income increased year on year.
- In Global Business, business scale expanded steadily, mainly in ASEAN, although profitability remains an issue.

Service Strategies: In progress

- Industry axis: Modernization orders expanded in finance and industrial sectors; projects on track.
- Functional axis: Credit light version rolled out, but orders remained sluggish. Profitability declined due to higher upfront investment in payment.
- Integrate UI/UX, AI, and data analytics to establish a full service value chain.

Technology Strategies: In progress

- AI use in indirect operations has become routine. AI-driven development is being rolled out across projects, aiming to improve development productivity by 50%.
- Progress is on track, but amid changes in the external environment, efforts will be accelerated as a company-wide project to expand AI application areas and create concrete results in higher-value-added businesses.

Intellectual Property Strategies: On track

- Began operation of information platforms and training programs to consolidate client touchpoint data, solution know-how, and problem-solving expertise as intellectual property and create new value.
- Promote initiatives to improve speed and quality by formalizing the tacit knowledge of experienced SEs and increasing project turnover through AI-driven development.

Human Resources Strategies: On track

- Operating income per person reached ¥3.5 million, achieving the Medium-Term Management Plan target one year early, driven by priority measures based on the human capital scenario despite higher compensation investment.
- Job satisfaction reached 59%, exceeding the fiscal 2027 target of 58% ahead of schedule.
- Optimize HR strategy in response to AI-driven changes in development and business processes.

Key Strategies of the Medium-Term Management Plan | Service Strategies

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

	Develop market from industry perspective	Develop market from functional 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 partners, including launch of co-creation businesses.	● Provide services with potential to become de facto standard for specific operations and functions in the future. ● Strengthen approach to address social and industry issues, shifting from emphasis on large-scale to include small- and medium-sized businesses as well.
Service strategies	**Establish competitive services aimed at cultivating core business areas** ✓ Differentiate ERP by enriching software system with original industry templates and optional modules → Mainly chemicals and assembly-based manufacturing sectors ✓ Expand delivery capabilities for modernization services in the financial sector and address growing demand for large-scale legacy modernization	**Expand and promote pure services for specific operations and functions and social issue solutions** ✓ Develop payment settlement solutions into pillar of business with strengths in finance and payment settlement to address social issues → Digitize transactions, including B2B ✓ Expand and promote specialized-function, top-selling niche services → Including accounting/business management, CRM/SFA/digital marketing, healthcare/medical services, government administration, IT-managed services
Shared	✓ Promote full value chain of services to address clients' wide-ranging transformation needs → Covering consulting, UX design, analytics, BPO expansion ✓ Hone sharper competitive edge in services by reinforcing feedback cycle for client comments	

*For the past three medium-term management plans, please visit the following website.
https://www.tisi.jp/en/ir/policy/midtermpolicy/

Key Strategies of the Medium-Term Management Plan
Service Strategies: Payment Business

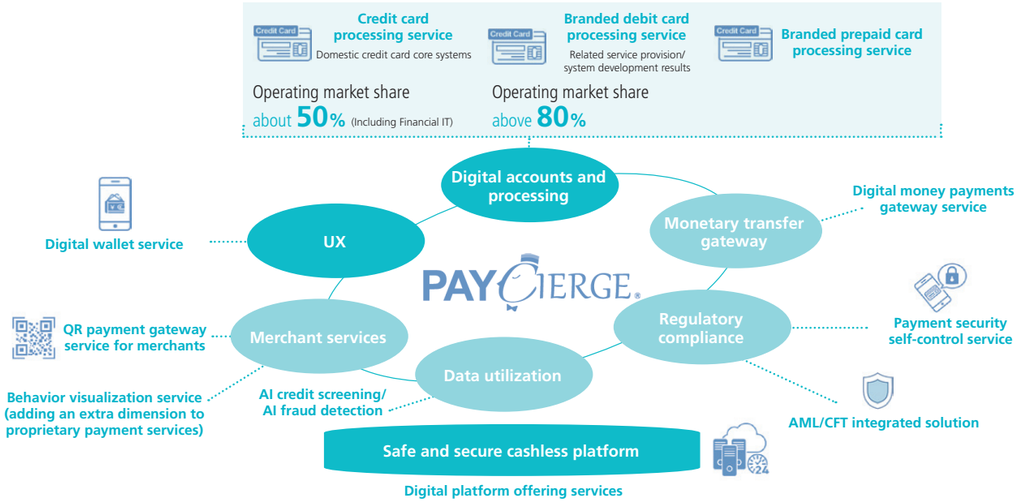
Advances in cashless payments have continued to drive significant environmental shifts in the payment business market. Viewing this as a new growth opportunity, the Company aims to address a diverse range of needs and deliver new value to society through the expansion of PAYCIERGE, its comprehensive payment solutions brand.

The History of Expanding Payment Services

Since its founding, the Company has been involved in developing mission-critical systems for major credit card companies. Drawing on its long experience with financial systems, the Company shifted to a service-oriented business model from the 2010s and has since provided a range of related services. Today, through PAYCIERGE, the Company operates a service-oriented business that leverages advanced technologies and an overwhelming share of the credit card industry, together with extensive expertise in card payments. Looking ahead, the Company will accelerate further growth by expanding its services in response to the changing payment environment.

Overview of PAYCIERGE

PAYCIERGE has widely deployed an array of services supporting cashless payments, with a focus on digital accounts and processing. These services are continually expanded and enhanced with functions that reflect the ever-changing payments market, enabling the Company to respond flexibly to increasingly diverse needs. Underpinned by an extensive track record of implementations and 24/7 uninterrupted cashless payment infrastructure, the Company has continued to support the widespread adoption of cashless payments in Japan.

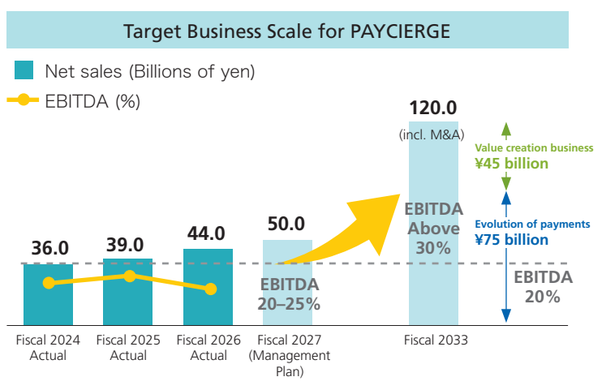


Market Opportunities and Target Business Scale

Steady expansion in the percentage of cashless payments
In 2025, 58.0% of payments were cashless*, marking steady progress towards the government's medium-term target of 65% by 2030.

Accelerating diversification of payment methods
With credit card transactions accounting for more than 80%* of all cashless payments, the use of code-based payments and card-linked services is also on the rise.

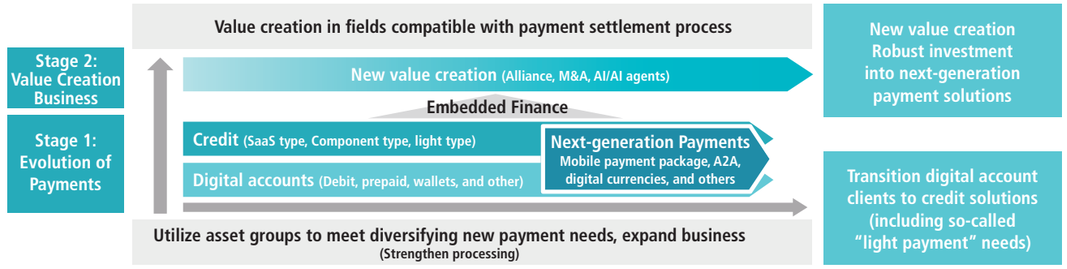
*Source: Ministry of Economy, Trade and Industry



In December 2023, we held a briefing on the theme of "Payment Services" to provide a detailed explanation of our focus areas, strategies, and the like. Please follow the link below to see presentation materials from that day.
https://www.tisi.jp/documents/en/ir/finance/meeting/231207_1.pdf

Direction of PAYCIERGE Evolution Under the Medium-Term Management Plan (2024–2026)

Given the ongoing growth expected in the cashless payments market, the Company has advanced efforts to further enhance its processing services, including credit and digital accounts, where its strengths lie ("Stage 1: Evolution of Payments"). In parallel with the expansion of "Stage 2: Value Creation Business," representing efforts to create new value including embedded finance, the Company aims to reach net sales of ¥50 billion by fiscal 2027, the final year of the Medium-Term Management Plan. In addition, alongside efforts to improve profitability, the Company will drive the phased evolution of PAYCIERGE to build a next-generation payment platform supporting transactions in the AI era.



The TIS INTEC Group's Efforts Amid the Ongoing Shift to Cashless Payments

1. Next-generation payment infrastructure: further acceleration of stablecoin initiatives — Stage 1: Evolution of Payments

- Activities toward the issuance of stablecoin have gained momentum, driven by the Financial Services Agency and various banks, including megabanks. Against this backdrop, the Company was the first in Japan to enter into a reseller agreement with US-based Fireblocks as a system integrator, accelerating the sophistication of the value it provides in on-chain finance.
- TISI and Fireblocks aim to introduce Fireblocks' solution at 10 domestic financial institutions by fiscal 2029. In addition, as use cases under consideration with various operating companies become more concrete, the Company is also proceeding with implementation aimed at proof-of-concept testing.

2. Small and medium enterprise (SME) market: further acceleration of initiatives for B2B transaction (payment) DX — Stage 2: Value Creation Business

- After launching its first such initiative with The Hiroshima Bank, Ltd., the Company has started working with four regional banks, and expects to have begun efforts with six regional banks in total during the current Medium-Term Management Plan period (fiscal 2027). The Company will further deepen these initiatives with the aforementioned regional banks, contributing to operational efficiency and DX adoption in the nationwide SME market and to the revitalization of the Japanese economy.



We will work to create new value that drives social transformation by expanding and evolving our payment services for the AI era.

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

Q1. How do you evaluate the first two years of the Medium-Term Management Plan (2024–2026)

PAYCIERGE continues to evolve through the twin pillars of the "stage 1" (evolution of payments) and the "stage 2" (value creation business). The business is steadily expanding, giving us greater confidence in achieving our fiscal 2027 sales target of ¥50 billion. At the same time, profitability remains a challenge as we make upfront investments in payment services to enhance functionality and ensure stable operations in response to the continued shift toward cashless payments. We will steadily translate these investments into business results and improve profitability over the medium to long term. Meanwhile, we are accelerating companywide initiatives in next-generation payments, including stablecoins. Our efforts in the B2B and sports and entertainment fields to build the "stage 2" ecosystem are also progressing ahead of plan, and we will expand into new areas to create further value.

Q2. As payment services continue to diversify, how will you leverage your competitive advantages to drive growth?

PAYCIERGE commands a very high market share in processing services for credit cards, digital accounts, and other payment methods. In particular, it has established a top-tier track record in Japan for branded debit cards. Going forward, we will build on this strength by expanding into the merchant acquiring business and linking payments with marketing to create new value for both merchants and consumers. At the same time, we will pursue sustainable growth by launching PAYCIERGE's next-generation payment platform strategy, which combines payment-focused Vertical AI services with specialized expertise.

Key Strategies of the Medium-Term Management Plan
Market Strategies: Modernization

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

Market Trends

Legacy assets such as the mainframes that have been supporting corporate activities for many years now increasingly represent limitations on DX implementation and AI utilization due to their increasing complexity and opaque structures, and those risks are only expected to grow in the future. Given this situation, modernization efforts to revise existing systems and upgrade to IT infrastructure capable of flexibly adapting to change have become increasingly important as the infrastructure supporting corporate competitiveness, and the demand for these upgrades is expected to expand going forward.

Trends and challenges in the modernization market

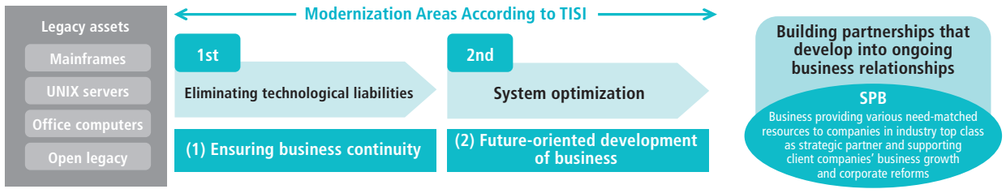
Discontinuation of maintenance and support for legacy assets	Shortage of IT engineers	Introduction of the latest technologies, growth-inhibiting risks
• Manufacturers are discontinuing manufacturing and support, leading to a sharp increase in maintenance costs • A steady stream of companies are considering system updates, with an eye to modernizing in 2030 and 2040	• The number of engineers able to perform maintenance and upkeep on legacy systems will be in short supply in the future (reliance on specific languages and packages) • In 2030, there will be an IT personnel shortage amounting to around 450,000 people (based on Ministry of Economy, Trade and Industry research)	• Inability to adopt the latest technologies becoming a factor inhibiting growth • Emphasis on the sense of speed in business
↓ Increasing and expanding technical burden	↓ Chronic shortage of IT engineers	↓ The need to utilize the latest technologies through the adoption of open systems

Modernization is a necessary investment to
avoid stagnation risks for society and companies, and to ensure future business growth and transformation

Definition of Modernization at TISI

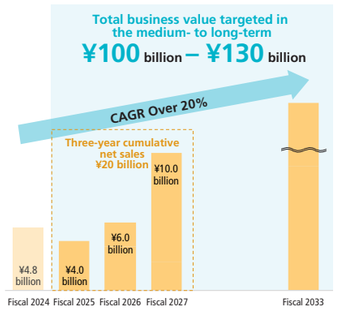
TISI has been pursuing modernization as one of the priority businesses identified in its Medium-Term Management Plan (2024–2026). The Company views modernization not simply as the renewal of aging systems, but as an ongoing, medium- to long-term effort to continually optimize clients' IT systems in support of their future business growth and transformation. The Company has designated Strategic Partnership Business (SPB), through which it works with clients as a strategic partner over the medium to long term, as a strategic domain, and positions modernization as a gateway project for expanding SPB.

The Role of Modernization at TISI



Desired Business Scale

The modernization market is valued at roughly ¥1 trillion overall and is expected to maintain strong growth for the next five to 10 years. TISI entered the software rewriting market on the power of Xenlon Migrator. The goal is to scale Xenlon services into a cumulative ¥20 billion business line over the three years of the medium-term management plan. Looking medium to long term, we anticipate annual growth exceeding 20%, in line with market growth.



In December 2024, we held a briefing on the theme of "Modernization Services" to provide a detailed explanation of our focus areas, strategies, and the like. Please follow the link below to see presentation materials from that day.
https://www.tisi.jp/documents/en/ir/finance/meeting/241203_1.pdf

TISI's Characteristics and Advantages in Modernization

TISI's strengths in the field of modernization lie in Xenlon Migrator, its proprietary, in-house-developed migration tool, together with the extensive track record and expertise it has cultivated through the migration of large-scale mission-critical systems. In rewriting legacy programming languages such as COBOL and PL/I into Java, the Company achieves nearly 100% automated conversion of business logic. In addition, through patented technologies related to performance measures and improved maintainability, the Company enables the stable operation of systems that deliver high performance and are easy to maintain even after modernization. The Company also ensures agility through ongoing functional enhancements and provides value that extends into business processes, including the renewal of front-end systems using business process management (BPM) tools, thereby contributing to the medium- to long-term business growth of its clients.



Past and Future Initiatives

Xenlon Migrator was developed in connection with a large-scale project, begun in 2014, to rewrite a COBOL application of approximately 10 million steps into Java. Building on the results of that project, the Company has since built up a track record of adoption across various industries, including manufacturing, retail, social infrastructure and financial institutions.

Modernization efforts have also served as a springboard for SPB development, making them one of the key initiatives underpinning TISI's growth strategy. Going forward, in addition to Xenlon and the insight it has cultivated, the Company will combine AI where it is most effective, evolving its modernization solutions to deliver even greater value to clients.

Our View on the Optimum Division of Roles

AI	Xenlon Migrator	People
• Material creation • Current state analysis • Design support • Test generation • Log analysis	• Conversion of business logic • Accuracy assurance • Improved maintainability • Performance measures	• Interviews to determine requirements • Architectural design • Responsibility for quality • Final determinations, decision making



By combining Xenlon Migrator with AI, applying each where it is most effective, we deliver reliable, high-quality modernization of mission-critical systems for the AI era.

Hiroki Kumagai TISI Grand Executive Fellow, Technology SBU

Q. How will you maintain and strengthen the competitive advantages of Xenlon Migrator in the AI era?

The essence of mission-critical system modernization lies not simply in code conversion, but in ensuring the quality needed for stable, long-term operation after migration. Moreover, a wide range of elements must be migrated, including screens, reports, and databases. General-purpose AI can be an effective tool for making code conversion more efficient, but AI alone cannot easily deliver the level of quality required of mission-critical systems, including performance and maintainability. Overreliance on generative AI in modernization can create project risks related to post-migration quality and maintainability, so it is important to carefully determine the areas where generative AI should be applied.

In particular, large-scale mission-critical systems in Japan often feature extensive client-specific customizations, such as macro functions, designed to improve productivity and maintainability. Accurately understanding these customizations can determine the success or failure of modernization.

Xenlon Migrator is a conversion tool refined over more than a decade through large-scale projects. Its rule-based approach delivers consistent, high-quality conversion with reproducible results. Our ability to accurately interpret and convert client-specific customizations is a distinctive strength that general-purpose AI alone cannot easily replicate. In addition, our patented technologies for enhancing performance and maintainability enable stable operation of systems with high levels of performance and maintainability even after migration.

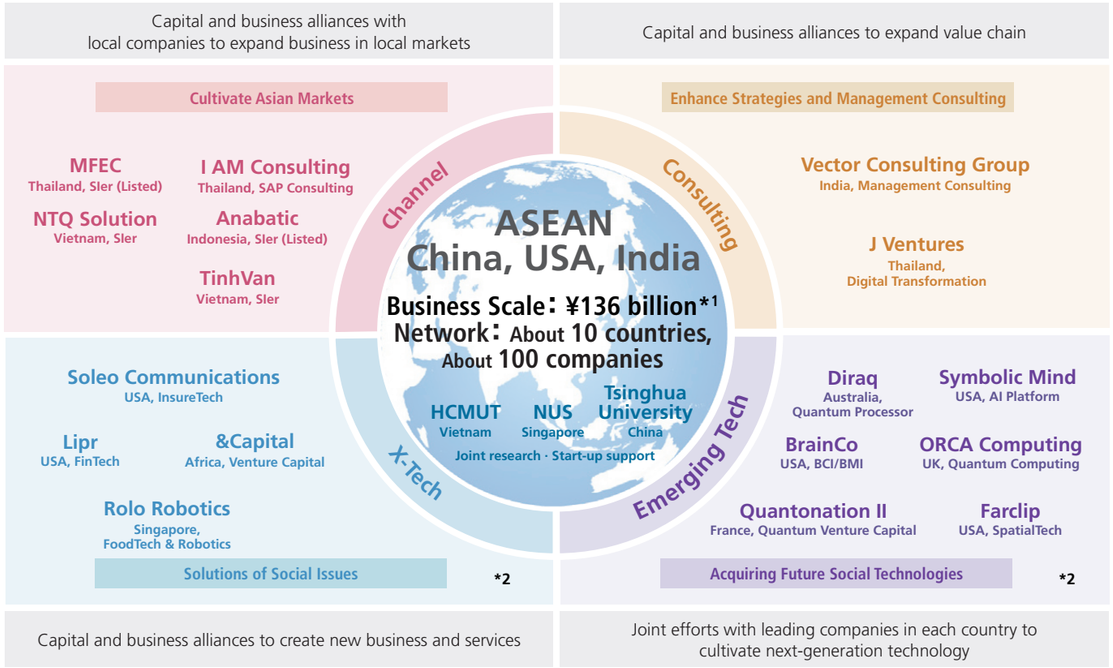
At the same time, we actively leverage AI in areas where it can deliver clear benefits, such as generating design documents and code for functional development. By combining Xenlon's reliable conversion capabilities and the business expertise we have built through large-scale projects with AI-driven efficiencies, we will continue providing dependable support for the modernization of our clients' mission-critical systems in the AI era.

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

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

Basic Policies

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

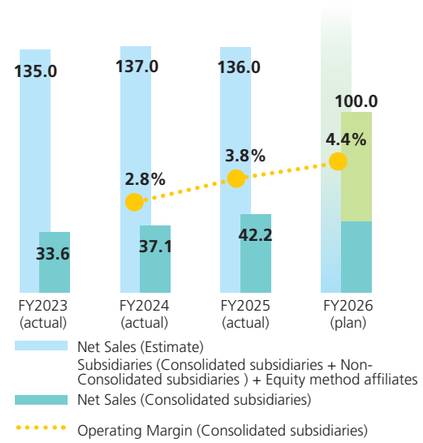


*1 Total FY2025 sales (estimates) of TIS overseas subsidiaries (consolidated and non-consolidated) and equity method affiliates are converted at Fiscal 2026 (year ended March 31, 2026) rate
*2 X-Tech and Emerging Tech companies listed are limited to new investees in the past year.

Priority Measures

Raising channel value	Drive the selection and concentration of businesses and shift to consulting and high-value-added services
Enriching the value chain	Develop cross-border services and businesses utilizing the operating foundations of NTQ
Diversifying investment targets	Start second-period joint program with NUS and promote global sourcing from bases in North America
Attracting and developing business creation talent	Secure young entrepreneurial talent through partnerships with Asia's top universities

Global business scale
(Billions of yen)



TOPICS | **MFEC wins awards for promoting AI- and DX-driven competitiveness improvements**

MFEC, a major system integrator in Thailand, received the following awards from Google Cloud and Huawei Cloud, respectively.

2026 Google Cloud Partner of the Year Award (the Country: APAC - Thailand)

MFEC was recognized for promoting enterprise DX and contributing to the advancement of cloud infrastructure through its utilization of Google Cloud. MFEC leverages its advanced technological capabilities and adoption track record in the AI and cloud fields as strengths to help companies with business transformation and elevate its presence in the Thai market.

Huawei Cloud Outstanding Partner of the Year 2025

At the Huawei Cloud Asia-Pacific Partner Connection Summit 2025, MFEC received an award in recognition of its contributions to the promotion of enterprise cloud and AI utilization.

Under its strategic partnership with Huawei Cloud, MFEC provides support for enterprise AX and DX, and disseminates its AI utilization vision for the financial sector, as part of efforts to realize next-generation financial services with AI at the core.





TOPICS | **Becoming the first SAP partner in Thailand to introduce SAP GROW FAST in-house**

I AM Consulting, which provides SAP consulting services in Thailand, completed the in-house adoption of SAP GROW FAST, becoming the first SAP partner in Thailand to adopt the solution.

The project was completed in just 2.5 months. Manual tasks were reduced by 50% and real-time visualization of project-specific P/L was achieved.

By adopting and operating the solution in-house, I AM Consulting has demonstrated that SAP GROW FAST is a powerful platform supporting rapid corporate growth, while accumulating practical knowledge and best practices to provide high value-added services to clients while supporting SAP solution-driven DX and sustainable business growth.



Pictured: Krit Virojsailee, Managing Director, I AM Consulting



By generating synergies with our global partners, we will turn the changes of the AI era into opportunities for value creation and build a federation of leading IT companies in Southeast Asia.

Kensaku Furusho TISI Managing Executive Officer, Division Manager, Global Div.

Q1. How do you evaluate the first two years of the Medium-Term Management Plan (2024–2026)?

Looking back on the first two years of the plan, I believe we have made solid progress in both expanding our business foundation and laying the groundwork for future growth. In quantitative terms, we expanded the scale of our global business through growth at existing Group companies, particularly in Southeast Asia, while also investing in new markets like North America. However, improving profitability remained a challenge. In qualitative terms, alongside our traditional SI business, we strengthened access to advanced technologies, such as AI and quantum computing, laying the foundation for greater value creation on a global scale. We have also made progress with collaboration among our overseas Group companies and with TISI's domestic businesses. We see the shift from pursuing growth at individual Group companies to a management approach focused on generating synergies through business collaboration as a major achievement.

Q2. What is your outlook for the global business environment, and what are your medium- to long-term strategies for achieving sustainable growth?

In the global market, the business environment is changing significantly due to the rapid evolution of AI, growing demand for digitalization, geopolitical risks, and the need to address economic security. At the same time, Asian markets continue to offer strong growth potential, and we expect corporate demand for DX and AI transformation (AX) to continue expanding. Against this backdrop, we will strengthen our business foundations in our core markets of Southeast Asia, India, and North America, while continuing to invest in advanced fields like AI and quantum technology. We will also expand our high-value-added services combining consulting and IT, while leveraging the strengths of our Group companies to create differentiated value. Going forward, we will continue pursuing sustainable growth alongside enhanced corporate value by not only expanding our business scale but also promoting co-creation with our investee companies and maximizing synergies across the Group.

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

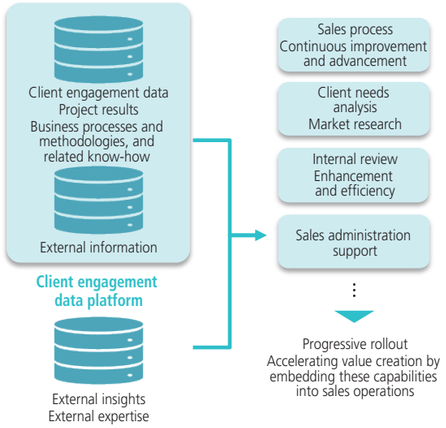
We will strengthen the intellectual property creation cycle that supports business expansion and value-added growth, creating a virtuous cycle that continuously generates high-value knowledge and insights.

Promoting Value Creation through Converting Knowledge into Intellectual Assets

Through an intellectual property strategy centered on client engagement information and project track records, TISI converts the knowledge accumulated through its sales activities into intellectual assets that can be leveraged across the organization, thereby creating higher added value and strengthening its competitive advantage.

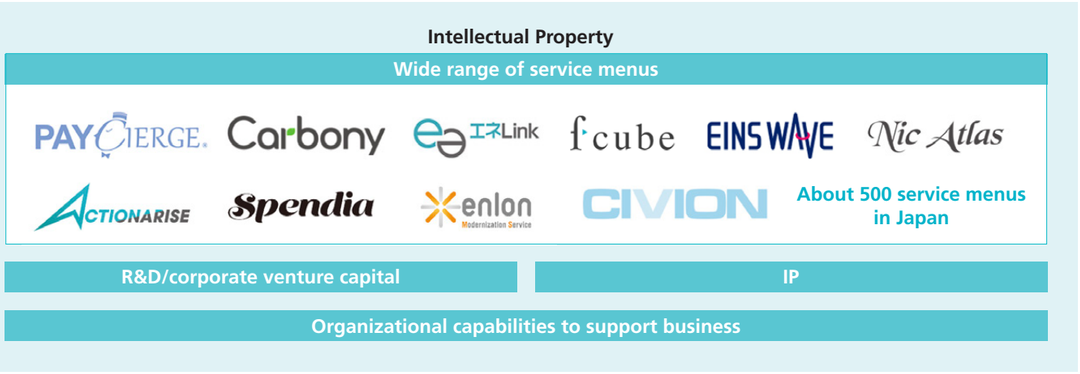
To date, we have established a platform that integrates client information and project performance data, creating an environment in which data accumulated through sales and marketing activities can be centrally managed and utilized effectively. This has enabled broader knowledge sharing across the Company and expanded opportunities for its utilization throughout the organization.

Going forward, we will accelerate value creation by fully embedding data-driven practices into our operations, including the use of generative AI to support proposal development and scenario planning. At the same time, we will further enhance the effectiveness of intellectual property utilization by advancing our sales processes and strengthening our talent development and training programs.



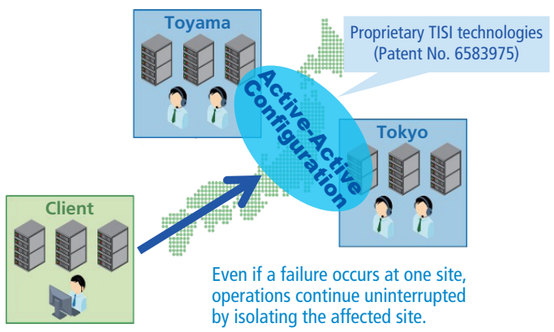
Accumulation and Leveraging High-Quality Intellectual Property

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



"Always-on EDI" evolving through parallel, distributed and remote processing

For approximately 40 years, TISI has provided services built around its proprietary EDI engine, supporting mission-critical data integration for intercompany transactions, including order processing activities. The expertise accumulated through many years of operation—including incident response, performance optimization, and support for an increasingly diverse range of connectivity methods—has been codified into design and operational standards and is continuously incorporated into our service offerings. In recent years, in response to the growing risks posed by natural disasters and increasingly sophisticated cyber threats, we have leveraged our patented technologies to evolve the platform into a next-generation service engine capable of distributed and parallel processing across geographically remote locations. Through a virtuous knowledge cycle that captures insights gained through operational improvements and feeds them back into service development, we have strengthened our value proposition by delivering an "always-on EDI" platform with industry-leading reliability and availability.



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

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

Short-Term Initiatives				Medium- to Long-Term Initiatives
Comprehensive development of measures aimed at verification of technologies for practical use that have entered/are entering that stage, early implementation and on-site deployment				Applied research on technology that will differentiate the business over medium to long term
Framework for knowledge distribution	**Human resources development**	**Early implementation**	**Priority research themes**	**Priority research themes**
Framework for knowledge distribution attuned to technology readiness level	Create programs and environment to train high-level engineers, and strategic rotation	Early implementation of advanced technology through in-house application	Research aimed at practical use, hinging on AI	Applied research on mass data transfer technology and algorithms required to fuse digital and real worlds

R&D Initiatives

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

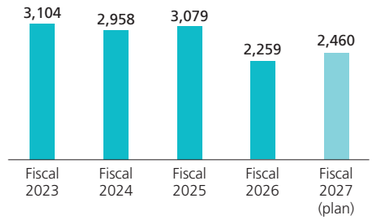
(1) R&D on advanced software production technologies and their application in the field
(2) New business creation that contributes to the realization of a sustainable society and contribute to solving social issues*
(3) Medium to long-term business growth acquiring core technology of the future

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

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

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

Changes in R&D Expenses
(Millions of yen)



Number of CVC Investments (Accumulated)
(From April 2016 to March 2026)

58 companies / **61** cases

TISI Toyama Open Lab: driving innovation through co-creation

In July 2026, we opened the TISI Toyama Open Lab, a facility designed to foster co-creation with clients through opportunities to learn about and experience cutting-edge technologies firsthand. Set in an open space with panoramic views of the Tateyama Mountain Range, the facility features a presentation area and permanent hands-on demonstration exhibits, including XR technologies and humanoid robots that visitors can interact with and operate. These provide a practical environment for exploring the real-world potential of advanced technologies and their implementation in society.

Through this facility, we will leverage the expertise, regional networks, and collaborative relationships we have cultivated in Toyama to work with clients in the Hokuriku region and throughout Japan to create new value. In addition, in collaboration with the TIS INTEC Group Innovation Hub in Toyosu, Tokyo, we will provide opportunities to explore the application of cutting-edge technologies and accelerate their real-world implementation through a two-location framework spanning the Tokyo metropolitan area and the Hokuriku region.



Key Strategies of the Medium-Term Management Plan | Technology Strategies: AI Utilization

The Group is leveraging AI not merely as a tool for improving operational efficiency, but also to enhance solutions, support the development of AI utilization environments and platforms, and drive the transformation to AI-driven development. By integrating AI across a wide range of business domains, we aim to help address the challenges faced by our clients and society, enhance the value we deliver, and support the Group's sustainable growth.

AI Utilization Initiatives

The Group is pursuing AI utilization through three strategic initiatives.

01 Enhancing solutions through AI

Evolving and expanding services by combining AI with the deep industry expertise we have built over the years

Providing AI-enabled services across a broad range of industries and business functions, including finance and payments

Future direction

- Creating value through "Vertical AI"

02 Supporting the development of AI utilization environments and platforms

Providing end-to-end support for clients' AI initiatives, from planning and implementation to ongoing operations

Supporting the holistic transformation of management foundations, including corporate strategy, business processes, IT infrastructure, data, and human capital

Future direction

- Expanding support services and strengthening capabilities for emerging AI technologies

03 Transformation to AI-driven development

Embedding AI capabilities into the Groupwide development platform

Reinventing development processes through the use of AI agents

Promoting the use of generative AI throughout the system development lifecycle, from requirements definition, design, implementation, and testing to maintenance, operations, and project management

Future direction

- Expanding AI adoption across the entire development lifecycle and measuring its impact

1. Enhancement of Solutions through AI Utilization: Accelerating the Transformation of Society and Industry

The TIS INTEC Group already provides AI-powered solutions across a wide range of industries and business functions. By combining the domain expertise we have built over many years with advanced AI technologies, we have deployed AI solutions across diverse industries and business processes, including AI-based fraud detection in the financial sector, the enhancement of operations related to international payment brands, AI-powered interview assessment in human resources, and improvements in service quality and operational efficiency for contact centers.

Going forward, we will build on these initiatives by expanding our focus on "Vertical AI," a new generation of industry-specific AI agents. As an initial step, we have begun implementing Vertical AI for payment operations and will gradually expand its application to additional industries and business functions. Beyond improving operational efficiency, we will support our clients' business transformation and value creation by helping address structural challenges facing both businesses and society, including labor shortages, quality enhancement, and more sophisticated decision-making.

Main examples of AI applications across diverse fields

The following are representative examples of AI solutions developed and deployed by the Group.

