



TIS Inc.

TIS INTEC Group Business Briefing (Payment Business)

December 7, 2023

Event Summary

[Company Name]	TIS Inc.	
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[Fiscal Period]		
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[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	2	
	Kiyotaka Nakamura	Senior Managing Executive Officer, Division Director of Digital Transformation Business Unit
	Isao Otokita	Managing Executive Officer, Deputy Division Director of Digital Transformation Business Unit
[Analyst Names]*	Satoru Kikuchi	SMBC Nikko Securities
	Chikai Tanaka	Goldman Sachs

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

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Presentation

Moderator: Thank you very much for taking time out of your busy schedules today to attend the TIS Corporation business briefing. Those attending by phone today will not be able to ask questions. Please understand this in advance. Please refer to our website for the documents as appropriate.

Now, please wait for a while until the briefing session begins.

Thank you all for your patience. We will begin the business briefing session of TIS Inc. from now on. As you have been informed, today's business presentation will focus on the payments business. We hope that this will provide you with an opportunity to gain a deeper understanding of our group's initiatives and activities.

This briefing will begin with a 40-minute presentation on payment business strategies, followed by a 30-minute Q&A session for a total of 70 minutes, but please note that the entire session may last up to 90 minutes depending on the situation. Please refer to our website for the documents as appropriate.



Speaker Introductions



**Kiyotaka
Nakamura**

**TIS Inc.
Senior Managing Executive Officer
Division Director,
Digital Transformation Business Unit**



**Isao
Otokita**

**TIS Inc.
Managing Executive Officer
Deputy Division Director,
Digital Transformation Business Unit**

Let me briefly introduce today's speakers. The first one is Mr. Kiyotaka Nakamura, Senior Managing Executive Officer, Division Director of Digital Transformation Business Unit, TIS Inc., who is on your left. The second speaker is Mr. Isao Otokita, Managing Executive Officer, Deputy Division Director of Digital Transformation Business Unit. I will now begin the explanation. Thank you for your cooperation.

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1 Business status, review

2 Evolution of PAYCIERGE

3 Business strategy

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Nakamura: My name is Nakamura of TIS. Thank you very much for attending today's TIS Inc. business briefing. Today, I, Nakamura and Otokita would like to explain our business. I would like to explain today's structure in terms of three items.

First, in terms of the status and review of the project, the last project briefing was held in 2019, and I would like to give you a review of the status and review of the project since then. Based on this review of the business situation, I would like to make a second point about the evolution of our retail settlement business. After that, I will explain the third point, which is a specific business strategy.

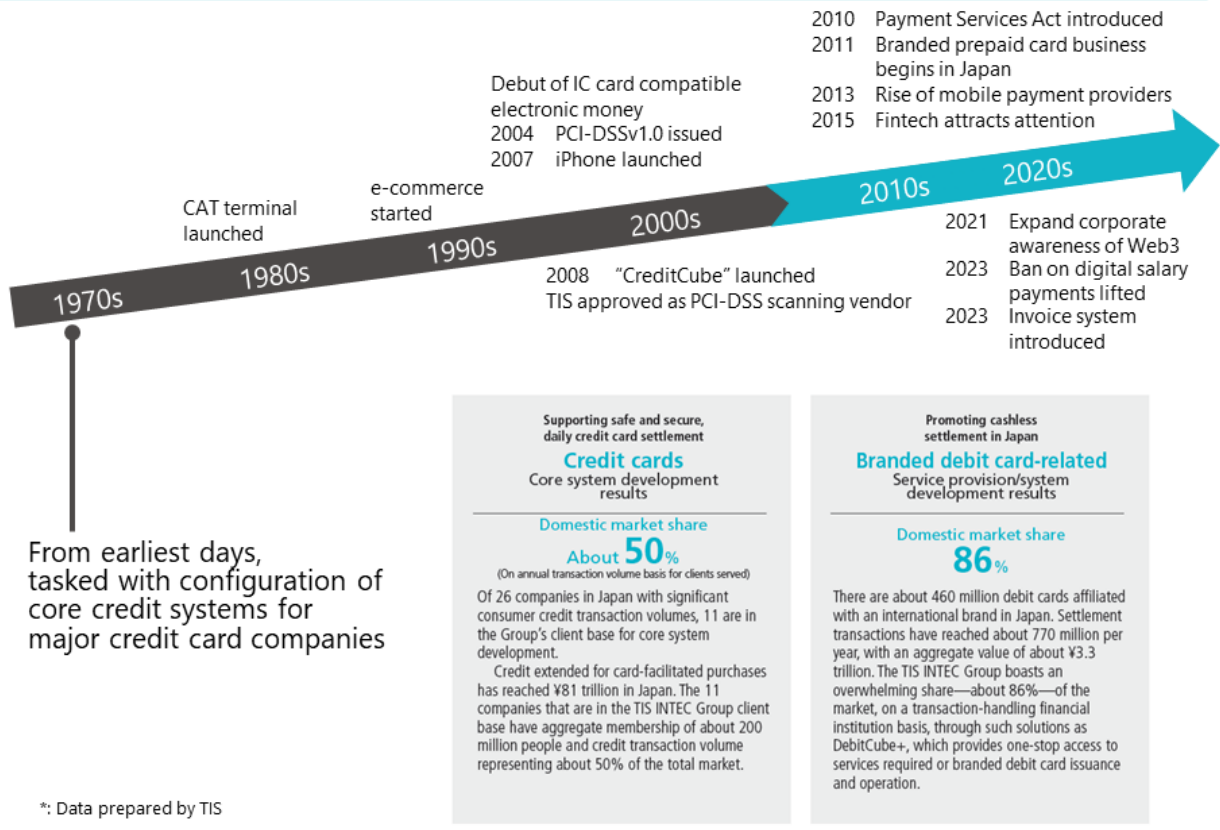
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Shift Toward Service-Style Solutions Derived Through SI Business



*: Data prepared by TIS
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I would like to first give you an update on our business, which I have already explained at the 2019 business meeting. To look back a little, we have been promoting this business of retail settlement since the establishment of our company. Since then, we have been building core systems for major credit card companies, and since the beginning of 2000, we have been developing the structural reform of our business model to provide our know-how and experience as assets for specific services.

We launched the PAYCIERGE service brand, and today, our core credit card system customers account for 50% of our market share. As for branded debit, which has been a symbol of the service, 86% of customers in Japan are now using it.

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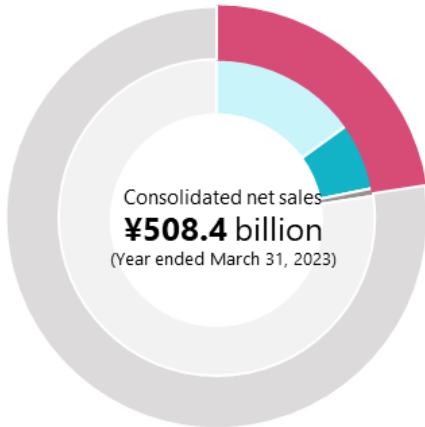
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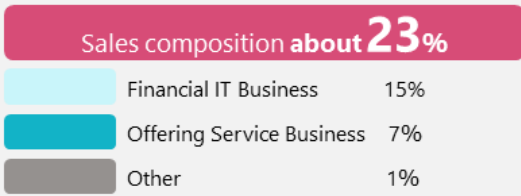


TIS INTEC Group's Payment Settlement Business

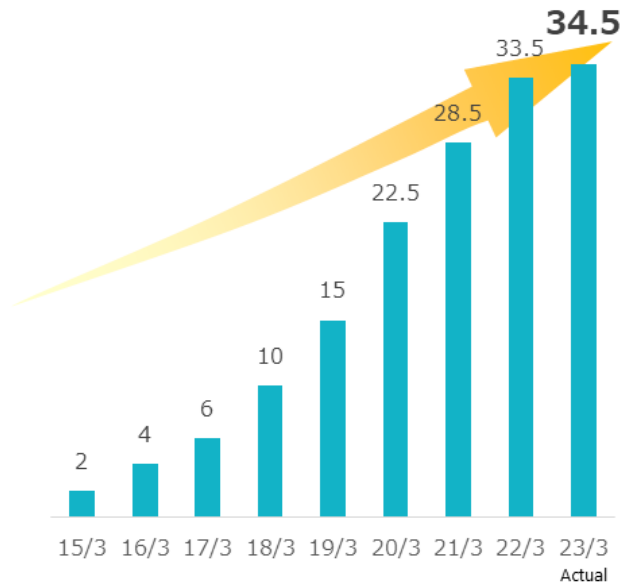
- Payment-related operations account for **¥115.0 billion**, or about 23% of consolidated net sales
- Of this, **service-style operations** (payment services) **are driving scale of operations wider** in recent years



Payment-related operations of the Group



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Payment-related sales in Offering Service Business (Billions of yen)

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This is the status of the settlement business in our group. Of the JPY508.4 billion in sales for the fiscal year ending March 31, 2023, approximately JPY115 billion, or 23%, is from the settlement-related business.

Our disclosure segment is composed of financial IT and offering services, and of this 23%, about 15% is financial IT services, and the payment services, which I will explain today, is 7% of the offering services.

As the graph on the right shows, we believe that our service-type business has been steadily expanding in recent years. Even since the last briefing, the scale of the project has increased considerably.

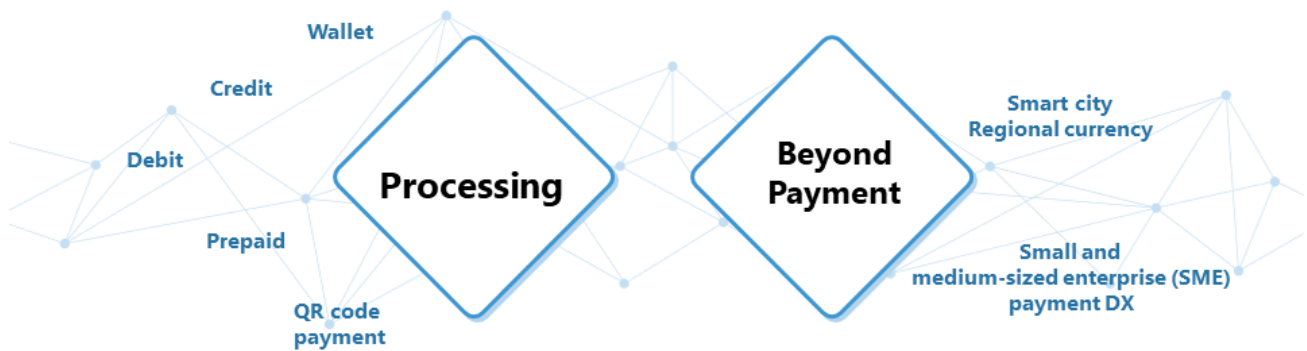
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For a new, more convenient society and beyond



Bring new value to society through payment solutions

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PAYCIERGE, our brand for payment services, aims to bring new value to society through payments, and is being promoted based on two major components. Processing, a payment service focusing on back-office services such as credit, branded debit, and prepaid. Beyond Payment is a business that utilizes these assets to solve social issues. These two are our major components.

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Payment Services Composition, as of March 31, 2023

- Progress is generally on track to achieve ¥50 billion by fiscal 2026, ending March 31, 2026, a target introduced at business briefing in 2019.
- With expanding light needs, that is, simple, speedy and prioritized payment options such as QR code apps, digital account services will fuel results.

	Fiscal 2026 Estimate (at 2019 information meeting)			Fiscal 2024 Estimate (when plan drawn up in 2021)	Fiscal 2023 Actual
Credit SaaS	¥35 billion		Credit	¥20 billion	¥19.2 billion
Debit SaaS Prepaid SaaS	¥9 billion	¥15 billion	Digital accounts	¥11.5 billion	¥12.7 billion
Wallet QR	¥3.5 billion				
Merchants	¥2.5 billion				
—	—	—	New areas/ common	¥2.5 billion	¥2.6 billion
Payment total	¥50 billion		Payment total	¥34 billion	¥34.5 billion

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* Mainly Processing. New areas/common includes Beyond Payment area.

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This is currently the situation for the fiscal year ending March 31, 2023. This is the scale of the business composition of the payments business. On the far-left side of this table is our project plan that was originally presented at the 2019 project briefing. The overall payments business was JPY50 billion, and the components of the business were credit SaaS, debit SaaS, prepaid SaaS, wallet QR, merchants, and so on.

The plan is generally on track to meet the JPY50 billion target for 2019. This right-hand side shows the current situation. In the fiscal year ending March 31, 2023, the credit SaaS service is attracting a great deal of attention, as it is almost the same as the fiscal year ending March 31, 2024, which is the same as the mid-term management plan, but at the same time, new payment needs such as code payment are expanding, and the digital account service is becoming a driving force for the business.

