



May 12, 2021

(Translated from the Japanese original)

Company Name: TIS Inc.  
Representative: Yasushi Okamoto, President and Representative Director  
Stock Listing: First Section of the Tokyo Stock Exchange  
Stock Code: 3626  
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### **Notice regarding New Medium-Term Management Plan (2021–2023)**

TIS Inc. (hereafter, “TIS” and “the Company”) embarked on Medium-Term Business Plan (2021-2023), with fiscal 2022, ending March 31, 2022, as the first of this three-year blueprint forward. Details are provided below.

#### **Details**

##### **1. Positioning of Medium-Term Management Plan (2021–2023)**

Medium-Term Management Plan (2021–2023) is the second step toward realizing Group Vision 2026, which looks ahead to 2026 and the image of the TIS INTEC Group under the concept Create Exciting Future. This overall picture will guide TIS, and by extension the Group, in achieving business innovation utilizing advanced technology and know-how and fueling the creation of new markets. TIS aims to speed up structural transformation by improving value provided by DX through enhanced capabilities on the front line, which is closest to clients, while staying on the Group Vision trajectory. In addition, the Company will actively invest in business pursuits that contribute solutions to social issues with long-term growth in mind.

##### **2. Outline of Medium-Term Management Plan (2021–2023)**

###### **(1) Slogan**

“Be a Digital Mover 2023”

###### **(2) Basic Policy**

By leveraging frontline strengths based on IT configuration capabilities developed with society and customers, TIS will help solve social issues using digital technology and realize Group Value 2026.

- (i) Virtuous cycle of value created jointly by society and employees
- (ii) Improve value provided by DX
- (iii) Expand investment to generate new strengths
- (iv) Deepen and extend global operations
- (v) Diversification of human resources, sharper skills

### (3) Key Performance Indicators

- (i) Net sales ¥500.0 billion
- (ii) Operating income (Operating margin) ¥58.0 billion (11.6%)
- (iii) EPS growth ratio (CAGR) More than 10%
- (iv) Strategic domain ratio (Note 1) 60%
- (v) Sales from services that provide solutions to social issues (Note 2) ¥50.0 billion

- Notes:
1. Four business domains described in Group Vision 2026 that will form the core of the TIS INTEC Group by that year.
  2. Sales from service-style business activities providing direct solutions to social issues of concern to TIS INTEC Group. Manage growth of this business as part of strategic domain operations.

### (4) Numerical Targets

Consolidated	Net Sales	Operating Income (Operating Margin)	Net Income Attributable to Owners of the Parent Company
Fiscal 2024 ending March 31, 2024 (estimate)	¥500.0 billion	¥58.0 billion (11.6%)	¥39.0 billion
(For reference) Fiscal 2021, ended March 31, 2021 (actual)	¥448.3 billion	¥45.7 billion (10.2%)	¥27.6 billion

### (5) Basic Policy on Return to Shareholders

Balancing efforts to leverage growth investment, maintain financial health and strengthen return to shareholders, TIS will lay the groundwork for an increase in the total return ratio yardstick to 45%, from 40%, and constantly enrich dividends per share. In so doing, the Company will raise shareholder engagement.

Attachments:

Briefing Materials for Medium-Term Management Plan (2021–2023)

END



# **TIS INTEC Group**

## **Medium-Term Management Plan (2021–2023)**

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**May 12, 2021**

**TIS Inc.**

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Looking Back on Previous Medium-Term Management Plan

2

Basic Policies in New Medium-Term Management Plan

3

Priority Strategies and Measures

4

Numerical Targets

- All statements described in these materials are based on information available to management regarding the TIS INTEC Group—that is, TIS and the subsidiaries under its umbrella—as of the presentation date and certain assumptions deemed reasonable at this time. No intent is implied of promise by the Company to achieve such forward-looking statements. Indeed, various factors may cause future results to be substantially different from the assumptions presented in these materials.

# Looking Back on Previous Medium-Term Management Plan (Quantitative)

- Posted profit growth and hit operating income and strategic domain ratio targets—two key performance indicators—by leveraging structural transformation and improving productivity.

	Fiscal 2018		Medium-Term Management Plan Estimate		Fiscal 2021	Growth Rate
Net Sales	¥405.6 billion	➔	¥430.0 billion	○	¥448.3 billion	10.5%
Operating Income	¥32.7 billion	➔	¥43.0 billion	○	¥45.7 billion	39.7%
Operating Margin	8.1%	➔	10.0%	○	10.2%	+2.1pt
ROE	9.9%	➔	12.0%	△ <sup>*1</sup>	10.8%	+0.9pt
Strategic Domain Ratio	35%	➔	50%	○	51%	+16pt

Strategic Domain Ratio (Fiscal 2018): 35%

Strategic Domain Ratio (Fiscal 2021): 51%

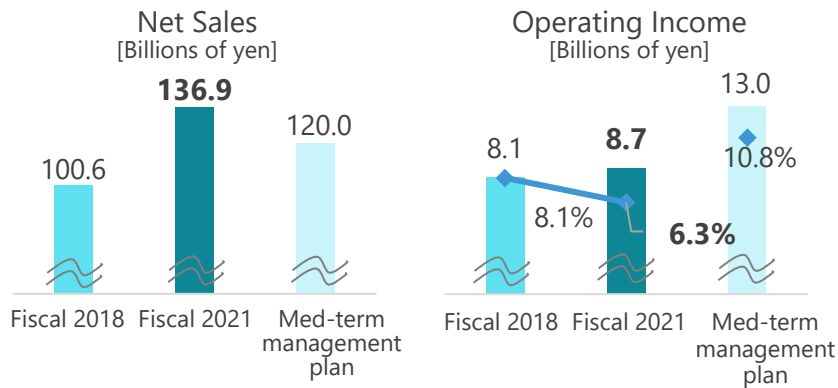
\*1 Hit 12.5% in fiscal 2020, exceeding estimate

# Looking Back on Previous Medium-Term Management Plan (Quantitative)

- Service IT maintained upfront investment emphasis. Net sales grew but profitability was an issue.
- BPO, Financial IT and Industrial IT raised added value and productivity and were rewarded with higher profitability.

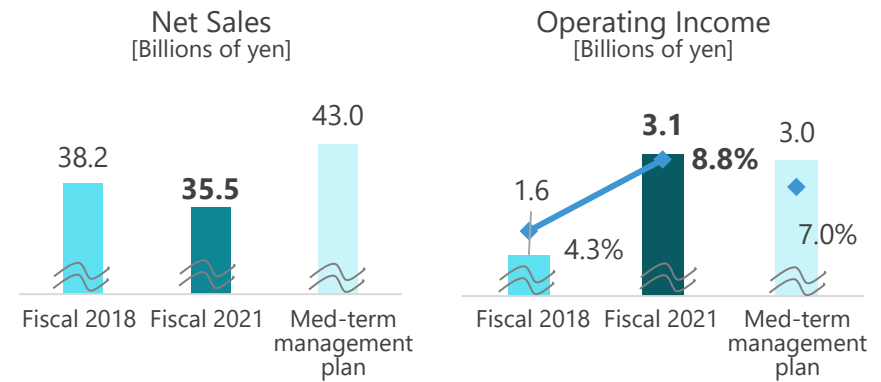
## Service IT Business

Despite business expansion, especially in payment service domain, sustained upfront investment emphasis put pressure on profitability



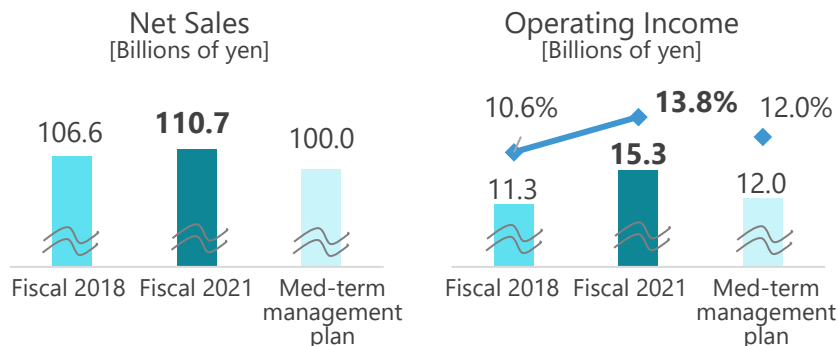
## BPO

Huge improvement in profitability, mainly due to optimized portfolio and higher productivity



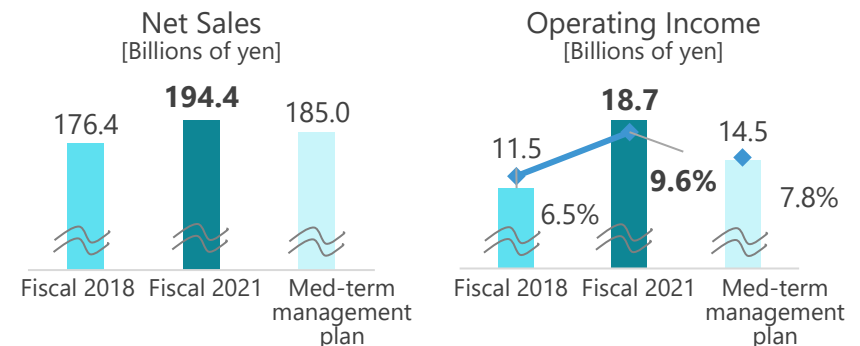
## Financial IT Business

Despite reactionary drop in large development projects, maintained growth against backdrop of strong IT demand, especially from credit card companies



## Industrial IT Business

Maintained growth against backdrop of expanding IT investment among core clients and across wide industry spectrum, particularly energy



# Looking Back on Previous Medium-Term Management Plan (Qualitative)

- Moved forward on strategic domain restructuring and posted profit growth, but only halfway toward monetizing Service IT and achieving qualitative structural transformation through new pillars of business.

