



MEMBERSHIP
May 10, 2018

(Translated from the Japanese original)

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Stock Code: 3626
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Notice Regarding a Formulation of Medium-Term Management Plan (2018 – 2020)

TIS Inc. (hereafter, “TIS” and “the Company”) hereby announces that the Board of Directors formulated Medium-Term Business Plan (2018-2020) and embarked on this three-year blueprint in fiscal 2019, ending March 31, 2019.

Details

1. Positioning of Medium-Term Management Plan (2018-2020)

Taking advantage of the shift to a new management structure in July 2016, TIS formulated Group Vision 2026 and began working toward a corporate ideal looking 10 years down the road. This vision is defined by the catchphrase “Create Exciting Future” and emphasizes efforts to use advanced technologies and know-how to realize business reform and market creation. Toward this end, the Company drafted Medium-Term Management Plan (2018-2020) to facilitate structural transformation with a sense of speed and thereby build a foundation to underpin the success of Group Vision 2026. The TIS INTEC Group will strive to ensure sustainable growth and higher corporate value in the medium to long term through steady implementation of Medium-Term Management Plan (2018-2020).

2. Outline of Medium-Term Management Plan (2018-2020)

(1) Slogan

“Transformation to 2020”

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

(2) Basic Policy

- (i) Sustainable profit growth
- (ii) Emphasis on employee self-fulfillment
- (iii) Concentrate on core businesses
- (iv) Shift to prior investment style of business development
- (v) Expand global business

(3) Key Performance Indicators

- (i) Strategic Domain Sales Ratio 50%
- (ii) Operating Income ¥ 43 billion
- (iii) Operating Margin 10%
- (iv) ROE 12%

(4) Numerical Targets

	Net Sales	Operating Income	Net Income Attributable to Owners of the Parent Company	ROE
Fiscal 2021, ending March 31, 2021 (estimate)	¥430.0 billion	¥43.0 billion	¥29.0 billion	12.0%
(For reference) Fiscal 2018, ended March 31 2018 (actual)	¥405.6 billion	¥32.7 billion	¥20.6 billion	9.9%

(5) Other

(i) **Change in Reporting Segments**

TIS changed its management system to promote structural transformation and changed its reporting segments from a management approach perspective, effective from the fiscal year ending March 31, 2019. New reporting segments comprise the Service IT Business, BPO, Financial IT Business, Industrial IT Business and Other Business.

Before changes	After changes
IT Infrastructure Services	Service IT Business
Financial IT Services	BPO
Industrial IT Services	Financial IT Business
Other Business	Industrial IT Business
	Other Business

(ii) **Basic Policy on Return to Shareholders**

Through the medium-term management plan, TIS will work toward a more appropriate capital structure and improve capital efficiency, by emphasizing growth investments, maintaining a sound financial position and reinforcing return to shareholders. In line with its policy for return to shareholders, TIS will raise the total return ratio yardstick to 40%, from 35%, and then aim for a dividend ratio of 30% by fiscal 2021 through stable dividend growth.

(iii) **Basic Policy on Treasury Stock Holdings**

TIS set the upper limit on treasury stock holdings to 5% of total number of issued shares, with excess of this amount cancelled.

Attachments:

Briefing Materials for Medium-Term Management Plan (2018-2020)

END



TIS

TIS INTEC Group

Go Beyond

TIS INTEC Group

Medium-Term Management Plan (2018-2020)

