

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—

Corporate Targets in 2020

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 in three years **¥80 billion**

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

★Key performance indicators

Basic Policy

- 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 motivate employees to work productively
- Build human resources portfolio that supports structural transformation, and optimize deployment throughout Group

Sustainable profit growth

Emphasis on employee self-fulfillment

Constant and rapid transformation

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

Concentrate on core businesses

- 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

Shift to prior investment style of business development

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

Expand global business

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 Medium-Term Management Plan (2018–2020) 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

* Four business areas forming core activities of TIS INTEC Group by 2026.

TIS INTEC Group management resources

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

2016

Medium-Term Management Plan
 (2018–2020)

2026

Business Domains in 2016

Business Creator		
Supporting clients' businesses	Marketable services	Network infrastructure services BPO services
	Specific responses	IT system configuration and operation 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

Evolution of strategic domains

Strategic domain ratio (net sales basis)

Fiscal 2018

35%

Fiscal 2021

50%

Above 70%

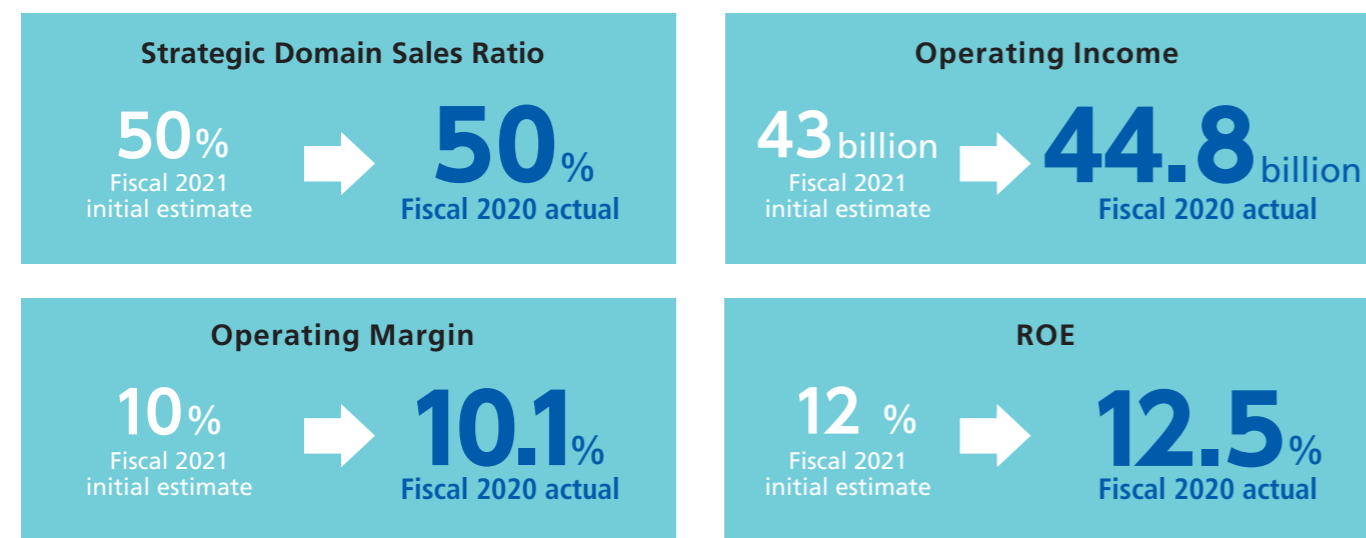
Progress on Medium-Term Management Plan

Fiscal 2020 Overview

Basic Policy and Key Performance Indicators

- All key performance indicators for final year of medium-term management plan—fiscal 2021—achieved a year ahead of schedule, reflecting groupwide business acceleration.

Key Performance Indicators (Fiscal 2021)



Guided by a management policy with a profit emphasis, TIS has set KPIs under the following conditions. From the perspective of progress toward targets and the status of efforts to ensure sustainable profit growth and constant transformation with a sense of speed, as outlined in Medium-Term Management Plan (2018–2020), the chosen KPIs are operating income, the strategic domain ratio and the operating margin. From the perspective of measuring returns over capital costs as the Company vigorously pursues business more conscious of capital costs than before, ROE is the KPI.

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"

Looking Back on Fiscal 2020

- ▲ Strategic domain ratio surpasses medium-term management plan target of 50% ahead of schedule.
● Driven by demand for payment settlement solutions, Service IT Business achieved sales but posted lower operating income. Qualitative transformation required to achieve medium-term targets, including improvement in profitability on service-type businesses.
- Gross profit margin improved to 23.9% (YOY change, +1.4%), reflecting enhancement upgrades and efforts to reinforce order profitability.
● Development loss ratio held to 0.6%, staying within full-year target level (0.8%)
● Implemented review of Group strategy for platform business, including cloud, security, data center and network operations.
- Reinforced ties with existing targets of capital participations and further fortified overseas business platform by bringing several influential partners under the Group umbrella and by forming new capital and business alliances.
● Utilized composite capabilities derived from alliances in joint expansion of platform services.
- Formulated Diversity and Inclusion Policy and promoted various measures designed to enable employees to achieve self-fulfillment.
● Began groupwide initiative to constantly upgrade the skills of personnel who will drive business growth.
● TIS included in "New Diversity Management Selection 100" by Ministry of Economy, Trade and Industry.
- From April 2020, began implementing common systems and shared development within Group under project to elevate head office functions.
● Brand recognition dramatically improved, hitting 32% (up 13% YOY), through strategic brand investment.
● Finished selling off real estate in and around Metropolitan Tokyo as Group office relocated and centralized.

Looking Back on Past Medium-Term Management Plans

We look back on the three medium-term management plans that have led the TIS INTEC Group to where it is today.

	First Medium-Term Management Plan (Fiscal 2010 – Fiscal 2012) "IT Evolution 2011"	Second Medium-Term Management Plan (Fiscal 2013 – Fiscal 2015) Taking on Transformation "Brave Steps 2014"	Third Medium-Term Management Plan (Fiscal 2016 – Fiscal 2018) "Beyond Borders 2017"			
Theme	Group management emphasizing independence of each Group company	Overall optimization of the Group and greater sense of solidarity	Portfolio management, in a project sense, blending exceptional businesses and key strengths into a single approach			
Basic Concept/ Medium-Term Management Direction	<ul style="list-style-type: none"> Demonstrate composite Group strengths while highlighting uniqueness of the Group and expand scope of business activities Pursue business activities underpinned by client trust Reform production platform and capitalize on new business opportunities 	<ul style="list-style-type: none"> Top-line emphasis as One Company Enterprising and bold ⇒ Embrace reforms. Expect full-fledged V-shaped recovery to get back on growth trajectory. 	<ul style="list-style-type: none"> Profit emphasis IT brain Portfolio management ⇒ Set ROE as key performance indicator and strive for improved corporate value and sustainable growth 			
Major Priorities in Group Management	<ul style="list-style-type: none"> Promote greater management efficiency as a corporate group Cultivate corporate culture that unites the Group Promote measures that fuel corporate growth and motivate employees Strengthen financial position on a consolidated (groupwide) basis 	<ul style="list-style-type: none"> Promote new Group formation Cultivate shared spirit that permeates groupwide Lay resilient financial base to facilitate prior investment activity Streamline and centralize corporate functions Reinforce product brands and corporate image 	<ul style="list-style-type: none"> Integrate/centralize shared functions with the Group ⇒ Make office procedures more efficient, enhance capital and asset efficiency, raise Group profile, and cultivate corporate culture with sense of solidarity Realize higher level of administrative management ⇒ Promote management with profit emphasis, work to enhance accounting, taxation, financial reporting, and implement Group personnel strategies 			
Key indicators	Fiscal 2012		Fiscal 2015		Fiscal 2018	
	Estimates	Actual	Estimates	Actual	Estimates	Actual
Net sales	¥400 billion	¥327.4 billion	¥350 billion	¥361 billion	¥400 billion	¥405.6 billion
Operating income	¥35 billion	¥15.6 billion	¥25 billion	¥21.1 billion	¥30 billion	¥32.7 billion
Operating margin	8.8%	4.8%	Above 7%	5.9%	7.5%	8.1%
ROE	More than 10%	1.5%	7.5%	6.0%	8.0%	9.9%
Policy on return to shareholders	Maintain stable dividend		Strive for payout ratio of 30%		Strive for total return ratio of 35%	
Payout ratio	74.0% in fiscal 2012		25.6% in fiscal 2015		16.6% in fiscal 2018	
Total return ratio	74.0% in fiscal 2012		30.4% in fiscal 2015		30.5% in fiscal 2018	
Reference: Average annual growth rate over three years						
Net sales	-1.1%		+3.3%		+4.0%	
Operating income	-13.1%		+10.6%		+15.7%	
Key reflections	<ul style="list-style-type: none"> Planned to expand business volume by turning SORUN Corporation into consolidated subsidiary, but growth was tempered by significant deterioration in external environment caused by such factors as Lehman shock. Against this backdrop, management decided to pursue course of realignment in Group formation, including merger of SORUN and UFIT Co., Ltd., into TIS, and implemented sweeping structural reforms, including relocation and centralization of Group offices in Tokyo area, to create more resilient management structure. Blueprint for totally revamping operations urgently needed for Group to demonstrate truly comprehensive capabilities because prevailing corporate consortium structure optimized to each company under Group umbrella insufficient to showcase overall capabilities. 	<ul style="list-style-type: none"> Pushed ahead on building unique and obvious strengths (growth engines) and linking strengths, as well as concentrating capabilities into core businesses. Achieved net sales target but failed to hit operating income target as issues continued to sideline efforts to prevent projects from becoming unprofitable and efforts to boost productivity. Progress on approaches to achieve evolution in services and globalize operations fueled expansion in scope of business activities but not enough to create business with revenue-source potential. Realized certain degree of success with measures to restructure operations and reinforce cooperation across business lines. This included turning AGREX Inc. into wholly owned subsidiary. Also unified Group brand to underscore integrated group management, but more extensive approach needed for overall optimization. 	<ul style="list-style-type: none"> Expansion in value-added creation style services, along with assignment solution style services geared to client requests, fueled growth. Shift to market-cultivating style services requires faster responses. Profitability steadily improving, and efforts to control unprofitable projects showing results. But low-level control still required. Transition to operating holding company structure and steady implementation of measures, including business realignment, office consolidation and improved capital efficiency, to achieve overall optimization of the Group. Made progress in cultivating corporate culture with sense of solidarity through design of single logo and creation of Group vision. To achieve sustainable growth and improved corporate value, prioritized structural transformation and establishment of resilient management platform through additional reforms within the Group in anticipation of major changes in society. 			

Activities under Medium-Term Management Plan

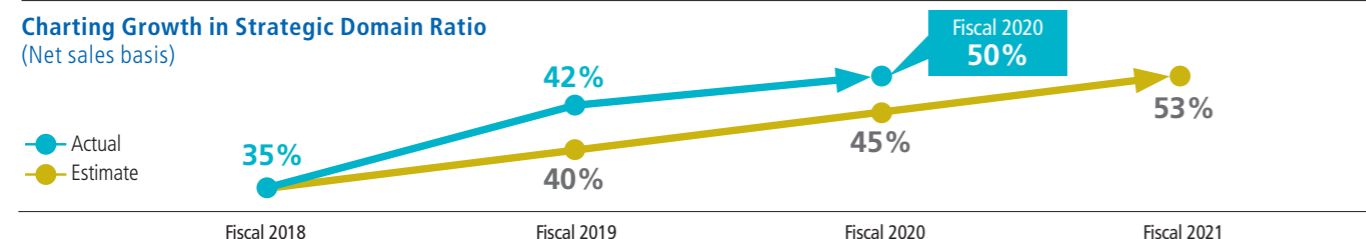
Structural Transformation Strategy

Progress on Structural Transformation Strategy (1)

Medium-Term Management Plan (2018–2020) guiding rapid structural transformation toward success of Group Vision 2026.

- ➡ Marked favorable progress, particularly with expansion in demand for existing Strategic Partnership Business (SPB) and IT Offering Service (IOS), and reached target set for final year of medium-term management plan a year ahead of schedule.
- ➡ Realize structural transformation toward higher-earning-potential, stock-style services in strategic domains.

Charting Growth in Strategic Domain Ratio (Net sales basis)



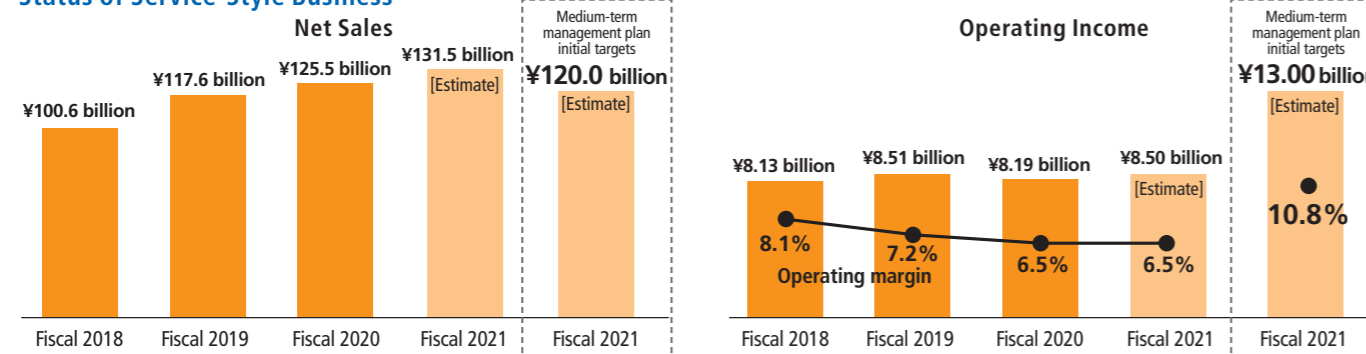
<h4>1. Strategic Partnership Business</h4> <p>For clients at the top of their industry, we will draw on industry foresight and business knowledge that other companies cannot match—our business tools—to explore and promote business strategies with clients and underpin business basics.</p> <p>Desired Status Building strong business partnerships to help clients expand operations by jointly exploring business strategies and identifying and solving business-related concerns.</p>	<h4>3. Business Function Service</h4> <p>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.</p> <p>Desired Status Complementing IT Offering Service with new businesses to enhance efficiency, mainly through automation, and providing high-value-added services to clients.</p>
<h4>2. IT Offering Service</h4> <p>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.</p> <p>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.</p>	<h4>4. Frontier Market Creation Business</h4> <p>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.</p> <p>Desired Status Creating new markets that become pillars of business for the Group.</p>

Progress of Structural Transformation Strategy 2

Working to turn service-style business—at core of IT Offering Service—into growth engine and steadily develop business by expanding accumulated strengths, taking a robust approach to investment and actively pursuing open innovation.