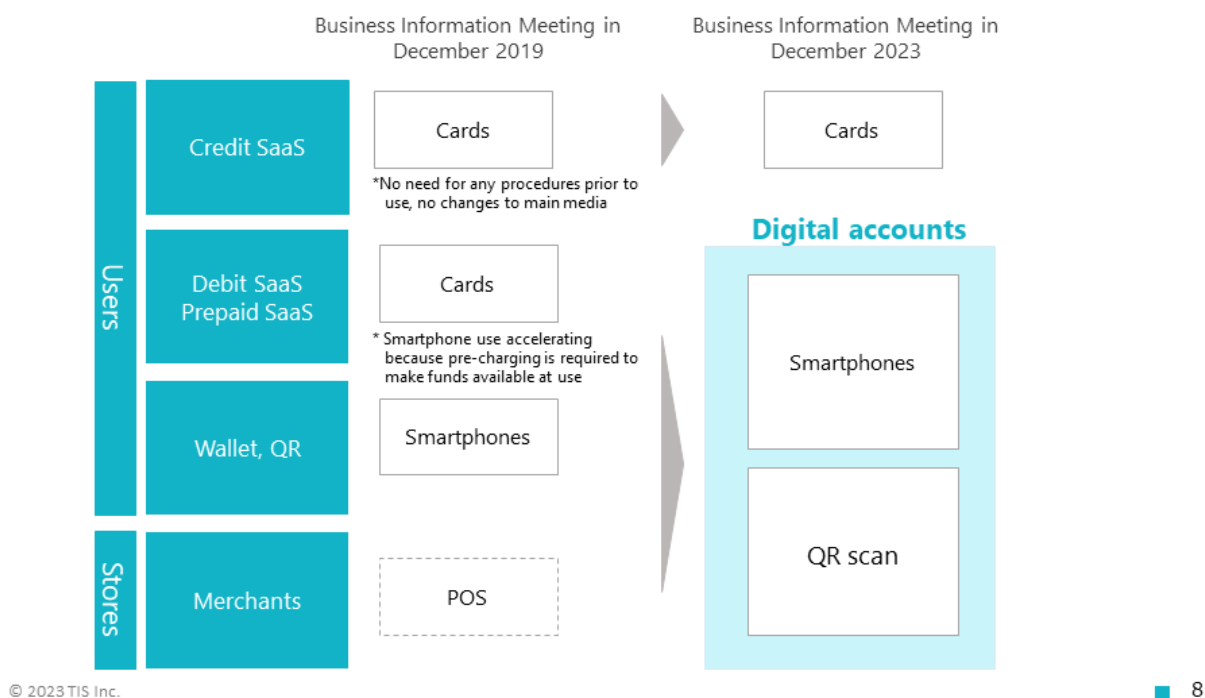
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Changes in Business Structure

- Smartphone first concept—prioritizing smartphones among mobile devices for app development and release—accelerating, with emphasis on prepaid e-money services requiring payment in advance of use.
- More services integrating debit/prepaid SaaS, wallet and QR code app, and merchant payment methods, so reorganized as digital accounts.



As shown on the next page, we have been providing services by preparing our assets for debit, prepaid, wallet, and other products and services.

On the other hand, as you are probably aware from your daily life, digital accounts that combine these factors are increasingly being offered in a variety of forms, such as the widespread use of smartphones and payment through them. In other words, the digital account will be established not by this cut, but by providing a combined service. This is the reason why we have organized our services in the form of digital accounts.

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Achievements in Area of Payment Processing

- Credit SaaS service start in fiscal 2023.
- Awareness of QR-code enabled payment as payment method suddenly became more pervasive in 2018, providing backdrop for digital account operations, combining mobile wallet and debit or prepaid e-money, to drive results higher.

Achievements

Credit	<ul style="list-style-type: none"> • Credit SaaS started with provision of solution to NTT DoCoMo. If existing user clients included, transaction volume moving in favorable direction. • Saw demand for credit solution appropriate to needs of digital account client companies as well as demand for corporate credit solution comparable to B2B transaction DX.
Digital accounts	<ul style="list-style-type: none"> • Booming digital account demand from emerging platform market. <ul style="list-style-type: none"> - Support for building TOYOTA Wallet, Toyota Financial Services' cashless payment app. - Support for issuing corporate cards linked to freee's cloud-based accounting tool. - Provided processing service to Nudge, which seeks to be a challenger bank. • Responded to demand from major payment processors in digital shift as projects utilizing digital account asset groups <ul style="list-style-type: none"> - Started providing Sumitomo Mitsui Card Mobile Payment Package
Laying groundwork, medium to long term	<ul style="list-style-type: none"> • Support swift response to expedite payment of salaries through digital payment apps, a trend that is expected to attract greater interest. • Taking medium- to long-term perspective, will start research on digital currency and Central Bank Digital Currency (CBDC).

This is a track record of our efforts in the area of payment processing. Credit SaaS services have been launched for the fiscal year ending March 31, 2023, last year. The Company is now offering this service to a very large customer, so we are firmly committed to stable operation and expansion of usage here.

On the other hand, digital accounts, as I explained earlier, have been increasingly used by emerging platforms and major companies in their new businesses, as the need for digital accounts has increased dramatically through smartphone activities, in addition to the current assets that have been prepared. For example, Toyota Financial Service, Freee, Nudge, and others are providing this service to their customers who have entered into the new payment business. The digital account is also being used for joint projects such as the mobile payment package with Sumitomo Mitsui Card.

On the other hand, as a milestone for the medium to long term, we are promoting new initiatives, such as responding to payroll digital money and CBDC research.

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Achievements in Area of Beyond Payment

- In area of Beyond Payment, we seek to deliver solutions to social issues through “~ x payment” approaches.
- Not simple behind-the-scenes support but rather efforts on our own to be primary contractor pushing business forward.

Smart City x Payment	Corporate DX x Payment
<p>Drawing digital technology and know-how together and work with communities to realize smart.</p> <ul style="list-style-type: none"> • Launched full-scale practical application of Aizu Coin, digital regional currency service. • Supported efforts to energize local economy, promote sustainable development goals and encourage good health practices through Satsu Navi sightseeing recommendation app. • Supported payment services at HOKKAIDO BALLPARK F VILLAGE and build framework linking community with sports team fans through Kyakushiru, new service that visualizes customer behavior. 	<p>Realizing improvement in productivity through digitization of invoicing and payment processing for SMEs.</p> <ul style="list-style-type: none"> • Launched new services originating from professional support solutions from Nihon ICS which recently came under TIS INTEC Group umbrella. • Started building next-generation corporate card services linking invoice processing between companies. • Began providing consulting service that supports launch of B2B payment service for financial institutions and non-banks.

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Next is "Beyond Payment," which is a theme for solving social issues. We have been focusing on two major themes during this period. One is smart cities and payments. The other is that of corporate DX and settlement.

We are promoting this Beyond Payment by applying social issues to the areas of XX and XX. As for the smart city concept being promoted by Aizu Wakamatsu City, we are working toward the practical application of a local currency service, a settlement service that connects local governments with residents and other parties. In other regions as well, we are gradually seeing the results of efforts to promote tourism and various other regional revitalization measures.

In the area of Corporate DX, we are focusing mainly on supporting DX for small and medium-sized enterprises (SMEs). This year, we welcomed a new company to the Group, Japan ICS, which is a service for professionals and tax accountants. In terms of services to clients, there are a relatively large number of small and medium-sized enterprises, and we are now in the process of developing this Corporate DX initiative to provide services to these clients.

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Medium-Term Management Plan (2021–2023) and Progress Update

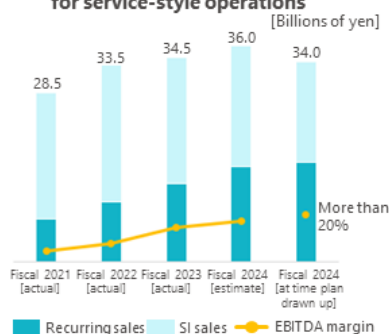


Business Environment

- Domestic B2C cashless payment ratio nearing 40%, indicating progress toward cashless society.
- TIS' target market — emerging platform market — growing as anticipated.
- Trend toward lower payment fee rates continuing.
- Emerging value-added demand, such as combined approach for small and medium-sized enterprise (SME) DX x B2B cashless payments.

Numbers

Payment-related business scale for service-style operations



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Status of Progress

Growth

- Expanding business scale exemplified in results exceeding estimates set at time plan formulated. (Sales reached ¥34.5 billion in fiscal 2023, hitting estimate a year ahead of schedule)
- Complemented existing credit, debit and other processing services with wider service lineup to gradually encompass new themes, including digital wallet and embedded finance needs.
- Welcomed launch of credit SaaS in fiscal 2023 and stable operation of platform.

Profitability / Shift to recurring sales focus

- Recurring sales ratio rose, thanks to start of credit SaaS service, but increase insufficient to spur overall improvement in profitability.
- Mature services gradually turned a profit, but burden of upfront investment in new businesses and other expenses eroded gains, leaving profitability an issue still requiring attention.
- Must enhance consulting capabilities and services that will maintain high growth, enter areas showcasing high-value-added services, and prioritize well-rounded investment activities.

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Our medium-term management plan covers the three-year period from 2021 to 2023, and I would like to explain the progress of this project. In this medium-term business plan, we have been promoting the service business as one of our priority strategies, and in the business environment, we have been promoting the cashless business which includes government policy, with a domestic BtoC cashless ratio of something like 40%. In addition to the favorable winds of this environment, the market for emerging platforms, which I have been explaining, has been steadily expanding, and our business has also been growing steadily.

On the other hand, we are aware that profitability has not met some of our expectations as a result of the priority investments we have made in service launches and new initiatives, and that there are some issues, especially in the area of the liquor ring business. We are also aware that there are some issues in the recurring business in particular.

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Next, I would like to explain the evolution of PAYCIERGE, considering the business situation I have just described.

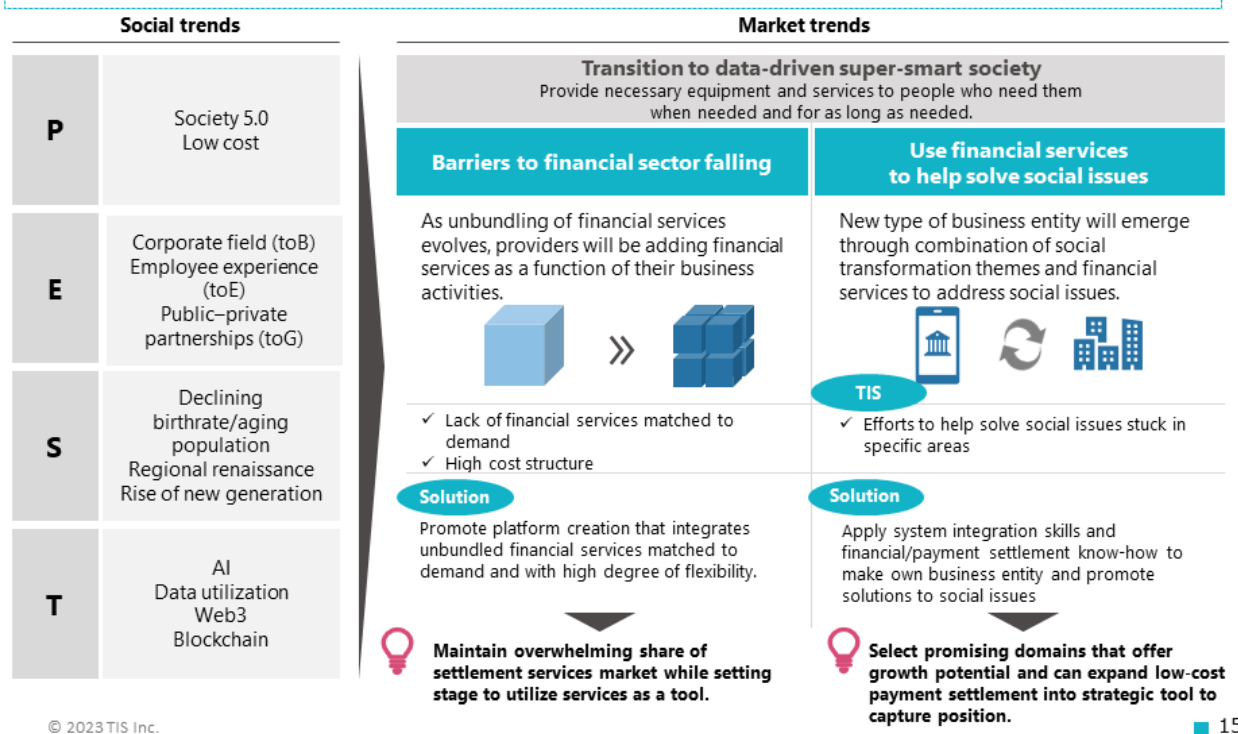
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Market Changes

- Barriers to entry in financial sector falling, due to unbundling of financial services.
- Solutions to social issues require new type of business entity that combines aspects of financial and non-financial operations.



As for how PAYCIERGE will evolve in the future, we are organizing changes in the market based on PEST analysis.

I won't bore you with the details due to time constraints, but as a result, we believe that the world is moving toward a data-driven, smart society. From this situation, we derive two strategies that we believe will address this market change and TIS.