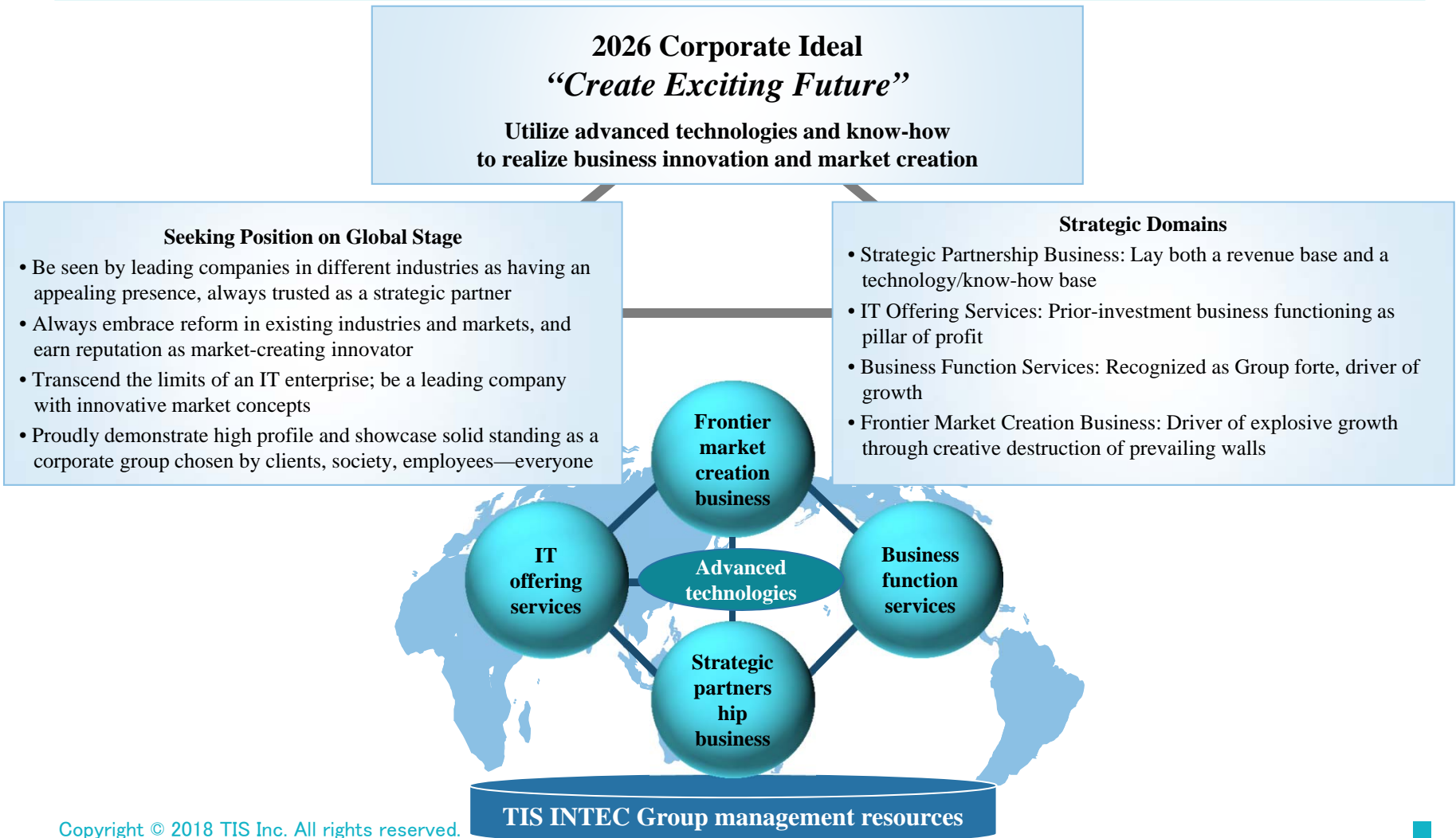
May 10, 2018

TIS Inc.