AI for enhancing business operations

- **International payment network enhancement support services**
  Leveraging generative AI to improve the quality and efficiency of operations related to international payment networks
- **AI-ready data protection and management services**
  Providing one-stop support for data protection and governance in the AI era, enabling the secure and responsible use of AI

AI supporting social infrastructure

- **AI-powered fraud detection service for card payments**
  Detecting fraudulent card payment transactions with a high degree of accuracy to enhance the security of financial services
- **AI for preventing omissions in medical documentation (proof of concept conducted with a university)**
  Supporting medical document review processes to help improve the quality and safety of healthcare services
- **People flow analysis using AI cameras (effectiveness verification conducted with a local government authority)**
  Analyzing pedestrian flow data to provide foundational insights for urban planning and community development

AI supporting the future of work

- **AI-powered interview assessment**
  Utilizing speech analytics technology to improve the objectivity and efficiency of interview assessments
- **AI-powered contact center services**
  Improving client satisfaction and operational efficiency through the automation and optimization of client interactions
- **Project management support**
  Combining generative AI with domain knowledge to support business functions such as planning and risk management

AI creating new client experiences

- **PROTO: AI avatar and holographic communications platform**
  Enabling lifelike remote communication and delivering new client service and consultation experiences

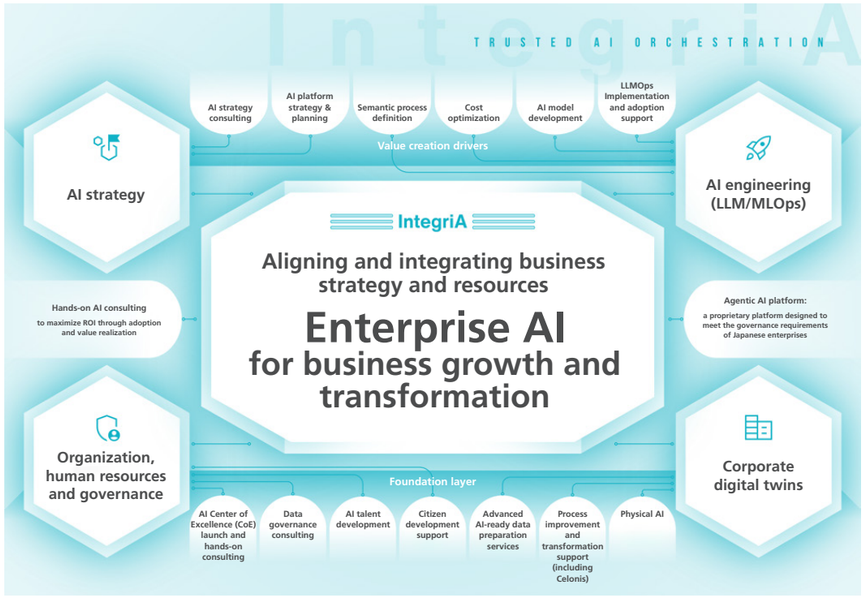
2. Supporting the Development of AI Environments and Platforms—Delivering End-to-End Support for AI-Driven Value Creation, from Strategy to Operations

To maximize the value of AI, it is essential not only to deploy AI models and platforms but also to transform the underlying management foundations of the business, including corporate strategy, business processes, IT infrastructure, data, organizational structures, and talent, with AI adoption in mind.

The TIS INTEC Group has established a framework for rapidly delivering advanced AI technologies through its strategic collaboration agreement with Amazon Web Services (AWS) and its reseller agreement for Anthropic's AI model, Claude. In addition, we have launched IntegriA, a new brand that brings together the Group's AI and generative AI expertise and specialized talent to provide end-to-end support, from AI strategy formulation and IT planning to implementation, operations, and value realization.

IntegriA provides a comprehensive suite of services required for successful AI adoption and value creation. In addition to collaborative AI consulting, these services include an Agentic AI Platform that enables no-code development of AI agents, AI model development, process mining implementation, and support for building the organizational capabilities and talent needed to accelerate AI adoption. By combining advanced AI technologies with the expertise we have accumulated through projects across a wide range of industries and systems, we help maximize the return on AI investments and support our clients' business transformation and competitive advantage.

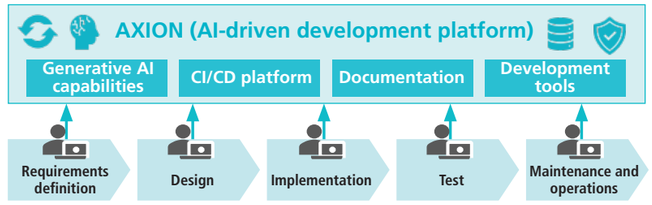
Support Image of IntegriA



3. Transformation to AI-driven development—Creating a New Standard for System Development

The Group is advancing a transformation toward AI-driven development, a development approach built on the assumption that AI is an integral part of software engineering. By incorporating generative AI throughout the system development lifecycle, we are improving both quality and productivity. We have already completed the integration of AI tools into our company-wide development platform, AXION, and have achieved productivity improvements of 47% in select pilot projects involving new system development. We have also begun deploying AI agents across the entire development lifecycle with the aim of maximizing the benefits of AI adoption. In maintenance and enhancement projects, we are piloting the integration of project knowledge into AI within actual client engagements. These efforts are aimed at reducing dependence on individual expertise, bridging gaps between design and implementation, and streamlining inquiry handling and investigative work. In addition, we have established quality management systems and development guidelines designed for AI-enabled development and are expanding their application to project and quality management.

Going forward, we will leverage the expertise gained through enterprise system development to expand AI-driven development across our development processes, further enhancing system quality and development productivity.



Achieved a 47% productivity improvement in a pilot project*

*As of fiscal 2026, TIS on a non-consolidated basis

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

The Group integrates its business and people strategies to enhance human capital and achieve sustainable growth in corporate value by attracting, developing, and empowering the talent that drives business growth.

The TIS INTEC Group's Human Capital Scenario

To dynamically align its business and people strategies, the Group has systematically organized its human capital investment plans, priority initiatives, and expected benefits into a Human Capital Scenario. We make visible the key performance indicators (KPIs) used to assess implementation and the outputs and outcomes expected by management. We continuously monitor effectiveness and flexibly revise talent requirements, initiatives, and KPIs as the business environment and management priorities evolve.

Input	Action			Output	Outcome/Impact
	Theme 3	Theme 2	Theme 1		
Human capital investment (compensation, training, etc.)	High-quality culture and environment	Sustainable value creation	Expansion and success of cutting-edge human resources	Increase in value added	Social issue resolution
Investment amount Above ¥10 billion (Three-year cumulative total)	Creating an environment that fosters peace of mind, safety, and individuality, one that enhances employees' motivation to contribute KPI ● Job satisfaction ● Percentage of women in management positions ● Absenteeism ● Presenteeism ● Percentage of employees with average monthly legal overtime of 45 hours or more	Continuously and flexibly recruit and develop human resources, and maximize their effectiveness KPI ● Number of days spent on learning and research per employee per annum NEW ● Practical AI adoption capabilities (number of participants)*3	Developing and securing cutting-edge human resources and creating value through their activities KPI ● Number of consultants ● Number of IT architects ● Number of high-level sales talent	Operating income per person*1 ¥3.7 million (27% increase*2)	Net sales*1 ¥620.0 billion Client and service satisfaction*1 59% or more

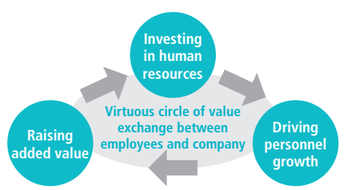
*1 Operating Income per Person and Client service satisfaction are fiscal 2027 targets.
*2 Comparison with fiscal 2024.
*3 Covers TISI with plan for progressive rollout to all Group companies.

Investment in Human Resources and Management Outcomes (Return)

The Group aims to improve overall profitability by investing in human capital to strengthen each employee's value creation capabilities, increase productivity, and expand highly profitable strategic domains. Under the medium-term management plan, we plan to invest more than ¥10 billion in human capital over three years. Cumulative investment reached ¥8.8 billion by the end of the second year. These initiatives have already started to yield steady results. For example, operating income per person, a key indicator under the plan, reached the ¥3.5 million target for fiscal 2027 a year ahead of schedule. However, we recognize that improving the market competitiveness of compensation to support talent acquisition and retention remains a priority. We regard compensation as a critical human capital investment that supports employee value creation. We will continue to monitor market trends and pursue more competitive compensation levels.

The idea of human resource investments

Cycle of Added Value
Through Investment in Human Resources



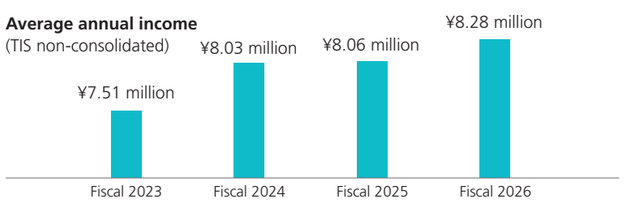
▶ **Form a pool of cutting-edge human resources and achieve 27% productivity growth to improve added value**

Highly skilled talent in recruitment spotlight
- Consultants who raise issue-resolution capabilities
- IT architects who deepen comprehensive capabilities
- High-level sales talent who hone power of insight

Human resource investments and effects

Indicators		Fiscal 2025 Results	Fiscal 2026 Results	Fiscal 2027 Targets
Input Human capital investment	Training expenses, compensation, etc.	¥3.6 billion	**¥8.8 billion** (Cumulative total)	Three-year cumulative total ¥10.0 billion
Output Increase in value added	Operating income per person	¥3.1 million	**¥3.5 million**	¥3.7 million
Outcome/ Impact Social issue resolution	Net sales	¥571.6 billion	**¥596.4 billion**	¥620.0 billion
	Client and service satisfaction	58.5%	**60.6%**	Above 59%

Average annual income
(TIS non-consolidated)



People Strategy: Performance Indicator Results

In fiscal 2026, four of the nine performance indicators exceeded plan, demonstrating steady returns on human capital investment, including higher employee engagement and progress in advancing women. However, we did not meet our targets for the number of consultants and advanced sales professionals, partly because of intensifying competition for talent and greater workforce mobility. Strong demand for personnel on system integration projects also limited the practical opportunities available to develop consultants through reassignment. Going forward, we will clearly define the talent requirements aligned with each business strategy and take an integrated approach to strengthening mid-career recruitment, selecting and prioritizing candidates for development, and making planned assignments. Presenteeism appears to reflect multiple factors, including worsening nonspecific health symptoms, workloads concentrated among managers and core personnel, and anxiety about adapting to change. We will improve both health initiatives and operational and organizational practices, while continuously monitoring employee and organizational wellbeing. As AI becomes fundamental to our businesses and operations, we will add enhanced practical AI adoption capabilities as a performance indicator from fiscal 2027 and strengthen employees' ability to translate AI use into business outcomes.

Results of Key Performance Indicators (KPI) for fiscal 2026

Action		Fiscal 2025	Fiscal 2026			Fiscal 2027
Theme	Indicator	Actual	Plan	Actual	Achievement level	Target
Expansion and success of cutting-edge human resources	Number of consultants	545	600	**589**	11 short	700 or more
	Number of IT architects	270	300	**303**	○	370 or more
	Number of high-level sales talent	262	300	**274**	26 short	360 or more
Sustainable value creation	Number of days spent on learning and research per employee per annum	12.4	12	**12.8**	○	12 or more
	NEW Practical AI adoption capabilities (number of participants)*4	—	—	**—**	—	7,500
High-quality culture and environment	Job satisfaction	56%	57%	**59%**	○	58% or more
	Percentage of women in management positions	12.9%	14%	**13.8%**	0.2pt short	15% or more
	Absenteeism	0.9%	1.0%	**1.0%**	○	1.0% or less
	Presenteeism	22.1%	20%	**23.6%**	3.6pt short	18% or less
	Percentage of employees with average monthly legal overtime of 45 hours or more	2.6%	2.1%	**2.8%**	0.7pt short	1.5% or less

*4 Covers TISI with plan for progressive rollout to all Group companies.

Key Challenges and Measures to Achieve the Group Vision

To achieve Group Vision 2032, we reassessed our key human capital priorities in light of results through the second year of the medium-term management plan, rapid advances in AI, and changes in our organization and workforce. We have identified three tiers of key challenges that must be addressed to achieve further growth, and will advance priority initiatives to strengthen our value creation capabilities.

Key Challenges	Key Initiatives and Vision
Theme 1 **Redefining, attracting, and retaining specialized talent that drives business strategy** Although we have expanded our pool of specialized talent, **we still need to define specific talent requirements for each business strategy** and use them to guide ongoing development, acquisition, and retention.	Redefining specialized talent requirements and strengthening talent acquisition and development • Redefining the requirements for cutting-edge talent to align with business strategies • Strengthening mid-career recruitment and processes for personnel assignment and training Expected effects **Higher profitability and faster business portfolio transformation driven by specialized talent**
Theme 2 **Accelerating the growth of emerging talent for next generation and strengthening AI adoption capabilities** Our priorities are to **strengthen practical AI adoption capabilities across the workforce** as a foundation for business transformation and, given the shortage of mid-career talent, **expand growth opportunities that enable emerging talent to contribute sooner and remain with the Group**.	Expanding growth opportunities for emerging talent and strengthening practical AI adoption capabilities across the workforce • Assigning, developing, and promoting emerging talent to enable earlier contributions • Strengthening practical AI adoption capabilities across the workforce Expected effects **Stronger value creation through the contributions of next-generation talent and AI adoption**
Theme 3 **Enhancing the management foundation supporting value creation** As we integrate our organizational cultures following the merger, workloads remain concentrated among managers and core personnel, while presenteeism continues to worsen. **The management foundation needs to be enhanced** for sustainable value creation.	Strengthening management talent and the organizational foundation for value creation • Strengthening the identification, development, and promotion of management talent to drive transformation • Reducing presenteeism by addressing operational and organizational factors Expected effects **Enabling diverse talent to realize its potential and expand the Group's collective capabilities**

Theme 1: Expanding and empowering specialized talent/Theme 2: Sustainable value creation

Securing and Developing Priority Talent for Future Business Growth

Amid a shrinking working-age population, greater labor-market mobility, and intensifying competition for talent, the Group's sustainable growth depends on systematically securing and developing the talent that will lead its future businesses and organization. In particular, we will prioritize expanding the pool of specialized talent that drives business transformation and growth in strategic domains*1, as well as management talent that leads the organization. We will also accelerate the development and promotion of emerging talent to build a sustained pipeline of future core leaders.

*1 The strategic domains identified in the Group Vision are high-value-added priority business areas with the potential to expand profitability over the long term.

Theme 1: Specialized Talent Driving Business Transformation

Linking high-level expertise with business results and driving the expansion of strategic domains

Specialized talent not only accelerates growth in the share of strategic-domain businesses but also contributes across business and service planning and development, sales and proposals, and service delivery. By winning and successfully completing higher-margin projects, this talent helps increase value added across the Group. In addition to field-specific development programs and practical opportunities, we will strengthen assignments to priority areas based on business strategy and individual expertise. We will also build networks of specialized talent that foster cross-organizational support and knowledge sharing.

- Providing skills-development programs tailored to each talent level
- Strengthening practical capabilities through on-the-job experience
- Building networks of specialized talent

- Advanced sales professionals: Identify clients' underlying challenges, increase the value added of IT assets, strengthen proposal capabilities, and improve order profitability
- Consultants: Create new value through business co-creation with stakeholders beyond the IT domain
- IT architects: Strengthen product competitiveness and solve challenges through digital technology adoption and service integration

Theme 2: Talent Supporting Sustainable Value Creation

Management talent

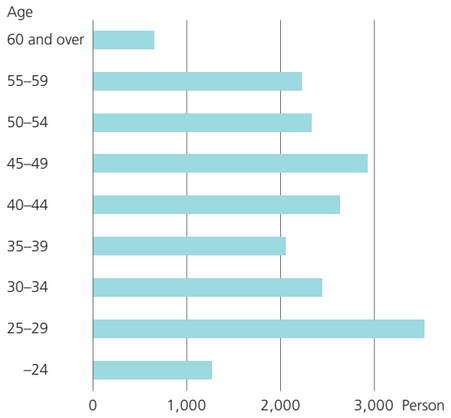
Leading businesses and organizations through change while bringing out the best in diverse talent

To achieve transformative growth amid accelerating change in the business environment, the Group must continuously develop management talent from a companywide and Group perspective who can harness diverse talent and lead transformation. We will therefore systematically provide experience across multiple departments and opportunities for collaboration across organizational and company boundaries. This will help employees develop a companywide and Group perspective early in their careers and acquire the experience and capabilities required for management roles. Going forward, we will manage leadership talent as a companywide human capital asset and integrate the processes of identifying, developing, assessing, appointing, and assigning candidates.

Human resources breakdown by age group

TIS and consolidated companies (domestic)

*As of March 31, 2026



Development and promotion of emerging talent

Promoting the growth and contributions of emerging talent based on each individual's strengths and aspirations

Employees in their 30s represent a relatively small share of the Group's workforce. We therefore need to systematically develop the core talent that will lead the Group over the medium to long term. To help emerging talent contribute earlier, we use talent reviews and other measures to guide development, assignments, and promotions based on each employee's strengths and aspirations. We also support diverse experiences and growth through development-focused rotations, career dialogue, and self-directed learning, thereby strengthening retention.

- Early-promotion measures for emerging talent (promotion opportunities twice a year)
- Formulation of talent review-based development and placement policies
- Development-focused rotations and cross-boundary experiences inside and outside the Group
- Supporting career dialogue and self-directed learning

Talent Acquisition

To support the Group's sustainable growth, we deepen mutual understanding during recruitment to improve hiring quality and retention. We are also strengthening the acquisition and successful integration of experienced mid-career talent who can contribute immediately.

New graduate hiring

In the new graduate hiring process, we emphasize mutual understanding between the Company and students. By expanding internships and opportunities to engage with employees, we help students deepen their understanding of the Group's work and experience its culture. These initiatives reduce mismatches after hiring and support retention. We also focus on attracting talent with advanced expertise in leading-edge fields, thereby expanding the pool of people who will drive next-generation businesses.

Mid-career hiring

In mid-career hiring, we are strengthening our employer brand and diversifying recruitment channels to attract specialized talent that executes business strategy and core talent that will lead the Group. To attract specialized talent, business divisions and HR business partners collaborate on focused outreach to candidates who match our needs. We also emphasize early contribution and retention after joining. We continuously improve selection based on analyses of early turnover and strengthen onboarding and follow-up support to reduce hiring mismatches for early achievement and retention.

Priority initiatives for mid-career hiring

Strengthening talent acquisition capabilities
- Strengthening the employer brand
- Diversifying recruitment channels
- Targeted outreach through collaboration between business divisions and HR business partners

Improving selection quality
- Clearly defining the ideal talent we seek and their expected roles
- Analyzing cases including early turnover and improving the selection process

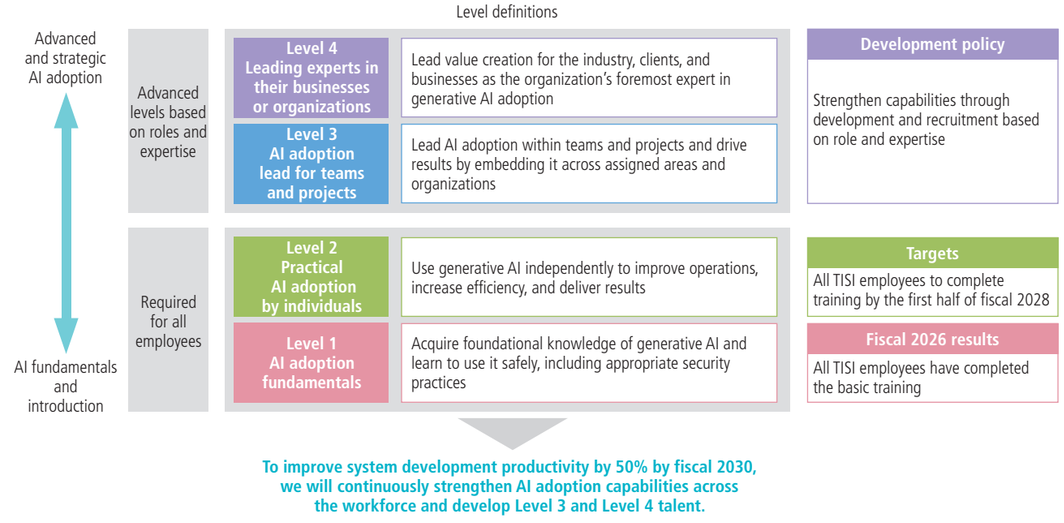
Supporting early contribution and retention
- Community of mid-career hires
- Post-hire surveys and regular check-ins
- Early detection of health challenges and provision of support

Strengthening Talent to Drive Transformation and Value Creation with Generative AI

To enhance the value delivered to clients, TISI is embedding generative AI across the development lifecycle—from requirements definition through design, development, testing, and quality management—and advancing AI-enabled development that transforms the development process itself. By fiscal 2030, we aim to improve system development productivity by 50% compared with fiscal 2025.

To achieve this goal, we have defined four role-based levels of AI skills. We are simultaneously developing talent to lead AI adoption and strengthening practical AI adoption capabilities across the workforce. All TISI employees have completed Level 1 foundational training. We are now offering Level 2 training in effective AI interaction and AI tool use, along with practical courses in areas such as AI agents and coding. For Level 2 training, we aim for approximately 7,500 TISI employees—about three-quarters of the workforce—to complete training during fiscal 2027, and for all employees to complete it by the first half of fiscal 2028. As AI continues to evolve, ongoing skills development will remain essential. Going forward, we will extend these initiatives to Group companies. By combining AI with the proprietary expertise we have developed at the forefront of the industry, we will improve productivity and quality, accelerate value creation, and strengthen our competitive advantage.

Skill levels and development policy for strengthening practical AI adoption capabilities

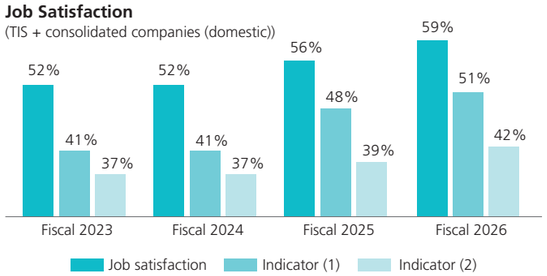


Theme 3: High-Quality Culture and Environment

The autonomy, creativity, and strong commitment of every employee underpin business portfolio transformation and the expansion of services that address social issues. The Group has long emphasized a culture in which talent with diverse values and backgrounds respects one another, exchanges ideas openly, and takes on challenges without fear of failure. We view the July 2026 merger of TIS and INTEC as an opportunity to build a new organizational culture that fosters value creation. We are also designing a new human resources system, planned for introduction in April 2027, that will provide a foundation for maximizing the strengths of employees from both companies and enabling value creation. Through three themes—**empowering diverse talent, enhancing well-being, and enabling flexible and diverse ways of working**—we will foster self-directed growth and increase value added.

To enhance self-motivation, it is necessary to cultivate a greater sense of pride and purpose in their work among employees. TISI has introduced a personnel system based on the Must/Will/Can framework, establishing a structure that enables each employee to leverage their strengths and contribute to the Company. The entire Group measures job satisfaction and degree of conviction about work (Indicators (1) and (2)), and these indicators are steadily improving.
(1) I feel my own work is aligned with the Company's direction
(2) I feel that my work is not just a job but has special meaning

Job Satisfaction
(TIS + consolidated companies (domestic))

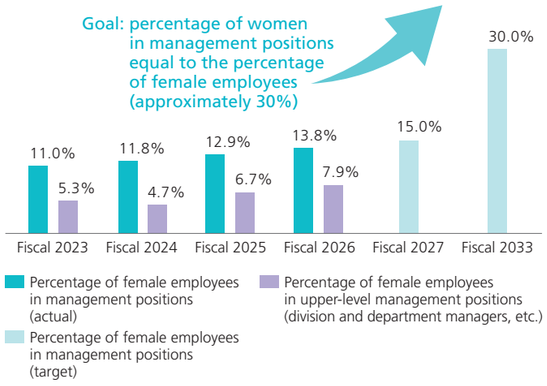


Empowering diverse talent

To promote the active participation of women, we aim to align the overall proportion of female employees with female representation at each grade. We are strengthening initiatives that expand opportunities to demonstrate capabilities and grow, including evaluation and promotion guidelines, selective development and mentoring, and early career development. We have also set targets to reduce the gender gap in promotion interest among employees in grades that are eligible for management-track roles, and we monitor progress on an ongoing basis. The proportion of women in management is rising steadily. Looking ahead to appointments to senior management and officer positions, we will consider highly effective measures that more directly address equality.

The Group is fostering a culture in which all employees, not only women, can grow and thrive regardless of background. We continuously enhance policies and employee education to support senior employees, employees with disabilities, mid-career hires, and employees with diverse sexual orientations and gender identities, including LGBTQ+ employees.

Percentage of female employees in management positions
(TIS + consolidated companies (domestic))



Enhancement of well-being

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

Social and Physical Well-Being

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

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

Financial Well-Being

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

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

Flexible work reforms

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

Programs Available According to Working Values

Based on flexible working styles to provide new value in the AI era, the Company has established a working environment in which employees can work independently, exercise discretion, and make full use of their abilities. At the same time, the Company also values face-to-face communication.

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

Programs Available According to Life Stage

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

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

Major Evaluations and Accreditations from External Parties

Nikkei Smart Work

NIKKEI Smart Work ★★★★½ 2026 Best 45

Certified Health & Productivity Management Outstanding Organizations

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門 ホワイト500

Eruboshi (L-Star)

女性が活躍しています！

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プラチナくるみん 子育てサポートしています プラス

Human Capital Management Quality

人的資本経営品質 2025

Career Ownership Management Award

2024 Career Ownership Management Award 優秀賞

"Great Place to Work" certification

Great Place To Work. Certified FEB 2026-FEB 2027 JAPAN

DC Excellent Company

DC Excellent Company 優秀賞 2026



By aligning our management and human resources strategies, we will enhance the value-creating capabilities of each employee and accelerate the Group's growth through the combined strengths of business expertise and AI.

Masakazu Kawamura Human Resources Strategy Promotion Officer
TISI Managing Executive Officer, Division Manager, Human Resources SBU

Q1. How do you assess the progress made so far?
The integration of our management and human resources strategies is essential to realizing Group Vision 2032. Based on our human capital scenario, we have identified the talent needed to drive business growth and established clear priorities for our initiatives. Our efforts to strengthen our organizational foundations, including enhancing HR systems that promote greater value exchange between employees and the Company, are producing tangible results. For example, we achieved our target of ¥3.5 million in operating income per employee one year ahead of schedule. To achieve further growth, however, we must strengthen our workforce by cultivating talent capable of identifying the root causes of market and client challenges, engaging people across Company and organizational boundaries from a Groupwide optimization perspective, and creating value. By systematically developing such talent and elevating their capabilities into organizational capabilities, we will further enhance the growth potential of the Group.

Q2. How do you think advances in AI will affect talent and organizational capabilities going forward?
The Group sees the AI-driven transformation of industrial structures as a significant growth opportunity. In an era where AI becomes the norm, the need for the unique human ability to create value—to envision business transformation and integrate technology with operational expertise to drive results—will become even greater. At the organizational level, as well, we need the ability to combine employees' operational expertise with AI and channel those results into value creation for the entire organization. To address these changes, we have positioned AI proficiency as a foundation for value creation and are establishing AI skill definitions and systematic training programs. Furthermore, we are turning proprietary know-how developed at the forefront of such areas as AI agent utilization and AI-driven development into intellectual property and have begun developing it into practical training assets. By combining our longstanding business expertise with the power of AI, we will build organizational capabilities that continuously generate high added value.

Financial Investment Strategy
Message from Director in Charge of Finance

We are well aware of the gap between market expectations and our current position. By highlighting value creation underpinned by the alignment of financial capital and business strategies, we will turn long-established trust into a cornerstone of growth and once again become a company of choice once again.



Financial Policy: Basic capital policies

Realize sustainable improvement in corporate value through the creation of an optimal capital structure that balances efforts to leverage growth investments, ensure financial health and enrich shareholder returns from a medium- to long-term management perspective

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



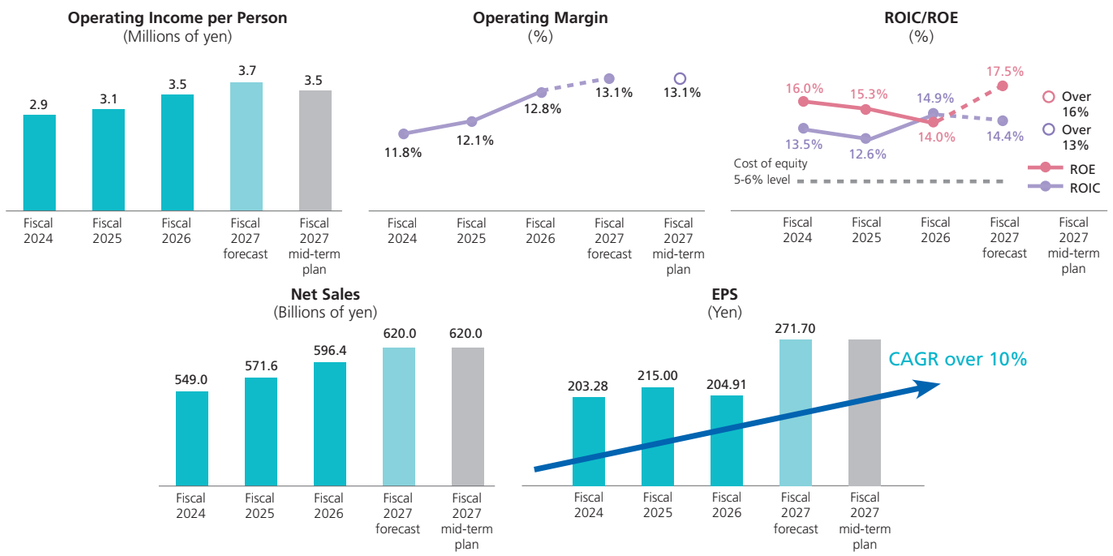
Masakazu Kawamura
TISI Managing Executive Officer,
Division Manager of Corporate Planning SBU

Q1. You've completed the second year of the medium-term management plan. When the plan was first announced, management came under criticism for setting the bar too high—that stated goals were not realistic. Where does progress stand now?

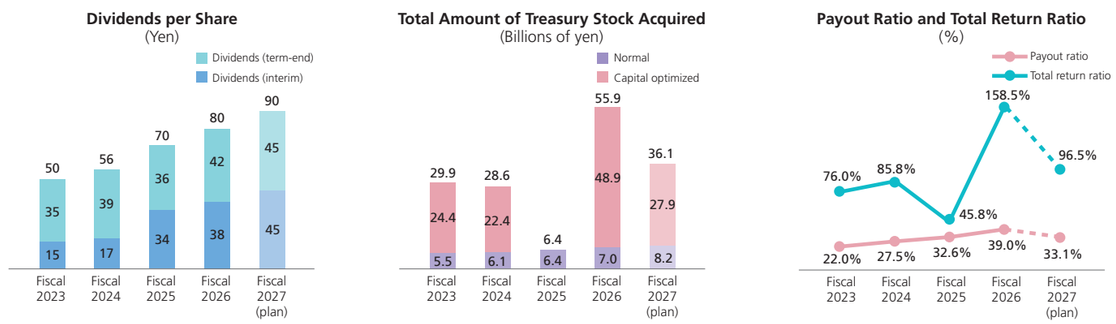
A1. When the medium-term management plan was first announced, we, too, recognized the challenging journey that lay ahead and that, from a market perspective, we had set the bar quite high. We knew that reaching our performance targets would require a significant leap as we approached the final year rather than simple linear increases over the three years of the plan. Against this backdrop, as we marked steady business growth in the first and second years of the medium-term management plan, the market's harsh view of our prospects gradually softened. Market consensus improved and became more positive. I'll go into detail later, but let me say here that we are actively promoting financial measures, and we believe we are making steady progress, having reached a stage where we can demonstrate our commitment to achieving stated targets by setting key performance indicators, such as ROE and EPS, for fiscal 2027 as guideposts on our journey.

However, profit attributable to owners of parent for fiscal 2026 fell short of our target and came in below the previous fiscal year as well, owing to impairment losses and provisions related to pending litigation. This is a key management issue and one we take very seriously. Nevertheless, in regard to return to shareholders, we increased dividends in line with business growth, in accordance with our shareholder return policy, which calculates the total payout ratio based on profits from operating activities after deducting income taxes and non-controlling interests. As a result, dividends charted upward for the 14th straight year and exceeded initial expectations. So, while challenges remain, we see fiscal 2026 as a year of steady progress through continued business growth.

Progress on Key Management Indicators



Status/Targets for Return to Shareholders



Dividend Payout Ratio and Total Return Ratio Trends Based on the Shareholder Return Policy

Payout ratio (adj.)*1	30.3%	30.7%	35.7%	35.3%	35.0%
Total Return Ratio (adj.)*1, 2	44.0%	44.9%	49.8%	49.0%	50.0%

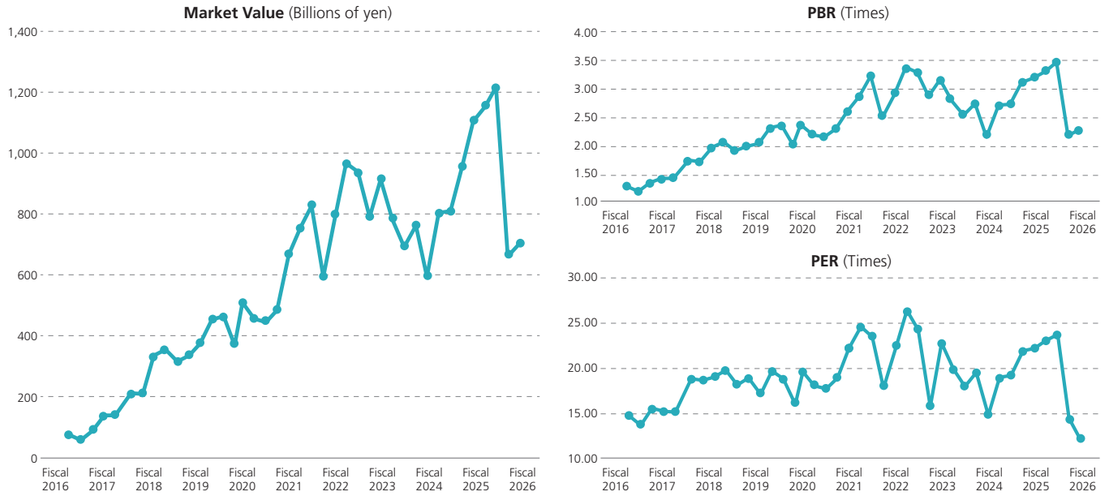
*1 Calculated based on profit from operating activities after income taxes and profit attributable to non-controlling interests.
*2 Calculated excluding treasury stock buybacks for capital structure optimization.

Q2. Concerns about AI disruption have created a more pessimistic outlook for the IT services industry as a whole. The medium-term management plan may be unfolding nicely, but what do you make of this market environment?

A2. Execution of the medium-term management plan is progressing smoothly, and we have reinforced the foundation of corporate value in terms of enhanced profitability and capital efficiency. However, perceptions regarding the business model used by system integrators have shifted since early in 2026 against the backdrop of advances in AI. There is a growing sense of uncertainty that the value provided by system integrators will be replaced over the medium to long term, and that business performance will be eroded in the short term. I believe market sentiment toward the entire industry—and we are no exception—took on a more cautious tone. As a result, a gap appeared between corporate value and market expectations—a situation I feel stems not so much from an assessment of our current business performance but rather from different perspectives on our medium- to long-term growth potential. In other words, a discrepancy currently exists between intrinsic corporate value, reflecting the medium- to long-term growth we have assumed to date, and growth potential perceived by the market. From our perspective, a key reason for this is that the market has yet to properly evaluate the kind of value we can continue to deliver going forward or our ability to maintain and accelerate growth given advances in AI.