## Overview of Measures

## Review and Acknowledgment of Issues

 <p><b>Sustainable profit growth</b></p>		<ul style="list-style-type: none"> <li>• Created structure with sustainability emphasis, raised ESG status (selection to FTSE)</li> <li>• Firmly established activities to underpin Group productivity and innovation and eliminate losses</li> <li>• Increased management efficiency through reduction in cross-shareholdings, improved ROE and reached return-to-shareholders target</li> </ul>	<ul style="list-style-type: none"> <li>• Balance profit growth and return to shareholders</li> <li>• <b>Shape sustainability management into mechanism for realizing solutions to social issues through business activities</b></li> <li>• Pursue more sustainable profit growth by enhancing portfolio management</li> </ul>
 <p><b>Emphasis on employee self-fulfillment</b></p>		<ul style="list-style-type: none"> <li>• Established TIS INTEC Group basic philosophy OUR PHILOSOPHY, took robust approach to instill concept</li> <li>• Drafted personnel manifesto, promote measures to motivate employees</li> <li>• Improved recognition through aggressive brand investment, had positive impact on employee engagement as well</li> </ul>	<ul style="list-style-type: none"> <li>• Pursue unified Group management based on TIS INTEC Group basic philosophy</li> <li>• Realize new workstyles and improve brand image</li> <li>• <b>Enhance efforts to improve employee engagement through investment in education and measures aimed at enhancing the skills of human resources</b></li> </ul>
 <p><b>Concentrate on core businesses</b></p>		<ul style="list-style-type: none"> <li>• Strengthened initiatives to promote strategic domain restructuring</li> <li>• Improved profitability through enhancement and reform, wider offshore activities and order profitability management</li> <li>• Pursued selective R&amp;D investment to underpin structural transformation of businesses</li> <li>• Accelerated venture investment through CVC program</li> </ul>	<ul style="list-style-type: none"> <li>• Boost profitability through further improvement in productivity</li> <li>• <b>Urgent need to develop another growth engine besides payment services</b></li> <li>• <b>Against keen interest in DX from clients, must strive to reinforce ability to provide DX value</b></li> </ul>
 <p><b>Shift to prior investment style of business development</b></p>		<ul style="list-style-type: none"> <li>• Heightened approach to upfront investment, particularly into payment service domain and global operations</li> <li>• Actively promoted investment in human resources and measures to improve brand value</li> <li>• Introduced management indicators, such as ROIC, to strengthen investment discipline</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Drive profit from Service IT higher by strengthening business, hinging on payment services</b></li> <li>• Boost investment and service management to higher level</li> </ul>
 <p><b>Expand global business</b></p>		<ul style="list-style-type: none"> <li>• Accelerated investment based on growth strategies to build a top-class IT corporate group in ASEAN region</li> <li>• Turned MFEC, a leading provider of IT solutions to enterprises in Thailand, into consolidated subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>• Manifest successes faster, such as <b>creation and expansion of IOS and FCB operations</b>, through joint efforts with investment targets</li> <li>• <b>Reinforce governance/management of expanding global business</b></li> </ul>

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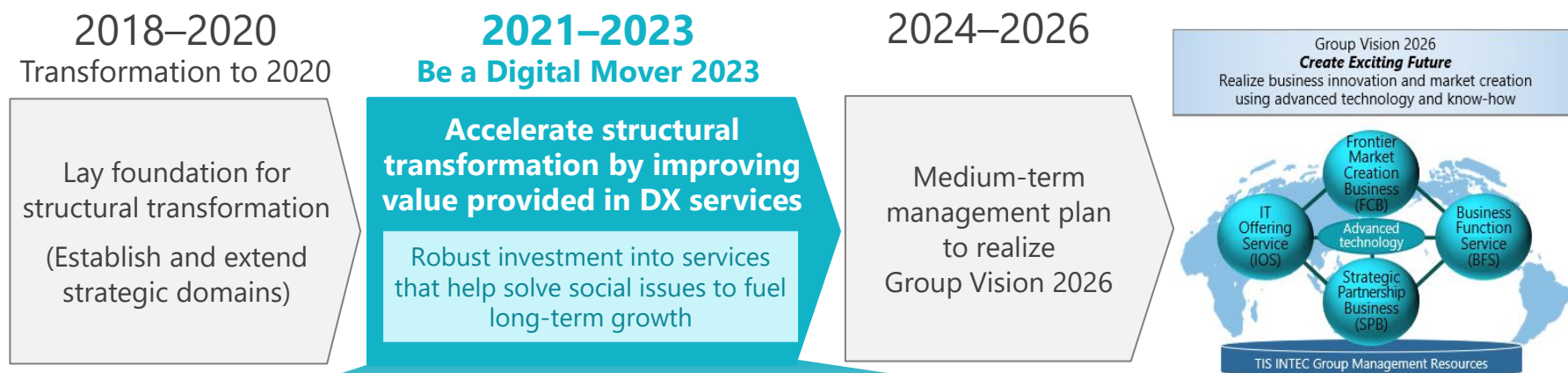


## Position of Medium-Term Management Plan (2021–2023)

- The three years of the medium-term management plan will be a time to enhance our value chain by improving the value provided in DX services, and by promoting further structural transformation, we will grow the Group and be better positioned to address social issues.

### Landmark changes to business landscape

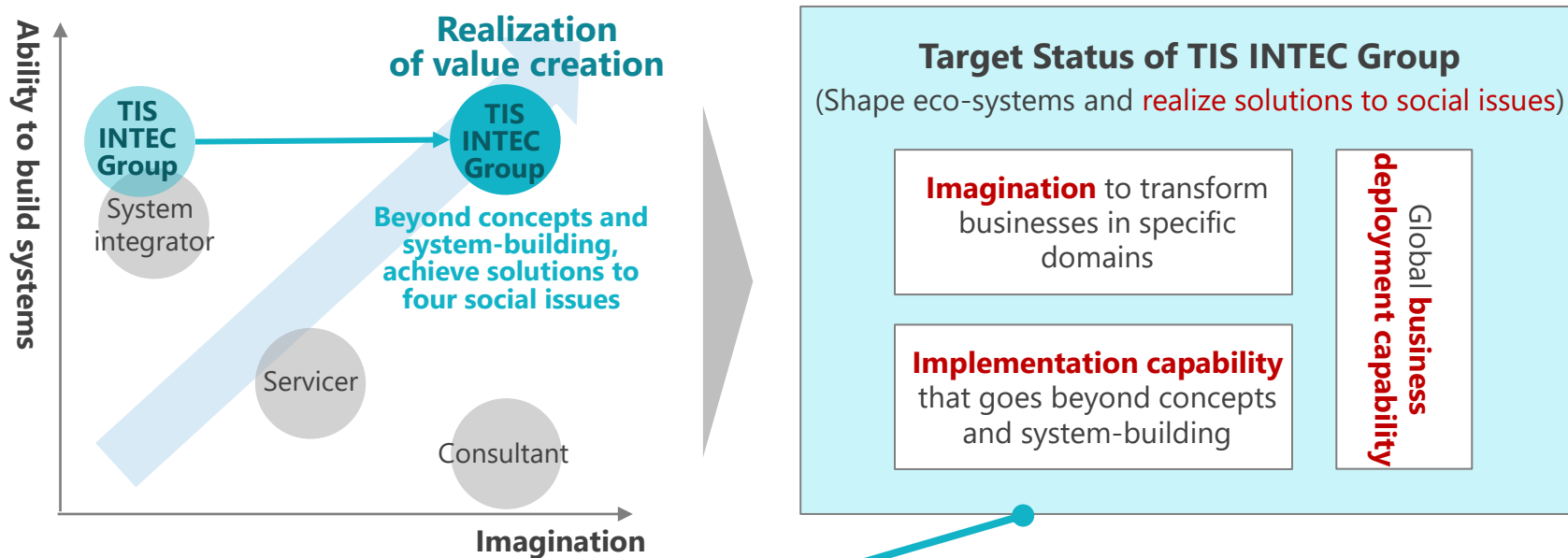
- With heightened importance of DX in new normal world, presence of consulting firms and other providers of DX services is increasing, fueling intense competition.
- Global platformers and enterprise SaaS companies are particularly active, as well, prompting possibility that market for contract development will shrink in long term.
- ESG investment rapidly expanding, and importance of sustainability management based on long-term strategies is gaining ground