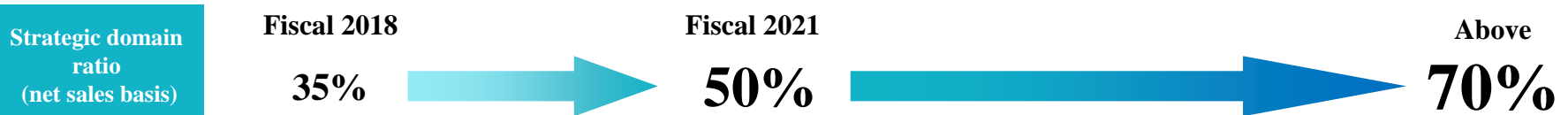
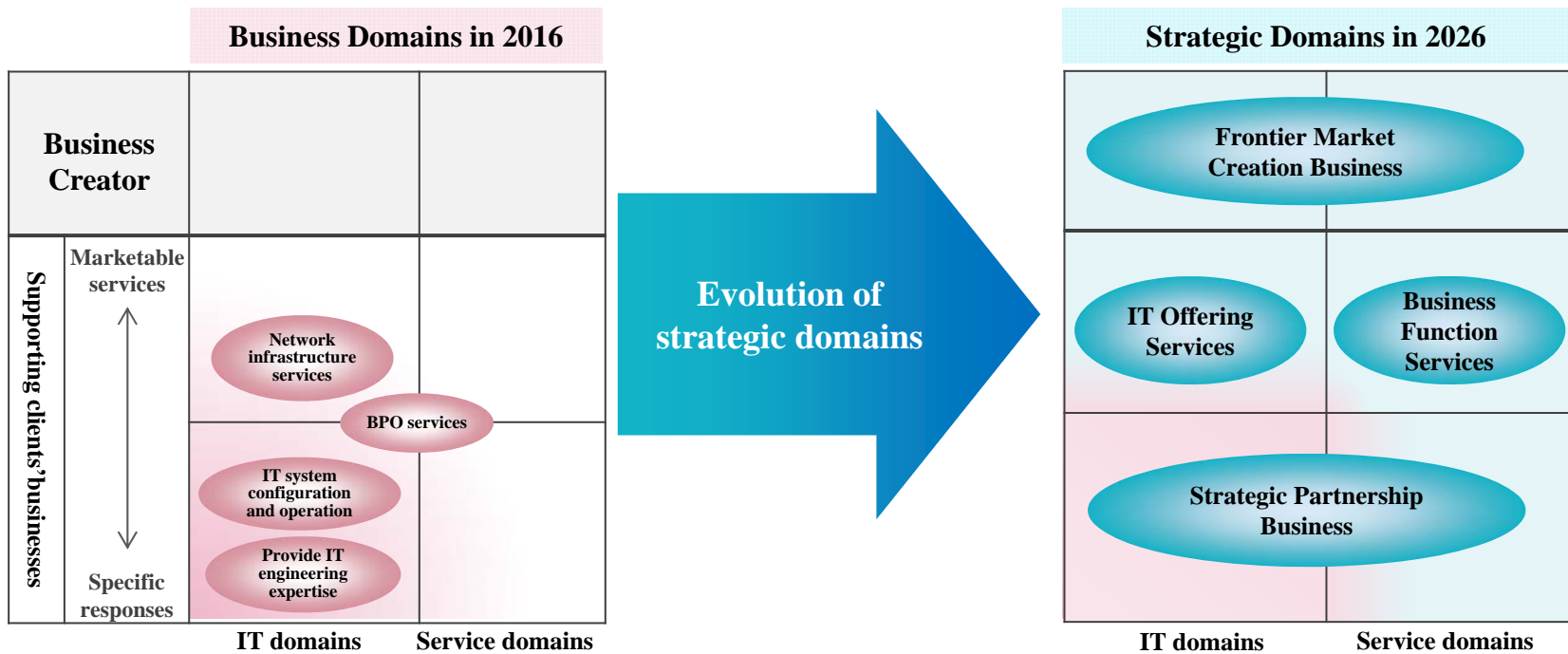
Group Vision 2026

Taking advantage of the shift to an operating holding company in July 2016, TIS formulated a new Group vision for the future (announced in May 2017) to mobilize the capabilities of Group executives and employees alike and take corporate value higher.



Position of Medium-Term Management Plan (2018-2020)

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



Looking Back on Previous Medium-Term Management Plan

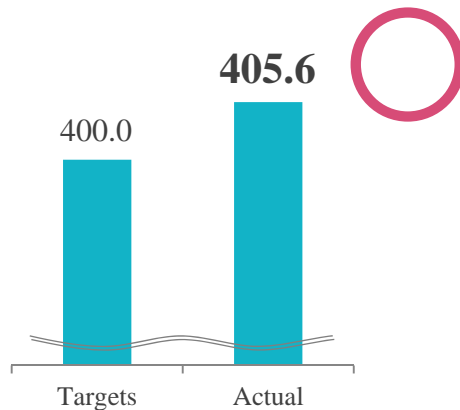
[Billions of yen]

Exceeded numerical targets in all categories. Progress on many measures, based on basic concepts. Despite some issues still to address, Group achieved growth overall.