During fiscal 2026, our emphasis was on communicating initiatives for medium- to long-term growth and engaging in dialogue to ensure that our strategies were understood. In July 2025, the decision to merge TIS and INTEC was made and announced, and in October 2025, a concrete vision for the core company—TISI—was defined, with a goal to generate more than ¥60 billion in sales through merger synergies. Then in March 2026, management decided to implement a flexible share buyback scheme, underlining its commitment to improving corporate value from a financial strategy perspective. A dual approach using both business and financial strategies is needed to increase corporate value. In addition to communicating our growth strategy, we began putting into place integrated financial measures conscious of capital efficiency. Then, in May 2026, perceiving changes in industry structure driven by AI as a huge opportunity for growth, we announced growth expectations for the Group—consolidated net sales at the ¥1 trillion mark and operating income exceeding ¥150 billion by fiscal 2033. Ahead of the announcement of the next medium-term management plan, scheduled for May 2027, management has already revealed the strategic direction under the new plan. This not only outlines a path toward achieving the goals of our current medium-term management plan but also signals that we have entered a phase for dialogue with capital markets on the direction of future growth.

Market Valuations



Q3. Despite commendable efforts to implement growth strategies and financial measures, a gap appears to remain between these efforts and the market's assessment of corporate value. This begs the question—again—have efforts to date been somehow lacking?

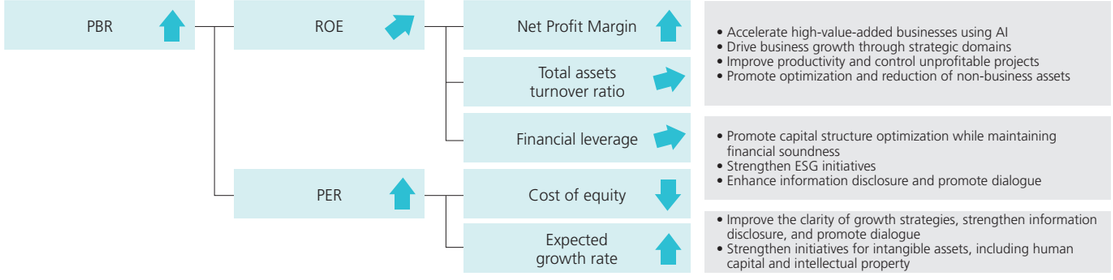
A3. We place a high priority on enhancing corporate value based on PBR. We analyze capital efficiency in terms of ROE and PER, and further break down PER into its components—cost of capital and growth expectations. We seek to maintain and improve capital efficiency through business growth and financial measures, and we believe we have laid a solid foundation in this regard. At the same time, we acknowledge that our current challenge lies mainly in PER—specifically, the ability to cultivate growth expectations.

To reduce cost of capital—the other component of PER—from a balance sheet management perspective, we have promoted repurchase of treasury stock while streamlining strategic shareholdings and closely monitoring our cash position. This approach has prevented an excessive rise in the equity ratio and helped us optimize our capital structure while ensuring financial health. The balance sheet carrying amount of strategic shareholdings amounted to ¥20.2 billion as of the fiscal 2026 year-end, on March 31, 2026, representing 6.0% of consolidated net assets, and thus below the 10% target level.

Meanwhile, our expected growth rate isn't rising, and our PER remains an issue in need of a solution. There's a gap between the market's expectations and our own assessment of growth. Bluntly speaking, I think our stock is trading at a significant discount. What caused this? First—concerns about AI disruption across the whole IT services industry, as I mentioned earlier. Second—an insufficient effort on our part to establish a clear view of TISI as a company—and the TIS INTEC Group as a corporate group—that integrates AI into its growth strategy to enhance the value provided to clients. One contributing factor is a lack of quantitative information, such as the extent to which AI has been adopted into which areas and the KPIs used to measure progress and impact. Also, the Group portfolio includes outsourcing and on-site operations at client premises—business pursuits we consider essential—and a certain perception runs in the market that these pursuits could be negatively impacted by AI. The fact that we haven't properly articulated how these businesses will evolve and what role they will play as adoption of AI becomes more widespread is, given the diversity of the Group portfolio, what I believe is the root cause of the discount situation. In talking with market participants, I sense they don't know us very well at all. We need to go beyond simply highlighting our strengths to ensure the market truly understands our business structure, market positioning and the value we provide. Compounding these factors is a skewed view of earning power. This is because, even though business results have charted upward and on track to targets stated in the medium-term management plan, sales growth and improvement in the gross profit margin have been modest in recent years. However, as I already mentioned, we remain tireless in our efforts to achieve medium- to long-term growth, and in regard to profitability, we are firmly committed to a management approach that prioritizes future-oriented investments, including investment in human resources, rather than chasing short-term profits. In particular, we consider efforts to enrich human capital—the source of competitive advantage in the age of AI—to be a strategic investment. We seek to create value that hinges on human involvement, underpinned by the ability to envision business transformation and integrate technical expertise with operational insights to deliver results. We believe these efforts will bring sustainable depth to human capital and enhance corporate value.

The market's lack of understanding about our business model, business structure and value proposition, as well as low expectations regarding our ability to generate profits, are significant discount-fueling factors stemming from internal issues that we ourselves must address. We aim to resolve these issues as soon as possible by sharpening the strategic clarity of measures to achieve top-line growth driven by merger synergies and our long-term vision for the Group. We will demonstrate this ability through actual results, engage often with market participants, and strive to further refine this approach.

Overview of Corporate Value Improvement Targets under Medium-Term Management Plan (2024–2026) and Key Points of Initiatives



Q4. In fiscal 2026, even with a proactive capital policy in place, then-TIS initiated the largest repurchase of treasury shares in the Company's history. Can you provide some background to the decision and the purpose of the share buyback?

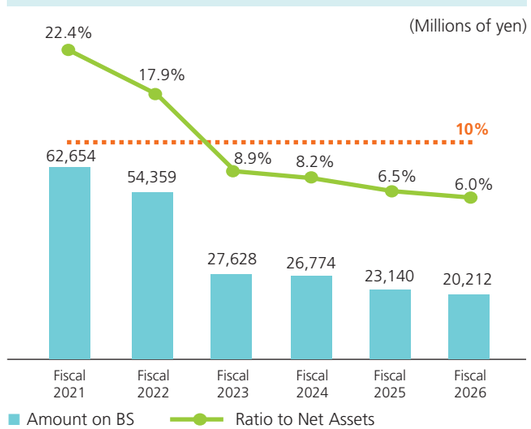
A4. We are deeply committed to enhancing value for our shareholders and have consistently utilized share buybacks as a means to achieve this. This approach also aligns with balance sheet management objectives, such as optimizing capital structure and improving capital efficiency.

In fiscal 2026, we executed our largest repurchase of treasury stock ever under a flexible capital policy designed for agility amid changes in the business environment to improve shareholder returns and capital efficiency. First, in May 2025, management resolved to repurchase treasury stock equivalent to a total of ¥42 billion—¥7 billion to maximize shareholder value and ¥35 billion to optimize our capital structure. In line with this decision, we completed the repurchase of approximately ¥42 billion worth of shares between May 2025 and December of that year. Of this amount, the ¥35 billion portion tapped to optimize our capital structure was cancelled in February 2026, in accordance with our shareholding policy and to allay concerns regarding future dilution. Then, in March 2026, management approved an additional measure to repurchase treasury stock worth ¥50 billion in total. This measure includes planned repurchases based on our shareholder return policy of a 50% total return ratio and exemplifies agile decision-making free from the constraint of traditional timing to financial results announcements. Our growth strategy—which takes widespread adoption of AI into account—could lead to enhanced corporate value over the medium to long term. Based on this assumption, I believe the market has yet to fully reflect our intrinsic corporate value into current stock price as we see it. Management felt additional measures were needed sooner than later and that they would inevitably reinforce our ability to achieve the targets set in our medium-term management plan, notably, ROE above 16% and an EPS growth rate exceeding 10%.

Behind our agile decision-making is the direct, head-on approach we've taken to enhance corporate value with a focus on stock price. It reflects the fact that we don't view market feedback as a mere external evaluation but rather as a guide for improvement. The sharp decline in our stock price since early 2026 caused shareholders and investors considerable concern and has, in fact, elicited some harsh criticism. Our market capitalization, which topped ¥1.2 trillion at the end of 2025, fell below ¥700 billion at times, so concerns from a stakeholder perspective are entirely justifiable. I myself felt a strong sense of crisis and frustration, and to fulfill my responsibility as a bridge to the market, I shared feedback with the Board of Directors and made stakeholder concerns a discussion priority. External directors have also engaged in direct dialogue with shareholders and investors and thus have a two-front understanding of market expectations and issues requiring the Company's attention, which sets the stage for in-depth discussions by the Board of Directors. This has resulted in faster, smoother decision-making on measures to help improve corporate value.

We see these share buybacks not merely as a form of returning value to shareholders but as a process that pushes corporate value higher. Going forward, we will continue to take a flexible approach to the implementation of capital policy that improves capital efficiency and enhances value for shareholders with due consideration to balance sheet management and dialogue with market participants.

Status of Cross-Shareholdings



Q5. TISI maintains a robust capital policy, epitomized by the recent share buybacks. But what about overall cash allocation, particularly in terms of balancing that with growth investments? And how do you explain M&A and investment activity that deviates from stated plans?

A5. Our basic approach to cash allocation is to direct funds in a timely and appropriate manner into investments that will drive corporate value higher. In making any decision, we carefully consider the balance between promoting growth investments, ensuring financial soundness, and strengthening shareholder returns to achieve sustainable improvement in corporate value, in accordance with basic financial and capital policy.

The IT services industry, to which TISI belongs, is poised to capitalize on strong demand for IT investment. But the competitive landscape will likely undergo rapid transformation in the near term against the backdrop of advances in AI. In this environment, we know that enhancing the value we provide to our clients and sharpening our competitive edge will become increasingly important. Therefore, we will utilize the TIS-INTEC merger to consolidate management capital and accelerate growth. At the same time, our emphasis on actively exploring and promoting M&A and investment opportunities that lead to discontinuous growth remains unchanged.

That said, investment timing and scale vary significantly from transaction to transaction, and it's not our practice to evaluate progress from a spending perspective by prorating allocation evenly across a particular timeframe. Our investment budget was set at ¥70 billion over three years, and so far, we have allocated a total of ¥13.7 billion in the first two years. We don't consider this to be an indication of delayed progress. Rather, our priority is on careful selection of investment targets with the potential for returns exceeding the cost of capital while maintaining investment discipline.

Also of note, while our proactive share buyback agenda in fiscal 2026 caused an increase in cash outflows to cover dividends and share repurchases, the funds used didn't come from our growth investment budget but instead reflect the implementation of additional capital measures based on our balance sheet situation and market conditions. I believe flexibility is essential when implementing capital policy so as not to miss opportunities. With regard to cash allocation, the plan is to be flexible here as well, tapping an optimal amount for measures that will contribute to enhanced corporate value while taking into account our current cash position and financial condition.

With this in mind, we aim to strike a balance between growth investments, shareholder returns and financial discipline, and demonstrate our approach to cash allocation and practical implementation of associated measures through concrete results.

Status/Targets for Cash Allocation

Progress	Medium-Term Management Plan (2024–2026): Latest Three-Year Cumulative Plan			Progress	
	Cash in	Cash out		Fiscal 2025–Fiscal 2026 Actual	Fiscal 2027 Plan
Steady Progress Toward Medium-Term Plan Targets Operating income (¥billion) Operating income per person (¥million) 69.0 / 76.2 / 81.0 3.1 / 3.5 / 3.7 Fiscal 2025 / Fiscal 2026 / Fiscal 2027	**Cash Generation from Business Operations**	**Growth Investment ¥100 billion**	**M&A Investment ¥70 billion**	**¥13.7 billion**	Not yet determined (Active consideration)
			HR R&D SW ¥30 billion	**¥23.0 billion**	¥13.4 billion
		Capital Expenditures ¥65 billion		**¥41.1 billion**	¥22.2 billion
• Sale of investment securities • Maintain appropriate cash and deposit levels with capital efficiency in mind	**Asset Optimization/Financing** **Use of Cash on Hand**	**Dividends and share buyback ¥150 billion**		**¥96.8 billion**	¥55.0 billion

Q6. In closing, do you have a message for shareholders and investors?

A6. We aim to create social and economic value through management guided by OUR PHILOSOPHY—the Group's basic philosophy—and also contribute to a sustainable society and realize enduring improvement in corporate value.

I recognize—we all do—that fiscal 2026 was a year in which perceptions about TIS—and TISI—shifted amid changes in the market environment. Within this context, we have advanced initiatives to increase corporate value by hitting our performance targets, implementing agile capital policy, and then communicating our medium- to long-term growth strategy and engaging in dialogue to deepen understanding. These initiatives revolve around the core concept of a virtuous cycle: promoting integrated measures from both a business and financial perspective and using robust growth investments to fuel our cash-generating capacity, which leads to healthier shareholder returns. Going forward, our top priority is to steadily invest for growth, including investment in human resources, and to use the results gained to drive further growth and deliver higher shareholder returns. Cash allocation for enhancing corporate value is of the utmost importance. We will drive a scalable, sustainable and accelerated virtuous cycle with faster decision-making under the One Company management structure established through the merger that created TISI. Comments and opinions shared by shareholders and investors during dialogue opportunities have provided extremely valuable food for thought that we use to improve management practices. We have always considered stakeholder perspectives when making important decisions and taking action, and we will continue to do so in the future.

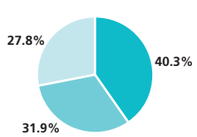
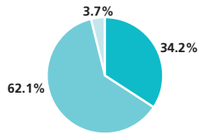
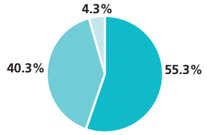
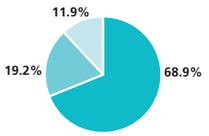
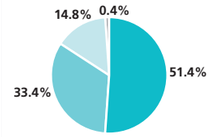
Market conditions have changed, and partly due to that, the market's assessment of our corporate value doesn't align right with our own view. But there have been times in the past when the market's assessment demonstrated high expectations regarding our competitive advantages and growth potential. I believe the current situation leaves room for reevaluation, and we intend to regain market confidence by eliminating the discount and creating new competitive advantages and growth potential.

We will continue to engage in dialogue with stakeholders, using these opportunities as a touchpoint for presenting and explaining initiatives—our own and of the Group as well—and we will strive to meet expectations. Ultimately, we want to be recognized as a company that has the market's trust and inspires confidence in a bright business future, and to remain a company of choice.

Business Strategies by Segment

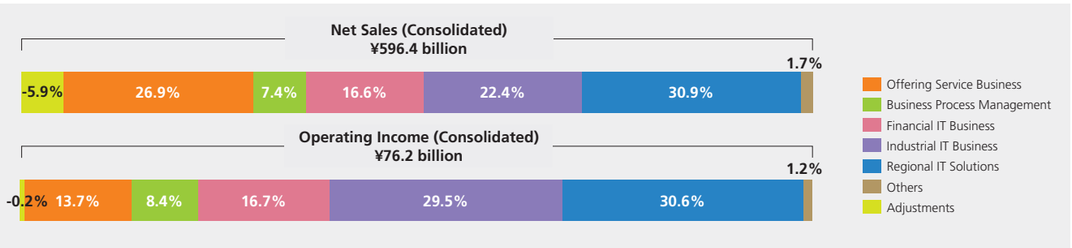
The TIS INTEC Group operates across five segments: Offering Service Business, Business Process Management, Financial IT Business, Industrial IT Business, and Regional IT Solutions. We define clear authority and responsibility for segment leaders and pursue growth strategies that leverage the strengths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

Fiscal 2026 Segment Review

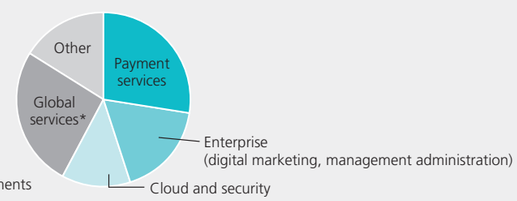
Segments		Offering Service Business	Business Process Management	Financial IT Business	Industrial IT Business	Regional IT Solutions	Other	Adjustments	Total (Consolidated basis)
Net Sales (Millions of yen)		160,574	44,092	98,730	133,396	184,238	10,397	–34,951	596,479
Operating Income (Millions of yen) **(Operating Margin)**		10,442 (6.5%)	6,397 (14.5%)	12,729 (12.9%)	22,507 (16.9%)	23,328 (12.7%)	940 (9.0%)	–117	76,229 (12.8%)
Segment Assets (Millions of yen)		218,290	17,254	70,579	74,479	130,829	18,401	21,672	551,507
Number of Employees at Year-End		5,812	2,182	1,887	3,795	7,197	725	—	21,598
Per Person	**Net Sales** (Millions of yen)	27.6	20.2	52.3	35.1	25.5	14.3	—	27.6
	Operating Income (Millions of yen)	1.7	2.9	6.7	5.9	3.2	1.2	—	3.5
Net Sales by Business Category							—	—	

Fiscal 2026 Business Results by Segment

*Segment sales include intersegment sales.

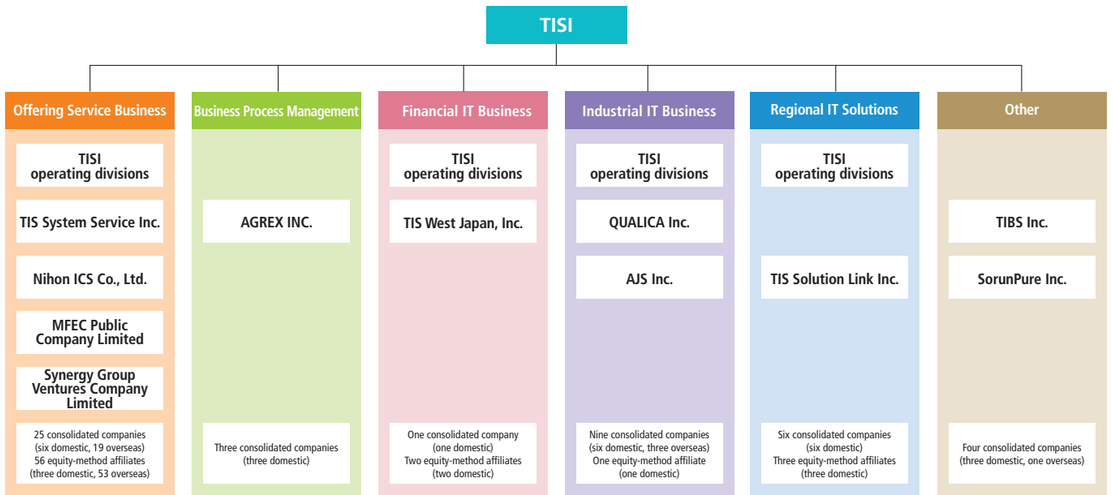


Business composition of Offering Service Businesses



*Partial transactions are recorded under other segments

Group Formation (As of July 1, 2026)



Offering Service Business

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

Message

We will translate investments in growth areas into tangible results, accelerating the growth of our service-based business and improving profitability.



Kiyotaka Nakamura
TISI Director, Senior Managing Executive Officer

Business environment

- Cashless market continues to grow.
- Amid trend toward decrease in commission fees, next-generation payment options, such as account-to-account (A2A) and central bank digital currency (CBDC), will become more widespread in the medium to long term.
- Demand for business administration and cloud computing services will continue to grow, along with greater need among corporate clients to use AI and data analysis to underpin business growth.
- There is much room for growth in ASEAN despite the uncertain global situation.

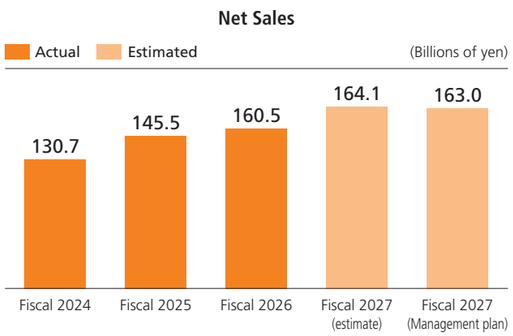
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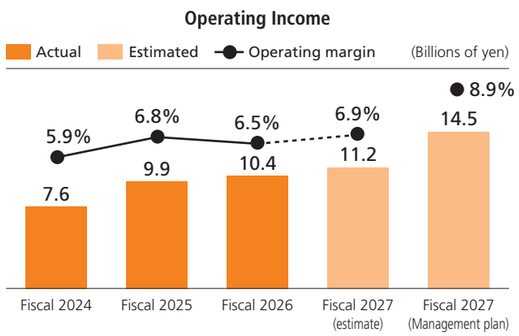
- Ability to utilize industry knowledge accumulated through systems integration operations and provide upfront investment-style services incorporating universal services as standard features.
- Solid quality, cost and delivery (QCD) management capabilities built on experience in large-scale systems configuration.

Issues in focus

- Need to maintain high growth rate and improve profitability.
- Must accelerate shift toward recurring business, driven by payment services.
- Need to provide comprehensive lineup of offering services, from consultations to IT delivery, to achieve higher added value.
- Transformation of value proposition in traditional SaaS due to the rise of AI agents (provide function → provide results)

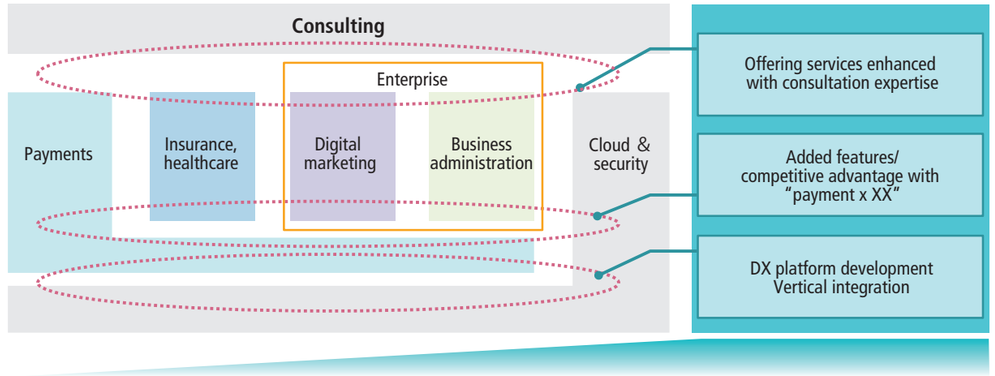
Changes in Net Sales and Operating Income





Growth Strategies of Medium-Term Management Plan (2024–2026)

Basic direction



Offering services enhanced with consultation expertise	• Reinforce consultation expertise • Provide even more comprehensive lineup of offering services, from consultations to IT delivery
Competitive advantage with "payment x XX"	• Enhance the value of payment services by integrating additional features with our core payment settlement capabilities, and strengthen competitiveness in high-demand areas such as healthcare and digital marketing
DX platform development Vertical integration	• Develop platforms that deliver services, accelerate time-to-market, and enhance responsiveness to change • Promote integration between business/function layer and infrastructure layer to increase added value

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

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

Q&A

Q1: How do you evaluate the first two years of the Medium-Term Management Plan (2024–2026)?

We achieved two consecutive years of growth in both net sales and operating income, maintaining our growth trajectory. However, the operating margin declined from 6.8% in the first year to 6.5%, mainly due to upfront investments made in anticipation of increased service usage. We therefore regard improving profitability as a key challenge.

Despite these challenges, we have made steady progress over the past two years in transforming our business model, centered on the shift to IT & Business Offering Service (IOS). We are making progress in implementing our key strategies, including initiatives to create value centered on our core strength in payment processing, as well as the provision of AI-powered services and the development of a digital transformation (DX) platform.

Q2: As you enter the final year of the plan, what are your thoughts on future growth?

In the final year of the medium-term plan, our top priority will be improving profitability and turning the initiatives we have pursued to date into tangible results. We will concentrate management resources on high-growth, high-margin services and enhance the profitability of our service-based business through AI, standardization, and greater use of common frameworks, while maintaining sales growth.

We will also actively leverage generative AI as an engine for creating value for our clients and the market, accelerating our transition to an AI-driven business. By creating new offerings that combine AI, data, and industry expertise, we will evolve this into a business model that drives the Group's growth.

Business Process Management

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

Message

With business process transformation and enhanced CX as the two drivers, we will advance the integration of people and IT and accelerate the transition to an advanced BPM business.



Kiyotaka Nakamura
TISI Director, Senior Managing Executive Officer

Business environment

- Demand for labor-intensive, simple outsourcing, such as data entry work, is shrinking due to digital advances, but demand for services to digitize business processes is brisk.
- The CX domain remains strong as AI drives continued market expansion.

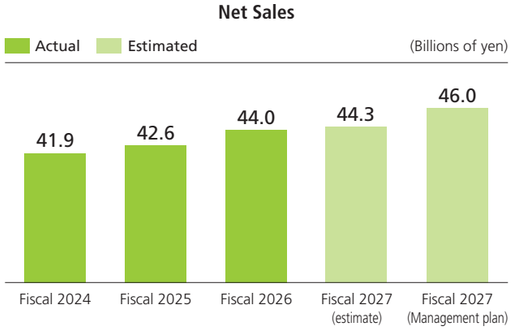
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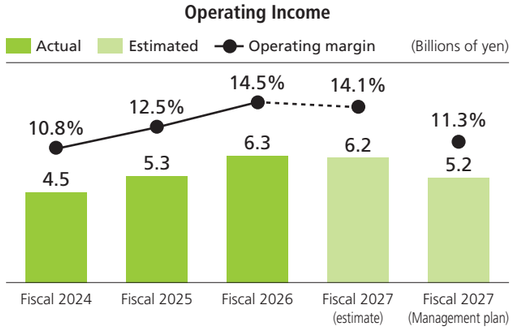
- Ability to deliver BPM that optimizes entire business processes through the combined deployment of BPO and SI.
- Proprietary methodology that systematizes BPO expertise accumulated over half a century of practical experience.
- In-house system development capabilities with particular strength in the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

Issues in focus

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

Changes in Net Sales and Operating Income



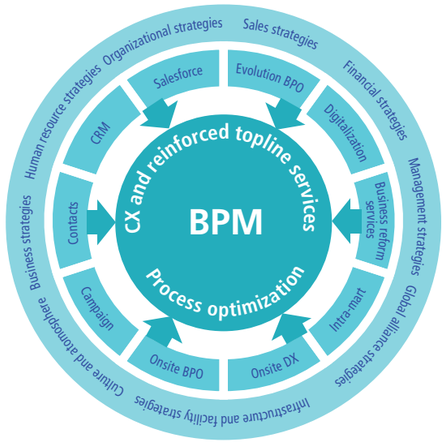


Growth Strategies of Medium-Term Management Plan (2024–2026)

Basic direction

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

Field	✓ Provide BPM services that enhance business processes
Style	✓ Offer hybrid human–IT solutions ✓ Build enduring partnerships that share management challenges while transforming outsourced operations themselves (SPB model)
Services	✓ Provide comprehensive services that integrate operations and IT by tailoring solutions to client challenges through consultations (such as BPMN and process mining) and by conducting modeling and strategy formulation



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

- Create synergies across the Group by combining AGREX's BPM expertise with IT solutions to deliver high-value administrative services.
- Shift the business focus toward client experience (CX) and value-enhancing services, differentiating ourselves from competitors through superior value creation rather than cost competitiveness. Continuously refine the areas in which we deliver value to maximize outcomes for clients.
- Build strategic partnerships with clients while strengthening our track record of delivering more effective and efficient BPM services. Transform co-creation initiatives into business models and expand the client base through collaborative development efforts.

Q&A

Q1: How do you evaluate the first two years of the Medium-Term Management Plan (2024–2026)?

We are making steady progress in the shift to advanced BPM services, a key theme of the current medium-term plan. We are also seeing tangible results through the rollout of specific services, including our "BPM-QuickWin Service," which provides end-to-end support from planning to the implementation of business process reforms.

In terms of profitability, structural reforms and the optimization of SG&A expenses have resulted in operating income and the operating margin exceeding our targets, significantly improving our earnings structure. In addition, our DX business continues to expand on the back of growth in existing services, and we believe we have established a foundation for further accelerating the transformation of our growth model.

For more information on the BPM-QuickWin Service, click here ▶ https://www.agrex.co.jp/service/detail/BPM-QuickWin-service.html (Japanese only)

Q2: As you enter the final year of the plan, what are your thoughts on future growth?

We view the final year as an extremely important one in which we will move into the growth phase, building on the foundation we have established through our efforts under the current medium-term management plan. To accelerate our shift to advanced BPM services, we will build on our strength in integrating people and IT, with business process transformation and enhanced CX serving as the twin engines of growth. Through these efforts, we will work side by side with our clients at the frontlines, supporting them through implementation and execution while providing high-value-added services that contribute to their business growth. We will also further strengthen our management foundation through the use of AI agents, investment in talent, and stronger collaboration within and beyond the Group, thereby driving sustainable growth and enhancing corporate value.

Financial IT Business

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

Message

By harnessing our collective strengths in the financial sector, we will accelerate business development across client groups and industries and translate these efforts into sustainable growth.



Hidehiko Shimoyama
TISI Senior Managing Executive Officer,
Division Director, Financial Industry SBU 1

Business environment

- Fintech market is bustling thanks to greater interest in cashless payment and online banking as well as an increase in online investment.
- Seeing accelerated pace of entry by non-financial companies into finance industry and greater collaboration among participants as embedded finance gains momentum.
- With the full-scale emergence of a "world of interest rates," there is a growing need for initiatives to attract deposits and new accounts, as well as the creation of new services.
- Migration from host legacy systems to open, cloud-based systems in full-swing as companies seek to cut costs and improve serviceability.

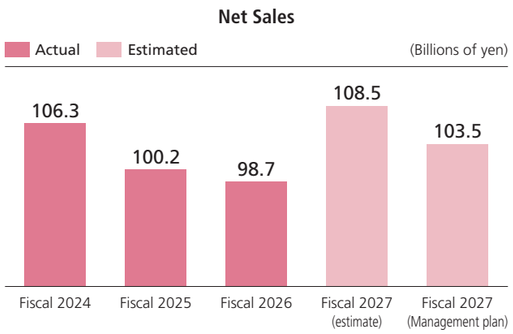
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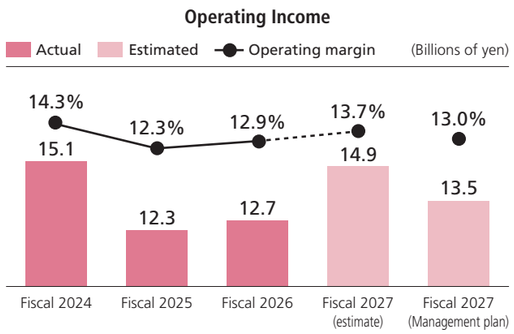
- Overwhelming share in developing credit card–oriented core systems and providing services related to branded debit cards.
- High-level technologies and know-how accumulated through core system development and operation for large credit card companies.
- Strong relationships of trust built with core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

Issues in focus

- Determining a new growth driver following financial modernization.
- Need to reinforce co-creation opportunities with existing clients.
- Must diversify client base by applying Group strengths and know-how to services for wider demand market.

Changes in Net Sales and Operating Income





Growth Strategies of Medium-Term Management Plan (2024–2026)

Basic direction

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

Existing client sectors	■Return to growth after number of active large-scale projects peaked. ■Maintain segment strengths of quality and reliability in financial IT services offered while maintaining steady progress on large-scale projects still ongoing. ■Deepen and transform relationships with clients through co-creation approach to new business opportunities.
Grow service-driven businesses	■Accelerate cross-selling within and beyond the segment, and focus on expansion of all service-driven businesses. ■Continue active investments in Financial IT Business to create services.
Cultivate new domains and attract new clients	■Initiate full-scale launch of system modernization business for clients in finance sector. ■Make proposals to existing clients, and create synergy across entire segment. ■Stay ahead of new technologies to help clients launch new businesses and improve operating efficiency.

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

- Deepen relationships and expand business prospects through dialogue and co-creation with existing clients.
- Use system modernization service to attract new core clients.
- Expand client base by applying accumulated high-quality system support capabilities in other industries.
- Acquire new clients and strengthen organizational structures for business expansion.

Q&A

Q1: How do you evaluate the first two years of the Medium-Term Management Plan (2024–2026)?

When we formulated the plan, we expected to post declines in net sales and operating income as large-scale development projects passed their peak. At the same time, we sought to lay the foundations for our next phase of growth through modernization. Although net sales declined year on year in fiscal 2026, signs of recovery are emerging, such as an increase in operating income. In light of this progress, we have set targets for the final year of the medium-term plan that exceed our initial targets when the plan was formulated.

In addition to deepening relationships with core clients through the successful completion of large-scale development projects, we are making steady progress in expanding business in the leasing sector through modernization, developing new Strategic Partnership Business (SPB) candidates, and extending our services to the former INTEC client base.

Q2: As you enter the final year of the plan, what are your thoughts on future growth?

We view this final fiscal year as a time to translate the momentum toward renewed growth—gained through our efforts to date—into tangible results. We will further strengthen our growth foundation by combining our enhanced capabilities in the financial sector, resulting from the merger, with the planning, sales, and consulting capabilities of the newly established Financial Business Promotion & Sales Division. Building on this momentum, we will leverage the tailwind of a return to a "world with interest rates" to capture the transformation needs of financial institutions and the increasing importance of the security domain, with the aim of accelerating business development at the client group and industry level. We will also leverage generative AI across development, maintenance, and operations to improve productivity, quality, and profitability and drive sustainable growth.

Industrial IT Business

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

Message

We will enhance the value we deliver to our clients, leveraging our accumulated business expertise and IP to drive further business growth and improve profitability.



Satoru Tayasu
TISI Managing Executive Officer,
Division Director, Industry & Public Sector Solutions SBU

Business environment

- DX demand continues, with interest from clients in a wide range of industries.
- System upgrade demand continues, especially requests for system modernization and ERP.
- The need for AI and digital technology applications is expanding for business reform and new business creation.
- Impacts of geopolitical risks, resource price fluctuations, and protectionism require close monitoring, particularly in the manufacturing sector.

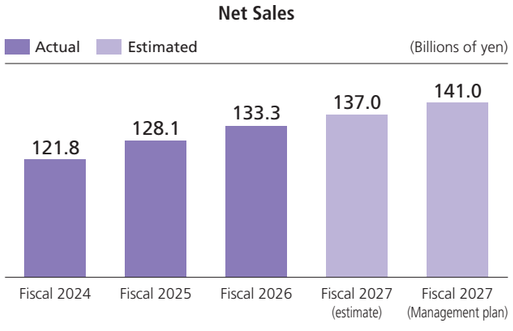
Strengths

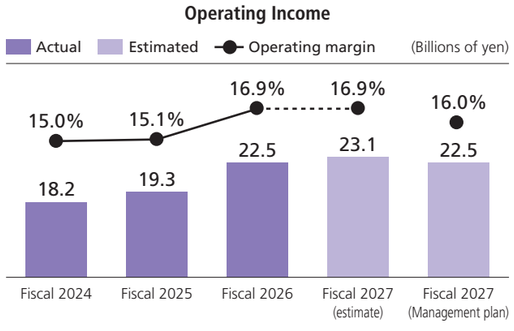
- Industry and administrative insights and IT utilization know-how accumulated through services for wide range of clients.
- System integration, modernization services and core ERP configuration capabilities.
- Relationships of trust with clients built through high-quality system responses.