As described here, the barriers to entry into the financial domain will be lowered and, on the other hand, the functions of financial institutions, rather than institutions, will be used to solve social issues. TIS is committed to providing the infrastructure to support the payment and settlement process and to increasing our market share in the former area, thereby laying the foundation for realizing low-cost or componentization in the financial services sector. On the other hand, in areas where growth is expected in the future, we need to provide weapons in line with the theme of social transformation and pursue what themes will solve social issues with our customers, the market, and the world.

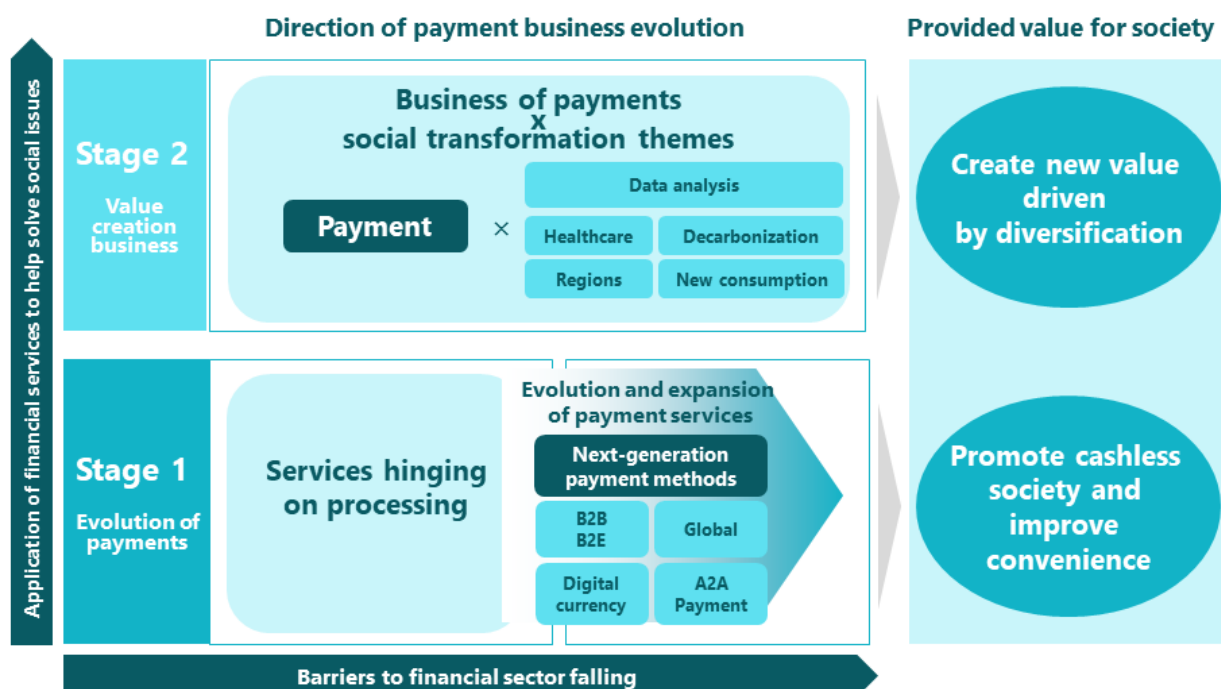
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Direction of PAYCIERGE Evolution

Underlying concept in PAYCIERGE, new strategy in payment services domain.
To realize sustainable and smart financial inclusion—the perfect evolution of a cashless society.



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Based on this theme, we would like to expand our market business and improve our services on a two-story structure in terms of PAYCIERGE. The first floor has traditionally been a processing area, but we will continue to work on the evolution of payments and lower the barriers to entry in the financial sector.

The second floor is where we will combine the themes of payment and social transformation and move in the direction of resolving these issues. The aim is to create new value for an increasingly diverse society, while the foundation is to promote a cashless society and increase convenience in each.

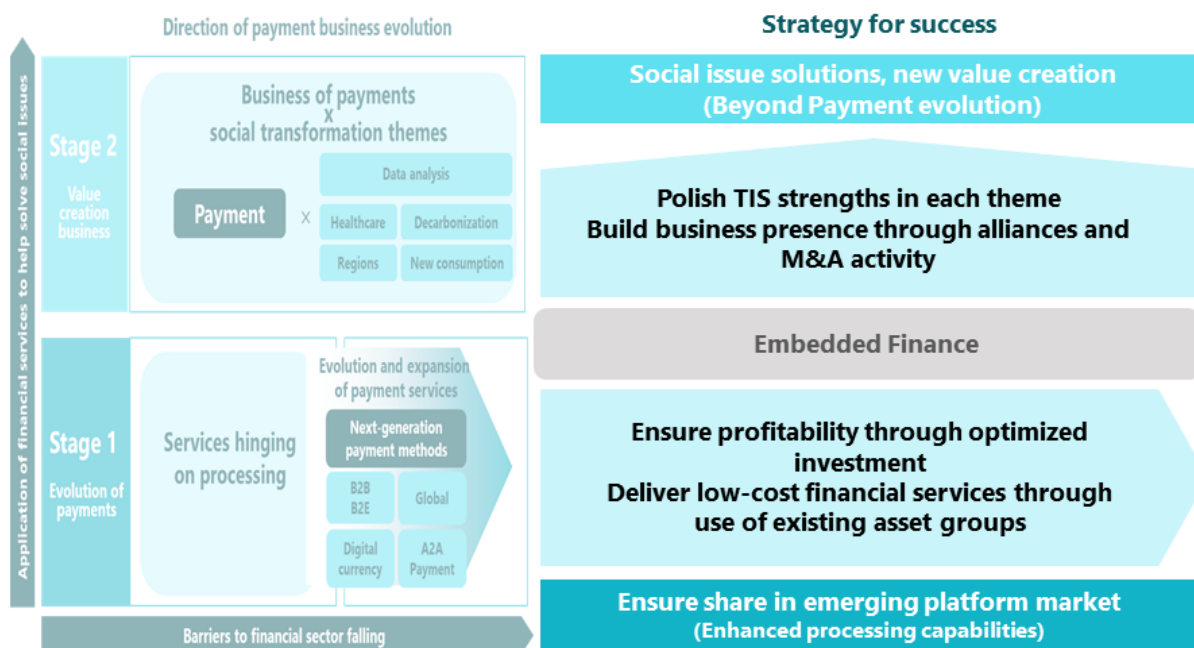
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Realization of PAYCIERGE Evolution

Realize evolution of PAYCIERGE by maintaining share in existing fields and building business presence in new fields.



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As for how to realize the evolution of the first and second floors, there is a slight overlap with what I have just said, but we have been building a solid foundation for the first floor, and we are optimizing our investments to ensure the profitability that we have just recognized as an issue. We are thinking to enable making the best use of existing assets to provide low-cost financial functions.

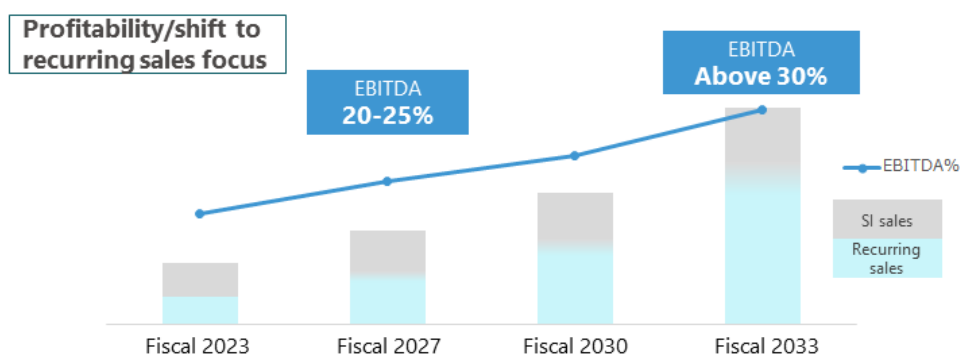
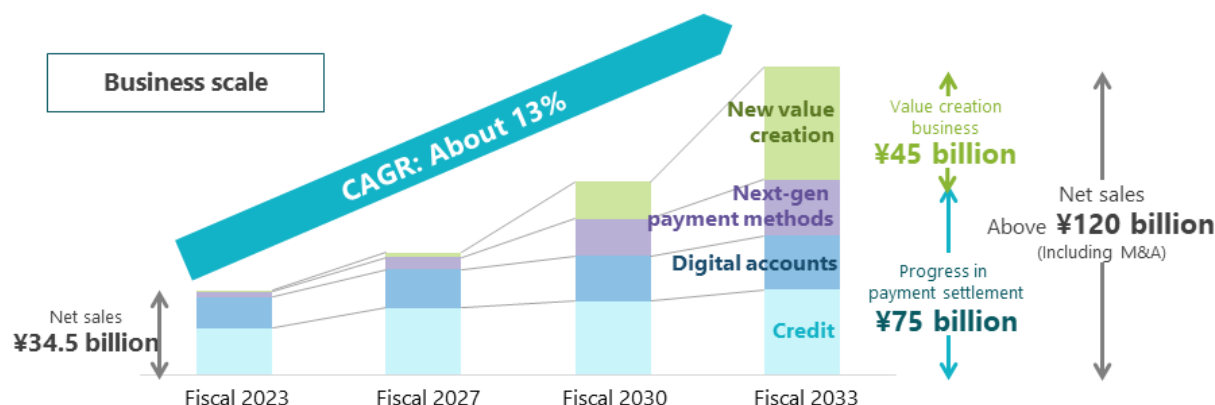
As for the second point, as I mentioned earlier, we are considering the possibility of confronting social transformation by refining our strengths in each theme and aiming to become a business entity through alliances and M&A, etc., as we are non-consolidated.

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Business Scale Targeted Through PAYCIERGE



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With these measures, we are showing you the scale of business we are aiming for through PAYCIERGE. For the fiscal year ended March 31, 2023, which is the last fiscal year, we are aiming for a CAGR of about 13% over the next 9 to 10 years, to the fiscal year ending March 31, 2033.

In the area of payment evolution through services centered on Processing, we will continue to improve profitability by roughly doubling the size of our business from the current level and steadily promoting the sales of recurring revenue, which we have recognized as an issue.

As shown in the chart below, EBITDA for the fiscal year ending March 31, 2023 is slightly below the target, but we are determined to improve profitability by achieving at least 20 to 25% EBITDA during the next 3 years of the medium-term plan, and at least over 30% EBITDA for the year ending March 31, 2023. As I mentioned earlier, one of the main points is to optimize investments properly.

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Summary of Strategies by Business Area

Business Area	Market Growth	Competitive Environment	Essential Features of Strategy	To March 2027	To March 2033
Credit		Oligopoly	<ul style="list-style-type: none"> ✓ Increase client companies' total payment transaction volume and expand recurring business ✓ Develop credit function for digital account clients 	Growth	Profit improvement
Digital accounts Including debit, prepaid and e-wallet options		Mature ~ Growth	<ul style="list-style-type: none"> ✓ Boost profitability through such approaches as optimization of delivery/cost structure ✓ Combine existing asset groups with outsourcing services to broaden business area to B2B and B2E 	Profit improvement	Profit improvement
Next-gen payment methods Including A2A payment, digital currency		Early days	<ul style="list-style-type: none"> ✓ Utilize available service groups to respond expeditiously to new payment schemes and capture market share ✓ Accelerate use of embedded finance through co-creation with clients ✓ Launch new payment services throughout Asia 	Market creation	Growth
New value creation			<ul style="list-style-type: none"> ✓ Create value by combining business themes closely associated with payment settlement, which serves as a social infrastructure (Including smart cities, corporate DX and healthcare) ✓ Improve consulting/design skills and reinforce business creation capability 	Market creation	Growth

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This page is organized in the form of a summary of strategies by area. For each of these areas, we have summarized them in terms of market growth, competitive environment, and strategic framework. As for the framework of this strategy, it is as described, but I will be able to explain it in a little more detail in the subsequent sections. Now, I would like to pass the baton to Mr. Otokita to explain the strategic aspect.

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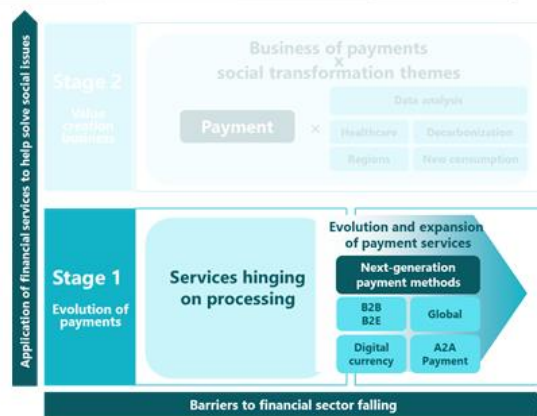
Otokita: Now, Mr. Otokita will explain the business strategy and the third agenda item.

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Stage 1 Advancing Payment Methods



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First of all, as you mentioned earlier, we are talking about the evolution of the settlement on the first floor.