- ➡ Going forward, selectively invest in areas of keen interest while focusing on further business expansion and enhanced profitability.

Status of Service-Style Business



Anticipated Core Composition of Net Sales

(Billions of yen)	Fiscal 2018 Actual	Fiscal 2019 Actual	Fiscal 2020 Actual	Fiscal 2021 (Estimates)	Status/Forecast
Payment	10.0	15.0	22.5	28.5	Continue to emphasize payment settlement solutions. Anticipating sales increase.
ERP	28.0	28.0	27.0	25.0	Risk of extended discussion on upgrade projects, with possible drop in sales.
Data centers/cloud/networks	42.0	42.0	43.0	44.0	Cloud attracting interest but existing data center business shrinking. Will capture cloud and security demand to boost sales.

Business Portfolio Review

- As part of the business portfolio review, management looked into Group strategies to reinforce platform businesses, such as those for cloud, security, network and data center use.

Placement of platform business strategy promotion structures

Structures to leverage strategies, with emphasis on investment, sales and personnel, applicable to key platform businesses groupwide placed in TIS.

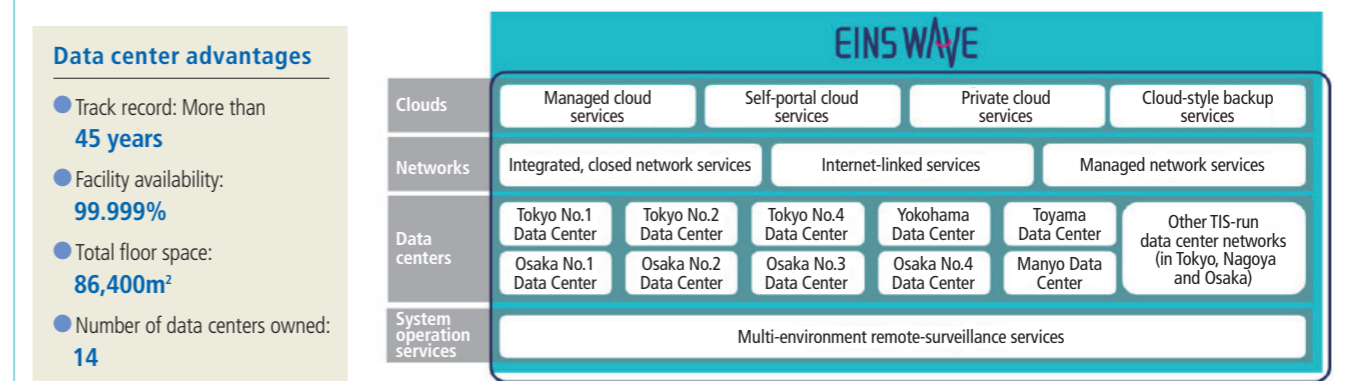
- ➡ Optimize businesses and operate efficiently with sense of speed

Integrating brands for EINS WAVE

Services, including cloud, network and data center services, under TIS and INTEC brands merged into single brand.

- ➡ Add quality of consistency to Group services, raise profile and sharpen competitive edge

Service map under integrated brand (outline)



As a group, we will draw on composite expertise to respond to changes in the market with a sense of speed and strive to sharpen our competitive edge and expand demand for services, especially in the cloud and security domains.

Other recent accomplishments

- All shares in two BPO-related consolidated subsidiaries (AC Medical Inc. and Koushin Inc.) transferred outside the Group (February – March 2019).
- All equity in Tianjin TIS Hi-tech, in China, transferred outside the Group (October 2019).
- TIS' EDI (electronic data interchange) business assumed by INTEC through corporate split to centralize operations (April 2020).
- TIS agreed to acquire a partial stake in TIS Chiyoda Systems Inc., a new company established to assume the IT business divested by Chiyoda System Technologies, a wholly owned subsidiary of Chiyoda Corporation, and decided in February 2020 to make the company a consolidated subsidiary from October 2020.
- ➡ TIS will utilize connection to build strategic partnership designed to promote digital transformation of the Chiyoda Group and, in the future, will provide IT solutions utilizing accumulated know-how through the new company.
- TIS agreed to acquire a partial stake in Miotsukushi Analytics Co., Ltd., which is engaged in data analysis and AI consulting, and turn the company into a consolidated subsidiary (August 2020).
- ➡ TIS will strengthen data analysis and AI-related services, which are key components in clients' digital transformation and pursuit of digital businesses.

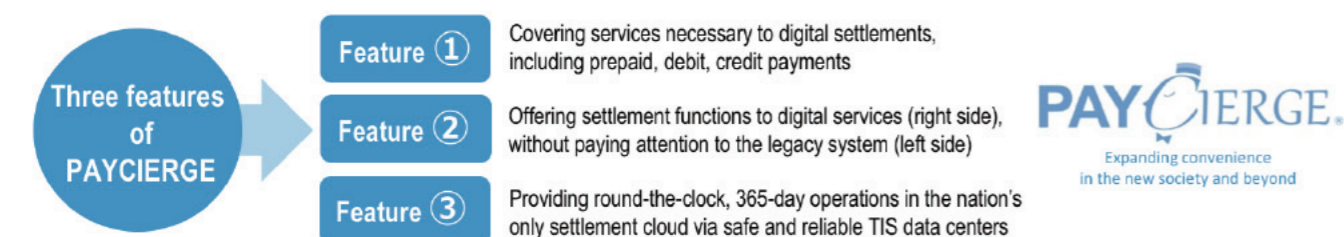
Leveraging our strengths to accelerate business development and realize a cashless society

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.

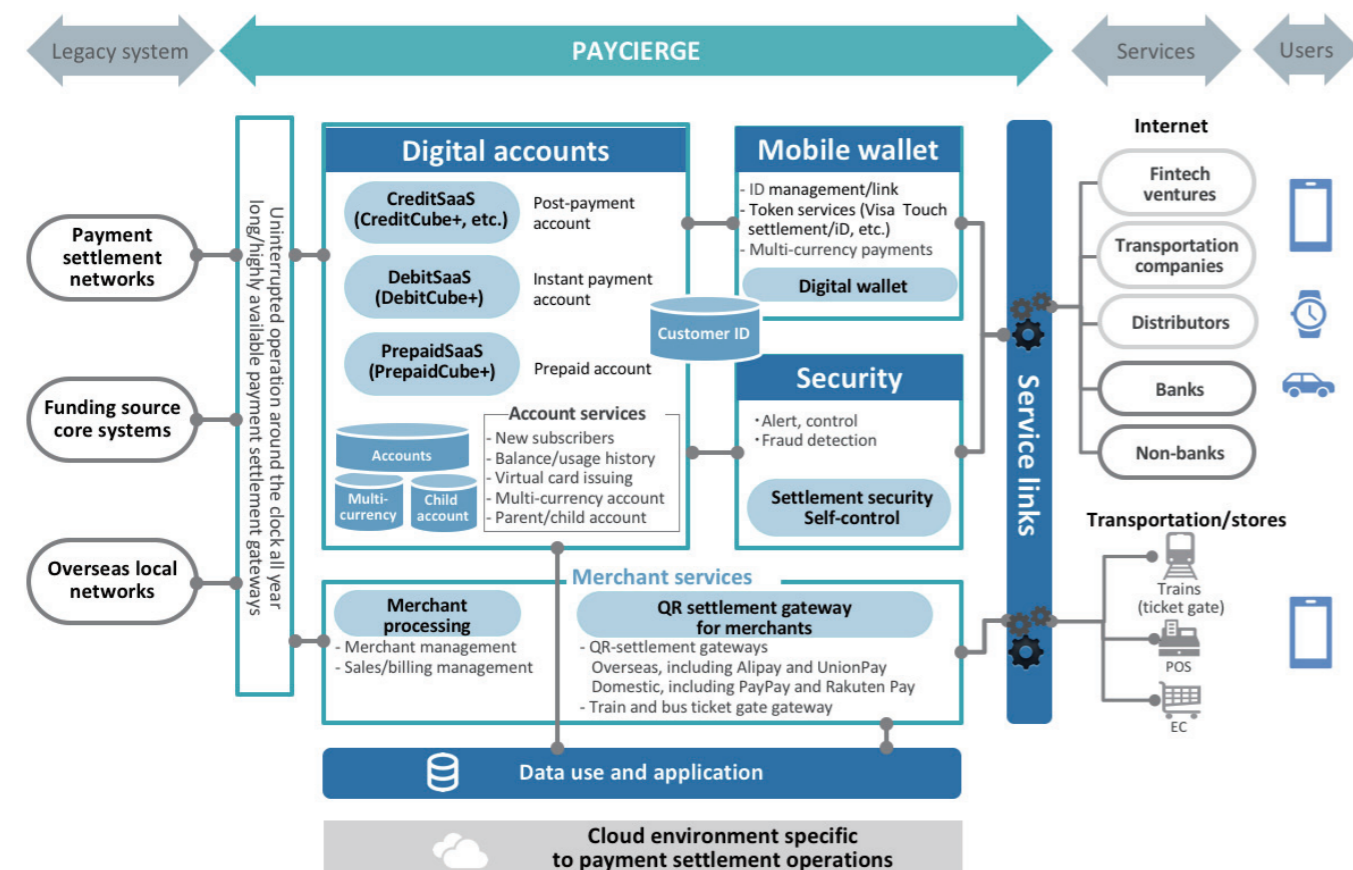
Amid recent advances in cashless payments, conditions in the payment settlement market are changing dramatically due to progress in smartphone and other related technologies, the entry of companies from different sectors, and the rise of FinTech companies. Viewing this situation as a new growth opportunity, 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.



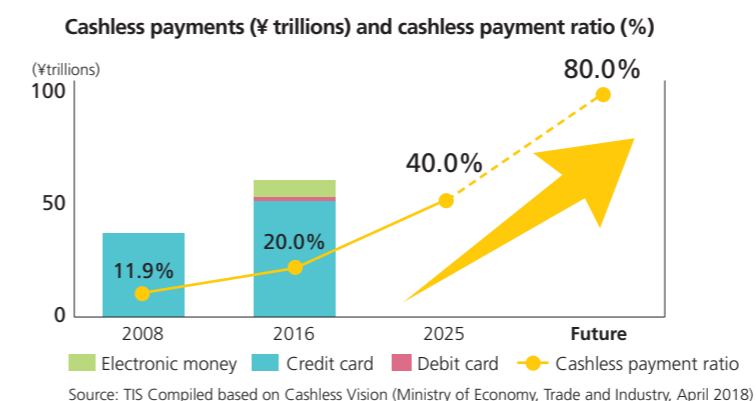
Overview of Payment Services and TIS' Core Focus



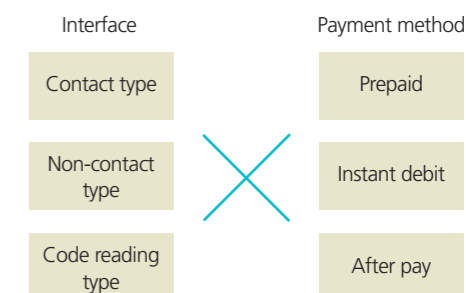
We have a particularly strong competitive advantage in the field of digital account services, which enable us to provide all sorts of processing services, including prepaid, instant debit, and after-pay credit.

Status of cashless payments in Japan

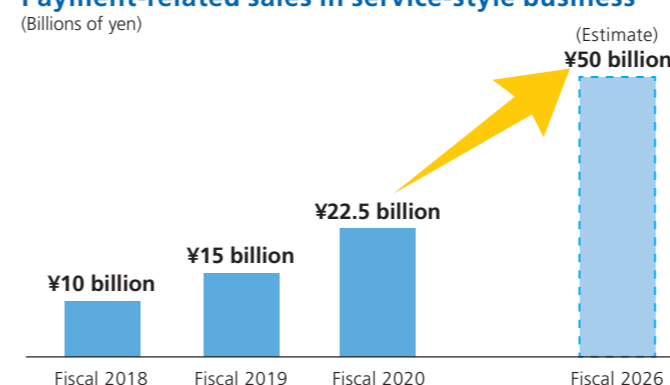
- The Japanese government is promoting cashless payments, which are expected to become more widespread in the future
- The credit card is a typical tool for making cashless payments, and the credit card transaction volume is expected to increase in the future alongside an increase in mechanisms for linking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



Combination of cashless payment methods



Payment-related sales in service-style business



The entire payment processing market is expanding, driven by the spread of cashless options to pay for purchases. Against this backdrop, companies are embracing digital transformation to break into the payment settlement business, which is creating an emerging platformer market that is expected to reach ¥90 billion by fiscal 2026.

