

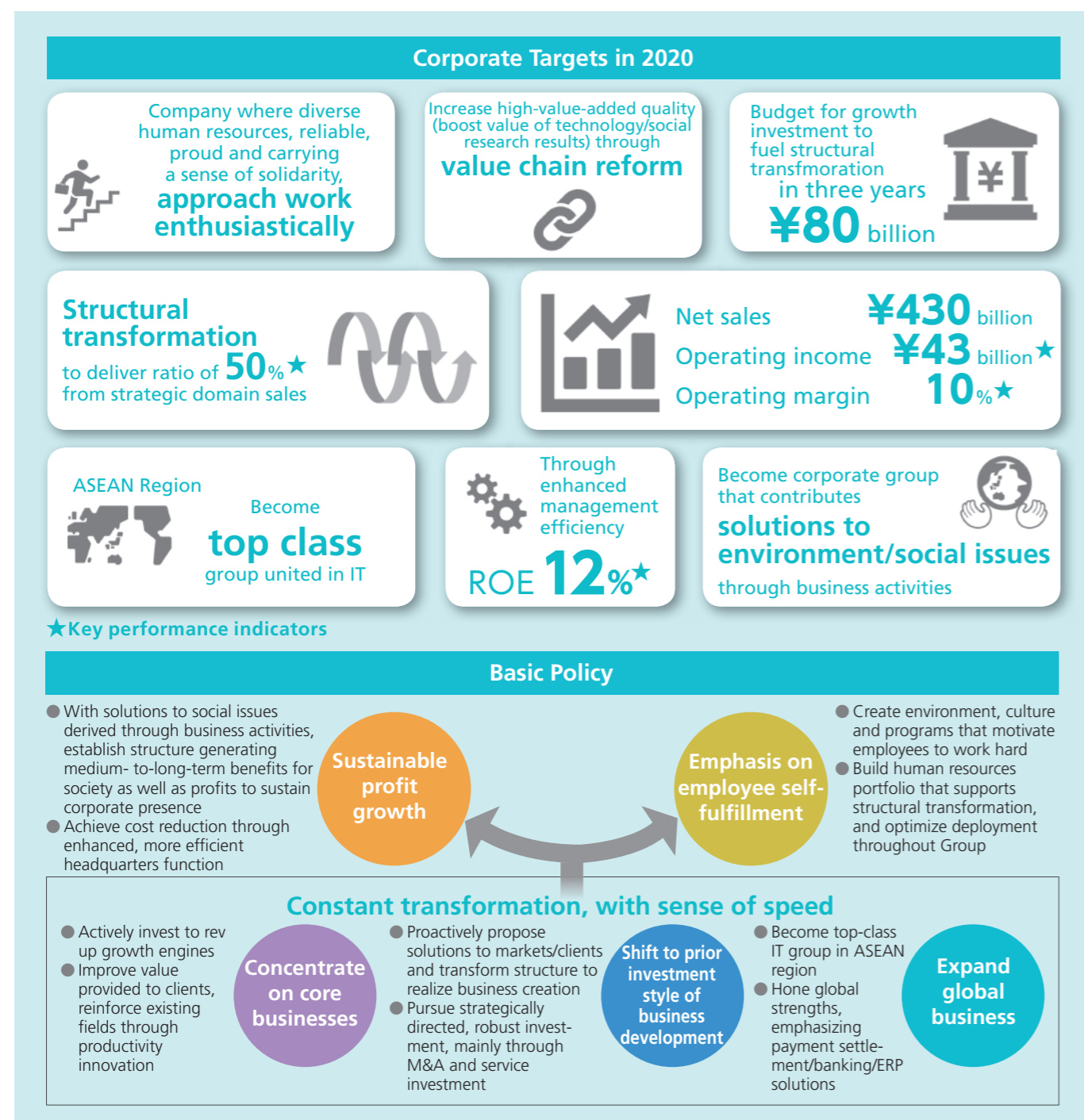
Outline of Medium-Term Management Plan

To realize sustainable growth and higher corporate value, we have made the current medium-term management plan our first step toward achieving Group Vision 2026 and through further improvements within the Group, we will promote structural transformation and establish a resilient management foundation.

Transformation to 2020

(From April 2018 to March 2021)

—Achieving structural transformation as a corporate family and taking the lead in finding solutions to social issues—



Group Vision 2026

Taking advantage of the shift to an operating holding company in July 2016, TIS announced a new Group vision for the future in May 2017 to mobilize the capabilities of Group executives and employees alike and take corporate value higher. The new medium-term management plan is important because it is the first stage of a journey toward achieving Group Vision 2026.

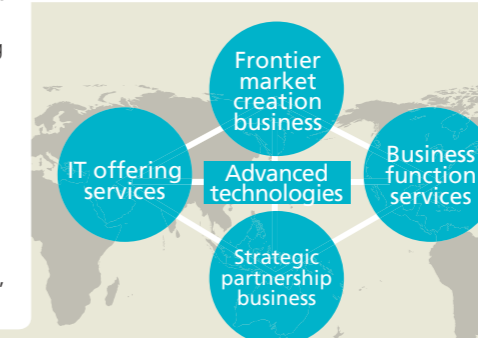
2026 Corporate Ideal
"Create Exciting Future"
 Utilize advanced technologies and know-how to realize business innovation and market creation

Seeking Position on Global Stage

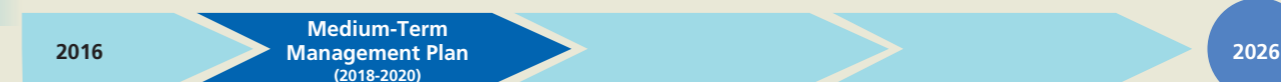
- Be seen by leading companies in different industries as having an appealing presence, always trusted as a strategic partner
- Always embrace reform in existing industries and markets, and earn reputation as market-creating innovator
- Transcend the limits of an IT enterprise; be a leading company with innovative market concepts
- Proudly demonstrate high profile and showcase solid standing as a corporate group chosen by clients, society, employees—everyone

Strategic Domains

- Strategic Partnership Business: Lay both a revenue base and a technology/know-how base
- IT Offering Services: Prior-investment business functioning as pillar of profit
- Business Function Services: Recognized as Group forte, driver of growth
- Frontier Market Creation Business: Driver of explosive growth through creative destruction of prevailing walls



Medium-Term Management Plan (2018-2020) will guide us in pursuit of structural transformation with a sense of speed to build a foundation for Group Vision 2026 success and expansion of strategic domains.

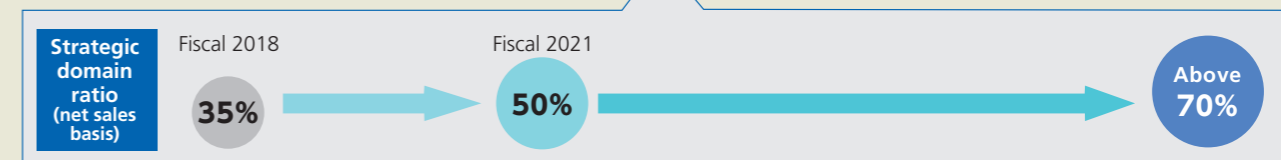
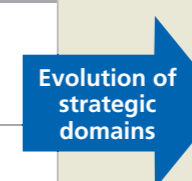


Business Domains in 2016

Business Creator	Marketable services	Network infrastructure services	BPO services
	Supporting clients' businesses	IT system configuration and operation	
	Specific responses	Provide IT engineering expertise	
		IT domains	Service domains

Strategic Domains in 2026

Frontier Market Creation Business	
IT Offering Services	Business Function Services
Strategic Partnership Business	
IT domains	Service domains



Working toward Medium-Term Management Plan Targets ①

We are off to a great start in terms of business results and various measures based on group management policy are, overall, more or less on tract despite a few issues of concern.

Overall Summary of Fiscal 2019

Fiscal 2019 Group Management Direction

- Charge forward on switch to service-style business**
Push vigorously ahead on structural transformation, seeking new set of values and style emphasizing speed and flexibility as well as knowledge-intensive style business structure
- Robust prior investment to create new services**
Selectively invest in growth and forte fields to turn service-style businesses into growth engines
- Added-value and productivity improvements in domains of expertise**
Focus on forte fields and key client businesses, eliminate unprofitable projects, implement enhancement reforms, and improve order profitability in good business environment
- Promote growth strategy aimed at becoming a top-class IT group in ASEAN region**
Expand business domains established through cooperation built over time with overseas partners in line with global strategy and pursue strategic investments
- Boost motivation and reinforce human resource management**
Strive to create framework and corporate culture in which employees—the driving force behind the Group’s growth—can thrive, and steadily realize measures described in personnel manifesto
- Pursue activities to enhance management practices and boost efficiency**
Steadily implement “G20” project to elevate head office functions, and study and declare key sustainability issues

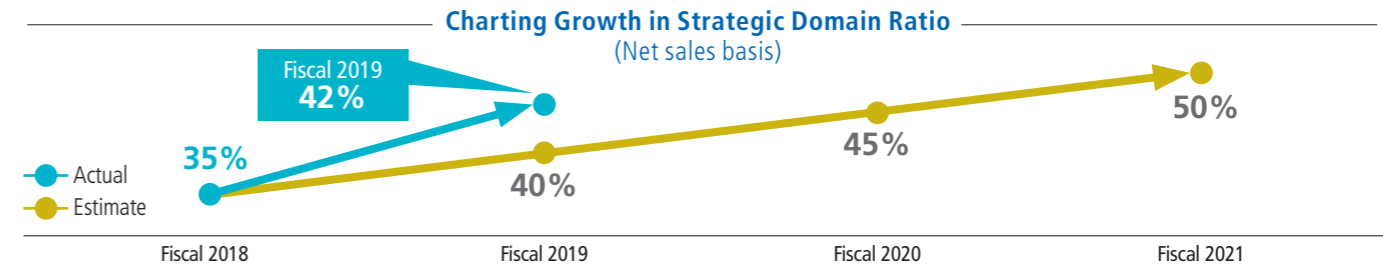
Looking Back on Fiscal 2019

- ▲ Strategic domain ratio moved briskly upward, hitting 42%, or 7 points higher year on year. Emphasized concentration on core businesses.
- ▲ Service IT exceeded target, driven by demand for payment settlement, ERP and network solutions. Launched businesses requiring prior investment, including token requestor service.
- Quantitative transformation required to achieve medium-term targets, such as steady improvement in profitability on service-type businesses.
- ▲ Gross profit margin improved to 22.5%, reflecting enhancement upgrades and efforts to reinforce order profitability.
- ▲ Sold subsidiaries following review of business portfolio.
- Able to hold unprofitable projects to relatively low level, but development loss ratio settled at 0.9%, just off the 0.8% target.
- Continued to strengthen ties with existing targets of capital participation while pursuing new alliances.
- Accelerated business expansion through fusion of marketing channels and technologies as well as creation of joint schemes involving TIS.
- Encouraged employees to reach for their own career goals. Took steps, as planned, in line with TIS’ Human Resources SBU manifesto. Gradually extended approach groupwide.
- External recognition, such as METI’s “White 500” companies with excellent health and productivity management programs.
- “G20” project to elevate head office functions moving along as planned.
- Formulated OUR PHILOSOPHY and promoted sustainability-related activities, including identification of materiality.

Progress of Structural Transformation Strategy 1

Medium-Term Management Plan (2018-2020) guiding structural transformation with sense of speed toward success of Group Vision 2026. Concerted effort to build content in strategic domains.

➡ Favorable progress, with ratios in Strategic Partnership Business and IT Offering Service charging upward. Maintain concentration on core businesses.



1. Strategic Partnership Business

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.

3. Business Function Service

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.

2. IT Offering Service

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.

4. Frontier Market Creation Business

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.

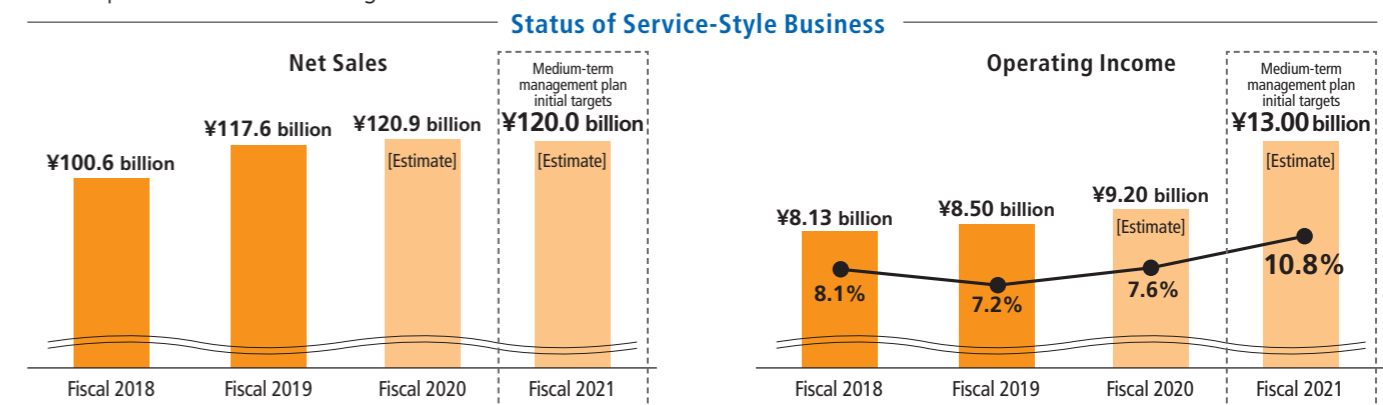
Desired Status
Creating new markets that become pillars of business for the Group.

Growth Strategy/Business Strategy of the Group

Progress of Structural Transformation Strategy 2

Turn service-style business—at the heart of IT Offering Service—into growth engine and vigorously leverage global business growth by expanding accumulated strengths, taking a robust approach to investment and emphasizing open innovation.

➡ Net sales moving in favorable direction. Operating income sluggish due to prior investment phase, but going forward, emphasis will be on boosting income.



Anticipated Core Composition of Net Sales

(Billions of yen)	Fiscal 2018	Fiscal 2019	Fiscal 2020 (Estimate)	Status
Payment	10	15	20	Development aimed at introduction of credit SaaS-type services will drive growth.
ERP	28	28	28	Maintain high level through response to system upgrade demand.
Data centers/cloud/networks	42	42	42	Existing data center business will shrink and cloud will attract more interest.

Working toward Medium-Term Management Plan Targets 2

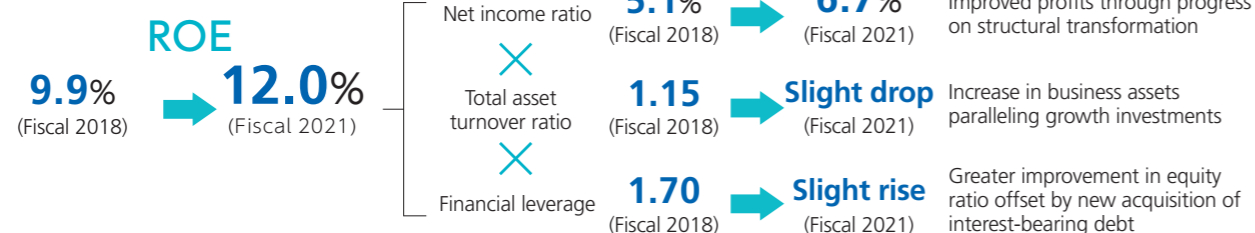
Further improvement in ROE

Further improvement in ROE

TIS has always adhered to management practices conscious of capital cost, and set a target of 12% for return on equity (ROE) by March 31, 2021, as a key performance indicator measuring return exceeding capital cost. To reach this target, we will seek more appropriate capital composition and enhanced capital efficiency, with efforts to promote growth investment, maintain financial health and strengthen return to shareholders—all in the right balance.