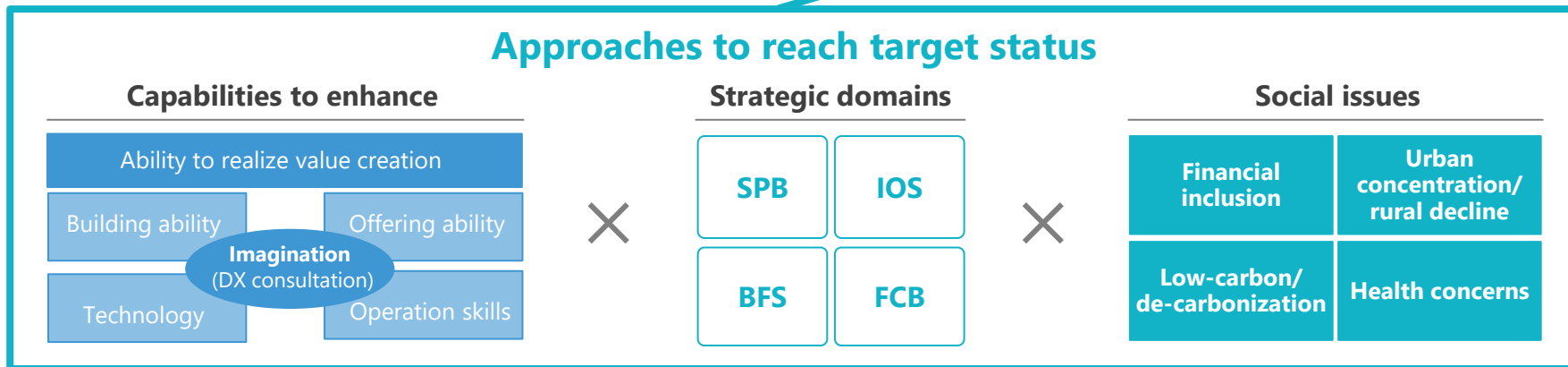
Maintaining our direction toward realization of Group Vision 2026, we will **speed up structural transformation by reinforcing frontline capability** of customer contact.

# Target Status of TIS INTEC Group

- We see to assume a position the underpins social reform and business reform for clients by improving value provided through a wider embrace of DX in all businesses, expanding the scope of strategic domains and focusing investment on services that provide solutions to social issues.



## Approaches to reach target status



# TIS INTEC Group's Approach to Sustainability Management

- We will create social and economic value through management hinging on OUR PHILOSOPHY, contribute to a sustainable society and realize sustainable improvement in corporate value.



# Main Points of Medium-Term Management Plan (2021–2023)

## Be a Digital Mover 2023

### Basic Policy



### Key Performance Indicators

Net Sales  
**¥500 billion**

Operating income/Operating margin  
**¥58 billion/11.6%**

EPS growth CAGR  
**Exceeding 10%**

Strategic domain ratio  
51% → **60%**  
[¥228.5 billion → ¥300 billion]

Sales of societal issue solution service  
¥38 billion → **¥50 billion** \*1

+

Growth investment  
**About ¥100 billion**

**Virtuous cycle of value created jointly by society and employees**

**Solving social issues through joint creation with stakeholders**

Improve value provided by DX

Imagination that transforms society

Expand investment to generate strengths

Power that realizes ideas

Deepen and extend global operations

Global business deployment capability

**Diversification of human resources, sharper skills**

**Diverse employees active as professionals**

By promoting enhanced frontline strengths based on IT configuration capabilities created jointly with society and clients, we will help **solve social issues** using **digital technology** and realize **outstanding growth** toward **realization of Group Value 2026**.

\*1 Sales from services that provide solutions to social issues of concern to TIS INTEC Group. Manage business growth as part of strategic domain operations.

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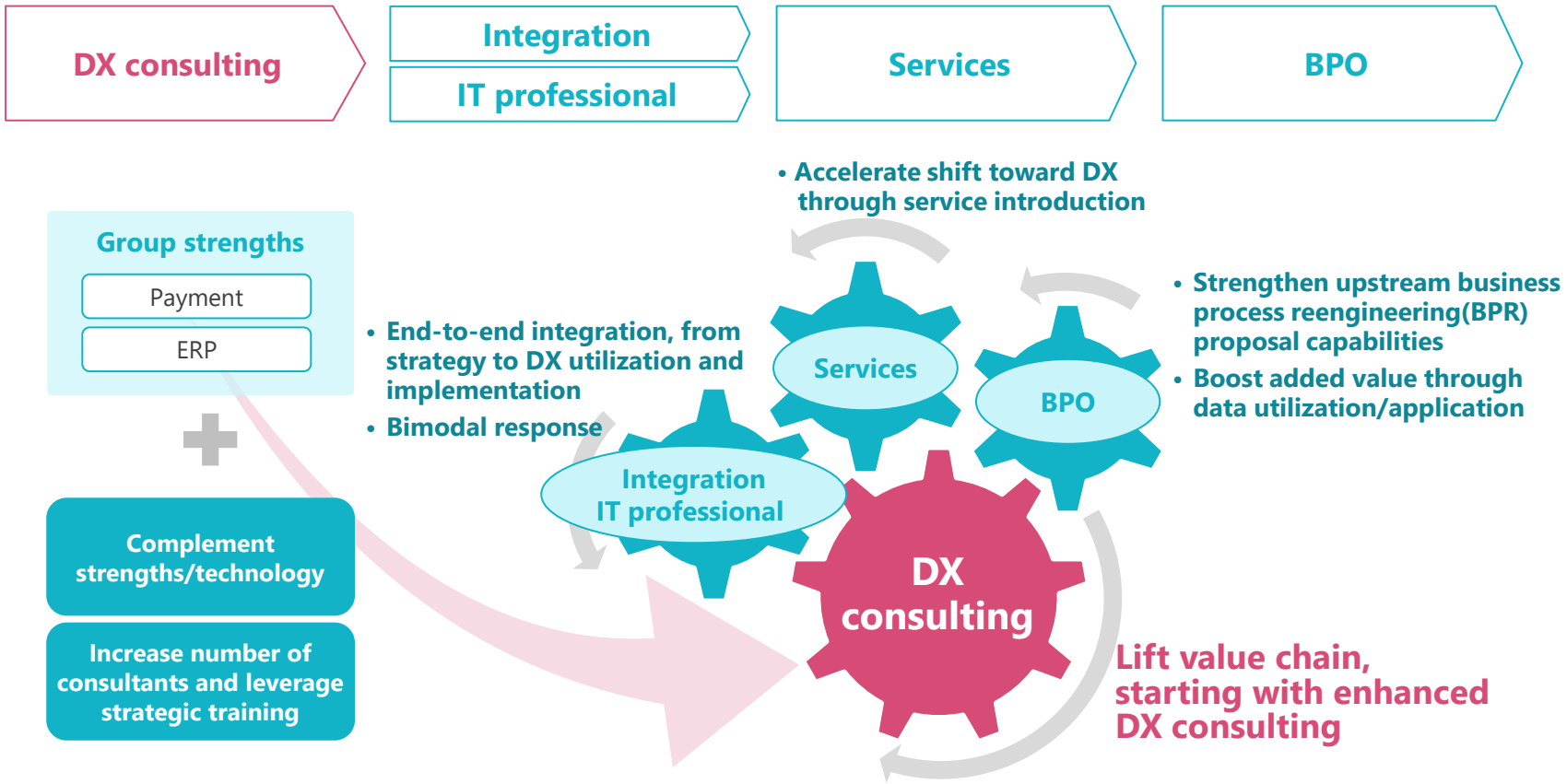
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Numerical Targets

# DX Business Strategy

- We will enhance our value chain across all businesses by improving the value provided in DX services and reinforcing frontline (customer contact) activities.



# DX Business Strategy

- To improve the value provided in DX services, we will encourage joint efforts with stakeholders and promote stronger DX consulting expertise.