Based on this forecast, TIS is targeting emerging platformers, specifically demand in the core area for issuers, which requires a particularly high level of specialization. The Company has exactly this kind of specialization and will maximize it for a competitive advantage. TIS will work toward sales of ¥50 billion, or a 70% share of the market, by focusing on credit SaaS.

Status in fiscal 2020

Digital account services (credit SaaS, debit SaaS, prepaid SaaS)

- Directed efforts into platform-building for providing credit SaaS. Projects for first-time users moving well, steady progress with services expected to go live during the next medium-term management plan.
- With growing demand from consumers for non-cash settlement options and wider interest in e-commerce, debit SaaS and prepaid SaaS also attracted attention. Client base steadily expanding and transaction volume also up.

Digital wallet services

- Initiated services for MUFG Wallet and Toyota Wallet. Business development accelerating.
- Turned U.S.-based Sequent Inc. into subsidiary to ensure quick access to token requester technology.

Other services

- Increasing demand for QR gateway services at money access points and merchants in Japan and overseas.
- Solid steps forward on proof of concept for MaaS and Super City initiative and further involvement in development plans

Topic

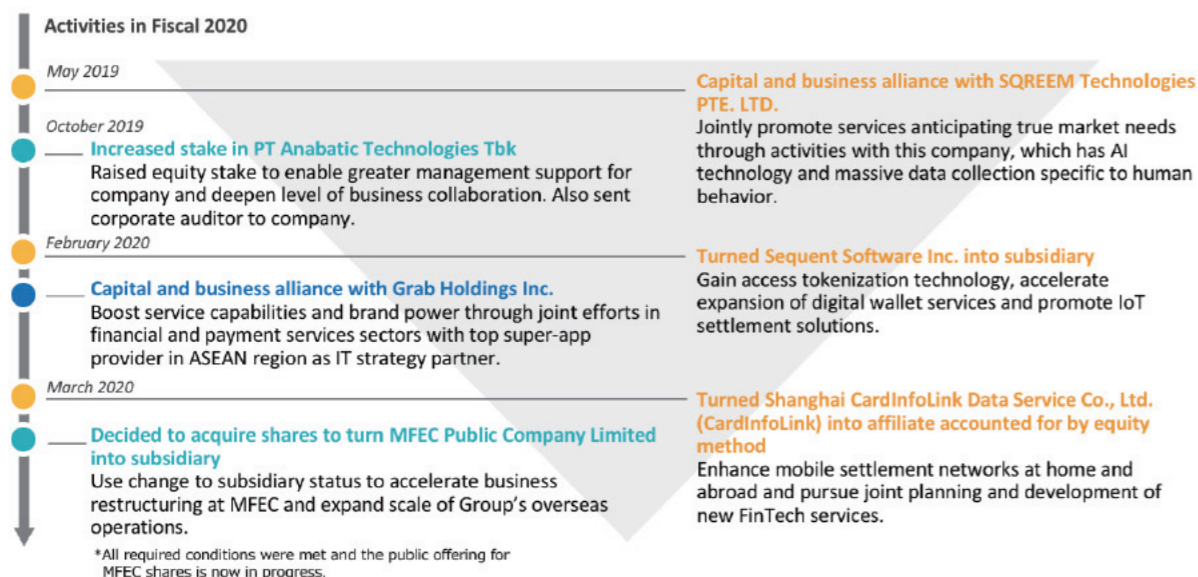
TIS held an information meeting on December 9, 2019, to highlight PAYCIERGE. This was the Company's first event on the PAYCIERGE theme. A total of 80 investors attended, and three TIS executives with business unit responsibilities provided details on areas of emphasis as well as strategies and other initiatives related to payment services.

➡ Presentation materials can be found at <http://www.tis.com/documents/en/ir/finance/meeting/191209.pdf>

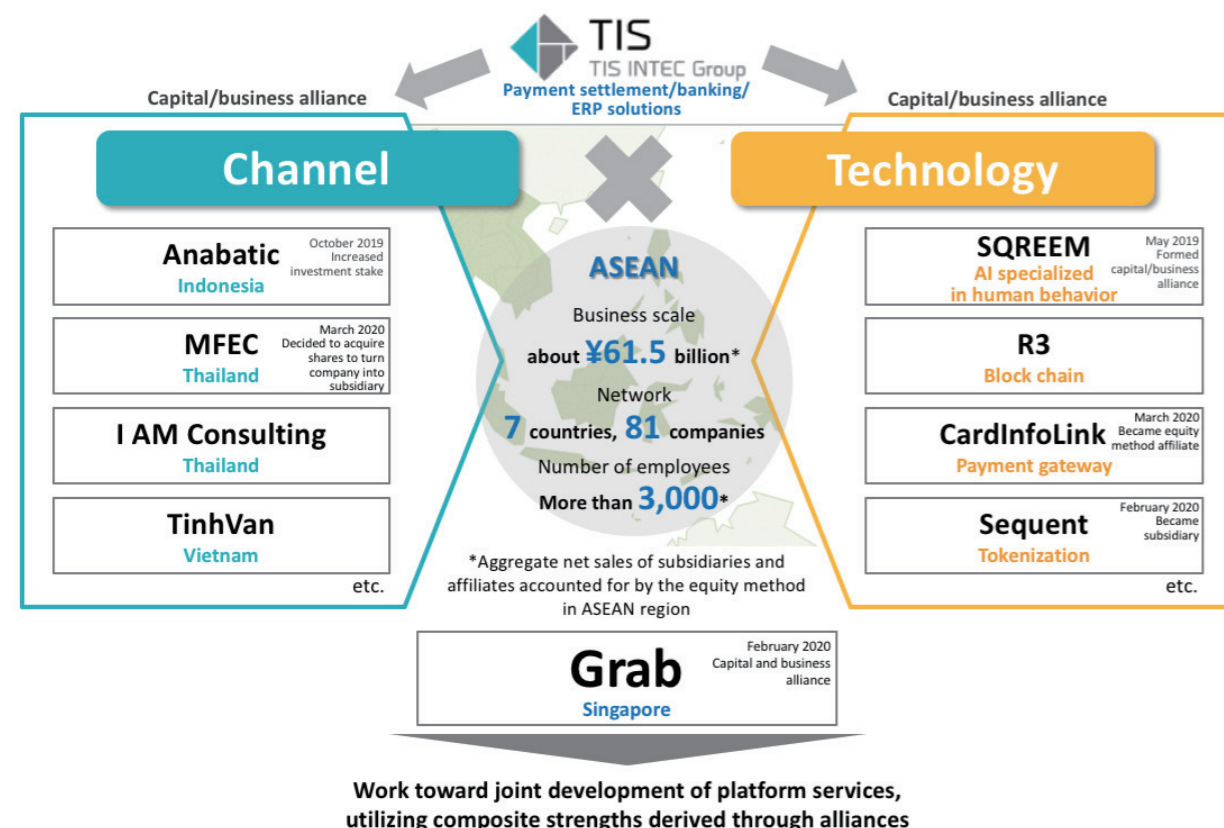
Leverage business domain expansion and strategic investments to become top-class IT group in ASEAN region

Three pillars support expansion of the TIS INTEC Group's overseas operations: providing local support to existing clients as they pursue a presence in other countries, applying know-how accumulated in Japan to develop local markets overseas, and bringing cutting-edge technologies from abroad to Japan to reinforce our capabilities in the domestic market.

Currently, TIS seeks to build a top-class group of IT companies in the ASEAN region. Toward this end, the Company will maximize alliances forged through strategic investments in channels—that is, local markets—and technology, while promoting business development that integrates the respective strengths of each company and expanding business domains through new and reinforced connections across the ASEAN region.



Steadily reinforce business base in ASEAN region — area of highest priority — to achieve dramatic expansion in our overseas business, which will leverage cutting-edge services matched to local needs for enormous client base



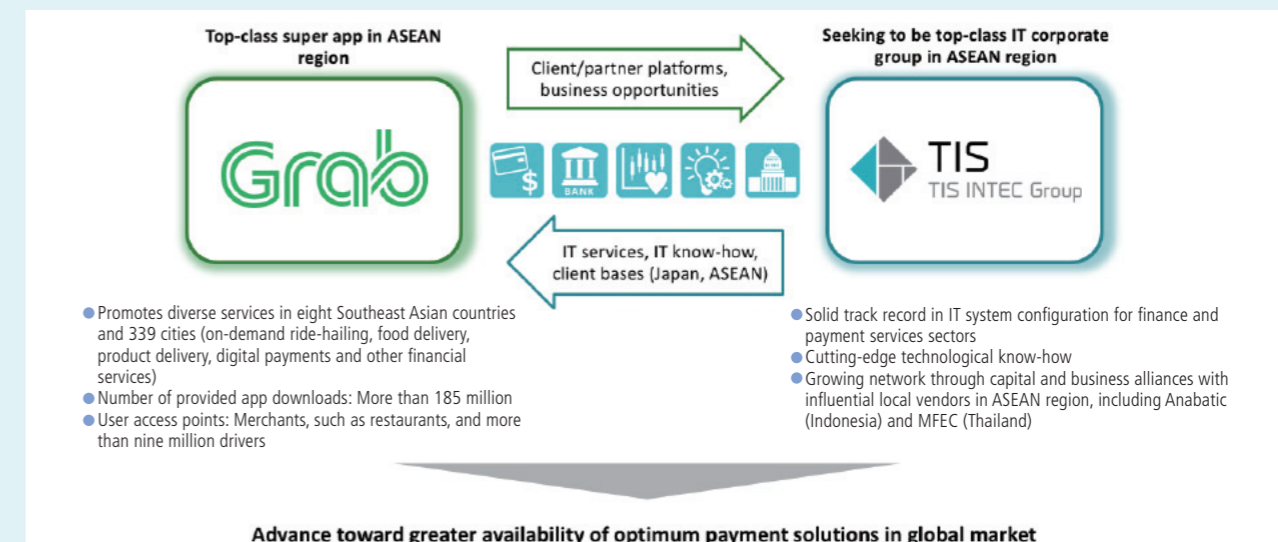
Key M&A Targets in Recent Years, Capital/Business Alliance Results

PT Anabatic Technologies Tbk (Equity-method affiliate = 37.3% stake)	Capital and business alliance in July 2015 Increased stake in October 2019 Indonesia-listed, top-tier local IT company.	Net sales: ¥44.2 billion
MFEC Public Company Limited (Equity-method affiliate = 24.9% stake)	Capital and business alliance in April 2014 Decided to acquire shares toward turning company into subsidiary in March 2020 Thai-listed, leading provider of enterprise IT solutions.	Net sales: ¥13.3 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.	Net sales: ¥2.5 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 the Vietnamese government and financial institutions.	
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-method affiliate = 18.1% stake)	Capital and business alliance in September 2017 Equity-method affiliate in March 2020 FinTech company developing presence in China and around the world, with particular strength in payment gateway solutions and other services.	
PromptNow Co., Ltd. (Consolidated subsidiary = 60.0% stake)	Turned into consolidated subsidiary in May 2016 Leading FinTech company with multiple proprietary mobile services for financial institutions.	
Sequent Software Inc. (Consolidated subsidiary = 60.1% stake)	Capital and business alliance in May 2017, turned into consolidated subsidiary in February 2020 One of very few tokenization vendors in the world, and recognized by multiple international brands	
Grab Holdings Inc.	Capital and business alliance in February 2020 Top-class super app provider in ASEAN region. Expands into one business after another across wide range of sectors, including ride-hailing services, food delivery and financial services. Boasts 196 million downloads on aggregate basis.	

*Net sales for fiscal year ended December 31, 2019, converted at exchange rate prevailing at year-end.
*Equity stakes current as of May 12, 2020.

Capital and business alliance with Grab Holdings Inc.

In February 2020, TIS took a US\$150 million (about ¥16.5 billion) stake in Grab Holdings, which offers diverse services in the ASEAN region. Going forward, the Company aims to be an IT-oriented strategic partner through joint efforts in the areas of financial and payment services in the ASEAN region. The collaborative emphasis will be on ensuring a stable infrastructure for digital payments, a method that is becoming more popular in Southeast Asia, and jointly promoting development of new payment solution technology.



TIS continues to take a robust approach to alliances, including a capital and business alliance formed in May 2020 with Entropica Labs Pte. Ltd., a start-up in Singapore engaged in development of quantum computer software.

Activities under Medium-Term Management Plan

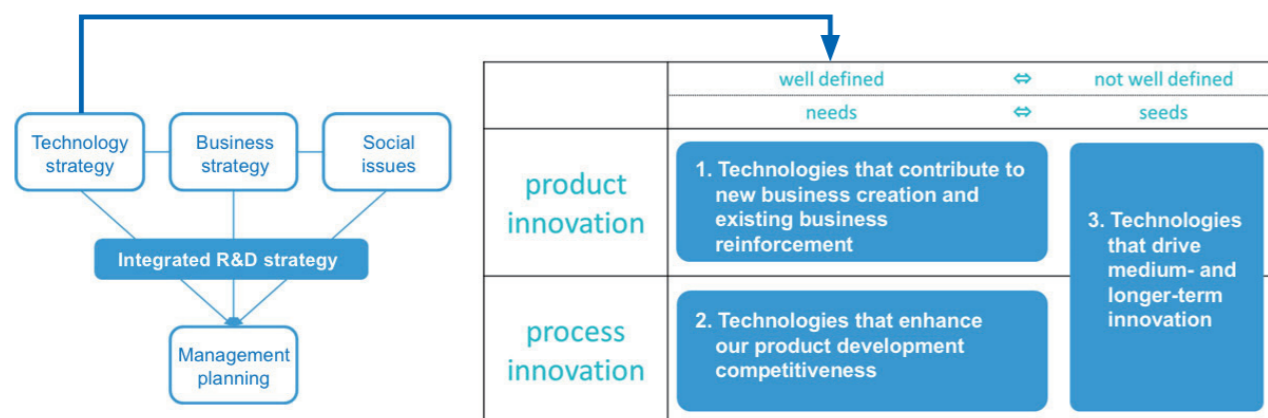
New Technologies and R&D

Focusing on the development of technologies and the promotion of innovation that contribute to the resolution of social issues and the attainment of a sustainable society

In recent years, the evolution of information technology and the accompanying changes in market needs have become increasingly intense. COVID-19 has also accelerated the shift from real to virtual and analog to digital.