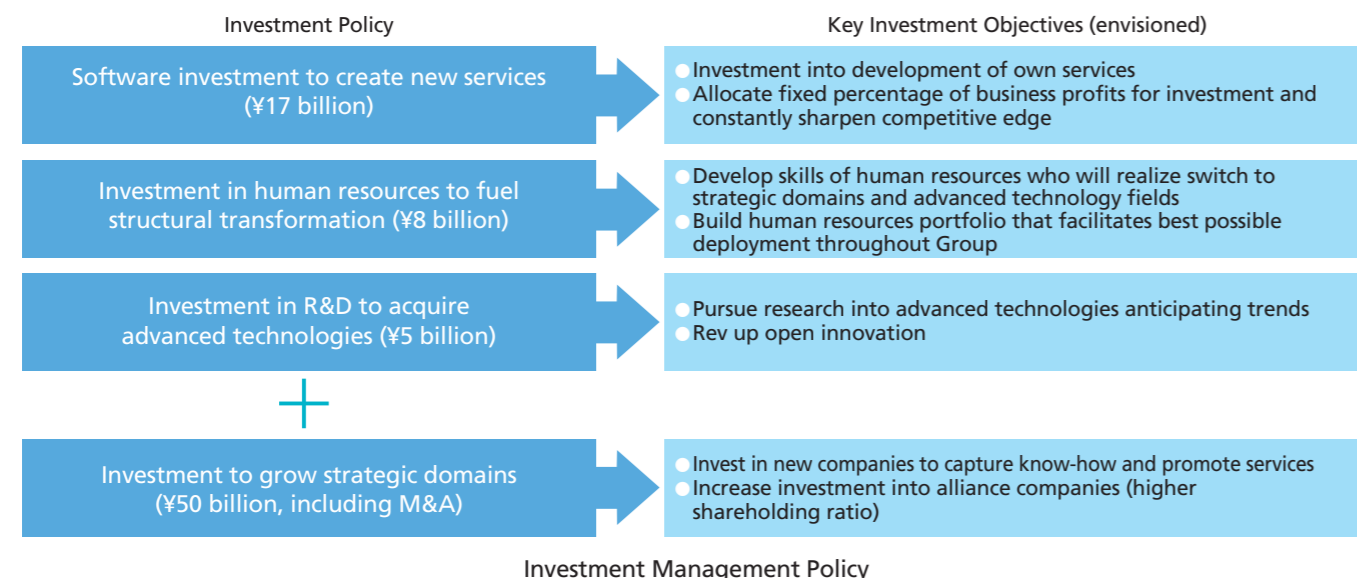


Picture of ROE Success



Investment Strategy

- Pursue growth investment activity, such as prior investment and M&As, more robustly to fuel transformation of business structure. Envision maximum ¥80 billion in investments over three years.



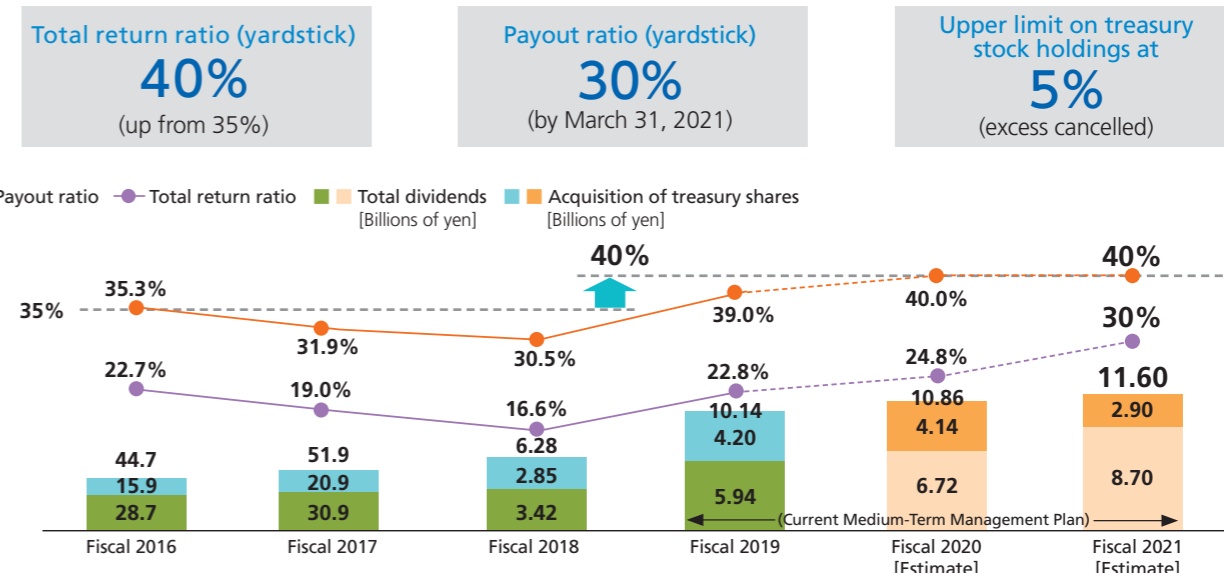
Fine-tune investment management practices to capture appropriate return from robust investment activity
Carefully select investment targets, based on investment efficiency index and investment cost, and toughen up rules for exit management

Investment Status (as of March 31, 2019): ¥18.8 billion

- Investment in software for creating new services: ¥7.5 billion
- Investment in personnel to promote structural transformation: ¥2.0 billion
- Investment in R&D to obtain leading-edge technologies: ¥1.0 billion
- Investment to grow strategic domains: ¥8.2 billion
Emphasis on investments aimed at promoting global business, such as capital contributions in line with capital and business alliances, including purchase of convertible bond with stock acquisition rights issued by Anabatic Technologies.

Basic Policy on Return to Shareholders

- Raise total return ratio yardstick to 40%, from 35%. Aim for dividend ratio of 30% by fiscal 2021 through stable dividend growth.
- Set upper limit on treasury stock holdings to 5% of total number of issued shares, with excess of this amount cancelled.



Numerical Targets





We will leverage structural transformation and work toward higher corporate value, underpinned by a "profit emphasis" management policy.

Masahiko Adachi,
Representative Director,
Executive Vice President

Another year of record business results against a favorable business backdrop. Off to a great start.

Summary of Fiscal 2019 Results

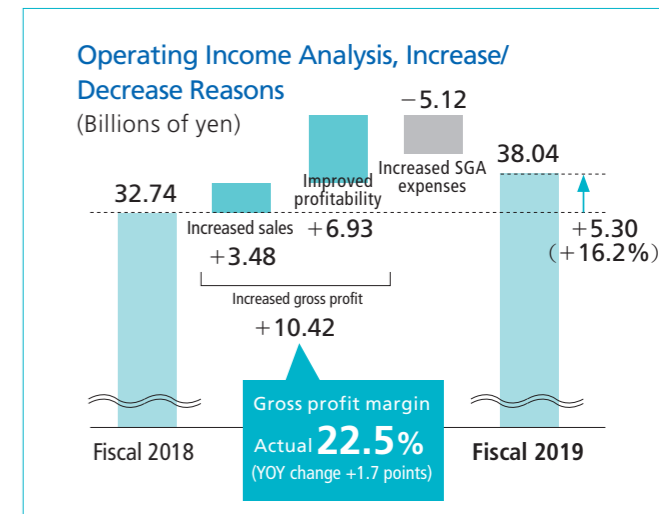
Fiscal 2019, ended March 31, 2019, was the first year of Medium-Term Management Plan (2018-2020). A good operating environment created a favorable tailwind that we rode to a solid landing, exceeding initial performance targets. Net sales increased for the ninth straight year and operating income grew for the eight straight year, marking all-time highs. We are definitely off to a great start.

Under good operating skies, we accurately identified client needs in sectors where the trend toward IT investment is particularly strong. This translated into a 3.7% increase in net sales, to ¥420.7 billion, which was 1.6% more than our original target. Operating income jumped 16.2% year on year, to ¥38.0 billion, or 8.7% better than we had expected, pushing the operating margin to 9.0%, compared with 8.1% a year ago. Net income attributable to owners of the parent company followed suit, climbing 26.3% year on year, to ¥26.0 billion, or 11.7% more than projected.

By key segment, the drivers of growth were the Service IT Business, which benefited mainly from wider demand for payment settlement-related services and ERP upgrades, and the Industrial IT Business, which enjoyed a positive shift in demand due to growing IT investment by a wide range of client groups, including companies in the energy business. The BPO Business and the Financial IT Business posted lower sales, but the downturn reflects, for BPO, a significant impact from the fourth-quarter sale of consolidated subsidiaries as part of management's policy of concentrating on core operations and for Financial IT Business, a reactionary drop following the end of some large development projects. Operating income was up year on year in all segments, with a notable increase for the Industrial IT Business, thanks to the success of measures to boost profitability, including a review of transaction margins and steps to enhance productivity.

*Please go to page 23 for details on business strategies and performances by segment.

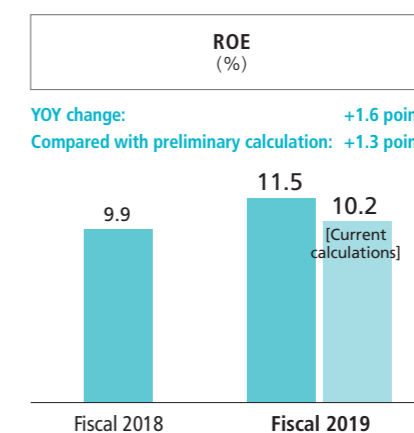
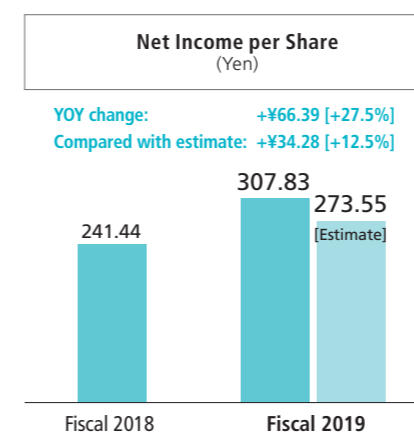
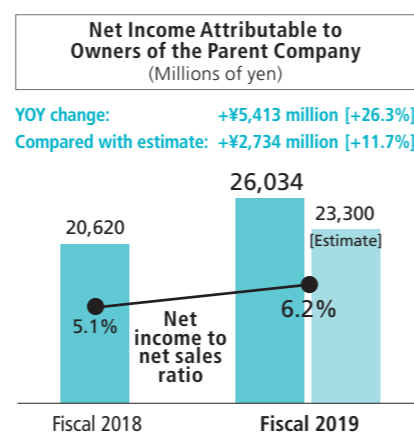
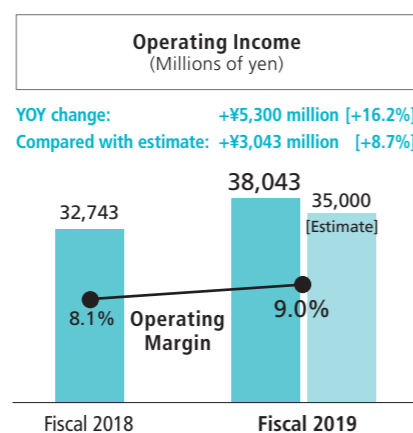
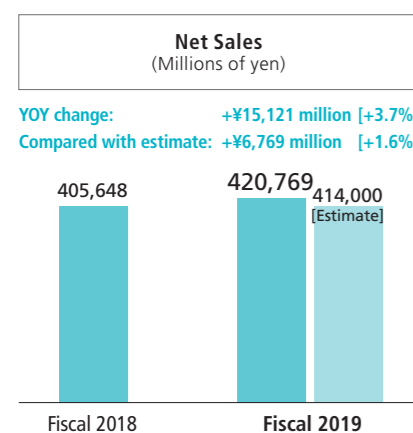
If we look at the changes that affected operating income, the effect of higher sales—¥3,480 million—and improved productivity—¥6,830 million—generated a ¥10,420 million increase in gross profit, with the gross profit margin rising 1.7 points, to 22.5%. This absorbed an increase of ¥5,120 million in selling, general and administrative expenses, which then left operating income ¥5,300 million higher than a year ago. The upward change in selling, general and administrative expenses is largely due to greater spending in support of structural transformation, and we considered this to be a forward-looking allocation of funds from the perspective of upfront investment contributing to growth in the medium term. Note that unprofitable projects in fiscal 2019 hovered at ¥2.2 billion, up about ¥400 million year on year. This may be lower than in the past, but we accept with all due sincerity the fact that we failed to hold the development loss ratio within the predicted level of 0.8%, or about ¥1.8 billion, on a full-year basis. Going forward, we will be more thorough in our efforts to control the appearance of unprofitable projects.



Prior investment costs incurred in promoting structural transformation: YOY change +¥750 million

Fiscal 2019: Performance Highlights

Actual Estimate



We will make steady progress toward the targets stated in our medium-term management plan.

Performance Forecast for Fiscal 2020

Business sentiment for fiscal 2020 is rather uncertain, but the operating environment for the TIS INTEC Group is expected to continue to shift in a favorable direction, reflecting greater interest in digital management and a stronger trend toward IT investment by companies keen to realize management strategies based on robust use of IT.

Against this backdrop, the Group will work energetically on various measures, making steady progress toward Medium-Term Management Plan (2018-2020) targets, based on stated management direction. We anticipate higher sales and income on a consolidated basis in fiscal 2020, with net sales inching up 1%, to ¥425 billion, operating income rising 5.1%, to ¥40 billion, the operating margin improving 0.4 point, to 9.4%, and net income attributable to owners of parent increasing 4.1%, to ¥27.1 billion. These estimates assume a net sales impact totaling about ¥12.0 billion, comprising about ¥6.0 billion from the sale of subsidiaries at BPO and others, and another ¥6.0 billion due to a drop in demand for system development following completion of large projects at Financial IT Business. Also, for operating income, we are assuming an increase of about ¥2.5 billion earmarked for robust upfront investment to leverage structural transformation. We are aiming for a gross profit ratio of 23.1%, up 0.6 point from fiscal 2019, which would see us achieve our target of 23%, which was internally assumed on the expectation of an operating margin of 10%, a year ahead of schedule.