Issues in focus

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

Changes in Net Sales and Operating Income

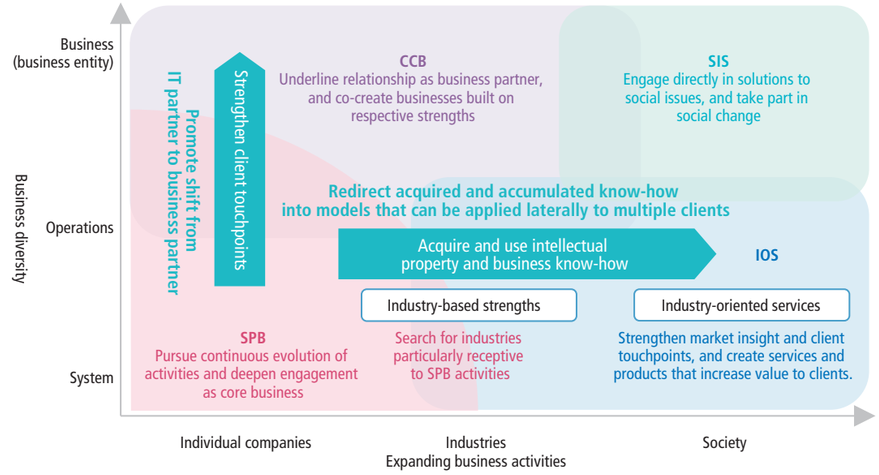




Growth Strategies of Medium-Term Management Plan (2024–2026)

Basic direction

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



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

- Leverage strength of extensive client base to reinforce industry-specific approach, and promote further development of client base and services with focus on manufacturing, energy and social infrastructure–related industries.
- Actively develop strengths, especially in regard to system modernization, BPO (pertaining to IT), ERP, consultation and client business support, and secure growth trajectory by eliciting new demand from existing clients and attracting attention of new clients.
- Continuous investment in human capital and management resources, and accelerated implementation of initiatives for sustainable growth.
- Strengthen collaboration with development partners and strive for improvements in quality and productivity to underpin stable business evolution.

Q&A

Q1: How do you evaluate the first two years of the Medium-Term Management Plan (2024–2026)?

By steadily capturing IT investment demand across a broad range of industries, including manufacturing, distribution, energy, and services, we achieved two consecutive years of growth in both net sales and operating income. Although we encountered challenges with some projects, we have established a path to sustainable business growth by deepening client relationships and advancing large-scale ERP and modernization projects. In fiscal 2026, we also achieved the operating income target set out in our medium-term management plan—one year ahead of schedule.

On the industry front, we are steadily advancing initiatives to create new co-creation businesses and strengthen our solutions while also revamping our business promotion framework.

Q2: As you enter the final year of the plan, what are your thoughts on future growth?

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

Regional IT Solutions

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

Message

Building on trusted relationships with our clients, we will drive further growth by combining IT professional services with solutions.



Kenji Horiuchi
TISI Senior Managing Executive Officer,
Division Director, Regional IT Solutions SBU 1

Business environment

- Demand for IT is strong in various sectors, notably, government administration, healthcare and manufacturing, driven by government-led DX and smart city initiatives.
- Generally favorable business results across finance industry, encouraging major companies, including banks, insurers and securities firms, to invest more in IT.
- Need for regional collaboration and data integration in healthcare sector increasing as population ages to ensure patient safety.

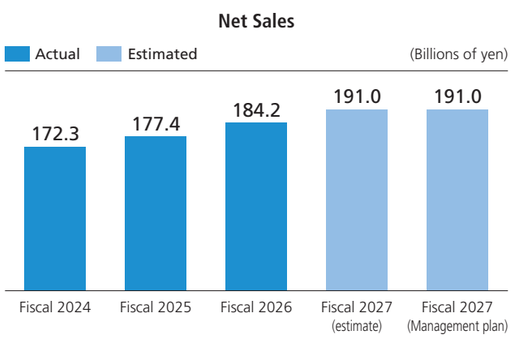
Strengths

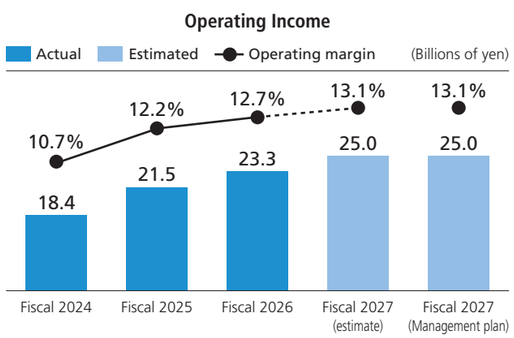
- Extensive industry representation in client base, including local governments, financial institutions, manufacturers, service providers and aerospace companies from across Japan.
- Business insights cultivated through fusion of network integration and system integration, synergy with unique services,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

Issues in focus

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

Changes in Net Sales and Operating Income





Growth Strategies of Medium-Term Management Plan (2024–2026)

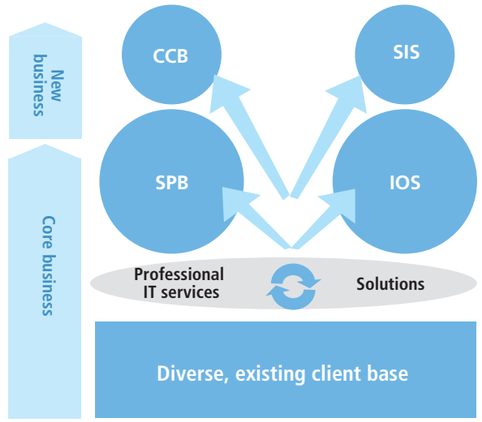
Basic direction

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

Business areas where segment can demonstrate strengths

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

Business Vision / Business Image



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

- Shift to a more profitable and more productive business structure by leveraging integration of professional IT services and solutions, and increasing sales from SPB activities, which involve key large clients as strategic partners, and IOS activities, which focus on original solutions, as percentage of overall net sales. Aim for value creation through co-creation with cross-industry clients in each region.
- Establish a solid business foundation by further strengthening quality management. Review and improve quality management processes while implementing training programs aimed at enhancing employee skills, and establish a system that actively incorporates feedback from clients, as a trusted top brand known for quality.

Q&A

Q1: How do you evaluate the first two years of the Medium-Term Management Plan (2024–2026)?

The proportion of net sales accounted for by major key clients and priority services—which contribute to improving the strategic domain ratio—has steadily increased over the past two years, advancing the transition to a more profitable business structure. In fiscal 2026, we faced challenges with some individual projects, with operating income falling short of our target due to changes affecting public-sector projects. Thanks to improvements in quality management, however, the number of unprofitable projects decreased across the entire segment, and both net sales and operating income reached record highs for the second consecutive fiscal period. Drawing on our broad client base across diverse industries and regions and our extensive business expertise, we captured strong IT demand and made steady progress toward achieving the targets of the medium-term management plan.

Q2: As you enter the final year of the plan, what are your thoughts on future growth?

To achieve the targets of the medium-term management plan, we will deepen engagement with major clients and further accelerate the expansion of our priority services.

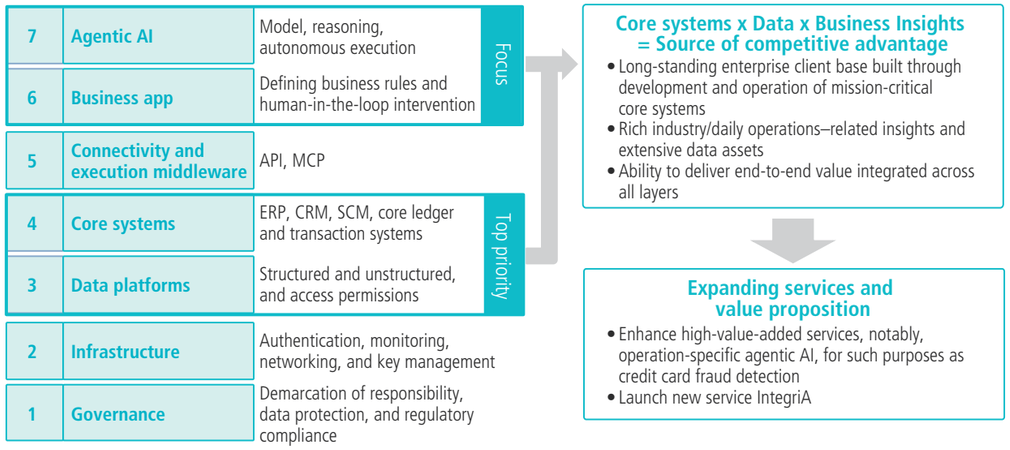
Moreover, as the business environment reaches a turning point amid advances in AI and accelerating digitalization, the trusted relationships with our clients and business expertise we have cultivated over many years represent value that cannot be replaced overnight. We believe the opportunities to leverage these strengths will continue to expand. At the same time, achieving breakthrough growth will require transformation. One key initiative is to make AI a partner, leveraging it across every area of our business, including development, sales, and quality management. We aim to simultaneously improve productivity and the value we provide, making this a driver of future growth.

Direction of Future Growth

As a new competitive landscape takes shape, driven by advancements in AI and industry consolidation, we seek to turn changes into an opportunity for growth and secure a competitive advantage in the age of AI. Before we officially announce our next medium-term management plan, we will outline the direction of growth that will take us to where we want to be in the industry—a company with consolidated net sales reaching a scale of ¥1 trillion and operating income exceeding ¥150 billion by the fiscal year ending March 31, 2033.

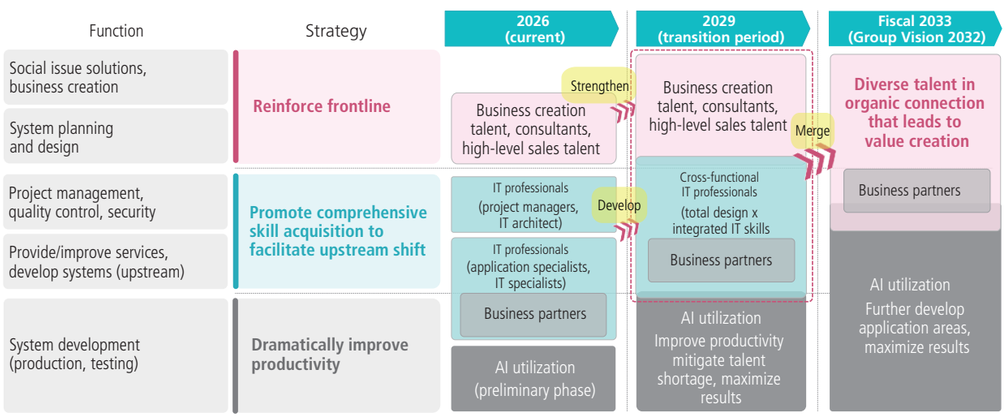
AI-Driven Operations and System Integration Model

To maximize the effective utilization of AI, we must move beyond individual measures and take a holistic approach across operations and system layers. These mission-critical systems must be AI-ready. We will leverage groupwide capabilities to turn an extensive client base and technical assets built through system integration into a source of competitive advantage, and thereby establish a unique market position by delivering these corporate assets as a package bundled with AI utilization support.



Driving Competitive Advantage in Age of AI Through Our People

We will promote utilization of AI across all areas of our work to shorten project timelines and dramatically boost productivity per employee, which will in turn lead to a higher project turnover rate and higher top-line revenue. In conjunction with these efforts, we will utilize AI into development process, thereby freeing our people to focus on high-value-added upstream tasks, and accelerate strategic investment in employees with strong problem-solving and business creation skills to ensure a sustainable competitive advantage.



Evolving Client Needs Driven by AI Transformation, and Response of the Group

The focus of clients' DX investment has already shifted toward business transformation, and AI is accelerating the process and improving the quality—that is, the outcome of transformation. As they pursue the process of business transformation, many companies find themselves in uncharted territory and are unable to set clear priorities for AI utilization and are confused about how to make old core systems AI-ready. For companies facing such challenges, unlocking the true value of any AI agent requires a seamless bridge between operations-related data and the environment in which mission-critical systems are used.

We will leverage groupwide capabilities to turn operations-related insights and an enterprise client base built through long-standing development and operation of mission-critical systems with clients into a source of competitive advantage in the age of AI. In terms of a specific response strategy, we aim to help our clients realize AI transformation from a dual perspective—driving client-side operational reform while accelerating our own development processes. Starting at the core system level, our cross-layer approach will deliver a comprehensive suite of services, from consulting to modernization, business-specific agentic AI, and AI-driven development.



Key Strategies under Next Medium-Term Management Plan (2027–2029)

Under the next medium-term management plan, we will deliver a comprehensive suite of services, from consulting to modernization, operation-specific agentic AI, and AI-driven development, to support client-side transformation. At the same time, we will revamp development processes using AI to maximum potential. We will establish a structure that enables us to handle more projects with limited personnel. We will also set pricing appropriate for the value we provide and transition from a labor-based legacy revenue structure—using months and hours worked—to a value-based pricing model aligned to provided value.

In addition, we will combine extensive industry and operations-related insights and technical expertise cultivated over many years building and operating core business systems, and provide operation-specific Vertical AI agents on a performance-based fee model. By supporting the integration and utilization of operational data, starting with core systems, we will become an indispensable partner to our clients in their ongoing use of AI, which will translate into increased recurring revenue for us.

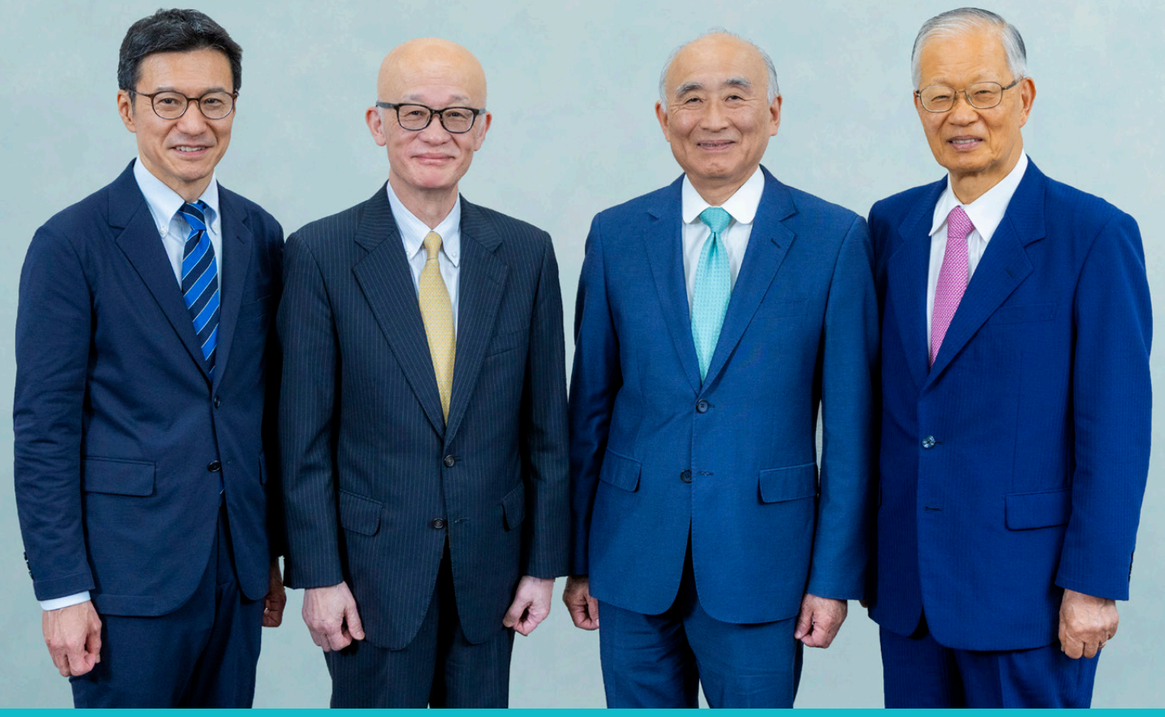
In addition, we will expand business under a revenue-sharing model through strategic investment into growth domains, such as payment settlement and healthcare. We will also make disciplined use of M&A opportunities and develop a revenue base that moves beyond our traditional system integration focus to realize a sustainable improvement in corporate value.

In promoting growth strategies for the age of AI, we will emphasize three market strategies designed to turn our enterprise client base and technical assets built through system integration into a source of competitive advantage.

Qualitative transformation of revenue through AI-driven development	Expansion of recurring revenue through Vertical AI services	Diversification of revenue model through strategic investment in priority sectors
Expand value proposition across all layers, hinging on TISI	Provide operation-specific AI services to increase recurring revenue	Develop revenue-sharing business model for pursuits in priority sectors, such as payment settlement and healthcare

Corporate Governance Roundtable

External directors joined TISI's Chairman of the Board in a discussion on how to strengthen oversight functions to ensure sustained improvement in corporate value as advancements in AI bring about major changes in the IT services industry environment.



Shigeru Uchigasaki,
President and CEO,
Human Resources Governance Leaders Co., Ltd.
(Facilitator)

Toru Kuwano,
TISI Chairman and Director
(Chairman of
the Board of Directors)

Mitsuhiro Furusawa,
TISI External Director,
Chairman of Nomination Committee
and Compensation Committee

Yukio Ono,
TISI External Director,
Audit and Supervisory
Committee Member

Q. How do you view changes in the industry brought about by advancements in AI?

Uchigasaki: Advancements in AI have brought the IT services industry to a major crossroads. In early 2026, concerns spread through the market that AI would disrupt SaaS and IT services business models, which caused the stock prices of domestic and international IT services companies to plummet. This has become known as the "Anthropic shock."

What is your take on changes in the business environment and the market's assessment of TISI?

Furusawa: I engaged in dialogue with shareholders and investors several times in fiscal 2026, and I found these stakeholders remained convinced of the Group's growth potential. That said, the Anthropic shock may have affected the stock price of companies across the industry, but the decline for then-TIS was sharper in comparison—a fact management took very seriously. Concluding that the value of the Group was not being properly assessed, the Board of Directors promptly resolved to repurchase treasury stock and implemented a share buyback as a measure in the best interests of shareholders. However, I said to the Board that a share buyback should be considered a short-term measure and that a growth strategy is really what's most important. On May 8, 2026, management outlined a growth strategy for navigating the age of AI. Continuously sharing information on growth strategy and providing progress updates will allow capital markets to gain a better understanding of the Company, what it does and where it's going.



Ono: I think the prevailing view—that AI might replace SaaS—has, at least to some degree, prompted concerns about the future of TISI and the corporate group it leads because of the Group's current emphasis on service-based solutions. But I see AI as an opportunity for the Group to grow and expect the integration of AI into services will enhance the Group's competitive advantage and its ability to respond flexibly to changes in the business environment. But for TISI to translate such changes into opportunities for growth, we must stay ahead of the competition in communicating how it will utilize AI and what new value it can provide.

Kuwano: You two hit the nail on the head. Our stock price was undoubtedly impacted more significantly than that of peer companies amid shifting perceptions of the industry as a whole because we failed to fully communicate our growth strategy and progress on this strategy to the market. We have been moving away from a labor-intensive business model in favor of a service-based business model that generates revenue by leveraging our own assets. We are promoting a growth strategy centered on business areas where we have an overwhelming edge, particularly payment settlement services. Our goal is to utilize AI in two ways: 1) to improve productivity and quality, and 2) to enhance the value we provide to clients.

Uchigasaki: Undoubtedly, dispelling concerns in capital markets and translating expectations into corporate value really depend on how well TISI is able to communicate a concrete plan for growth in the age of AI.

Q. What responsibilities must the Board of Directors fulfill to meet its fiduciary duty to shareholders?

Uchigasaki: Can you talk about the status of discussions by the Board of Directors on medium- to long-term management strategies?

Kuwano: On July 1, 2026, TIS and INTEC merged, and we began anew as TISI. This was the perfect time to start working on the next medium-term management plan, which is slated for an April 2027 start. The new plan must outline how AI will contribute to the Group's value. A top priority for the Board of Directors in the current fiscal year is to closely monitor progress on the draft formulated by executive officers.

Furusawa: I was appointed as an external director of then-TIS in June 2025. Over the past year or so, the Board of Directors has often discussed progress toward objectives stated in the current medium-term management plan. These were, of course, important discussions, but I felt the process could have been more flexible and more welcoming of comments regarding aspects of the plan that might need to be revised. I believe TISI has huge growth potential, given its excellent client base and overwhelming strength in payment solutions. But management must define exactly how TISI will leverage AI within its own structure to turn potential into reality, and this requires the Board to pursue in-depth discussions about growth strategy. I have made my thoughts about this known during opinion-sharing meetings as well.

Ono: A medium-term management plan is, after all, the foundation upon which the Board oversees the execution of operations. We have been evaluating progress and achievements on a quarterly basis and improving the standards by which we monitor status. But given the increasingly rapid pace of changes in the external environment, I believe it's part of the Board's oversight function to ask that plans, even a three-year management plan, be revised if conditions make that necessary.

I also see room for improvement in making Board discussions more efficient. I believe we'd benefit by encouraging members of the Board to voice opinions on high-priority topics, such as the medium-term management plan, even before such subjects become formal agenda items.

Kuwano: Setting the agenda and facilitating active discussions are naturally my responsibility as chairman of the Board of Directors. At TISI, we do have a system in place that enables members of the Board to discuss priority issues in the form of an opinion exchange before such issues are formally submitted as matters for resolution. We could utilize this system more robustly and at an earlier stage in the discussion process to deepen conversations on a comprehensive policy and thereby enhance Board effectiveness.

Uchigasaki: So, executive officers first formulate a comprehensive policy framework, and then the Board of Directors engages in thorough discussion of the appropriateness of such a framework, right? Once approved, the policy is turned over to the executive side for implementation, and the Board monitors the status of implementation. As I understand it then, efforts to enhance the function and effectiveness of the Board hinge on a clear division of roles.

Q. What is the purpose of the transition to a company with an audit and supervisory committee?

Uchigasaki: The transition to a company with an audit and supervisory committee is part of laying the groundwork to accelerate the growth strategy. Could you revisit the reason for the transition?



Human Resources Governance Leaders (HRGL) Co., Ltd.
Shigeru Uchigasaki, President and CEO

Joined Mitsubishi UFJ Trust and Banking Corporation in 2008. With investment from the bank, established HRGL in April 2020, as Japan's first consulting firm focusing on sustainability governance. Serves as a member of the Ministry of Economy, Trade and Industry's Study Group on Corporate Governance for Enhancement of Growth Power and was involved in the formulation of the Five Principles for Board of Directors to Enhance "Growth Power". Co-author of "Sustainability × Governance."

Ono: I am aware that the transition to a company with an audit and supervisory committee became a topic of interest during discussions on initiatives to reinforce governance. For many years, I worked at an accounting firm and performed audits, mainly for financial institutions, and I have served as an external Audit & Supervisory Board Member of TIS—and now TISI—since June 2020. Given my career background, I initially believed that the existing structure—a company with an Audit and Supervisory Board—would function adequately. However, the merger has expanded the business scale of TISI, which has specific disclosure responsibilities as a listed company and the core company of the Group, and relying

solely on the efforts of individual auditors to fulfill core auditing duties has its limits under the new structure, so the need for systematic audits utilizing the internal control system will grow. A company with an audit and supervisory committee is required to conduct systematic audits. TISI will need more effective audits post-merger, and for that reason, the transition to a company with an audit and supervisory committee is certainly the best course of action.



Kuwano: The transition to a company with an audit and supervisory committee brought about a major change in that directors who serve on the Audit and Supervisory Committee now add their voices to resolutions by the Board of Directors.

Furusawa: I believe the transition to a company with an audit and supervisory committee is a strategic move that supports the Board of Directors' ability to boost the Company's earning power and at the same time reinforces corporate governance and enhances public trust. As TISI delegates authority to its executive side, the question of whether governance is truly effective assumes greater importance. The transition to a company with an audit and supervisory committee involves establishing both systems, and shareholders and investors will understand the reasons behind this move.

Uchigasaki: By delegating authority to the executive side, TISI will enhance both the quality and speed of executing its growth strategy while also reinforcing the effectiveness of governance through systematic audits. In other words, the Board of Directors will evolve into a structure with the ability to increase the Company's earning power and support prudent risk-taking.

Q. Describe the kind of management talent that TISI seeks to attract and keep in the age of AI.

Uchigasaki: Will succession planning and investment in human capital change in the age of AI?

Furusawa: The appointment of top management will remain a priority in organization-building efforts. I was involved in succession planning at the International Monetary Fund through the appointment of top executives and also as an external director at private companies. In my experience, when trying to identify the right person for a top management position, opinions generally align as discussions move along. AI seems omnipresent these days, extending even to decision-making and management processes, and I believe this is precisely the time when human qualities, such as leadership, become a key factor in the choice of top executives. At TISI, the Nomination Committee is always considering management talent and candidates for top management positions, and I feel the committee functions very well. However, a company is run not by the president alone but rather by an excellent management team. Members of the Nomination Committee and the Board of Directors need deeper insight into the type of management team the president wants to build and the executive structure through which strategies are implemented, and then pursue discussions about management on this basis. Proactive governance requires the Board of Directors to work closely with the management team while entrusting implementation of specific measures to the executive side.

Kuwano: When the position of president shifted from me to Mr. Okamoto, then-TIS implemented measures that would serve as the template for succession planning today. We arranged interviews with external organizations and conducted 360˚ evaluations of multiple candidates, and through repeated discussions guided by OUR PHILOSOPHY, confirmed each candidate's approach to management. At the same time, candidates went through more than a year of external coaching, with access to training in management decision-making under various scenarios. It was Mr. Okamoto who impressed us most and who was ultimately selected to assume the position of president. We have continued to refine the approach used back then, and it remains the basis of TISI's succession planning process today.

We recognize, however, that a key topic for the future is diversification of not only the Board of Directors but also the management team. The characteristics of upper management at TIS differed from those at INTEC, including the age of directors, but the merger has brought together outstanding human resources, allowing us to create an even stronger executive team and Board of Directors under TISI.

Uchigasaki: So, in addition to the appointment of top management, the composition of the executive team that supports the president as well as cooperation with the Board of Directors are key to proactive governance, right?

Shifting topics here, what are your thoughts on investing in and developing the capabilities of human resources in the age of AI?

Ono: The development of game-changing technologies is nothing new, but I believe we are entering an era in which technological innovation, driven by AI, unfolds much faster than ever before. Organizations with a full complement of AI-literate employees and a large pool of management-level talent capable of responding calmly to the steady stream of innovations are likely to be the organizations that can successfully navigate the new business environment.

Kuwano: To promote the shift toward service-driven business models, TISI has diversified its human resources by adding positions, such as consultants and data analysts, that differ from traditional systems engineers who focus on system development. We also disclose to external stakeholders the metric of operating income per employee, which serves as a key performance indicator reflecting the value of our investment in human resources. But human resources strategies for the age of AI still have to be explored more thoroughly. The Board of Directors will have to carefully consider the business portfolio that TISI wants to build for the age of AI and the talent portfolio needed to achieve it, as well as acquisition of technology and securing talent through M&As.

Furusawa: For an IT company like TISI, investing in human resources is a critical factor that can make or break the business. Post-merger, it's particularly important that TISI pay attention to personnel assignments and evaluation. There have been cases at other companies where post-merger integration took too long, and top talent simply left, a loss of human capital those companies could ill afford. The expectation is that TISI will cultivate an environment that leverages talent more effectively than ever before, and I'm sure the executive team will adopt this perspective as well.

Uchigasaki: A human resources strategy that includes investment in human resources as well as building a management team primed for the age of AI will be the source of TISI's earning power. This is definitely a topic that the Board of Directors should routinely be talking about in conjunction with growth strategy.

Q. What are your thoughts on management indicators that measure corporate value?

Uchigasaki: TISI considers the price-to-book ratio (PBR) to be a key indicator of improvement in corporate value. While the Company has steadily implemented the medium-term management plan, achievements haven't been fully reflected in stock price. What are your thoughts on indicators for measuring corporate value?

Ono: Stock price isn't the be-all and end-all, but since TISI is listed on the Prime Market, management must be mindful of stock price from the perspective of fiduciary duty to shareholders. The Board of Directors previously considered using stock price as a management indicator but decided against it because adopting technical measures that only temporarily boost stock price was deemed an unsavory tactic and thus to be avoided. But a market evaluation ultimately reflects all aspects of a company, including services, technological capabilities and human resources. Given the recent decline in TISI's stock price, I think management should look inward into possible contributing factors within the Company that may have heightened the impact of external factors, and take appropriate action to turn this challenging environment into an opportunity for improvement.

Kuwano: Various metrics exist for measuring corporate value, but I have always placed a high priority on revenue per employee. In OUR PHILOSOPHY, we define growth as enhancing the exchange of value with stakeholders, and along with shareholders, investors and clients, employees are one of our most important stakeholder groups. I believe that increasing revenue per employee will fuel TISI's growth and at the same time lead to improvements in employee compensation, job satisfaction and our credibility in society.

Furusawa: When I think of corporate value, ROE, PER and PBR spring to mind. But I also believe that being recognized by society as an indispensable part of the social infrastructure is a form of corporate value. For example, a growing number of young people prioritize job satisfaction, and I believe that some aspects of corporate value cannot be expressed in numbers.

Uchigasaki: Corporate value is not determined solely by stock price and PBR. The fact that TISI's business activities support social infrastructure and the fact that employees take pride in their work are also key components of corporate value. President Okamoto once said, "I am asked about the kind of future we envision for ourselves, our end destination and how we will get there, and whether our picture of the future is realistic, whether we have the wherewithal to succeed." Shareholders and investors also want to know what kind of future TISI has pictured for itself and the methods that will make the vision a reality. I feel it's important for the Board of Directors to set a direction for the Company to follow and promote dialogue with capital markets.

Q. What roles would you all like to play going forward?

Ono: The transition to a company with an audit and supervisory committee isn't an endpoint for strengthening corporate governance—it's a new starting point. As a member of the Audit and Supervisory Committee at TISI, I will strive to ensure positive results under the new structure, which I hope will ultimately lead to enhanced corporate value.



Furusawa: Changes in the business environment, the merger that created TISI, and initial steps on formulating the next medium-term management plan all occurred at just the right time. The Board of Directors serves in a supervisory capacity, but my intention is to work with the executive team to create plans and, by sharing responsibility, transform the challenges that currently characterize the business environment into opportunities for growth.

Kuwano: I am once again reminded of the pivotal role that I, as chairman of the Board of Directors, play in ensuring that the Board fully demonstrates its stated function. Having served in an executive capacity myself, I understand the challenges faced by executives and the practical issues involved in implementing strategies, and I remain firmly committed to ensuring substantive and lively discussions at board meetings.

Uchigasaki: My impression from our conversation today is that the Board of Directors is determined to support the management team and ensure that TISI earns the trust of capital markets as the Company approaches a major crossroads, with the aim of achieving sustainable improvement in corporate value. Stakeholders and capital markets can expect TISI to realize further growth as a partner supporting social change. Thank you.

Corporate Governance

The Company seeks to enhance corporate governance and internal controls for sustainable growth and enhanced corporate value. The focus is also on promoting quality control and production innovations, essential for the business of information systems—a key social infrastructure—to function and steadily evolve, as well as evolving risk management processes, including information security and compliance.

Transition to a Company with an Audit and Supervisory Committee

In order to elevate corporate governance practices to global standards, the Company instituted an Audit and Supervisory Committee.

The Board of Directors enhances the effectiveness of its oversight through its strengthened supervisory function over material management matters, as well as through the participation of Audit and Supervisory Committee Members in management decision-making as voting directors. The Board has also established a system that allows it to focus more closely on deliberations concerning key themes that contribute to the improvement of corporate value—such as medium- to long-term management strategy, capital policy, and risk management—by delegating authority to executive management and enhancing the agility and flexibility of management.

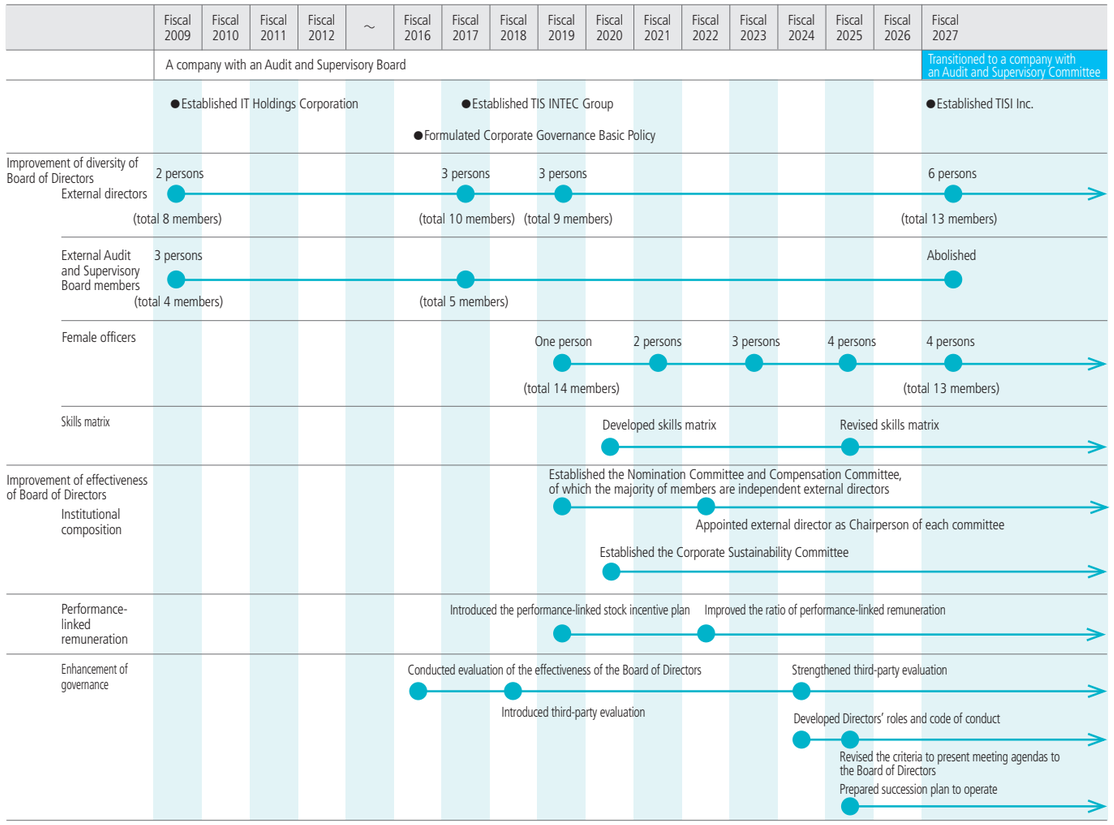
The Company will continue to build a corporate governance framework that earns the trust of all stakeholders, with the aim of achieving sustainable growth and enhancing corporate value over the medium to long term.

Basic Policy

Based on basic corporate governance policies, TISI consistently pursues the best corporate governance practices and constantly works to enhance corporate governance. Management believes that the key to good corporate governance is to ensure transparency and fairness in decision-making processes, make full and effective use of management resources, and raise the integrity of management practices through swift and accurate assessment of situations, from the viewpoint of promoting sustainable corporate growth and boosting medium- and long-term corporate value. Accordingly, management at the Company is committed to upholding good corporate governance in line with the following basic principles.