Against this backdrop, TIS is working to develop technologies and create innovations across the entire TIS INTEC Group, aiming to achieve the corporate goal described in Group Vision 2026: "Create Exciting Future – Realizing business innovation and market creation using advanced technology and know-how".

Our activities are based on open innovation in order to categorize technology strategies and to make the results of activities in all areas faster and more broad-ranging.



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

With an emphasis on speed, we are strengthening our ability to create new businesses mainly through collaboration with start-ups in Japan and overseas.

Corporate venture capital: Implementing speedy investment in start-ups where collaboration is assumed

Through CVC, which is expected to lead to investment of ¥2 billion by March 2021, we will make investment decisions in a minimum period of about one month from discovery to final approval for start-ups in the rapid growth period from seed to middle stage.

Number of investments: **35** Investment: **¥1.3 billion** (Cumulative total from April 2016 to July 2020)

2. Technologies that enhance our product development competitiveness

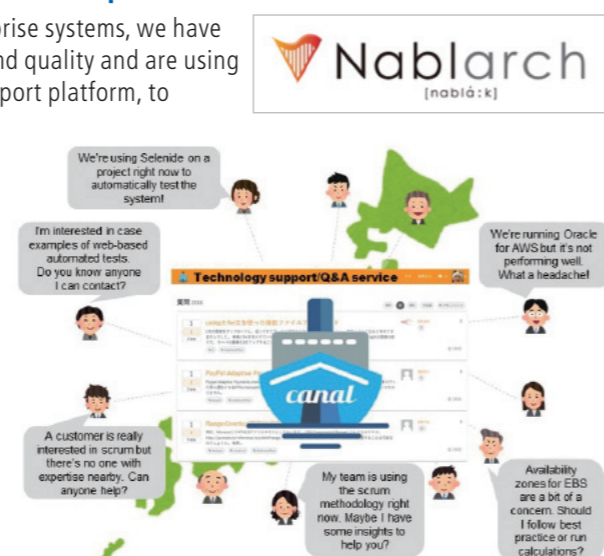
In addition to Nablarch, a platform for developing mission-critical enterprise systems, we have developed a variety of software and processes to improve productivity and quality and are using them throughout the Group. We also use canal, a mutual technology support platform, to respond to rapidly evolving information technology.

canal: Mutual technology support platform for employees

When an employee posts a technical question to canal, it is automatically forwarded to 113 TIG-certified experts, and they can receive highly specialized and useful answers. It is a platform that can quickly respond to customer needs and technical issues by leveraging the Group's expertise and demonstrating the value that only a major corporation can provide.

Seven Group companies have adopted canal, which is used by 6,027 employees, or 60% of the total workforce of companies that have deployed it. canal also fosters a corporate culture of mutual support among Group companies.

Number of users: **6,027** (As of July 2020)

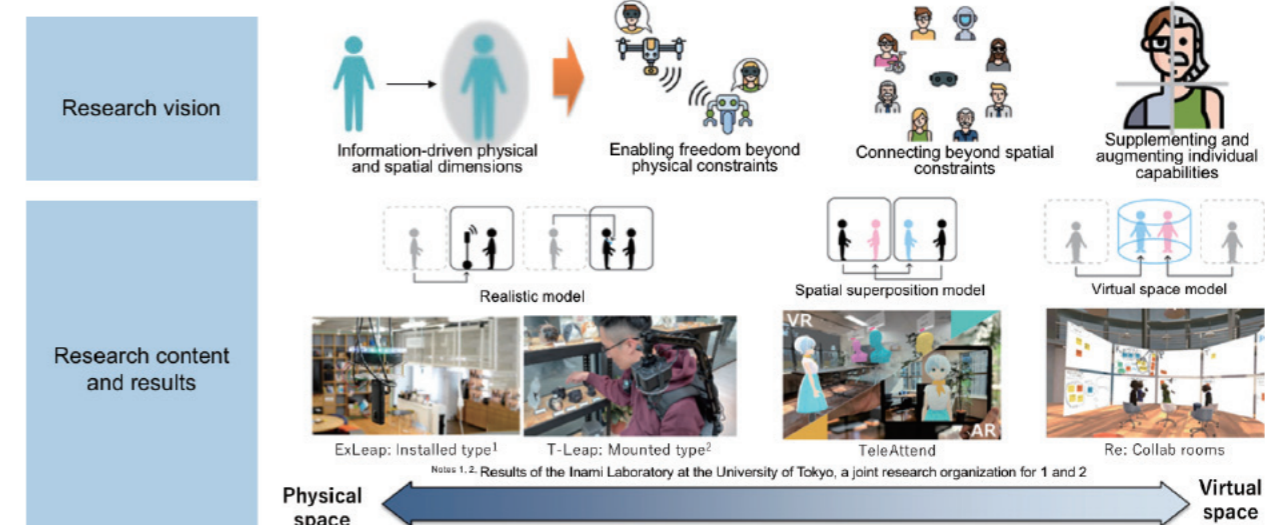


3. Technologies that drive medium- and longer-term innovation

We conduct research and development in collaboration with universities and public research institutions.

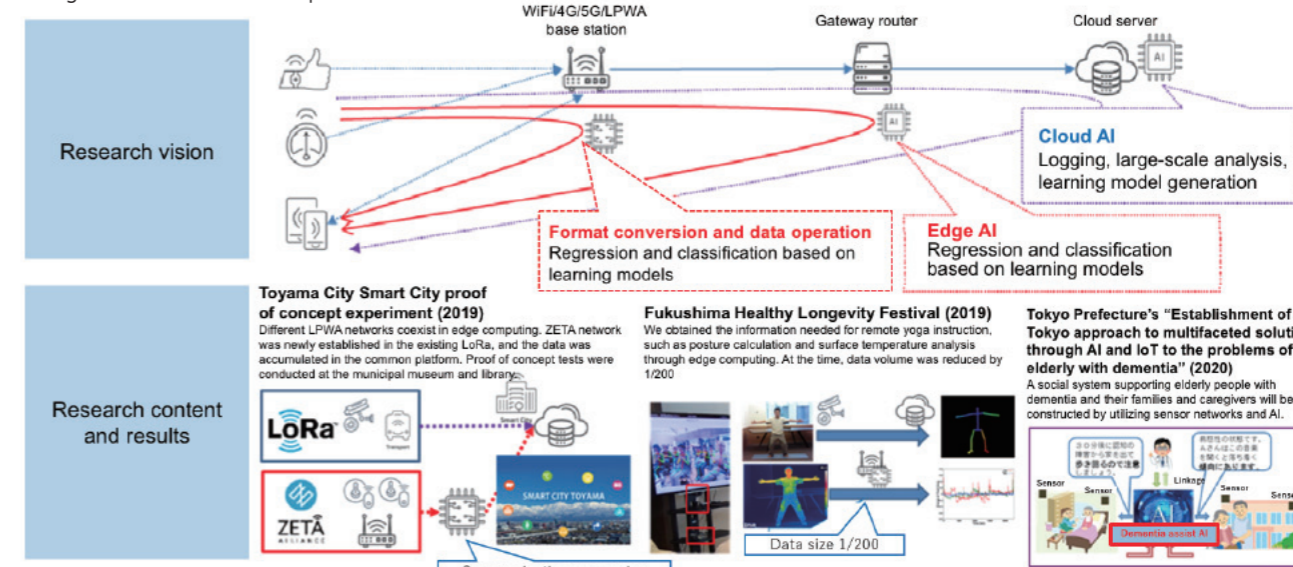
Focusing on XR and multi-level edge computing as core technologies

Focusing on XR (extended reality – incorporating augmented reality (AR), virtual reality (VR), mixed reality (MR), and everything in between) technology as a human augmentation technology, we are researching and developing modeling of physical and spatial information important for remote communication in cyberspace.



Multi Level Edge Computing

Focusing on edge computing as an information service infrastructure technology in the IoT era, we are researching and developing platforms (agile responsiveness, flexible configurations, more intelligent applications, energy savings, software description) that integrate networks and computers.



Our Technology & Innovation SBU pursues a variety of other technological developments, new business developments, and R&D. The results of these activities are shown on Fintan (<https://fintan.jp/>).

Fintan: Development expertise provided for free

The know-how we have accumulated through our research and development, systems development, and new business development projects is published on the Internet. The tools, processes and know-how required to promote open innovation are available free of charge to anyone anywhere.

Fintan's unique monthly users: **9,609** (July 2020)

*Total number of users accessing from the same browser by period

*Fintan is a legendary figure in Celtic mythology who accumulates the 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.



Activities under Medium-Term Management Plan

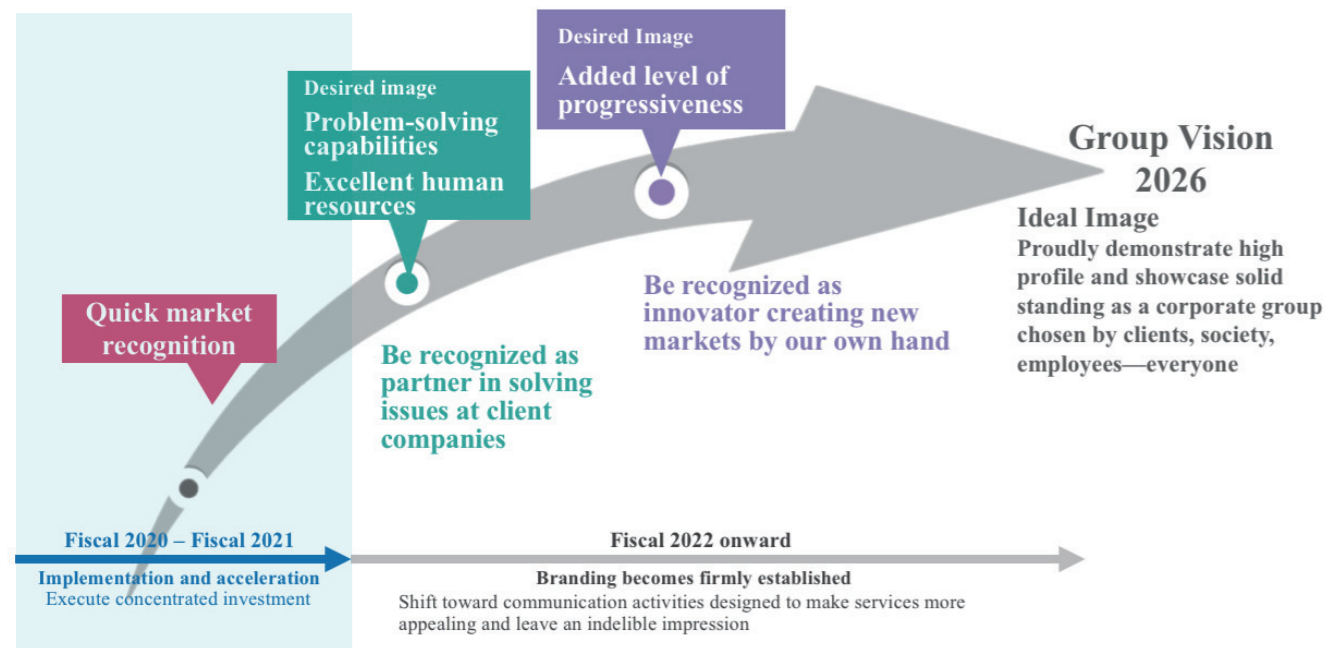
Strategies for Enhanced Management Practices and Improved Efficiency

Enhanced corporate brand

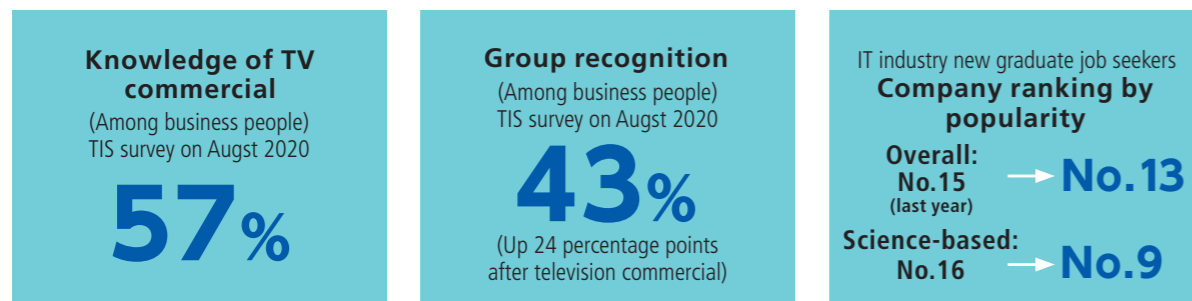
Robust pursuit of strategic brand activities for stronger management foundation built on brand power

- ▶ Implement concentrated investment through fiscal 2021, seeking to ensure market quickly associates brand with business activities. (Increase investment by ¥500 million in second half of fiscal 2020, ¥1 billion in fiscal 2021 (plan))