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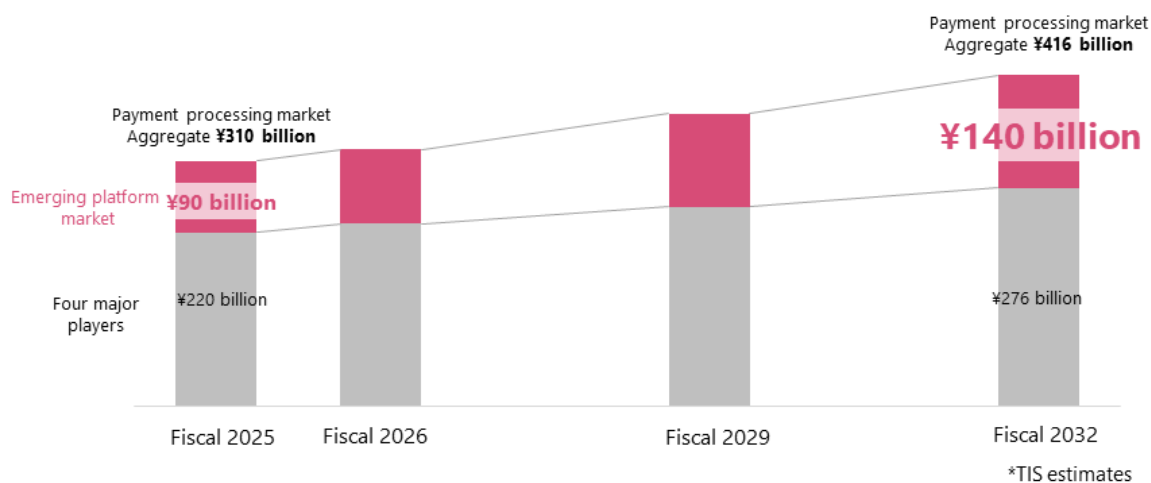
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Anticipated Scale and Breakdown of Payment Processing Market in 2032



- Overall payment processing market likely to grow to **¥416 billion** by fiscal 2032, with B2C cashless payment ratio remaining high and complemented by further progress in other e-commerce models, such as B2B and B2E.
- In market breakdown for 2032, conventional processing services will see a bit of a slowdown in sales growth due to pressure from client companies to reduce fees because of a decrease in payment return rate. Against this backdrop, emerging platform market is actively working to incorporate credit cards, A2A payment (banking API), digital currency and other progressive payment methods into new value creation, which should propel market scale toward **¥140 billion** by fiscal 2032.



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Currently, the overall Processing market is seeing a growing percentage of B-to-C cashless transactions. In addition, the BtoB and BtoE markets are also making great progress. The market size of the Processing market as a whole is estimated to be about JPY400 billion or more.

In this context, we have been calling them "emerging platforms" for some time now, and we are currently assuming that the JPY90 billion market we mentioned at the time of the last settlement business briefing will be roughly JPY140 billion by 2032. I believe that the market will grow in size as the promotion platform becomes more active in incorporating various initiatives such as digital currency and A to A (account-to-account) payments that utilize bank APIs.

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Expansion of Payment Processing Market

- Digitization of B2B transactions by SMEs fueling need for B2B payment settlement services.
- B2E payment needs growing due to wider embrace of workstyle reforms and changes in exchange of money, including wages and calculation of expenses, between companies and their employees.
- Will improve payment processing services with mobile, cloud and API capabilities to meet evolving needs.

B2B Payment—Including corporate credit cards

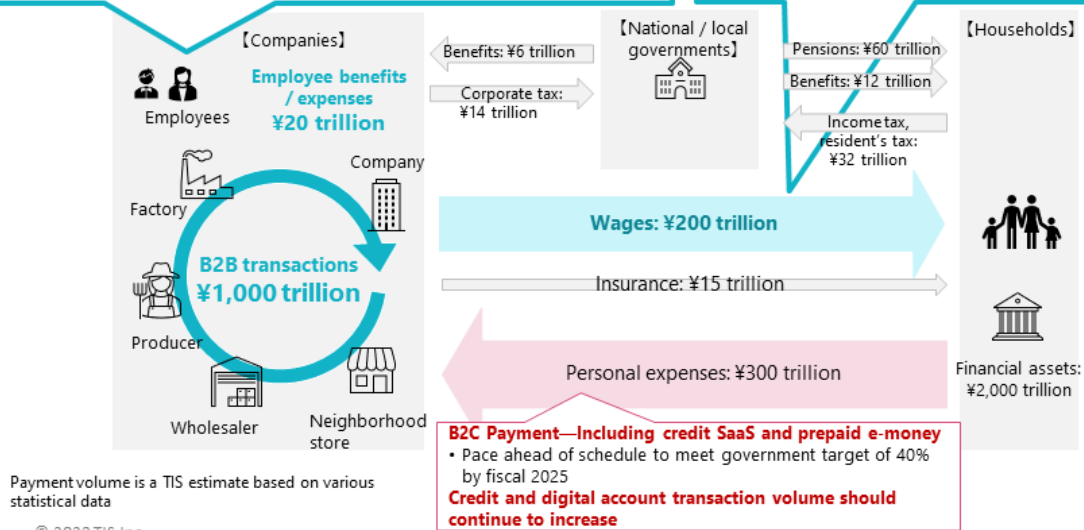
- Rate of electronic transactions between SMEs less than 10% (TIS estimate)
- DX for SMEs facilitated by substructure support, including invoicing systems

Digitization of ¥300 trillion in analog transactions by SMEs

B2E Payment—Including work-related prepaid accounts

- Ban lifted on digital salary payment
- Expenses incurred through remote work as well as employee benefits paid electronically

Companies increasingly using digital methods to pay wages, expenses, benefits and other compensation



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The slide shows the current flow of money. In addition to the JPY300 trillion flow of personal consumption based on BtoC, the entrance of money will be digitized, which will accelerate the digitization of salaries and business-to-business transactions as well. The left side of this page shows a figure of JPY1,000 trillion, and we would like to aggressively capture the B-to-C, B-to-B, and B-to-E markets in addition to the personal consumption that we have been targeting in our PAYCIERGE to date.

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Digital Accounts Provides Starting Point for New Strategic Blueprint

- Credit SaaS membership is growing, but business development is taking a path different than initially envisioned. Will emphasize business development geared toward new needs while promoting activities aimed at turning a profit.
- Seek to expand business, starting with digital account clients, to take advantage of growing demand in this market.
- In both pursuits, will utilize and improve existing asset group and control investment as efforts unfold.

Client trends (toward incorporating payment function)

- ✓ Broad direction, where emerging platforms require payment function, remains unchanged

[Toward incorporating payment function]

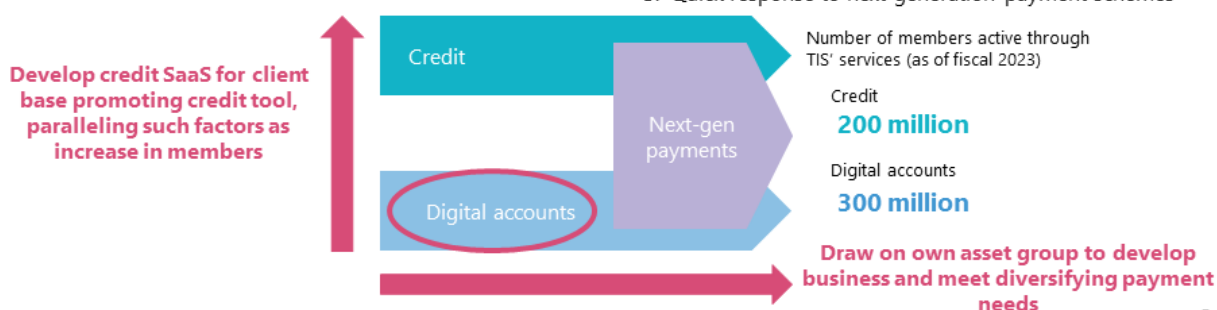
1. Add on prepaid or other digital account tool
2. Expectation of greater need to incorporate credit function, in conjunction with increase in members and rising transaction volume
3. Greater need for low-cost next-generation payment tools over medium to long term

TIS' current status and approaches

- ✓ Credit SaaS taking a path different than initially envisioned
- ✓ Meanwhile, growth exceeding expectations in digital accounts (=capture latent credit SaaS clients)
- ✓ Efforts to enrich service lineup moving forward

[TIS' approaches]

1. Respond to digital account clients' needs regarding credit function add-on (credit SaaS development properly matched to needs)
2. Well-timed credit SaaS development for large clients
3. Quick response to next-generation payment schemes



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In this context, we are currently organizing the idea of a new digital account, and we are currently considering various strategies based on the two axes of credit and digital accounts. At present, in the case of credit SaaS, customers are attracted by the attractiveness of the products, but the total investment is quite large due to the core system.

In addition, each customer has different issues and different ideas when it comes to the timing of the renewal or migration from the current system, and the study tends to take a long time. In response to these trends, we are currently a little behind the original plan. However, each customer has his or her own ideas, and we will continue to take appropriate measures to address this issue.

On the other hand, the market for digital accounts is currently growing, with both the market and our business growing considerably. We are continuing to see a great increase in the number of emerging platformers incorporating that payment functionality as a digital account.

As you can see in the chart below, there are two types of accounts: credit accounts and digital accounts, which are indicated by the arrows on the right. We are currently offering a variety of digital accounts that combine various assets we own, such as prepaid and some credit functions.

The current trend is to move from digital accounts to full-scale large-scale credit when the number of members and transaction volume increases, as customers actually use the accounts. We are aware that market needs and customer thinking are changing.

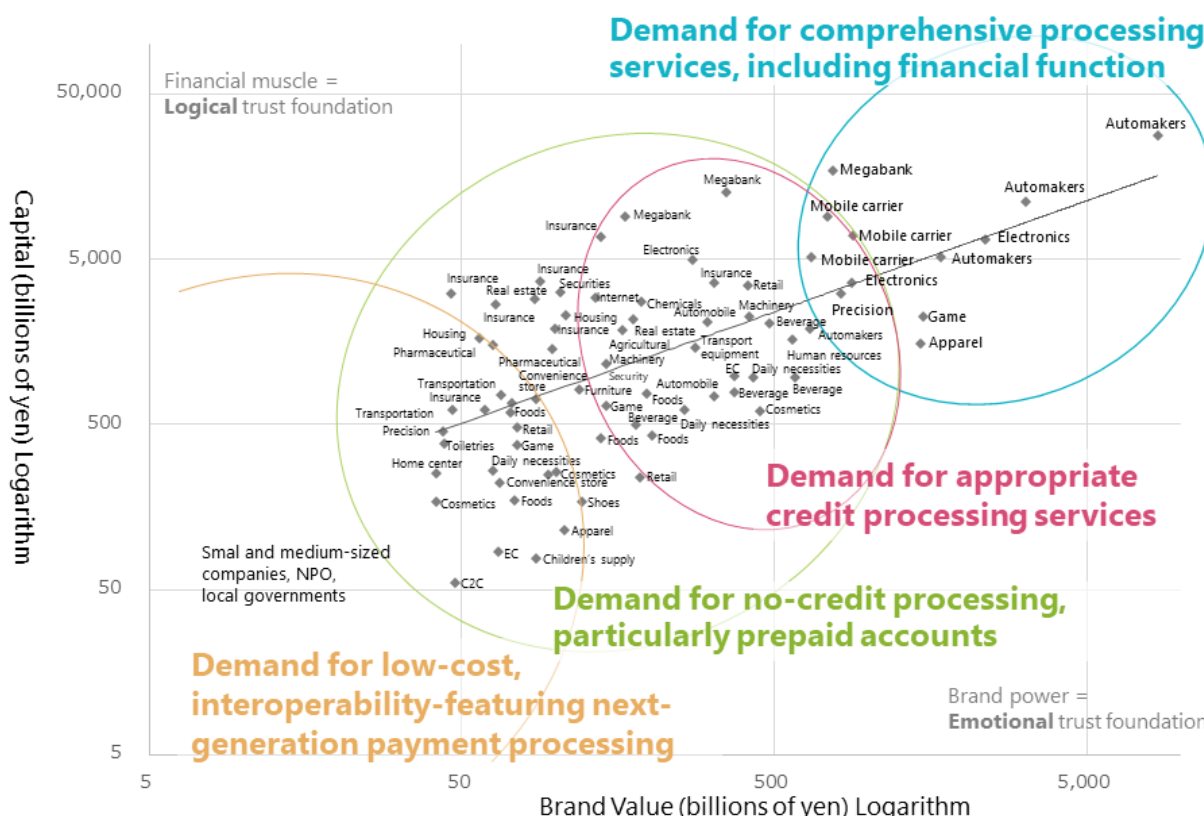
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In this context, we are considering offering a very light credit SaaS version called "light credit" as a prelude to digital accounts and credit, in a way that will allow customers to migrate to existing credit SaaS and credit customers while capturing the growth of digital accounts. We are now preparing a very light credit SaaS version called "Lite Credit," which will be offered at the stage before going to large credit accounts, and we are now considering a stream that will eventually allow customers to migrate to large credit accounts. We are preparing a move to actually deploy that asset.