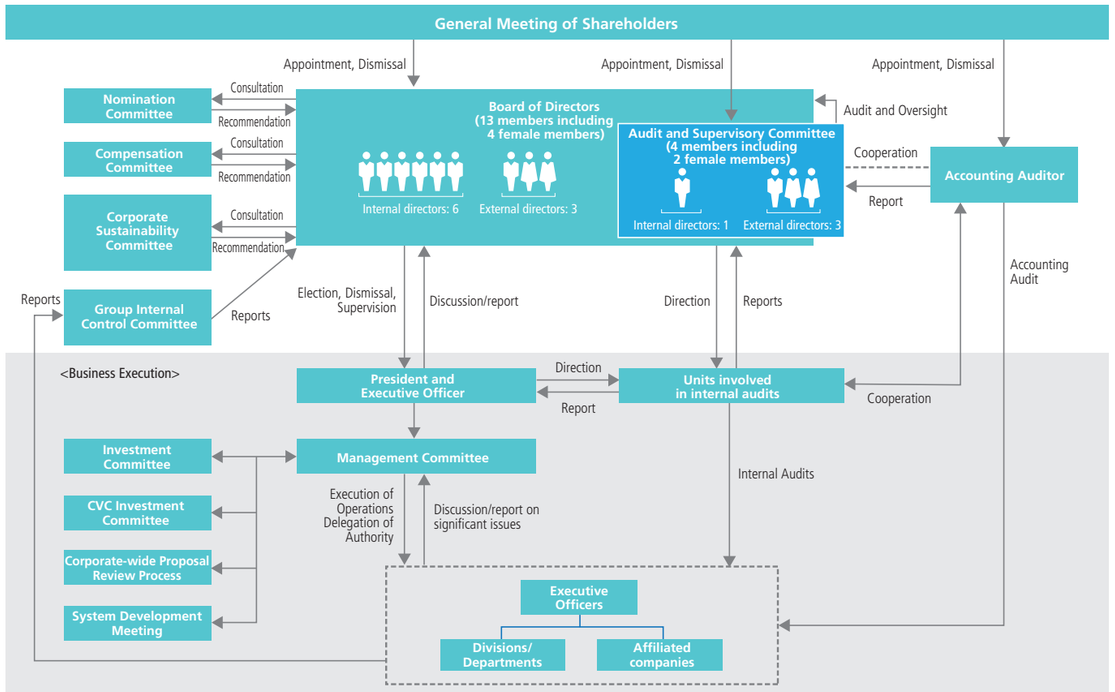
1. To respect the rights of shareholders and to ensure equality in their treatment.
2. To consider the interests of stakeholders, including shareholders, and work with stakeholders in an appropriate manner to achieve stated goals.
3. To disclose corporate information appropriately and ensure transparency.
4. To engage in constructive dialogue with shareholders based on a medium- to long-term investment perspective.

Change of Initiatives to Strengthen Corporate Governance



*Please visit the following page for details of our corporate governance.
https://www.tisi.jp/en/group/sustainability/governance/governance/index.html

Corporate Governance Structure after Establishing an Audit and Supervisory Committee



Board of Directors	Please see page 80.
Audit and Supervisory Committee	Audit and Supervisory Committee Members audit the execution of duties by directors in accordance with audit policies established by the committee. The committee maintains close ties with the Company's accounting auditor, receiving the firm's annual audit plans and reports audit results, as well as engaging in regular information-sharing and exchange of opinions. In addition, the committee receives reports on the results of audits conducted by internal audit departments, and seeks to enhance the effectiveness of audits through close cooperation with these departments, including the exchange of information and opinions, and the provision of specific instructions as needed.
Nomination Committee	Please see page 83.
Compensation Committee	Please see page 83.
Management Committee	The Management Committee deliberates and reports on important matters affecting business execution at the Company and the Group as a whole.
Group Internal Control Committee	The Group Internal Control Committee is charged with promoting various measures to maintain and improve the internal controls of the Company and its subsidiaries, to evaluate the operational status of the internal control systems and to recommend any necessary corrective action to be taken to the Board of Directors.
Corporate Sustainability Committee	To advance sustainability management, the Corporate Sustainability Committee monitors relevant trends, deliberates on sustainability-related issues, and sets the direction and targets for the Company's response. In line with this direction and these targets, corporate and business departments formulate and promote specific measures, with their plans and progress reviewed by the Management Committee and overseen by the Board of Directors as appropriate.

Compliance with the Corporate Governance Code

TISI complies with all principles of the Corporate Governance Code. The status of the Company's responses to each principle of the Corporate Governance Code is described in the Corporate Governance Report.
https://www.tisi.jp/en/ir/policy/governance/#anchor_02

*The Corporate Governance Report is prepared based on the Corporate Governance Code (June 2021 version).

*Please visit the following page for profile of Directors and Audit and Supervisory Committee Members.
https://www.tisi.jp/en/company/officer/

Board of Directors (As of September 1, 2026)

	Directors										Directors Who Are Audit and Supervisory Committee Members			
														
	Chairman	Representative Director, President and Executive Officer	Representative Director, Executive Vice President	Representative Director, Executive Vice President	Director, Executive Vice President		Director, Senior Managing Executive Officer	External Director Independent	External Director Independent	External Director Independent	Director, Full-Time Audit and Supervisory Committee Member	External Director, Audit and Supervisory Committee Member Independent	External Director, Audit and Supervisory Committee Member Independent	External Director, Audit and Supervisory Committee Member Independent
	Toru Kuwano	**Yasushi Okamoto**	**Shinichi Horiguchi**	**Shuzo Hikida**	**Akira Makado**		**Kiyotaka Nakamura**	**Junko Sunaga**	**Mitsuhiro Furusawa**	**Naoko Iwasaki**	**Hideki Kishimoto**	**Yukio Ono**	**Akiko Yamakawa**	**Hiroko Kudo**
Date of birth	May 3, 1952	March 3, 1962	June 23, 1962	October 24, 1964	April 15, 1965		August 29, 1968	September 25, 1960	February 20, 1956	May 30, 1975	November 27, 1964	January 1, 1950	April 5, 1973	February 28, 1968
Term of office	13	8	3	3	1		1	2	1	—	2*1	6*1	6*1	4*1
Number of shares owned (thousand shares)	177	62	27	9	23		29	1	0	0	1	4	—	1
Attendance at meetings (●Chairperson)														
Board of Directors	●	○	○	○	○		○	○	○	○	○	○	○	○
Audit and Supervisory Committee											●	○	○	○
Nomination Committee		○						○	●	○			○	
Compensation Committee		○						○	●	○			○	
Attendance/Number of meeting (Attendance rate) (fiscal 2026)														
Board of Directors (16)	16 (100%)	16 (100%)	16 (100%)	16 (100%)	12 (100%)*2		12 (100%)*2	16 (100%)	11 (91.7%)*2	—	16 (100%)	16 (100%)	16 (100%)	15 (93.8%)
Audit and Supervisory Board (13)	—	—	—	—	—		—	—	—	—	13 (100%)	13 (100%)	13 (100%)	12 (92.3%)
Nomination Committee (11)	—	11 (100%)	—	—	—		—	11 (100%)	8 (100%)*2	—	—	—	8 (72.7%)	—
Compensation Committee (5)	—	5 (100%)	—	—	—		—	5 (100%)	3 (100%)*2	—	—	—	5 (100%)	—
Skills														
Corporate Management	●	●	●	●	●			●						
Industry Knowledge	●	●		●	●		●			●				●
Globalization							●	●	●	●	●	●	●	●
Intellectual Property, Technology and Innovation							●	●		●				●
Human Resources	●		●										●	
Finance/Accounting			●		●				●		●	●		
Legal Affairs/Risk Management		●		●					●		●	●	●	

*1 Includes term of office as Audit and Supervisory Board Member.
*2 Reflects attendance at meetings held after appointment on June 24, 2025.

Executive Officers (As of September 1, 2026)

President and Executive Officer, Executive Vice Presidents, and Senior Managing Executive Officer

Please see the above chart.

Senior Managing Executive Officers

Hidehiko Shimoyama	Chiaki Oosone	Kenji Horiuchi
Fumikazu Tatsumi	Masamitsu Iinuma	Shoichiro Taniguchi

Managing Executive Officers

Satoru Tayasu	Kyoko Takayanagi	Isao Otokita
Masakazu Kawamura	Hidenori Yano	Kensaku Furusho
Komei Yamaguchi	Hitoshi Fujiyama	Akihiro Takemura
Tomohide Suzuki	Hirokazu Morita	Naohiro Kuchiki

Executive Officers

THANAWAT LERTWATTANARAK		Yoshiyuki Hayashi
Reiko Oka	Tetsuya Yuzuri	Hiroyuki Kawai
Yukino Fuchigami	Kazuto Nakamura	Takashi Fujii
Kiichiro Sasaki	Sachio Yamada	Ken Nakamura
Hidetoshi Tamakoshi	Takahiro Kimura	Yasuo Sato
Osamu Kimizuka	Tomoko Fukuyama	Masaki Hirokawa
Masaru Takahashi	Koji Sakamoto	

New External Director's Message



Naoko Iwasaki
External Director
Independent

Drawing on my experience in addressing social issues, I will help enhance corporate value and drive sustainable growth.

TISI Inc. was established on July 1, 2026. I am deeply honored to have the opportunity to serve as an External Director in this milestone year and feel a strong sense of responsibility in taking on my role. I have profound respect for the principles and values that the Group has cultivated over its long history.

As Overseer of the APEC Project Committee, I have been involved in developing policies and advancing projects that leverage DX and AX to address social issues, including the digitalization of central and local governments in Japan and overseas, an increasingly aging society, and population decline. I also engage in policy advocacy as President of the International Academy of CIO Japan, an NPO focusing on the urgent need to develop talent capable of supporting a digital society. I hope to draw on my experience to help address the social issues that the Group seeks to resolve through its businesses, including "urban concentration and regional decline" and "health concerns."

The business environment continues to change rapidly, driven by advances in AI and global socioeconomic developments. Under the new management structure, I will contribute as an External Director to the Group's sustainable growth and enhanced corporate value, working to meet the expectations of our shareholders and other stakeholders.

Skills of Directors Required for the Group's Growth

The Board of Directors needs to have a wide range of knowledge, experience and diversity in order to ensure the sustainable growth of the Company and increase its corporate value over the medium to long term. The experience, knowledge and skills that we consider to be particularly necessary have been set out below based on our materiality, Group Vision 2032, and Medium-Term Management Plan (2024–2026).

Skills	Elaboration of skills
Company Management	Experience as a company representative director, or practical experience in evaluating important business opportunities and risks, making risk-taking decisions, and achieving business transformation as a manager with knowledge of corporate governance premised on sustainable management
Industry Knowledge	Cutting-edge knowledge of ICT and DX, as well as extensive knowledge and expertise in the information services industry and cybersecurity, all of which are necessary for promoting DX in collaboration with clients
Globalization	Practical experience in management of a company that operates globally, or practical experience in understanding the opportunities and risks of a global business and engaging in business expansion overseas
Intellectual Property, Technology and Innovation	Expertise in intellectual property, which is essential for sustained improvement of corporate value, or practical experience and knowledge in driving innovation that brings prosperity to society through applied technology, and other such tools
Human Resources	Knowledge and practical experience to secure and promote the active participation of talented human resources capable of providing high added value, and to foster a work environment and corporate culture in which diverse human resources can work with motivation and peace of mind
Finance/Accounting	Possess knowledge of corporate finance necessary for medium- to long-term sustainable value creation, and practical experience in decision-making regarding investment and financial strategies
Legal Affairs/Risk Management	Expertise and practical experience in legal matters essential for the development of service businesses and global businesses, or knowledge of risk management necessary for a company to survive

Reasons for Appointment of External Directors

All directors are appointed in accordance with the Company's policy. The reasons for appointing external directors, an area of particular interest to stakeholders, are outlined below.

Junko Sunaga	Junko Sunaga has many years of experience in the semiconductor business, with a focus on mobile phones. In April 1997, she joined the Japan subsidiary of Qualcomm (USA), a leading company in the mobile communications industry, as its first employee. Since April 2018, she has served as President and Representative Director of Qualcomm Japan, Inc., where she has successfully expanded the company's semiconductor business in Japan. Drawing on this experience and expertise, she is expected to provide advice and recommendations from an independent perspective to help ensure that the decisions made by the Board of Directors are reasonable and appropriate. She also serves as Chair of both the Nomination Committee and the Compensation Committee in fiscal 2026, which are voluntary advisory bodies to the Board of Directors. She was appointed as an External Director based on the Company's belief that she will continue to contribute to enhancing corporate value and strengthening corporate governance.
Mitsuhiro Furusawa	Mitsuhiro Furusawa has served as Vice Minister of Finance for International Affairs and as Deputy Managing Director of the International Monetary Fund (IMF), and through this experience has gained broad insight into fiscal and monetary policy as a government official, as well as a global perspective as a senior executive at an international organization. He is expected to contribute to the enhancement of the Company's corporate governance by providing advice and suggestions from an independent perspective to help ensure that the decisions made by the Board of Directors are reasonable and appropriate. In addition, as a member of both the Nomination Committee and the Compensation Committee, which are voluntary advisory bodies to the Board of Directors, he draws on his extensive experience and deep insight to offer objective observations and advice. Furthermore, although he has not been involved in corporate management in any capacity other than as an external officer, he was appointed as an External Director based on the assessment that he will be able to draw on his extensive experience and knowledge to appropriately perform the duties of an External Director, thereby contributing to the enhancement of the Company's corporate value and to the deepening and expansion of its global management.
Naoko Iwasaki	Naoko Iwasaki holds a PhD in Global Information and Telecommunication Studies and possesses academic and policy expertise in the revitalization of an aging society through the use of ICT. As overseer of the APEC Project on Smart Silver Innovation, she promotes research on aging-related issues and the use of digital technology from a global perspective. In addition, as President of the International Academy of CIO Japan, she is involved in formulating digital policy recommendations and contributes to solving social issues through her diverse networks. Her expertise aligns closely with the social issues prioritized under the current Medium-Term Management Plan (2024–2026), such as "urban concentration and regional decline" and "health concerns." She was appointed as an External Director based on the expectation that she will contribute to enhancing the Company's corporate value.
Yukio Ono	Yukio Ono is a licensed certified public accountant. His expertise and knowledge in finance and accounting, together with his many years of experience in corporate auditing, are of significant benefit to the Company in strengthening its audit system. Furthermore, as an External Audit and Supervisory Board Member, he has contributed to strengthening the Group's governance structure through his audit work from an independent standpoint, and he is expected to continue playing a role in strengthening governance based on his advanced expertise in corporate auditing. In addition, although he has not been involved in corporate management in any capacity other than as an external officer, he was appointed as an External Director who is an Audit and Supervisory Committee Member, as the above credentials appropriately qualify him to audit and oversee the execution of duties by the Company's Directors from an objective standpoint.
Akiko Yamakawa	Akiko Yamakawa is a licensed attorney with extensive experience and expertise in labor and employment matters, including litigation related to employment disputes at global companies. Furthermore, through her external activities, such as initiatives to support women's advancement, she has provided an effective audit function from an objective and professional standpoint regarding the Company's global business operations and human resources strategy. She is expected to continue playing a role in enhancing governance based on her advanced expertise. In addition, as a member of both the Nomination Committee and the Compensation Committee, which are voluntary advisory bodies to the Board of Directors, she draws on her extensive experience and deep insight to provide objective observations and advice. Moreover, although she has not been involved in corporate management in any capacity other than as an external officer, she was appointed as an External Director who is an Audit and Supervisory Committee Member, as the above credentials appropriately qualify her to audit and oversee the execution of duties by the Company's Directors from an objective standpoint.
Hiroko Kudo	Hiroko Kudo has deep insight into domestic and international administrative and financial affairs and holds a PhD in public policy, and has been active on the global stage as a university professor and researcher. Drawing on the wealth of experience and knowledge she has gained thus far, she has provided effective audit to enhance the value of the Company's DX initiatives aimed at addressing the social challenges the Company tackles through its business, and to deepen and expand its global operations. She is expected to play a role in strengthening the Company's governance based on her advanced expertise. Moreover, although she has not been involved in corporate management in any capacity other than as an external officer, she was appointed as an External Director who is an Audit and Supervisory Committee Member, as the above credentials appropriately qualify her to audit and oversee the execution of duties by the Company's Directors from an objective standpoint.

Overview of the Board of Directors and Its Activities

The Board of Directors, mindful of the responsibility that has been entrusted to it by shareholders, aims to foster a common understanding among members and to discuss and decide on major directions, such as our management vision, management strategy, and sustainability policy, in order to achieve sustainable enhancement of the Group's value. The Chairman, a non-executive Director, is responsible for the operation of the Board of Directors and serves as its Chairman. The Company continuously works to improve the effectiveness of the Board through its meetings, supported by adequate monitoring mechanisms.

Main Activities of the Board of Directors

In principle, the Board of Directors meets once a month, with additional extraordinary meetings and meetings to exchange opinions held as necessary to enable Directors to make swift and flexible decisions. TISI holds an information meeting once a year to present management direction as well as meetings ahead of Board of Directors' meetings—in principle, once a month—to give external officers sufficient background information to participate in discussions. In addition, the Company organizes study sessions with experts—in-house and external—and arranges visits to local Group facilities and offices. TISI also provides support to ensure smooth and proactive discussions at Board of Directors meetings, including by holding informal meetings between external officers and the President, and among external officers.

Main activities for the year ended March 31, 2026, were as follows.

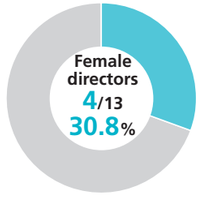
Number of meetings held	Board of Directors' meetings	16	Meetings ahead of Board of Directors' meetings	14
	Information meetings to present business direction	1	Opinion exchange sessions/study sessions	8

Main topics (Year ended March 31, 2026)	Management strategy-related	• Progress of the Medium-Term Management Plan (2024–2026) and future policies • Measures to improve the effectiveness of the Board of Directors • Status of IR activities and future policies • Progress of measures to improve engagement with stakeholders and future policies (including dialogue with shareholders / shareholder returns) • Progress of the Group's human resources strategies and future policies • Progress of corporate sustainability and future policies
	Internal control, financial results, performance management	• Main findings of Group audit report and status of corrective actions, and future audit plan • Current recognition of major risks and response status, and evaluation of the effectiveness of internal controls and measures for improvement • Report on results and prospects, variance analysis between budget and actual results for the previous year, and future policies • Response to litigation cases
	Individual strategic themes	• Investment in individual businesses • Management policy and other matters of individual Group companies
	Long-term strategic themes	• Status of sale/acquisition of shares, and future policies • Policies of group business restructuring • Status of overseas businesses and future policies • Progress on measures to enhance the management foundation and future policies

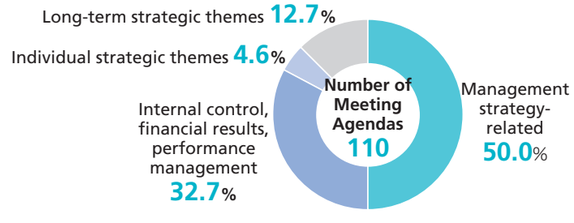
Board of Directors (Independence)



Board of Directors (Diversity)



Breakdown of Contents of Meeting Agendas of the Board of Directors (for Resolution/Report), and Opinion Exchange Sessions



*Composition of the Board of Directors as of July 1, 2026

(Fiscal 2026)

Opinion Exchange Sessions Lead to Swift and Effective Decision-Making

The Company holds opinion exchange sessions where executive management shares information and consults with members of the Board on important matters related to management themes under consideration. Holding these sessions facilitates the airing of a wide range of viewpoints and effectively taps the knowledge of directors when matters are still under consideration, thereby improving the quality of business decisions.

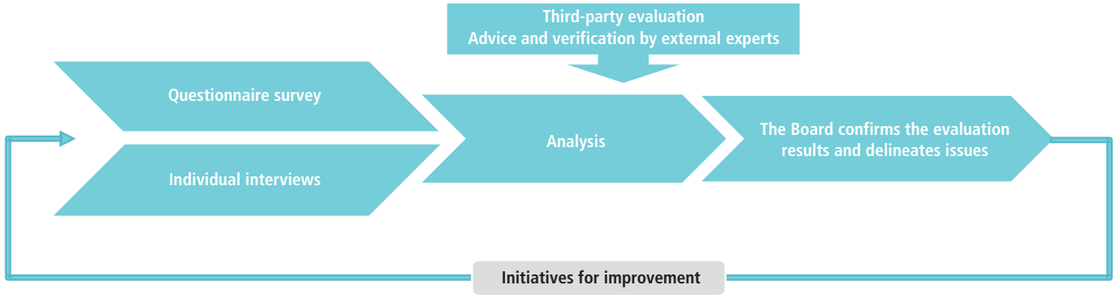
Overview of Analysis and Evaluation of the Effectiveness of the Board of Directors

In pursuit of sustainable growth and the enhancement of corporate value, the Company continually strives to achieve best-practice corporate governance. As part of these efforts, TISI evaluates the effectiveness of the Board of Directors each fiscal year, with the aim of identifying issues and areas for improvement and thereby enhancing the Board's effectiveness. An overview and the results of the evaluation, and the Company's response based on results are as follows.

Evaluation Process of the Effectiveness of the Board of Directors (Fiscal 2026)

People subject to evaluation: All directors and Audit and Supervisory Board members

Method: The Board of Directors carried out analysis and evaluation based on responses to questionnaires and in interviews, and considered policies and corrective actions for evaluation and future improvement of their effectiveness in light of advice from and subject to verification by external experts.



Evaluation Themes (Main Questionnaire Items)

Operation of the Board of Directors	Confirmed the appropriateness of following matters with a view to further enhancing its monitoring function: • Agenda selection, perspectives for and frequency of monitoring • Frequency of/time required for meetings • Explanation of meeting agendas, materials provided and amount of information contained, and other matters
Priority Themes for Further Enhancing Corporate Governance	Confirmed both appropriateness and adequacy under the following themes: • Board of Directors' supervisory functions • Expected roles for directors • Delegation of authority to the executive • Composition of the Board of Directors • Ideal state and effectiveness of advisory committees (Nomination/Compensation) • Coordination between the Board of Directors and auditing bodies • Dialogue with shareholders, and other matters

Evaluation Results (Initiatives and Issues for Fiscal 2026)

In the previous fiscal year, the Board of Directors of the Company identified "enhancing the operation of the Board of Directors" and "strengthening the Board's supervisory function" as priority issues, and implemented initiatives accordingly. The results of the self-assessment indicated that the effectiveness of the Board of Directors was generally sound, and that its operation had continued to improve steadily.

Initiatives for fiscal 2026	1) Advancement of operation of the Board of Directors Through the formulation of an annual agenda and discussions on important themes, the Company established a framework for monitoring management policies, the medium-term management plan, human resources matters, and other key areas, and also held exchanges of opinions at Board of Directors meetings on important themes such as AI and M&A. 2) Strengthening of the Board's Supervisory Function As part of efforts to strengthen the Board's supervisory function—including reinforcing the monitoring of key strategies under the medium-term management plan, advancing governance related to nomination and remuneration, and strengthening the business execution structure and Group governance—the Company gave consideration to these matters through the Corporate Governance Enhancement Project, a body composed primarily of External Directors. Based on the results of this consideration, the Board of Directors resolved to change the Company's organizational design, specifically adopting the policy for the transition to a Company with an Audit and Supervisory Committee.

The following points have been identified as key areas of focus to support the continued development of the monitoring model, promote the company's sustainable growth, and enhance corporate value over the medium- to long-term.

Operation of the Board of Directors	• Clarifying the code of conduct and setting agendas for Board meetings have helped to align the perspective of the Board and stimulate discussion. • The evaluation identified room for improvement in the regular monitoring of key strategies—including business portfolio, M&A, ERM, human resources, and finances—under the medium-term management plan, which constitutes the Company's basic policy. With regard to the status of deliberations toward the formulation of the next medium-term management plan, this is expected to be reported to the Board of Directors as appropriate, with thorough discussions to be held. • With regard to global strategy, the Company has recognized the need for continuous strategic discussions in light of changes in the business environment and progress to date, and considers it important for the Board of Directors to hold timely and thorough discussions on rapidly evolving themes such as the use of AI.
Priority themes for further enhancing corporate governance	• Following the changes in organizational design, the Company has recognized the need to further strengthen the operation of the Board's supervisory function, with regard to strengthening governance across the Group in relation to various forms of capital—including human capital and financial capital—and to ensuring that the composition of the Board of Directors (in terms of the balance and diversity of internal and external directors) is more suitable for overseeing these areas.

Policy to Respond to Identified Issues

In light of the results of evaluation for the year ended March 31, 2026, TISI will work on improving the effectiveness of the Board of Directors on an ongoing basis, by working systematically on the following initiatives.

Short-term initiatives	In fiscal 2027, the Company will improve the operation of the Board of Directors with regard to the following themes: • In connection with the formulation of the next medium-term management plan, report execution proposals regarding important management strategies, such as companywide strategy, to the Board of Directors in a timely and appropriate manner, and conduct thorough discussions • Enhance question sessions at Management Committee meetings from the perspective of medium- to long-term growth and corporate value enhancement, and improve the effectiveness of the Board of Directors' supervisory function over business execution by sharing opinions (particularly objections and dissenting views) raised at Management Committee meetings with the Board of Directors • Enhance reporting that focuses on the issues for the Board of Directors to review, together with the assumptions and risks necessary for decision-making • Provide external directors with ongoing information on industry and technology trends, the competitive environment, regulatory developments, and other relevant matters
Medium- to long-term initiatives	TISI will continue to consider the following themes, with the aim of further improving the effectiveness of the Board of Directors: • Further strengthen the Board's supervisory function, in conjunction with the transition to a Company with an Audit and Supervisory Committee • Continuously consider Board succession planning, and review the composition of the Board of Directors and its skills matrix accordingly • Further enhance the effectiveness of nomination and remuneration governance (verification and enhancement of executive succession planning) • Strengthening business execution structure (further strengthening of governance across the Group)

Nomination Committee and Compensation Committee

The Company has voluntarily established the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors to ensure objectivity and transparency in the process of nominating directors and determining their remuneration, and to further strengthen corporate governance. An overview and the results of the evaluation, along with the Company's response based on these results are as follows.

	Nomination Committee	Compensation Committee
Number of members	Five (four independent external directors, and Representative Director, President and Executive Officer)	
Composition	An independent external director serves as the chairperson, and the majority of members, including the chairperson, are independent external directors	
Main agenda items (Fiscal 2026)	• Appointment and retirement of directors and important employees of the Company and Group companies • Consideration of the appropriateness of the proposed successor nomination and the nomination process (including the schedule and reasons for nomination) • Review of the Nomination Committee's operating policy and tasks	• Performance evaluation related to remuneration for directors and executive officers • Verification of the appropriateness of the Company's officer remuneration based on external data • Review of the Compensation Committee's operating policy and tasks
Meetings held (Fiscal 2026)	Eleven	Five

Policy and Procedures for Election, Dismissal, and Nomination of Directors (Board Succession)

In nominating candidates for directors, the Board of Directors will nominate persons with significant experience, a high level of insight and advanced specialization based on the Company's selection criteria that make them suitable as directors. The aims are to realize effective corporate governance, contribute to the sustainable growth of the Group, enhance its medium- to long-term corporate value, all while also considering issues related to diversity, including gender, internationality, career stage and age. For directors, the Board of Directors considers nominations based on the advice of the Nomination Committee, which is chaired by an independent external director and the majority of whom are independent external directors. If a situation arises where a management executive should be dismissed, the Board of Directors shall determine an appropriate dismissal proposal. However, the dismissal of a director shall be conducted in accordance with the Companies Act and other relevant provisions.

Process for Election of Directors

Candidates selected by administrative office → Consultation with the Nomination Committee by the Board of Directors → Consideration and selection of candidates by the Nomination Committee → Recommendation from the Nomination Committee to the Board of Directors → Final decision by the Board of Directors

Training Policy for Directors

For directors including external directors, the Company will arrange training opportunities. The training objectives are to provide an opportunity to acquire the requisite knowledge regarding the Group's businesses, financial affairs and organization, and to understand the duties and responsibilities required of directors when assuming office, as well as to continuously develop these attributes during the term of office.

Process for Selection of the Next President (Succession Plan)

The Company positions the selection of the President as one of the most important governance issues in improving corporate value, and the Nomination Committee, the majority of whose members are independent external directors, is primarily responsible for promoting the succession plan in a systematic manner.

The Nomination Committee clarifies the qualifications, abilities, and experience required of the next President based on the Company's medium- to long-term management strategy and changes in the business environment, and continuously fosters and evaluates multiple candidates. In its evaluations, the Committee comprehensively deliberates on each candidate's aptitude to assume future management responsibilities, based on interviews with and presentations by the candidates, while also confirming multifaceted factors such as future insight, the ability to formulate strategy and drive transformation, and personal character.

While ensuring objectivity and transparency throughout these processes, the Nomination Committee conducts thorough deliberations and reports its findings to the Board of Directors. Going forward, the Company will continue to develop successors and refine the succession plan, working to establish a management structure that supports sustainable growth and the medium- to long-term enhancement of corporate value.

Initiatives Carried Out by the Board of Directors until the Transition to a Company with an Audit and Supervisory Committee

The Company transitioned to a Company with an Audit and Supervisory Committee upon obtaining approval at the General Meeting of Shareholders held in June 2026. This transition was decided following continuous discussions on the advancement of corporate governance at meetings of the Board of Directors and other forums, with external directors leading these discussions throughout the process, as described below.

1. Fiscal year ended March 31, 2025, and earlier
   - Following several years of opinion exchanges among all Directors and Audit and Supervisory Board Members, together with their attendance at study sessions conducted by external experts, the Company reached the conclusion that its ideal monitoring model for the Board is one that achieves the enhancement of corporate value through the monitoring of business execution, as well as of nomination and remuneration. To consider specific measures for realizing this model, the Corporate Governance Project Team (CGPT) was established in September 2024, composed mainly of supervisory members, including three external directors, one external Audit and Supervisory Board Member, and the Chairman of the Board of Directors.
   - Over the following fiscal year, the CGPT engaged in extensive discussions on the institutional design needed to achieve advanced corporate governance, the roles the Board should play in achieving it, the ideal composition of the Board, and other related matters.

2. Fiscal year ended March 31, 2026
   - Following an opinion exchange session attended by all Directors in June 2025, based on the results of the CGPT's deliberations, the Board of Directors resolved at its meeting in July 2025 to transition to a Company with an Audit and Supervisory Committee. This decision reflected the view that such a structure is well suited to clarifying the respective roles and responsibilities of the Board and executive functions, and that discussions drawing on the knowledge and experience of external directors are required for important agenda items related to business execution.

This transition is a means of strengthening the Company's corporate governance structure. The Company recognizes the importance of continuing to strengthen the functions of both the Board and executive management going forward, while responding to changes in the external environment, including revisions to Japan's Corporate Governance Code.

Specifically, as a Company with an Audit and Supervisory Committee, the Company will work to improve the transparency and objectivity of its management by ensuring diversity among directors—in terms of qualifications, skills, and experience—and by strengthening the Board's supervisory function through the involvement of directors who serve as Audit and Supervisory Committee Members. At the same time, the Company will promote agile decision-making in business execution, thereby earning the trust of stakeholders in Japan and overseas.

Cross-Shareholdings

For shares held because management deems such shareholdings to be beneficial to sustainable growth and higher medium-to long-term corporate value of the Group, the Board of Directors looks into the rationale behind each strategic shareholding every year. It is corporate policy that TISI reduce any strategic shareholding with diminished significance, as identified through this annual review. And management seeks to push the ratio of strategic shareholdings to consolidated net assets below 10%.

For more detailed information, please see "Financial Investment Strategy—Message from Director in Charge of Finance" on page 51.

Outline of Directors' Remuneration Policy

Remuneration Policy

The basic policy on executive remuneration is to strengthen incentives for improving business performance through a remuneration system linked to corporate performance indicators. Remuneration is determined by a Board of Directors resolution based on consultation and recommendations from the Remuneration Committee, a voluntary advisory body to the Board of Directors comprising a majority of independent external directors.

Remuneration System for Directors

The Company's director remuneration system consists of basic remuneration, performance-linked remuneration (short-term incentive) and a performance-linked stock incentive (long-term incentive). The type, calculation method and payment method are described below.

Name	Type		Calculation method	Payment method
Basic remuneration	Fixed remuneration	Monetary remuneration	Based on responsibilities assigned to each position	Monthly payment
Performance-linked remuneration (Short-term incentive)	Variable remuneration (performance-linked)	Monetary remuneration	• Companywide performance based on degree of success in achieving financial and non-financial indicators in previous fiscal year. • If standard set at 100%, payment rate will vary between 0% and 150%. • Individual performance-linked remuneration is based on standard remuneration framework for each position and contribution to business results	Paid once a year based on evaluation of results achieved in previous fiscal year
Performance-linked stock incentive (Long-term incentive)		Non-monetary remuneration	• Company stock granted as performance-linked stock incentive, based on degree of success in achieving targets • Relative total shareholder return (TSR) is set as indicator and calculated using performance-based coefficient determined three fiscal years after the applicable period begins (50% paid in cash equivalent to market value) • Performance-linked coefficient will vary within range of 0% to 200%.	Paid every three years *Payment rate is between 50% and 150%
			• Company stock calculated according to position and granted as performance-linked stock incentive • Paid three fiscal years after the applicable period begins (50% paid in cash equivalent to the market value) • Payment rate calculated as 50% of the 100% performance-linked stock incentive for each position	

Remuneration Ratio by Position

Title		Basic remuneration	Performance-linked remuneration	Performance-linked stock incentive
Directors (excluding Audit and Supervisory Committee Members)	President and Executive Officer	50.0%	25.0%	25.0%
	Executive Vice President, Senior Managing Executive Officer	55.0%	22.5%	22.5%
	Managing Executive Officer, Executive Officer	60.0%	20.0%	20.0%
	Directors (excluding Executive Directors)	100.0%	–	–
	External Directors	100.0%	–	–
Directors (Audit and Supervisory Committee Members)	Full-Time Audit and Supervisory Committee Member	100.0%	–	–
	External Directors	100.0%	–	–

* No performance-linked remuneration is paid to non-executive directors, external directors, or directors who are Audit and Supervisory Committee Members, as their role is to supervise and oversee the executive side; accordingly, they receive only basic remuneration. Remuneration for Audit and Supervisory Committee Members is determined through discussion among the members.

Establishment of Malus and Clawback Clauses

The Company has established a clause providing that it will not grant shares, etc. to an individual who commits misconduct as defined under internal rules, as well as a further clause providing that, if misconduct is discovered after the grant of shares, etc., the Company will claim damages in an amount calculated in accordance with the method set out in those rules.

Calculating Remuneration

(1) Basic remuneration

Basic remuneration is paid based on the importance of each role and the scope of responsibility delegated to each position.