Branding activities roadmap



- Various measures to boost recognition, including a television commercial — Group’s first — delivered a certain degree of success.
- Going forward, measures will be put in place to make TIS INTEC Group the choice of all stakeholders and to raise brand profile



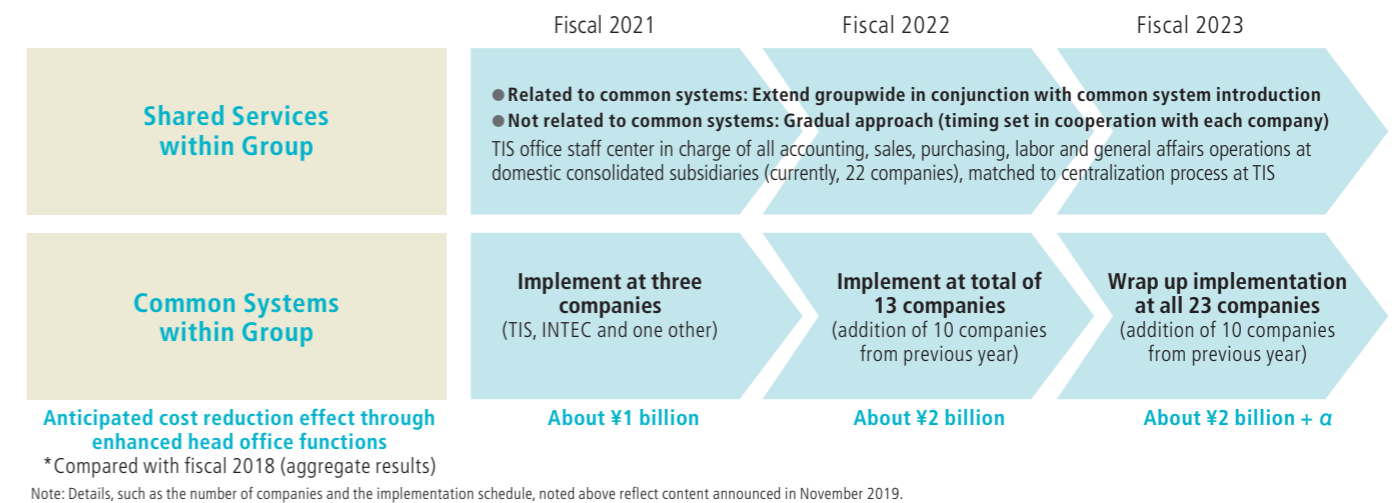
To capitalize on more business opportunities, improve recruiting power and elicit greater pride in working for a company under the TIS INTEC Group umbrella, TIS will make fiscal 2021 a time of intensive investment and maintain strategic brand investment

Progress on G20

G20 project to elevate head office functions progressing well. Gradual introduction of shared services and common systems 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

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 spring 2021.

- ▶ Concentrate TIS and INTEC business operations at Toyosu Office. Concentrate head office function for both TIS and INTEC at Nishi-Shinjuku Office.



The COVID-19 pandemic has ushered in a new normal, and as we consider new workstyles that suit the altered times, we will prioritize a review of how the Toyosu office will be set up.

- Position as place of communication and collaboration
- Dramatic reduction in office area seating (Future target: 50% of initial design ratio)
- Dramatic increase in communication booths —booth-sized workstations—including remote format

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.

Activities under Medium-Term Management Plan

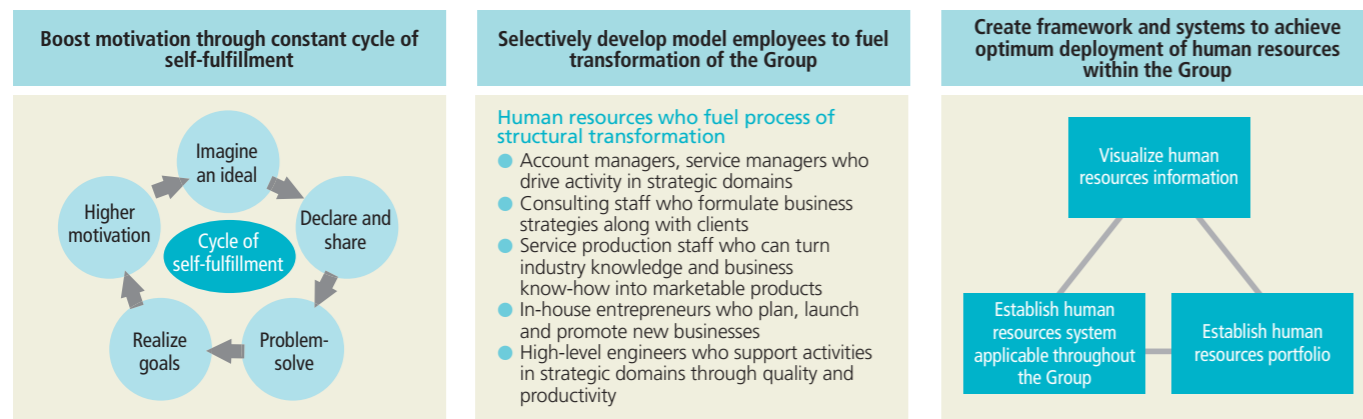
Human Resources Strategies

Emphasize measures to help employees achieve personal career goals and create framework/culture that enables diverse human resources to thrive
 ~Individual cycle of personal fulfillment will be driver of growth for the Group~

Of all the management resources available to the TIS INTEC Group, employees are the most important. One of the basic policies described in Transformation to 2020—the medium-term management plan that TIS launched in April 2018—is to emphasize employee self-fulfillment, and efforts will be directed toward the creation of an environment, corporate culture and systems that make diverse human resources excited about their work.

TIS will promote the environment and opportunities that enable each and every employee under the Group umbrella to fully demonstrate their skills, which will lead to sustainable growth of the Group overall.

Human Resources Strategy in Medium-Term Management Plan (2018–2020)



Activities in fiscal 2020

In fiscal 2020, principal companies under the Group umbrella took up performance management, signed on to the groupwide Diversity and Inclusion Policy, implemented diverse activities to help employees thrive, and promoted health management and workstyle reform. These efforts were designed to accelerate the cycle of self-fulfillment in career goals of employees who are the driving force of corporate growth, based on the personnel manifesto drawn up by the TIS Human Resources SBU.

Activities planned for fiscal 2021

Fiscal 2021—the last year of Medium-Term Management Plan (2018–2020)—will see the culmination of measures and accomplishments achieved in line with the personnel manifesto. This will provide the framework and corporate culture that underpin the development of human resources with top-level skills and who then contribute to structural transformation of the Group.

Boost motivation through constant cycle of self-fulfillment to realize career goals

- Conduct groupwide survey on job motivation and encourage activities to improve motivation
- Extend system that enables employees to continue to be active in the workplace if they are willing and able, regardless of age, through introduction of system for rehiring retired employees up to age 70
- Deepen scope of performance development measures, including 1-on-1 training, career planning, wider open-recruitment and promotions, to encourage personal growth
- Create corporate culture/atmosphere and introduce peer bonus that foster praise and recognition of outstanding efforts

Selectively develop model employees to fuel transformation of Group

- Manage pipeline to human resources who, with training, will go on to become group leaders and corporate management

Create framework and systems to achieve optimum deployment of human resources within Group

- Create a portfolio—a database of objective information about the status of human resources groupwide—that management can access to optimize personnel assignments and promote approaches shaped by TIS throughout Group

Last year of current management plan to achieve goal to boost motivation through constant cycle of self-fulfillment to realize career goals. But look beyond next management plan and promote integrated onsite operations from perspective of understanding individuals and drawing on inherent skills.

Key Themes	Key Fiscal 2021 Measures
Group management Create common groupwide framework and promote diversity management	To vigorously promote growth and greater efficiency, TIS will implement measures that balance structure and corporate culture while enforcing a degree of control in its role as parent company
Support for structural transformation Enhance programs to train personnel who will drive management and business forward	TIS will identify personnel with potential to drive management and business forward, and then try out measures from skill and mindset perspectives to accelerate personal growth
Forward-looking personnel Build robust, sophisticated human resources structure to realize management agility	To build a sophisticated personnel system that quickly responds to changes in management and business environments, TIS will shift to a more strategic human resources structure
Strong workforce Reinforce human resources portfolio formation and hiring capabilities to secure workforce	Going forward, TIS will widely reinforce personnel-related measures, from hiring and assignment to training, to secure its required talent pool
Support for self-fulfillment of goals Shift from performance management to performance development	TIS will promote change in perception, emphasizing corporate culture that encourages managers to help junior staff develop skills rather than simply managing them, thereby increasing employee engagement and fostering independent growth



Jun Ikimune
TIS Senior Managing Executive Officer and General Manager of Human Resources SBU, TIS Inc.

TIS will implement a personnel strategy that matches its corporate direction, and this, I feel, will be the key to future success.

The TIS Human Resources SBU Manifesto, which was unveiled at the same time as Medium-Term Management Plan (2018–2020), is a declaration—a promise—to all employees about what the Company offers and how it supports employees through human resources programs and measures, including compensation, intended to boost motivation. The manifesto was not put in a corporate drawer, so to speak, once completed. It has an ongoing purpose. Every six months, results are evaluated and revisions are considered. I believe this approach fosters greater engagement between TIS and employees. Also of note, the manifesto is not exclusive to TIS, but rather, it is gradually being rolled out to companies under the TIS INTEC Group umbrella as well.

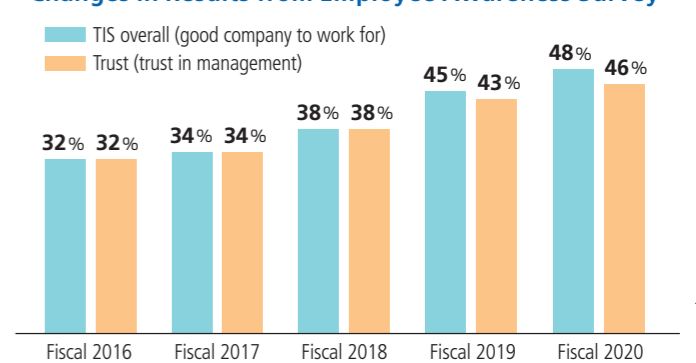
Robust measures have earned major external accolades not only for TIS but other members of the TIS INTEC Group as well. Our approach to human resources policy is recognized as progressive, and our efforts to motivate employees are highly regarded. We conduct employee awareness surveys to gauge employee perceptions, and increasingly positive results are the fuel that keeps a virtuous cycle in motion—where a company with employees who are enthusiastic about their work drive corporate growth, which in turn keeps employees motivated and the company moving forward.

From a group perspective, human resources are our most valuable management resource. People are a driving force, adding significant momentum to the creation and further improvement of corporate value. Therefore, we must continue to leverage our human resources strategy as fully as possible and ensure that constituent measures are aligned with changes in business strategies. To put it another way, our human resources strategy hinges on programs and measures matched to the business direction that we—not just TIS but the Group as a whole—must follow. It is this human resources strategy that will enable us to comfortably meet business targets, and we are committed to it. It is not good enough to go only so far. We must always aspire to a higher level and keep moving to ensure steady progress.

Employee Awareness Survey

Since fiscal 2016, TIS has conducted an annual awareness survey to identify employee motivation. The survey features questions about working toward management targets under each office structure and efforts to foster a good corporate culture. The survey acts as a barometer, gauging employee trust in management, and this result is incorporated into director evaluations. The survey thus helps us boost management effectiveness while maximizing the success of measures in force. Based on survey results, we have seen a huge improvement in the number of employees who answer that TIS is a great company to work for and that management inspires trust. In fiscal 2020, similar surveys were conducted at six Group companies. Approaches found to have been useful in boosting motivation at one company will be shared with the other companies, and personnel programs and measures will be enhanced accordingly.

Changes in Results from Employee Awareness Survey



Note: The survey is outsourced to an external organization. Aggregate results are presented as a percentage, reflecting the ratio of respondents whose answers were positive, that is, they selected “4. Often applies” or “5. Almost always applies” in a five-point rating scale.

