



**TIS**

TIS INTEC Group

Go Beyond

# **Information Meeting Materials for the First Two Quarters of the Fiscal Year Ending March 31, 2020**

---

**November 1, 2019**

**TIS Inc.**

## **Fiscal 2020 First Two Quarters Financial Highlights**

**Fiscal 2020 Performance Forecast**

**Return to Shareholders**

**Progress on Medium-Term Management Plan (2018-2020)**

**Reference Materials**

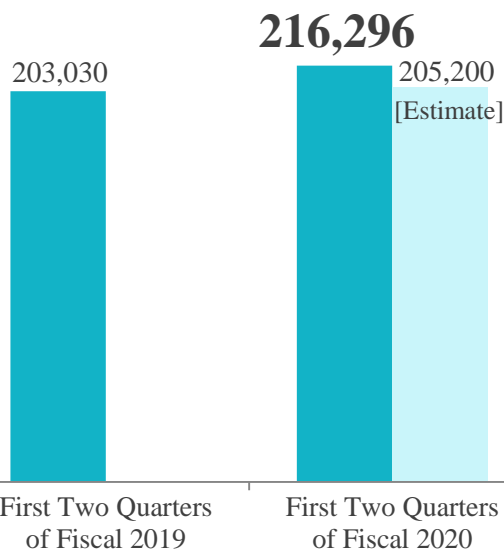
# Fiscal 2020 First Two Quarters: Financial Highlights

• Against a favorable business backdrop, sales and income were up over the corresponding period a year ago, thanks to higher business volume and efforts to improve profitability. Exceeded target.

[Millions of yen]

## Net Sales

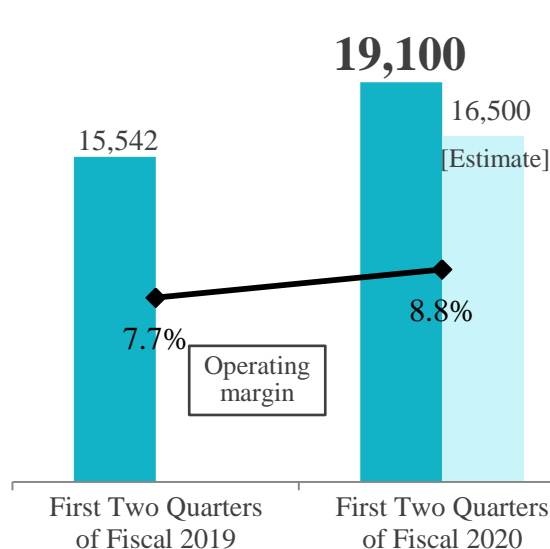
- YOY change: + ¥13,266 million [+ 6.5%]
- Compared with estimate: + ¥11,096 million [+ 5.4%]



In sectors where IT investment is showing renewed growth, we emphasized accurate identification of client needs and were rewarded with higher sales, year-on-year.

## Operating Income

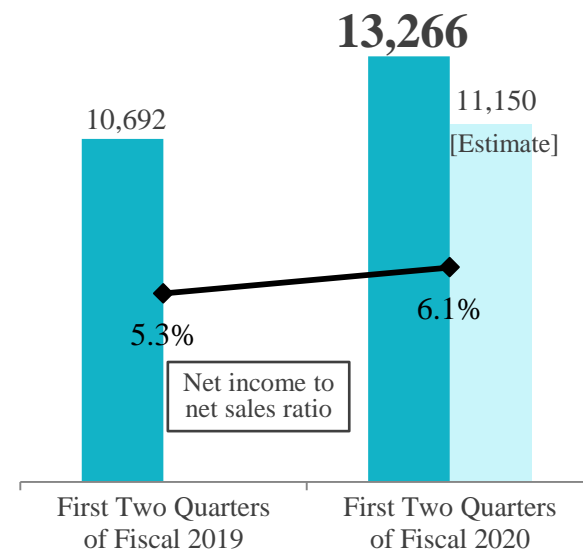
- YOY change: + ¥ 3,557 million [+ 22.9%]
- Compared with estimate: + ¥2,600 million [+ 15.8%]



Increase in gross profit, reflecting higher net sales starting point and enhanced profitability, absorbed rising selling, general and administrative expenses, primarily costs associated with stronger response to restructuring. Operating income was up year-on-year.

## Net Income Attributable to Owners of the Parent Company

- YOY change: + ¥ 2,574 million [+ 24.1%]
- Compared with estimate: + ¥2,116 million [+ 19.0%]



Up year on year, paralleling increase in operating income.

Extraordinary income: ¥6,371 million (YOY change - ¥7,986 million)  
 Extraordinary loss: ¥6,044 million (YOY change - 6,973 million)

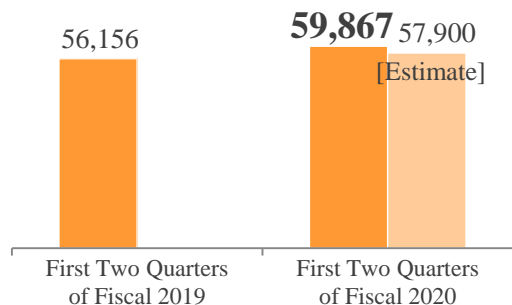
# Fiscal 2020 First Two Quarters: Sales and Income for Key Segments-1

[Millions of yen]

## Service IT Business

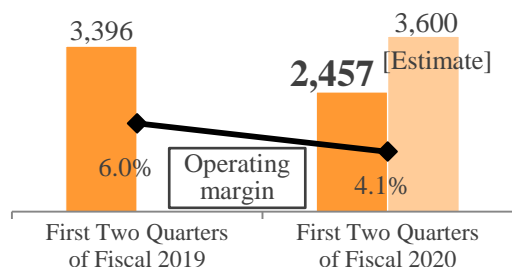
### Net Sales

- YOY change: +¥3,711 million [+6.6%]
- Compared with estimate: +¥1,967 million [+3.4%]



### Operating Income

- YOY change: -¥939 million [-27.7%]
- Compared with estimate: -¥1,143 million [-31.8%]

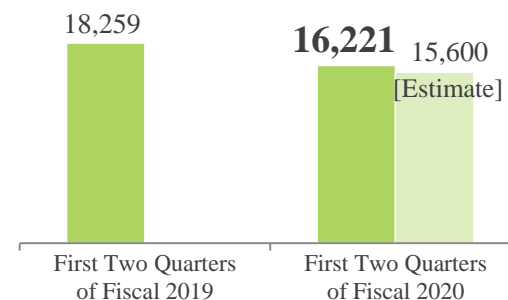


Sales increased year on year, mainly due to expanded payment settlement-related business, and exceeded target. Operating income decreased year on year, not achieve targets, primarily due to higher prior investment to reinforce business pursuits as well as booking of loss paralleling unprofitable projects and revision in strategy to strengthen platform business.

## BPO

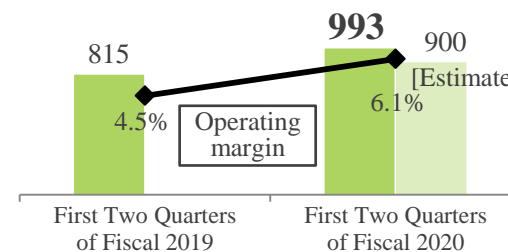
### Net Sales

- YOY change: -¥2,037 million [- 11.2%]
- Compared with estimate: +¥621 million [+ 4.0%]



### Operating Income

- YOY change: +¥178 million [+ 21.9%]
- Compared with estimate: +¥93 million [+ 10.3%]



Impact from sale of subsidiaries, undertaken in previous fiscal year as part of effort to concentrate resources into core operations, had big impact, leading to lower sales but higher income. Exceeded target.

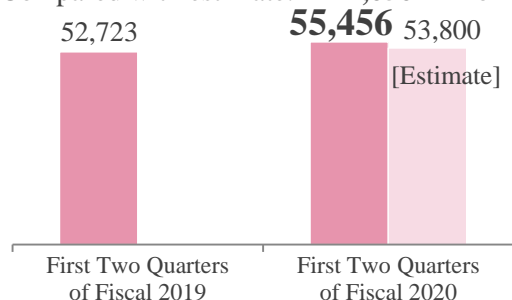
# Fiscal 2020 First Two Quarters: Sales and Income for Key Segments-2

[Millions of yen]

## Financial IT Business

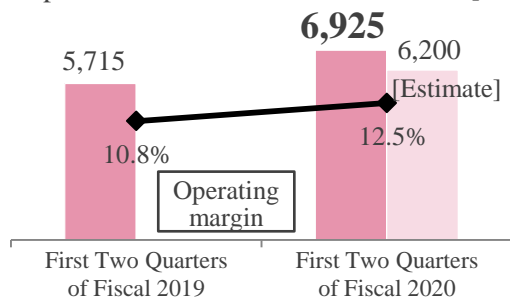
### Net Sales

- YOY change: +¥2,732 million [+ 5.2 %]
- Compared with estimate: +¥1,656 million [+ 3.1 %]



### Operating Income

- YOY change: +¥1,209 million [+ 21.2 %]
- Compared with estimate: +¥725 million [+ 11.7 %]

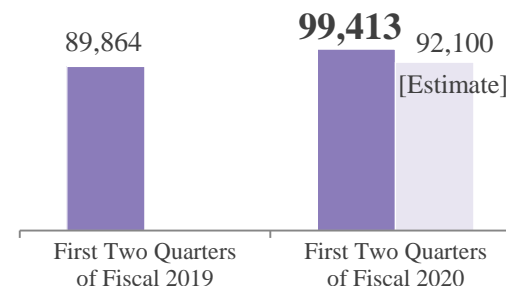


Despite impact from reactionary drop in demand for large system development projects, segment recorded higher sales and income, mainly due to wider IT investment activity by core clients. Exceeded target.

## Industrial IT Business

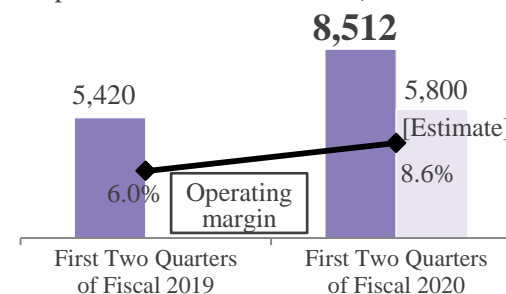
### Net Sales

- YOY change: +¥9,549 million [+ 10.6 %]
- Compared with estimate: +¥7,313 million [+ 7.9 %]



### Operating Income

- YOY change: +¥3,092 million [+ 57.1 %]
- Compared with estimate: +¥2,712 million [+ 46.8 %]

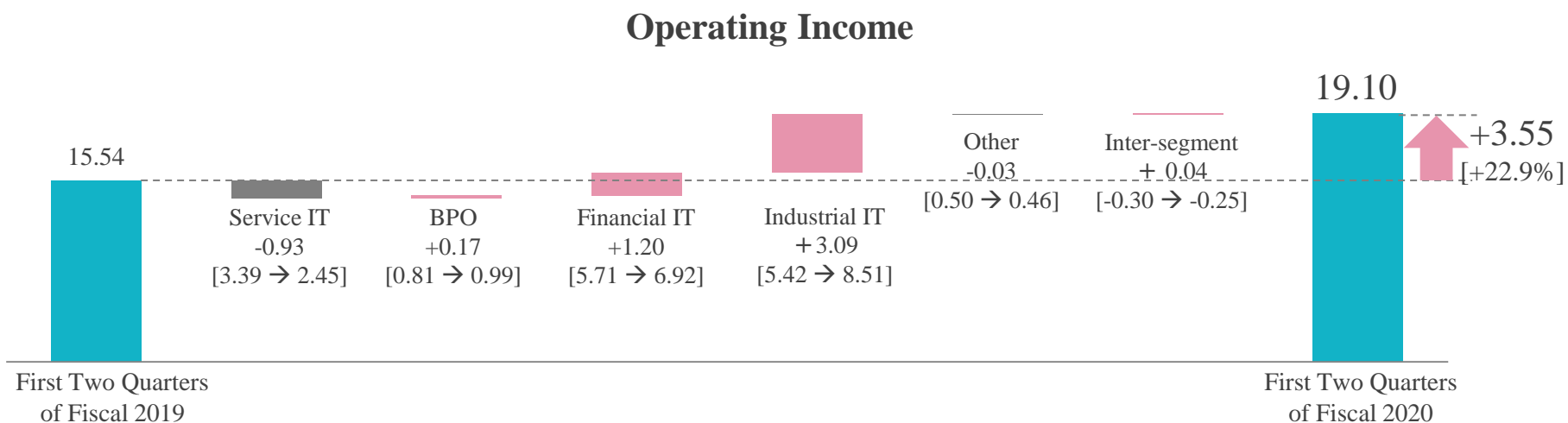
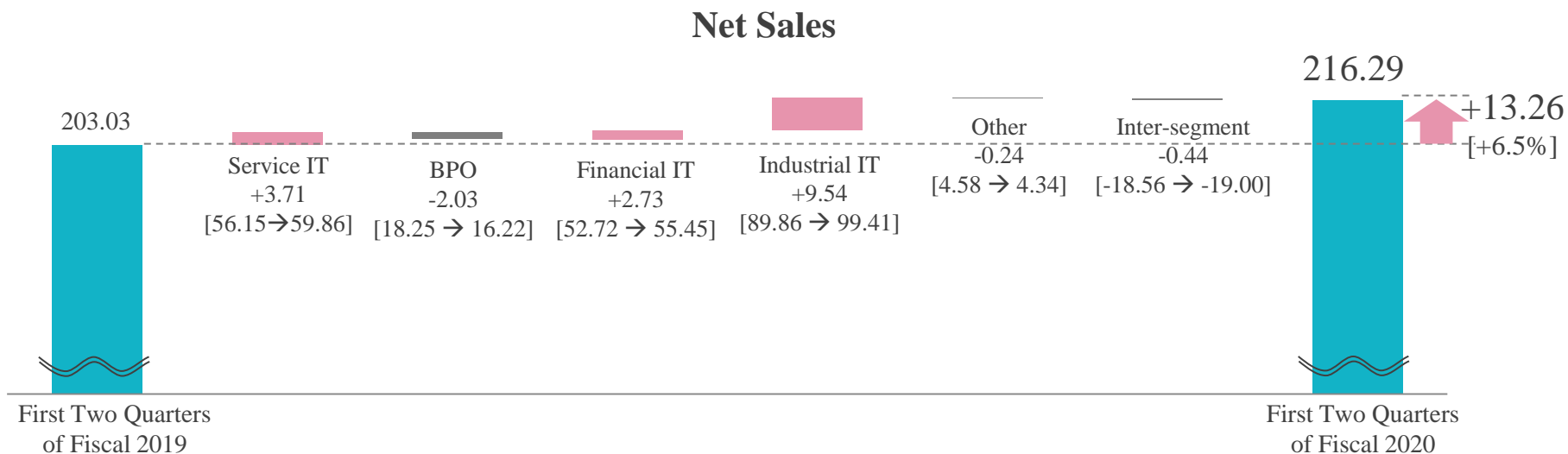


Higher sales and income year on year, largely the result of greater IT investment activity among wide range of industries, including core clients in energy- and manufacturing-based industries. Exceeded target.