Group Management Direction in Fiscal 2020

- 1 Robust prior investment to fuel business expansion and structural transformation**
Selectively invest in growth fields and areas of expertise to turn service-style businesses into growth engines
- 2 Promote measures and review business portfolio with view toward higher profitability**
Concentrate on forte fields and key client businesses, eliminate unprofitable projects, emphasize order profitability and thoroughly implement enhancement reforms
- 3 Promote growth strategy aimed at becoming a top-class IT group in ASEAN region**
Expand business domains and pursue strategic investments through cooperation built over time with overseas partners in line with global strategy
- 4 Boost motivation and take human resource management to higher level**
Strive to create framework and corporate culture in which employees—the driving force behind the Group’s growth—can thrive, and steadily realize measures described in personnel manifestos
- 5 Realize enhanced management practices and higher efficiency**
Instill widespread awareness of unified, groupwide management, based on OUR PHILOSOPHY, promote “G20” project to elevate head office functions, and kick off new system “GAIA”

Fiscal 2020 Performance Forecast

	Fiscal 2020 (plan)	YOY changes
Net Sales	¥425,000 million	+¥4,231 million [+1.0 %]
Operating Income	¥40,000 million	+¥1,957 million [+5.1%]
Operating Margin	9.4%	+0.4 points
Net Income Attributable to Owners of Parent Company	¥27,100 million	+¥1,066 million [+4.1%]
Net income to Net Sales Ratio	6.4%	+0.2 points
Net Income per Share	¥324.10	+¥16.27 [+5.3%]
ROE	11.5%(current calculations)	+0.0 points

We will enrich return to shareholders matched to growth in business results, based on a 40% total return ratio.

Return to shareholders

TIS’ basic policy is to keep internal reserves at a level sufficient to ensure business growth from a medium- to long-term perspective, while continuing to pay a stable dividend in consideration of consolidated financial results. Based on this policy, we seek to enhance return to shareholders by boosting the total return ratio yardstick, to 40%, from 35%, during Medium-Term Management Plan (2018-2020) and then realize a payout ratio of 30% by fiscal 2021 through stable dividend growth.

The annual dividend for fiscal 2019 was higher than in fiscal 2018, extending the dividend growth for the seventh consecutive year. And given better-than-anticipated business results, we increased the year-end dividend by ¥10 per share, to ¥70 per share from the initial plan of ¥60 per share. Consequently, the total return ratio hit 39.0%, accounting for the repurchase of 809,100 shares of treasury stock for ¥4.2 billion.

Looking to fiscal 2020, we intend to pay an annual dividend of ¥80 per share, up 10% from fiscal 2019, for a payout ratio of 24.8%. The total return ratio will hover near 40%, accounting for the repurchase of 749,800 shares treasury stock between May and July 2019 for ¥4.1 billion.

	Fiscal 2019	Fiscal 2020
Annual dividends per share	¥70 (YOY change: +¥30) Compared with estimate: +¥10)	¥80 (YOY change: +¥10)
Acquisition of treasury share	Total acquisition amount ¥4.2 billion	Aggregate acquisition amount ¥4.1 billion
Total return ratio	39.0%	40.0%

The “profit emphasis” management policy will become a major driving force, steadily pushing corporate value higher.

Toward further improvement in ROE

Throughout the TIS INTEC Group, we emphasize management practices conscious of capital costs, and the medium-term management plan describes a target of 12.0% for ROE as a key performance indicator measuring a return that exceeds capital costs. To achieve this target, we will seek a more appropriate capital composition, underpinned by efforts to promote growth investment, maintain financial health and strengthen return to shareholders—all in the right balance.

ROE for fiscal 2019 reached 11.5%, up 1.6 points from fiscal 2018, putting us ever so close to our 12% target. The biggest factor for this was better business results and, subsequently, improved profitability. Taking advantage of our transition to an operating holding company in July 2016, we accelerated decision-making and delivery of strategies groupwide. This fueled the success of various measures, not limited to reducing the number of unprofitable projects, which had been a major issue, but extending to enhanced KPI management, including verification of potential profitability at time of order receipt and improved productivity in enhancement domains. In addition, we were able to implement the profit emphasis more thoroughly, exemplified by a careful review of the business portfolio from a profitability perspective. Comparing key numbers for fiscal 2016—which preceded the transition to an operating holding company—with the most recent fiscal year, that is, fiscal 2019, shows significant growth across the board. But what is particularly noteworthy is how fast the gross profit margin improved. Achieving 22.5% in fiscal 2019 means the inherent strength—the success factor—of our businesses is more robust. Consequently, earnings per share has more than doubled over the past three years, driving ROE higher. The profit emphasis has steadily propelled corporate value higher, and I feel it will continue to generate good results. Also, this breeds a positive cycle, represented by the fact that TIS’ total shareholder returns over the last five years exceed TOPIX (Tokyo Price Index) and results reported by industry rivals.

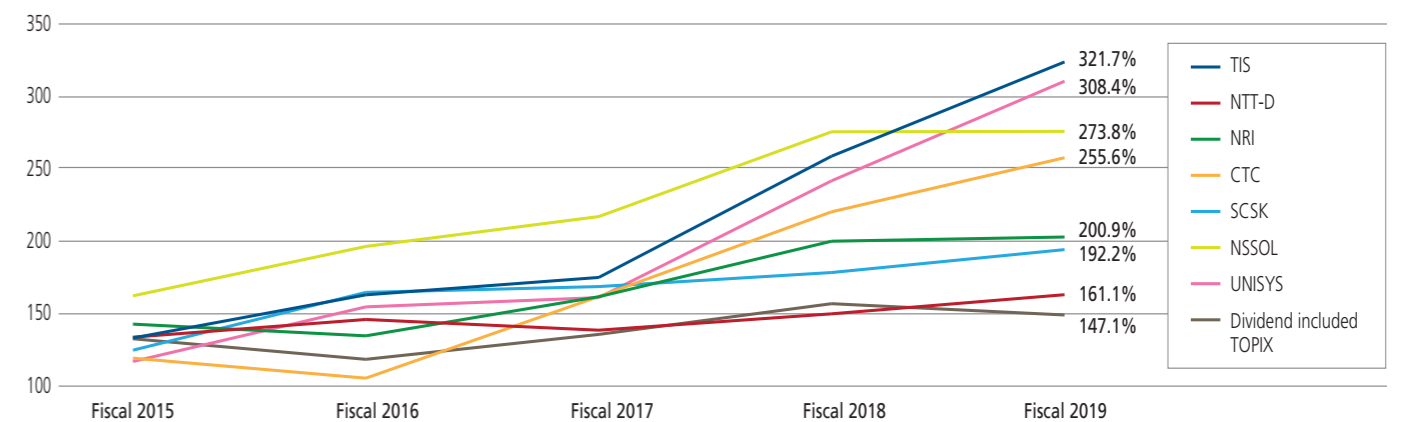
From this point forward, if we can realize structural transformation as planned, we will take profitability to new heights, which in turn fuel progress toward the 10% target we have set for operating margin, as per the medium-term management plan, as well as the 12% target for ROE. This will be our new starting point—a launchpad for the next medium-term management plan—and even higher targets.

To meet the expectations of our stakeholders, we will continue to promote structural transformation through steady implementation of various measures and work toward achievement of Group Vision 2026, which guides us through the current medium-term management plan and beyond, and then leads us to higher corporate value. I ask for the continued support of shareholders, investors and other stakeholders as we work toward new success.

CAGR (Compound Annual Growth Rate) of Key Figures

(Millions of yen)	Fiscal 2016	Fiscal 2019	Change during three years	Compound annual growth rate (CAGR)
Net Sales	382,689	420,769	+38,080	3.2%
Gross Profit Margin	18.4%	22.5%	+4.1 points	-
Operating Income	24,436	38,043	+13,607	15.9%
Operating Margin	6.4%	9.0%	+2.6 points	-
Net Income Attributable to Owners of the Parent Company	12,678	26,034	+13,356	27.1%
Net Income per Share (Yen)	145.22	307.83	+162.61	28.5%
ROE	7.0%	11.5%	+4.5 points	-

Total shareholder return (TSR)



Source: Based on fiscal 2019 securities report of each company

Service IT Business

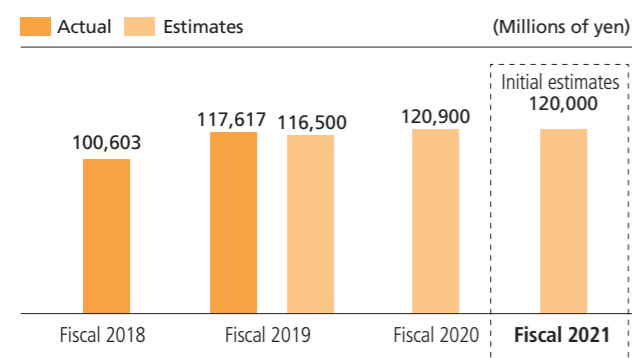
Provides original knowledge-intensive IT services leveraging TIS' service and industry know-how to create universalized, template-oriented solutions for clients (includes default configuration and ERP).

Business Growth Strategies, Focus Points of Medium-Term Management Plan

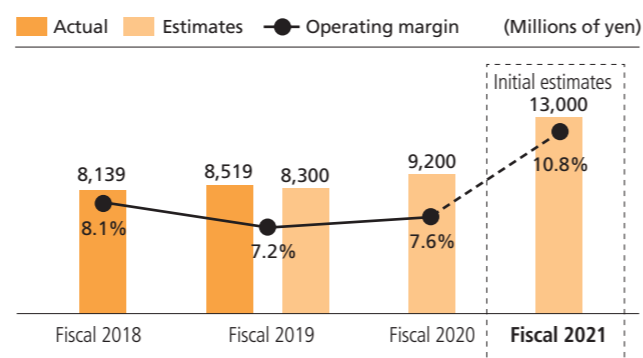
- With priority allocation of management resources toward growth engines and use of advanced technologies, expand business (IT Offering Services) through shift toward business anticipating prior investment by clients
- Watch for changes in structure of payment settlement business and expand prior investment style services not only for debit and prepaid card transactions but for credit card transactions as well

Segment sales include intersegment sales.

Net Sales



Operating Income



Fiscal 2019 Performance Results

Expanded payment settlement-related business and greater ERP replacement demand covered prior investment costs aimed at strengthening business. Led to higher segment sales and income year on year. Exceeded target.

Fiscal 2020 Performance Forecast

Will take advantage of IT investment activities in growth fields, such as the cloud and networks, as well as expanding payment settlement business and ERP demand to absorb cost burden of prior investments. Should lead to higher sales and operating income.

Understanding the External Environment

- Sustained trend toward greater use of cloud services. Domestic security market should continue to present high demand.
- Structural changes in payment settlement market parallel progress toward cashless society in Japan. More companies in wide range of business sectors pursuing robust IT investment activity.



BPO

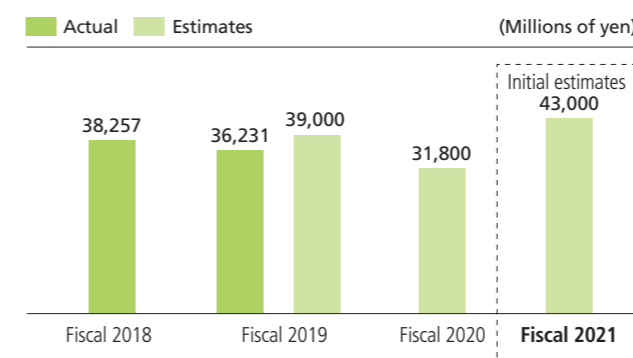
Draws on Group's extensive service menu and IT know-how to deliver business process outsourcing (BPO) services, including marketing and sales services and office and contract operations.

Business Growth Strategies, Focus Points of Medium-Term Management Plan

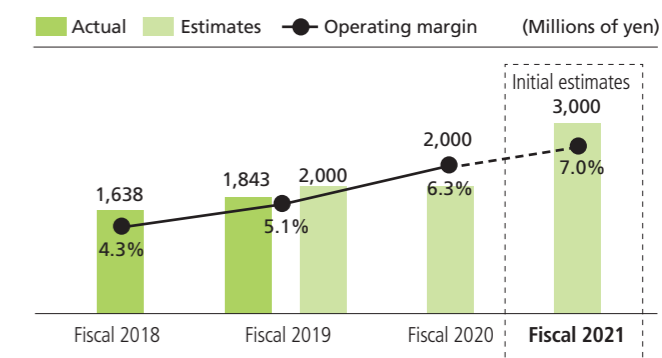
- Improve gross profit ratio on existing entry services through BPO concentration effect and business restructuring
- Expand business and boost profitability (Business Function Service) through more sophisticated BPO drawing on shift to high-level, combined BPO and use of forte business knowledge and advanced technologies.

Segment sales include intersegment sales.

Net Sales



Operating Income



Fiscal 2019 Performance Results

Segment sales relatively stable, but sale of subsidiaries had significant impact, causing year-on-year decrease. Missed target. Segment income was up year on year, owing to tougher measures, such as review of transaction profitability, but still came in below target.

Fiscal 2020 Performance Forecast

Despite year-on-year drop in sales due to sale of subsidiaries, operating income should rise, reflecting efforts to improve profitability through restructuring based on thorough profit management and a shift toward high-level, combined BPO services.

Understanding the External Environment

- Growing demand for BPO services that help companies improve operations on an administrative level.
- Greater need for digital innovation due to prolonged labor shortage and progress in workstyle reform.
- Impact, mainly from requests for lower prices on existing BPO services, a cause for concern.



Example of IT services in the TIS INTEC Group portfolio that help support clients' businesses, the lifestyles of individuals and social infrastructure

Promoting cashless settlement in Japan
Branded debit card-related
 Service provision/system development results

Domestic market share
 About **80%**

There are about 440 million debit cards affiliated with an international brand in Japan. Settlement transactions have reached about 260 million per year, with an aggregate value of about ¥1.4 trillion.

The TIS INTEC Group boasts an overwhelming share—about 80%—of the market, on a transaction-handling financial institution basis, through such solutions as DebitCube+, which provides one-stop access to services required or branded debit card issuance and operation.

Support centralized information management at financial institutions and raise efficiency and sophistication of operations
F³ (F Cube)
 CRM implementation

38 of **64** banks
 (regional banks)

Of note, share of top 30 regional banks (total funds) at 80%.

F³ CRM System for financial institutions has been installed at more than half of the regional banks in Japan. In addition, demand for a cloud-based application is rapidly expanding, with overall delivery of the F³ series reaching more than 90 financial institutions.

Supporting greater operating efficiency in e-commerce
EDI
 System configuration and operation track record

Number of connections
 About **100,000**
 ID connections

Electronic data interchange (EDI) services are used in a range of industries, and our approximately 100,000 ID connections make us the market leader. We also have extensive experience in developing and operating enterprise EDI platforms swiftly tailored for internet EDI.

Helping to promote management strategies using BPO services to boost productivity
Data entry services
 Handling volume

Annually
 About **80 million** entries

The TIS INTEC Group is the expert in domestic BPO services, with more than 50 years of history in the field.

Data entry services, facilitated primarily through top-class systems in Japan and networks at home and abroad, have reached about 80 million entries a year.