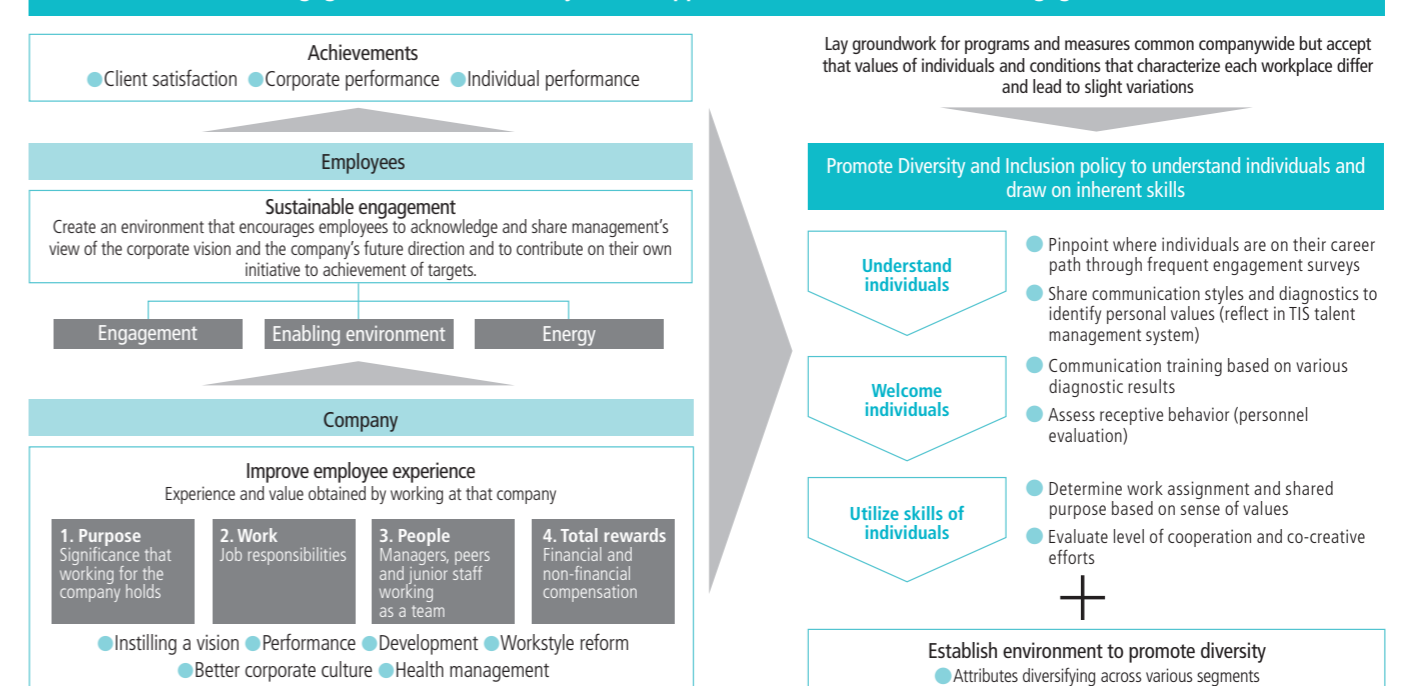
Sustainable engagement

Organizations embody the values of the individuals therein, so we seek to create sustained employee engagement that aligns our purpose as a company with the purpose of individuals traveling the same path and also makes employees more willing to contribute to the company’s—and their own—success.

As equals, we—a company and its employees—will embrace measures to grow and prosper together.

Reference: Sustainable engagement promotion system

A company that never rests in its efforts to deliver a better employee experience will be rewarded with enhanced employee engagement. As a virtuous cycle, this approach will lead to sustainable engagement.

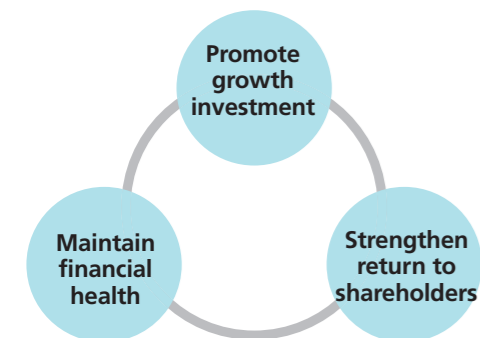


Activities under Medium-Term Management Plan

Financial Strategies

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.



Promote growth investment

- Pursue growth investment activity, such as prior investment and M&As, more robustly. Envision maximum ¥80 billion in investments over three years. Seek 50% contribution from strategic domains and operating margin of 10% through structural transformation.

Maintain financial health

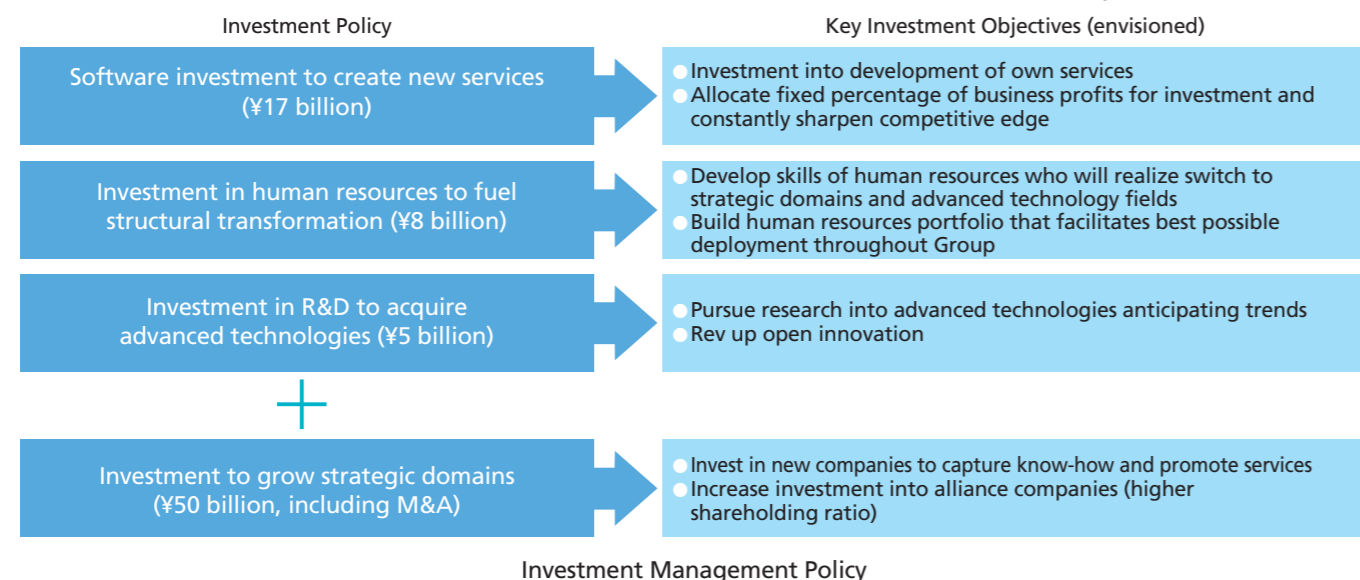
- Keeping in mind goal to maintain A rating, ensure equity ratio above 50% and allow debt-to-equity ratio around 0.5 times.

Strengthen return to shareholders

- Raise total return ratio yardstick to 40%, from 35%, and then aim for payout 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.

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.



Investment Management Policy

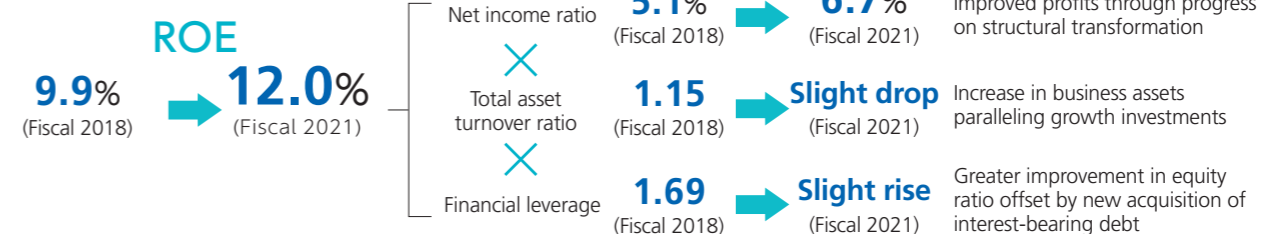
Fine-tune investment management practices to capture appropriate return from robust investment activity
Carefully select investment targets, based on investment efficiency index and investment cost, and toughen up rules for exit management

- Accelerate approaches to software investment for creating new services, with more spending than initially planned over two years.
- Maintain policy on robust growth investment to support structural transformation. However, take changes in the economic environment in account and implement individual investment decisions carefully.

(Billions of yen)	Initial Estimate (Cumulative)	Actual (Fiscal 2019 –Fiscal 2020)	Estimate (Fiscal 2021) *Rough estimate	Most Recent Estimate (Cumulative) *Rough estimate
Software investment to create new services	17.0	17.1	8.0	25.0
Investment in human resources to fuel structural transformation	8.0	4.5	2.0	6.5
Investment in R&D to acquire advanced technologies	5.0	2.7	2.0	5.0
Total	30.0	24.3	12.0	36.5

Investment to grow strategic domains (including M&A)	50.0	38.0	To be determined (Will actively investigate if investment target is appropriate project)
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Picture of ROE Success



	Fiscal 2018	Fiscal 2019	Fiscal 2020
ROE	9.9%	11.5%	12.5%
Net income ratio	5.1%	6.2%	6.6%
Total turnover ratio	1.15	1.14	1.16
Financial leverage	1.69	1.63	1.58

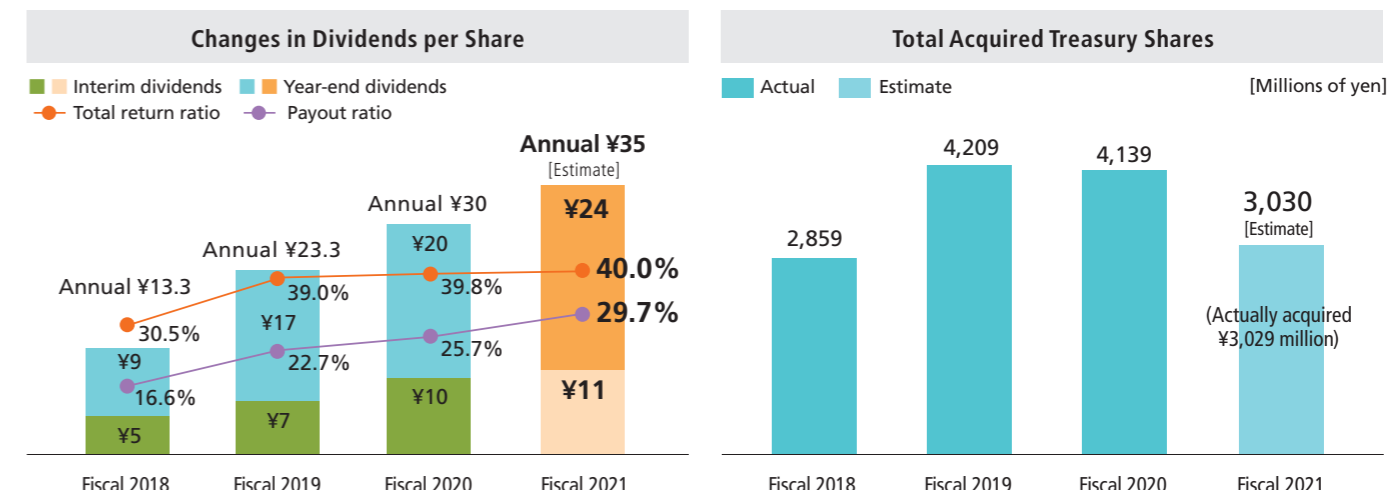
Status on Return to Shareholders



- Year-end dividend increase, reflecting good business results (two consecutive years). Total return ratio at 39.8%.
- Will maintain effective dividend increase in fiscal 2021 as well, working toward payout ratio of 30%.

	Fiscal 2020	Fiscal 2021 (estimate)
	Before 1-for-3 stock split	After 1-for-3 stock split
Annual dividend per share	¥90 [Compared with estimate: +¥10]	¥35 [YOY change: +¥5]
Acquired treasury shares	Total ¥4,140 million	Total ¥3,030 million*
Total return ratio	39.8%	40.0%
Payout ratio	25.7%	29.7%

*Upper limit of treasury stock buyback announced May 12, 2020



* Total return ratio: Total amount of dividends and treasury stock buybacks as a percentage of net income.

* The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020 (the effective date). Actual results achieved prior to fiscal 2020 have been converted retroactively to reflect the stock split.

Conscious of capital costs, we will pursue robust growth investment

For the TIS INTEC Group, management—as in the running of business—assumes a capital cost perspective. And in the current medium-term management plan, we set a target of 12% for ROE as a key performance indicator (KPI) measuring return on capital cost. We will achieve this target by building an appropriate capital structure, underpinned by a balanced approach in our efforts to fuel growth investment, ensure good financial health and reinforce shareholder returns. (Reference: Financial strategy described in medium-term management plan on page 37.)

In fiscal 2020, ended March 31, 2020, ROE hit 12.5%, up 1.0 point from fiscal 2019. We not only exceeded our 12% target but did so a year ahead of schedule. The biggest factor in this successful result is that the net income to net sales ratio inched up 0.4 point year on year, to 6.6%. But behind this achievement were the core components—higher income and improved profitability, which is a point of particular emphasis—and it is because we reached our ¥43.0 billion operating income and 10% operating margin targets that we were able to boost ROE as high as we did in fiscal 2020.

In recent years, “DX”—that is, digital transformation—has become a buzzword, reflecting heightened IT investment trends among companies keen to realize management strategies through robust use of digital technology. Consequently, the business environment remains favorable for the information services industry to which the TIS INTEC Group belongs. I am certain that the positive business environment has contributed to growth in demand for the Group’s services, which has in turn led to solid KPI results. However, perhaps even more instrumental was TIS’ transition to an operating holding company in July 2016, which provided an opportunity to accelerate decision-making from a groupwide perspective and roll out measures quickly throughout the Group. Expedited, our efforts to instill the profit emphasis management policy gained broad support and understanding, which definitely drove profitability higher.

Under unified Group management, we moved beyond efforts to curtail unprofitable projects, which had been a major concern, and achieved success through various measures implemented groupwide to reinforce KPI management, including a process to gauge potential for profitability at time of order, and improved productivity in the area of enhancement upgrades. In addition, we made steady progress on a review of the Group’s business portfolio from a profitability perspective. We undertook robust growth investment for the future and put a virtuous cycle into play, where any increase in costs due to such investment is fully absorbed by a higher gross profit margin. We were able to achieve a sharper competitive edge in business, and this translated into increased earning power. Through these efforts, we pushed the operating margin to 10.1%, and the net profit margin followed suit.



We will pursue sustained improvement in the corporate value of the Group.