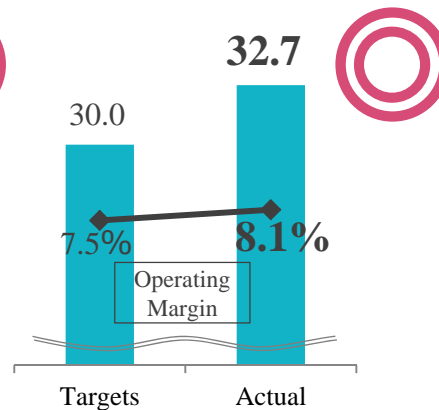
Numerical Targets (Fiscal 2018)

Basic Concepts

Net Sales



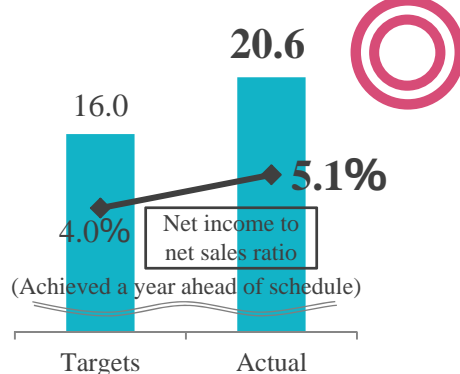
Operating Income



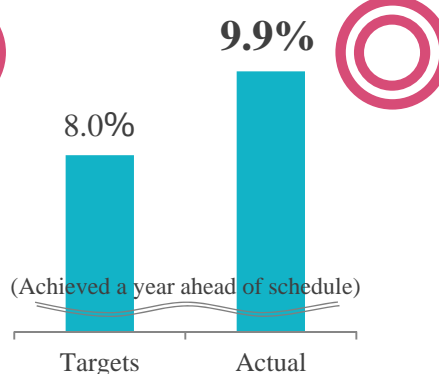
Profit Emphasis

- Steadily improve profitability, matched to expanding business results
- Work to prevent appearance of unprofitable projects, and continual theme to keep at low level