Note: Paralleling a shift—from Industrial IT Business to Financial IT Business—in know-how used in services provided to specific clients, transactions with such clients were booked under Industrial IT Business up to fiscal 2019 and Financial IT Business from fiscal 2020.

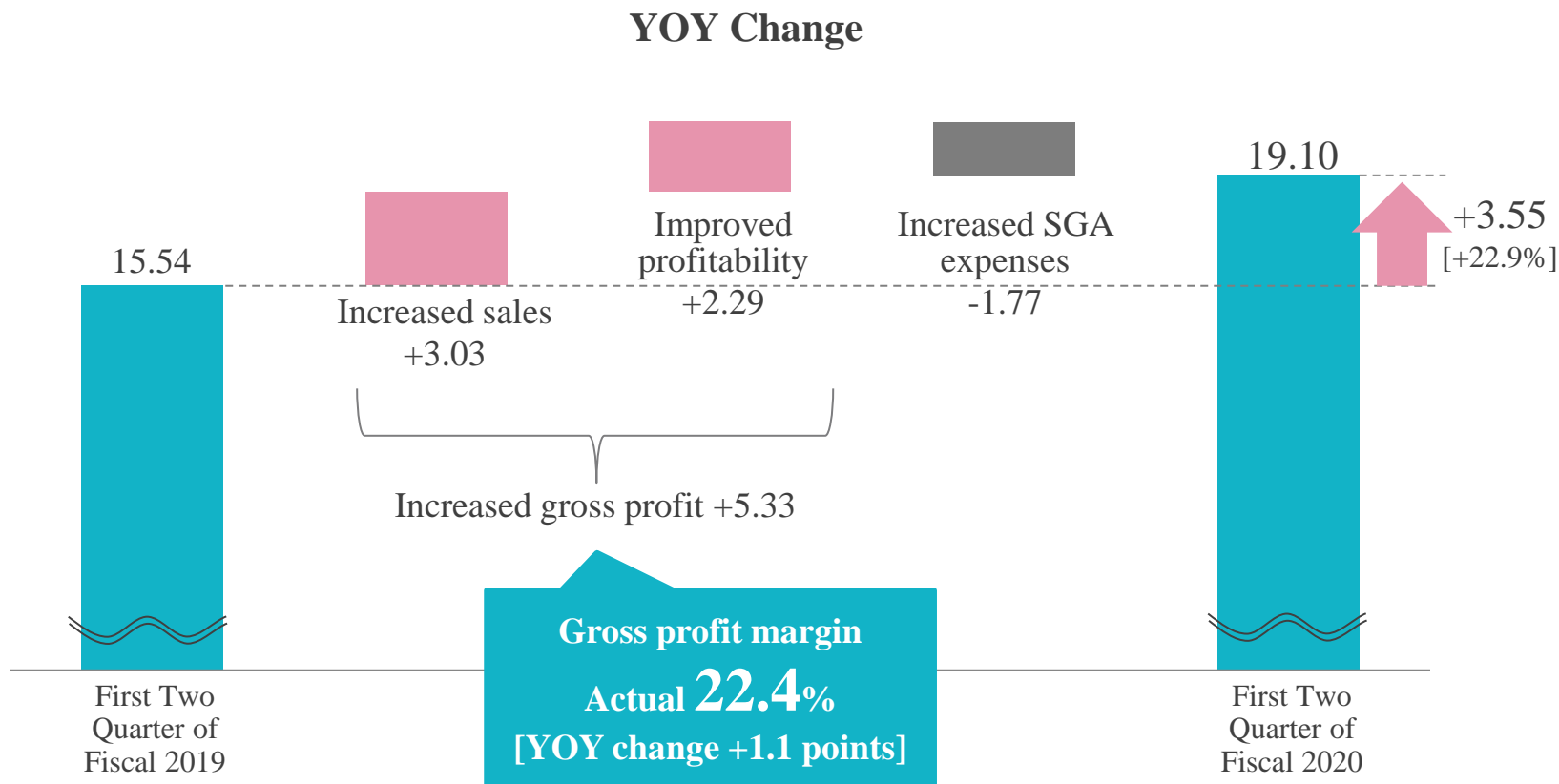
# Fiscal 2020 First Two Quarters: Net Sales and Operating Income Analysis

[Billions of yen]



# Fiscal 2020 First Two Quarters: Operating Income Analysis, Increase/Decrease Reasons

[Billions of yen]

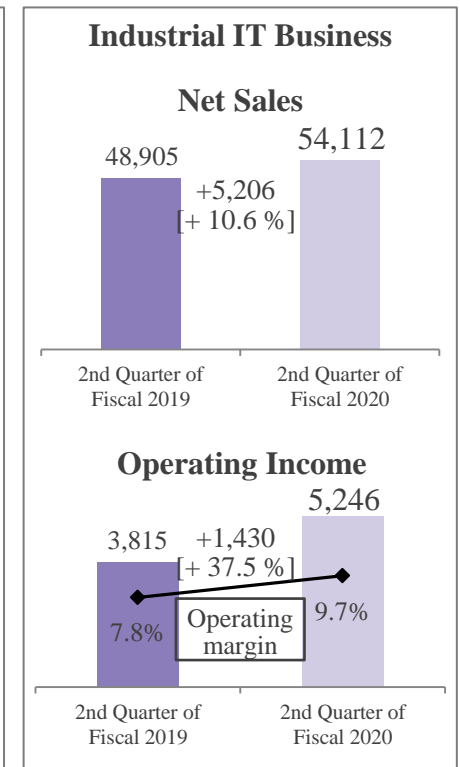
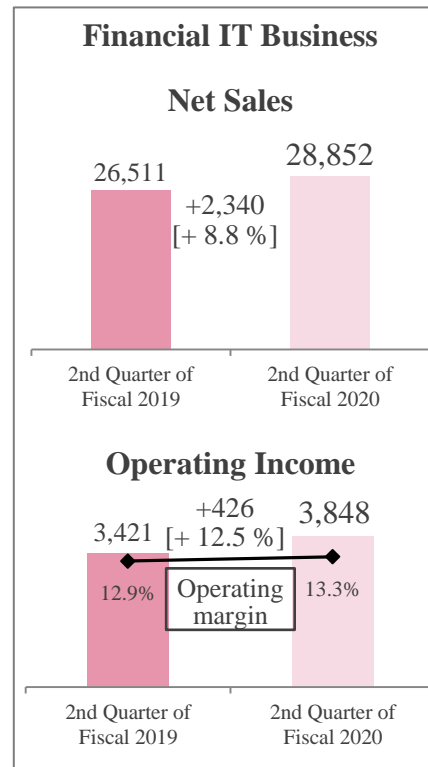
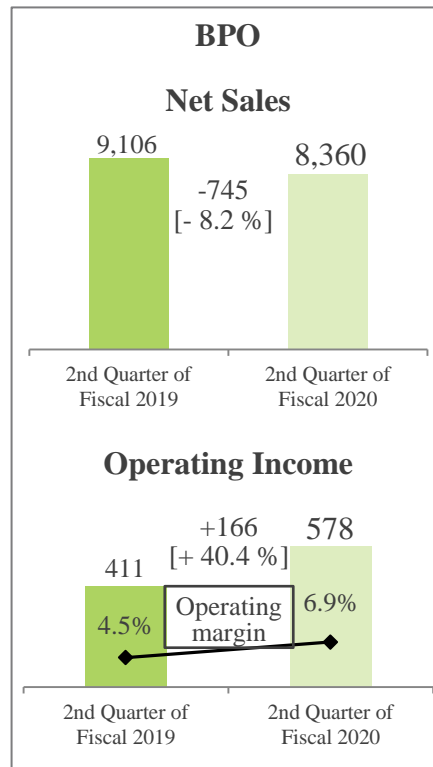
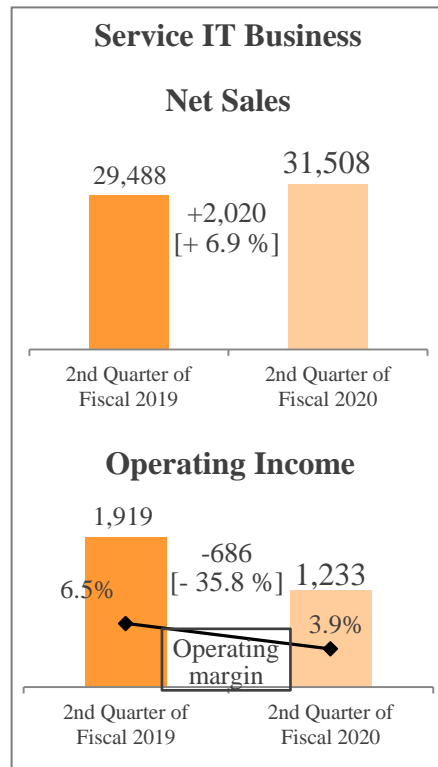
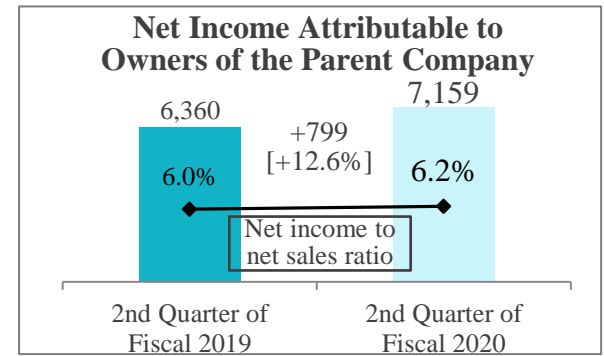
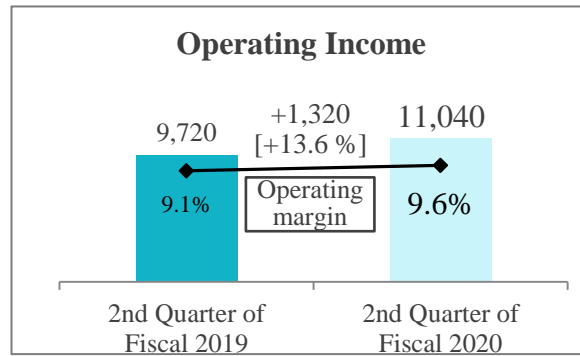
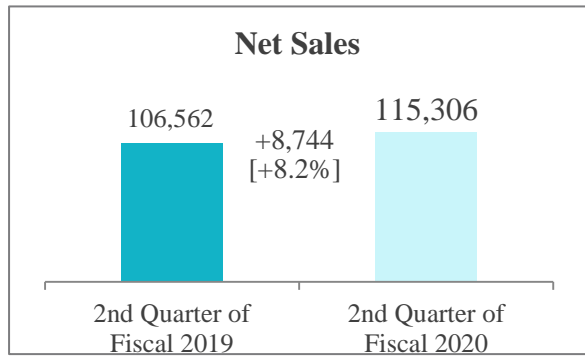


**Prior investment costs incurred in promoting structural transformation: Up ¥1 billion (YOY)**

- ✓ Software investment to create new services
  - ✓ Investment in human resources to fuel structural transformation
  - ✓ Investment in R&D to acquire advanced technologies
- } Costs related to

# (Reference) Fiscal 2020 Second Quarter (July - September) : Sales and Income for Key Business Segments

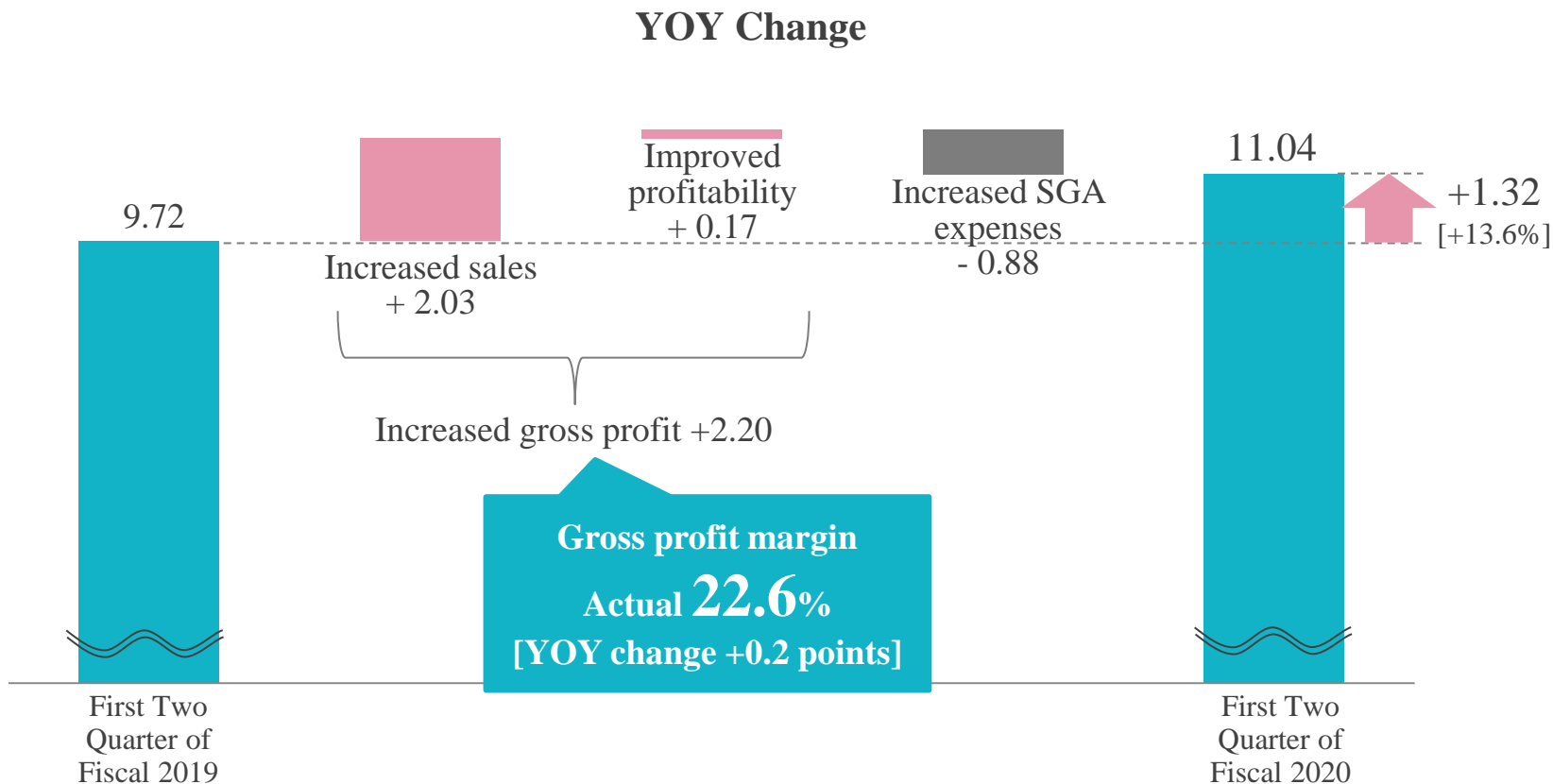
(Millions of yen)