Players Operating under Various Business Formats Seek Payment Processing Services



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Data prepared by TIS based on materials announced by Interbrand in 2023 and corporate fiscal reports

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Please go to the next page. In line with what you have just said, this is a diagram that we have actually organized and plotted in our marketing department, so it may look a little unfamiliar, but it shows the customers in each market, with capital strength on the vertical axis and brand strength on the right axis. In this context, the Group of companies with a high level of trust from society and high capital strength in the upper right-hand corner actually tends to be the most desired to provide comprehensive settlement services, including finance. The following is a list of some examples of such companies: megabanks and cell phone carriers.

On the other hand, the demand for digital accounts is very high for the companies in the green circle, and we are now in the process of providing them with digital accounts. In addition, as I mentioned earlier, the growing demand for a light version of credit, which does not yet include financing, but still includes a simple credit function from a digital account, is also being addressed by the red area on the upper right, which shows a group of customers who are interested in a light version of the credit function. In this way, we would like to continue to provide services by tracing the flow of customers from the left to the right.

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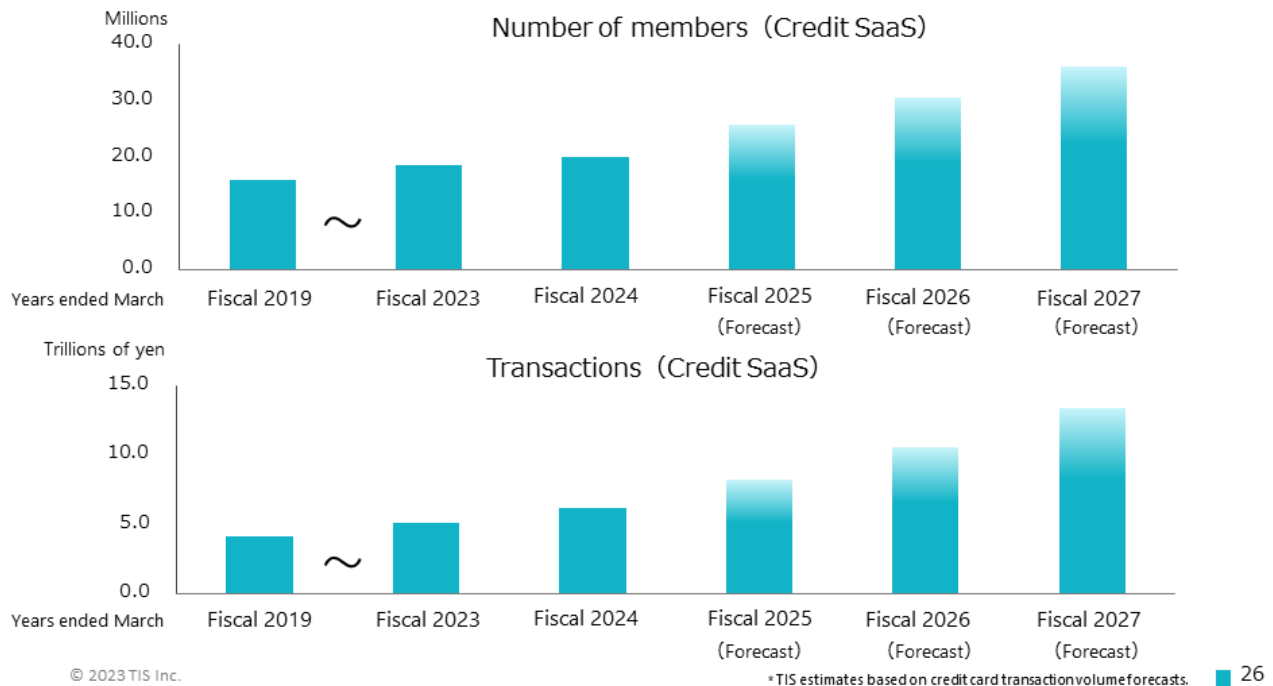
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Leverage Service Expansion Linked to Clients' Business Growth

- Usage status, represented by number of members and transaction volume, on services, including credit SaaS, expanding at pace exceeding that of overall market growth.
- Expect brisk recurring business, along with more opportunities to provide peripheral and next-generation payment solutions matched to client business growth.



Next page please. The current credit SaaS market is growing steadily in terms of both the number of members and transaction volume. The total number of actual credit SaaS-based customers has reached approximately 20 million members.

We recognize that these customers and members are potential users who will become users of the next generation of payment services, such as those around credit card services, and we would like to trace them closely in the future.

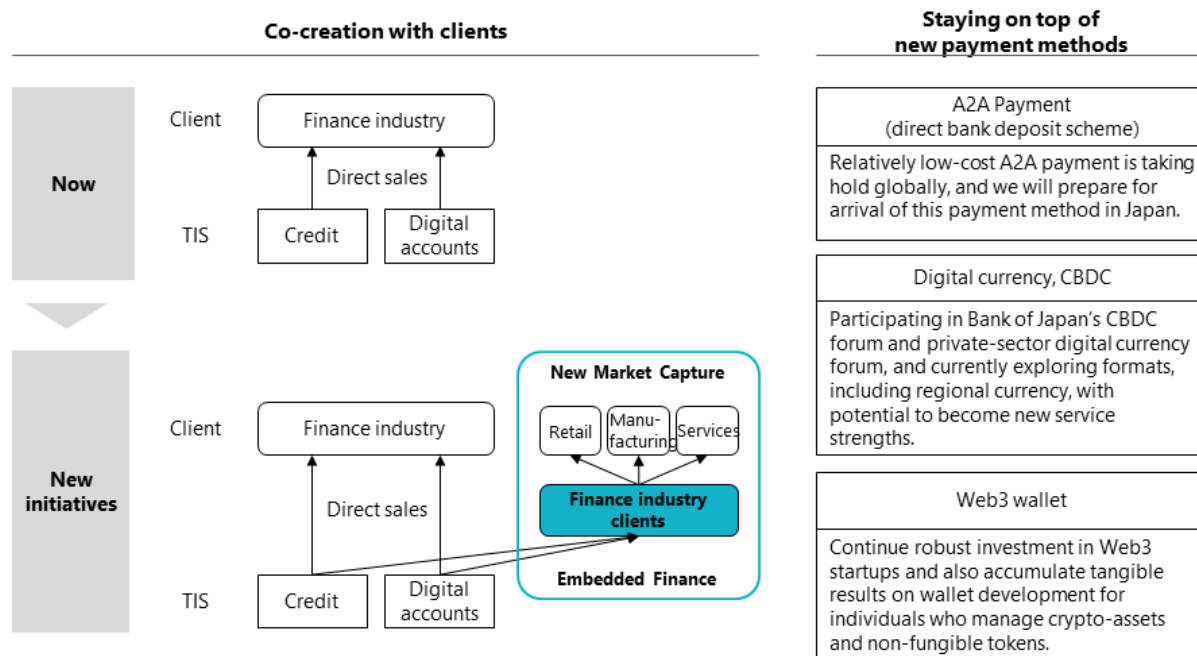
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Initiatives Aimed at New Market Capture

- Further expansion in payment processing market through Embedded Finance, which integrates financial services into retail, manufacturing or other non-financial services. Will approach new market through co-creation with clients in finance industry.
- New, low-cost payment methods will become more pervasive worldwide, and we will accumulate know-how through R&D in preparation for arrival of such methods in Japan.



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I mentioned earlier the light version of credit, but at the same time, we are also looking to incorporate financial services for non-financial businesses, such as retailers and manufacturers, into the market. On the other hand, there is an emerging market for Embedded Finance, where non-financial businesses, such as retailers and manufacturers, are incorporating financial services. We are of course working on our own to meet the needs of our existing customers, but we have also begun to develop approaches to these new markets in a form of co-creation with our customers in the financial industry.

In this context, while working on Embedded Finance, new payment methods for the future are actually beginning to emerge. For example, as I mentioned earlier, A to A payments, CBDC digital currency, and NFT-based Web3 wallets are just starting to emerge, and we need to trace the movement toward these becoming the normal payment infrastructure over the next 5 to 10 years. We need to trace the trend of this becoming the normal payment infrastructure over the next 5 to 10 years, and we would like to respond to this next generation of payments and capture the market based on R&D and verification testing.

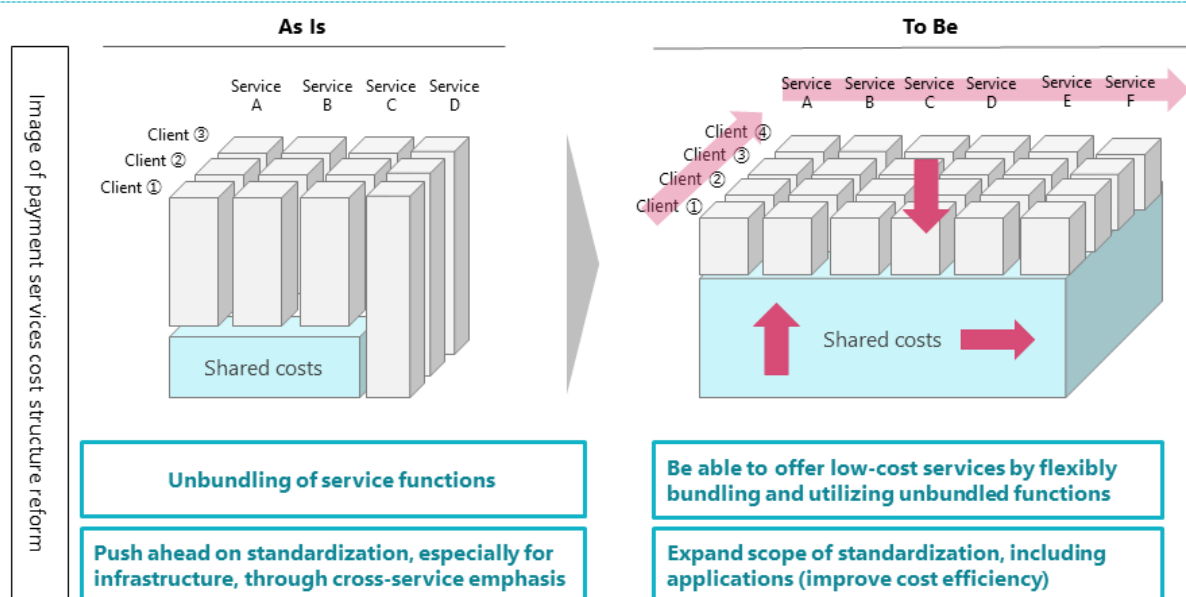
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Working to Improve Profitability

- We will raise profitability by expanding client base and widening scope of standardization across services.
- As we phase in infrastructure sharing, including system operation and monitoring, we will look to expand standardization to applications over medium to long term.
- We will balance efforts to better highlight the appeal of services by showcasing lower costs achieved through standardization (advantage to clients) with efforts to improve business profits (advantage to TIS).



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In this way, we will follow the growth of the PAYCIERGE business by capturing the size of the market and increasing the scale of the PAYCIERGE business, while at the same time taking firm steps to improve profitability. The figure here can be thought of as an image of the combination of infrastructure and services in an actual payment service, but in reality, the common functions of these individually launched payment services are unbundled and consolidated. We believe that we will be able to improve profits and provide low-cost services to our customers as the sharing of infrastructure progresses, as a matter of fact, we are already working on such a move. We will continue to make efforts to achieve this in the future.

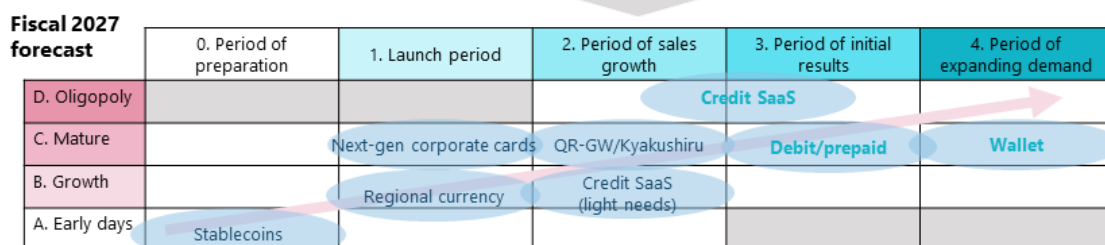
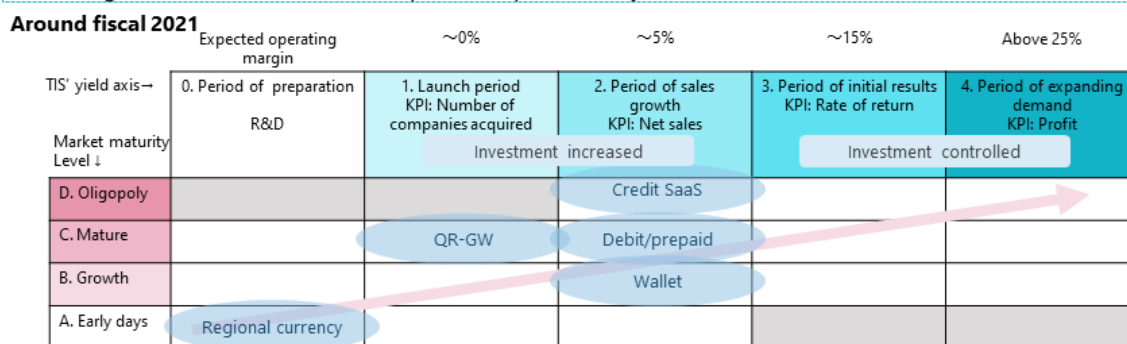
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Portfolio Management to Underpin Profitability

- Have captured share since 2012 by actively investing in various areas of payment domain and increasing types of services provided.
- Several high-share services should begin to yield results in fiscal 2027, ending March 31, 2027, after which demand expected to expand, underpinning steady sales growth. In addition, will tamp down on investment and reduce depreciation expense burden, successfully driving up overall business profit.
- Going forward, will continue to invest in payment processing services and strength balance sheet management to maintain overall portfolio profitability.