Financial IT Business

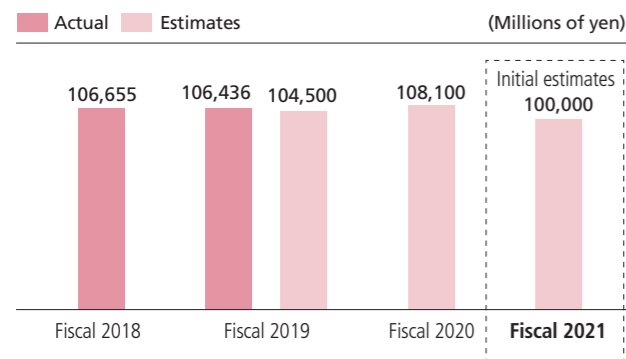
Leverages business and operating know-how specific to the financial sector to raise value-added quality of clients' operations, expand use of IT, and provide IT-based support for operations.

Business Growth Strategies, Focus Points of Medium-Term Management Plan

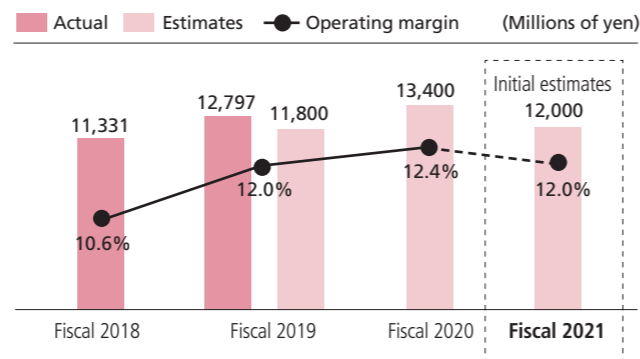
- Expand business (Strategic Partnership Business) by strengthening connection to extensive client base of credit card companies, banks and insurers, and creating business together
- Increase provided value by utilizing Mode2 and other digital innovations as well as AI and other advanced technologies, and boost profitability by promoting measures, such as enhancement innovation activities, to improve productivity

Segment sales include intersegment sales.

Net Sales



Operating Income



Fiscal 2019 Performance Results

Despite year-on-year decrease in sales due to reactionary drop on large development projects, segment exceeded target, driven by trend toward greater IT investment by core clients, particularly those in credit card sector. Segment income was up year-on-year and surpassed target, thanks to enhanced productivity.

Fiscal 2020 Performance Forecast

Despite reactionary drop in sales associated with large projects, operating income should increase year on year, reflecting efforts to strengthen ties to core clients, engage in value-added services and improve productivity.

Understanding the External Environment

- Expect expanding demand related to cashless payment settlement, including reward points, paralleling hike in consumption tax.
- Banks, especially megabanks, resuming IT investment efforts, to underpin business reforms.



Industrial IT Business

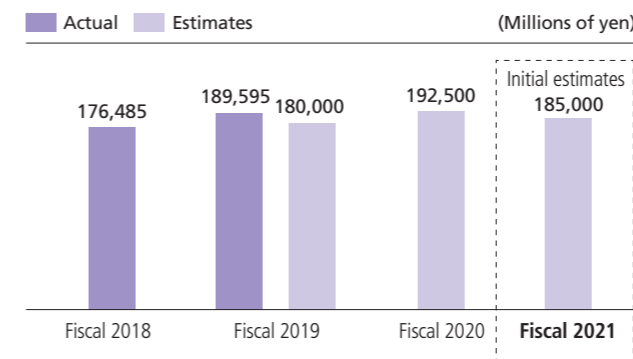
Utilizes business and operating know-how specific to non-finance industries to raise value-added quality of clients' operations, expand use of IT, and provide IT-based support for operations.

Business Growth Strategies, Focus Points of Medium-Term Management Plan

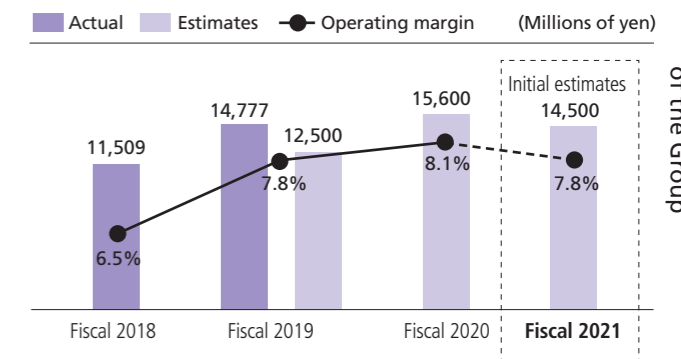
- Expand business (Strategic Partnership Business) by strengthening connection to extensive client base in industry and public sectors, and creating business together
- Increase provided value by utilizing Mode2 and other digital innovations as well as AI and other advanced technologies, and boost profitability by promoting measures, such as enhancement innovation activities, to improve productivity

Segment sales include intersegment sales.

Net Sales



Operating Income



Fiscal 2019 Performance Results

Sales and income up year on year, owing to greater IT investment by a wide range of client groups, including companies in the energy business. Exceeded target.

Fiscal 2020 Performance Forecast

Will absorb reactionary drop from large projects with high-value-added services underpinned by consultations and enhanced upstream operations and by boosting productivity, which should lead to higher sales and income year on year.

Understanding the External Environment

- Sense of uncertainty about business climate for some members of manufacturing sector but IT investment needs for clients keen to embrace digital management, including use of AI, IoT and other new technologies, should remain firm.
- IT investment associated with electric power/gas system reform should stay a high level, underpinned by projects related to corporate splits.



Note: Paralleling a change in know-how used in services provided to specific clients—from industrial IT to financial IT—transactions with such clients were booked under industrial IT in fiscal 2018 and financial IT in fiscal 2019.

Example of IT services in the TIS INTEC Group portfolio that help support clients' businesses, the lifestyles of individuals and social infrastructure

Supporting safe and secure, daily credit card settlement

Credit cards
Core system development results

Domestic market share

About **50%**

(On annual transaction volume basis for clients served)

Of 25 companies in Japan with significant consumer credit transaction volumes, 10 are in the Group's client base for core system development.

Credit extended for card-facilitated purchases has reached ¥67 trillion in Japan. The 10 companies that are in the TIS INTEC Group client base have aggregate membership of about 190 million people and credit transaction volume representing about 50% of the total market.

Aiding new entrants to the deregulated power market

EneLink
Usage

Share of switchers in Japan

About **40%**

EneLink is the choice of about 40% of users switching to PPSs since deregulation of Japan's electricity retail market began in April 2016. In addition, the lineup is being expanded to meet wider market participation, including new entrants into city gas and aggregation businesses*1.

*1 Optimum control by bundling energy sources, such as storage batteries, power-generation facilities and demand-response providers, to stabilize the grid and avoid output control on renewable energy.

Highly evaluated as restaurant sector-specific shop management system

TastyQube
System implementation

About **20%**

(Top 200 companies in the restaurant sector)

TastyQube is highly versatile and can be applied to any restaurant format, helps to visualize shop operations, and realizes enhanced operating efficiency.

The solution has been applied to about 20% of market share, mainly for restaurants, cafes and pubs.

Contributing to stable insurance system platform creation

For Federation of National Health Insurance Associations
Track record in system implementation/operation/maintenance

12 of 47 prefectures

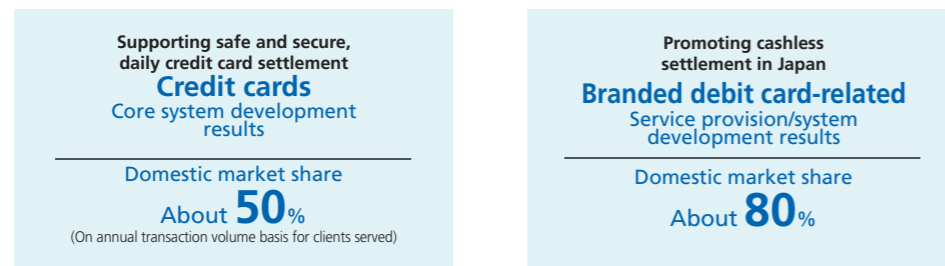
Of the 47 prefecture-based members of the Federation of National Health Insurance Associations in Japan, the TIS INTEC Group has been tapped to install, operate and maintain systems for 12 members.

About 6.1 million people are covered by these 12 insurance associations.

Leveraging our strengths to accelerate business development and realize a cashless society

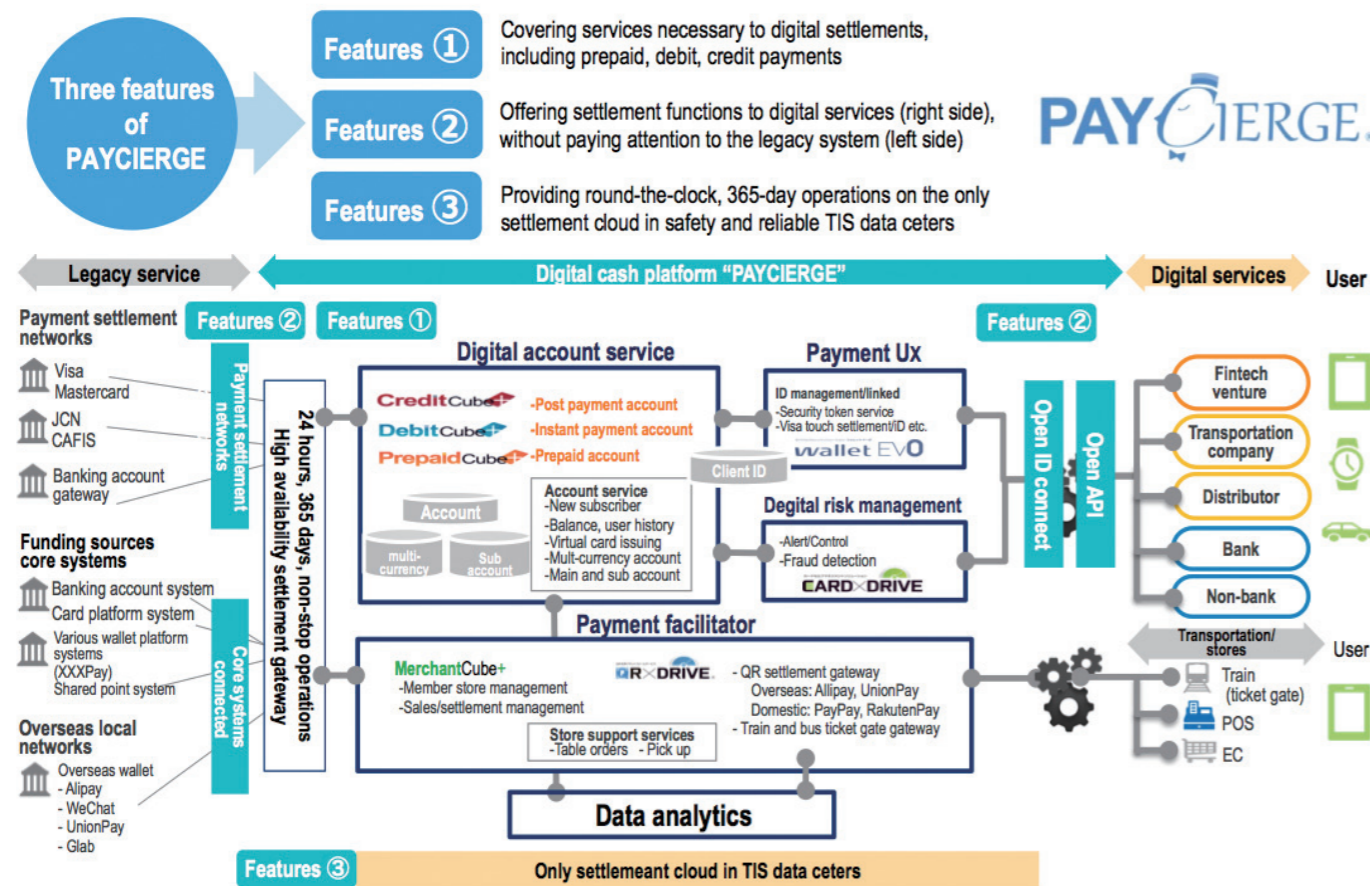
Our major strengths are the experience, technology, know-how, and abundant human resources we have cultivated over many years handling development and operation of core systems for major credit card companies. Deploying these strengths, we have established a position as the leading system integrator in the domestic settlement field.

Amid recent advances in cashless payments, conditions in the payment settlement market are changing dramatically due to progress in smartphone and other related technologies, the entry of companies from different sectors, and the rise of FinTech companies. Viewing this situation as a new growth opportunity, we develop and operate core systems for major credit card companies, which represent an important foundation of our business. We are also deploying our PAYCIERGE digital payment platform to accelerate business development.



PAYCIERGE digital payment platform

PAYCIERGE is a comprehensive, highly convenient, and reliable payment solution for all people who require retail payments.

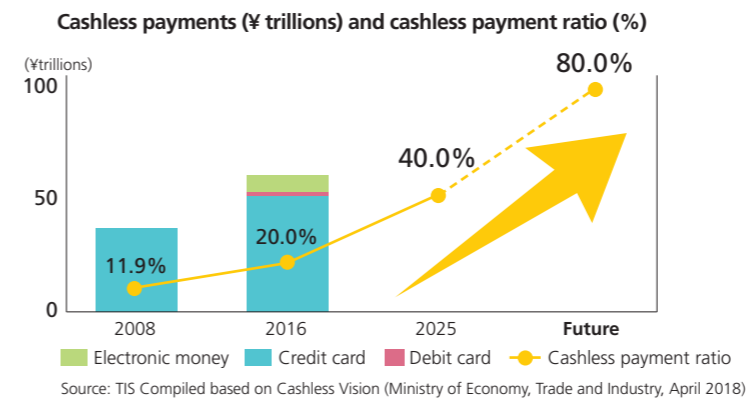


We have a particularly strong competitive advantage in the field of "digital account services," which enable us to provide all sorts of processing services, including prepaid, instant debit, and after-pay credit.

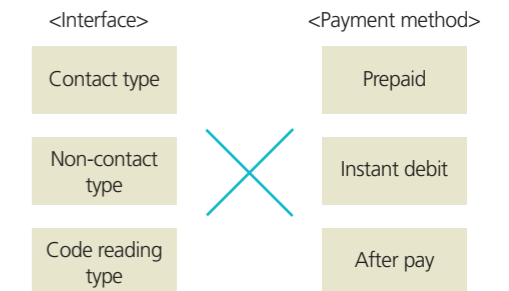
Among these digital account services, here we introduce CreditCube+, which provides the total environment necessary for credit card issuing operations. We are preparing for the launch of CreditCube+, which takes full advantage of the technologies and know-how of the core credit business system, CreditCube.

Status of cashless payments in Japan

- The Japanese government is promoting cashless payments, which are expected to become more widespread in the future
- The credit card is a typical tool for making cashless payments, and the credit card transaction volume is expected to increase in the future alongside an increase in mechanisms for linking cards to code-based credit services, such as QR codes and bar-codes, that have become popular in recent years.