# (Reference) Fiscal 2020 Second Quarter(July - September): Operating Income Analysis, Increase/Decrease Reasons

[Billions of yen]

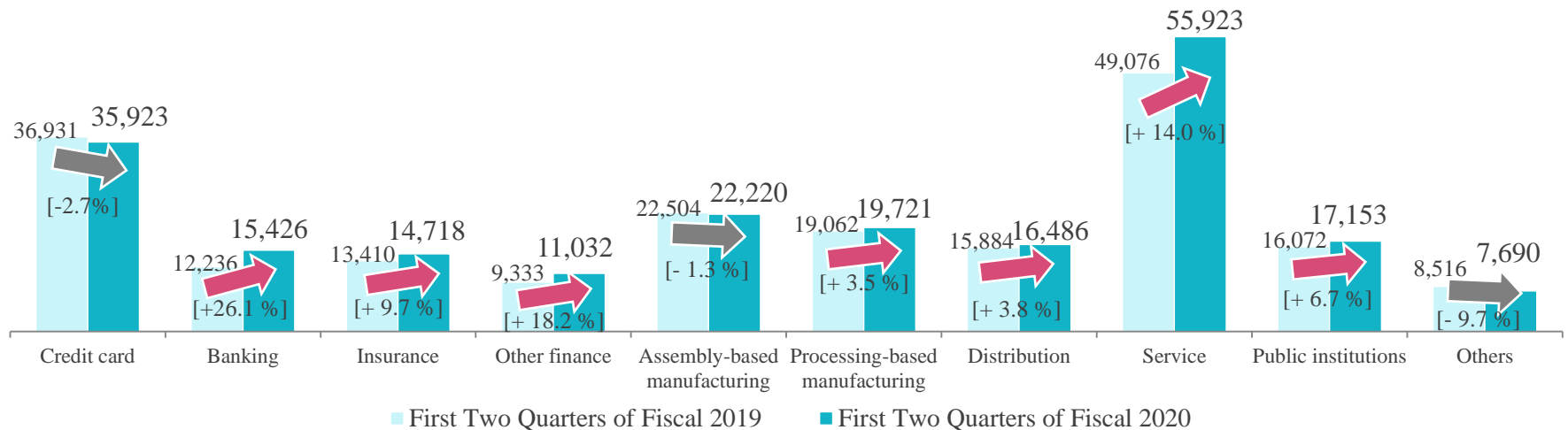


**Prior investment costs incurred in promoting structural transformation: Up ¥590 million (YOY)**

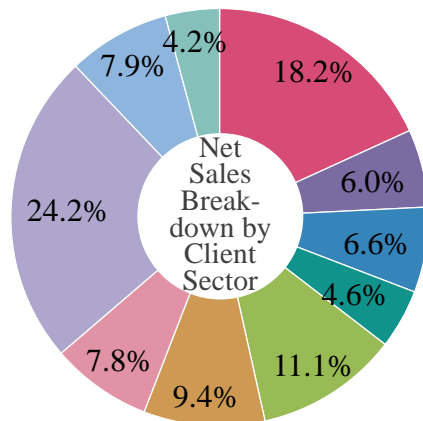
- ✓ Software investment to create new services
  - ✓ Investment in human resources to fuel structural transformation
  - ✓ Investment in R&D to acquire advanced technologies
- } Costs related to

# Fiscal 2020 First Two Quarters: Sales by Client Sector

[Millions of yen]

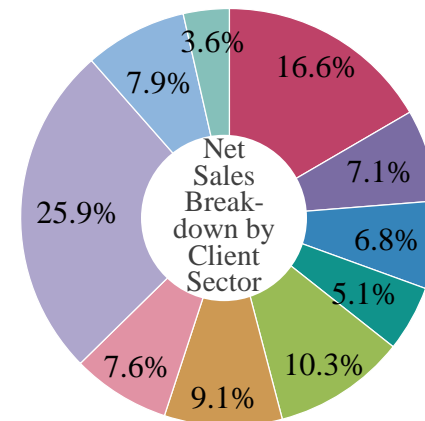


First Two Quarters of Fiscal 2019



Financial sector: 35.4 %    Industrial sector: 52.5 %  
 Public sector: 7.9 %    Other sectors: 4.2%

First Two Quarters of Fiscal 2020



Financial sector: 35.6 %    Industrial sector: 52.9 %  
 Public sector: 7.9 %    Other sectors: 3.6%

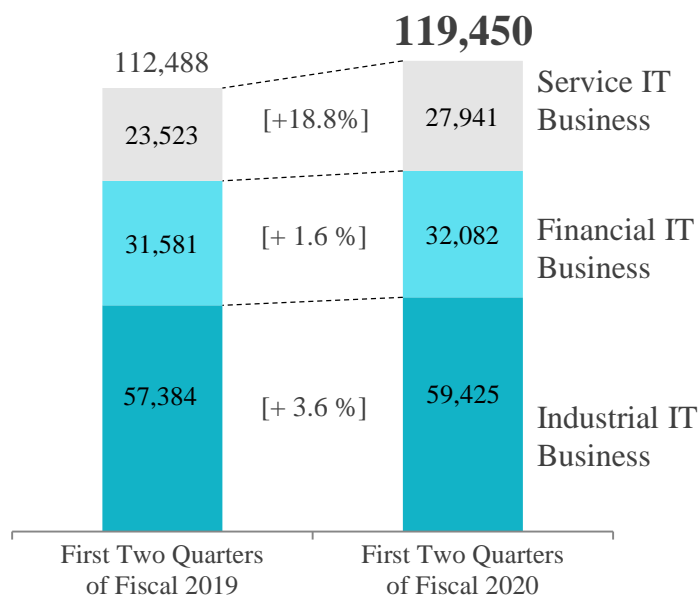
# Fiscal 2019 First Two Quarters: Order Status (Software Development)

- TIS achieved a huge year-on-year increase in orders received during the first two quarters, fueled by the Service IT Business, especially demand for payment settlement services. Note that Financial IT Business absorbed reactionary drop in demand for large system orders.
- Order backlog at end of second quarter was up, reflecting higher level of orders received, leading to year-on-year increase.

[Millions of yen]

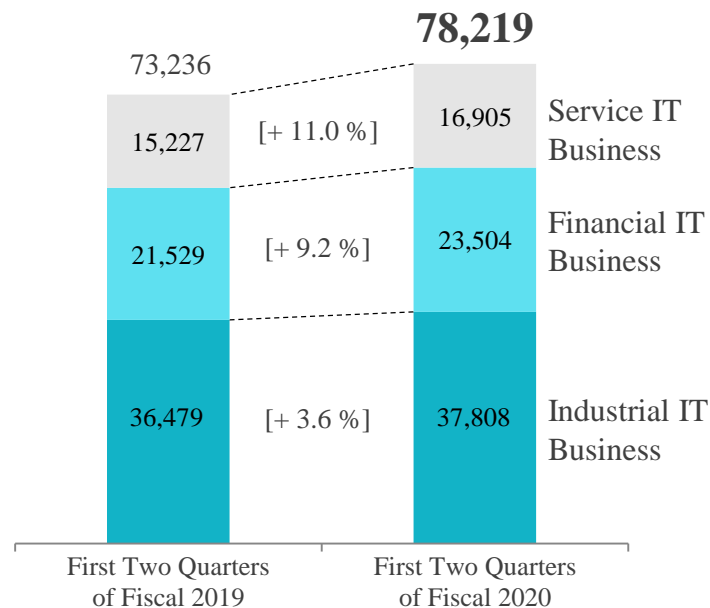
## Orders received during first two quarters

- YOY change + ¥6,962 million [+ 6.2%]



## Order backlog at end of first two quarters

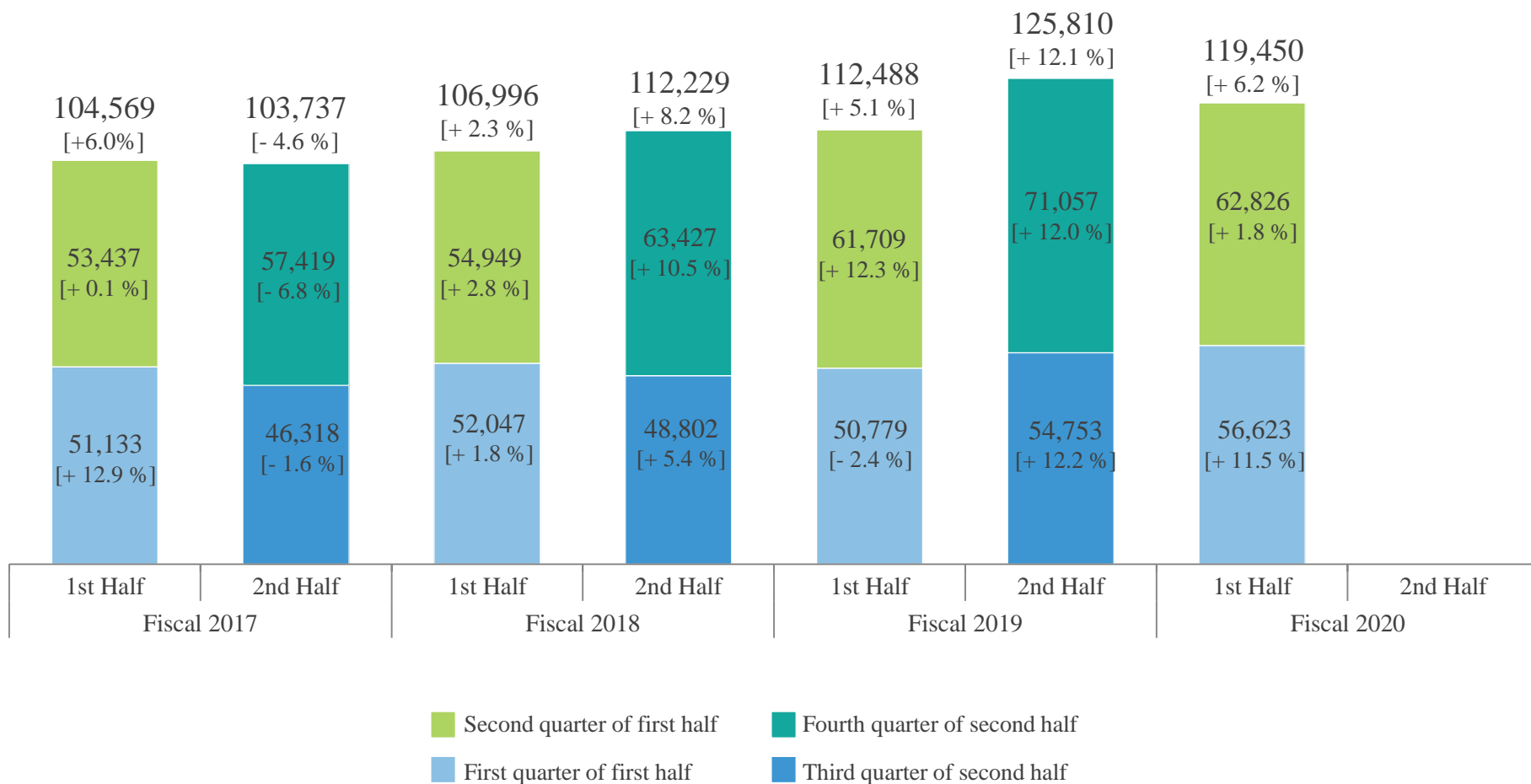
- YOY change + ¥ 4,983 million [+ 6.8 %]



Note: Paralleling a shift—from Industrial IT Business to Financial IT Business—in know-how used in services provided to specific clients, transactions with such clients were booked under Industrial IT Business up to fiscal 2019 and Financial IT Business from fiscal 2020.