Net Income Attributable to Owners of Parent



ROE



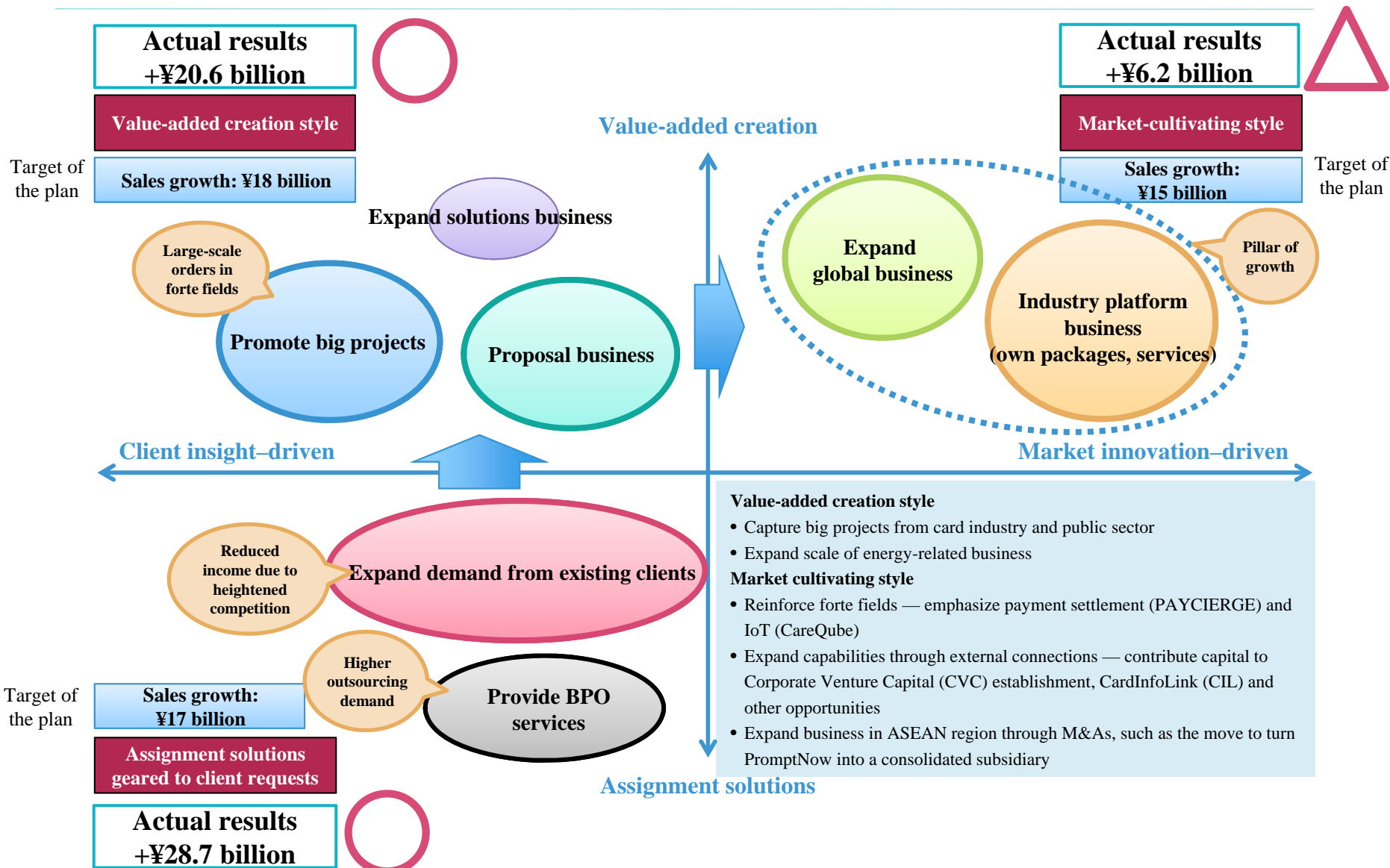
IT Brain

- Wider demand for value-added creation style responses, along with assignment solutions geared to client requests, will fuel expansion of consolidated sales.
- Shift toward market-cultivating style services requires greater sense of speed.





Portfolio Management

- Steadily leverage measures aimed at optimizing Group capabilities, including transition into operating holding company.

Progress Made Through Previous Medium-Term Management Plan: IT Brain



Progress Made Through Previous Medium-Term Management Plan: Portfolio Management

	Results of Key Activities	
Promote total optimization of Group operations	<ul style="list-style-type: none"> Implemented shift to operating holding company to strengthen Group governance Executed transfer of businesses (national health insurance, electricity and gas sectors) between TIS ⇔ INTEC Promoted concentration of domestic and overseas BPO operations under AGREX 	
Integrate/centralize shared functions within Group	<ul style="list-style-type: none"> Prioritized integration of systems with highly effective components to expand scope of shared systems within Group Integrated offices in Tokyo, Osaka and Nagoya Realized full Group rollout of CMS, improved capital efficiency of Group overall Conducted review of strategic stockholdings and data centers, improved asset efficiency 	
Realize higher level of administrative management	<ul style="list-style-type: none"> Promoted project to pursue possible introduction of IFRS Reviewed business segments with eye toward breakdown better matched to new management structure Strengthened response to taxation topics (BEPS response), mainly at overseas Group companies Promoted enhanced IR content through production of integrated report, effective from fiscal 2016 Organized and consolidated internal control management systems, and brought unified system under Group Internal Control Committee supervision Emphasized efforts to encourage women to be more active in workplace, seeking to build career-path diversity *Four companies under Group umbrella received highest level certification under “Eruboshi” system, based on the Act Concerning the Promotion of Women's Career Activities. 	
Cultivate corporate culture with sense of solidarity	<ul style="list-style-type: none"> Debuted unified Group logo in July 2016 Formulated Group Vision 2026, and worked to foster widespread awareness of vision content Published first Group newsletter 	