Combination of cashless payment methods

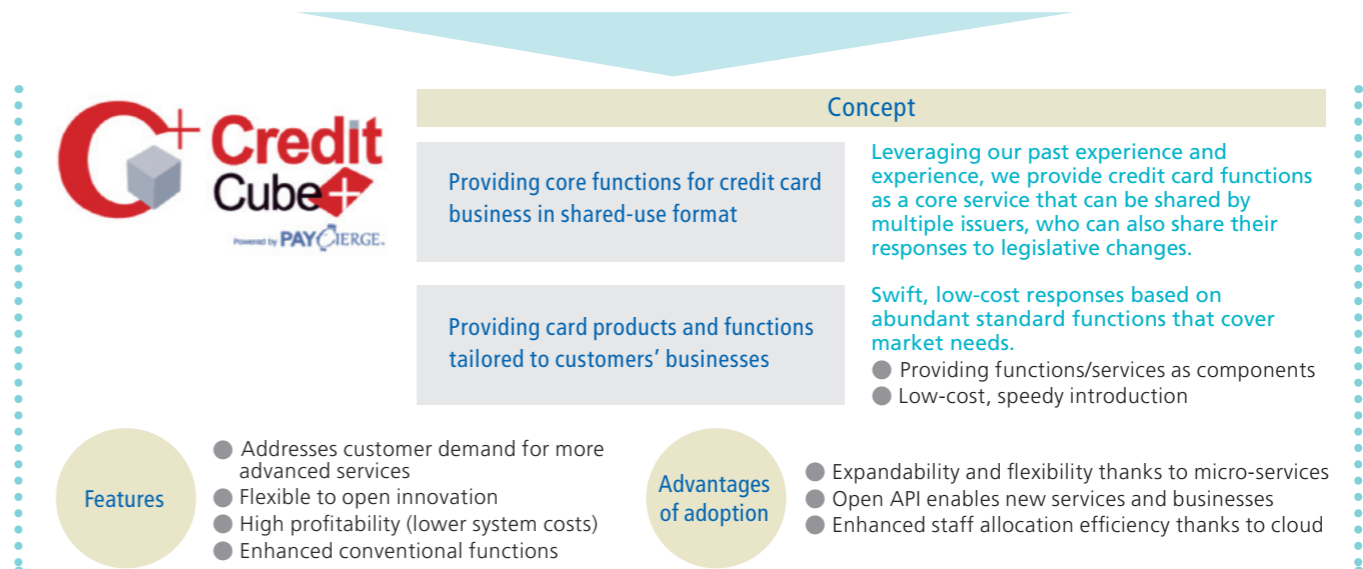


Next-generation card processing service, CreditCube+

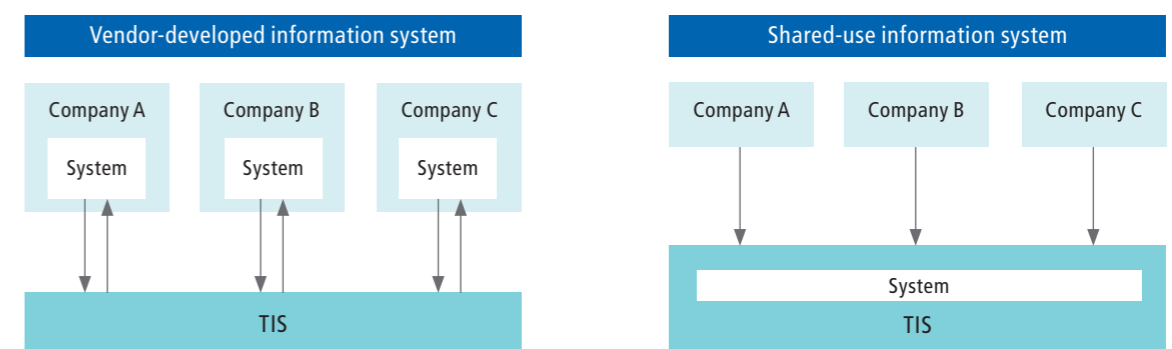
Alongside advances in cashless payments:

- Increasing entry of companies from different industries into the cashless payment business
- Increasing need for in-house operation of credit card business

Collects, analyzes, and utilizes detailed data related to payment information, consumption behavior, and the like in order to attract customers and create new services.



(Reference) Difference between vendor-developed information system and shared-use information system (image)



The vendor designs and develops systems at the request of each company according to individual specifications, then provide the systems to the relevant companies.

Systems are built as platforms with common specifications, then provided to multiple companies in service format.

Business domain expansion and strategic investment to create one of the ASEAN's leading IT consortiums

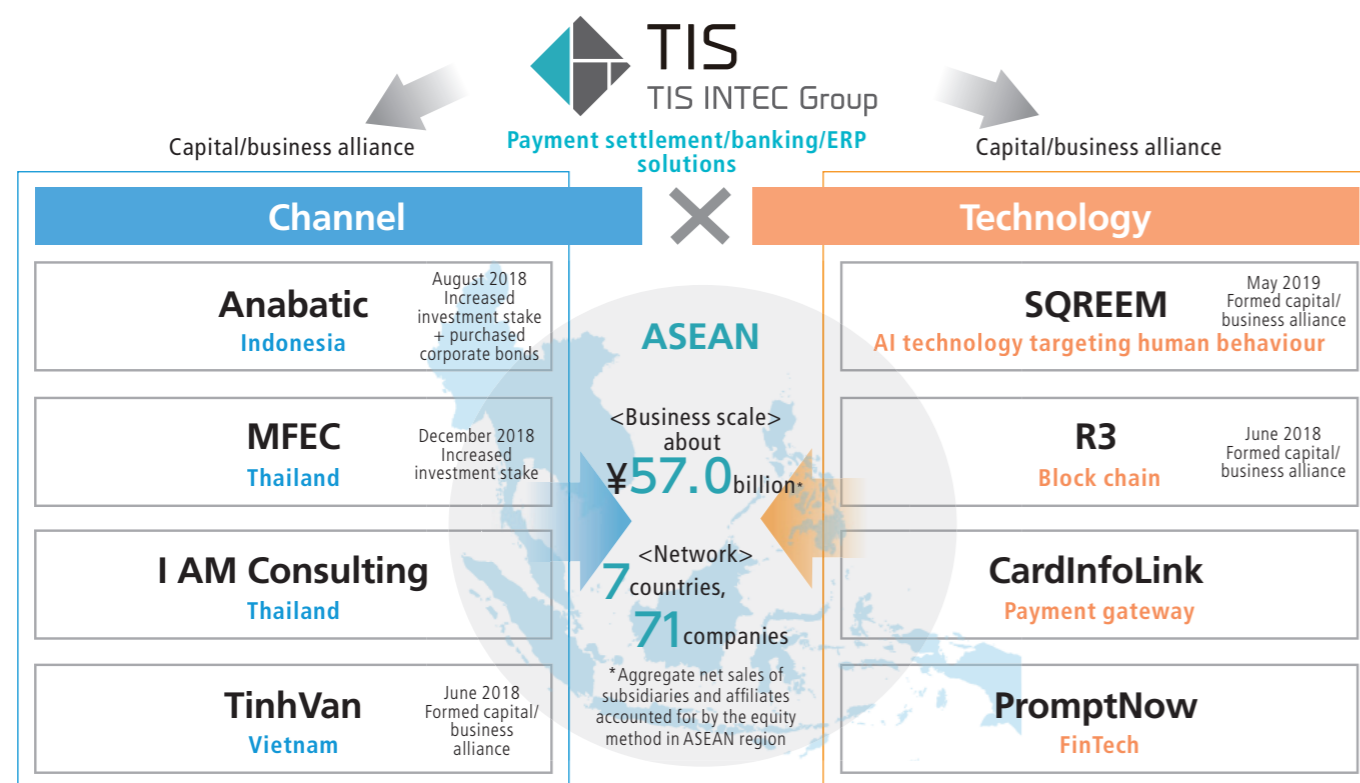
Expanding business by fusing client bases with cutting-edge technologies

The Group's global expansion has rested on three pillars: the provision of local support for existing clients when they establish operations in other countries, the cultivation of local markets leveraging expertise developed in Japan, and the application in Japan of cutting-edge technologies derived from abroad to give us new edges in business. We first began developing a presence in ASEAN by establishing local subsidiaries, first in China and then in Thailand, Singapore, and Vietnam. More recently, however, we have accelerated our expansion geographically by forming alliances with leading firms in the region. We have so far entered capital and business alliances with such firms in Thailand, Indonesia, and Vietnam as we steadily build mutual understanding and ties to expand our coverage.

We see the acquisition of cutting-edge technologies and expansion in the global marketplace as key milestones, and we are actively pursuing capital and business alliances with leading firms that possess these technologies. We are also making use of cooperative schemes that integrate our strengths with those of our partners—their local customer bases and their cutting-edge technologies—to accelerate our business expansion.

Moving forward, we will continue to make maximum use of alliances on both the channel and technology fronts, while developing operations that integrate our respective strengths and enhancing our network strengths across ASEAN, so as to build one of the region's leading IT consortiums.

Leverage business domain expansion and strategic investments to become top-class IT group in ASEAN region.



Steadily leverage business domain expansion and strategic investments to build top-class IT corporate association in ASEAN region. Going forward, continue to promote global business expansion through integration of alliance-reinforced customer base and leading-edge technologies.

Key M&A Targets in Recent Years, Capital/Business Alliance Results

Category	Company	Details	Net sales
Channel	PT Anabatic Technologies Tbk (Equity-method affiliate = 30.5% stake)	Capital and business alliance in July 2015. Increased stake in August 2018, along with purchase of corporate bonds. Indonesia-listed, top-tier local IT company.	¥41.8 billion
	MFEC Public Company Limited (Equity-method affiliate = 24.9% stake)	Capital and business alliance in April 2014. Increased stake in December 2018. Thai-listed, leading provider of enterprise IT solutions.	¥11.5 billion
	I AM Consulting Co., Ltd. (Consolidated subsidiary = 99.9% stake)	Turned into consolidated subsidiary in June 2014. Thai-based consulting group producing total SAP-related IT solutions.	¥2.6 billion
	TinhVan Technologies JSC. (Equity stake: 19.9%)	Capital and business alliance in June 2018. Leading IT service provider with considerable experience introducing solutions to Vietnamese government and financial institutions.	
Technology	SQREEM TECHNOLOGIES PTE. LTD. (Equity stake: 6.8%)	Capital and business alliance in May 2019. A Singapore startup—the world's largest behavioral pattern data aggregator—growing very fast in fields of digital marketing and data analytics using proprietary AI technology based on massive data collection.	
	R3 HoldCo LLC (Equity stake: 1.4%)	Capital and business alliance in June 2018. U.S. technology startup boasting global-caliber results and brand in blockchain-related technology for corporate users.	
	Shanghai CardInfoLink Data Service Co., Ltd. (CardInfoLink) (Equity stake: 10%)	Capital and business alliance in September 2017. FinTech company developing presence in China and around the world, with particular strength in QR code payment settlement services.	
	PromptNow Co., Ltd. (Consolidated subsidiary = 60% stake)	Turned into consolidated subsidiary in May 2016. Leading FinTech company with multiple proprietary mobile services for financial institutions.	

*Net sales for fiscal year ended December 31, 2018, converted at exchange rate prevailing at year-end.

*Equity stakes current as of May 13, 2019.

Topics

Capital and business alliance with Singapore startup developing AI technology to analyze human behavior patterns

In May 2019, TIS Inc. entered a capital and business alliance with SQREEM Technologies Pte. Ltd., a Singapore startup that has developed the world's first platform for analyzing patterns of human behavior. It combines proprietary AI technology with technology for gathering large volumes of data in order to analyze people's behavior, along with the context and logic behind it. This used to be a hugely complex task that was impossible to perform relying on humans alone. Using this platform, SQREEM has collected data on 450,000 behavior patterns from three billion people in 60 countries. This has been tied to 150,000 items of product data to allow analysis of consumers' personas and preferences, leading to rollout of a digital advertising service that dynamically stimulates demand. SQREEM has used this technology for forecasting and analysis in a number of other fields, including the prediction of election results, expansion of breast cancer treatment, development of corporate strategies, identification of crime syndicates, detection of financial fraud, and market analyses.

By combining SQREEM's global, industry-spanning experience and advanced AI technology with TIS's operational know-how of finance, manufacturing, and other industries, we aim to become a leading provider of data analysis services using IT in a variety of fields in Japan and ASEAN to help clients gain better insights into customers, detect fraud, analyze markets, and so on.

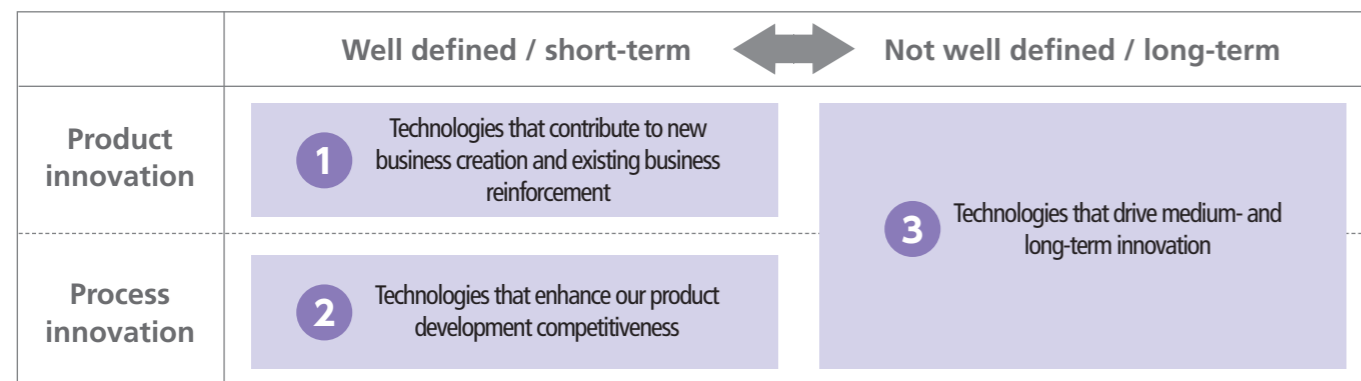
Innovations that will generate future corporate value

The TIS INTEC Group is engaged in the information services industry, where market needs are changing as information technology evolves. Responding swiftly to such market needs is key to maintaining and improving our competitiveness.

Our Group Vision 2026, "Create Exciting Future," calls for us to utilize advanced technologies and know-how to realize business innovation and market creation. To this end, we are working to generate innovation across the Group.

From a technological perspective, we put together our Technology Portfolio, which summarizes important technologies on a two-dimensional axis. We then divided the Technology Portfolio into three areas to select core technologies and proceed with research and development.

Technology Portfolio



1 Technologies that contribute to new business creation and existing business reinforcement

We actively use technologies owned by startup companies to increase the speed of commercialization.

2 Technologies that enhance our product development competitiveness

We develop and use on a Groupwide basis various software and processes for improving productivity and quality. These include Nablarch, a platform for developing mission-critical enterprise systems.

Since the end of 2018, meanwhile, engineers from major Group companies have participated in canal, TIS's reciprocal technical support platform.

3 Technologies that drive medium- and long-term innovation

Aiming to resolve future social issues, we promote R&D with a focus on industry-academia-government collaboration. We engage in R&D that ensures our ongoing competitive advantage in the future, while making PoC and products/services at an early stage, creating markets, acquiring positions, and correcting core technologies.