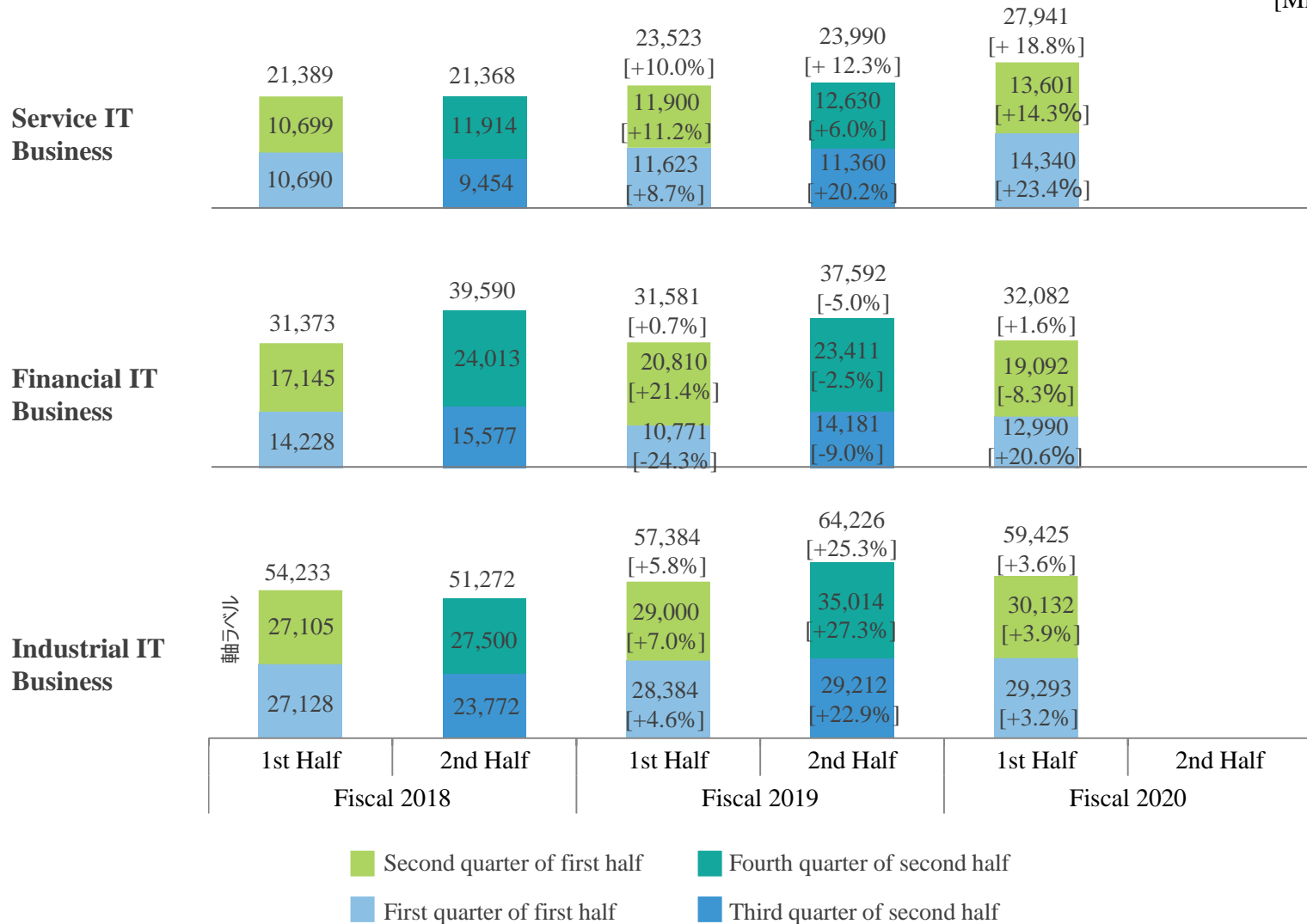
# Changes in Orders Received (Software Development)

[Millions of yen]



# Changes in Orders Received (Software Development, by Business Segment)

[Millions of yen]



Note: Paralleling a shift—from Industrial IT Business to Financial IT Business—in know-how used in services provided to specific clients, transactions with such clients were booked under Industrial IT Business up to fiscal 2019 and Financial IT Business from fiscal 2020.

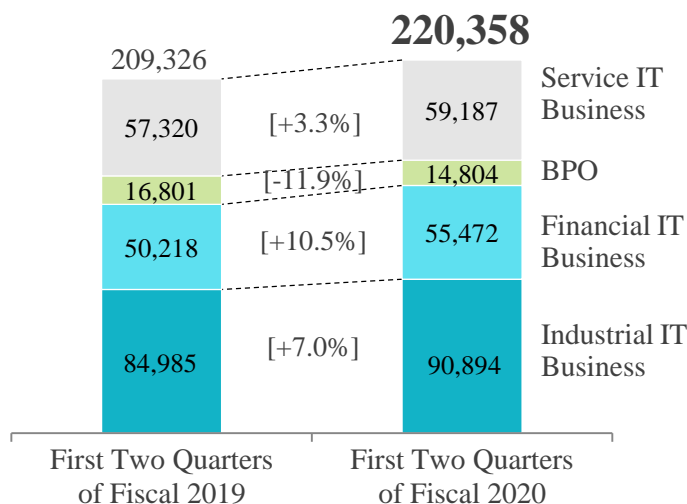
# Fiscal 2020 First Two Quarters: Order Status (Total)

- Orders received and order backlog were up year on year, as favorable demand continued to push amounts higher in both accounting categories. Note that the decrease in BPO order received reflects the sale of subsidiaries in this business.

[Millions of yen]

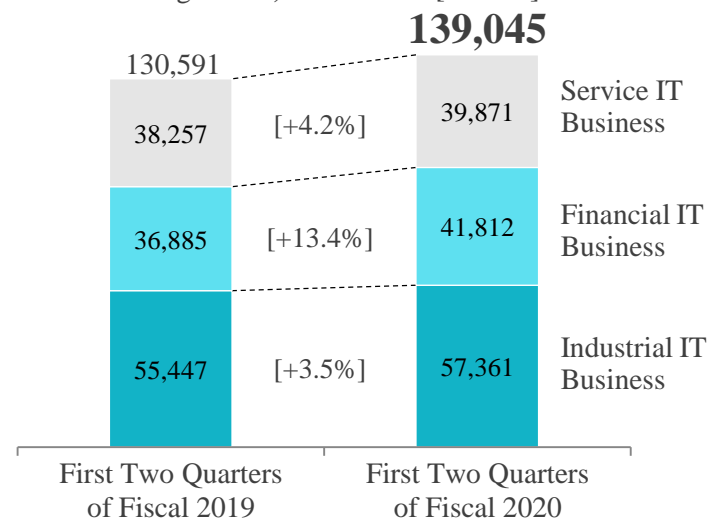
## Orders received during first two quarters

- YOY Change: + ¥11,032 million [+ 5.3%]



## Order backlog at end of first two quarters

- YOY Change: + ¥8,454 million [+ 6.5%]



Thoughts on order information related to system operation and others

- Implement reversal for contracts (including system operation contracts), regardless of duration, at end of second and fourth quarters, respectively. Anticipated net sales for the next six-month period are deemed order volume for the fiscal year and booked at the end of the fiscal year. Same value booked for order backlog.
- **Order volume not booked at end of first or third quarters due to reversal of contracts, so both order volume and order backlog will be lower compared with levels at end of second and fourth quarters**
- BPO orders are transaction-based, so order backlog is considered to be zero.

Note: Paralleling a shift—from Industrial IT Business to Financial IT Business—in know-how used in services provided to specific clients, transactions with such clients were booked under Industrial IT Business up to fiscal 2019 and Financial IT Business from fiscal 2020.

**Fiscal 2020 First Two Quarters Financial Highlights**

**Fiscal 2020 Performance Forecast**

**Return to Shareholders**

**Progress on Medium-Term Management Plan (2018-2020)**

**Reference Materials**

# Understanding the External Environment

- Direction of economy will have to be watched carefully, but business environment should continue to move in a favorable direction, against a backdrop highlighted by wider IT investment needs among clients increasingly keen to embrace digital management.
- Factors indispensable to business growth are perceptively identifying changes in the external environment, including social issues, namely changes in industry structure and new workstyles, and corporate transformation that helps solve social issues.

## Service IT Business

- ✓ 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

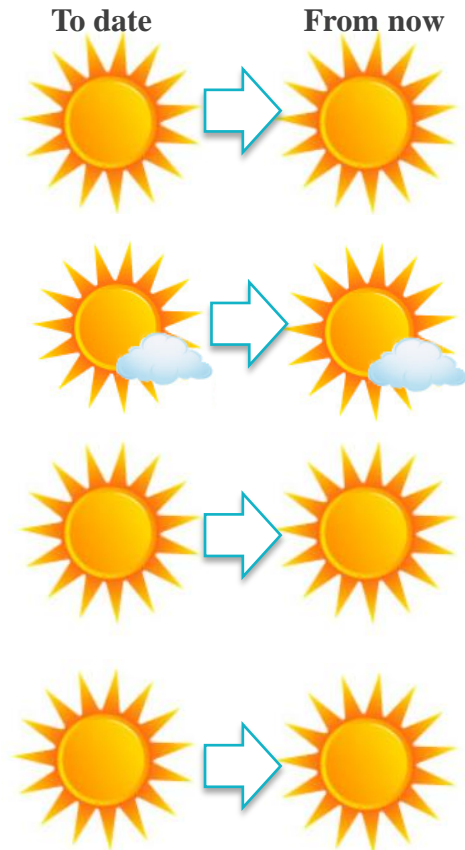
- ✓ Growing demand for BPO services that help companies improve operations on an administrative level.
- ✓ Greater need for digital innovation due to prolonged labor shortage and progress in workstyle reform.
- ✓ Impact, mainly from requests for lower prices on existing BPO services, a cause for concern.

## Financial IT Business

- ✓ 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

- ✓ 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.



\* These trends may differ from general industry trends since management's assumptions also take into consideration the status of IT investment by TIS INTEC group clients.



# Fiscal 2020: Performance Forecasts-1

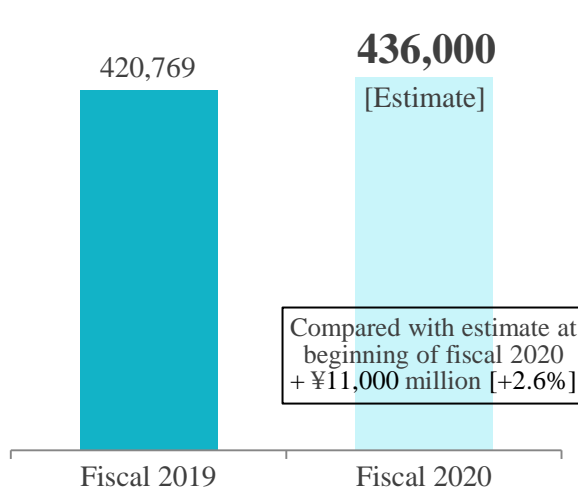
- Amid a brisk demand environment, vigorously invest in growth domains and forte fields to facilitate structural transformation described in medium-term management plan. Offset reactionary drop in large projects and absorb investment costs, in pursuit of higher sales and income.

→ Given factors, such as first half results exceeding targets, TIS revised full-year estimates. Net sales could reach final-year target of ¥430 billion a year ahead of schedule.

[Millions of yen]

## Net Sales

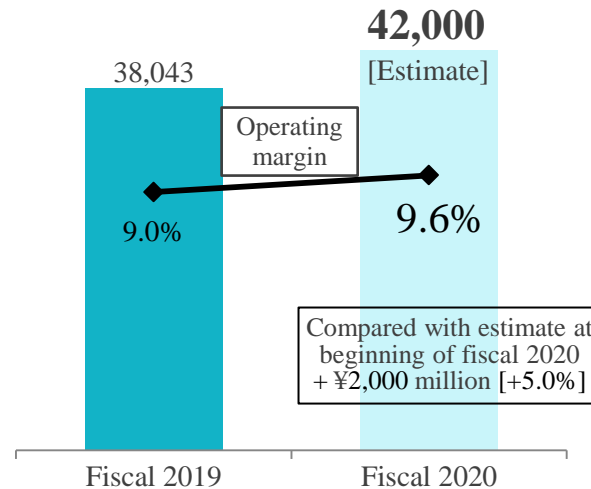
- YOY Change : + ¥15,231 million [+3.6%]
- Compared with estimate at beginning of fiscal 2020: + ¥11,000 million [+2.6%]



Focusing on service IT and industrial IT demand, strive to expand business through accurate responses to IT investment needs of clients. Will absorb impact from sale of subsidiaries and expect high sales year on year.

## Operating Income

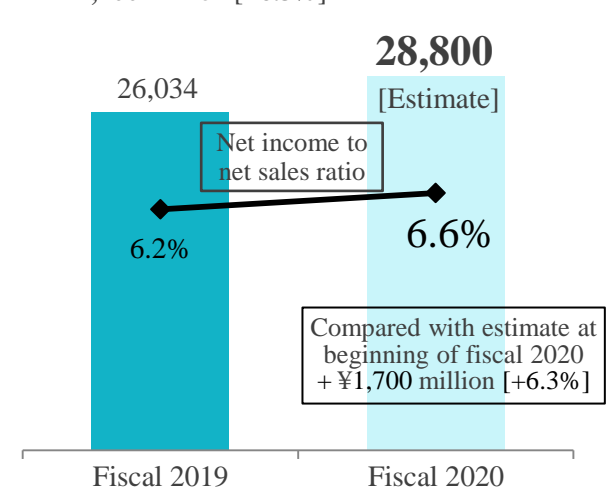
- YOY Change : + ¥3,957 million [+10.4%]
- Compared with estimate at beginning of fiscal 2020: + ¥2,000 million [+5.0%]



Continued efforts to utilize high sales effect and improved productivity. Will absorb higher cost burden on investments to fuel structural transformation including shift to prior investment approach. Should see year-on-year increase in operating income.

## Net Income Attributable to Owners of the Parent Company

- YOY Change : + ¥2,766 million [+10.6%]
- Compared with estimate at beginning of fiscal 2020: + ¥1,700 million [+6.3%]



Increase in operating income and net extraordinary income should deliver year-on-year improvement in income attributable to owners of the parent company.

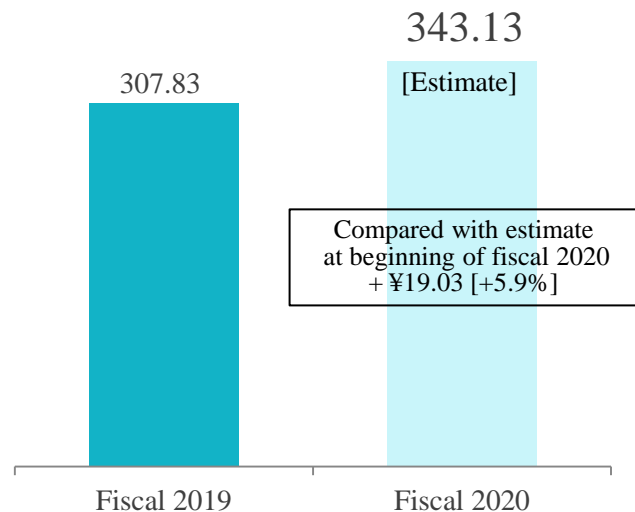
# Fiscal 2020: Performance Forecasts-2

• ROE expected to reach 12.1%, exceeding medium-term management plan final-year target of 12% a year ahead of schedule.