**Will use digital technology to realize solutions to social issues.**

Financial inclusion

Health concerns

Low-carbon/  
decarbonized society

Urban concentration/  
rural decline

## Improve value provided in DX services

**Go beyond time and place restrictions, connect people, things and information, and create new value through business, process and IT infrastructure innovation.**



### Encourage joint efforts with stakeholders

- Encourage joint efforts with clients (including establishment of joint ventures with clients)
- Leverage partner alliances

### Promote stronger DX consulting expertise

- Deepen pool of DX consultants (From about 250 to more than 500)
- Continue to strengthen data analytics/UX and other designs

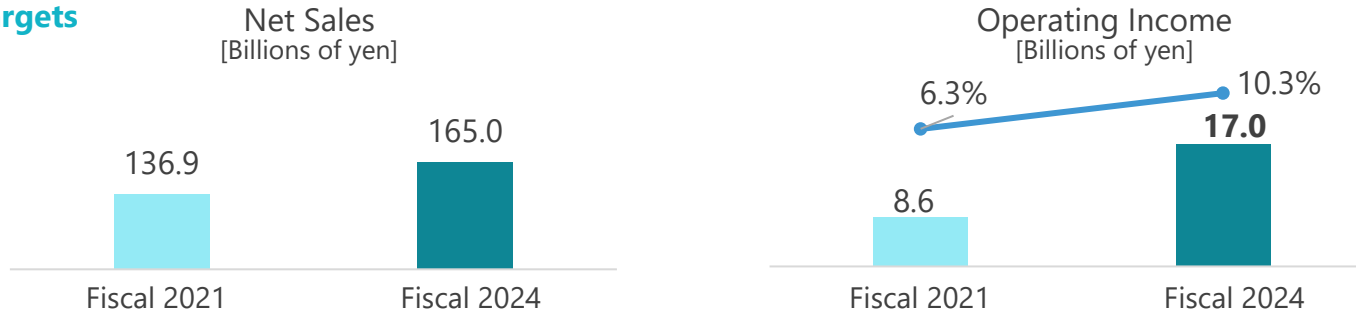
### Enhance IT delivery

- Constantly improve productivity
- Raise added value of services drawing on skills of IT professionals
- Reinforce agile-style management

# Business Strategy for Service IT Business

- In addition to growth in the payment service domain, we will selectively allocate management resources to areas of focus and strive to improve profitability across service operations through enhanced management practices.

## Service IT Business Numerical Targets



### Main Services

### Net Sales (Fiscal 2021 → Fiscal 2024)

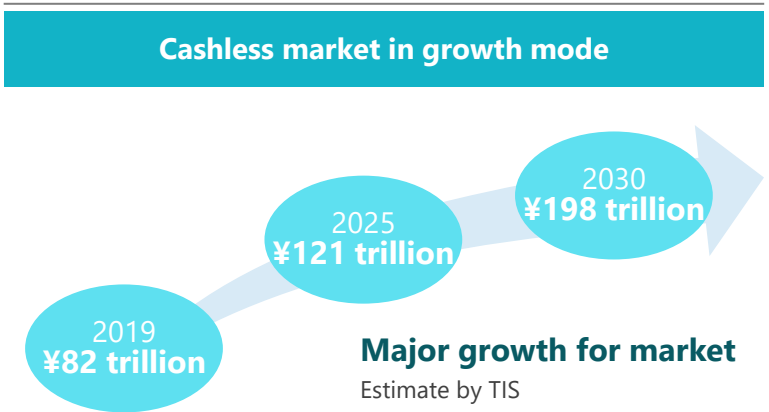
Main Services	Key Strategies	Net Sales (Fiscal 2021 → Fiscal 2024)
<b>Payment</b>	<ul style="list-style-type: none"> <li>• Launch creditSaaS and turn a profit as quickly as possible</li> <li>• Expand scope of business from frontline areas and new domain services</li> </ul>	¥28.5 billion → <b>¥34 billion</b>
<b>societal issue solution service *1</b>	<ul style="list-style-type: none"> <li>• Promote medium- to long-term growth strategies for services that provide solutions to social issues</li> </ul> <p>*1 Services that directly address financial inclusion, health concerns, low-carbon/de-carbonization and urban concentration/rural decline</p>	¥38 billion → <b>¥50 billion</b>
<b>DC/Cloud/NW</b>	<ul style="list-style-type: none"> <li>• Strengthen business activities, especially related to cloud and security, and provide vertically integrated value</li> </ul>	¥42 billion → <b>¥49 billion</b>
<b>ERP</b>	<ul style="list-style-type: none"> <li>• Build base of clients with potential for SPB opportunities by reinforcing frontline presence (client contact point)</li> </ul>	¥22.5 billion → <b>¥28 billion</b>



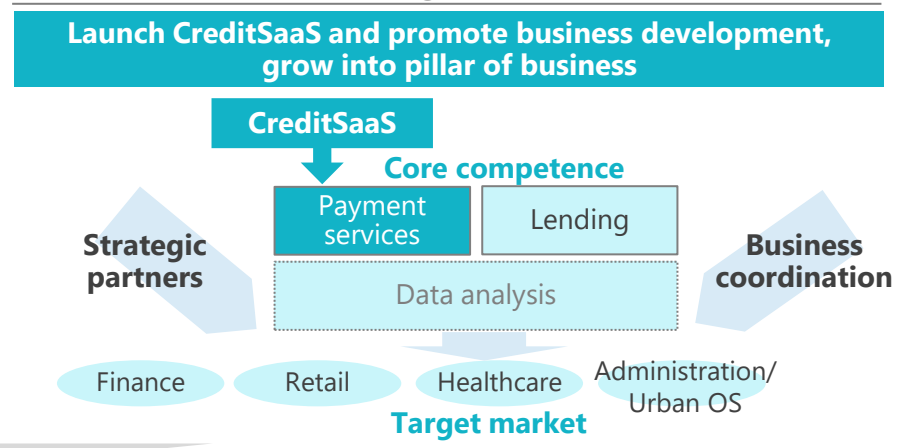
# Business Strategy for Service IT Business – Payment services–

- We will capitalize on market growth, launch CreditSaaS, promote business development, and achieve growth in this segment.

## Market Scale



## Strategic Focus



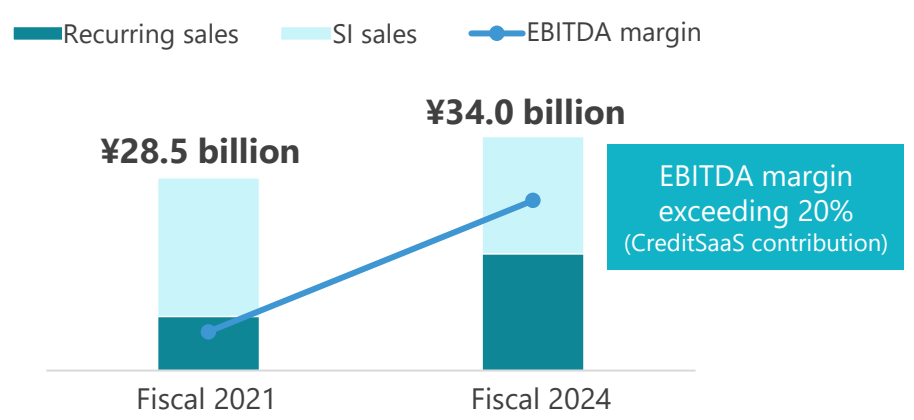
## Anticipated Composition of Business Growth

### Market Share (Fiscal 2024)

Core area		Front area
Credit core market <b>CreditSaaS</b> ¥20.0 billion	Prepaid core market	Front market for issuers
	<b>PrepaidSaaS</b> ¥2.5 billion	<b>Merchant/QR/Wallet</b> ¥5.5 billion
	<b>DebitSaaS</b> ¥3.5 billion	
Debit core market	Front market for merchant	

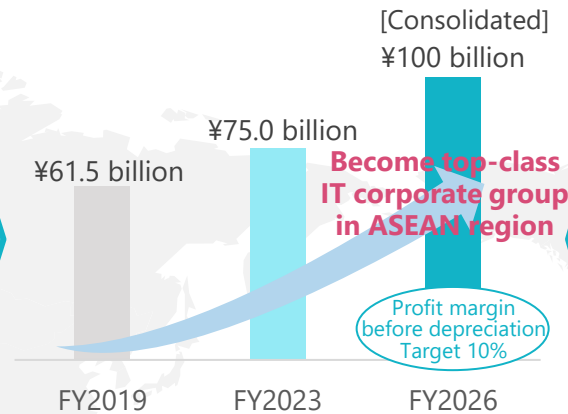
**New domain creation/common ground ¥2.5 billion**

### Business Structure



- We will accelerate business growth and become a top-class IT corporate group in the ASEAN region by working with partners in each ASEAN country in the pursuit of FCB and IOS opportunities.