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Furthermore, the second point for improving profitability, and the next one, we are promoting portfolio management to firmly secure profitability. The top row of this figure here was the status of the service portfolio as of approximately one year after the 2019 business briefing.

The figure below shows the fiscal year ending March 31, 2027, which is the end of the final year of the next medium-term plan. The chart for the fiscal year ending March 31, 2021, shows that sales of credit, debit, and prepaid services were in a period of growth. It is just above the middle.

In terms of how this will take shape in the fiscal year (FY2026) of the next medium to- long-term management plan, we are in a situation where our market share is expanding and our customers are becoming more aware of us. We would like to create a flow to secure earnings by controlling and restraining investments from this point on.

We would like to create a solid portfolio of services in this manner, first by preparing for participation and launching the services, and then by creating a story that will only be harvested, while securing revenue in this way.

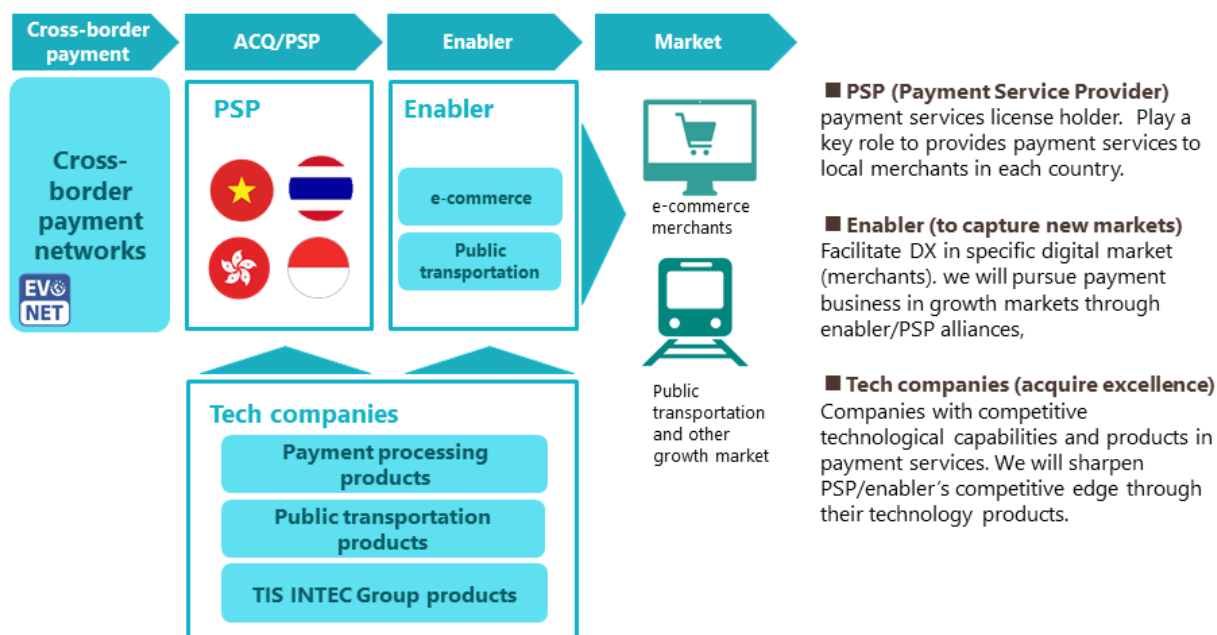
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Global Payments Business

- Build merchant payment business network (corporate group) and make presence in Asia to create new value in payment services market.
- Promote alliances with companies in the merchant payment business value chain.



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The last one on the first floor is called EVONET, and we are currently concentrating on the global payment business. The small icon on the lower left of the cross-border settlement network on the left side of the screen shows the EVONET cross-border settlement network brand which we established.

This is a mechanism that enables cross-border payments by connecting merchants so that money from different countries can be settled in Japan, and money from Japan can be settled overseas. Although we went through a difficult period of time during the coronavirus crisis, inbound tourism has been recovering quite well, and we recognize that it is a very promising service and brand.

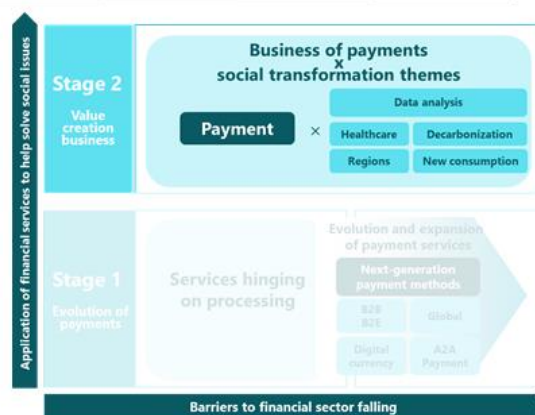
We would like to continue to develop this business as the core of our PAYCIERGE business, and we would like to grow the merchant store business in overseas markets in cross-border countries not only through organic growth, but also through collaboration or M&A with various businesses.

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Stage 2 Value Creation Business



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Next, for the second floor, the value-creating business, the next topic is a bit different. This is the idea of a business that adds value on the second floor based on the settlement evolution of the first floor, creating value.

In the slide shown here, several promising domains are listed, which are extracted from a backcast of promising domains based on a cross analysis of business trends and payment trends in 2032, or about 10 years from now.

Naturally, this is what we are imagining at this point in time, and of course we cannot guarantee that this will be the case, and we would like to continue to update and rework our strategy as we go along.

As for the business trends, as shown on the right side, we have defined about six promising domains from the top, some of which have already been started, and some of which are in the process of being tested and PoC'd.

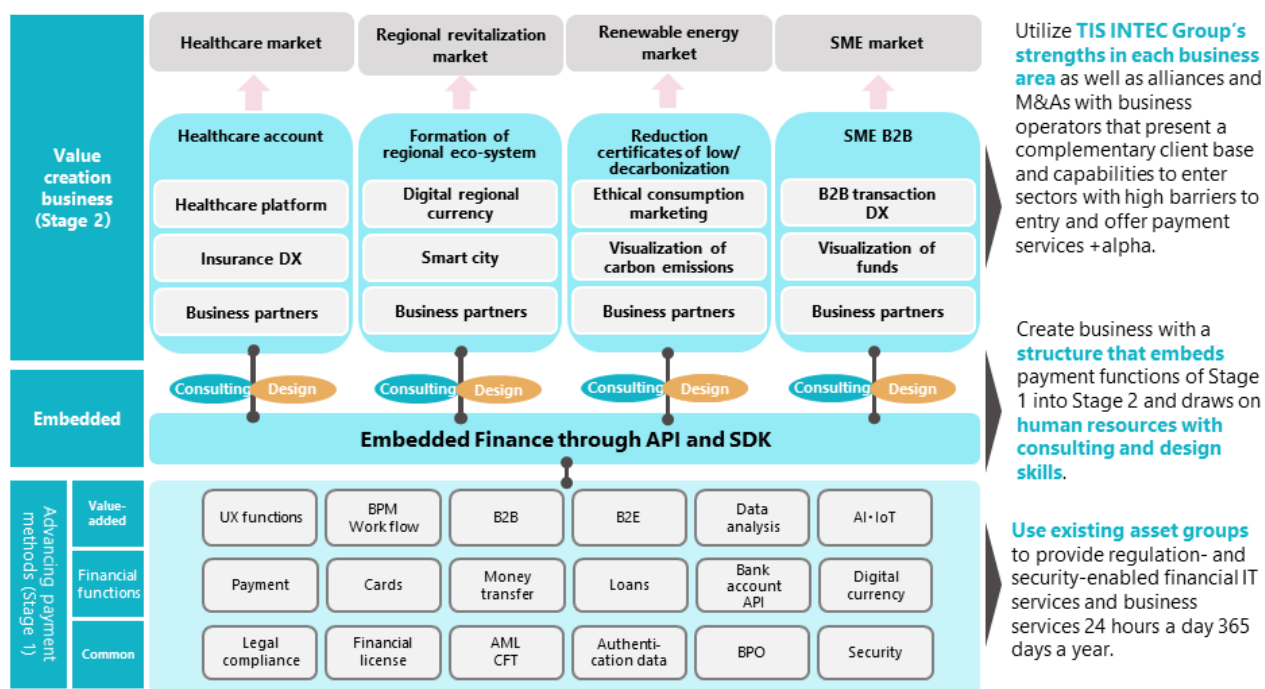
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Value Creation Business Strategy

- Alliances with business operators boasting unique capabilities and clients in each sector.
- Prepare Stage 1 structure and format to facilitate one-stop embedded financial functions and create Stage 2 business.



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As you can see on the next page, we would like to provide value in promising domains by combining the various businesses and players that provide value in various industries in these promising domains with our settlement asset services on the first floor, and of course with the Group companies and sections within TIS that are also operating within our company. We would like to move in a way that actually develops the value creation part of the project in the form of incorporation above the first floor.

This will be in the form of "settlement x α ," where the strengths of various settlements will be leveraged in each market. The description here is for four markets and promising domains, but we would like to expand this to the six that were mentioned earlier.

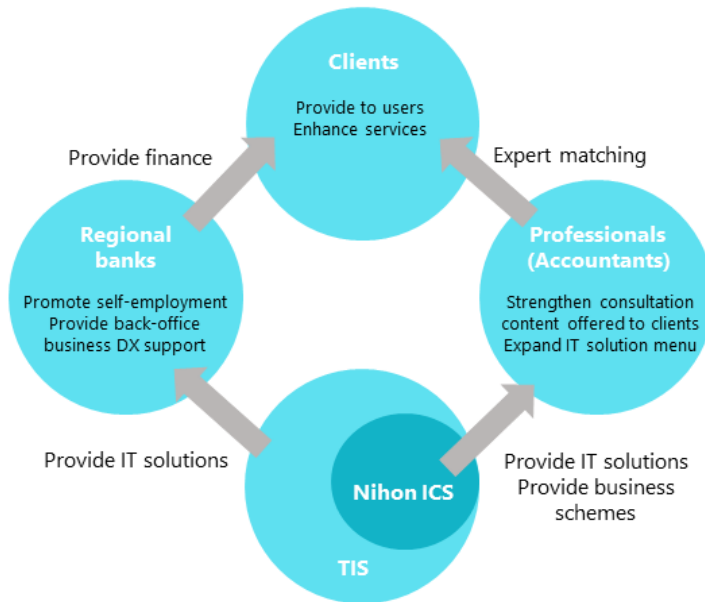
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Goal of SME B2B Transaction DX Business

Provided Value We will link business-to-business transactions end-to-end by combining corporate transactions such as invoicing and ordering with payment methods and thereby reduce administrative burden.



Issues to address
Contribute to business improvement through DX to offset declining workforce <ul style="list-style-type: none"> Reduce burden of complicated business processes in B2B activity, such as invoicing and ordering Digitize paper-based office work, such as information management
Activities
Currently building system to expand share of solutions provided to SMEs which will enhance connection to professionals through the acquisition of Nihon ICS and will reinforce joint operations with regional financial institutions.
Outlook
Work toward larger shares of tax accounting and advisory markets through synergistic effects presented by expanded client base and use of cloud, AI and other examples of latest technologies.

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For example, on page 34, we have already started B-to-B transactions, but the market size of B-to-B transactions among small and medium-sized enterprises is very large, estimated at about JPY300 trillion. The ICS group’s customers, the professional and tax accountants, have a large number of small and medium-sized enterprises (SMEs), and we would like to take on the challenge of promoting DX in collaboration with these companies, for example in cooperation with local financial institutions, or developing payments between such companies.