[Millions of yen]

## Net Income per Share

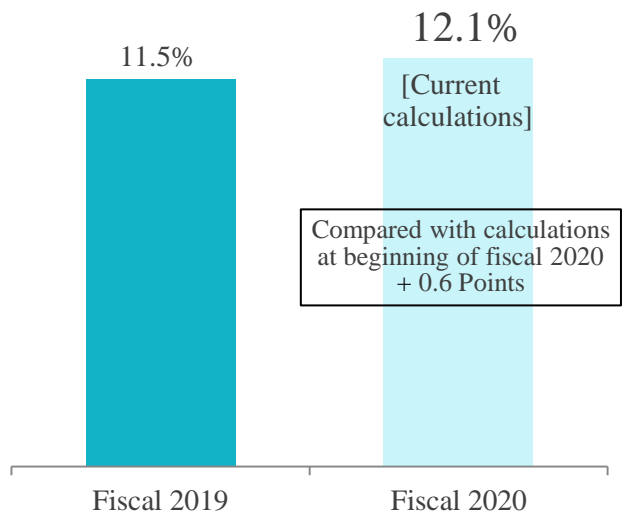
- YOY change: + ¥ 35.30 [+11.5%]
- Compared with estimate at beginning of fiscal 2020 : + ¥ 19.03 [+ 5.9%]



Anticipating year-on-year improvement, paralleling higher net income attributable to owners of parent.

## ROE

- YOY change: + ¥ 0.6 Points
- Compared with calculations at beginning of fiscal 2020 : +0.6 Points



Upward revision to full-year performance targets is key factor in expectation to achieve medium-term management plan target of 12% a year ahead of schedule.

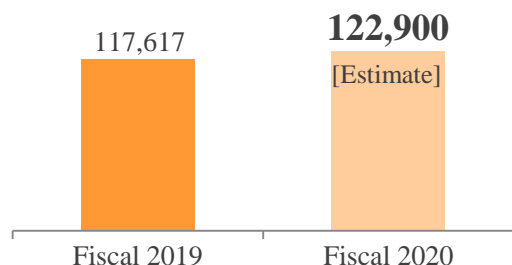
# Fiscal 2020: Sales and Income for Key Business Segments -1 [Forecast]

[Millions of yen]

## Service IT Business

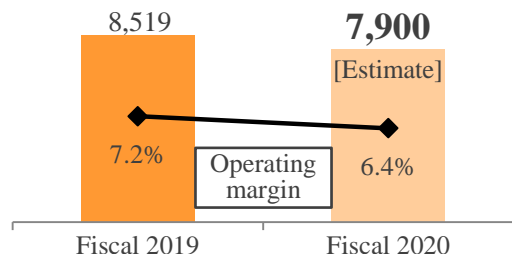
### Net Sales

- YOY change: + ¥5,283 million [+ 4.5 %]
- Compared with estimate at beginning of fiscal 2020 : + ¥2,000 million [+ 1.7 %]



### Operating Income

- YOY change: - ¥619 million [- 7.3%]
- Compared with estimate at beginning of fiscal 2020 : - ¥1,300 million [- 14.1%]

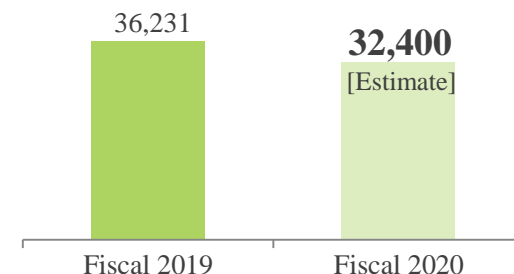


Sales should increase year on year, as TIS INTEC Group meets IT investment needs in growth fields, such as the cloud and networks, and steadily capitalizes on greater demand for payment settlement and ERP services. Despite this, income may decrease year on year, mainly due to the losses booked in the first half period.

## BPO

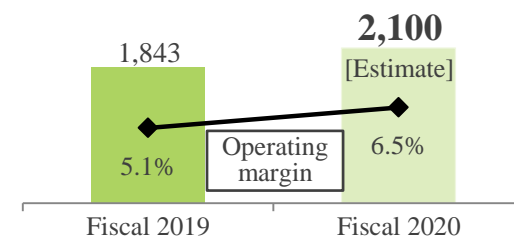
### Net Sales

- YOY change: - ¥3,831 million [-10.6%]
- Compared with estimate at beginning of fiscal 2020 : + ¥600 million [+1.9%]



### Operating Income

- YOY change: + ¥ 257 million [+ 13.9%]
- Compared with estimate at beginning of fiscal 2020 : + ¥ 100 million [+ 5.0%]



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.

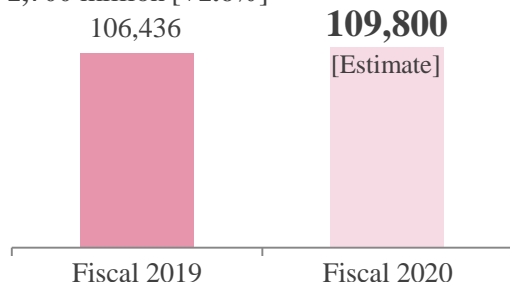
# Fiscal 2020: Sales and Income for Key Business Segments -2 [Forecast]

[Millions of yen]

## Financial IT Business

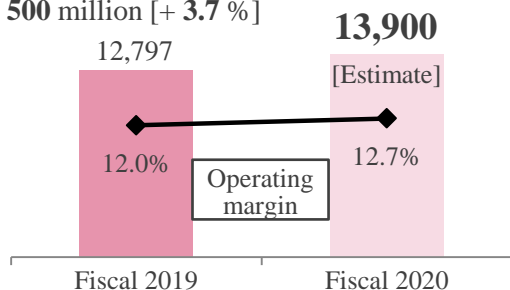
### Net Sales

- YOY change: + ¥ 3,364 million [+ 3.2%]
- Compared with estimate at beginning of fiscal 2020 : +¥ 1,700 million [+1.6%]



### Operating Income

- YOY change: + ¥ 1,103 million [+ 8.6 %]
- Compared with estimate at beginning of fiscal 2020 : +¥ 500 million [+ 3.7 %]

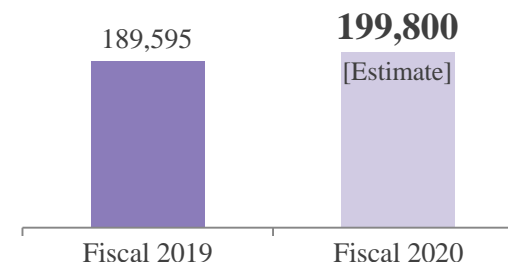


Despite reactionary drop in sales associated with large projects, operating income should increase year on year, reflecting efforts to strengthen ties to core clients, engage in value-added services and improve productivity.

## Industrial IT Business

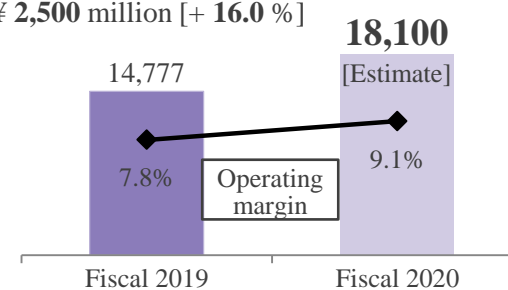
### Net Sales

- YOY change: + ¥ 10,205 million [+5.4%]
- Compared with estimate at beginning of fiscal 2020 : +¥ 7,300 million [+3.8%]



### Operating Income

- YOY change: + ¥ 3,323 million [+ 22.5 %]
- Compared with estimate at beginning of fiscal 2020 : + ¥ 2,500 million [+ 16.0 %]

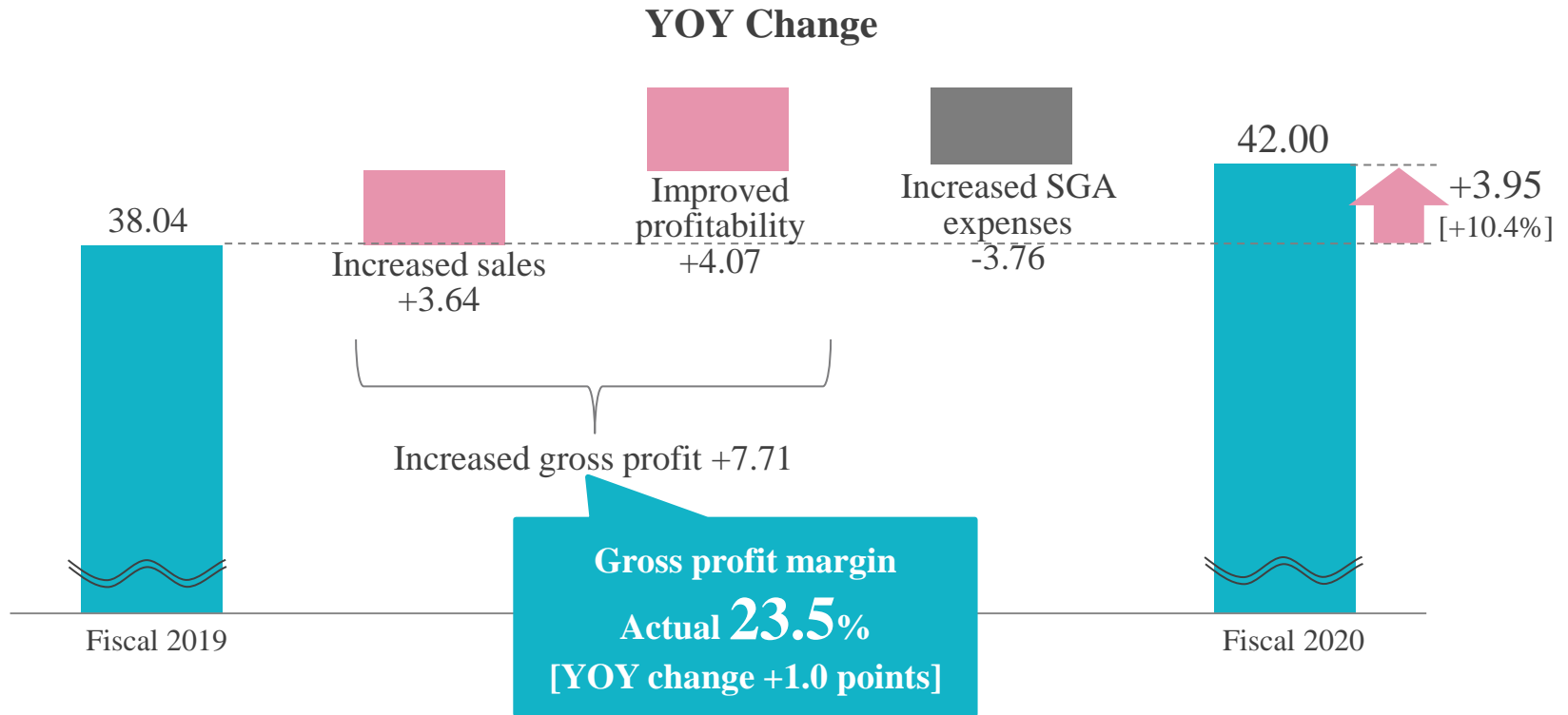


Anticipating higher sales and income year on year through high-value-added services underpinned by consultations and enhanced upstream operations as well as higher productivity.

Note: Paralleling a shift—from Industrial IT Business to Financial IT Business—in know-how used in services provided to specific clients, transactions with such clients were booked under Industrial IT Business up to fiscal 2019 and Financial IT Business from fiscal 2020.

# Fiscal 2020 : Net Sales and Operating Income Analysis [Forecast]

[Billions of yen]



**Anticipated prior investment costs for promoting structural transformation: Up ¥2.5 billion (YOY)**

- ✓ Software investment to create new services
- ✓ Investment in human resources to fuel structural transformation
- ✓ Investment in R&D to acquire advanced technologies

} Costs related to

**Additional measure**

**Brand-related costs incurred to ensure quick recognition from market: Up ¥500 million (YOY)**

**Fiscal 2020 First Two Quarters Financial Highlights**

**Fiscal 2020 Performance Forecast**

**Return to Shareholders**

**Progress on Medium-Term Management Plan (2018-2020)**

**Reference Materials**

# Return to Shareholders in Fiscal 2020

## Basic policy on return to shareholders under Medium-Term Management Plan (2018-2020)

We will balance efforts emphasizing growth investment and a solid financial footing while strengthening return to shareholders.

**Total return ratio (yardstick)**  
**40%**  
 (up from 35%)

**Payout ratio (yardstick)**  
**30%**  
 (by March 31, 2021)

**Upper limit on treasury stock holdings at 5%**  
 (excess cancelled)

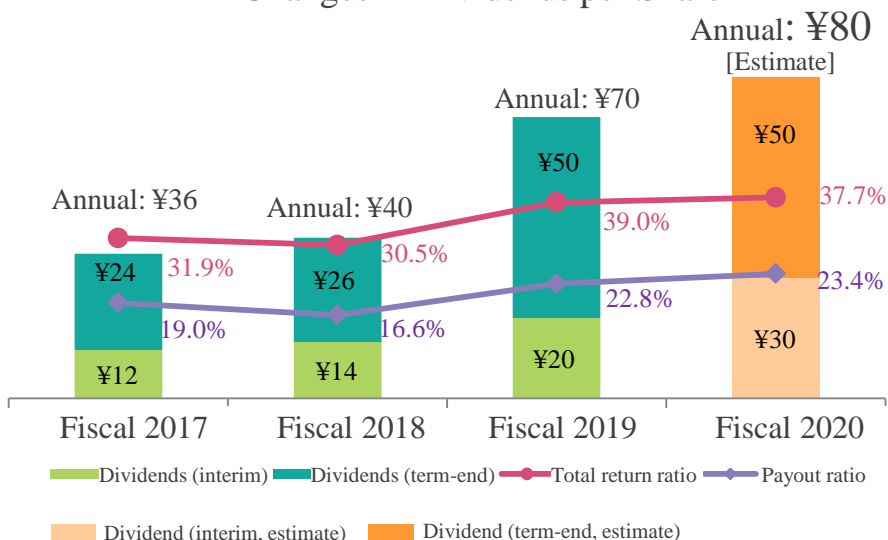
### Annual dividend per share (plan)