Understanding the External Environment and Key Issues Going Forward

External Environment	Macro environment	Domestic factors include shrinking population, fewer children and more seniors, smaller working population, low economic growth and diversifying workstyles. Overseas factors include emerging market growth, globalization and increasingly borderless markets.
	IT industry (including BPO)	Factors include elimination of industry barriers, accelerating shift toward networks, reduced profitability in contracted development of labor-intensive systems, change in multi-level subcontracting structure, increasing oligopolization through M&A activity as a means to survive heightened competition, and a flood of foreign companies into the domestic market.
	Customer trends	Changes in concept of industry, IT use as a condition of business, accelerating overseas expansion by Japanese companies, a push toward production of systems in-house, and wider demand for outsourcing due to labor shortage caused by a population with fewer children and more seniors.
	Technology trends	Factors include greater use of AI and mainstream application of IoT in labor-intensive industries, superhigh-speed communication, larger volumes of data transmitted/received, and fusion with virtual reality.

Key Issues	<ul style="list-style-type: none"> • Redirect from existing businesses to new domains, shift investment and essential personnel toward new domain creation. • Efficient earnings growth in current business domains with concentration of management resources into core businesses. • Accelerate area development in ASEAN region. • Create environment where diverse employees feel comfortable in their jobs, and realize environment where people are motivated to tackle challenges • Carefully develop human resources who act as role models to spur reforms within the Group.
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To realize sustainable growth and higher corporate value, we must stay ahead of major changes in society and, through constant transformation of the Group, promote structural renewal and establish a resilient management foundation.

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**



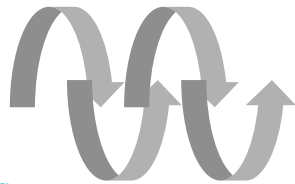
Budget for growth investment to fuel structural transformation