Masahiko Adachi,
Representative Director,
Executive Vice President

In addition, TIS encourages a vigorous approach to strategic growth investment, including capital and business alliances (a key component of the TIS INTEC Group’s overseas business strategy) and efforts to leverage software investment to turn software into marketable services. This is the primary reason assets increased. But because we have continued to work toward a tighter asset balance—paralleling a review of portfolio assets, including cross-shareholdings and real estate—we are able to maintain a certain level of assets without seeing a drop in total asset turnover. Financial leverage is trending slightly downward at the present time, reflecting the use of generated cash flow as the source of funds for our robust growth investment activity and the capital leeway to ensure sufficient return to shareholders in line with our basic policy. We must consider changes to the economic landscape caused by such factors as the effects of the COVID-19 pandemic, and we must carefully execute individual investment decisions. But growth investment to fuel structural transformation is a policy that we remain totally committed to, and from a business continuity perspective we recognize the importance of ensuring a level of financial resiliency to withstand unexpected risks, especially when conditions are so uncertain.

Fiscal 2020 Results

Business confidence began to deteriorate rapidly in the fourth quarter of fiscal 2020, reflecting issues related to the COVID-19 pandemic. But the TIS INTEC Group was able to escape a major impact on its performance, cementing a strong position with net sales and operating income rising to record highs for the 10th and ninth consecutive year, respectively. On a consolidated basis, TIS exceeded the upwardly revised targets announced when first-half results were disclosed, and also achieved the four key performance indicators stated in the medium-term management plan a year ahead of schedule.

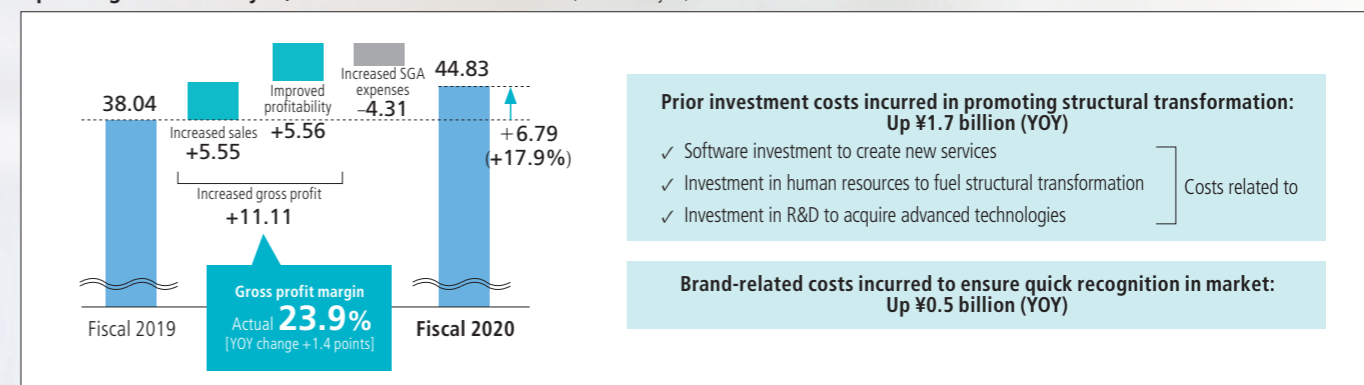
Net sales, rising 5.5% year on year, benefited from a favorable trend in IT investment by companies seeking to realize management strategies through robust use of digital technology. Operating income climbed 17.9%, as the higher net sales starting point more than covered our sustained approach to vigorous investment, particularly prior investment to fuel structural transformation as well as brand strategy costs. The operating margin edged up 1.4 point, to 23.9%, with a very commendable shift into the 25% range in the second half of fiscal 2020. We steadily strengthened our earning power from business activities, including successful measures to limit unprofitable projects (a management priority) to a low level of about ¥1.5 billion. This was certainly a factor in our ability to hit our operating margin target of 10%. Progress made on various measures driven by a management policy that emphasizes profitability was instrumental—of that I am sure.

TIS booked extraordinary income of ¥10,696 million and extraordinary losses of ¥12,128 million. The primary components of each line item are described below but all are connected to bold management decisions aimed at fueling sustainable growth of the TIS INTEC Group.

- Extraordinary income: ¥6,927 million in gain on sale of investment securities
¥3,178 million in gain on sale of fixed assets as part of reduction and consolidation of property and equipment
- Extraordinary loss: ¥4,112 million total comprising expenses (transfer to provision for office restructuring costs) related to the relocation and centralization of Group offices in the Tokyo area and impairment loss on reorganization of some existing offices
¥2,254 million impairment loss related to full amortization of goodwill arising following Sequent Software Inc.’s change in status to subsidiary

(Millions of yen)	Fiscal 2019	Fiscal 2020	YOY changes
Net Sales	420,769	443,717	+22,947 [+5.5%]
Operating Income	38,043	44,839	+6,796 [+17.9 %]
Operating Margin	9.0%	10.1%	+1.1 points –
Net Income Attributable to Owners of Parent Company	26,034	29,411	+3,376 [+13.0 %]
Net Income Ratio	6.2%	6.6%	+0.4 points –
Net Income per Share (Yen)	307.83	350.35	+42.52 [+13.8 %]
ROE	11.5%	12.5%	+1.0 points –

Operating Income Analysis, Increase/Decrease Reasons (Billions of yen)



Fiscal 2021 Performance Forecast

With regard to the business environment surrounding the TIS INTEC Group, I have to say that the path ahead is extremely uncertain, requiring careful attention to the still-evolving consequences of the COVID-19 pandemic. The situation is unpredictable and is likely to remain so for the time being, due to such factors as a growing trend toward tighter IT budgets following a turndown in economic activity and worsening corporate performances.

Some aspects of our business activities have indeed been affected. It was, for example, rather difficult to make service proposals to new clients during the state of emergency in Japan. Companies went back to work in June, when the government order was lifted, and with some ingenuity in executing meetings non-face-to-face, marketing activities are gradually being reimplemented. But the view that a challenging business environment will continue through the second quarter remains unchanged.

Against this backdrop, it is impossible to reasonably predict when the COVID-19 pandemic might end, and this hinders our ability to form a performance forecast for fiscal 2021 with a high degree of accuracy. Consequently, management prepared a provisional forecast that assumes efforts to contain the spread of the novel coronavirus will begin to bring the pandemic to a close in the second quarter of fiscal 2021, and then economic activity will gradually recover. From the third quarter, the business environment for the TIS INTEC Group should normalize.

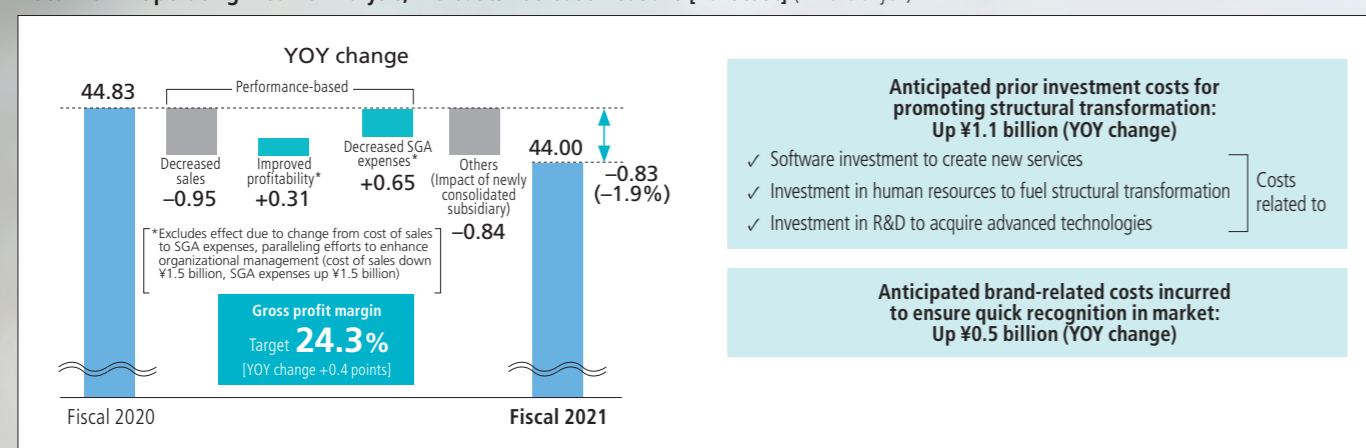
Due to the challenging business environment that is likely to persist through the second quarter, management sees a drop in net sales year on year. The same will apply to operating income. Nevertheless, we remain committed to a management policy that emphasizes profitability while pursuing investment opportunities to ensure future growth. We will continue with measures to improve productivity and strengthen cost-control efforts to keep profitability at a year-on-year par, on a continuing business basis that excludes impact from newly consolidated subsidiaries. It is our goal to maintain the 10% operating margin we reached in fiscal 2020.

- Currently, not possible to realistically predict when COVID-19 will be stamped out, making it difficult to estimate business results.
- Performance forecast for fiscal 2021 will be calculated on assumption of reduced impact from COVID-19 pandemic from second quarter, with economic activity gradually recovering, so that TIS INTEC Group's business environment normalizes from third quarter.
- Possibility that performance forecast will change, based on actual status of COVID-19 pandemic.

(Millions of yen)	Fiscal 2020	Fiscal 2021 (estimates)	YOY changes
Net Sales	443,717	440,000	-3,717 [-0.8%]
Operating Income	44,839	44,000	-839 [-1.9 %]
Operating Margin	10.1%	10.0%	-0.1 points -
Net Income Attributable to Owners of Parent Company	29,411	29,500	+89 [+0.3 %]
Net Income Ratio	6.6%	6.7%	+0.1 points -
Net Income per Share (Yen)	116.78	117.95	+1.17 [+1.0 %]
ROE	12.5%	11.8%	-0.7 points -

* The Company executed a stock split, with each share of common stock split into three shares, effective April 1, 2020. Earnings per share for fiscal 2020 is presented using the number of shares after the stock split.
* ROE for fiscal 2021 is a calculated value.

Fiscal 2021: Operating Income Analysis, Increase/Decrease Reasons [Forecast] (Billions of yen)



The TIS INTEC Group has made business continuity a priority and is currently engaged in various initiatives conditional upon its mission to support key social infrastructures and ensure the safety of employees. Attitudes of society as a whole are changing significantly, and against this backdrop, we must be sensitive to developments in the external environment, including changes in industry structures and evolving social issues, and we must anticipate customer needs. Right and ready responses will fuel business growth. In addition, we must take a flexible approach, including introduction of new workstyles, to mitigate challenging circumstances and leverage quick and bold management decisions. This will underpin sustained improvement in the corporate value of the Group.

Fiscal 2021 Group Management Direction

- 1 Deepen unified, groupwide management practices and ensure safe office environment and higher efficiency to better cope with sudden changes in operating environment
- 2 Maintain financial health while creating social value and engaging in robust growth investment to strengthen ability to provide digital transformation value
- 3 Promote measures and review business portfolio to build stable revenue base
- 4 Promote growth strategy aimed at becoming top-class IT group in ASEAN region
- 5 Motivate employees and invest in richly diverse human resources who will drive growth in services and fuel demand for digital transformation

Business continuity efforts in response to COVID-19 pandemic

TIS INTEC Group taking various approaches, premised upon good balance of efforts to uphold mission to support key social infrastructures and efforts to ensure safety of employees.

Priority measure : allowing work from home Wider scope of work under work-from-home measure	<ul style="list-style-type: none"> ● TIS employees work from home, in principle, and if that is just not possible, then Company encourages staggered office hours. ● Clients have been advised of Company policy, and on-site work at client offices has been modified as much as possible.
Employees at data centers	<ul style="list-style-type: none"> ● Each data center decides on essential workers needed to maintain operations and ensures means for these employees to commute to assigned offices, so operations continue as normal ● Thorough approach to prevent infection among staff (everyone wears a mask, temperature checked, surfaces regularly disinfected)
Provide masks, sanitizing spray and other protection	<ul style="list-style-type: none"> ● Distribute equipment to employees who have no choice but to go to the office because the work they do supports social infrastructure so that the work environment is safe and affords peace of mind.

Return to Shareholders

At TIS, our basic policy on return to shareholders is to keep internal reserves at a level sufficient to ensure business development from a medium- to long-term perspective, while continuing to pay a stable dividend after review 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 2020 was higher than in fiscal 2019, extending dividend growth for the eighth consecutive year. And, as in fiscal 2019, better-than-anticipated business results allowed us to boost the year-end dividend by ¥10 per share. Consequently, the total return ratio hit 39.8%, after combining treasury stock buybacks amounting to ¥4.14 billion.

Looking to fiscal 2021, we aim to achieve our stated yardstick of a 40% total return ratio and a 30% dividend payout ratio through effective dividend increase taking into account a 1-for-3 stock split, effective April 1, 2020, and treasury stock buybacks totalling ¥3.0 billion (completed in May 2020).

	Fiscal 2020	Fiscal 2021 (estimates)
Annual dividend per share	Before 1-for-3 stock split ¥90 [Compared with estimate: +¥10]	After 1-for-3 stock split ¥35 [YOY change: +¥5]
Acquired treasury shares	Total ¥4.14 billion	Total ¥3.03 billion*
Total return ratio	39.8%	40.0%
Payout ratio	25.7%	29.7%

*Upper limit of treasury stock buyback announced May 12, 2020

Service IT Business

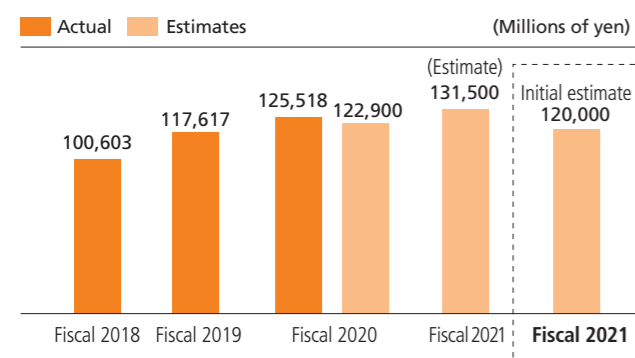
Provides original knowledge-intensive IT services leveraging TIS' service and industry know-how to create universalized, template-oriented solutions for clients (includes default configuration and ERP).