**¥80** [YOY change: +¥10]

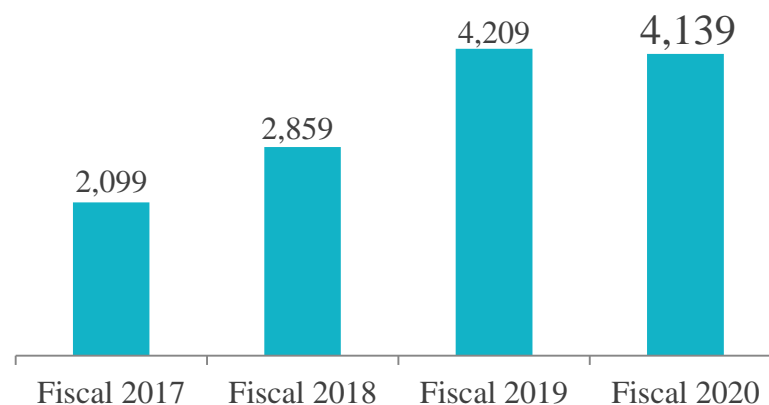
### Acquisition of treasury shares (actual)

**Total ¥4.13 billion**

Changes in Dividends per Share



Total Acquired Treasury Shares  
 [Millions of yen]



**Fiscal 2020 First Two Quarters Financial Highlights**

**Fiscal 2020 Performance Forecast**

**Return to Shareholders**

**Progress on Medium-Term Management Plan (2018-2020)**

**Reference Materials**



# Outline of Medium-Term Management Plan (2018-2020)

## Transformation to 2020

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



Company where diverse human resources, reliable, proud and carrying a sense of solidarity,

**approach work enthusiastically**

Increase high-value-added quality (boost value of technology/social research results) through **value chain reform**



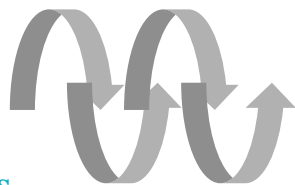
Budget for growth investment to fuel structural transformation

**¥80 billion** in 3 years



**Structural transformation**

to deliver ratio of 50% from strategic domain sales



Net sales **¥430 billion**  
 Operating income **¥43 billion**  
 Operating margin **10%**

ASEAN Region



Become

**top class** group united in IT



Through enhanced management efficiency

ROE **12%**

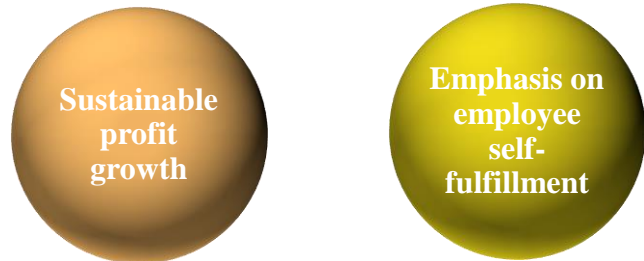
Become corporate group that contributes **solutions to environment/social issues**



through business activities

# Basic Policy/Key Performance Indicators

## Basic Policy



**Sustainable profit growth**

**Emphasis on employee self-fulfillment**

- With solutions to social issues derived through business activities, establish structure generating medium- to-long-term benefits for society as well as profits to sustain corporate presence
- Achieve cost reduction through enhanced, more efficient headquarters function

- Create environment, culture and programs that motive employees to work hard
- Build human resources portfolio that supports structural transformation, and optimize deployment throughout Group

### Constant transformation, with sense of speed

**Concentrate on core businesses**

**Shift to prior investment style of business development**

**Expand global business**

- Actively invest to rev up growth engines
- Improve value provided to clients, reinforce existing fields through productivity innovation

- Proactively propose solutions to markets/clients and transform structure to realize business creation
- Pursue strategically directed, robust investment, mainly through M&A and service investment

- Become top-class IT group in ASEAN region
- Hone global strengths, emphasizing payment settlement/banking/ERP solutions

## Key Performance Indicators (Fiscal 2021)

**Strategic Domain Sales Ratio**  
**50%**

**Operating Income**  
**¥ 43 billion**

**Operating Margin**  
**10%**

**ROE**  
**12%**

# Activities under Medium-Term Management Plan

## Group Management Direction in Fiscal 2020

### Fiscal 2020 Group Management Direction

#### 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

#### 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

#### 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

#### 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 manifesto

#### 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”

### Progress on First Two Quarters



- Strategic domain ratio hit 48%, surpassing full-year target.
- Service IT Business exceeded target sales, driven primarily by demand for payment settlement solutions.
- Qualitative transformation required to achieve medium-term targets, such as steady improvement in profitability on service-type businesses.



- Gross profit margin improved to 22.4% (YOY change, +1.1%), reflecting enhancement upgrades and efforts to reinforce order profitability.
- Development loss ratio holding at full-year target level (0.8%).
- Implemented review of Group strategy for platform business, including cloud, security and data center, and network operations.



- 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.



- TIS Human Resources SBU unrolled measures described in personnel manifesto as planned. Gradually extending measures groupwide.
- TIS obtained “Platinum Kurumin” certification.



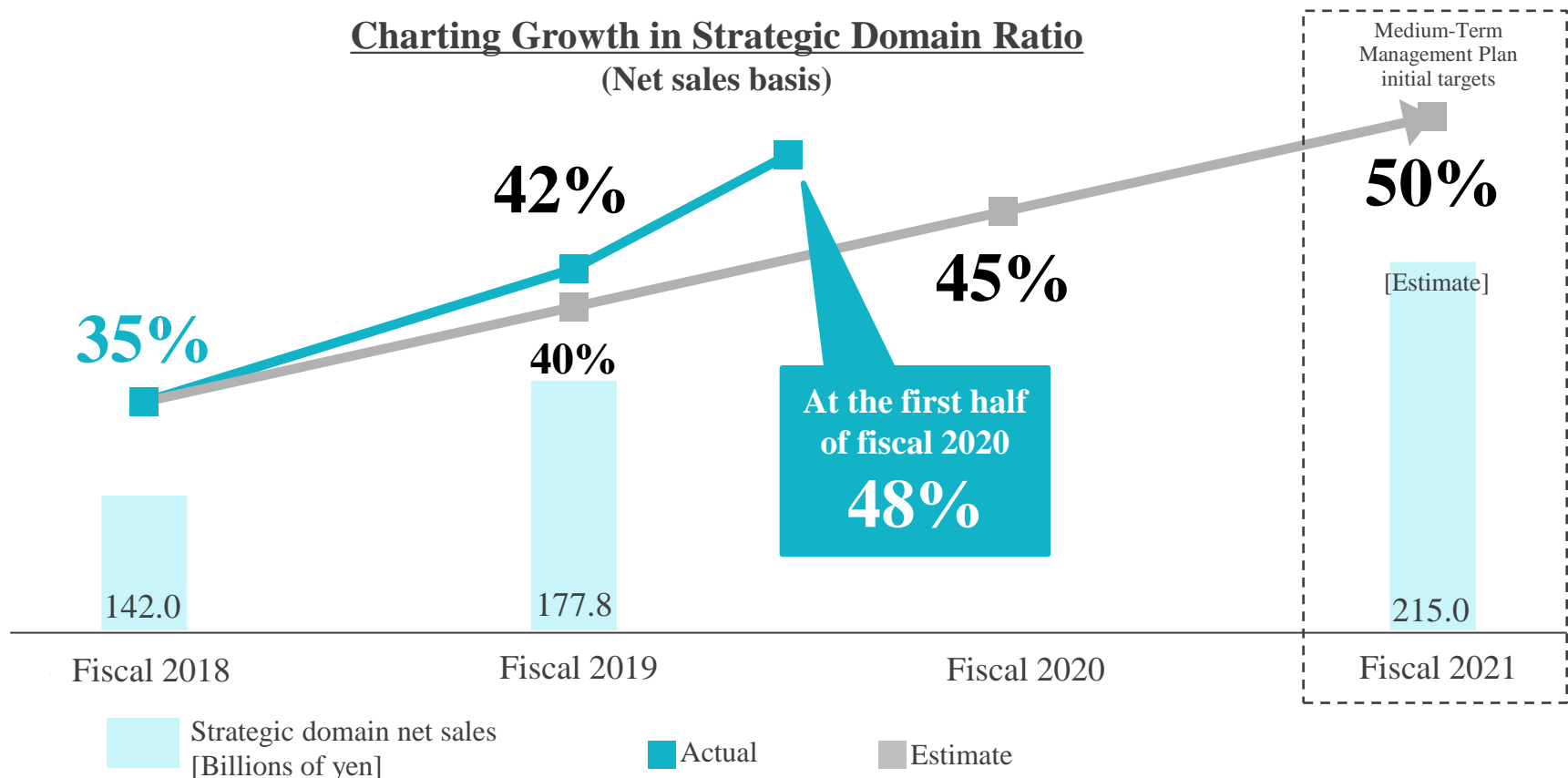
- “G20” project to elevate head office functions moving along as planned with system configuration and preparations for shared development.
- Decided to promote strategic brand activities to ensure market quickly associates brand with business activities.
- Decided to relocate and centralize Group offices in Tokyo area, mainly to boost motivation among employees and achieve greater sense of solidarity within Group.

# Activities under Medium-Term Management Plan (Topics)

## 1. Structural Transformation Strategy

- 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.
- Marked favorable progress, particularly with expansion in demand for existing Strategic Partnership Business (SPB) and IT Offering Service (IOS) and addition of new SPB and IOS.

**Charting Growth in Strategic Domain Ratio**  
(Net sales basis)



Strategic domains: Four business areas forming core activities of TIS INTEC Group by 2026. Go to page 38 for details on each strategic domain.

# Activities under Medium-Term Management Plan (Topics)

## 2. Payment Settlement Business Strategy

Digital cash platform PAYCIERGE—Aiming for combined services in fiscal 2020

**② Mobile wallet**  
(Token service)

Launched MUFG Wallet in October 2019  
Large wallet project on order,  
steady expansion  
(launch scheduled for spring 2020)

**① Credit SaaS-type service**  
(CreditCube+)

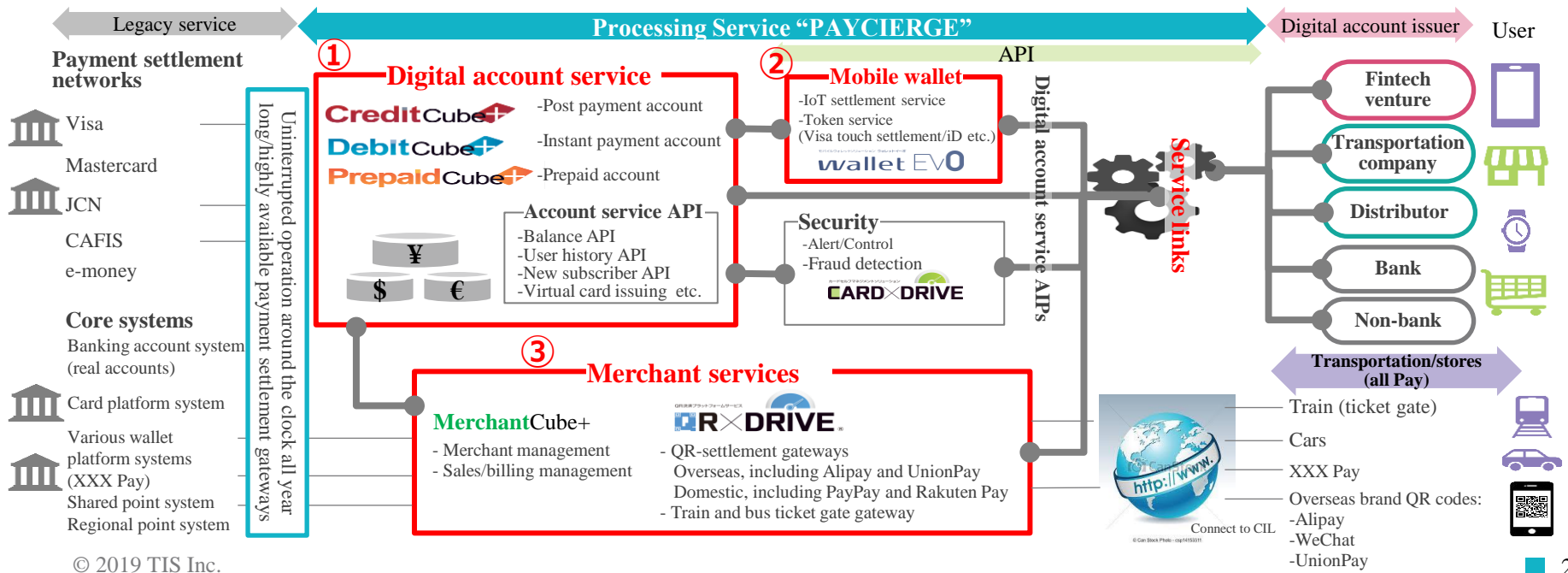
Project with first corporate user of service  
moving steadily along  
Brisk expansion of business as driver of growth

**③ Merchant services**  
(QR settlement)

Added Origami Pay and JPQR to existing payment  
platforms (Alipay, WeChat Pay, UnionPay, LINE  
Pay, Rakuten Pay, PayPay, d Payment)  
Favorable progress toward wider participating store  
network

**In addition to the above, in fiscal 2020, we will accelerate activities for the following combined services using token service and multi-payment gateways.**

Examples include e-money salary payments (Payroll), MaaS (Mobility as a Service) and a payment settlement platform for supercity (Aizu-Wakamatsu) use  
→ Began verification tests on MaaS and payment settlement platform for supercity (Aizu-Wakamatsu) use



## 3. Platform Business Strategy

- Part of the Group’s business portfolio review included revision to Group strategy aimed at reinforcing the platform business, including cloud, security and data center and network solutions.

### Established platform business strategy promotion structure

Established structure at TIS to promote investment, sales and human resources strategies in the platform business, a key business from a groupwide perspective.