## Global Business Scale



\* Sum of revenues generated by ASEAN subsidiaries and affiliates accounted for by equity method

### ASEAN × Channel

- Leverage investment to build ASEAN business base in key countries, focusing on Thailand and Indonesia and then Malaysia, Vietnam and the Philippines
- Extend partnership net, with emphasis on areas of strength, namely, banking and finance and payment services

### Global × X-Tech

- Robust investment into companies with world-leading technology and services fine-tuned to area needs
- Seek to extend target area service lineup, especially HRTech, HealthTech and MobilityTech, to complement FinTech

### Global × Emerging Tech

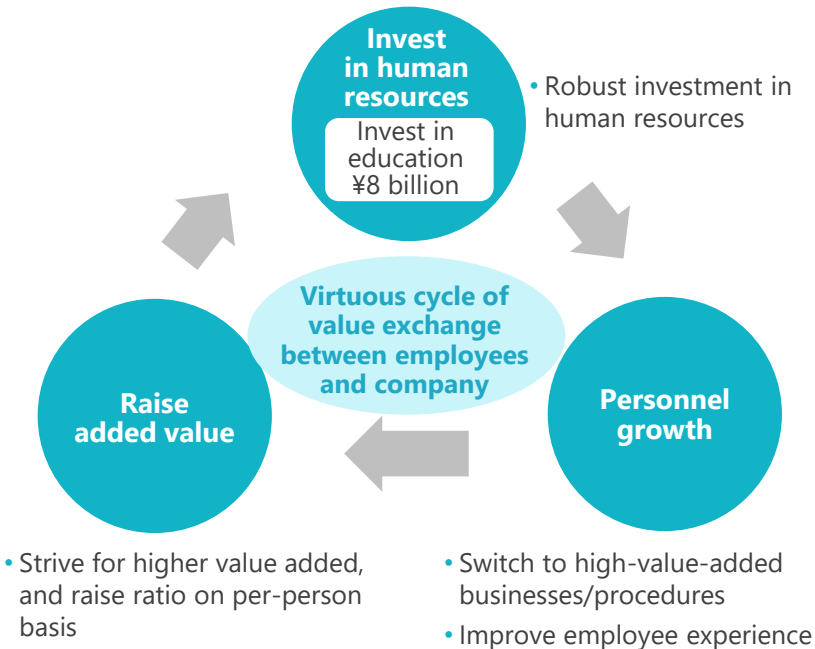
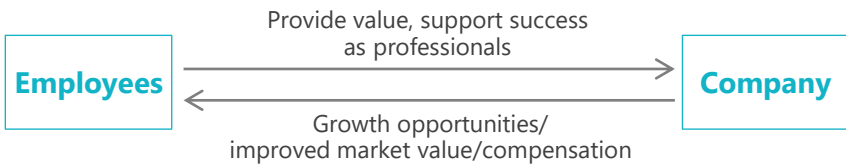
- Promote joint activities with leading companies, universities and government agencies on R&D into disruptive technologies from a medium- to long-term perspective
- Invest in five disruptive technologies: robotics/IoT, blockchain, data analytics, neural network and quantum computing

**Strengthen human resources base, which will underpin wider global operations and realize good governance**  
(Attract and train professional global workforce)

# Human Resources Strategy

- We will promote a human resources strategy focused on diversification of the corporate population and efforts to sharpen the skills of individuals to achieve continuous improvement in value exchange between employees and company.

## Overall Picture of Ideal Human Resources Strategy



## Initiatives Designed to Realize Strategy

**Diversity & Inclusion**

- Create environment and corporate culture that enables employees with diverse backgrounds to thrive
- Promote next-generation workstyles for the after-COVID era

**Sharpen/enhance skills of human resources**

- Improve higher added value human resources
- Enhance skills of DX consultants
- Constantly enhance scope of human resources to include global personnel, account managers and service owners

**Personnel DX**

- Enhance human resources portfolio management by digitizing information on personnel
- Help put employees on the right career path

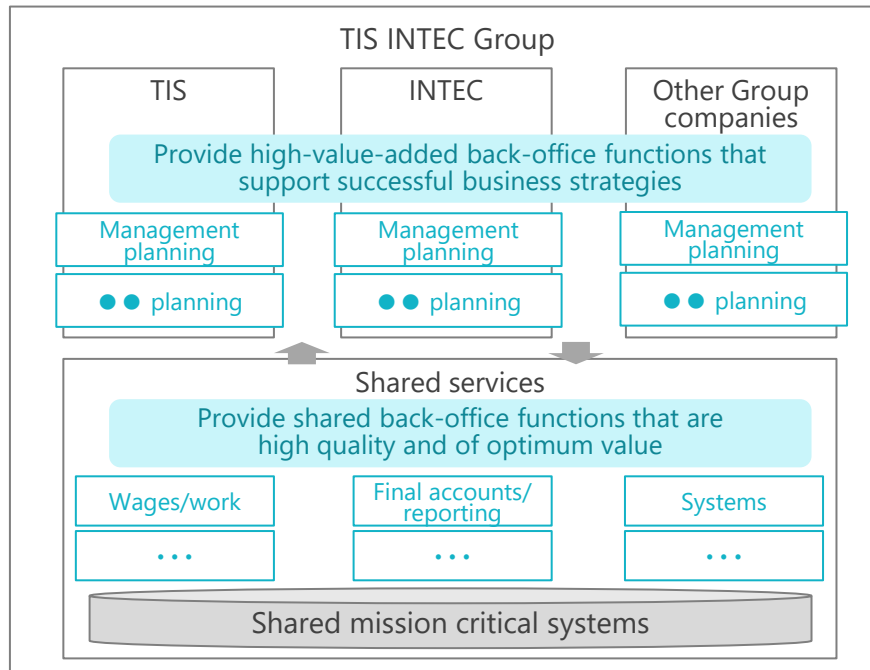
**More engagement**

- Design personnel system based on expected role/position, employee career orientation, appropriateness to assignment, and capabilities
- Introduce compensation/evaluation system that provides motivation and supports medium- to long-term initiatives

# Strategy to enhance of Management Capabilities – Promote Group management/in-house DX –

- We will complement the G20 project to enhance head office functions with measures to make head office functions more DX oriented and strive to demonstrate greater effectiveness in management processes.

## Centralize Back-Office Operations and Promote Higher Added Value



## Applying DX to In-House Operations

### Business process innovation

- Shift more toward paperless in-house operations
- Promote wider automation of in-house operations, embrace digital responses
- Make operations more efficient and high-tech through application and usage of data.

### Digital workspace

- Use office robots for unmanned reception desk operations
- Introduce virtual office
- Improve Group portal and social networking sites

**In addition to wider application of DX to in-house operations under the G20 project to enhance head office functions, we will strive to cut indirect costs groupwide by more than ¥1.5 billion (compared with fiscal 2021 level).**

- As a social system driving the pursuit of happiness, we aim to represent sustainability and contribute to the realization of a sustainable society through our business activities.

## Address social issues through business activities

- Promote growth strategies for services addressing four social issues that we see as needing long-term approach
- Sales from services that provide solutions to social issues to exceed ¥50 billion

### Environment

#### Contribute to decarbonized society and recycling society

- Reinforce response toward climate change/carbon neutral status, based on **environment-oriented long-term targets**
  - Cut greenhouse gas emissions by 3% from fiscal 2020 level
  - Push renewable energy utilization rate at key data centers above 10%
  - Present information based on **Task Force on Climate-related Financial Disclosures** guidelines and acquire approval under Science Based targets Initiative
- Pinpoint current levels of water and waste, then set reduction targets and work toward goals