The basic policy of open innovation is to accelerate and broaden our R&D outcomes in all areas.

Group Laboratory: Integrating the R&D departments of TIS INTEC Group companies Using our community workspace WeWork to drive open innovation outside the Group

The R&D departments of two Group companies, TIS Inc. and INTEC Inc., have combined to function as a "Group Laboratory" and established a community workspace called WeWork in Tokyo (Otemachi, Chiyoda-ku). WeWork, which is manned permanently by employees from the R&D departments of both companies, has three missions: (1) Strengthen our R&D capabilities, (2) Improve our market presence, and (3) Promote open innovation. While conducting joint research and development, we aim to strengthen our research and investigation capabilities, strengthen information dissemination and collaboration, facilitate the transition from research to commercialization, and establish ecosystems for business creation.



WeWork in action (Marunouchi North Exit, Tokyo Station)

Below are some initiatives related to "3 Technologies that drive medium- and long-term innovation."

Initiative 1

Robotics (roboticbase-core)



Nobuyuki Matsui
Expert
Strategic Technology Center
Technology & Innovation SBU
TIS Inc.

New technological innovations, such as IoT, AI, and robotics, are in the spotlight as key factors for realizing so-called "Society 5.0," which balances economic development and resolution of social issues in advanced nations like Japan. In this context, we are conducting R&D on open source software (OSS) called RoboticBase™ with the aim of realizing a "service robot platform that connects multiple service robots with varying functions and collaborates with corporate and social systems in order to replace or expand human capabilities."

We are developing RoboticBase around an OSS IoT platform called FIWARE, which has a proven track record in Europe. By opening up the core part of the system and/or the OSS, we are actively fostering the evolution of OSS ecosystems.

Currently, we are working jointly with the University of Aizu to refine RoboticBase. In the future, we hope to use the technology to resolve social challenges, such as last mile automation.

Initiative 2

Natural language processing (doccano)



Mitsuki Nakayama
Chief
Strategic Technology Center
Technology & Innovation SBU
TIS Inc.

doccano is open source software for creating training data that is essential for machine learning. We started creating this software in the course of developing automated machine learning technology. With advances in automation technologies, we will ultimately live in a world where good results can be obtained simply by providing data. In such a world, efficient creation of data necessary for learning is paramount. Numerous companies and universities are already using the technology and providing valuable feedback. By also expanding the community as an open source, we are receiving cooperation from outside the Company in our development efforts. It is thought that, sometime in the future, not only professional engineers but also application engineers and non-engineers will employ machine learning. With this in mind, we are working to create environments in which anybody can undertake annotation efficiently, anywhere and anytime.

Initiative 3

Financial AI research



Tatsuo Kitahashi
Manager
Advanced Technology Laboratory
INTEC Inc.

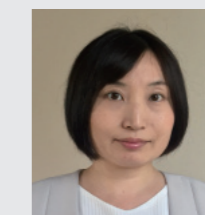
As part of our research into financial AI, we are conducting R&D on using machine learning and deep learning technologies with the aim of building a business in helping companies in the financial and insurance sectors to enhance their operational efficiency.

Currently, we are working with our business divisions to assess the reliability of insurance industry vendors and detect fraudulent payment claims. It is said that around 80% of data analysis PoCs do not advance beyond the PoC stage. In this context, the Advanced Technology Laboratory aims to develop practical AI that can be used in business applications without stopping at PoC. In assessing the reliability of vendors, we received evaluations of PoC results from customers and applied the results to their businesses.

To ensure that AI is applied in a practical manner, we are promoting a self-service analysis tool called Dataiku, and we are also fostering AI-capable human resources through data analysis experience workshops using Dataiku. In these ways, we are raising our AI-based technological expertise throughout the Company.

Initiative 4

Business digitalization research



Etsuko Ichida
Manager
Advanced Technology Laboratory
INTEC Inc.

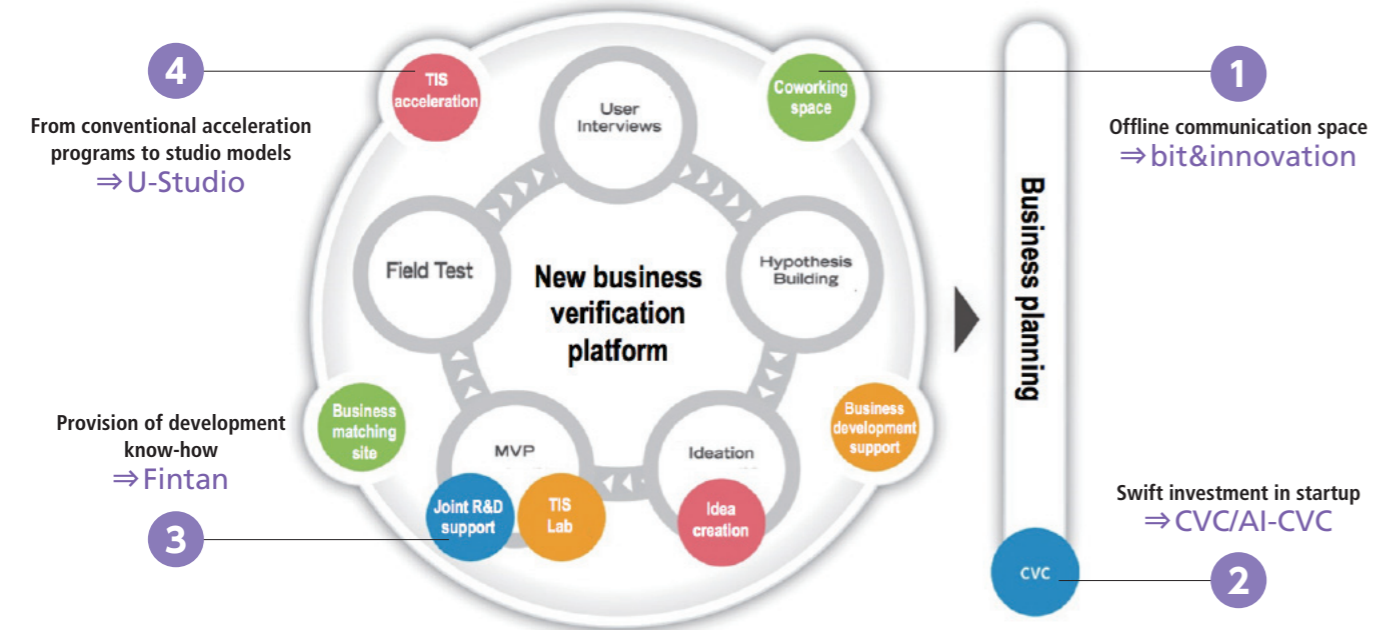
Recent years have seen an increasing need for digitalization of business, and the trend is expected to continue in the future. In our research into business digitalization, we are utilizing robotic process automation (RPA), AI, and other advanced technologies to digitalize business processes. Our aim is to improve value by enhancing the efficiency and quality of customers' business operations. In one current initiative, designed to digitalize large volumes of paper-based processes, we are conducting R&D on original object recognition AI technologies while also deploying existing technologies, such as RPA and optical character recognition (OCR). Object recognition AI technology is based on image recognition and machine learning technologies we have cultivated so far, and is used to extract specific information from forms. This allows data from complex and irregular documents to be read.

So far, we have performed verification tests with multiple customers, including government agencies and apparel companies. We are now conducting verification evaluations with a view to full-scale rollout. While monitoring potential customer needs, we will continue taking data utilization into account as we promote services related to business digitalization. Our aim is to help resolve social issues, including shortage of human resources.

Deploying open innovation to expedite innovation

Advances in digital technologies are causing major social changes of paradigm-shift proportions, requiring swifter and more flexible responses from businesses. In addition, startup companies possessing unique and superior technologies are creating new business models that address social issues. This reflects vibrant "open innovation" initiatives based on collaboration between different industries and joint efforts between industry, academia, and government. The TIS INTEC Group is taking various measures through open innovation with the aim of creating new businesses.

Deploying various mechanisms, we are collaborating in multiple fields to promote new business creation for businesses in initial stages (0 → 1) to growing startup companies.



1 bit&innovation

bit & innovation is a communication space that brings together the resources of startup companies, business enterprises, and TIS INTEC Group companies to create new businesses through open innovation. Its aim is to promote seamless collaboration between companies.

<http://bit-innovation.tis.co.jp/> (Japanese only)

Location: Nishi-Shinjuku

Members: Approx. 300 companies (approx. 900 people)
(As of July 2019)

* Total of startup companies and business enterprises

Applications

- Co-working
- Meeting
- Acceleration program base
- Hosting events, such as pitch sessions and ideathons



2 CVC/AI-CVC

We are operating a corporate venture capital (CVC) entity that plans to invest ¥2 billion by March 2021. The targets of these investments are rapidly growing venture companies (between seed round and middle stage). The CVC Investment Committee makes investment decisions, from discovery to final settlement, in as little as one month.

CVC investment performance: **19 cases** (cumulative; since April 2016)

AI-CVC investment performance: **9 cases** (cumulative; since April 2018)

(As of July 2019)

3 Fintan

In 2018, TIS opened a service site called Fintan, which represents a culmination of the Company's SI and service development know-how amassed to date. By promoting open innovation in this way, we enable people to access the tools, processes, and know-how they require from any location. All of the tools and processes used by the TIS INTEC Group are available via Fintan site, and anyone can use them for free.

<https://fintan.jp/> (Japanese only)



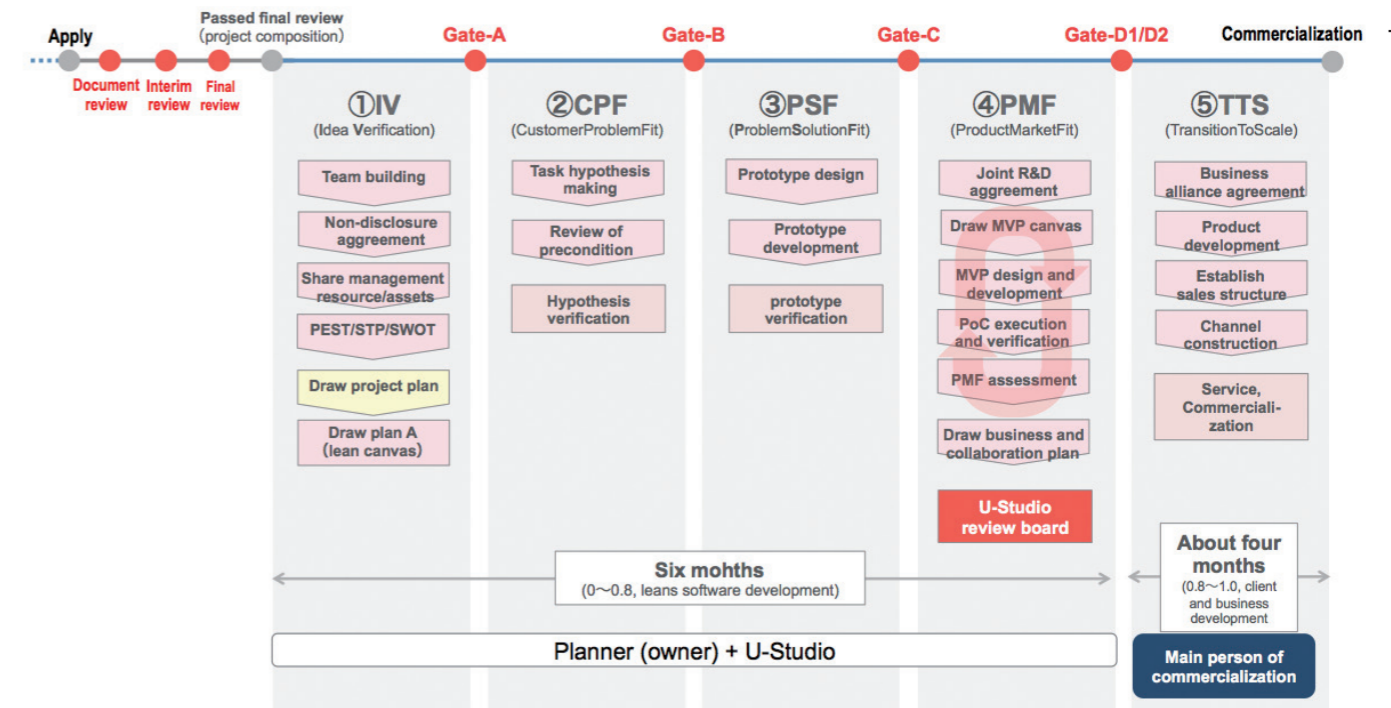
*Fintan is a legendary figure in Celtic mythology who gains knowledge of all humanity. The name has been used for this site to convey the idea of access to all sorts of system development knowledge.

4 U-Studio

U-Studio is an open innovation platform for efficiently solidifying business ideas. It provides a mechanism for business co-creation with entities at the seed stage (startup preparation) and/or idea stage (pre-seed), as well as startups already in operation and business enterprises.

Participants in U-Studio from TIS include business producers (who formulate business strategies and build and verify hypotheses), UI/UX designers (who design prototypes from user perspectives), and full stack developers (engineers able to handle wide range of software development). Together, they have put together various projects, from brushing up ideas to building and verifying problem hypotheses, developing minimum viable products (MVPs), and field-testing.

<https://incubation.tokyo/u-studio/> (Japanese only)



Investment in "Sozo Ventures II-S" (U.S. venture fund)

— Stepping up new business creation with focus on Silicon Valley startups —

Overseas, Silicon Valley-based TIS R&D Center, established in 1996, has greatly shifted its emphasis to business creation, and accordingly changed its name to TIS Ventures. Meanwhile, we have invested in the SOZO Ventures fund as a limited partnership (LP) to promote collaboration with local startups. Through this LP-based investment, we aim to accelerate initial business development of promising U.S. startups, research business seeds through trialing and prototyping in the United States, and promoting joint business development with customers.



Aiming to be a "trusted top brand that epitomizes quality"

The TIS INTEC Group strongly recognizes the role that information systems play as social infrastructure. For this reason, we work continuously to improve our quality, productivity, and technical capabilities.

By always providing high-value-added services while responding flexibly to diversifying business formats, solutions, development techniques, and technologies, we aim to entrench TIS INTEC as a "trusted top brand that epitomizes quality" and realize the mission set forth in our management philosophy.

TIS Quality Policy (from TIS "Quality Control Rules")

- Strive to improve stakeholder satisfaction, provide original and attractive services, and create abundant value.
- Provide optimal services to earn the trust of customers.
- Provide high-quality services through continuous business transformation with technology as the core.
- Use standard repetition and ingenuity to promote improvement activities aimed at enhancing quality, productivity, technical capabilities, and competitiveness.