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

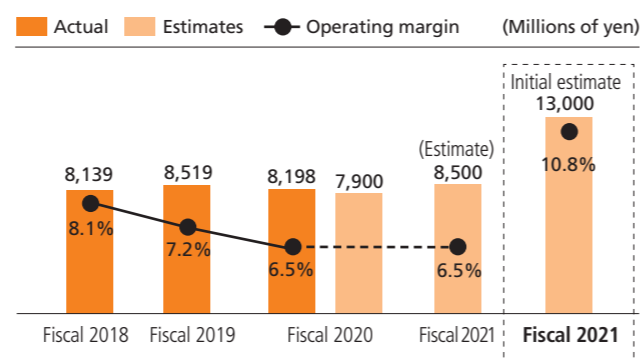
- With priority allocation of management resources toward growth engines and use of advanced technologies, expand business (IT Offering Services) through shift toward business anticipating prior investment by clients
- Watch for changes in structure of payment settlement business and expand prior investment 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 2020 Performance Results

Payment services expanded, boosting sales, but higher prior investment expenses and the booking of one-time losses led to lower income. Exceeded target reset in first half, owing to greater demand for payment services.

Fiscal 2021 Performance Forecast

Anticipate higher sales and income year on year as clients' investment in IT, such as for payment services and the cloud, generates demand that offsets costs involved in bringing new companies into Group as consolidated subsidiaries.

Understanding the External Environment*

- Even amid sudden changes in the business environment, demand for digital transformation and the trend toward a cashless society should remain firm. The payment market remained stable, supported by an increase in e-commerce transactions and government assistance. Payment methods are diversifying but challenges exist for clients due to heightened competition and a sharp decrease in inbound demand.
- Social landscape marked by major evolving need for certain companies to provide cloud-based access. Growth in security market accelerating, prompting wider demand.
- In ERP, despite reinvigorated demand to support migration to S/4HANA before SAP's 2025 end-of-service deadline on the existing platform, there's a high possibility that mission-critical upgrades will be postponed, especially in the manufacturing industry.

Note: Due to a shift from business based on expert service know-how specific to the financial sector to knowledge-intensive business using a template of general, financial sector know-how, transactions with certain clients were booked under Financial IT Business in fiscal 2020 and will be booked under Service IT Business in fiscal 2021.

We will establish service-style business as a growth engine and strive to boost profitability on a groupwide basis.



Yasushi Okamoto
Director, Executive Vice President,
TIS Inc.

Service IT is a segment that hinges on service-style business, which symbolizes structural transformation of the TIS INTEC Group. Developing and extending the strengths that exist already within the Group leads to new capabilities. For this reason, we have pursued a robust prior investment strategy over the past two years to build the service-style business into a future growth engine that provides platforms that many clients can make use of. Consequently, the scope of business, particularly payment solutions, where the Group can best demonstrate its expertise, has steadily expanded. We recognize that the next step must be to drive profitability higher.

The COVID-19 pandemic has significantly impacted the way society functions. The business activities of the Group have been similarly affected. For our clients, the need to respond accurately in a rapidly changing world is sure to fuel a preference for system use over system ownership. We

BPO

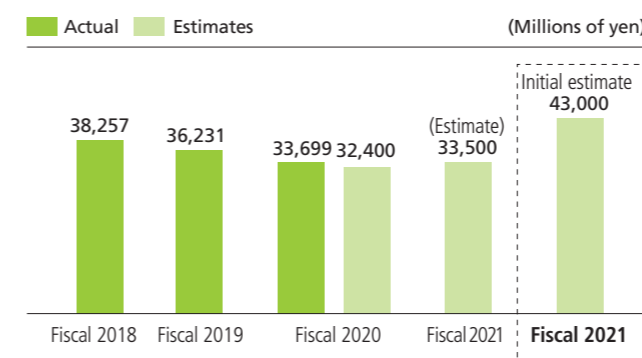
Draws on Group's extensive service menu and IT know-how to deliver business process outsourcing (BPO) services, including marketing and sales services and office and contract operations.

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

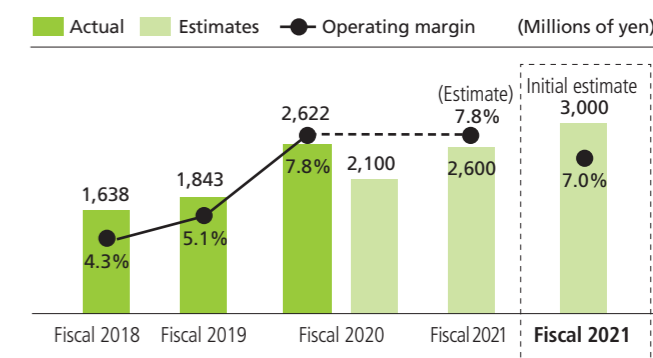
- Improve gross profit ratio on existing entry services through BPO concentration effect and business restructuring
- Expand business and boost profitability (Business Function Service) through more sophisticated BPO drawing on shift to high-level, combined BPO and use of forte business knowledge and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

Segment sales include intersegment sales.

Net Sales



Operating Income



Fiscal 2020 Performance Results

Sale of subsidiaries undertaken in previous fiscal year had a major negative impact on segment sales but profitability continued to improve, driving income higher. Efforts to improve profitability fueled significantly higher operating margin. Met targets.

Fiscal 2021 Performance Forecast

New orders may be impacted by prevailing challenges, but changes in the business environment will probably have only minimal overall impact. Nevertheless, expecting slightly lower sales and operating income.

Understanding the External Environment*

- Continuing growth in demand for BPO services that help companies improve operations on an administrative level.
- Even greater need for digital innovation due to prolonged labor shortage and changes in workstyle, including working remotely.

* Due to the still-unfolding consequences of the COVID-19 pandemic, the operating environment for the TIS INTEC Group is, and will likely continue to be, impacted by uncertainty, at least in the short term, as sluggish economic activity and deteriorating corporate performances fuel a trend among corporate clients to tighten their IT investment budgets. For assumptions pertaining to the fiscal 2021 performance outlook for the TIS INTEC Group, please turn to page 41.

always strive to anticipate such needs and are always mentally prepared and ready to act quickly when needs materialize. This is how we grow our businesses and how we will fulfill our social mission to contribute to the realization of a bright future.

The BPO segment is one of our forte fields. Our current view is that companies will increasingly look to outsourced service providers to handle administrative procedures as demographic trends—fewer children and more seniors—cause the working population to shrink. This view is unlikely to change. Over the last two years, revenues decreased, reflecting the sale of subsidiaries in line with a review of the business portfolio. But through measures, including efforts to make services more high-value-added, we have dramatically improved profitability. Going forward, we will accelerate access to digital BPO to chart further growth.

Financial IT Business

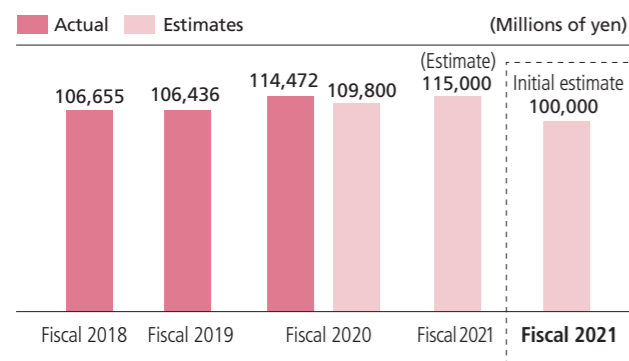
Leverages business and operating know-how specific to the financial sector to raise value-added quality of clients' operations, expand use of IT, and provide IT-based support for operations.

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

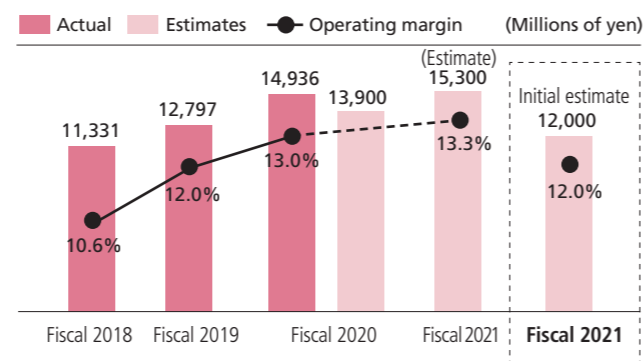
- Expand business (Strategic Partnership Business) by strengthening connection to extensive client base of credit card companies, banks and insurers, and creating business together
- Increase provided value by utilizing Mode2 and other digital innovations as well as AI and other advanced technologies,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

Segment sales include intersegment sales.

Net Sales



Operating Income



Fiscal 2020 Performance Results

Recorded higher sales and income thanks to wider IT investment by core clients, which made up for a drop in demand for large system development projects.

Met target, mainly due to greater IT investment by core clients.

Fiscal 2021 Performance Forecast

Will capture IT investment demand from core clients, emphasize value-added services and improve productivity, which should underpin higher sales and income.

Understanding the External Environment*

- Demand solid for businesses that support key social infrastructure, such as payments.
- IT investment to sharpen competitive edge, paralleling changes in payment structure, will continue to grow but must watch timing.

Note: Due to a shift from business based on expert service know-how specific to the financial sector to knowledge-intensive business using a template of general, financial sector know-how, transactions with certain clients were booked under Financial IT Business in fiscal 2020 and will be booked under Service IT Business in fiscal 2021.

We will lead reforms at client companies as a true business partner and promote business growth along with solutions to social issues.



Josaku Yanai
Director, Executive Vice President,
TIS Inc.

Financial IT and Industrial IT are core segments of the TIS INTEC Group. Through the course of business development over many years, we have built an extensive client base, hinging on top-caliber Japanese companies that lead in their respective industries. Over the past two years, we have actively helped clients, regardless of industry sector, in pursuing digital transformation by providing high-value-added services. As a result, the Financial IT Business and the Industrial IT Business reached performance targets stated in Medium-Term Management Plan (2018–2020) a year ahead of schedule. These two segments drive growth of the TIS INTEC Group overall.

Industrial IT Business

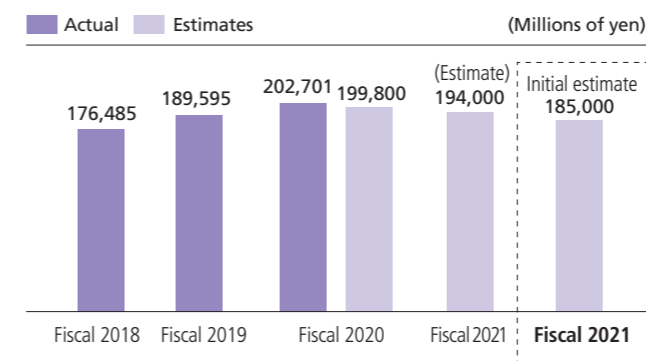
Utilizes business and operating know-how specific to non-finance industries to raise value-added quality of clients' operations, expand use of IT, and provide IT-based support for operations.

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

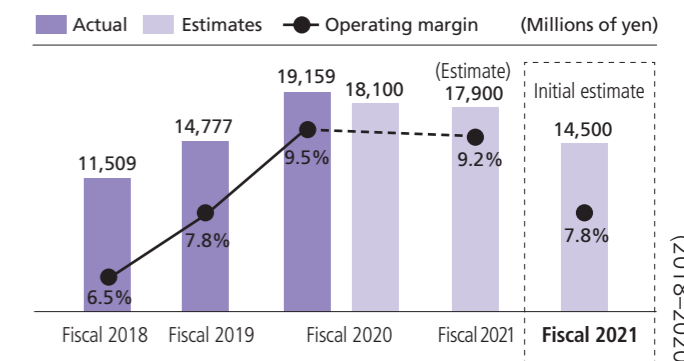
- Expand business (Strategic Partnership Business) by strengthening connection to extensive client base in industry and public sectors, and creating business together
- Increase provided value by utilizing Mode2 and other digital innovations as well as AI and other advanced technologies, and boost profitability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

Segment sales include intersegment sales.

Net Sales



Operating Income



Fiscal 2020 Performance Results

Sales and income up, largely reflecting more IT investment across a wide range of industries, including core clients in energy- and manufacturing-based industries.

Met target, thanks to greater IT investment across a wide range of industries, including core clients in manufacturing industry.

Fiscal 2021 Performance Forecast

Anticipate negative effect from reduced IT investment by clients in manufacturing sector and small and medium-sized companies, causing drop in sales and income.

Understanding the External Environment*

- Deteriorating business results and pressure on investment budgets, regardless of industry, will be unavoidable due to sudden changes in the business environment. The biggest impact will be felt in manufacturing industry and small and medium-sized companies.
- Expect changes in social structure to be drivers of demand creation, especially in public sector and medicine.

* Due to the still-unfolding consequences of the COVID-19 pandemic, the operating environment for the TIS INTEC Group is, and will likely continue to be, impacted by uncertainty, at least in the short term, as sluggish economic activity and deteriorating corporate performances fuel a trend among corporate clients to tighten their IT investment budgets. For assumptions pertaining to the fiscal 2021 performance outlook for the TIS INTEC Group, please turn to page 41.