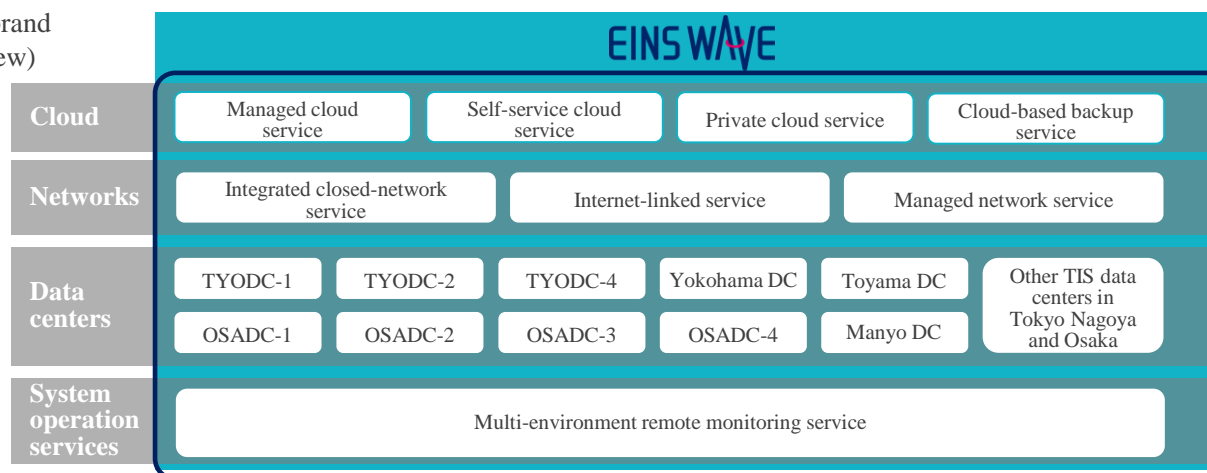
→Optimize business and realize efficient operations with a sense of speed.

### Integrating brands into EINS WAVE

Integrate respective services, such as cloud, network and data center operations, of TIS and INTEC into a single brand.

→Seek to boost profile of services and hone sharper competitive edge through groupwide consistency.

◆Service map after brand integration (overview)



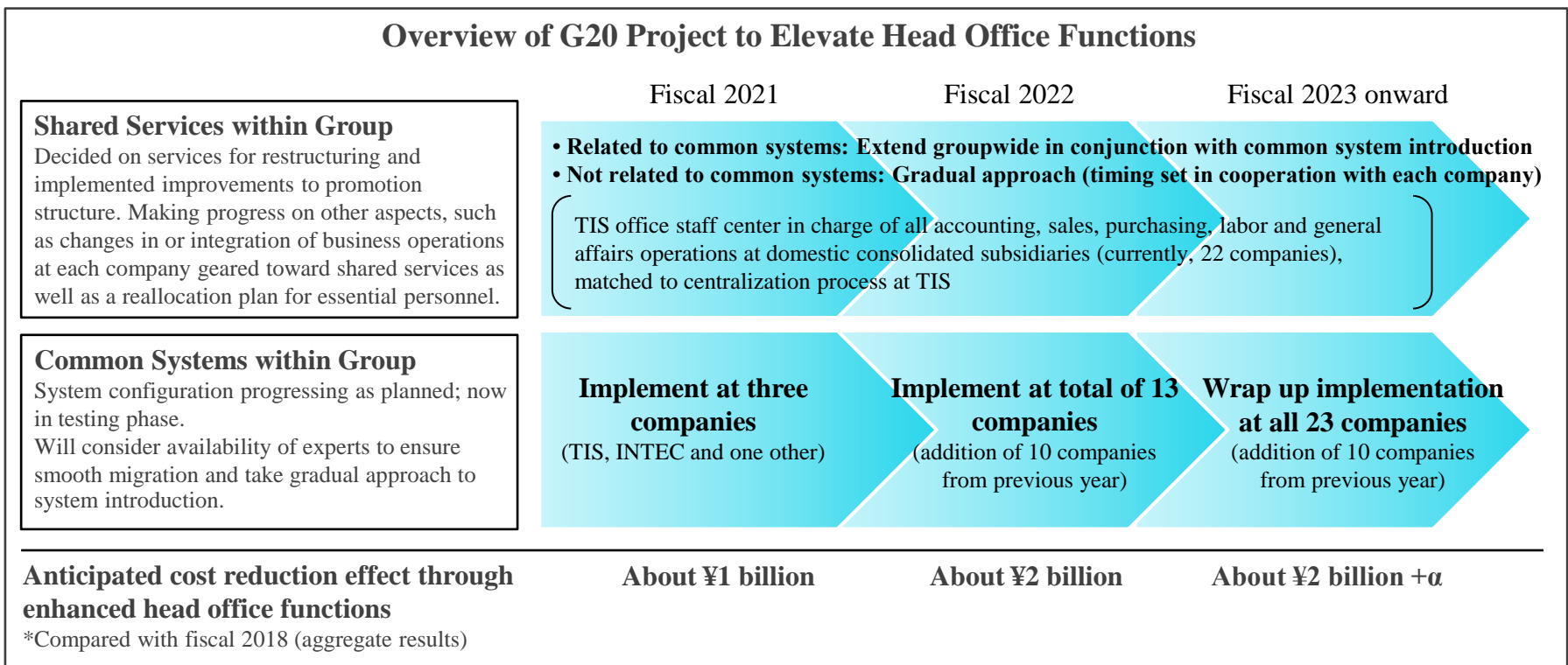
**As a corporate group, we will respond to market changes with a sense of speed, and we will strive to hone a sharper competitive edge and expand demand with a focus on cloud and security solutions.**

# Activities under Medium-Term Management Plan (Topics)

## 4. Strategies for Enhanced Management Practices and Improved Efficiency (1): Progress on G20

- G20 project to elevate head office functions progressing well. Decided on gradual introduction of groupwide systems using refined services shared within the Group, beginning in fiscal 2021.
  - Anticipate cost reduction effect of about ¥1 billion in fiscal 2021, ultimately leading to better-than-expected results.

### Overview of G20 Project to Elevate Head Office Functions



Promote activities to enhance management capabilities groupwide and reinforce corporate governance

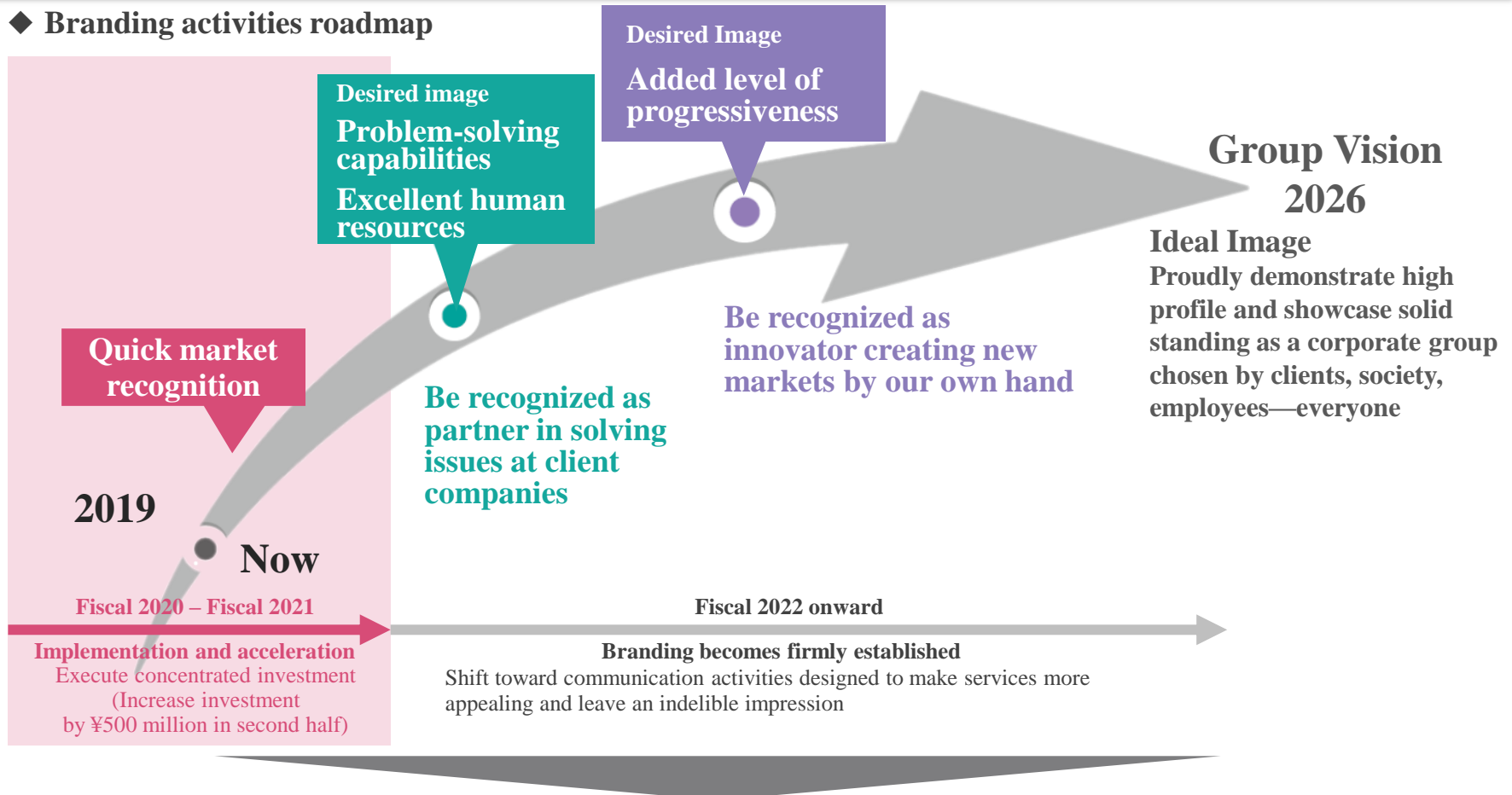


# Activities under Medium-Term Management Plan (Topics)

## 4. Strategies for Enhanced Management Practices and Improved Efficiency (2): Enhanced corporate brand

- Decided on robust pursuit of strategic brand activities for stronger management foundation built on brand power  
→ Will implement concentrated investment through fiscal 2021, seeking to ensure market quickly associates brand with business activities.

### ◆ Branding activities roadmap



**Become a corporate group chosen by all stakeholders by expanding business opportunities, improving recruitment capabilities and instilling pride in employees**



# Activities under Medium-Term Management Plan (Topics)

## 4. Strategies for Enhanced Management Practices and Improved Efficiency (3): Group office realignment (in Tokyo area)

- Decided to relocate and concentrate Group offices within the Tokyo area, mainly to enhance groupwide business synergies, encourage greater communication within the Group and promote new workstyles. Will open new offices in Toyosu district, scheduled for fiscal 2021.
  - Concentrate TIS and INTEC business operations at Toyosu Office. Concentrate head office function for both TIS and INTEC at Nishi-Shinjuku Office.

Nishi-Shinjuku Office  
TIS, INTEC head office function



Toyosu Office (new)  
TIS, INTEC business operations



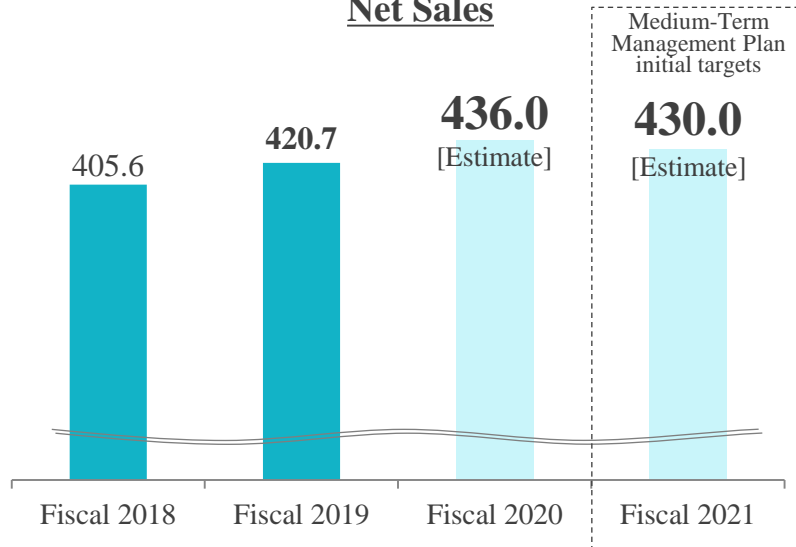
New office concept  
**New office will be place to shape new future,  
with environment in which each and every  
employee plays a leading role**

- ✓ Apply ABW (Activity Based Working) and present workstyles allowing employees to choose time and place to get work done
- ✓ Introduce office concierge so employees can concentrate of duties
- ✓ Utilize leading-edge technologies, such as reception systems using facial recognition and QR codes, as well as location information systems
- ✓ Feature showcase function for hands-on understanding of Group's products and services, particularly advanced technologies
- ✓ Facilitate business creation through open innovation opportunities with in-house and external experts

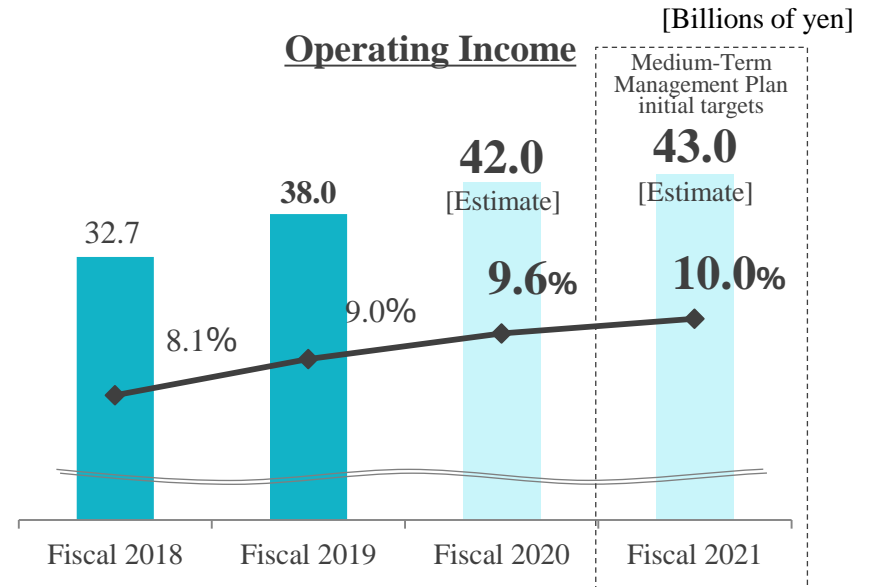
**With two core offices, we will build a more unified group presence and accelerate structural transformation—a primary goal of the current medium-term management plan—while seeking to reinforce Group governance.**