¥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%**

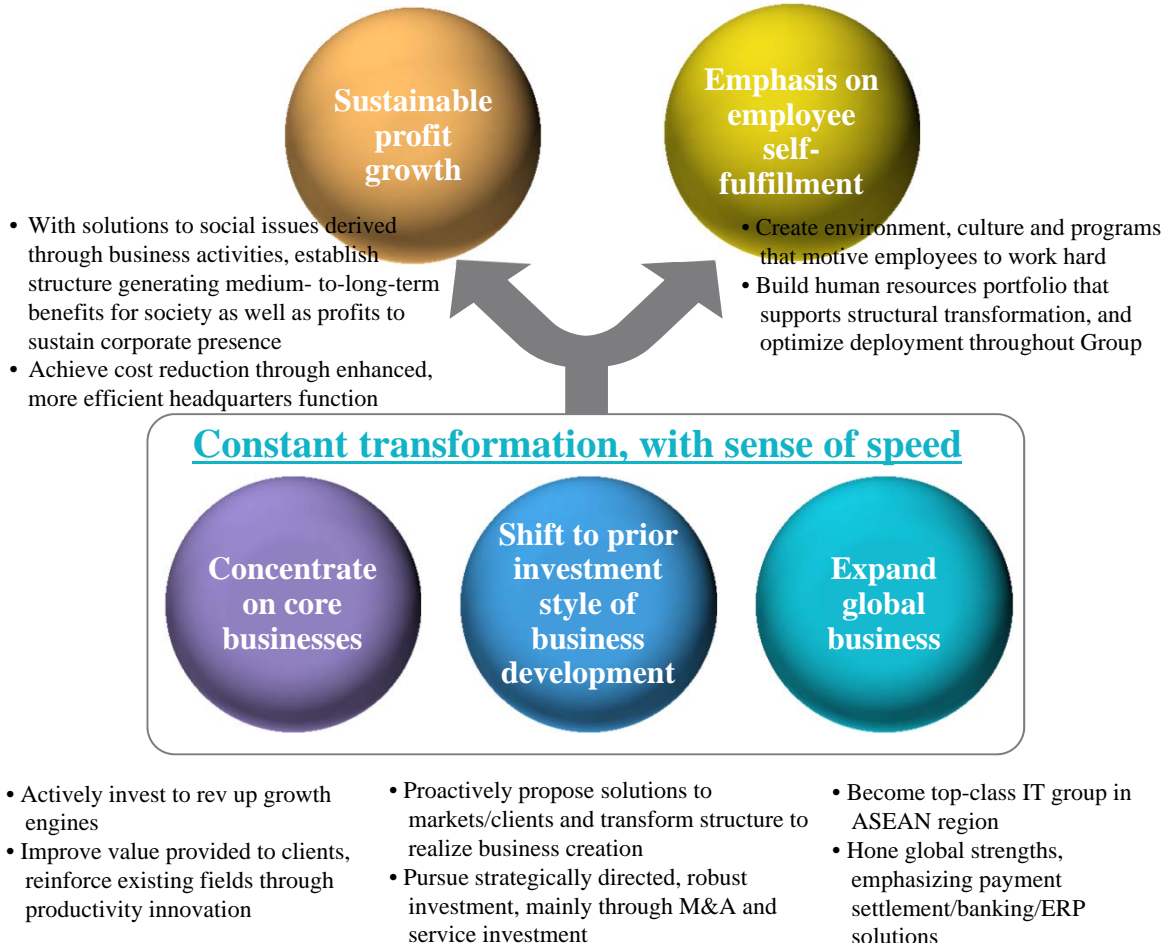
Become corporate group that contributes

solutions to environment/social issues through business activities



Basic Policy/Key Performance Indicators

Basic Policy



Key Performance Indicators (Fiscal 2021)

Strategic Domain Sales Ratio
50%

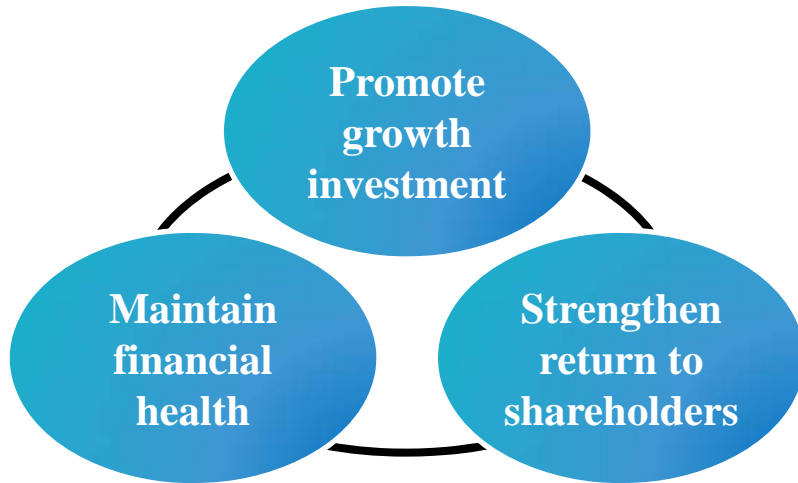
Operating Income
¥ 43 billion

Operating Margin
10%

ROE
12%

Toward Further Improvement in ROE

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.