Trinity: Original quality management system based on ISO9001

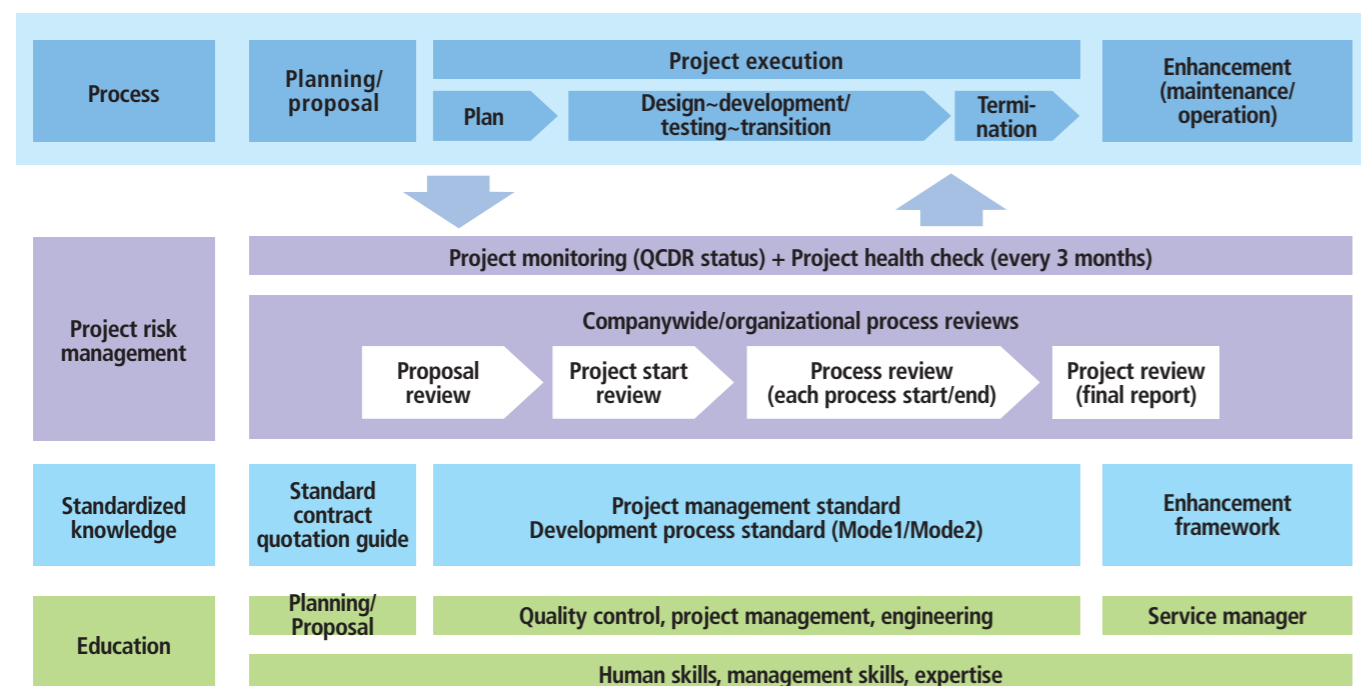


We strive to provide customers with optimal services based on our policies of "emphasizing proficiency through on-site standardization and its repeated use" and "promoting improvement by minimizing essential implementation items and making use of onsite ingenuity." At development sites, we add ingenuity to suit each business model while applying project management and engineering processes, techniques, and tools.

We are expanding the scope of coverage to include not only scratch development but also a wide variety of business formats.

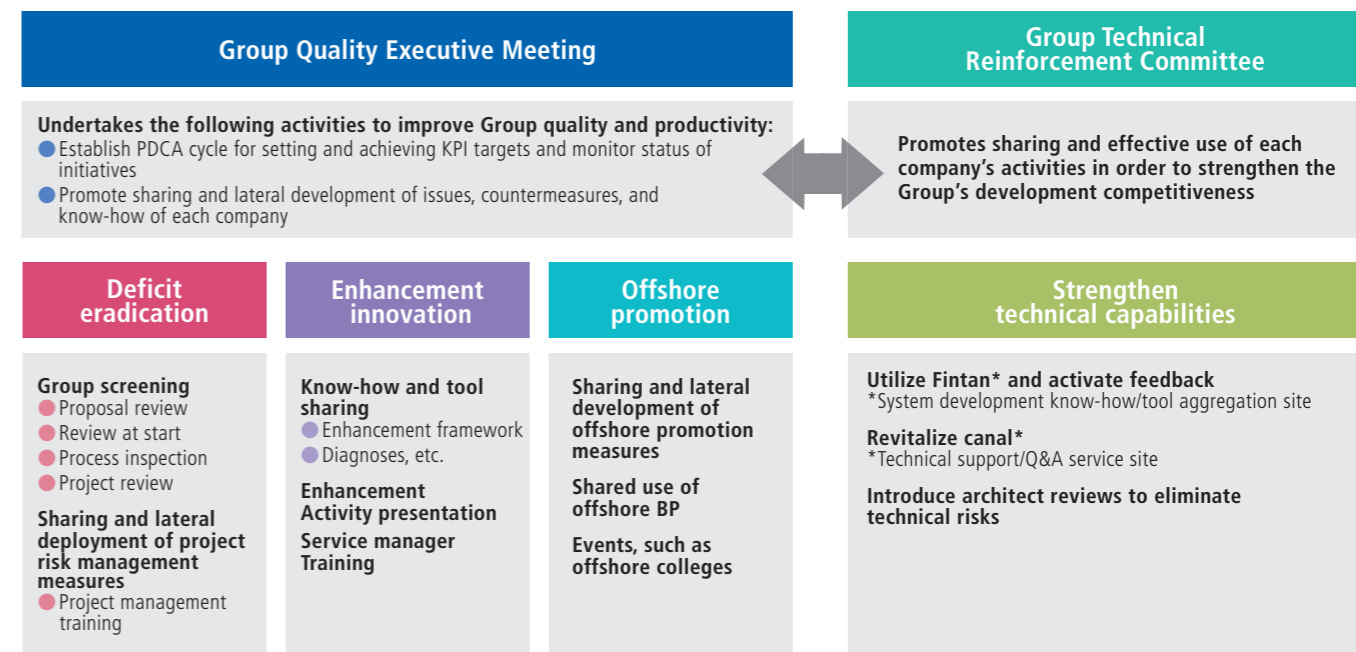
* Trinity means the "three elements of quality, productivity, technological capabilities" and also incorporates the notion of "customers, TIS, and partners" working together to improve those elements.

* For more details:
<http://www.tis.com/group/csr/report/social/quality/>



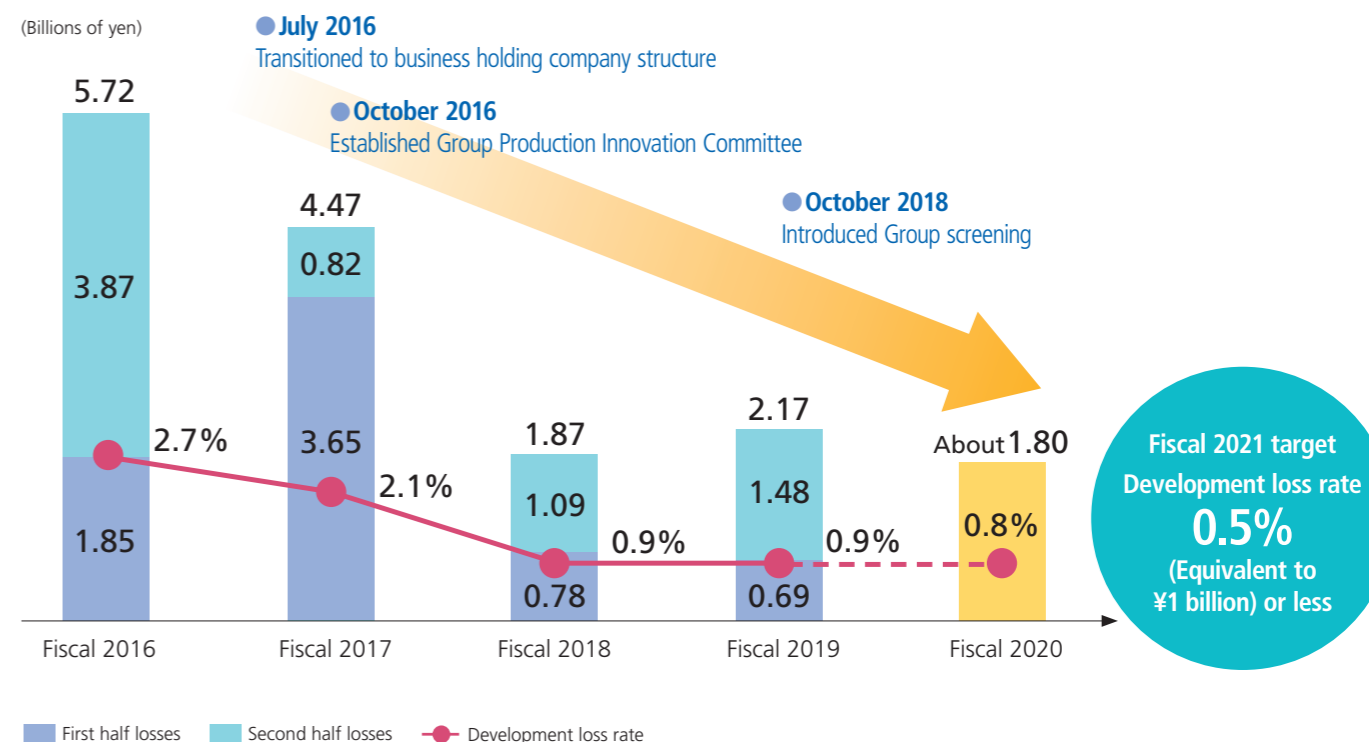
Activities aimed at improving standards of entire Group

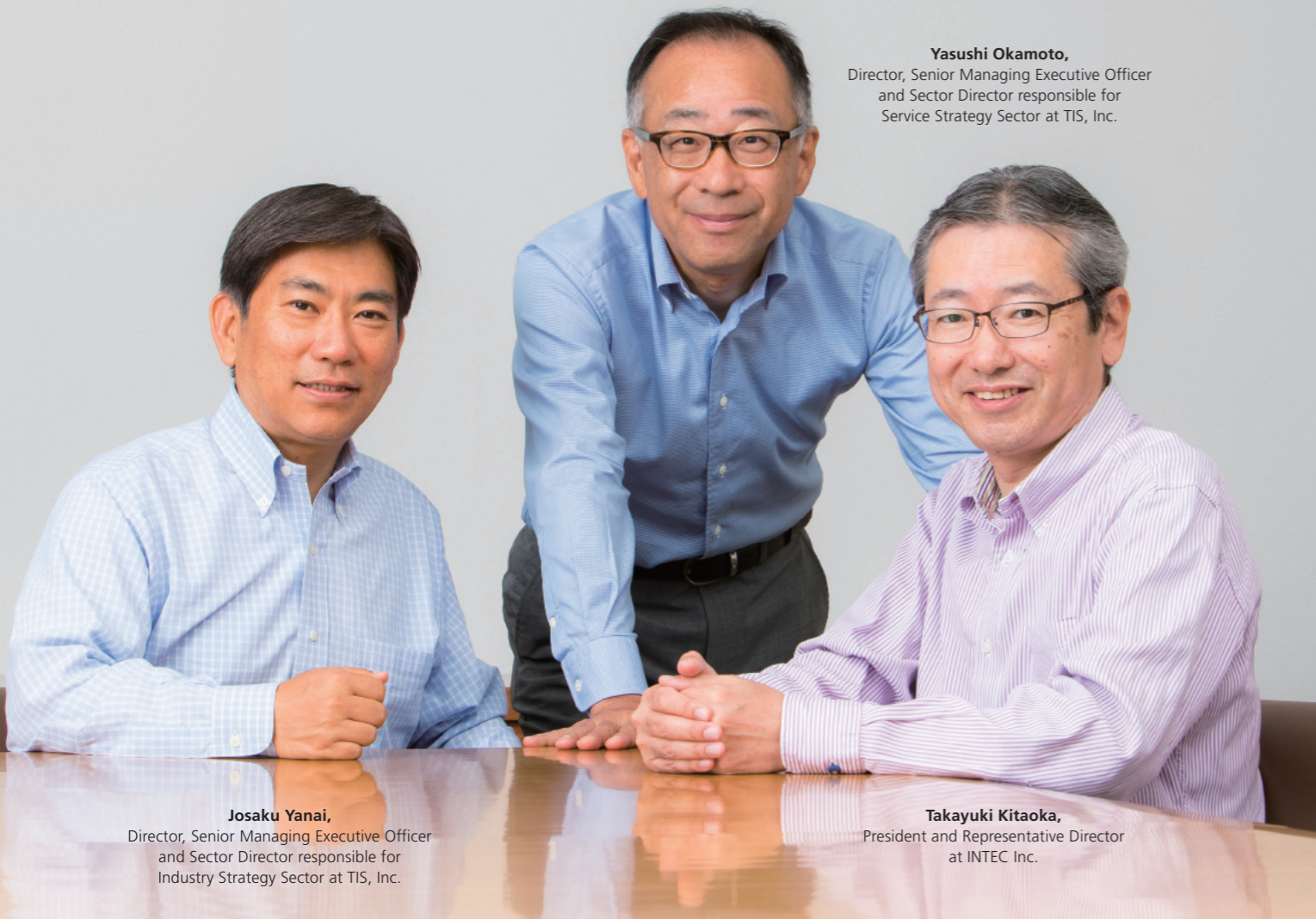
The TIS System Development & Quality Management Innovation SBU and the Technology & Innovation SBU are spearheading the following activities aimed at improving the quality, productivity, and technical capabilities of the entire Group and harness Group synergies.



Trends in unprofitable projects

Thanks to our transition into a business holding company structure, we have accelerated production innovation measures and strengthened systems to guarantee effectiveness. Accordingly, unprofitable projects are on the decline. We will continue focusing on efforts to further curb unprofitable projects as an important management priority.





Yasushi Okamoto,
Director, Senior Managing Executive Officer
and Sector Director responsible for
Service Strategy Sector at TIS, Inc.

Josaku Yanai,
Director, Senior Managing Executive Officer
and Sector Director responsible for
Industry Strategy Sector at TIS, Inc.

Takayuki Kitaoka,
President and Representative Director
at INTEC Inc.

We will lead the way in solutions to social issue through our business activities to achieve the objective of OUR PHILOSOPHY.

How will the Group's basic philosophy—OUR PHILOSOPHY—guide the TIS INTEC Group in helping to solve social issues through its business activities? The three executives involved in pilot discussions for OUR PHILOSOPHY talk about current initiatives and future business possibilities.

What is the connection between OUR PHILOSOPHY and business activities?

Okamoto: The objective—our mission—under OUR PHILOSOPHY is to fill the future—still essentially a blank canvas—with vibrant colors as a mover using digital technology. I believe that a society in which people are happy is a society in which people have a range of choices. The future is a blank canvas, and we will help paint a bright, colorful future through our core IT services to give people all sorts of choices. This is the TIS INTEC Group's social mission. The ideal image we want our businesses to present to the market is expressed in OUR PHILOSOPHY.

Our own views of what we should be are key to accomplishing our mission. OUR PHILOSOPHY highlights the idea of committing to a style—one inspired by such qualities as honesty, openness and a pioneering spirit—that infuses Group management decision-making and all corporate activities. With an honest and sincere attitude, we will take an open approach to collaboration with external parties and be quick to address global social issues. The importance and significance of this perspective will be conveyed to employees and permeate business activities.