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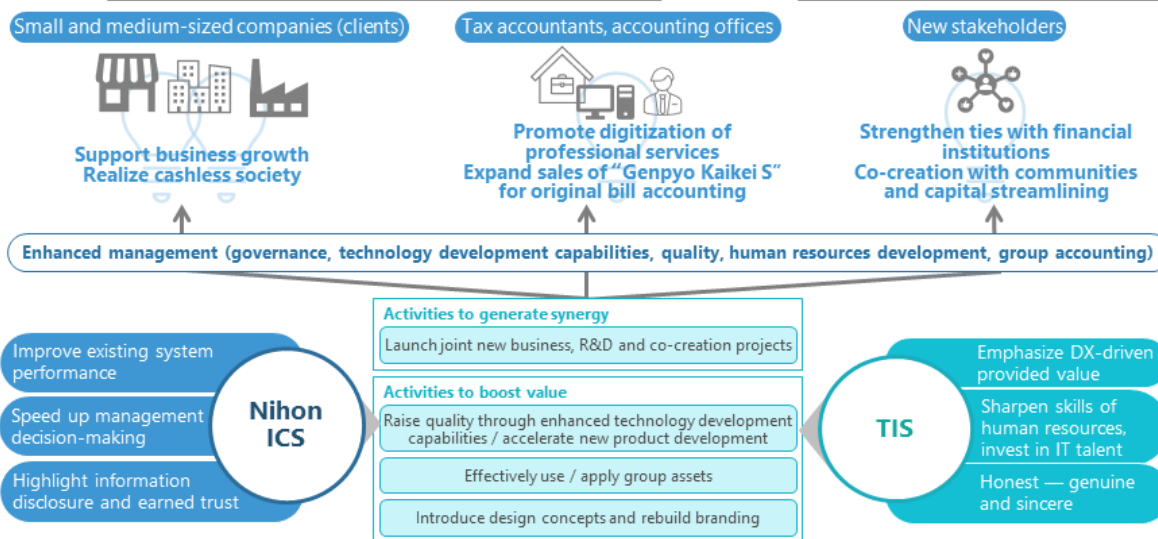
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Initiatives with Nihon ICS in B2B Transaction DX Business for SMEs

Building structure aimed at expanding IT solution proposals through joint efforts with financial institutions and professionals.

Business activities	- Provide accounting/tax packages used by tax accounting offices	Business results	Net sales: ¥6.9 billion Operating income: ¥2.0 billion [Fiscal year ended November 30, 2022]
	- Offer IT introduction support	Number of employees	370 people [as of April 1, 2023]
	- Provide packages to client companies for back-office operations, such as accounting and payroll		



Currently rolling out initiatives to accelerate growth of existing businesses and create new added value.

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The next page explains in more details.

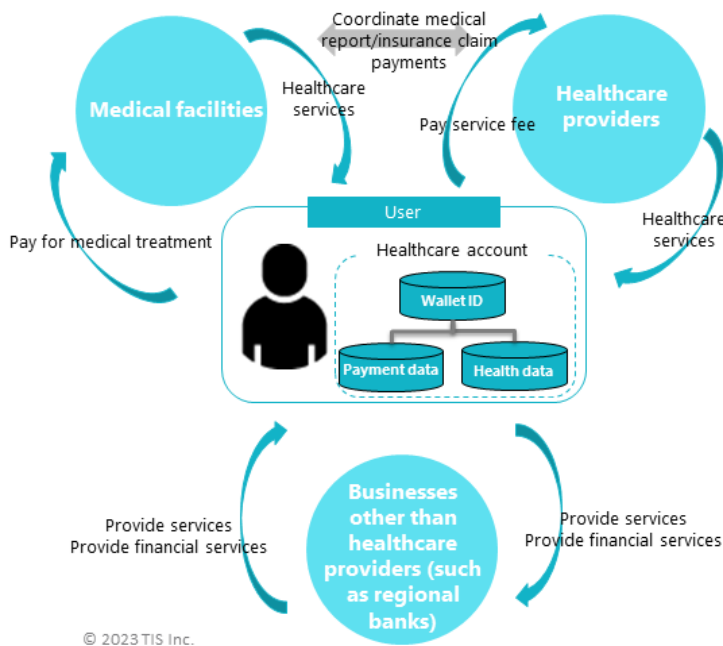
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Goal of Healthcare Business

Provided Value We will contribute to process of healthcare DX and support efforts to encourage good health practices by extending IT solutions to the healthcare sector as well as services harnessing medical data collected by healthcare providers to users.



Issues to address
<p>Make complicated medical office administrative work more efficient through IT and help correct regional gaps in healthcare</p> <ul style="list-style-type: none"> • Electronic medical charts • Telemedicine using IT • Wider healthcare services using medical data
Activities
<ul style="list-style-type: none"> • Engage in activities, such as preparation of guidelines, instructions and rules related to personal health records (PHR) to facilitate sound development of PHR service industry • Promote PHR with pavilion support at future-oriented society Osaka Expo 2025 and through healthcare platform service
Outlook
<p>Aim to utilize growing base of medical data through increase in subscribers to Healthcare Passport business to offer incentives that encourage users to follow good health practices and to reduce administrative burden on medical office staff through payment-embedded office system</p>

On the next page, page 36, we are looking for ways to contribute to medical DX and health promotion by providing services to actual healthcare providers and users utilizing medical data in the healthcare business, which we are now strongly promoting, in combination with settlement.

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Involved in PHR Service Business Association and Efforts in Healthcare Platform Business



Promote healthcare services that link regions with industry, government, academia and citizens.

PHR Service Business Association established in July 2023 to support development of PHR service business
 TIS President Okamoto, one of six deputy chairpersons, **serves as chairman of the Technology Committee and as an executive officer**

<Aims of PHR Service Business Association>

1. Realize healthy competition among PHR-related industries and sustainable development and also ensure international competitiveness
2. Promote convenient, highly reliable client value creation utilizing digital technologies, scientific knowledge and other resources
3. Participate in PHR-related industries through broad range of businesses and encourage open innovation



Event to mark intended establishment, held on June 16, 2022, brought together representatives from participating companies who pledged to establish association in fiscal

Support for pavilion at Osaka Expo 2025

Provide healthcare network of value to companies using healthcare platform and expand number of people and amount of data collected by healthcare platform through eco-system formation with corporate sponsors of Osaka Expo 2025



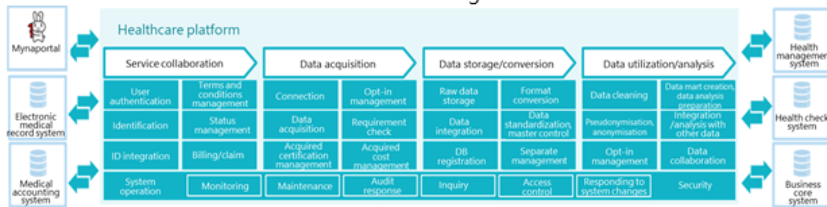
- ◆ Name: Osaka Healthcare Pavilion "Nest for Reborn"
- ◆ Theme: "Reborn"

From Expo 2025 Osaka, Kansai, Japan pavilion site <https://2025osaka-pavilion.jp/>

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<Healthcare Platform>

Provide PaaS and components to consortiums with function required to deliver PHR services and ability to distribute PHR information to society, and to providers of PHR services that deliver content to consumers through B2B2C.



■ 37

We believe that various use cases can be considered for the use of data, for example, in a payment-based manner. At this point, we are still in the process of identifying various use cases, and we are also in the process of conducting a PoC. We want to be firmly in the trend of developing a strong PHR-based business as healthcare.

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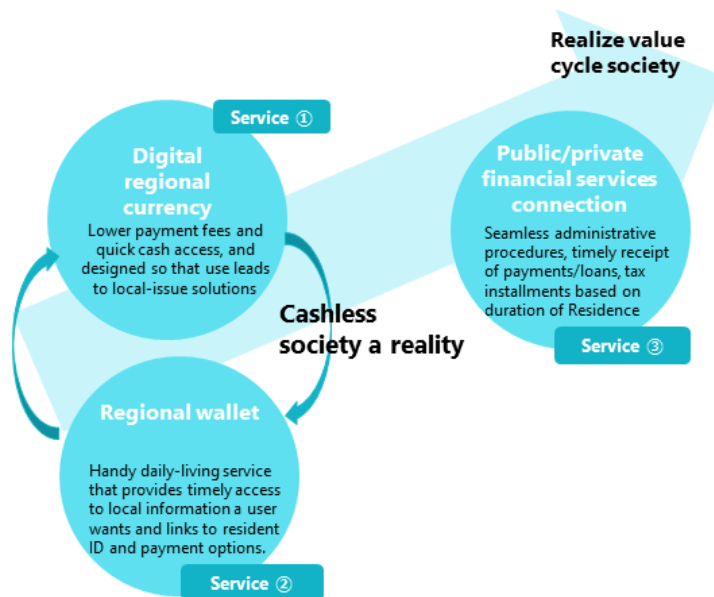
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Goal of Regional Currency

Provided Value

We will invigorate the local economy using digital regional currency. By establishing a structure for money, including payment fees, to flow within a region, we will enable residents and the community at large to support the regional economy.



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Issues to address

Solve following issues that impede more pervasive use of cashless payments in region, help return payment data to region, and contribute to creation of new regional services that utilize data

- Reducing burden of payment fees on stores and time waiting for sales to be received taking too long
- Payment data doesn't stay in region

Activities

Moving forward on regional currency business with priority on Aizuwakamatsu as model city

2019	Super city initiative kicks off in Aizu area
July 2023	Policy measure started, using Aizu Wallet as Type 3 Digital Garden City Nation Initiative project
August 2023	Premium point service launched using Aizu Coin digital regional currency

Outlook

- Will promote early verification of success on public and private-sector benefits measures and economic policy in the region
- Using data, will develop and test services that foster behavioral change in citizens and business operators
- Will promote regional development of use cases, established in model city

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Lastly, on page 38, it is a local currency, for example. As for local currencies, we are already working on a digital local currency, which we believe will lead to stable coins and then CBDC in the future.

We would like to contribute to local DX in this way, in the form of DX based on next-generation settlement and in the form of local revitalization, and we would like to contribute in a way that realizes local self-help and mutual aid.

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Regional Currency Initiative in Model City

Aizu Coin digital regional currency service in use at 450 merchant stores in Aizuwakamatsu, a model city.

*Number of stores, as of December 7, 2023

Encourage service use and promote collection of data by promoting measures that have citizens, business operators and the whole city on board. Leverage activities that return collected data to region and foster behavioral change in citizens and business operators.

Dec 1, 2023 — (Use) Start of Aizuwakamatsu premium point service
Dec 5, 2023 — (Use) Merchant association measure as part of Digital Garden City Nation Initiative



Information meeting on premium point service

(From left) Mr. Kakihara, Mizuho Bank; Mr. Ebihara, AiCT; Mr. Muroi, Mayor of Aizuwakamatsu; Mr. Okayama, TIS and AiCT Payments Working Group; Mr. Nakamura, TIS



2022年8月9日
TIS 株式会社
東芝データ株式会社
株式会社みずほ銀行
明治安田生命保険相互会社

デジタル田園都市国家構想推進交付金事業 (TYPE3) に採択された会津若松市の事業で、「地域課題解決型デジタル地域通貨サービス」の社会実装を目指す



2023年8月22日
一般社団法人 AiCT コンソーシアム
TIS 株式会社
株式会社みずほ銀行

デジタル地域通貨「会津コイン」でプレミアムポイント事業を立ち上げ～経済活性化に向け、市民・加盟店・自治体・事業者が一体となって共創する会津に～



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Information meeting for citizens



Using Aizu Coin

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As described on page 39, various initiatives are already underway. We would like to grow as the TIS INTEC Group as a whole while firmly developing the value creation of the second floor based on the first floor in this manner over the medium to long term and firmly incorporating it into our PAYCIERGE business.

Moderator: Thank you very much.

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Question & Answer

Moderator [M]: Now it is time for question-and-answer session. If you have been nominated, please ask your question after your company name and your name. Please limit each person to two questions at a time. Please understand that we may not be able to answer all of your questions due to the progress of the project. If you have a question about a specific slide, please specify the slide number.

We will now begin the question-and-answer session. First of all, Mr. Kikuchi of SMBC Nikko Securities, please begin.

Kikuchi [Q]: I am Kikuchi. Thank you for your time today. I have learned a great deal since the last time. Thank you very much. On page 7, I would like to start by asking you to confirm the definition and specifics.

I would like to know if the new definition of credit is a little more expansive than credit SaaS, and what exactly is a digital account, which is described as a smartphone or QR on the next page. I would like to know what exactly a digital account is.

Nakamura [A]: Nakamura will answer your question. Mr. Kikuchi, it has been a while. First of all, credit SaaS and credit are almost synonymous. The definition of "credit cube plus" or "credit cube" has not changed since the last time this definition was used in 2019. Therefore, the definition is similar.

As for digital accounts, it may have been difficult to explain the keywords earlier, but there are many types of digital accounts including debit, prepaid, wallet QR, and other types of accounts, which are collectively called digital accounts.

Prepaid and wallet use similar functions and share some components, but there is often talk of having a digital balance and a payment mechanism centered on that balance, such as a wallet or an application, in the form of a charge to the balance. We are aware from our past application experience that these can be realized by combining a group of functions we have prepared. We have a combination of these components on the left. I think Toyota Financial Service's Toyota Wallet, which I mentioned earlier, would be a concrete example of this. That is all.