# Numerical Targets

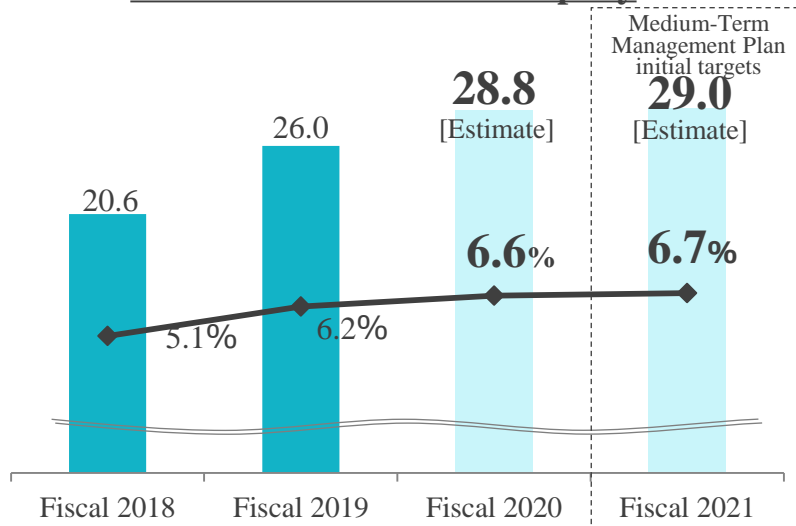
## Net Sales



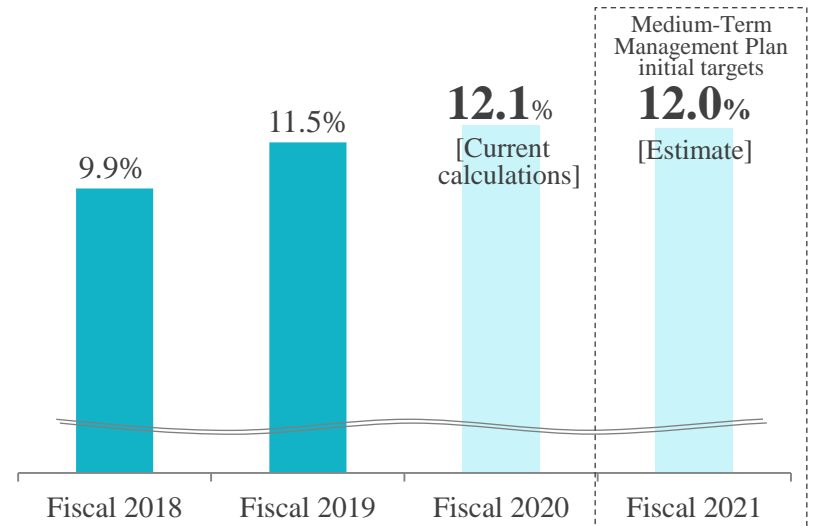
## Operating Income



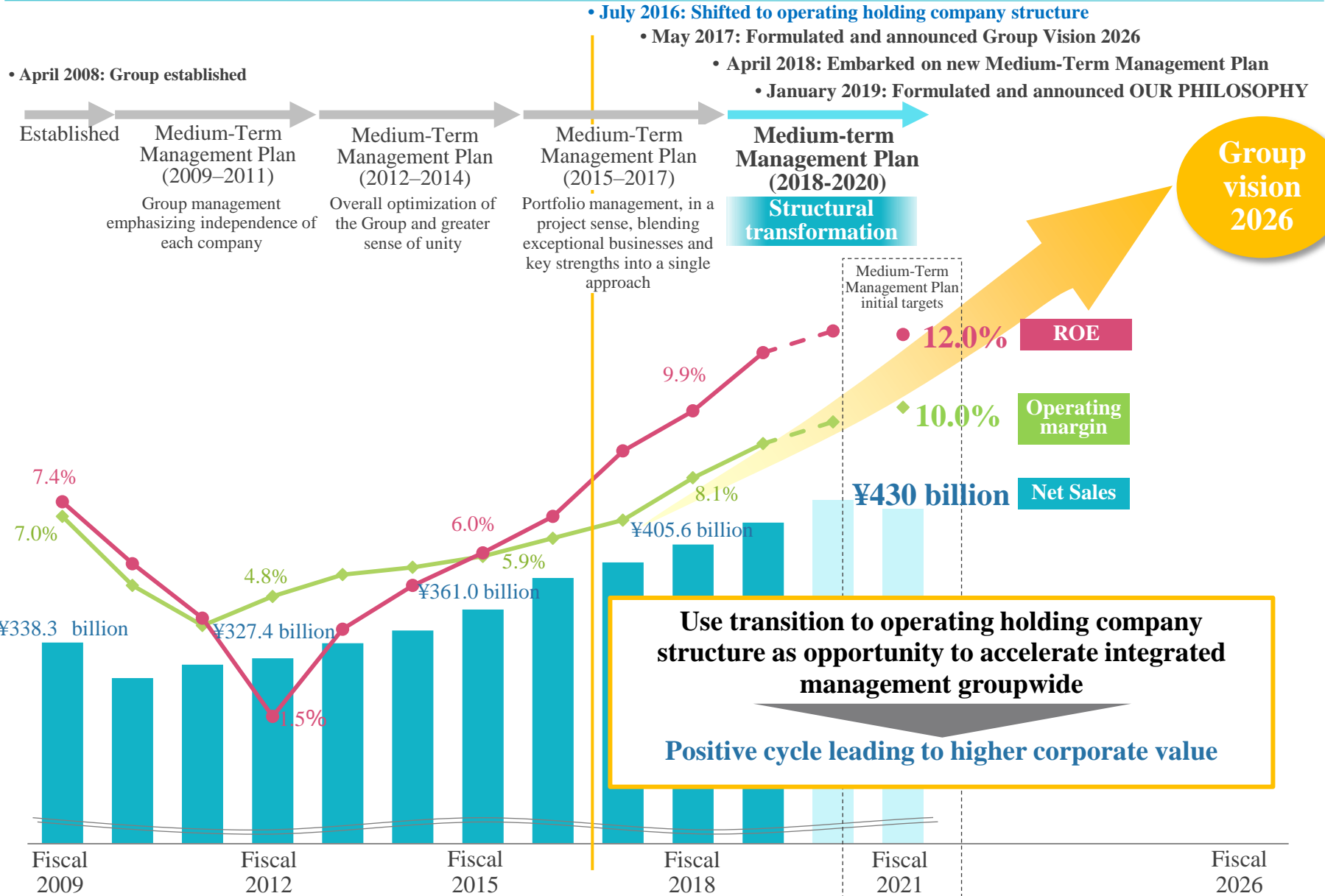
## Net Income Attributable to Owners of the Parent Company



## ROE



# Seeking Greater Improvement in Corporate Value



**Fiscal 2020 First Two Quarters Financial Highlights**

**Fiscal 2020 Performance Forecast**

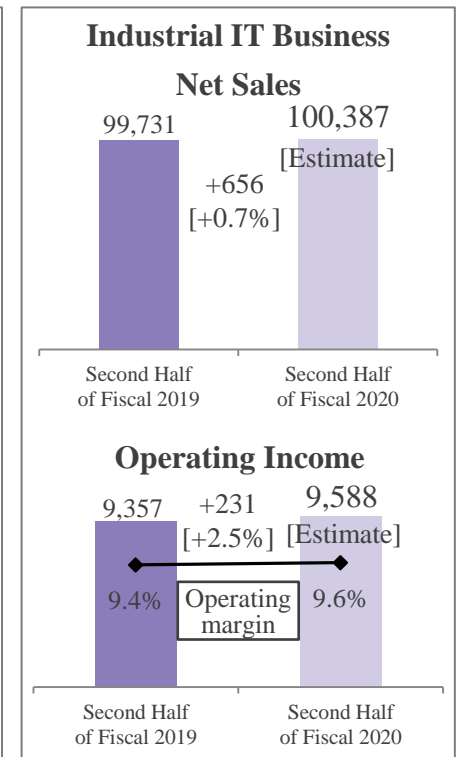
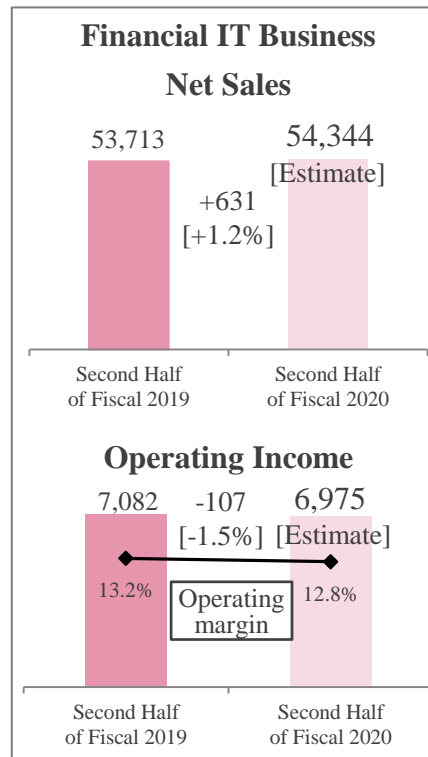
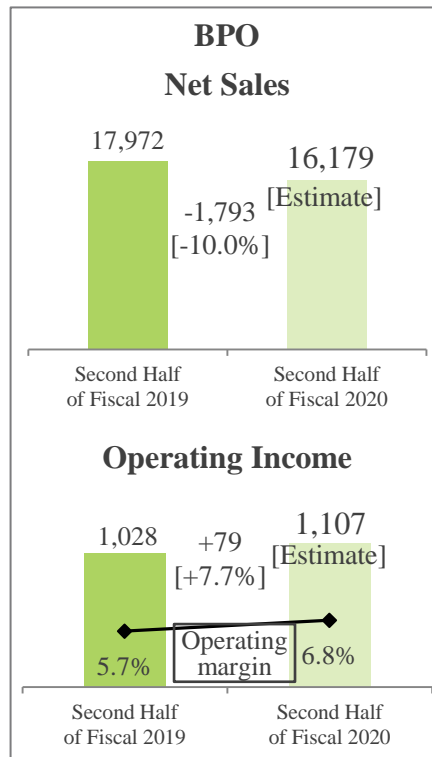
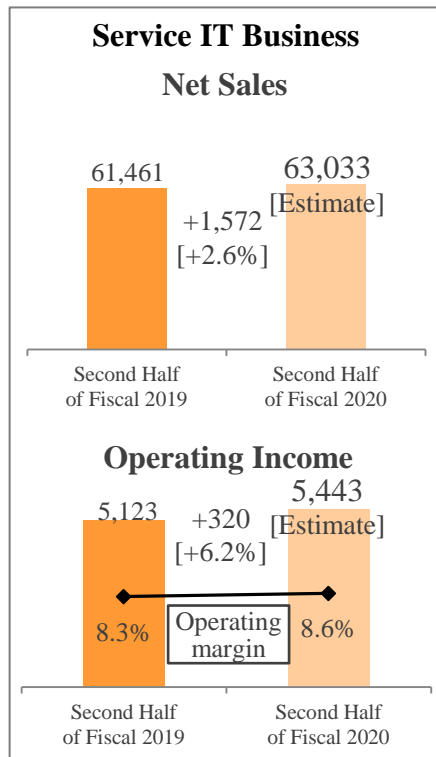
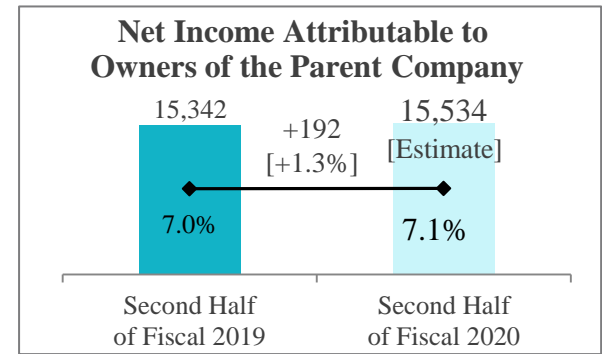
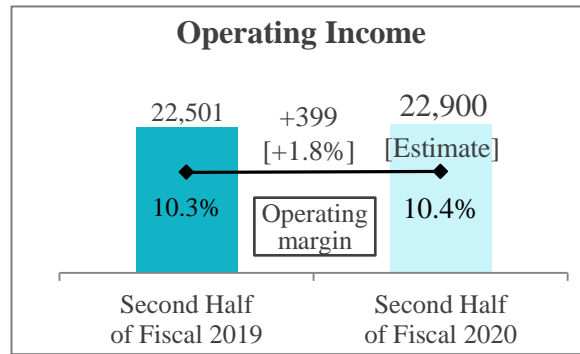
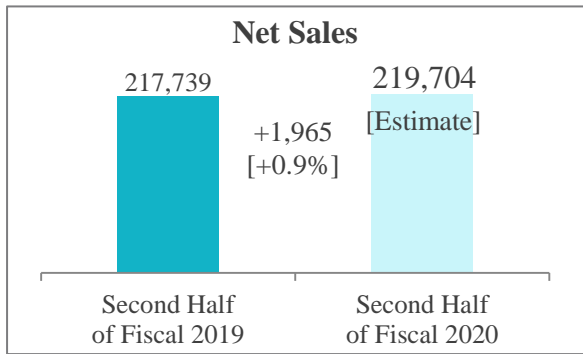
**Return to Shareholders**

**Progress on Medium-Term Management Plan (2018-2020)**

**Reference Materials**

# Fiscal 2020 Second Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]



\*Estimated amounts for the second half of Fiscal 2020 are calculated by subtracting the first half results from the annual estimates of Fiscal 2020.

\*Segment sales include intersegment sales.

# Structural Transformation Strategy : Desired Status and Promotion Measures (Create/Transform/Expand)

## 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**

### **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

## 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**

### **Promotion Measures**

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

## 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**

### **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

## 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**

### **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



### **TIS INTEC Group Logo Underlying Concepts**

The logo portrays the TIS INTEC Group as a tightly knit team, powered forward by the different sets of expertise that each member brings to the table. It features our two main corporate colors: “ocean blue” for the new challenges that we are constantly tackling, and “intelligent gray” for the solid technological foundations that underpin our business.

### **Brand Message “Go Beyond”**

The brand tagline, “Go Beyond,” embodies our constant quest into the beyond in search of new challenges. It represents our firm commitment as a group to delivering solutions that are always one step ahead, not only solving clients’ problems but anticipating and meeting their own customers’ needs too.

### **Cautionary Statements**

- 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.
- Amounts for each three-month quarter are calculated by subtracting data for the respective period from the cumulative total.
- From the fiscal year ending March 31, 2019, Business segments were reclassified at TIS, paralleling changes in the management structure designed to promote the shift to a new business structure. For comparison purposes, figures for fiscal 2018 have been recalculated and are presented according to the new segment breakdown