Yanai: Over repeated debate during pilot discussions, a common understanding emerged that the Group's duty to society

should be to tackle social issues through core business activities. In recent years, amid a string of corporate scandals, the definition of a good company has changed, I think, from society's perspective. OUR PHILOSOPHY was formulated to underpin development into a good company in the truest sense—virtuous and compassionate. To realize the image we see for ourselves, we must instill OUR PHILOSOPHY in the minds of employees so that it becomes second nature to them. We will try to use words and ideas that appear in OUR PHILOSOPHY in business plans to maintain consistency and promote understanding.

Kitaoka: A major theme for us at INTEC is how best to put OUR PHILOSOPHY into practice. OUR PHILOSOPHY prompted us to refine our corporate vision, as stated in the company's medium-term management plan, compared with the corporate vision of our early days in business. We also emphasize our mission to play a role in a productive digital society, again, reflecting the objectives of OUR PHILOSOPHY. So, essentially, OUR PHILOSOPHY underpins daily business activities at INTEC under two themes: contributing to society through the use of leading-edge technologies, and contributing to society through actual business activities.

Solving social issues through business activities, creating possibilities in digital technology

Okamoto: Consider the transition to a cashless society. This is a development where the TIS INTEC Group will be intricately involved, thanks to strengths in the payment settlement-related business. "Society 5.0," dubbed by the Japanese government, will be a new society characterized by the use of digital technology to address social issues. The cashless trend of the new society will not only provide payment convenience but also curb the massive costs associated with cash management and control crime, including fraud and robbery, and this should give society a greater sense of safety and peace of mind. A business that will support the cashless society is TIS' PAYCIERGE, a digital payment settlement platform. PAYCIERGE will support the shift to a cashless society in three ways: 1) as a gateway connecting stores, both physical and online, as access points to end users—the front line—with payment settlement sites, such as those operated by credit card companies and banks; 2) as the back office, handling settlement and customer management for all pre-payment, immediate payment and deferred payment transactions, including those using credit cards, debit cards and prepaid cards to pay for purchases; and 3) for smartphone apps and management of affiliated merchants.

Yanai: One approach for realizing a sustainable society is the application of digital technology in the energy sector. Among the Group's principal clients are electric power and gas companies. Japan is right in the middle of deregulation of the electric power and gas sectors through energy system reform, and the Ministry of Economy, Trade and Industry has hammered out "Utility 3.0," a concept for promoting decentralization of operations, including power distribution and retail operations, fuel procurement, and power transmission. Utility 3.0 sets out how the energy industry should be structured by 2050. Against a backdrop of fewer children and more seniors

in the population, Utility 3.0 will promote labor-saving strategies through digital technologies as society also embraced decarbonization and will create new energy businesses. The TIS INTEC Group is responding with efforts geared toward Utility 3.0 for electric power companies and gas companies that are keen to participate in future-oriented businesses. For example, verification tests are underway with local governments on local production and local consumption of energy. Steps are also being taken to enhance EneLink, a total solution for the energy sector, and work started on the project, which will provide methods to resolve next-generation transportation and energy issues, particularly in report areas.

Also, with a shrinking labor force reflective of the low birthrate and graying of society in Japan, efforts to achieve the government's growth strategy are highly dependent upon reforms to productivity per person through the use of digital technologies. Given the indispensable nature of such reforms, the role of system integrators, including—collectively—the TIS INTEC Group, will become all the more important.

Okamoto: High expectations exist for the part that AI and robotics will play in offsetting the negative consequences of fewer children and more seniors in society. The use of robots goes beyond work that humans would do; robots can improve the quality of the work done. Within the TIS INTEC Group, we are involved in a service robot integration project to realize an environment that facilitates partial substitution or allocation of the work typically done by humans, such as security, guidance, conveyance and cleaning, to robots. Access has started for RoboticBase, a platform that integrates control of multiple service robots and connects multiple robots to each other as well as communicating between the robots and environments, such as sensor environments, and humans. Services related to RoboticBase have also started.

Kitaoka: In fiscal 2019, INTEC pursued business activities with an emphasis on two keywords—AI and cloud—and ultimately contributed to greater operating efficiency through the application of digital technologies. In AI applications, we began a service that detects anomalies using AI algorithms to boost yield ratios at manufacturing plants, and we improved the recognition rate of OCR (optical character recognition) using deep-learning AI. For cloud services, which are linked to data center operations and offer clients standardized services, we migrated a customer relationship management structure for regional banks and administrative systems and tax payment systems for local government offices in Toyama Prefecture to the cloud. This led to greater efficiency in operations, lower costs and a sharper competitive edge for the banks. Migration of local government office systems to the cloud is something we plan to promote to local governments throughout Japan.

Meanwhile, greater diversity in society is needed to deal with issues that parallel the low birthrate and graying of society and, subsequently, a shrinking labor force. Certain aspects of changing diversity are common to all issues and the necessary diversity-driven solutions. I believe digital technologies—or more specifically, applications of digital technologies—are meant to expand opportunities for people to thrive, unrestricted by such factors as gender, age or ability. From the perspective of wider diversity within the Group, it is important to encourage women to be more active on the management side of operations.

Okamoto: And then there's healthcare technology, where the use of digital technology will help to keep people healthy, transform medical treatment and reduce the burden on the social insurance system. The Group is working on a health information platform that will use AI to analyze health information collected by medical institutions and health information obtained via smartphone or other devices to prevent sickness. Platform-based applications, including services to support better food habits, are gradually being released.

Collaboration across industry, government and academic lines, including participation in state-of-the-art national projects and verification tests with universities, will be welcome opportunities that lead to new value creation and solutions to social issues. We are keen to maintain this vigorous approach.

Kitaoka: Toyama—the city of the same-named prefecture where INTEC was born and raised, in a corporate sense, and where its headquarters remain today—was selected as an SDGs future city. We are working with the city on various verification tests to realize objectives under the compact city concept, such as upgrades to various public transportation networks.

Looking at all of Japan from a regional perspective, depopulation in regional areas is becoming an increasingly serious problem. In many regional cities, shrinking populations have made it difficult to run hospitals, and the closure of hospitals has created a problematic shortage of facilities. Existing approaches will assume greater importance as well, paralleling the spread of healthcare technology and other progressive approaches. The emphasis will be on utilizing digital technology to enhance the efficiency of hospital management by reducing costs through more efficient hospital systems and the allocation of surplus funds toward the purchase of medical equipment and to cover the cost of doctors and other staff. In addition, a negative cycle is often perpetuated in depopulated areas, where a lack of job opportunities for young people prompts them to leave en masse in search of work and this causes communities to lose even more of their citizens. As a company, we know we must maintain sound management and provide employment and also help to curb the exodus of citizens and contribute to regional tax coffers. In addition, we must fulfill a vital social role in promoting regional activity.

Yanai: In Japan, the Ministry of Economy, Trade and Industry put forward a concept—the 2025 Digital Cliff—as a social issue that requires the involvement of system integrators to overcome. The TIS INTEC Group portfolio of services was expanded in 2018 with such services as Xenlon~Shinryu Migration Service, and a service was launched to efficiently revamp systems created with COBOL and other old programming languages.

Kitaoka: NTT Corporation will complete access to services based on ISDN—that is, the communication standards for digital telephone connection and transmission of voice and data over a digital line—using phone lines in 2024 and, like other approaches to deal with the 2025 Digital Cliff, this will have a big impact on society. As for us—the TIS INTEC Group as a whole—we have already been providing EDI (Electronic Data Interchange) services using ISDN digital lines to meet the needs of small and mid-sized businesses all over Japan, so the foundation is in place to support migration to equipment and

applications using the Internet.

Strength of TIS INTEC Group—leading social transformation

Okamoto: We have provided services to leading companies for many years, and I believe our market appeal lies in an attitude—earnestly embracing progressive approaches with our clients in mind—that clients appreciate. A fine example of this is subscription services, which have not been offered by system integrators before. Currently, TIS is guiding the Group through structural transformation from a business perspective. Service-style business, which anticipates market needs and provides standardized services cutting across industries, can be the polar opposite of a business model, which builds conventional customized services. In addition, we must change the corporate atmosphere to evoke a greater sense of speed.

Yanai: Our biggest assets are the results we have achieved and the trust we have built since our establishment, which underpin our ability to support the needs of companies across all industries and sectors. We have learned in providing services to top-of-industry clients, and this gives us that little bit more than other companies in terms of business knowledge across diverse sectors. For this very reason, I believe the Group's biggest strength during a time when clients are changing up their business models is the ability to envision the perfect solutions to management concerns and deliver consulting expertise matched to specific client needs.

Kitaoka: I think it's our ability to provide total solutions, from consulting through to system development and operation. With a proven track record and know-how in the very field of information processing, notably, payment settlement-related services and EDI services boasting industry's largest share, we have the high-level expertise to deliver service-style businesses as well. This includes building and operating upfront investment-style platforms.

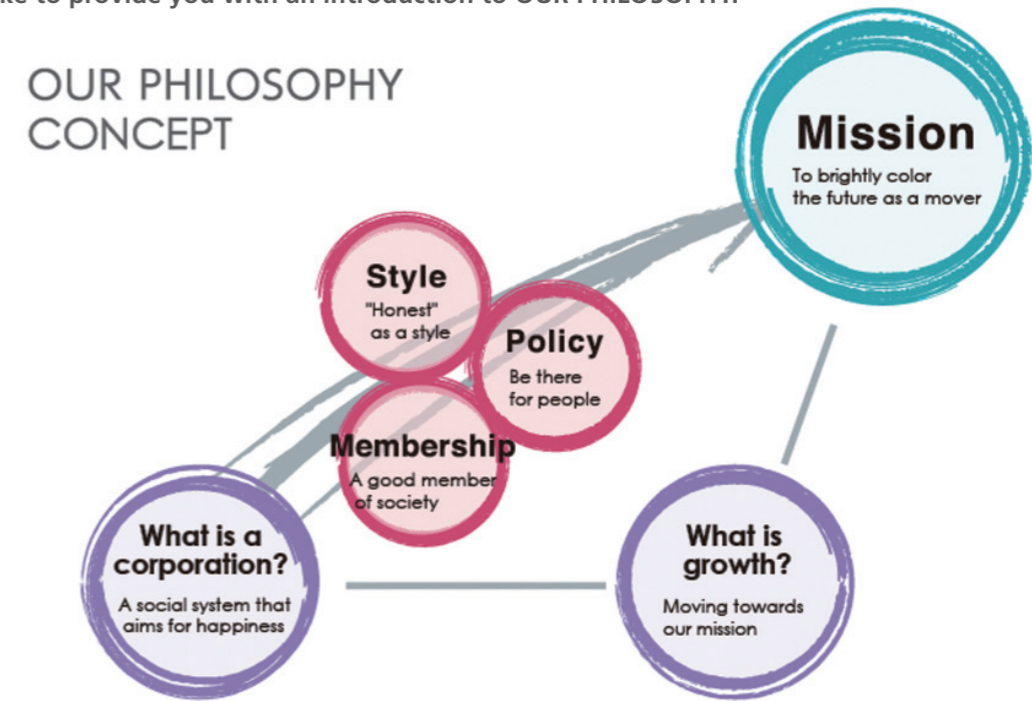
Okamoto: To be the kind of mover described in our mission requires more than just a progressive attitude. We must also display corporate personality. We will utilize OUR PHILOSOPHY to promote a shared awareness among each and every employee under the Group umbrella that contributing to society is the Group's ultimate goal in all corporate activities, including future business development and human resources training and hiring. This shared awareness is extremely important, especially at this point in time when the shape of tomorrow's society is undergoing such a huge transformation. If, based on OUR PHILOSOPHY, all employees perform their duties with the full understanding that we will properly contribute to society through our business activities, then this widespread perspective will become a great strength. This will result in growth for the Group and also lead to enhanced corporate value. As members of the pilot discussion group on OUR PHILOSOPHY, we know that we have a vital role to perform in driving home the ideas and spirit of OUR PHILOSOPHY that emerged as we worked through the concept creation process. Each and every employee must take OUR PHILOSOPHY to heart. I feel strongly that we are the ones who must lead the way.

OUR PHILOSOPHY (TIS INTEC Group Philosophy)
OUR PHILOSOPHY represents the values of TIS INTEC Group (January 2019).

It clearly and broadly delineates the thinking and ideals that TIS INTEC Group highly values in its group's management, corporate activities, and constituent members.

TIS INTEC Group's entire business revolves around OUR PHILOSOPHY.

We would like to provide you with an introduction to OUR PHILOSOPHY.



Mission To brightly color the future as a mover

The Mission is TIS INTEC Group's social role as well as *raison d'être*. The word "mover" refers to the people who create objects, issues and systems that move our world to a new one. And, in this case, it refers to TIS INTEC Group and its constituent members.

As a mover that utilizes digital technology, TIS INTEC Group would like to be an entity that vividly colors the blank canvas of the future by providing novel potential and options that appeal to society.

Style "Honest" as a style

The basis upon which a corporation may conduct itself is, beyond anything else, the concept of being "Honest" in other words, honesty and sincerity. This is because being honest is essential for trust and the basic premise in value exchange with stakeholders.

Besides being honest, TIS INTEC Group also places great importance on styles such as "Open" and "Pioneering." This is what we believe and aim to consistently manifest in everything from our top management's decisions to all our corporate activities.

Policy Be there for people

TIS INTEC Group's most important management policy is "Be there for people," because a corporation is basically a gathering of people, and the stakeholders that encompass the corporation are people, too. Business management that forgets people will never lead to quality corporate activities.

In addition, TIS INTEC Group's other primary management policies include "Go beyond society," with TIS INTEC Group as a good member of society, going beyond social norms and the expectations of society, and "Move toward the goal," aiming toward purposeful business management.

Membership A good member of society

Membership is a guideline for the activities conducted by TIS INTEC Group constituent members.

It is comprised of "As a good member of society," "As a member who expresses her/his intentions and opinions," and "As a member that strives for progress."

The first, "As a good member of society," refers to the company wanting its members to strive to be good members of society beyond their existence as constituent members of TIS INTEC Group.

The other two guidelines want TIS INTEC Group members to express their existence humanly and demonstrate their unique characteristics and capabilities to their fullest extent.

What is a corporation? A social system that aims for happiness

There are various ways to think about the goal of a corporation, and corporate management can change greatly depending on how this is determined.

Based on TIS INTEC Group thinking in which "the corporation is a public instrument," with stakeholders we define the corporation as "a social system that aims for both happiness that contributes to social expectations and people's happiness via value exchange." Accordingly, the idea that the corporation exists for stakeholders and society is the foundation of all TIS INTEC Group's corporate activities.

What is growth? Moving towards our mission

Growth is defined as "increased realization of the mission" as well as "increased value-exchangeability" with the stakeholders. The former refers to how TIS INTEC Group improves its level of mission realization, namely, increasing the significance of TIS INTEC Group's social existence. The latter refers to enhancing the quality and quantity of value exchanged between TIS INTEC Group and its stakeholders, in other words, a higher degree of satisfaction for both parties. TIS INTEC Group aims at the essential growth of these two.