(2) Performance-linked remuneration

The Company calculates payment rates based on corporate performance, organizational performance, and individual performance, and determines the amount of remuneration by adjusting these calculated rates according to performance evaluation weightings assigned by position, then totaling the results. The specific calculation formula is as follows:

Individual performance-linked remuneration = Performance-linked remuneration by position × (Corporate performance (Fluctuate within a range of 0% to 150%) × Corporate performance ratio by position + Department/team performance (Fluctuate within a range of 0% to 150%) × Evaluation ratio of performance department/team that position is responsible for + Individual evaluation (Fluctuate within a range of 0% to 150%) × Individual performance evaluation ratio by position)

Corporate performance indicators and evaluation ratios

Evaluation of corporate performance looks at the Company's progress toward annual targets to encourage directors to reach intermediary short-term objectives. Corporate performance indicators are linked to key management indicators to motivate directors to reach stated targets in the medium-term management plan.

* The Company sets targets and evaluates stakeholder satisfaction and governance based on internal evaluation standards.

Type	Indicators		Evaluation weighting
Financial indicators	Consolidated net sales		25%
	Consolidated operating income		25%
	Consolidated EPS		25%
Non-financial indicators	S&P Global ESG Score		5%
	Stakeholder satisfaction	Job satisfaction among employees	5%
		Client satisfaction with services	5%
		Business partner satisfaction	5%
	Governance		5%

(3) Performance-linked stock incentive

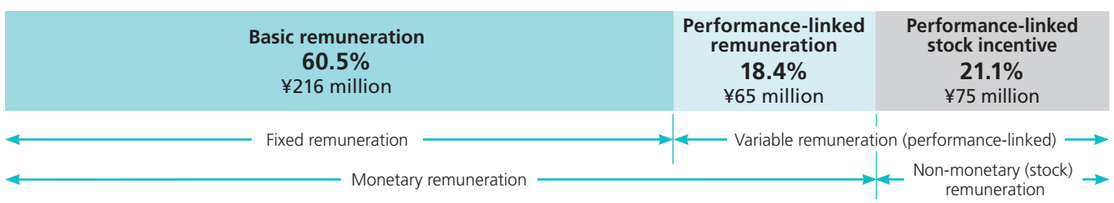
As remuneration for the execution of duties during the applicable period, the Company established an incentive plan that covers evaluation over three consecutive fiscal years. Of base points allocated to each position, 50% are performance-linked, awarded as Performance Stock Units (PSUs), and the remaining 50% are fixed, awarded as Restricted Stock Units (RSUs), with the amount of remuneration determined according to stock price increase and total shareholder return (TSR) over that three-year period.

Remuneration for Directors and Audit and Supervisory Board Members (Year Ended March 31, 2026)

(Millions of yen)	Remuneration	Remuneration by type			Recipients (Number of people)
		Basic remuneration	Performance-linked remuneration	Performance-linked stock incentive	
Directors (excluding External Directors)	357	216	65	75	8
Audit and Supervisory Board Members (excluding External Audit and Supervisory Board Members)	26	26	–	–	2
External Directors and external officers	61	61	–	–	7

*1 Basic remuneration and performance-linked remuneration are capped at ¥800 million per year for directors and ¥150 million per year for members of the Audit & Supervisory Board.
*2 With regard to the performance-linked stock incentive, a maximum of ¥1,810 million (of which the Company will contribute ¥1,630 million) will be allocated to a trust set up for this purpose for each applicable period (three fiscal years), and the maximum number of Company shares to be delivered through the trust will be 230,000 shares per fiscal year.
*3 There was no employee portion of salaries for directors who concurrently serve as employees in fiscal 2026. Also, there were no bonuses paid because the Company has not yet implemented a retirement benefit system for directors.

Reference: Composition of directors' remuneration (excludes external directors) (Fiscal 2026)

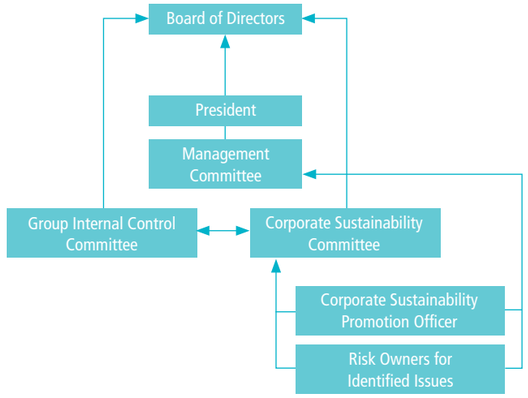


Risk Management

We are working to establish a stronger risk management structure to prevent losses.

Risk Management Structure

To ensure that risks faced by the Group are accurately identified and to prevent losses, the executive officer in charge of risk management takes a groupwide perspective in overseeing risk management efforts and provides a status report to the Group Internal Control Committee. Of note, risks that need to be addressed as part of management strategy are discussed by the Corporate Sustainability Committee, on which the executive officer in charge of risk management also sits, and then reported to the Group Internal Control Committee and the Board of Directors.

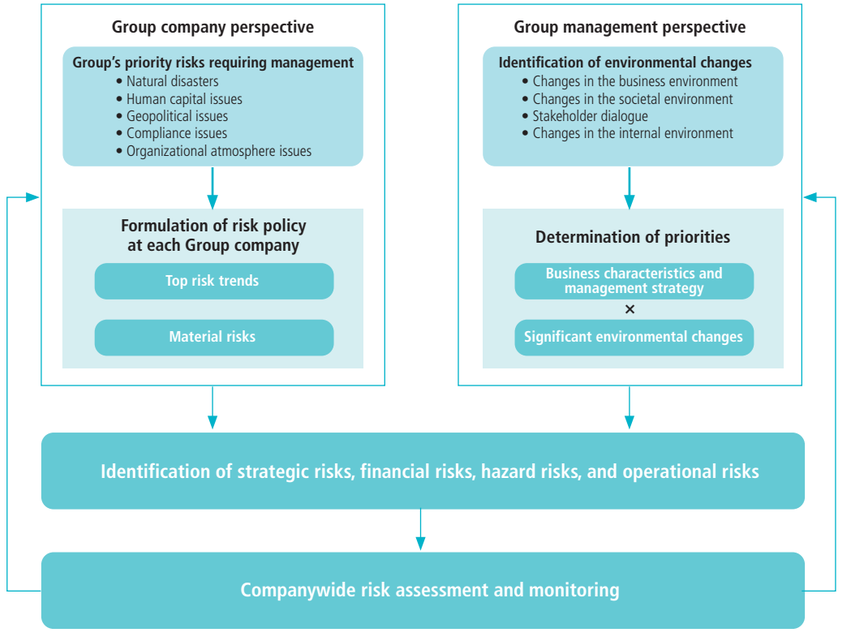


Risk Management Assessment and Improvements

We regularly update groupwide risk management policy and review the status of risk mitigation measures. Regarding the status of our risk management structure, we promote various measures to maintain and improve internal controls across the entire Group, in accordance with basic policy as well as various regulations and guidelines. We also have a process in place for the Group Internal Control Committee to monitor ongoing development and operation of the internal control system, discuss its observations, and then report to the Board of Directors.

Risk Management Process

At TISI, we assess risk from two perspectives: first, risks specified under policies created by Group company presidents that define top-down risk direction and material risks as well as risks identified by individual divisions based on those policies; and second, new risks that materialize due to changes in the business environment and require a response aligned with management strategy. This assessment is reviewed twice a year by the Group Internal Control Committee to pinpoint issues related to risks faced groupwide and track the progress of improvement measures, with findings reported to the Board of Directors. The Board then provides instructions, which are incorporated into measures to enhance the groupwide internal control system.



*Please visit the following page for details of our risk management
https://www.tisi.jp/en/ir/policy/risk/index.html

Understanding Group Risk

The Group defines "risk" as "any factor that may hinder realization of the management philosophy, goals and strategies of the Company and the Group by causing economic loss; the interruption, stagnation or suspension of business operations; and/or damage to the Company's credit or brand image." Groupwide risks are classified into four categories. For details, including responses to individual risks, please refer to Risk Management* on the Company website.

1. Strategic risks

Risk Category	Risk Description	Related Page
(1) Human resources	• Shortage of advanced engineering talent, management talent, global talent and AI-ready talent, and delay in re-skilling. • Slower-than-anticipated progress in attracting and developing skills of top talent. • Decline in productivity, increase in costs, and weakening employee engagement.	▶P45 Key Strategies of the Medium-Term Management Plan: Human Resources Strategies
(2) Market and economic changes	• Rapid advancements in IT, particularly AI and generative AI, and shifting social structures may erode competitive advantage and delay alignment of services with client needs.	▶P7 Top Message ▶P69 Direction of Future Growth
(3) Investment	• Failure to meet investment targets for capital contribution and M&A as well as planned investments in large-scale IT infrastructure, software and human capital; unrealized business opportunities (failed strategic deals); possible corporate scandals or misconduct. • Asset obsolescence and displacement.	▶P51 Financial Investment Strategy—Message from the Director in Charge of Finance
(4) Overseas business	• Departure of key personnel at overseas subsidiaries or affiliates, decline in local revenue, stalled collaborations, cash-flow shortfalls, shortages of management talent, deficiencies in global group governance.	▶P39 Key Strategies of the Medium-Term Management Plan: Global Strategies
(5) Human rights	• Incident or discovery of event or situation with negative impact on specific stakeholder groups. • Damage to reputation and credibility adversely impacts business operations and results.	▶P89 Risk Management—Dealing with Risks
(6) Geopolitical risks	• Geopolitical disruptions—including war, civil unrest, political upheaval, revolution, terrorism, and riots—leading to international pressure, exchange rate fluctuations, trade issues, and increased procurement costs.	▶P87 Risk Management
(7) Reputational risk	• Tarnished reputation and brand image prompts business disruption, slowdowns, or operational shutdowns and, potentially, loss of clients and relationships with other stakeholder groups.	▶P75 Corporate Governance ▶P87 Risk Management
(8) Technological innovation	• Delay in adapting to technological innovations, including AI, render existing methodologies obsolete, which in turn dull competitive edge and erode ability to attract top talent.	▶P42 Key Strategies of the Medium-Term Management Plan: Technology Strategies

2. Financial risks

Risk Category	Risk Description	Related Page
(1) Securities held	• Sharp fluctuations in market prices of marketable securities or deterioration in management conditions of issuing entities. • Impact of accounting losses on business and financial results.	▶P55 Financial Investment Strategy—Message from the Director in Charge of Finance
(2) Exchange rates and taxes	• Currency volatility affecting loans and transactions with overseas subsidiaries. • Losses and additional tax assessments through transfer pricing adjustments and donation taxation reclassification. • Exchange losses due to economic fluctuations and sudden yen depreciation.	▶P89 Risk Management—Dealing with Risks

3. Hazard risks

Risk Category	Risk Description	Related Page
(1) Pandemics	• Decrease in productivity of employees and partner companies caused by pandemic-driven restrictions on movement at home and abroad.	▶P89 Risk Management—Dealing with Risks
(2) Natural disasters	• Major natural disasters or prolonged power outages. • Service degradation or complete service disruption across data center and other outsourcing and cloud service operations.	▶P89 Risk Management—Dealing with Risks ▶P95 Natural Capital—For the Global Environment
(3) Cyberattacks	• Information leaks through cyberattacks, malware infections, or contracted service providers. • Loss of business and public trust.	▶P89 Risk Management—Dealing with Risks

4. Operational risks

Risk Category	Risk Description	Related Page
(1) System development	• Failure to meet promised level of quality leads to additional costs and legal claims to compensate client losses. • Disruptions to project operations caused by poor partner productivity or substandard performance quality.	▶P93 Quality Control ▶P101 Social and Related Capital
(2) System operation	• Disruptions caused by human error or equipment/facility malfunction. • Inability to meet service level commitments.	
(3) Information security	• System failures and incidents due to unauthorized access, including confidential data breaches or tampering, which leads to claims for compensation and loss of credibility.	▶P89 Risk Management—Dealing with Risks
(4) Legal systems, compliance	• Introduction of new laws and regulations. • Incidents of discrimination and harassment.	▶P89 Risk Management—Dealing with Risks
(5) Intellectual property rights	• Infringement of intellectual property rights of another company may lead to claims for injunctions and damages.	▶P41 Key Strategies of the Medium-Term Management Plan: Intellectual Property Strategies
(6) Climate change	• Significant impacts on energy costs driven by demand volatility for renewable energy. • Delay in transition to renewable energy may impact operations and business results.	▶P95 Natural Capital—For the Global Environment

Human Rights

Promotion Structure

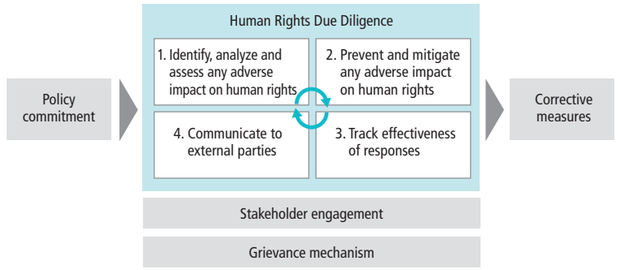
We recognize that our business activities of the Group may directly or indirectly have a negative impact on human rights. To underpin human rights management, the Company established a structure under which a human rights officer is appointed for each stakeholder group and for human rights due diligence, and the executive officer in charge of human rights has responsibility for human rights as a whole. Important matters related to human rights are decided on and resolved by the Board of Directors as necessary.

Activities to Reduce Risk and Seize Opportunities

Implementing human rights due diligence

To address human rights issues affecting stakeholders throughout the value chain, we established a human rights due diligence system in line with the TIS INTEC Group Human Rights Policy, which is based on the United Nations Guiding Principles on Business and Human Rights.

Through human rights due diligence, we identify potential human rights risks of the Group, develops and implements appropriate measures to address them, and regularly discloses progress and results. This approach underscores our commitment to preventing and mitigating adverse impacts on stakeholders' human rights arising from Company or Group business activities.



For details, go to
https://www.tisi.jp/en/group/sustainability/social/human_rights/
https://www.tisi.jp/en/group/sustainability/social/hrdd/

Business Continuity Plan (BCP)

Development of Initial Response

To prepare for emergencies, including pandemics and natural disasters, each company under the TIS INTEC Group umbrella formulates a BCP initial response plan based on the following principles.

Ensuring safety	• Give top priority to ensuring and confirming the safety of officers and employees as well as their families, and visitors to corporate facilities. • Understand the extent of casualties and damage to property at own company and prevent further casualties.
Business continuity	• Maintain business management functions and thereby contribute to continuity of clients' businesses and keep client systems and services running as long as possible. • Work to restore systems as soon as possible should an emergency cause system disruption.
Intra-Group cooperation	• Build a framework to enable Group companies to cooperate and provide mutual support in the event of an emergency.
Information disclosure/ local contribution	• Disclose appropriate information to stakeholders. • Fulfill responsibilities as a member of society through cooperation with and contribution to the local community. • Make every effort to comply with laws and regulations even in times of emergency.

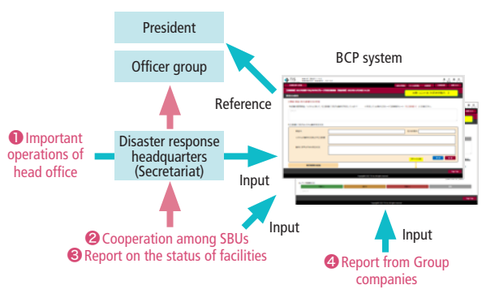
Establishing a BCP Disaster Response Headquarters

In the event of an emergency, the General Administration Dept., a division within the Corporate Management SBU, and the Human Resource SBU act as secretariat, set up a disaster response headquarters, and compile information on the entire Group in accordance with TISI's BCP initial response plan.

Utilizing BCP Information Integration System

We utilize Bousaiz, a BCP information integration tool developed in-house, to centrally manage information-sharing groupwide.

Bousaiz Flowchart



For details, go to
https://www.tisi.jp/special/platform_knowledge/bousaiz01/ (Japanese only)

Compliance

Accountability Structure

The President serves as the ultimate authority for the compliance system of the Group, while the director responsible for compliance oversees confirmation, evaluation and promotion of improvement measures for compliance-related matters at TISI and across the Group.

Initiatives to Reduce Risks

Message from the President about compliance

Every six months, we distribute a video message from the President to all officers and employees to raise compliance awareness throughout the Group and enhance recognition and trust in the whistleblower system.

Compliance education

Once a year, we provide an e-learning opportunity for all officers and employees on compliance to deepen understanding of the Group Code of Conduct and remind everyone of the content.

Helplines

In addition to individual helplines at each Group company, we maintain an internal helpline for use by the TIS INTEC Group as a whole and strives to prevent, detect and correct any misconduct at an early stage.

When a compliance-related issue arises within the Group, we set up an investigation committee to identify the cause, implements countermeasures, and promotes resolution through measures to prevent recurrence.

For details, go to
https://www.tisi.jp/en/group/sustainability/governance/compliance/

Tax Affairs

Accountability Framework

For the Group, the executive officer in charge of finance holds ultimate responsibility for tax matters and executes assigned duties appropriately in accordance with the TIS INTEC Group Tax Policy.

Exchange Rate Risk Mitigation

We hedge loans to overseas subsidiaries using currency swaps and forward exchange contracts, and regularly verifies and reviews the appropriateness of these operations in accordance with detailed rules for derivatives management.

Tax Compliance Practices

We perform year-end tax reviews verified by a certified tax accountant. In addition, the Company prepares documentation to demonstrate economic rationale regarding transfer pricing and corporate donations and ensures full regulatory compliance.

Information Security and Personal Information Protection

Accountability Structure

The President serves as the ultimate authority for information security management. The director responsible for information security management, is responsible for checking the status of information security management across the Group, evaluating its effectiveness and promoting improvement measures.

Initiatives to Reduce Risk and Capitalize on Opportunities

Information Security Management System (ISMS) promotion structure

We established and operates a management system designed to address all information security risks on a groupwide basis.

Personal information protection initiatives

Based on the Group Personal Information Protection Policy, we established a management system to address the risk of compliance violations and formulated rules to handle personal information in accordance with the shared standards groupwide. In addition, we conduct risk response exercises, carries out education and training programs, and implements security measures based on common information security standards groupwide.

Furthermore, before TISI and other companies under the TIS INTEC Group umbrella collects personal information from clients, suppliers, business partners, shareholders and other stakeholders, the purpose of use is clearly stated, and the data is handled appropriately within the scope of the agreed purpose.

Protecting your PRIVACY
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For details, go to
https://www.tisi.jp/en/group/sustainability/governance/security/

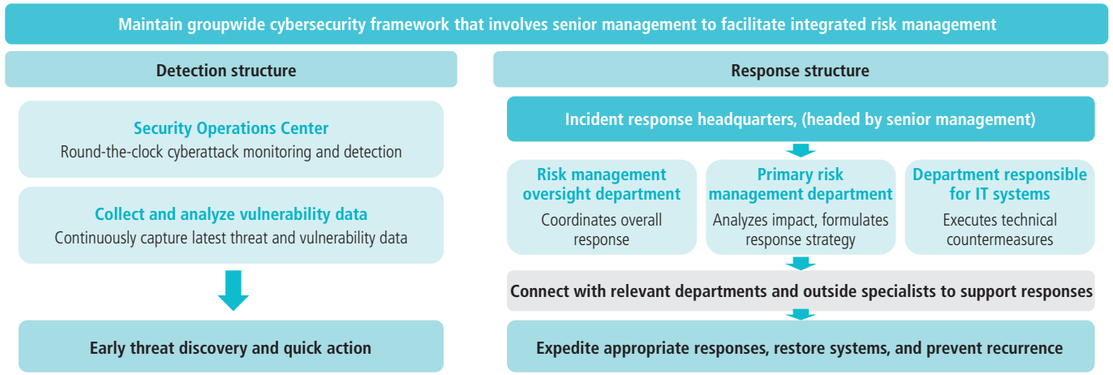
Cybersecurity

Security incidents exploiting system vulnerabilities have risen sharply in recent years. These include ransomware extortion as well as confidential and personal data breaches caused by unauthorized access. Cyberattacks have evolved beyond so-called "known attacks"—those with established countermeasures—and now include a growing number of incidents targeting vulnerabilities that even software developers and system development vendors are unaware of. Consequently, cybersecurity requires comprehensive, gap-free controls across all systems to protect against such zero-day attacks as well.

Structure

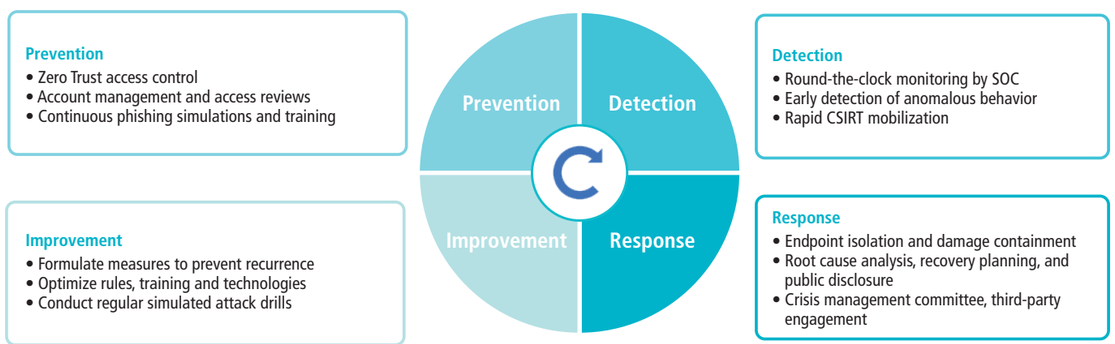
We maintain a groupwide cybersecurity framework that involves senior management to facilitate integrated risk management. Through the Security Operations Center (SOC), which watches for and detects cyberattacks, complemented by the analysis of collected vulnerability data, the Company ensures early threat discovery and quick action as required. In the event of a security breach, an incident response headquarters is set up, led by senior management. The risk management oversight department coordinates the overall response, the primary risk management department analyzes the impact and formulates a response strategy, and the department responsible for IT systems executes technical countermeasures. Efforts are also made to reach out to relevant departments and outside specialists to expedite the right responses, restore systems, and prevent recurrence.

Cybersecurity Framework: Risk Mitigation and Business Continuity



Cyberattack Countermeasures

We take a multi-layered approach to cyberattack preparedness based on a lifecycle of prevention, detection, response, and improvement, conscious of known threats with established countermeasures as well as unpredictable zero-day attacks. All deployed systems undergo routine vulnerability testing to ensure that newly discovered risks are promptly addressed. Such efforts epitomize an ongoing commitment to provide enterprise clients with consistently secure, reliable, and uninterrupted system services.



TIS INTEC Group's AI Utilization Governance Structure

We formulated the Basic Policy on the Use of AI to ensure that the Group properly addresses risks accompanying the use of AI. In addition, in accordance with this policy, the Company is rolling out internal guidelines and training programs to foster a culture of safe, accountable AI utilization throughout the Group.

Basic Policy on the Use of AI

We formulated the Basic Policy on the Use of AI to guide us in harnessing the power of AI, driving the development of a sustainable society and maximizing provided value for our clients. We will integrate the knowledge and technology assets of Group companies and build a collaborative ecosystem that extends the scope of value creation and fosters innovative solutions to social issues. At the same time, we will carefully address risks associated with AI utilization to cultivate a trusted environment where clients can choose services with confidence. This policy defines the core approach required for the responsible use of AI, covering all AI-related projects and daily operations, including clear lines of responsibility, safety, confidentiality, security, accountability, and training. Policy dictates that AI is a decision-support tool, and that AI-generated outputs will not be accepted blindly; final decision-making authority and ultimate accountability shall always rest with human operators.

For details, go to
https://www.tisi.jp/group/policy/ai_technology/ai_policy/ (Japanese only)

Initiatives Aligned with Basic Policy on the Use of AI

To put this policy into practice across our operations, we prepared AI User Guidelines, which outline the inherent risks and precautions when using AI, and Generative AI Development and Quality Control Guidelines, which govern quality assurance methodologies in AI-driven system development. In addition, we conduct generative AI literacy training for all employees, and strive to foster a deep awareness of AI capabilities and limitations, as well as strict protocols for handling confidential and personal data.

AI User Guidelines

AI user–oriented guidelines outlining risks and precautions inherent in using AI

Generative AI Development and Quality Control Guidelines

Guidelines governing quality assurance methodologies to prevent quality-related risks inherent in using AI

Generative AI literacy training

Conduct generative AI literacy training for all employees



Advances in Cutting-Edge AI Present Both "Threats" and "Opportunities" —The Rise of Frontier AI and the Transformation Companies Must Embrace

Miki Yutani TISI Executive Fellow, Technology SBU

Generative AI is steadily shifting from interaction based on "chats" to "agents" that serve as a platform for executing tasks. This is not simply an evolution in tools, but a seismic shift that is shaking the foundations of business structures, and at the forefront of this shift is "frontier AI," which is pushing the boundaries of AI capabilities. Cutting-edge AI is approaching expert-level performance in cybersecurity, chemistry, biology, and software development—and in some areas is already outperforming human experts. In the cyber domain in particular, AI's capabilities have advanced dramatically, from identifying vulnerabilities and carrying out attacks to autonomously executing long-running tasks, and threats are expected to continue increasing in both speed and scale. In response to these advances in AI capabilities, the Japanese government has developed a cybersecurity measures package (Project YATA-Shield), calling on critical infrastructure operators to strengthen their cybersecurity measures under the leadership of senior management. For companies, a key priority will be to strengthen AI governance frameworks to ensure the appropriate use of AI, in addition to implementing robust cybersecurity measures.

At the same time, the rise of frontier AI presents companies with a significant opportunity to harness advanced AI technologies to create new services and enhance their competitiveness. Amid these changes, our mission is to combine the expertise and technological capabilities we have built over the years and further expand the scope of our efforts to address social issues and deliver value. We will leverage our expertise in SI, operations, and infrastructure—built through the development and operation of systems that support society—along with our cybersecurity capabilities, to deliver value to society and our clients.

Quality Control

The Group fully recognizes its responsibility for the information systems that support social infrastructure. To continue delivering reliable and secure services while responding flexibly to increasingly diverse business needs and technologies, we are committed to enhancing quality and driving continuous improvement. As a "trusted leading brand recognized for quality," we aim to remain the preferred choice of both clients and society.

Quality Management System

The TIS INTEC Group has developed a proprietary quality management system based on ISO 9001 and ISO/IEC 20000-1 standards. Using the project management, service management and engineering processes, techniques and tools defined within the system, we adapt our approaches to suit each business model to ensure the delivery of optimal services to clients.

Key Features

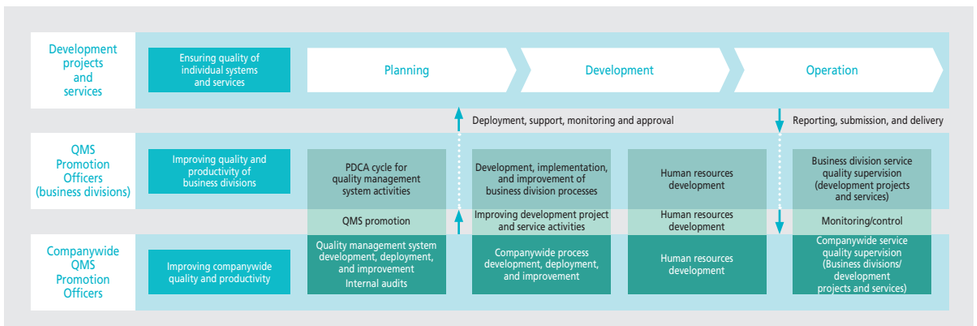
A value-oriented approach to quality	We define quality as the value we deliver to clients, markets, and society. Accordingly, we focus on enhancing satisfaction with our services as a whole, encompassing not only systems but also business processes and the way people work.
A practical, results-oriented approach	Building on international standards such as ISO 9001 and ISO/IEC 20000-1, we have established a proprietary quality management system that incorporates internal and external expertise and proven practices while remaining closely aligned with actual business operations.
A flexible management system that encourages creativity and ingenuity	While clearly defining mandatory requirements, we give frontline teams flexibility in how they carry out their work, enabling them to apply their practical experience, creativity, and ingenuity. This approach allows us to respond flexibly to diverse business models and development methodologies.
Organizational oversight of service delivery (Service quality supervision)	The Quality Management SBU and operating departments conduct reviews and monitoring at every stage, from planning and development through operations. From an independent perspective, they identify risks and issues and take corrective action.

Quality Control Process

QMS activities are conducted in accordance with companywide standards, with frontline teams taking the initiative to devise and implement processes and development methodologies tailored to their respective business models. In addition, the Quality Management SBU, which leads companywide initiatives, works closely with each operating department to deliver optimal products and services to clients, markets, and society.

Implementation Framework

Operating departments are responsible for ensuring the quality of individual systems and services, while the Quality Management SBU drives companywide improvements in quality and productivity. By carrying out these activities through an integrated PDCA cycle, we achieve continuous improvement. Operating departments and the Quality Management SBU provide independent oversight of development projects and service delivery initiatives, enabling the company as a whole to deliver reliable and secure products and services. In fiscal 2026, we focused on strengthening early-stage project risk assessments, monitoring key projects, and promptly escalating emerging issues to prevent unprofitable projects. The Quality Management SBU and operating departments work together to identify risks early and provide prompt, appropriate support as we continue to strengthen this framework.



Groupwide Quality Management Structure

Under the leadership of the President and the Division Manager of Quality Management SBU, TISI has appointed QMS Promotion Managers and Service Quality Supervision Managers in both the Quality Management SBU and each operating department. Under this structure, TISI and its operating departments each take responsibility for advancing initiatives to enhance service quality and value, while working together to promote QMS activities across the company. Across the Group, TISI's Quality Management SBU takes the lead in collaborating with each Group company to enhance service quality and value throughout the Group.

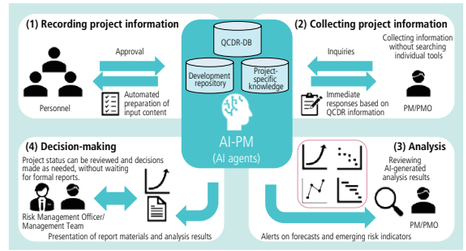
Details of the implementation framework are available here.
https://www.tisi.jp/en/group/sustainability/governance/qms/

*Please refer to the link below for more information on our quality control initiatives:
https://www.tisi.jp/en/group/sustainability/governance/quality/index.html

Advancing Quality Control through AI Agents

The Group is transitioning from conventional, labor-intensive quality control to AI-driven quality control. By consolidating project management tools and management information on a shared data platform, AI agents can analyze quality, cost, progress, and risk information across the organization, enabling early detection of risk indicators and quality issues. This allows project managers (PMs) and quality control personnel to spend less time gathering information and preparing materials and more time on critical decision-making and developing effective countermeasures. We will also continue sharing expertise and knowledge across the Group to further strengthen quality control and drive continuous improvement.

AI-Driven Project Management (Future-State Model)

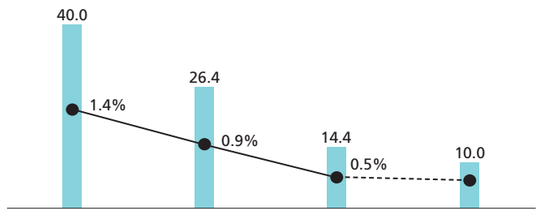


(1) Recording	Quality improvement through standardization
(2) Collection	Centralized management and collection of information
(3) Analysis	Project risk detection through comprehensive analysis
(4) Decision-making	Decision-making based on a clear understanding of project status

Reduction of Development Losses

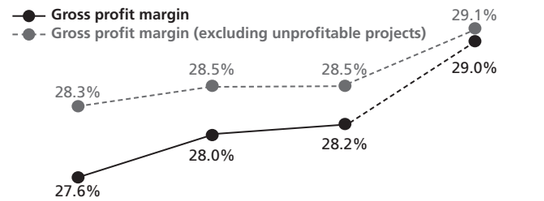
Development losses and loss rate

(100 millions of yen) (TIS INTEC Group)



Gross profit margin

(TIS INTEC Group)





We will leverage AI to continuously improve quality and productivity.

Kyoko Takayanagi TISI Director Responsible for QMS Management
Managing Executive Officer, Division Manager, Quality Management SBU

Q1. What are your key priorities for achieving the target for reducing unprofitable projects, and what measures are you taking?

In fiscal 2026, we focused on identifying and mitigating risks early in the planning and upstream phases. We also established processes for such identification and mitigation, including third-party reviews of project plans and expert reviews of requirements definitions, and monitored compliance with these processes. In some organizations, however, these processes were not yet fully embedded or consistently applied, resulting in delays in addressing risks and in additional measures being required to ensure quality in certain projects. As a result, development losses amounted to ¥1.44 billion, exceeding our target ceiling of ¥1.0 billion, a result we take very seriously. In response, we will ensure these processes are consistently applied across the organization, strengthen monitoring of project plans, progress, and profitability, and escalate issues earlier, as we work to keep development losses within ¥1.0 billion.

Q2. In light of AI adoption and integrated Group operations, how do you plan to evolve quality management going forward?

The shift toward AI-driven development is fundamentally changing how systems are developed and services are delivered. The Group has developed and implemented its own quality management system based on international standards, and going forward we will redesign it for AI-driven development. Rather than simply replacing existing processes with AI, we aim to create an AI-driven quality management system where AI analyzes data and detects early signs of risk, enabling people to focus on decision-making and taking action. We will structure quality-related knowledge, accumulated across our organizations and projects, into data form and make it available for sharing and reuse across the Group. This will enable us to continuously improve quality and productivity and maximize the value we deliver to our clients.

Natural Capital—
For the Global Environment (Initiatives to Address Climate Change)

The Group has addressed preservation of the global environment in its Basic Policy on Corporate Sustainability, which is based on its basic philosophy, OUR PHILOSOPHY. In order to realize a sustainable society, we are promoting efforts to preserve the global environment both by reducing the environmental impact of our business activities and by contributing to our clients' and society's efforts to mitigate and adapt to climate change through the provision of our services.

Medium- to Long-Term Environmental Targets for Climate Change

The TIS INTEC Group declared its commitment to carbon neutrality in December 2022. To achieve a decarbonized society, the Group aims to achieve carbon neutrality in terms of greenhouse gas (GHG) emissions by fiscal 2041 and net zero GHG emissions throughout its value chain by fiscal 2051.