Kikuchi [Q]: Thank you very much. The basic revenue from this digital account is from the first users of the credit SaaS and from several credit cube companies, but I would like to confirm one thing. For digital account, who pay your company and which credit card companies pay to your company? You are getting paid by Toyota, as you mentioned earlier?

Nakamura [A]: First of all, regarding credit SaaS, it is the same as before. It depends on the type of service and the type of contract, but basically, sales are made in the form of accompanying service use and SI.

Digital accounts are also paid for by companies that operate digital accounts or are close to the issuer, but this is also mixed with the service use type, so sales are a combination of service use sales, initial installation sales, and, depending on the form, transaction-based sales. That is all.

Kikuchi [Q]: Thank you very much. Sorry, I am persistent. In order to have a clear image, digital accounts, for example, when JCB or others develop this kind of debit or this kind of QR, so should I assume that the JPY12 billion is mostly from JCB, for example, or something like that? Let me see...

Nakamura [A]: I am not sure if I can answer this question, but first of all, we have many companies using our service, and there are also many companies that are planning to provide the service in the future, so we will

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have multiple companies using our service in this form. As I mentioned earlier, each company will provide a combination of the implementation fee at the time of introduction, consulting, and service use, which will be ongoing recurring sales as I mentioned earlier, depending on the type of service provided. Is that an answer?

Kikuchi [Q]: Thank you very much. Next, page 18. The page 18 shows the development of the future diagram. The growth of credit will be achieved by increasing the number of credit SaaS users and customers, as well as by increasing the number of first users and user members. How will the light version of Credit SaaS contribute to this?

Also, the digital accounts don't seem to be growing much, but I was wondering if it is correct to say that they are not growing. And I think there are all kinds of next-generation payments. As you explained, we would like to know what exactly you think the volume of next-generation settlements will be in 10 years. This is the 2nd point.

Nakamura [A]: Thank you. To answer your first question, as I mentioned earlier, we are aware of the issue of top-line growth, including credits, and we are working to expand this area. JPY75 billion, this is what we are trying to achieve in the so-called evolution of payments, but from this 2023 standing point, we would like to roughly double it, both in terms of credit and digital, respectively.

Compared to the full credit functionality, the light version of the credit is composed of a combination of our existing assets, so it does not require a large investment, and the customer's decision to introduce the credit is relatively quick. We see this as a trend.

In this sense, the number of companies introducing light credits is expected to be relatively high in 2024 and 2025, in other words, in the short term, the next 2 to 3 years. As we have explained in various ways, we are planning to launch a full-credit version of the credit system for large-scale projects that coincide with system or product upgrades by large-scale customers.

The second point, the digital account, may not be a good way to show it, but it will grow. However, as Otokita explained earlier, the digital account itself will of course expand, but we would like to use this as a catalyst to expand the range of payments surrounding the digital account, the most important of which is credit. We would like to find synergies in this area. That is all.

Also, next generation settlement, I have to answer this one. In other words, it is a business in which the financial function is unbundled, or in other words, it is a business in which financial functions are incorporated into various business processes. This is one representative example. The second is to find a new means of settlement through various joint ventures with our current customers to realize these goals. I am wondering if that area will be a major range. As I mentioned earlier with the example of Sumitomo Mitsui Card, we are starting to see steady results here, and although the color on the graph still looks light, we are getting the feeling that we will see solid results there as well.

In addition, as explained earlier by Mr. Otokita, the common function is to convert income into digital accounts, which will lead to a new flow of payments. This is a bit of a backcast for us, but we would like to aim for that kind of thing as well. At the same time, we would like to bring the results of this next generation settlement to 2033, in this range. That is all.

Kikuchi [M]: Thank you very much. That is all.

Moderator [M]: Thank you very much. Please continue with Mr. Tanaka from Goldman Sachs Securities.

Tanaka [Q]: My name is Tanaka from Goldman Sachs. On page 18, the last part of the page where Mr. Kikuchi asked question. I would like to ask two questions in this regard. First of all, I believe that you are planning to

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steadily increase sales of this credit service, but what is the number of credit SaaS customers based on? I think you used to have a rough idea of about one company each year, but I think the outlook has changed considerably. What is the pace of new customer acquisition and what are the assumptions made for each decade? This is the first point.

Nakamura [A]: Nakamura will answer. As I mentioned earlier in my response to Mr. Kikuchi, we expect that the introduction of the light version of the credit card will increase, especially in the next 2 to 3 years. I cannot tell you the exact number of companies, but they will be established. We are assuming that the credit SaaS and full-credit version will be included in the latter part of the plan, in line with the customer's consideration phase mentioned earlier. That is all.

Tanaka [Q]: So, you are saying that you cannot comment on any quantitative data in particular?

Nakamura [A]: I am sorry, I will refrain from doing so here.

Tanaka [Q]: In the follow-up there, you introduced a lite version, is this the same user who gets the lite version and the user who gets the full credit version? Are you referring to full credit later, or are you referring to separate users, which image is this?

Nakamura [A]: First of all, I believe it could be both. The light version of credit is a big trend, as there are many customers who do not currently offer credit services, and some of them are starting to use their digital accounts to develop their own accounts.

On the other hand, many full-credit users already own a business or are in the process of renewing it. There are a variety of cases, but I think that is the general trend. But that's not the only thing, we believe that there will naturally be a trend from the light version to the full-credit version. This is as Otokita explained earlier. That is all.

Tanaka [Q]: If the introduction of the lite version is progressing, I think it will be important to set the price. How much do you think the introduction costs for users will actually decrease between the light version and the full-credit version?

Nakamura [A]: Nakamura will answer. First of all, there is the process of installing and operating the system within a large installation cost, and then there is the process of migrating from the original system. We assume that the majority of users with relatively light credits will have little or no transition process. I think this depends on the case. In this sense, the cost of introducing the system is not that large, and the cost of introducing the system itself would be more similar to the debit or digital account costs, investment costs, or service usage costs, rather than the scale of full credit.

Tanaka [Q]: Thank you. The second major point is that the PAYCIERGE market you are operating in is a very niche market, and I think it is a fairly niche market that is hardly recognized by the market as to what kind of players there are and what kind of competitive environment there is. What is the current competitive environment and what kind of players are there as competitors? Since the plan for M&A is written here, please tell us what fields you are considering for M&A and what kind of M&A you are considering, and please conclude with a second point regarding the competitive environment and M&A policy.

Nakamura [A]: Nakamura will answer your question. First of all, as to whether this environment is niche, of course there are competitors in the credit and digital account markets as we move forward with our various proposals. However, as I mentioned at the beginning, we have a very strong track record in the Japanese market, including in the area of credit. Therefore, although there are several competitors, the trend continues to be to utilize the assets of other companies rather than our own assets, or to make proposals to credit companies as they provide contracted services in this field. In terms of our own assets, we do not have much

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yet, but we are not letting our guard down at all and are promoting investment to improve our competitiveness.

As for digital accounts, there are many competitors. This is true for rather small businesses as well, and there are several businesses that specialize in the field of financial settlement. Here, too, they have their respective assets, and they apply them to them. However, as I have already explained, there are still relatively few competitors that have a wide range of retail payment components.

We are not just one pattern for digital accounts, as I mentioned earlier, so we are developing the application of the combination of the two, while providing solid upstream consulting and creating a plan to work together with the client's business plan, and we are winning projects as a result. We hope that we will never let our guard down in the face of so many competitors. That is all.

Tanaka [Q]: Any policy on M&A?

Nakamura [A]: Regarding M&A, we would like to consider a wide range of areas for this initiative. Mainly, I think one of the key points is the new value creation mentioned earlier. As explained by Mr. Otokita earlier, the business theme targets social issues as well as business themes. We would like to make the combination feasible by investing in or acquiring companies with specialized themes that we do not have, and in the context of the cross-settlement with those themes, we are currently focusing on the creation of new value as a theme in our finding. That is all.

Tanaka [M]: Thank you very much.

Moderator [M]: Thank you very much. Next, Mr. Takizawa from Fidelity Investment Trust.

Takizawa [Q]: Thank you for the opportunity to ask a question. I would like to follow up a little on Mr. Tanaka's earlier question, but in the PAYCIERGE on page 18, in terms of how to reach the FY2027 EBITDA margin of 20% to 25% during the next mid-term plan period, I thought you mentioned earlier that full-credit customers and the second and third companies are assumed. In other words, the full credit is not included in the target for FY2027, and NTT DOCOMO and a few light-version companies can reach this level, and the light-version companies will be converted to recurring as soon as possible, is my understanding correct?

Nakamura [A]: Nakamura will answer. Thank you for your question, Mr. Takizawa. First of all, as I explained earlier, one of the key points in improving profitability is to continue to invest in areas that utilize our assets in order to maintain competitiveness while increasing the use of our assets.

It depends on the user base and the growth of existing customers, but it also depends on the layers of the business. As mentioned earlier on another page, there are several measures that can be taken to improve profitability and maintain the top line, such as sharing and commonizing the cost structure.

In this context, first of all, as explained earlier with regard to costs, as for the top line, the full credit system will also take several years to introduce, although the light credit system will be introduced first. This is the original track record, and we will continue to consider measures to shorten this track record, but we think it will take several years to implement.

Therefore, we are still in the world of projections for the period of our mid-term business plan, but we believe that we should be able to achieve the first phase of introduction during the next mid-term business plan. We are also assuming that this will be incorporated. However, as there is an introduction period before the service is provided, we think that the estimation will be based on these factors. That is all.

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Takizawa [Q]: Thank you. Also, one more point...the profitability improvement chart on page 29...you mentioned earlier that there is a fair amount of competition, especially for wallets, but the angle of this step-up in profitability is quite steep. Could you explain a little about why you are able to expand profitability more quickly than in other areas?

Nakamura [A]: Nakamura will answer your question. This wallet is also the base of the digital account. As you mentioned earlier, there are many ways to use digital accounts in multiple ways, and while the initial investment cost for this wallet is not that large compared to other services we offer, the use of the wallet will increase in multiple ways when we introduce digital accounts.

Therefore, the use of digital accounts with relatively light investment is one of the components of the complex services offered by digital accounts mentioned earlier, and the speed of growth is quite rapid. On the other hand, in terms of the top line and scale, as you asked earlier, credit is a large part of our business, so we believe that the structure will be like this when viewed from the standpoint of profitability. That is all.

Takizawa [M]: I understand very well. Thank you very much.

Moderator [M]: Thank you very much. Please continue with Sumitomo Mitsui DS Asset Management, Mr. Watanabe.

Watanabe [Q]: My name is Watanabe from Sumitomo Mitsui DS Asset. Thank you for the opportunity to ask a question. You just mentioned, on page 28, whether the light version of Credit SaaS can be provided without unbundling service functions. Looking at the above, it seems to me that it would be quite a challenge to make common functionality above the common cost, and to do this on an individual basis for the existing parts as well as for the parts that have already been put into service.

You just mentioned that the introduction and development is necessary during the period of the mid-term plan, so the fact that the results were achieved at the end means that a certain period of time is necessary, but it's the first year, right? I would like to confirm one point: will you be able to offer a light version of the program from the first year, or should we expect it to take a certain amount of time? That is all.

Nakamura [A]: Nakamura will explain. Thank you for your question, Mr. Watanabe. First of all, the credit for the light version is a combination of the existing components that have already been created in terms of whether it is necessary to unbundle them.

Therefore, in terms of preparation and investment, as I mentioned earlier, I do not think the time frame and cost of realization will be that long. In terms of providing digital accounts and emerging platforms, such as Freee and Nudge, which have already introduced the light version of the credit service, we have already received many inquiries from customers. In terms of the scale, we are still in the early stages, but from the perspective of growing together with our customers, we will start up relatively early, but in terms of the scale, we will continue to increase along with the growth of our customers. The pipeline is very full. That is all.

Watanabe [M]: It was good. Thank you very much.

Moderator [M]: Thank you very much. We are now accepting questions. Please send us your question. Since there does not appear to be anyone else with questions, I will now conclude the question-and-answer session, even though it is a little earlier than scheduled. In closing, Nakamura would like to offer a few words.

Nakamura [M]: My name is Nakamura. Thank you very much for attending today's TIS Inc.'s business briefing. This is the second time since 2019 that I have explained the project to you, and I believe that the questions you have asked are very valuable confirmation points and opinions for the promotion of the project. Thank you for letting me study.

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As mentioned in the previous question, there are not so many players in this field, but with the expansion of various functions and payment methods, companies that have not been involved in this field are now involved, and our competition to support them is also increasing.

On the other hand, society is becoming more and more complex with an increasing number of social issues. In this context, with the sense of purpose and expectations I mentioned earlier, I hope that we will continue to evolve as the top runner in the retail payment market and provide advanced services and solutions to social issues. We are firmly committed to achieving a sustainable and smart financial inclusion. Thank you for your continued support.

Moderator [M]: With that, I would like to close today's briefing. If you have any questions, please contact our IR staff during an individual interview or by phone. Thank you for your continued support. Thank you very much for taking time out of your busy schedules to join us today.

[END]

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