### Society

#### Sustainable improvement in stakeholder engagement

- Improve stakeholder satisfaction, and **raise value exchange**

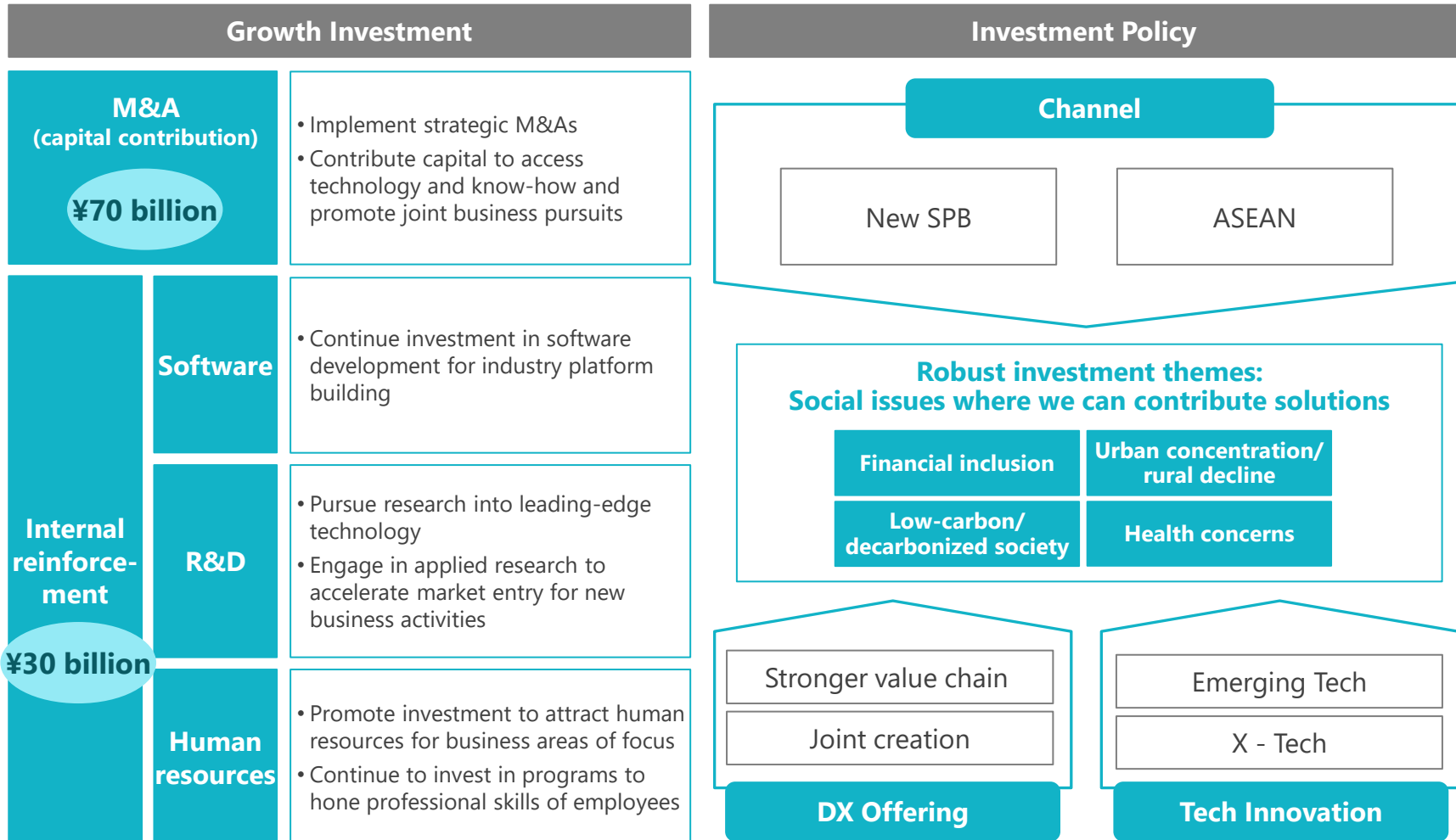
• Employee satisfaction ratio	62%
• Customer/service satisfaction ratio	60%
• Business partner satisfaction ratio	81%
- Strengthen initiatives related to **human rights** (such as defining human rights policy)

### Governance

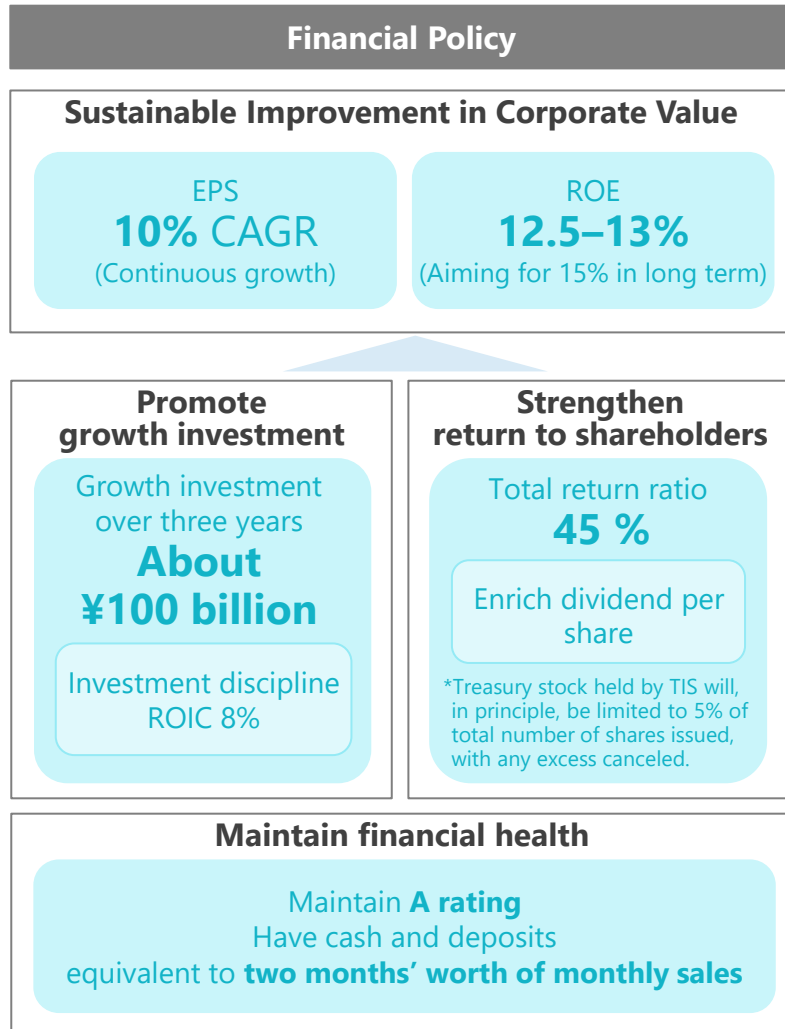
#### Constantly pursue level of corporate governance that elicits greater trust from society

- Build management system hinging on non-financial, quantitative information
- Optimize allocation of management resources with **capital costs** in mind (including efforts to accelerate replacement of non-business assets mainly cross-shareholdings)
- Constantly improve compensation system to cultivate awareness of benefits to enhanced corporate value and share with stakeholders
- Raise transparency and independence of Board of Directors
- Enhance Group governance (including efforts to strengthen management and supervision functions, identify and respond to tax and human rights risks)

- We will improve the value provided in DX services and underpin efforts to acquire new technology through robust investment of about ¥100 billion.



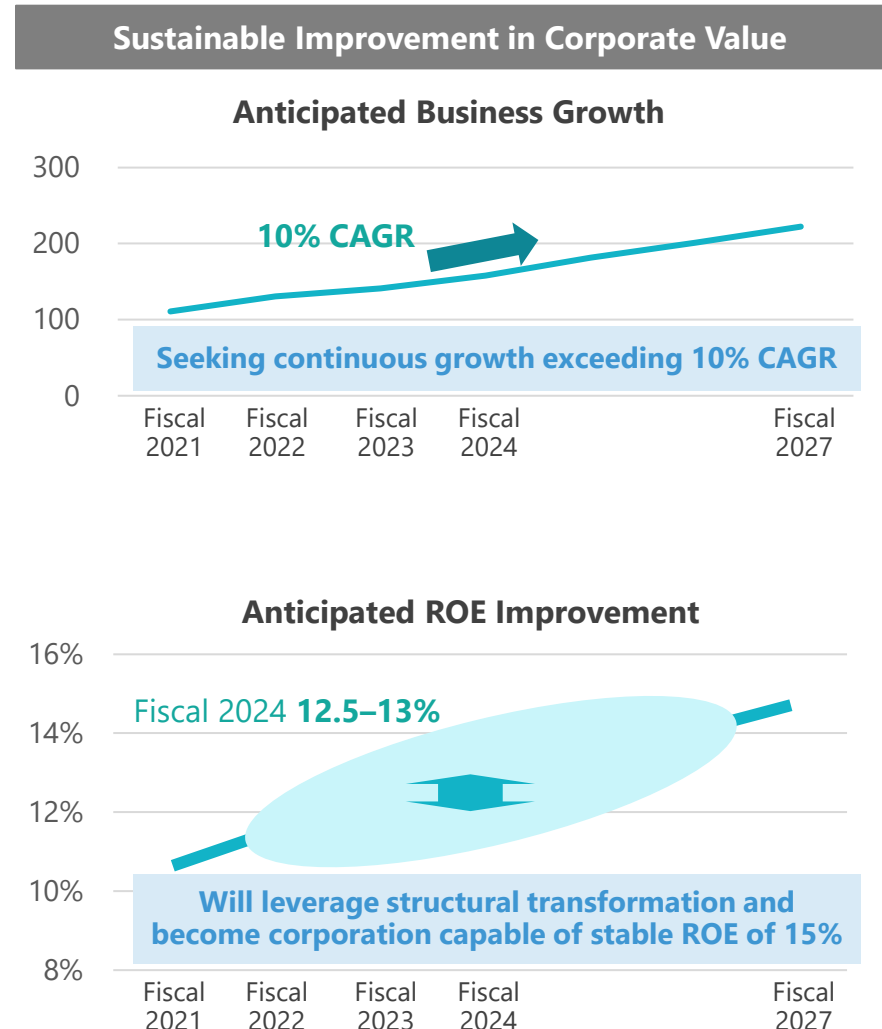
- We will realize growth through robust investment while maintaining financial health and work toward higher corporate value.