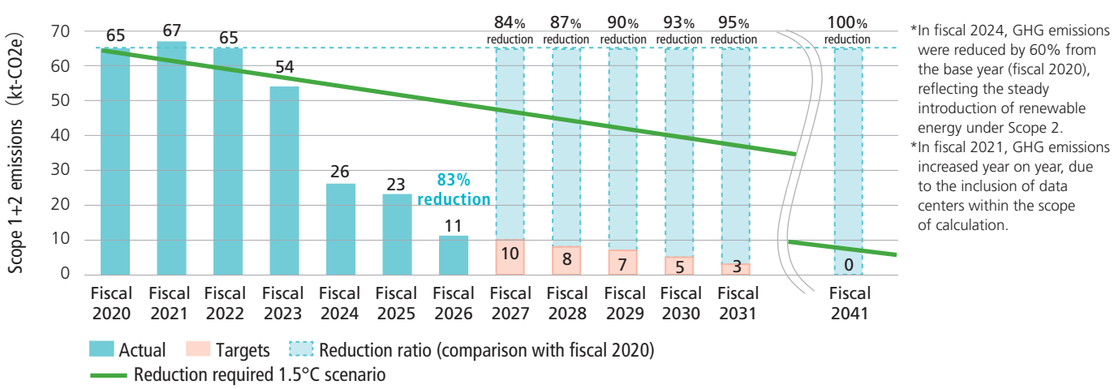
TIS INTEC Group's Carbon Neutrality Declaration

- **Fiscal 2041**
  Achieve carbon neutrality in Scopes 1 and 2
- **Fiscal 2051**
  Achieve net zero in Scopes 1, 2, and 3

To address climate change, we have been transitioning to renewable energy and improving efficiency by consolidating our data center facilities, which account for approximately 80% of the Group's total electricity consumption. As a result, Scope 1 and 2 emissions in fiscal 2026 were approximately 83% below the base-year level, enabling us to achieve our 70% reduction target, set out in Medium-Term Management Plan (2024–2026), ahead of schedule. For Scope 3 emissions as well, we are strengthening engagement aimed at reducing emissions through briefing sessions for our business partners. In recognition of these initiatives, we were included in the "CDP Climate Change A List" and recognized as a "Supplier Engagement Leader" in its Supplier Engagement Assessment, both for the second consecutive year.

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
Main activities and achievements	● Aug. 2021 SBT certification at 2°C level ● Dec. 2021 Start of renewable energy introduction ● Jan. 2022 Disclosure in accordance with TCFD ● Dec. 2022 Carbon neutrality declaration		● April 2023 Renewable energy usage rate of 100% at four main data centers ● Jun. 2023 Obtained SBT certification at 1.5°C level	● Feb. 2025 Received CDP A rating ● Jul. 2025: Received an A rating in CDP's Supplier Engagement Assessment ● Sep. 2025: Achieved 100% renewable energy use at six major data centers ● Dec. 2025: Received an A rating from CDP for the second consecutive year ● Feb. 2026: Received an A rating in CDP's Supplier Engagement Assessment for the second consecutive year	
Evaluations from External Parties					
CDP score	B (Management level)	A– (Leadership level)	A– (Leadership level)	A (Leadership level)	A (Leadership level)
Supplier Engagement Assessment	—	—	—	A (Supplier Engagement Leader)	A (Supplier Engagement Leader)

As a specific transition plan to achieve our targets, we have formulated a transition plan for Scope 1 and 2 GHG reduction targets and performance trends, and aim to make steady progress toward achieving the plan.



*In fiscal 2024, GHG emissions were reduced by 60% from the base year (fiscal 2020), reflecting the steady introduction of renewable energy under Scope 2.
*In fiscal 2021, GHG emissions increased year on year, due to the inclusion of data centers within the scope of calculation.

*Please refer to the link below for more information on our environmental initiatives:
https://www.tisi.jp/en/group/sustainability/environment/

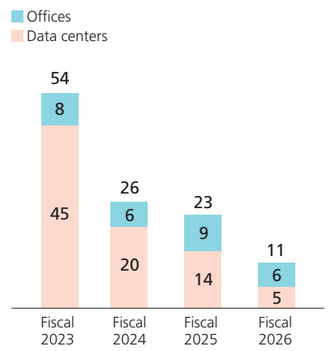
Initiatives to Achieve the Group's Greenhouse Gas Emissions Reduction Targets

To reduce Scope 1 and 2 emissions, the Group is implementing measures focused on data centers, which account for a large share of electricity consumption. These measures include introducing renewable energy and improving the efficiency of air-conditioning systems. The Group has switched all electricity used at its six major data centers (Tokyo DC 1, Tokyo DC 4, Osaka DCs 2–4, and Manyo DC) and BPO facilities to renewable electricity. In January 2024, the Group also began procuring electricity through an off-site corporate PPA* using newly constructed solar power plants, primarily in the Toyama area.

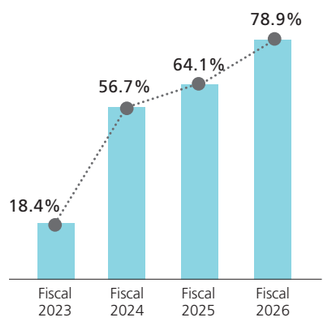
Through these initiatives, the Group's renewable energy usage rate increased to 79% in fiscal 2026, while Scope 1 and 2 emissions were nearly halved from the previous fiscal year. Going forward, we will continue to expand measures, such as corporate PPAs, with an emphasis on renewable energy additionality, as we work to achieve carbon neutrality.

*Off-site corporate PPA (power purchase agreement): A framework for supplying electricity through the power grid from generation facilities located outside a company's premises.

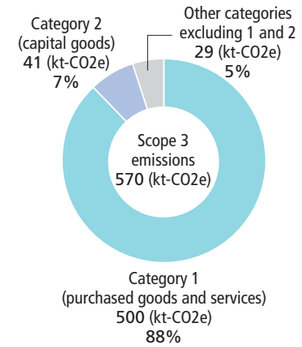
Scopes 1 and 2 emissions (kt-CO2e)



Renewable energy usage rate



Scope 3 emissions by category
(Fiscal 2026)



Natural Capital and Biodiversity Initiatives

Because the Group's businesses center on IT services, its direct impact on natural capital, including biodiversity, is limited. Nevertheless, we recognize that our business activities both depend on and affect natural capital. Based on the Taskforce on Nature-related Financial Disclosures (TNFD) framework, we analyzed and assessed nature-related risks from the perspectives of both dependencies and impacts. At present, we have identified no risks that could significantly affect the Group's business model. We will continue to monitor developments and track changes in our relationship with natural capital.

Details of the information regarding TNFD are available here. ▶ https://www.tisi.jp/en/group/sustainability/environment/tnfd/



Guided by our Carbon Neutrality Declaration, we aim to realize a net-zero society while continuing to foster a sustainable society by addressing global environmental challenges, including climate change.

Fumikazu Tatsumi TISI Environmental Promotion Officer
Senior Managing Executive Officer, Division Manager, Corporate Management SBU

Q1. What are you currently doing to assess conditions across the supply chain as part of your efforts to reduce Scope 3 emissions?

We believe that engagement with our partner companies is essential to reducing Scope 3 emissions. To assess the environmental initiatives of our partner companies, we are working to gain a comprehensive understanding of conditions across the supply chain through surveys, publicly available information, and direct interviews where necessary. It is also important to ensure that our partner companies understand the Group's environmental policies. By publishing our Supply Chain Sustainability Promotion Guidelines and holding study sessions for partners, we are building a shared understanding of the transition to net zero. Going forward, we will continue these initiatives and steadily reduce emissions across the supply chain while deepening dialogue with our partner companies.

Q2. How are you working to enhance environmental information disclosure in preparation for compliance with the SSBJ Standards?

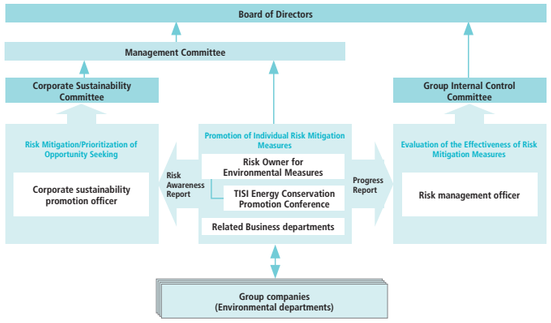
We see the SSBJ Standards as an important opportunity to communicate the Group's sustainability management initiatives to stakeholders, including investors in Japan and overseas, in a more accurate and comparable manner. In addition to reviewing our materiality, we have strengthened our governance and risk management frameworks to appropriately identify and manage environmental issues as business risks and opportunities. We are also improving the accuracy of emissions data and strengthening management processes while closely monitoring external developments, including revisions to the GHG Protocol, the international standard for calculating and reporting greenhouse gas emissions. Through these initiatives, we will advance the sophistication of our sustainability management and improve the quality of environmental information disclosure in an integrated manner, with the aims of reducing environmental impact and realizing a sustainable society.

Information Disclosure in Line with TCFD Recommendations

Among the global environmental challenges we face, action on climate change is of increasing importance, and the TIS INTEC Group has positioned this as a key management issue. This section describes the status of initiatives being pursued by the Group in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Governance

The Group recognizes climate change-related risks as factors that could impede the stable, sustainable development of its business activities. It identifies, manages, and responds to these risks through its companywide risk management process. Climate change-related risks are assessed by the Environmental Promotion Officer, who serves as the risk owner. The assessment results are used by the Corporate Sustainability Committee, which consists of directors, to identify strategic risks and provide a basis for management planning, including initiatives to capture business opportunities. Individual environmental measures are planned and implemented by the Environmental Promotion Officer under the guidance and supervision of the Management Committee and the Board of Directors, as appropriate. Progress and effectiveness are then evaluated by the officer responsible for risk management through the Group Internal Control Committee.



Strategy

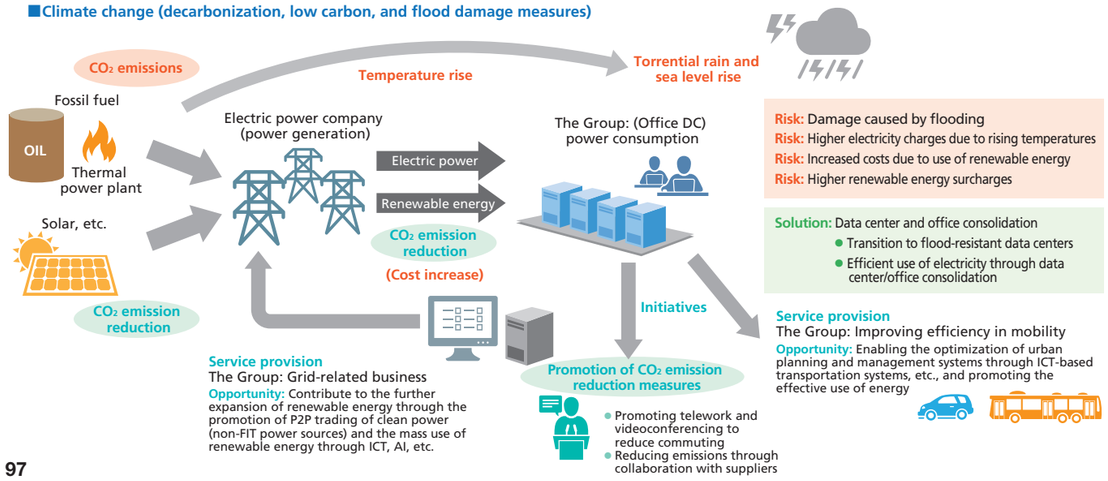
Scenario analysis

Using scientific evidence, including Representative Concentration Pathways (RCPs) for climate change, we developed scenarios based on both the 1.5°C and 4°C pathways and identified the associated risk factors for each.

Scenario (reference scenario)	1.5°C Scenario (SSP1-1.9 + IEA NZE2050)	4°C Scenario (SSP5-8.5)
Worldview	• Assuming a future where Japanese and overseas organizations coordinate efficiently to create a sustainable society in which environmental protection and economic growth work in harmony, limiting global warming to 1.5°C	• Assuming a future where fossil fuel-based energy supply remains abundant, but environmental impacts and the depletion of natural resources become serious issues, and temperature increases surpass 4°C • A world in which the impacts of climate change pose significant risks to people's daily lives
Policy and regulations	• Each country cooperates in accordance with the Paris Agreement, setting strict emission reduction targets • GHG emissions are reduced approx. 40% compared with the 2019 levels by 2030, and achieve net-zero by 2050 • Carbon taxes of $140 in 2030 and $250 in 2050 are set in developed nations to encourage emission reductions	(With insufficient international efforts to reduce GHG emissions,) • GHG emissions continue to increase, and may reach three times their current levels by 2100
Society	• Renewable energy as a percentage of total electricity supply sources surpasses 90% by 2050 • The global average temperature is very likely to be 1.0–1.8°C higher 2081–2100 compared with 1850–1900 • By 2100, the global average sea level is very likely to rise by 0.28–0.55m compared with 1995–2014	• Reliance on fossil fuels will continue. • The global average temperature is very likely to be 3.3–5.7°C higher 2081–2100 compared with 1850–1900 • By 2100, the global average sea level is very likely to rise by 0.63–1.01m compared with 1995–2014 • Compared with the 1.5°C scenario, it is predicted that tropical and extratropical cyclones will intensify, and that river flooding will increase in frequency
Economy/ Technology	• Due to a major shift in sources of electricity supply, investment in clean energy technologies is expected to reach $4 trillion annually by 2050 • With the electrification of energy advancing, investment in the expansion and modernization of power generating facilities and electrical grids is expected to increase considerably, reaching $800 billion a year by 2030	• Much energy demand will continue to rely on fossil fuels, and investment in alternative energy technologies will remain low

Climate-related risks, financial impacts, and opportunities

Based on the correlation diagram between the Group and environmental issues, the Group identifies and organizes its risks and opportunities.



*Please refer to the link below for more information based on TCFD
https://www.tisi.jp/en/group/sustainability/environment/tcfd

Climate-related risks

Based on the correlation diagram, we listed the short-, medium- and long-term climate related risks in the Group and assessed the financial impacts in fiscal 2031.

Scenario	Category	Risk factors	Risk category		Data centers	Offices	Anticipated risks	Period*1			Measures implemented*2	
								Short term	Medium term	Long term	Financial impact (¥ millions)	Impacts*3
1.5°C	Risk	•Progress in GHG emissions pricing •Strengthening of reporting obligations •Enhancement of energy efficiency policies	Transitional	Regulations	○	○	•Increases in adoption costs of carbon tax	—	○	○	470	Moderate
				Policies	○	○	•Increased costs due to the tightening of local ordinances related to GHG emissions	—	○	○	4	Negligible
		•Changes in consumer behavior toward decarbonization (Changes in stakeholder evaluations)	Transitional	Reputation	○		•Migration to other data centers perceived to have a lower environmental impact	—	○	○	2,810	Major
		•Changes in the energy mix	Transitional	Markets	○	○	•Increased costs due to renewable energy surcharges	○	○	○	66	Minor
4°C		•Increase in average temperatures •Increased severity and frequency of extreme weather events, such as cyclones and floods	Physical	Acute	○	○	•Client attrition and revenue decline due to operational shutdowns	—	○	○	88	Minor
			Physical	Acute/ chronic	○		•Increased cooling costs for data centers due to extreme weather (rising temperatures)	—	○	○	54	Minor

*1 Anticipated period for risk materialization
Short term: 1–3 years; Medium-term: Up to March 2031; Long term: Up to March 2051
*2 Financial impact in fiscal year ending March 2031 assuming measures equivalent to those implemented by fiscal year ended March 2025 are maintained and no additional mitigation measures are taken
*3 Maximum annual financial impact of anticipated countermeasure costs or damages in event of risk materialization
Negligible: Up to ¥10 million; Minor: ¥10–100 million; Moderate: ¥100 million–¥1 billion; Major: ¥1–10 billion; Extreme: ¥10 billion or higher

Climate-related opportunities

Based on the correlation diagram, we have also identified short-, medium-, and long-term climate-related opportunities.

Scenario	Category	Opportunities	Period*			Responses of the TIS INTEC Group
			Short term	Medium term	Long term	
1.5°C	Opportunities	Increased opportunities to provide data centers and cloud services compatible with low- and zero-carbon initiatives	○	○	○	By increasing the share of renewable energy and improving energy efficiency at our data centers, we aim to expand opportunities to provide data center services. Our current target is to achieve a 100% renewable energy ratio at our data centers by March 31, 2031.
		Growing demand for system upgrades driven by power companies' environmental improvements and redesign of power infrastructure	○	○	○	Leveraging our operational expertise, gained through over 30 years of business with energy companies, we are contributing indirectly to the decarbonization of power infrastructure and energy providers by supporting the DX of their power generation, transmission, and distribution operations, as well as system upgrades in response to regulatory changes.
		Growing opportunities to provide IT services and solutions that address emerging climate-related needs	○	○	○	To establish this as a future strength, we are developing and planning a range of IT services that leverage digital technologies through forward-looking investments and collaboration/co-creation with stakeholders. We are also rolling out solutions, such as VPP services and non-financial information reference and verification services for corporations, while actively pursuing business opportunities related to new technologies, such as environmental value trading and transfer demonstration projects.

*Anticipated period for opportunity materialization
Short term: 1–3 years; Medium-term: Up to March 2031; Long term: Up to March 2051

Resilience

Under the 4°C scenario, natural disaster risks are expected to increase, but the financial impact on the Group would be minimal, and we determine that business continuity (resilience) would be ensured. However, under the 1.5°C scenario, we envision risks of reduced social credibility and clients defections due to delayed action, resulting in a large financial impact, making it necessary to implement risk mitigation measures based on metrics and targets. We have confirmed that implementing risk countermeasures can vastly reduce the financial impact, and will advance our resilience by continuing to implement such countermeasures going forward.

Risk Management

The TIS INTEC Group conducted simulations for its data center business—closely linked to climate change—using the projected scale of operations for the fiscal year ending March 31, 2031. Based on these results, the TISI Energy Conservation Promotion Conference evaluates the financial impact of each identified risk. Moving forward, we will continue to strengthen risk management through regular reviews of both risk items and their associated financial impacts.

Metrics and Targets

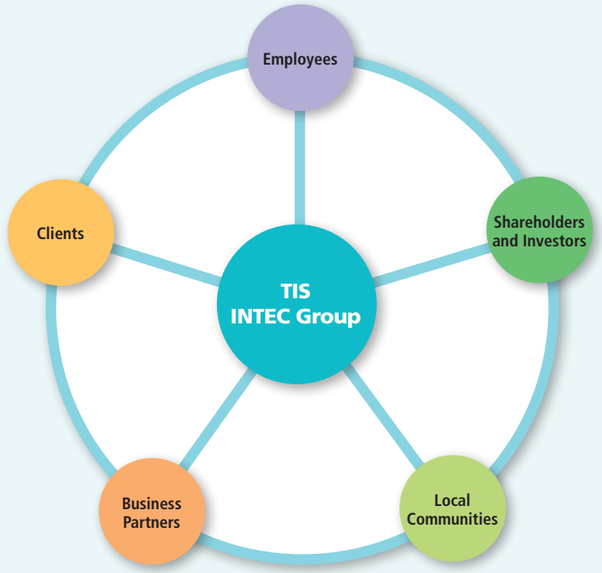
TISI uses groupwide GHG emissions, renewable energy introduction ratio and financial impacts as metrics for evaluating climate-related risks. For evaluating climate-related opportunities, TISI uses market scale, sales and other factors as reference values to assess opportunities.

Progress on the goals is also described in Natural Capital—For the Global Environment (Initiatives to Address Climate Change) on page 95.

Stakeholder Engagement

We place a priority on improving value exchange with stakeholders to contribute to a sustainable society and a sustained improvement in corporate value of the Group. Advances in technology, particularly AI, and changes in society are transforming our relationships with stakeholders as well as the roles that we—as a company and as a corporate group—are expected to fulfill. We must accurately understand the evolving landscape and, through robust engagement with stakeholders, deepen our relationships of trust while striving to achieve constant improvement in corporate value.

Main Stakeholders



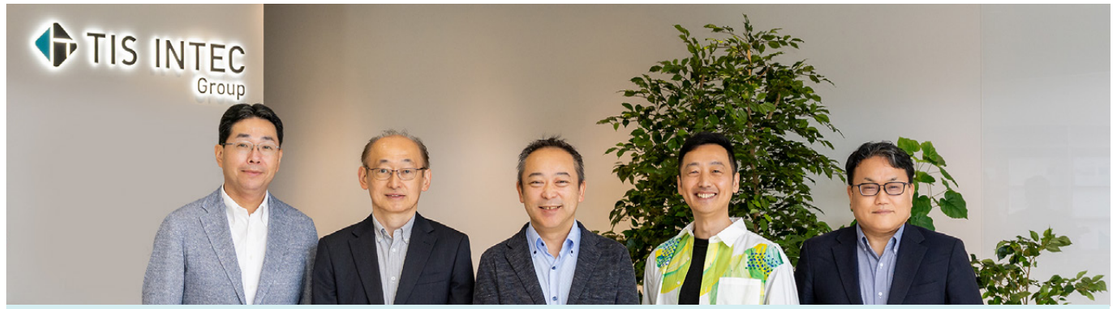
Stakeholders	Engagement opportunities	Value provided
Employees Indispensable to Group operations, bringing about corporate growth through demonstration of diverse personal skills and self-directed collaboration and development	● Company news, Group news, internal portal site ● Employee awareness surveys ● Personnel exchange groups, opinion exchange groups ● One-on-one career development ● Manifest issue of Human Resources SBU and others	■ Provide opportunities for growth and personal development ■ Provide an environment that is safe and comfortable ■ Promote diversity and good physical and mental health ■ Provide appropriate and attractive compensation for performance ▶Please refer to "Key Strategy of the Medium-Term Management Plan/Human Resources Strategies" on page 45.
Clients Users of services offered by Group companies to address client-side business concerns and help solve social issues	● Client service points of contact (call center, website, main phone line) ● Seminars, fairs and forums for clients ● Publication of PR magazine, technical brochures and e-mail newsletters ● Client satisfaction surveys ● Regular and extraordinary meetings and others	■ Provide the best services ■ Plan/propose new application formats for IT ■ Lead/support realization of vision and strategies ▶Please refer to "With Clients" on page 101.
Shareholders and Investors Provide capital that supports Group business activities and participate in management through the exercise of voting rights, etc.	● General meeting of shareholders ● Results briefings ● Small meetings, domestic and overseas roadshows, participation in conferences ● Information disclosure on IR section of corporate websites ● Integrated Report and others	■ Sustainable improvement in shareholder value and return to shareholders ■ Highly transparent disclosure ■ Engaging in constructive dialogue ▶Please refer to "With Shareholders and Investors" on page 102.
Business Partners Partners helping to enhance value provided through Group operations and contributing to business growth and creation	● Information meetings on policy (guidelines) ● Creating opportunities for discussion (project information) ● Engineer development and support (educational support, seminars) ● Opinion exchange groups ● Business Partner Satisfaction Survey and others	■ Create new added value ■ Fair, transparent, open competition and appropriate business practices ■ Responsible procurement ▶Please refer to "With Business Partners" on page 101.
Local Communities Direct and indirect support of Group's corporate activities in areas where companies operate through provision of various forms of infrastructure	● Participation in local events ● Support for activities contributing to society ● Charity concerts ● Public feedback posted on website ● Responses to requests from relevant ministries/ agencies, industry associations and others	■ Realize the means for safe and secure living ■ Active interaction with local residents in areas in which we operate ■ Reduction of environmental impact ▶Please refer to "With Local Communities and Society" on page 102.

Stakeholder Dialogue

The Group views dialogue with stakeholders as an important opportunity and regularly holds discussions between external experts and members of our management team. We aim to create a virtuous cycle in which objective perspectives and new insights gained through these dialogues are reflected in our corporate activities, leading to higher-quality initiatives.

Shaping the Future of Japan's Regions with AI

For this dialogue, we invited Masahiko Shoji, a leader in promoting DX in local governments, and Haruyuki Seki, an expert in civic tech, to share their candid, objective views on how companies can harness rapidly evolving AI to address the challenges facing local communities. Here, we highlight part of the discussion around a central theme of the dialogue: "How to connect local communities with AI."



Masakazu Kawamura Kenji Horiuchi Masahiko Shoji Haruyuki Seki Miki Yutani

Participants:	External Experts	Masahiko Shoji	Professor, Department of Socio-Media Studies, Faculty of Sociology, Musashi University; Chair, Study Group on Promoting Digital Transformation in Local Governments, Ministry of Internal Affairs and Communications; and other positions
		Haruyuki Seki	Founder, Code for Japan, and other positions
	TISI Inc.	Kenji Horiuchi	Senior Managing Executive Officer, Division Director, Regional IT Solutions SBU 1
		Masakazu Kawamura	Managing Executive Officer, Division Manager, Corporate Planning SBU; Officer Responsible for Corporate Sustainability
		Miki Yutani	Executive Fellow, Technology SBU and Social Innovation Div.
	Facilitator	Shigeyoshi Araki	Consultant, Cre-en Inc.

Kawamura: Amid rapid changes in the business environment, the Group has been reassessing its strategic risks. One key theme is how we can develop our regional businesses in a sustainable manner. In this dialogue, we hope to hear from our two experts and gain a clear understanding of the perspectives and concerns of local communities.

Shoji: Regional communities are facing increasingly serious challenges, including population decline, a growing number of single-person households, and a lack of heirs. Self-help, mutual aid, and public assistance at the local level are all in a critical state. Japan is at the forefront of social challenges, and these challenges are being felt on the ground in local communities and municipalities. If we think more seriously about how AI can be applied to these challenges, I believe we will uncover many areas where action is needed.

Seki: AI has significantly lowered the barriers to development and prototyping, but the real bottlenecks lie not in technology, but in building consensus and putting solutions into operation. We need mechanisms that enable solutions to move beyond the PoC stage and become firmly embedded in local communities. Creating success stories that others will want to emulate and rolling them out more broadly will be key to widespread adoption. The relationship between local governments and companies needs to evolve beyond that of client and contractor into one of co-creation, where they work together to address challenges.

Horiuchi: While expectations for AI are high among local governments and medical institutions, I have seen firsthand the many challenges they face, including talent shortages, inadequate data preparation, and initiatives that stall at the PoC stage. I too have sometimes found myself constrained by thinking in terms of our organizational roles and policies, making it difficult to move forward. This discussion reminded me of the importance of engaging with one another as individuals, rather than simply through our corporate roles, and sharing a common vision.

Yutani: Recently, I have had more opportunities to think about how to incorporate AI into our services, but this discussion has reminded me of the importance of putting technology into practice in ways that enable local communities to embrace and use it.

In conclusion

This dialogue reaffirmed for me that, if we are to address social issues through our businesses and contribute to a sustainable society, we need both digital mechanisms that help society function more smoothly by AI and hands-on engagement with individual challenges as issues that concern us personally. I hope these initiatives will help us better develop human capital and accumulate social capital. (Masakazu Kawamura, TISI Inc.)

Please see below for the full content of the dialogue.
https://www.tisi.jp/en/group/sustainability/stakeholder/dialogue2026/

Social and Related Capital

With Clients

For details, go to ▶https://www.tisi.jp/en/group/sustainability/social/customer/

TIS INTEC Group Business Summit

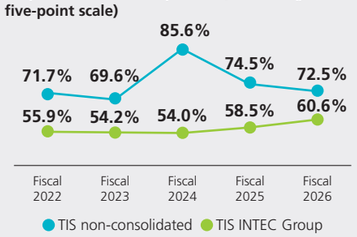
The TIS INTEC Group holds an annual TIS INTEC Group Business Summit as a forum for introducing its services and initiatives, leveraging advanced technologies and expertise for the realization of a sustainable digital society. The most recent event, in July 2026, featured a keynote speech by Yoichi Ito, Dean of the Faculty of Entrepreneurship at Musashino University and the author of the best-selling business book *Speak in One Minute*. In addition, Group companies delivered a total of 30 sessions and showcased a total of 46 solutions. We will continue to strengthen communication with our clients so that we can actively support them in addressing the issues they face, as well as broader social challenges.



Client Satisfaction Survey

We constantly monitor client satisfaction and strive to improve it further, underpinned by continuous efforts to create value based on the relationships of trust we have with our clients. As part of these efforts, we conduct an annual Client Satisfaction Survey of clients with whom we have an ongoing business relationship. It helps us to objectively understand their views on the quality of our services and the value we provide and gives us insights for further improvements. Going forward, we will continue to closely analyze client feedback and requests and implement effective Groupwide initiatives to improve client satisfaction and create value tailored to client needs.

Percentage of respondents who consider us an irreplaceable business partner (four or higher on a five-point scale)



*TIS INTEC Group includes TIS, INTEC, AGREX, QUALICA, AJS, and TIS Solution Link.
(Company names as of March 31, 2026)

With Business Partners

For details, go to ▶https://www.tisi.jp/en/group/sustainability/social/business_partners/

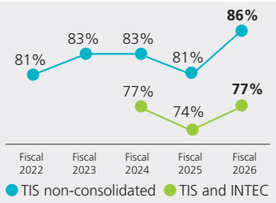
Business Partner Forum

Collaboration with business partners is essential for growing operations in our business portfolio, and we hold an annual networking event for business partners to improve value exchange and deepen co-creation relationships. Going forward, we will maintain our approach to business development and improve business partner satisfaction by encouraging opportunities for collaboration with Group companies through interactions with business partners that build closer relationships of trust.

Business Partner Satisfaction Survey

We conduct an annual Business Partner Satisfaction Survey to gather feedback about changes in the operating environment, trends in guidelines and pricing structures, as well as the degree to which our business partners are satisfied with us. Responses to this survey enable us to understand our business partners' expectations and the issues they face. We use this feedback to enhance our operations and thereby improve business partner satisfaction.

Percentage of business partners who indicated satisfaction with business dealings and relationship with TIS (rating of four or higher on five-point scale)



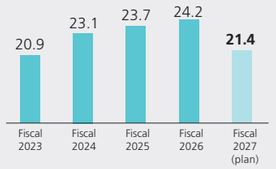
*Company names as of March 31, 2026.

Collaboration with Overseas Partners

For many years, we have worked with overseas partner companies to help grow our businesses. We are reinforcing our relationships with several leading IT companies in Asia and maintain regular communication with overseas partners at the management level. In recent years, we have diversified our network of offshore development contractors as we emphasize efforts to increase outsourcing in ASEAN countries.

Annual person-hours for offshore development

(Unit: Thousand person-months)
(TIS INTEC Group)



Partnership-Building Declaration

We have identified priority areas for building new partnerships by fostering cooperation, mutual growth, and shared value with partners across our supply chain and business ecosystem.

For details, go to ▶https://www.tisi.jp/en/group/sustainability/policies/multi-stakeholder/

Promoting a Sustainable Procurement Policy

As a corporate group, we acknowledge the importance of working together with stakeholders throughout the supply chain. We are working to communicate procurement guidelines based on a sustainable procurement policy to all our stakeholders.

For details, go to ▶https://www.tisi.jp/en/group/sustainability/policies/procurement

With Shareholders and Investors

Constructive Dialogue with Shareholders

For details, go to ▶https://www.tisi.jp/en/ir/policy/governance/index.html#anchor_05

In accordance with our IR Policy, we engage in constructive dialogue with shareholders to support sustainable growth and enhance corporate value over the medium to long term. We also aim to strengthen the framework for such dialogue. During these interactions, we ensure fairness in information disclosure and properly manage proprietary information in line with the Rules for the Prevention of Insider Trading.

For details on our IR policy, go to ▶https://www.tisi.jp/en/ir/other/policy/index.html

Engaging with Shareholders

Led by the President, in fiscal 2026 we engaged in constructive dialogue with shareholders involved in investment management in Japan and overseas, primarily in the United States, and Europe. These investors have diverse approaches, typically focusing on growth and value trading. Most shareholder interactions were with analysts and fund managers, though we also met with individuals responsible for exercising voting rights.

Key topics and areas of shareholder interest (outlined below) were shared and discussed internally through quarterly reports to the Board of Directors and other meetings. This feedback was incorporated into the review of management strategies, the development of management plans, and other corporate initiatives.

Main themes of discussions with shareholders and matters of interest to them

- Management's view of the current share price level and future actions
- Direction of growth strategies in light of advances in AI and other technologies
- The importance of investing in human resources, our most critical management capital, and corresponding policies
- Approach to allocating cash to increase corporate value (investments in growth and shareholder return)
- Financial strategy and KPIs with an awareness of capital efficiency, and other themes

IR events in fiscal 2026

Results briefings for analysts and institutional investors	4 times	
Interviews with analysts and institutional investors	280 times	Including 116 meetings that overseas investors participated in; a total of 560 investors participated in the meetings.
Small meetings	7 times	Four with sell-side analysts, and three with buy-side analysts
Overseas roadshows	2 times	In North America and Europe
Participation in conferences	5 times	Five conferences in Japan
IR conferences for individual investors	2 times	

For our initiatives to revitalize General Meetings of Shareholders and facilitate the exercise of voting rights, refer to page 42 (III. Status of Implementation of Measures for Shareholders and Other Stakeholders) of the Corporate Governance Report.
https://www.tisi.jp/en/group/sustainability/governance/governance/index.html#anchor_02

With Local Communities and Society

We see the existence of digitally disadvantaged people—those for whom the convenience of digital technology is out of reach—as a social issue, and we are working with non-profit organizations (NPOs) to help resolve this issue. We support NPOs' activities and develop infrastructure to realize a society where everyone can benefit from digital technologies.

Example Activities

Grant Program

Fiscal 2026
Grants provided to four organizations

Helping improve the quality of NPOs' support activities and their ability to implement these activities
Award planning grants to select group of past NPO recipients of financial grant assistance with potential to further develop their work.
→ Will raise quality of NPO activities, and help expand scope of support provided. Should lead to broader application—to other NPOs—and promote collaboration with government agencies.

Grant recipient in fiscal 2026
Japan Avalanche Network (JAN)
Through financial grants, we supported JAN's efforts to create an avalanche incident database cataloguing 214 avalanches with fatalities over a period of 35 years. The database is intended to prevent avalanche-related accidents involving people engaged in back-country winter activities. In the United States, avalanche organizations provide information, training and resources through 14 avalanche centers across the country and also investigate avalanche-related accidents in their respective jurisdiction. JAN had long desired to establish a similar public safety infrastructure in Japan. With our recent support, JAN made significant headway toward this goal: expanding avalanche data collection through a dedicated posting site, providing training through its avalanche safety supporters' club, investigating accidents using the incident database, and developing key resources, notably, the Avalanche Risk Reduction Guide and the JAN Field Book.

Digital Infrastructure Enhancement Program

Fiscal 2026
Support provided to 10 organizations

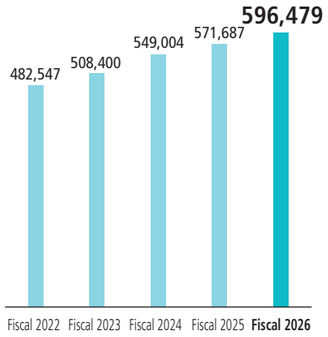
Strengthen ability of NPOs to utilize digital technology and enhance operating capabilities
Send specialists to assess digital environments at NPO offices and resolve issues of concern.
→ Develop digital infrastructure to improve operating capabilities, and contribute to realization of continuous, high-quality support geared to prevailing social issues

For other activities, please visit the following webpage.
https://www.tisi.jp/en/group/sustainability/social/community/

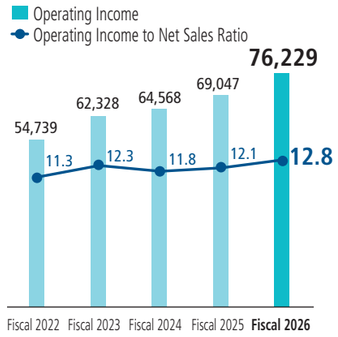
Consolidated Financial/Non-Financial Highlights

The Group achieved steady growth in both financial and non-financial aspects through structural transformation and productivity improvement. We will grow sales and income but also strive to improve capital efficiency and increase corporate value through a balanced approach to promoting growth investments, maintaining financial health and enhancing shareholder returns. In addition, we are actively engaged in measures to reinforce sustainability management.

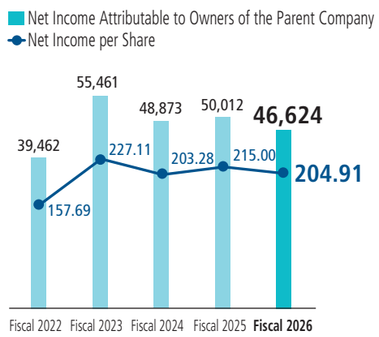
Net Sales
(Millions of yen)



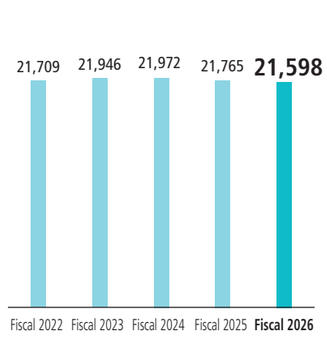
Operating Income, Operating Income to Net Sales Ratio
(Millions of yen, %)



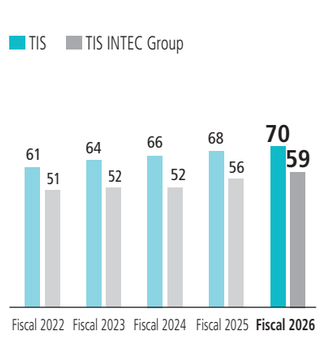
Net Income Attributable to Owners of the Parent Company (Millions of yen), Net Income per Share (Yen)



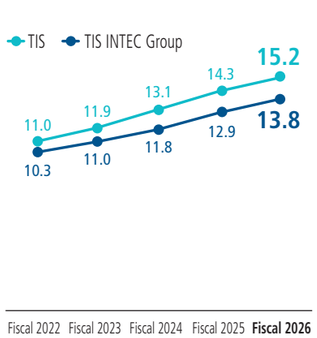
Number of Employees at Year-End (Consolidated)*2
(Person)



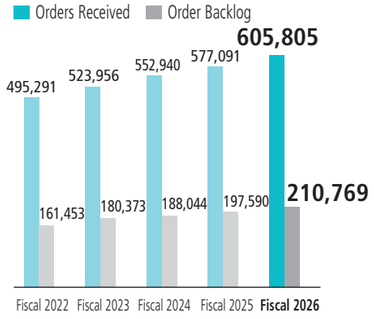
Job Satisfaction*1, 3, 4
(%)



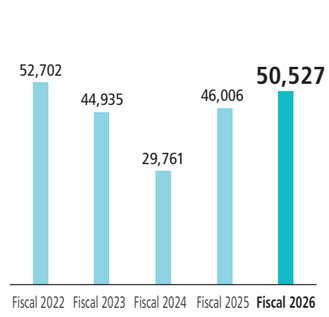
Percentage of Female Employees in Management Positions*1, 3
(%)



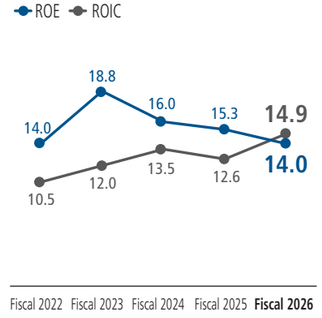
Orders Received during the Term, Order Backlog at Year-End (Total)
(Millions of yen)



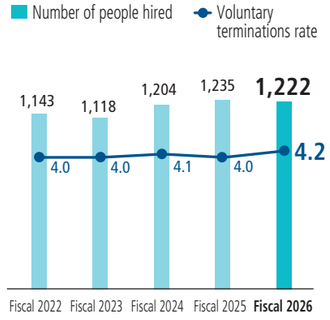
Free Cash Flow
(Millions of yen)



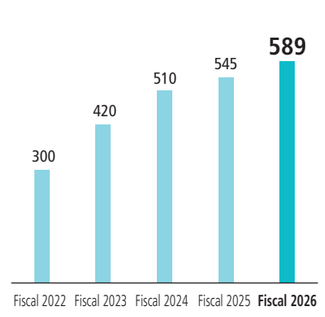
ROE, ROIC
(%)



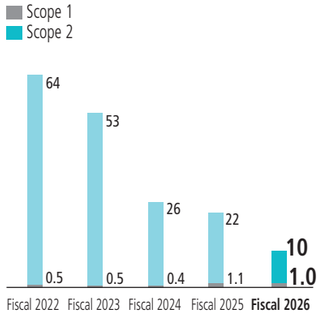
Number of People Hired/ Voluntary Terminations Rate*1, 3
(Person, %)



Number of Consultants*1, 3
(Person)

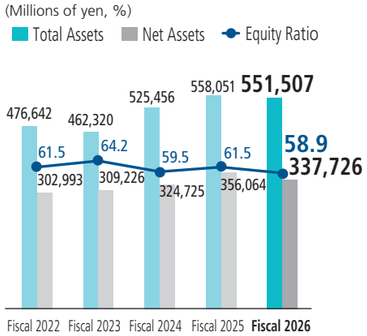


Greenhouse Gas Emissions*5
(kt-CO2e)

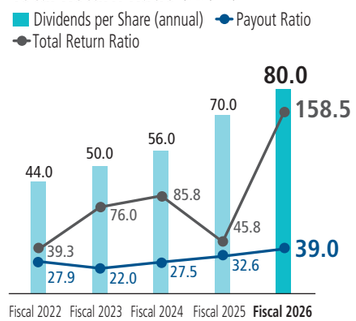


* Scope 1: Direct emission of greenhouse gases by business operators
* Scope 2: Indirect emission through use of electricity or heat/ steam generated by other companies

Total Assets, Net Assets, Equity Ratio
(Millions of yen, %)

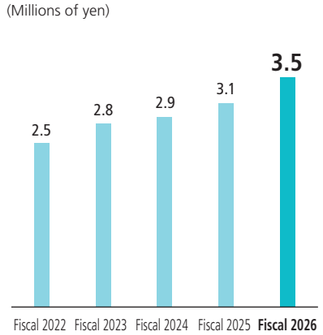


Dividends per Share, Payout Ratio, Total Return Ratio (Yen, %)



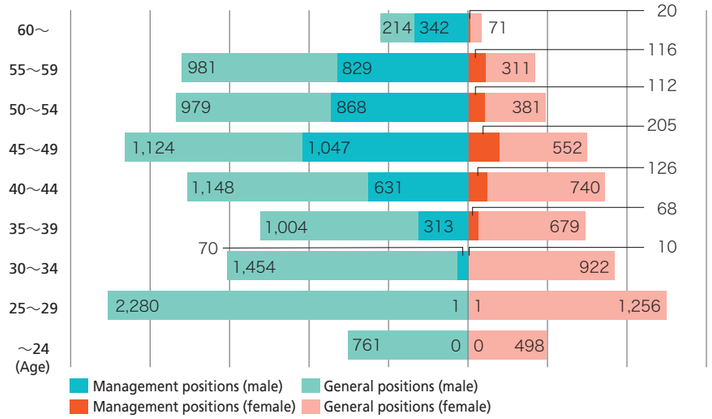
* Total return ratio: Total amount of dividends and treasury stock buybacks as a percentage of net income.
* Total return ratio included the effects of treasury stock acquired as part of efforts to optimize capital structure.

Operating Income per Person
(Millions of yen)



* Calculated as operating income divided by number of employees at fiscal year-end

Employee Composition (As of March 31, 2026) (Person) *3



*1 The calculation base dates are used for each fiscal year ended March 31. Averages are calculated by simple sum or weighted average methods. Unless otherwise noted, the scope of data covers full-time employees, including those who have been seconded to other companies, but does not include non-regular employees or seconded employees.
*2 The number of employees conforms to the definition set by Japan's Financial Services Agency for Japanese-language annual securities reports.
*3 TIS and its consolidated subsidiaries (domestic). However, for some indicators, excluding those subject to third-party assurance, data for any company that became a consolidated subsidiary in the period during which data was compiled might be excluded from total, depending on when that company came under the scope of consolidation.
*4 Percentage of employees who responded positively to the statement, "Overall, the company is a good place to work." Weighted average of domestic consolidated operating companies excludes special subsidiary SorunPure.
*5 (After fiscal 2025) Scope covers TIS INTEC Group, consolidated, (From fiscal 2022 to fiscal 2024) TIS, INTEC, AGREX, QUALICA, AJS, TIS Solution Link, TIS System Service, TIS Tohoku, TIS Nagano, TIS West Japan, TIS Hokkaido, TIS Business Service (currently, TIBS), SorunPure, Chuo System (until November 2021), and nine overseas companies (from April 2022).

Consolidated Financial Summary 1

Years ended March 31

(Millions of yen)

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019		Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
Performance Status												
Net sales	382,689	393,398	405,648	420,769		443,717	448,383	482,547	508,400	549,004	571,687	**596,479**
Cost of sales	312,153	317,440	321,286	325,985		337,820	334,671	353,699	366,668	397,365	411,480	**428,145**
Gross profit	70,535	75,958	84,362	94,784		105,896	113,712	128,848	141,732	151,639	160,206	**168,334**
Gross profit ratio (%)	18.4%	19.3%	20.8%	22.5%		23.9%	25.4%	26.7%	27.9%	27.6%	28.0%	**28.2%**
Selling, general and administrative expenses	46,099	48,938	51,618	56,740		61,057	67,963	74,108	79,403	87,070	91,158	**92,105**
Selling, general and administrative expenses ratio (%)	12.0%	12.4%	12.7%	13.5%		13.8%	15.2%	15.4%	15.6%	15.9%	15.9%	**15.4%**
Operating income	24,436	27,019	32,743	38,043		44,839	45,748	54,739	62,328	64,568	69,047	**76,229**
Operating margin (%)	6.4%	6.9%	8.1%	9.0%		10.1%	10.2%	11.3%	12.3%	11.8%	12.1%	**12.8%**
Recurring profit	24,521	27,092	32,795	38,603		46,070	39,257	55,710	63,204	68,553	70,503	**76,511**
Recurring profit ratio (%)	6.4%	6.9%	8.1%	9.2%		10.4%	8.8%	11.5%	12.4%	12.5%	12.3%	**12.8%**
Net income attributable to owners of the parent company	12,678	16,306	20,620	26,034		29,411	27,692	39,462	55,461	48,873	50,012	**46,624**
Net income ratio (%)	3.3%	4.1%	5.1%	6.2%		6.6%	6.2%	8.2%	10.9%	8.9%	8.7%	**7.8%**
Financial Position												
Current assets	166,666	152,162	162,064	176,231		181,543	229,965	259,261	268,682	291,556	319,080	**295,295**
Fixed assets	169,828	185,459	204,889	194,426		201,356	221,106	217,381	193,637	233,899	238,970	**256,211**
Software assets	15,428	16,056	16,866	19,177		22,887	27,797	26,486	25,648	23,575	20,269	**19,586**
Total assets	336,495	337,622	366,954	370,657		382,899	451,072	476,642	462,320	525,456	558,051	**551,507**
Current liabilities	91,508	78,676	81,310	91,126		88,479	100,915	139,236	117,179	140,277	153,210	**164,190**
Non-current liabilities	64,447	59,743	59,344	45,121		46,462	70,726	34,412	35,914	60,453	48,775	**49,589**
Total liabilities	155,955	138,420	140,655	136,248		134,942	171,642	173,649	153,094	200,730	201,986	**213,780**
Net assets	180,539	199,202	226,298	234,408		247,957	279,429	302,993	309,226	324,725	356,064	**337,726**
Total liabilities and net assets	336,495	337,622	366,954	370,657		382,899	451,072	476,642	462,320	525,456	558,051	**551,507**
Total interest-bearing debt	46,158	35,144	32,876	26,893		22,294	43,629	37,517	16,043	37,972	37,012	**34,824**
Cash Flow Status												
Cash flow from operating activities	25,496	18,952	36,386	37,558		38,569	33,345	56,126	33,634	62,578	63,748	**81,447**
Cash flow from investing activities	8,688	(23,488)	(14,202)	(1,213)		(26,437)	(17,522)	(3,424)	11,300	(32,817)	(17,741)	**(30,920)**
Cash flow from financing activities	(14,979)	(18,327)	(10,543)	(16,773)		(14,544)	12,484	(21,948)	(64,573)	(21,889)	(27,791)	**(78,362)**
Cash and cash equivalents at the end of the term	48,651	25,730	37,545	57,083		54,684	82,924	113,820	94,306	102,722	121,288	**93,733**
Free cash flow	34,184	(4,536)	22,184	36,345		12,132	15,823	52,702	44,935	29,761	46,006	**50,527**
Others												
Capital expenditures	14,210	15,159	16,907	13,334		16,702	25,085	13,783	11,230	19,193	25,961	**27,741**
Depreciation	11,952	11,801	12,572	12,783		12,020	13,318	15,083	15,700	17,340	18,748	**17,871**
Research and development expenses	1,086	1,178	996	1,003		1,702	1,789	2,784	3,104	2,958	3,079	**2,259**
Amortization of goodwill	339	326	289	289		171	312	497	336	1,574	2,028	**2,026**
Goodwill balance at the end of the term	1,393	1,332	1,118	503		355	2,550	1,556	1,370	31,610	27,814	**26,997**
Order Status												
Orders received during the term (total)	—	—	—	427,210		439,748	452,284	495,291	523,956	552,940	577,091	**605,805**
Order backlog at year-end (total)	—	—	122,067	132,935		133,121	147,214	161,453	180,373	188,044	197,590	**210,769**
Orders received during the term (software development)	207,345	208,307	219,225	238,298		246,330	237,323	271,350	282,739	278,508	295,838	**315,223**
Order backlog at year-end (software development)	69,961	64,751	67,716	75,549		79,277	83,797	94,016	103,282	101,386	107,993	**117,201**

* Software assets is the sum of software and software in progress.
* Total interest-bearing debt does not include lease obligations.
* Free cash flow is the sum of cash flow from operating activities and cash flow from investing activities
* Amortization of goodwill and goodwill balance at the end of the term include goodwill associated with intangible assets recognized separately through allocation of acquisition cost.
* From the first quarter of fiscal 2019, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan, Statement No. 28, February 16, 2018), and figures for fiscal 2018 have been retrospectively restated.
* The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued March 31, 2020), effective from the first quarter of fiscal 2022, ended March 31, 2022.

Consolidated Financial Summary 2

Years ended March 31

(Millions of yen)

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019		Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
Financial Indicators												
Equity ratio (%)	52.5%	57.8%	60.4%	62.0%		63.3%	60.0%	61.5%	64.2%	59.5%	61.5%	**58.9%**
Net income to equity capital ratio (ROE) (%)	7.0%	8.8%	9.9%	11.5%		12.5%	10.8%	14.0%	18.8%	16.0%	15.3%	**14.0%**
Total asset turnover ratio	1.12	1.17	1.15	1.14		1.16	1.08	1.04	1.08	1.11	1.06	**1.08**
Financial leverage	1.89	1.81	1.69	1.63		1.58	1.63	1.65	1.59	1.62	1.65	**1.66**
Recurring profit to total assets ratio (ROA) (%)	7.2%	8.0%	9.3%	10.5%		12.2%	9.4%	12.0%	13.5%	13.9%	13.0%	**13.8%**
Operating income per person	1.2	1.3	1.6	1.9		2.2	2.0	2.5	2.8	2.9	3.1	**3.5**
Net operating profit after tax (NOPAT)	15,725	18,921	22,542	26,014		30,569	29,184	34,450	39,406	45,626	46,915	**55,870**
Invested capital (average)	238,595	235,194	249,619	261,317		265,257	294,870	328,614	327,733	338,395	372,237	**376,061**
Return on Invested capital (ROIC) (%)	6.6%	8.0%	9.0%	10.0%		11.5%	9.9%	10.5%	12.0%	13.5%	12.6%	**14.9%**
Interest-bearing debt ratio (%)	13.7%	10.4%	9.0%	7.3%		5.8%	9.7%	7.9%	3.5%	7.2%	6.6%	**6.3%**
Payout ratio (%)	22.7%	19.0%	16.6%	22.8%		25.7%	31.9%	27.9%	22.0%	27.5%	32.6%	**39.0%**
Total return ratio (%)	35.3%	31.9%	30.5%	39.0%		39.8%	42.8%	39.3%	76.0%	85.8%	45.8%	**158.5%**
Per Share Data												
Net income per share—basic (yen)	145.22	189.02	241.44	307.83		350.35	110.51	157.69	227.11	203.28	215.00	**204.91**
Annual dividends per share (yen)	33.00	36.00	40.00	70.00		90.00	35.00	44.00	50.00	56.00	70.00	**80.00**
Net assets per share (yen)	2,031.07	2,265.76	2,602.07	2,719.79		2,890.27	1,078.60	1,173.60	1,227.44	1,333.32	1,477.61	**1,475.55**
Stock Information												
Stock price at fiscal year-end (yen)	2,664	2,832	4,210	5,240		5,361	2,641	2,877	3,490	3,289	4,134	**3,361**
Highest stock price during the term (yen)	3,085	2,959	4,410	6,040		7,320	2,670	3,630	4,320	4,095	4,335	**5,399**
Lowest stock price during the term (yen)	2,156	2,180	2,742	4,060		4,045	1,723	2,466	2,693	2,908	2,799	**2,893**
Price-earnings ratio (PER) (times)	18.3	15.0	17.4	17.0		15.3	23.9	18.2	15.4	16.2	19.2	**16.4**
Price book-value ratio (PBR) (times)	1.31	1.25	1.62	1.93		1.85	2.45	2.45	2.84	2.47	2.80	**2.28**
Market value at term-end (millions of yen)	233,870	248,618	369,592	460,014		470,637	695,553	722,589	853,114	776,971	976,589	**767,652**
Number of outstanding shares at fiscal year-end (thousands)	87,789	87,789	87,789	87,789		87,789	263,367	251,160	244,445	236,233	236,233	**228,400**
Number of treasury stock at fiscal year-end (thousands)	864	1,701	2,613	3,358		3,952	12,595	1,394	2,446	1,924	3,865	**8,325**
Average number of shares during the term (thousands)	87,305	86,268	85,406	84,574		83,948	250,574	250,246	244,212	240,427	232,621	**227,531**
Sales by Client Sector												
Net sales	382,689	393,398	405,648	420,769		443,717	448,383	482,547	508,400	549,004	571,687	**596,479**
Credit card	59,274	65,006	73,314	73,648		75,118	79,265	90,314	97,494	98,813	97,291	**97,708**
Banking	27,867	28,233	27,452	26,583		30,100	30,648	36,394	39,313	46,984	49,905	**51,918**
Insurance	26,339	25,356	26,262	27,279		29,274	30,140	31,520	31,258	32,012	32,257	**35,646**
Other finance	20,406	20,857	22,127	19,502		24,289	17,863	16,000	15,075	18,474	19,486	**24,504**
Assembly-based manufacturing	49,455	42,723	43,777	46,028		45,739	45,103	44,345	45,002	45,843	50,034	**53,950**
Processing-based manufacturing	35,061	36,953	38,366	38,081		38,998	42,424	53,368	51,706	54,216	55,843	**54,819**
Distribution	32,702	31,773	28,872	32,908		33,976	31,679	32,904	33,951	35,741	38,754	**39,621**
Services	79,601	89,607	93,258	103,531		112,722	118,517	132,094	142,276	155,308	168,880	**176,539**
Public institutions	36,603	37,002	35,923	34,863		36,286	33,649	32,075	37,447	45,552	42,071	**45,435**
Others	15,376	15,882	16,292	18,343		17,209	19,090	13,527	14,874	16,057	17,162	**16,335**

* The Company executed a 3-for-1 stock split of common stock, effective April 1, 2020.

Non-Financial Summary

Compilation period: April 1 to March 31 of each year or the base date

	Scope of data collection	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
Employee-Related Data (Note 1) * Averages are calculated as simple combined averages or weighted averages.						
Number of employees (Note 2)	A	21,709	21,946	21,972	21,765	**21,598**
Number of employees by nationality	A	21,796	21,916	22,062	21,951	**21,860**
Number of Japanese employees	A	19,319	19,399	19,823	19,913	**19,872**
Number of Thai employees	A	2,038	2,085	1,805	1,607	**1,556**
Number of Chinese employees	A	252	250	260	276	**278**
Number of other employees	A	187	182	174	155	**154**
Number of employees	B	19,498	19,573	20,010	20,132	**20,114**
Percentage of female employees	B	28.1%	28.7%	29.0%	29.5%	**30.2%**
Percentage of mid-career hires (%)	B	24.0%	23.2%	24.2%	24.4%	**24.8%**
Average age	B	40.1	40.3	40.4	40.5	**40.6**
Average age of male employees	B	41.3	41.5	41.6	41.7	**41.8**
Average age of female employees	B	37.1	37.3	37.5	37.8	**37.9**
Average length of service (years)	B	14.2	14.0	14.2	14.4	**14.8**
Difference in average length of service between men and women (years)	B	3.2	3.7	3.6	3.5	**3.0**
Number of employees in management positions (Note 3)	B	4,454	4,570	4,470	4,726	**4,759**
Percentage of female employees in management positions	B	10.3%	11.0%	11.8%	12.9%	**13.8%**
Number of consultants	B	300	420	510	545	**589**
Number of IT architects	B	—	—	—	270	**303**
Number of high-level sales talent	B	—	—	—	262	**274**
Percentage of employees with a disability (Note 4)	F	2.40%	2.30%	2.18%	2.43%	**2.44%**
Number of new graduate recruits	B	821	806	836	851	**784**
Percentage of new female graduate recruits	B	38.7%	35.2%	35.5%	35.5%	**39.5%**
Number of mid-career hires	B	322	312	368	384	**438**
Percentage of female mid-career hires	B	31.7%	30.1%	33.2%	33.9%	**33.1%**
Voluntary terminations rate (Note 5)	B	4.0%	4.0%	4.1%	4.0%	**4.2%**
Retention rate of new graduates after three years of employment (%)	B	85.4%	85.2%	84.3%	86.8%	**86.0%**
Job satisfaction (Note 6)	B	51%	52%	52%	56%	**59%**
Absenteeism (Note 7)	B	1.0%	1.0%	1.0%	0.9%	**1.0%**
Presenteeism (Note 8)	B	—	—	—	22.1%	**23.6%**
Average total working hours per month	B	156.2	162.7	165.8	163.9	**163.3**
Percentage of employees with average monthly legal overtime of 45 hours or more	B	3.6%	4.1%	2.9%	2.6%	**2.8%**
Percentage of annual paid leave taken	B	63.2%	68.2%	68.5%	66.0%	**66.5%**
Percentage of male employees taking short- or long-term childcare leave	B	—	75.9%	80.1%	83.0%	**84.9%**
Annual education expenditure per person (yen)	B	105,254	115,401	118,835	119,228	**129,845**
Number of days spent on learning and research per person per annum	B	11.7	12.5	12.1	12.4	**12.8**

Scope of data collection

A. TIS INTEC Group, consolidated
B. TIS and consolidated subsidiaries (domestic). However, for some indicators, excluding those subject to third-party assurance, data for any company that became a consolidated subsidiary in the period during which data was compiled might be excluded from total, depending on when that company came under the scope of consolidation.
C. (Fiscal 2026) TIS INTEC Group, consolidated, (From fiscal 2022 to fiscal 2025) TIS and consolidated subsidiaries (domestic), and nine overseas companies*.
D. (From fiscal 2025) TIS INTEC Group, consolidated, (From fiscal 2022 to fiscal 2024) TIS, INTEC, AGREX, QUALICA, AJS, TIS Solution Link, TIS System Service, TIS Tohoku, TIS Nagano, TIS West Japan Inc., TIS Hokkaido, TIS Business Service (currently, TIBS), SorunPure, Chuo System, and nine overseas companies*.
E. TIS, INTEC, AGREX, QUALICA, AJS, TIS Solution Link, TIS System Service, and Nihon ICS*.
F. TIS, QUALICA, TIS Solution Link, TIS System Service, TIS Business Service (currently, TIBS), SorunPure and Miotsukushi Analytics*.
G. TIS, INTEC, AGREX, QUALICA, AJS, and TIS Solution Link
H. TIS and INTEC
I. TIS, parent

*The companies covered might be different depending on the fiscal year, due to the review of scope of data collection and change of scope of consolidation. For other details, please refer to ESG Data Book 2026.

	Scope of data collection	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
Environmental Data						
Scope 1 emissions (kt-CO2e)	D	0.5	0.5	0.4	1.1	**1.0**
Scope 2 emissions (kt-CO2e)	D	64	53	26	22	**10**
Scope 3 emissions (kt-CO2e)	C	419	465	511	539	**570**
Category 1 (purchased goods and services)	C	333	386	445	465	**500**
Category 2 (capital goods)	C	58	48	38	44	**41**
Category 3 (fuel- and energy-related activities)	C	10	9	5	3	**2**
Category 4 (upstream transport and delivery)	C	8	11	13	16	**16**
Category 5 (waste generated in operations)	C	0.7	0.6	0.8	0.8	**0.5**
Category 6 (business travel)	C	2	3	3	3	**3**
Category 7 (employee commuting)	C	6	7	8	8	**7**
Energy consumption (Electricity MWh)	D	139,560	143,909	138,511	130,482	**105,819**
Renewable energy consumption (MWh)	D	—	—	78,544	83,614	**83,514**
Renewable energy utilization rate (%)	D	—	—	56.7%	64.1%	**78.9%**
Industrial waste (tonnes)	E	472	188	291	914	**461**
Other Non-Financial Data						
Social contribution expenses (millions of yen)	A	—	89	139	139	**142**
Political contributions (10,000 of yen)	B	27	32	26	61	**1**
Number of serious information security incidents	B	0	0	0	0	**0**
Number of employees receiving regular training on information security	B	18,542	25,369	27,188	25,254	**26,443**
Number of reports of leaks, etc. to supervisory authorities of the Personal Information Protection Law	B	0	4	2	0	**2**
Number of requests for disclosure of information related to personal information	B	1	3	1	0	**0**
Number of helpline calls: Calls received	I	13	4	9	10	**24**
Number of helpline calls: Cases investigated	I	12	4	9	10	**24**
Number of helpline calls: Case involving corrective action	I	8	3	6	5	**20**
Development loss (millions of yen)	A	1,845	404	4,002	2,644	**1,443**
Development loss rate	A	0.7%	0.1%	1.4%	0.9%	**0.5%**
Results of client and service satisfaction surveys	G	55.9%	54.2%	54.0%	58.5%	**60.6%**
Results of client satisfaction survey	I	71.7%	69.6%	85.6%	74.5%	**72.5%**
Results of business partner satisfaction surveys	H	—	—	77%	74%	**77%**
Number of directors (Note 9)	I	9	9	9	9	**9**
Number of female directors (Note 9)	I	1	1	1	2	**2**
Percentage of female directors (Note 9)	I	11.1%	11.1%	11.1%	22.2%	**22.2%**
Number of external directors (Note 9)	I	3	3	3	3	**3**
Percentage of external directors (Note 9)	I	33.3%	33.3%	33.3%	33.3%	**33.3%**

*1 The calculation base date for each fiscal year is March 31. Averages are calculated by simple sum or weighted average methods. Unless otherwise noted, the scope of data covers full-time employees, including those who have been seconded to other companies, but does not include non-regular employees or seconded employees.
*2 The number of employees conforms to the definition set by Japan's Financial Services Agency for Japanese-language annual securities reports.
*3 Management positions are those equivalent to section manager and above.
*4 The calculation base date for each fiscal year is June 1 (Example of fiscal 2022: June 1, 2021) .
*5 Excludes employees who left companies at the Company's convenience.
*6 Percentage of employees who responded positively to the statement, "Overall, the company is a good place to work." Weighted average of domestic consolidated operating companies excludes special subsidiary SorunPure.
*7 Percentage of employees who were absent from work for 30 or more consecutive days due to injury or illness as of the end of the fiscal year.
*8 Situation where employees are present in workplace but their performance suffers due to some type of health or well-being issue. Calculated using SPQ survey tool developed by researchers at University of Tokyo.
*9 The calculation base date for each fiscal year is July 1 (Examples of fiscal 2022: July 1, 2021) .

The above non-financial data is excerpted from the ESG Data Book. For other non-financial data and other details, please refer to "6. Nonfinancial Data" in the ESG Data Book.
https://www.tisi.jp/en/group/sustainability/esg_databook/index.html

Group Data

Group Summary (As of July 1, 2026)

Group Name | TIS INTEC Group

Corporate Information (Non-Consolidated) | TISI Inc.
Representative Director, President and Executive Officer: Yasushi Okamoto
Paid-in capital ¥10 billion
Founded April 28, 1971
Established April 1, 2008
Stock listing Tokyo Stock Exchange, Prime Market
(Securities code: 3626)

Head office | 17-1, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo, 160-0023, Japan

TIS Inc., and 50 Consolidated Subsidiaries (Domestic 26, Overseas 24)

Main Consolidated Subsidiaries (As of March 31, 2026)

TIS and main group companies	Shareholding ratio	Description of business	Fiscal 2026, ended March 31, 2026 (Millions of yen, non-consolidated basis)	
			Net sales	Operating income (operating margin)
TIS Inc. (operating holding company)	—	Focuses on credit card companies but pursues business opportunities in a wide range of sectors, including services and manufacturing. Promote to expand payment business. Merged with pure holding company IT Holdings Corporation in July 2016 and became operating holding company. (Incorporated April 1971)	273,173	35,836 (13.1%)
INTEC Inc.	TIS 100%	Focuses on megabanks and life insurers, and assists with CRM for regional banks and offers a wide selection of services to regional public corporations, particularly in the Hokuriku region. (Established January 1964)	129,319	16,088 (12.4%)
AGREX INC.	TIS 100%	Leading company in BPO sector, with emphasis on insurance industry needs. Turned into a wholly owned subsidiary in March 2015, becoming core company for BPO business within the Group. (Established September 1965)	39,110	5,483 (14.0%)
QUALICA Inc.	TIS 80% Komatsu 20%	Formerly, information systems subsidiary of Komatsu. Focuses on assembly-based manufacturers, mainly those under the Komatsu Group umbrella, while expanding business with companies in the distribution and restaurant sectors. (Established November 1982)	25,543	3,238 (12.7%)
AJS Inc.	TIS 51% Asahi Kasei 49%	Formerly, information systems subsidiary of Asahi Kasei. Focuses on companies under the Asahi Kasei Group umbrella. (Established March 1987)	16,494	1,591 (9.6%)
MFEC Public Company Limited	TIS 49% (based on control criteria)	Thai-listed, leading provider of enterprise IT solutions, which has strength in banking, communication, and government. Eight subsidiaries under the company. (Established March 1997)	34,374	1,703 (5.0%)

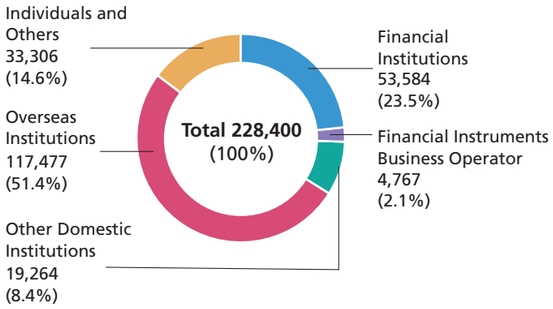
For other group companies, please visit the following webpage.
https://www.tisi.jp/en/company/list/

Stock and Shareholders Information (As of March 31, 2026)

Stock Information

Securities code	3626
Stock listing	Tokyo Stock Exchange, Prime Market (Securities code: 3626)
Financial year	From April 1 to March 31
General meeting of shareholders	Every June Dates of record: March 31 Record date of shareholders to exercise voting rights at ordinary general meeting of shareholders. Date is determined as necessary with public notice in advance,
Dividend payment shareholder determination date	Year-end dividend: March 31 Interim dividend: September 30
Public notice	Public notices by the Company will be announced online. However, if an accident or some other unavoidable reason that prevents the Company from completing an online announcement should arise, a public notice will be made by posting in the *Nihon Keizai Shimbun*.
Minimum trading unit	100 shares
Number of shares authorized	840,000,000
Number of shares issued	228,400,000 * Number of outstanding shares amounted to 214,700,000 due to the cancellation of treasury stock executed on August 31, 2026.
Number of shareholders	18,952

Share Composition by Shareholder
(Thousands of Shares)



Major Shareholders

Shareholder Name	Number of shares (Thousands)	Shareholding ratio (%)
ICHIGO TRUST PTE. LTD.	27,970	12.64
The Master Trust Bank of Japan, Ltd. (Trust Account)	27,231	12.31
Custody Bank of Japan, Ltd.(Trust Account)	9,540	4.31
JP MORGAN CHASE BANK 380055	8,019	3.62
Nippon Life Insurance Company	7,333	3.31
Employees' Shareholding Association of TIS INTEC Group	6,625	2.99
STATE STREET BANK AND TRUST COMPANY 505001	5,838	2.64
JCB Co., Ltd.	3,484	1.58
JP MORGAN CHASE BANK 385781	3,033	1.37
STATE STREET BANK AND TRUST COMPANY 505223	2,370	1.07

Note: Shareholding ratios are calculated after deducting treasury stock (7,164,984 shares). The treasury stock does not include 661 thousand shares of Company stock held by TIS INTEC Group Employees' Shareholding Association Exclusive Trust, and 499 thousand shares of Company stock held by Board Incentive Plan (BIP) Trust.

Rating
(At November 19, 2025)

Japan Credit Rating Agency, Ltd.	Long-term	A+/Stable

Evaluations from External Parties

Inclusion in SRI Indexes

TISI stock is included in socially responsible investment (SRI) indexes and SRI funds. The main evaluations are as follows.

FTSE4Good Index Series/FTSE Blossom Japan Index/FTSE Blossom Japan Sector Relative Index

FTSE4Good

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

MSCI Japan ESG Select Leaders

2026 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

MSCI Japan Empowering Women Index (WIN)

2026 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

SOMPO Sustainability Index

2026 Sompo Sustainability Index

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IR-Related Activities

TISI is included in the following indexes and has also been recognized for its robust IR activities.

2025 Best IR Award

JPX Prime 150 Index

JPX-Nikkei Index 400

2025 Internet IR Commendation Award (Daiwa Investor Relations Co., Ltd.)

Fiscal 2025 Homepage Quality Ranking Survey of All Listed Companies (Nikko Investor Relations Co., Ltd.)

Gomez IR Site Comprehensive Ranking 2025 (BroadBand Security, Inc.)

Endorsed Initiatives

The Group collaborates with initiatives to promote sustainability issues. Please refer to the ESG Data Book for details.
https://www.tisi.jp/en/group/sustainability/esg_databook/index.html