Maintain financial health

Maintain **A rating**

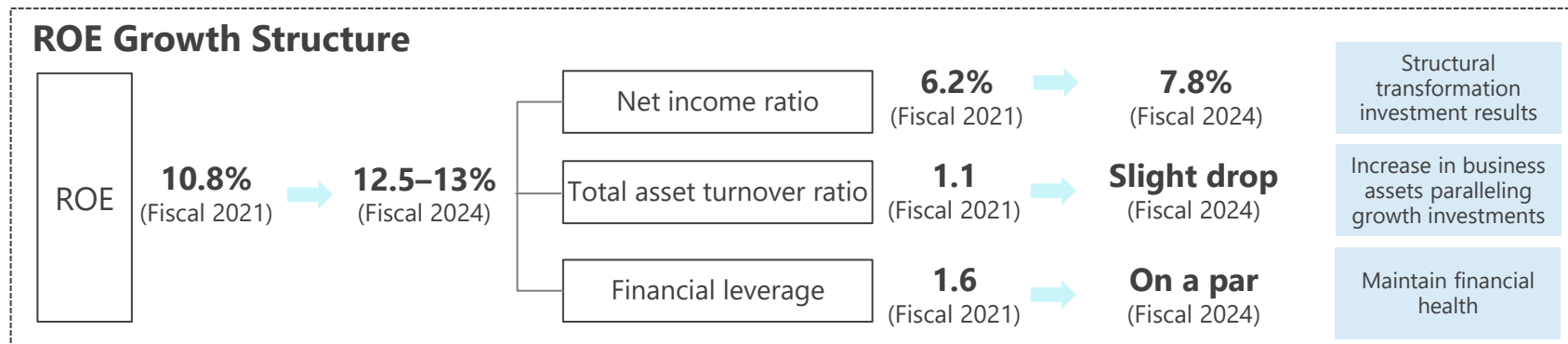
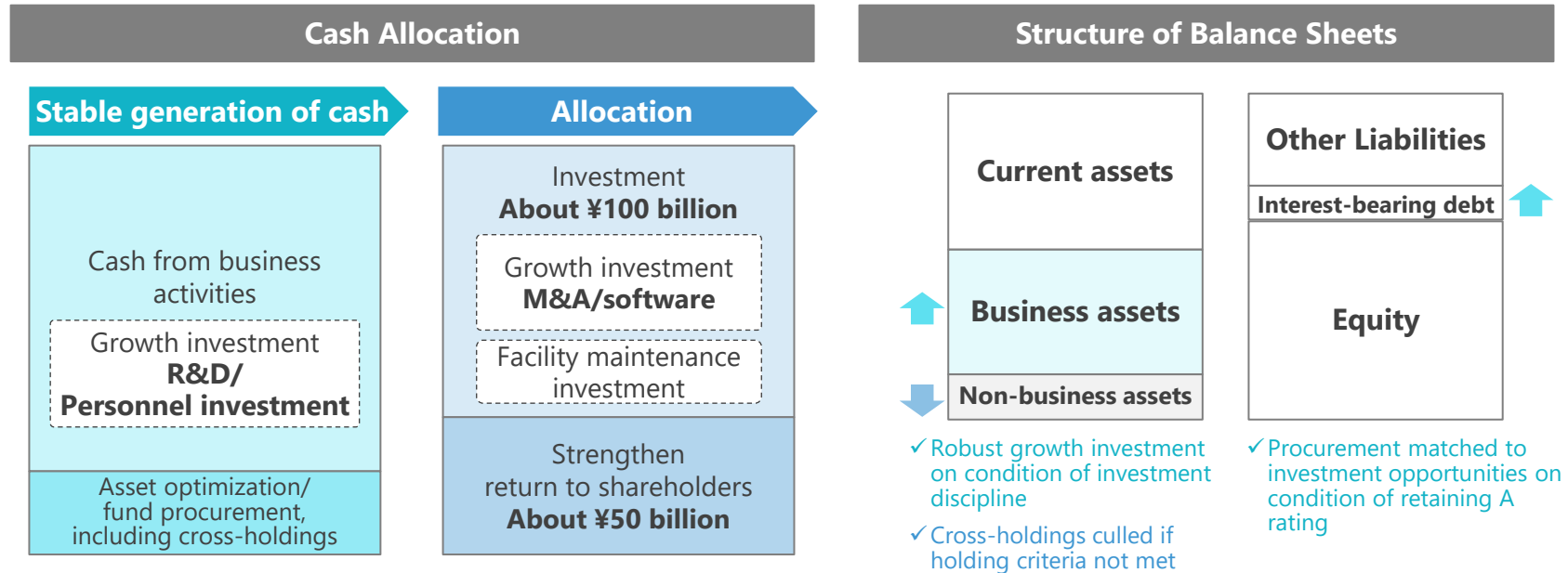
Have cash and deposits equivalent to **two months' worth of monthly sales**



### Anticipated ROE Improvement

# Cash Allocation, Structure of Balance Sheets

- We will balance robust growth investment with stronger return to shareholders, based on cash from business activities.





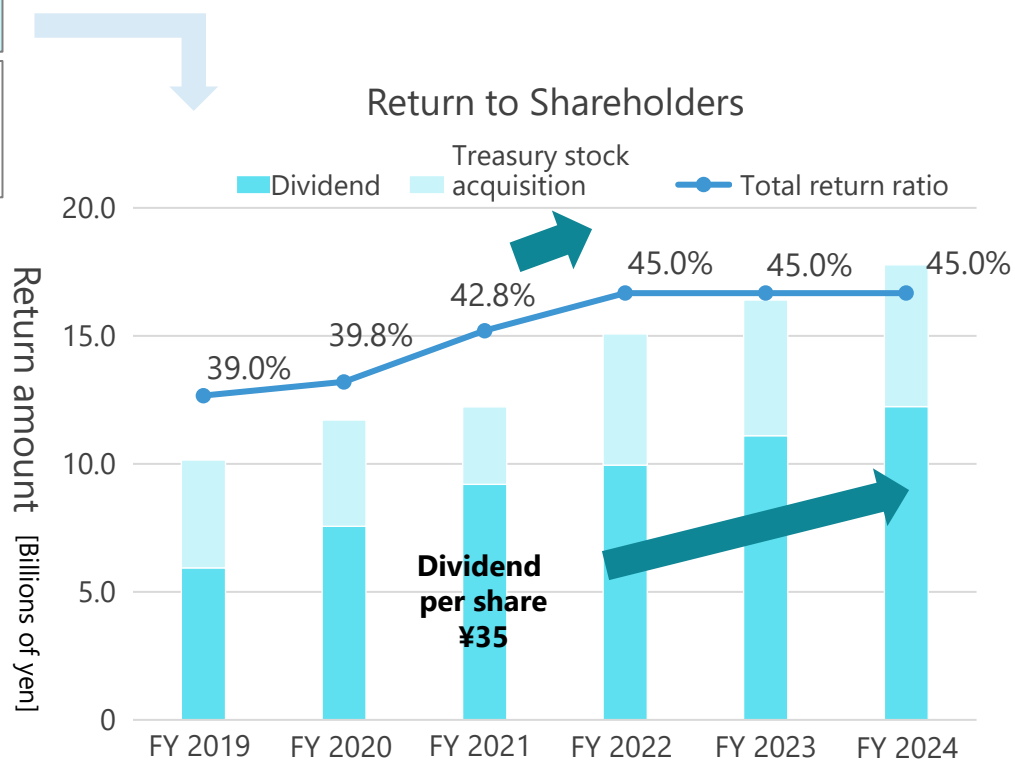
# Return to Shareholders

- We will boost the total return ratio to a benchmark of 45% and constantly enrich the dividend per share to encourage a higher degree of shareholder engagement.

**Promote growth investment**

**Strengthen return to shareholders**

**Maintain financial health**



**Total return ratio**  
45%

**Annual dividend per share**  
**Constantly enrich dividend**

**Upper limit on treasury stock holdings**  
at 5%

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Looking Back on Previous Medium-Term Management Plan

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Basic Policies in New Medium-Term Management Plan

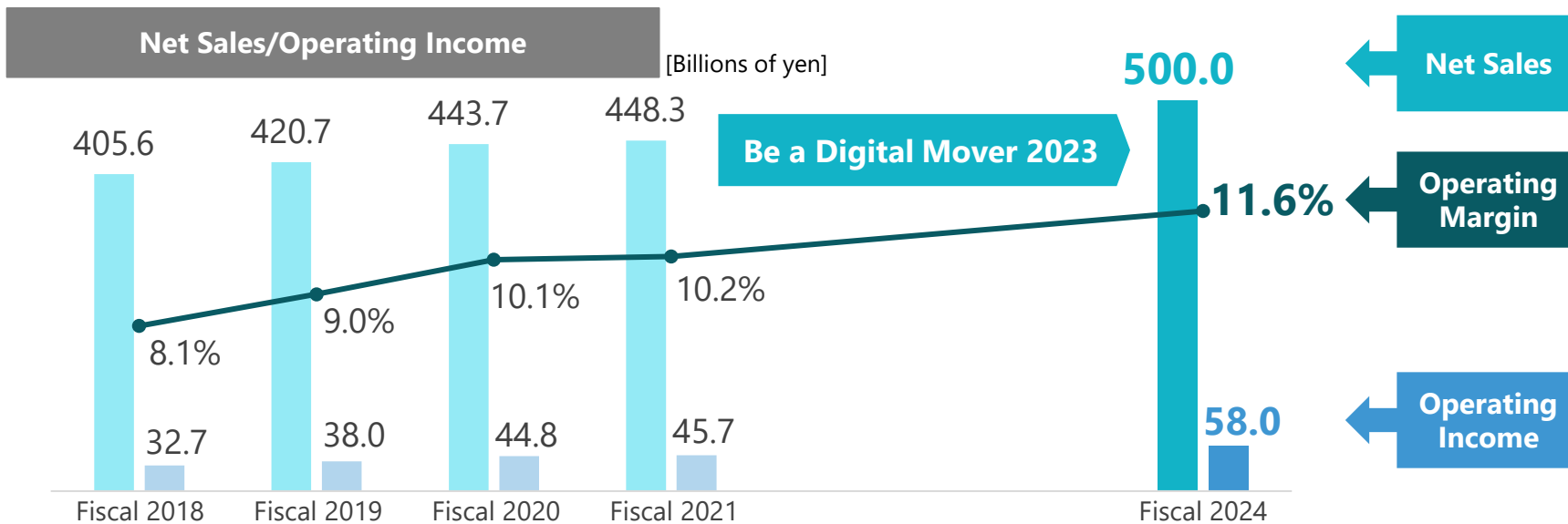
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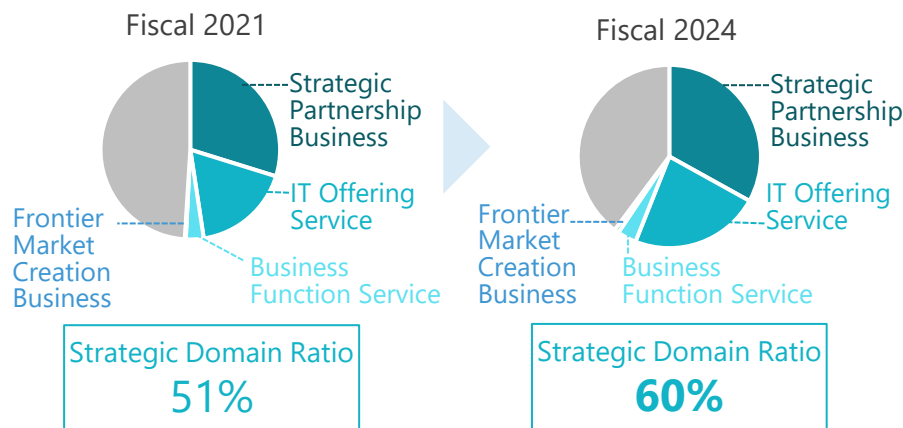
# Numerical Targets



### EPS Growth Ratio (Earnings per share growth rate)

EPS growth ratio (CAGR)  
**Exceeding 10%**

### Strategic Domain Ratio

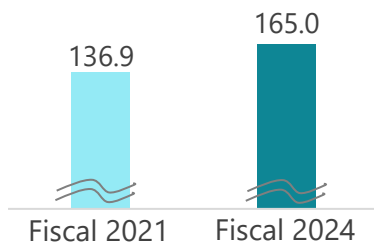


# Numerical Targets by Key Business Segment

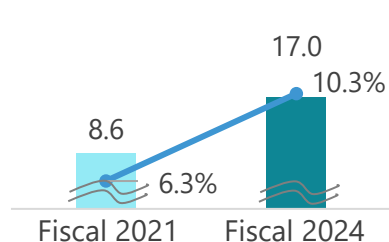
## Service IT Business

- Promote growth strategy for payment service domain
- Strengthen societal issue solution service
- Reinforce service management and improve profitability

Net Sales  
[Billions of yen]



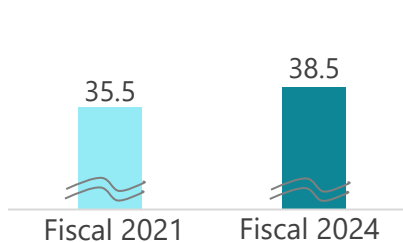
Operating Income  
[Billions of yen]



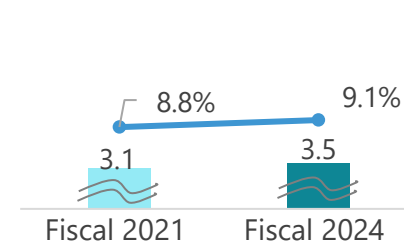
## BPO

- Promote growth strategy fined-tuned to market demand
- Raise added value through digitization of office processes

Net Sales  
[Billions of yen]



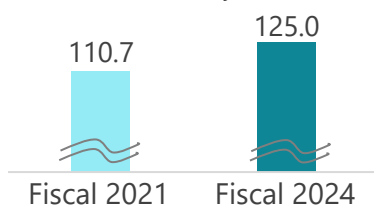
Operating Income  
[Billions of yen]



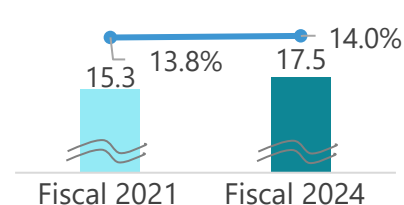
## Financial IT Business

- Strengthen strategic partnerships with clients, including credit card companies and banks, and encourage joint creation projects
- Make services more high-value-added through DX and constantly pursue productivity reforms

Net Sales  
[Billions of yen]



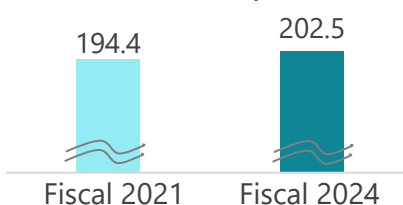
Operating Income  
[Billions of yen]



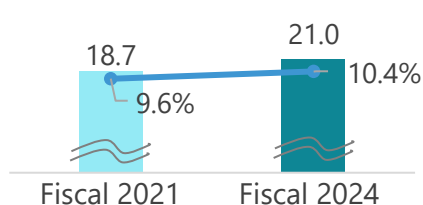
## Industrial IT Business

- Strengthen strategic partnerships with clients in industry and public sectors, and encourage joint creation projects
- Make services more high-value-added through DX and constantly pursue productivity reforms

Net Sales  
[Billions of yen]



Operating Income  
[Billions of yen]



## Reference: Strategic Domains

- Four business domains will form the core of the TIS INTEC Group by 2026, as described in Group Vision 2026.

### 1. Strategic Partnership Business (SPB)

For clients at the top of their industry, we will draw on industry foresight and business knowledge that other companies cannot match—our business tools—to explore and promote business strategies with clients and underpin business basics

#### *Desired Status*

**Building strong business partnerships to help clients expand operations by jointly exploring business strategies and identifying and solving business-related concerns**

#### **Promotion Measures**

- Help solve clients' management concerns through hypotheses and proposals
- Demonstrate composite strengths of Group; utilize advanced technologies and forte products
- Build closer client connections at each level, hinging on management class
- Launch joint projects with business partners

### 3. Business Function Service (BFS)

We will combine industry and business knowledge accumulated within the Group and utilize advanced technologies to anticipate client needs and provide business functions as services to enhance their value chains.

#### *Desired Status*

**Complementing IT Offering Service with new businesses to enhance efficiency, mainly through automation, and providing high-value-added services to clients**

#### **Promotion Measures**

- Take on responsibility for clients' value chain and contribute to business expansion
- Escape from labor-intensive business through greater use of machines and automation
- Add business services to Group's IT Offering Service
- Utilize and provide access to Group's market channels

### 2. IT Offering Service (IOS)

We will combine leading-edge technologies and know-how accumulated as a corporate group to create and quickly provide IT solution services that anticipate client needs.

#### *Desired Status*

**Allowing TIS INTEC Group strengths to blossom under IT Offering Service banner; switch from labor-intensive style to non-price competition, knowledge-intensive style**

#### **Promotion Measures**

- Establish schemes/systems emphasizing speed
- Build eco-systems in cooperation with business partners
- Utilize and provide access to Group's marketing channels

### 4. Frontier Market Creation Business (FCB)

We will utilize Group technology, operating know-how and customer bases to create new markets and business models matched to evolving industry and social needs and develop businesses for these markets on our own.

#### *Desired Status*

**Creating new markets that become pillars of business for the Group**

#### **Promotion Measures**

- Team up with clients to pursue new business opportunities
- Demonstrate innovation through creative alliances with business partners
- Encourage business creation using business ideas of individuals

Make society's wishes come true through IT.



**TIS INTEC**  
Group

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