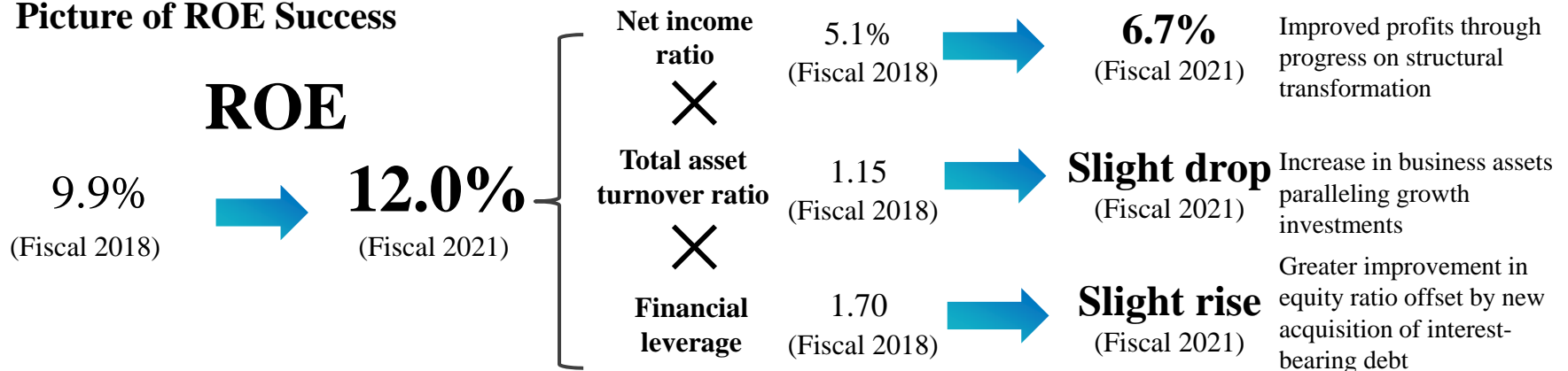
Maintain financial health

- 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

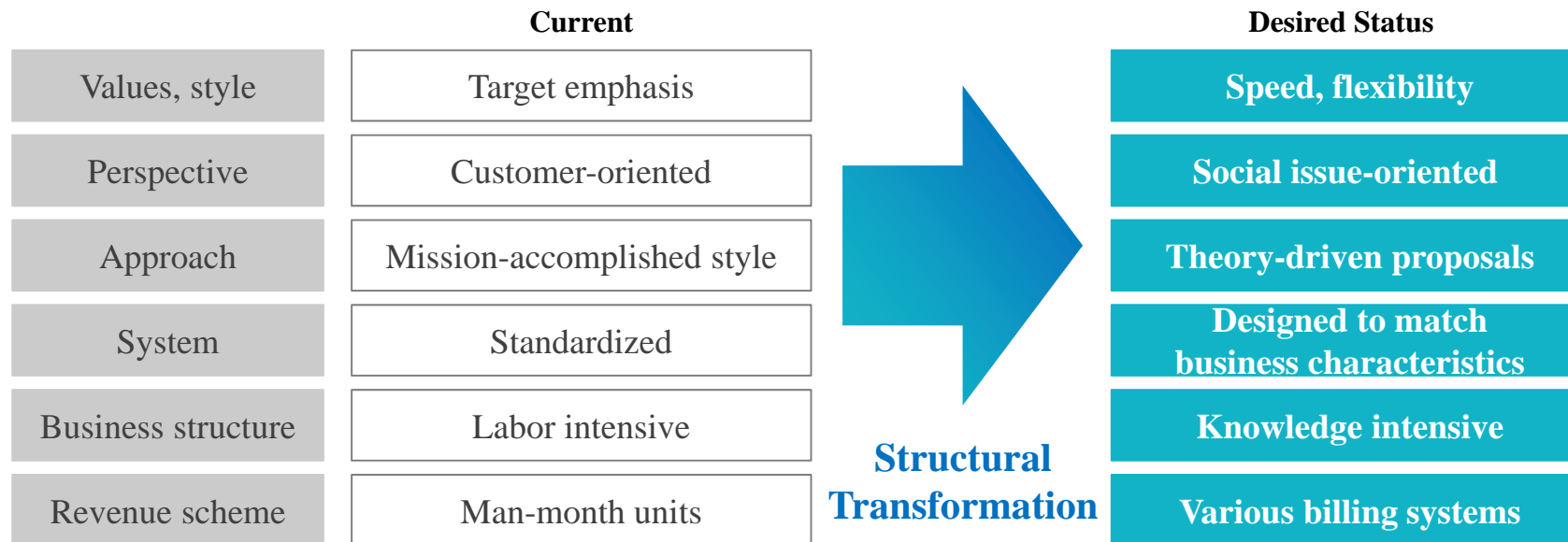
- Raise total return ratio yardstick to 40%, from 35%, and then aim for payout ratio of 30% by fiscal 2021 through stable dividend growth.
- Set upper limit on treasury stock holdings to 5% of total number of issued shares, with excess of this amount cancelled.


Picture of ROE Success



Structural Transformation Strategy

Promote structural transformation that includes new set of values and systems to achieve sustainable growth through expansion of strategic domains



	Fiscal 2018 Actual Results		Fiscal 2021 Targets
Strategic domain sales	¥142 billion		¥215 billion
Strategic domain ratio	35%		50%

: 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

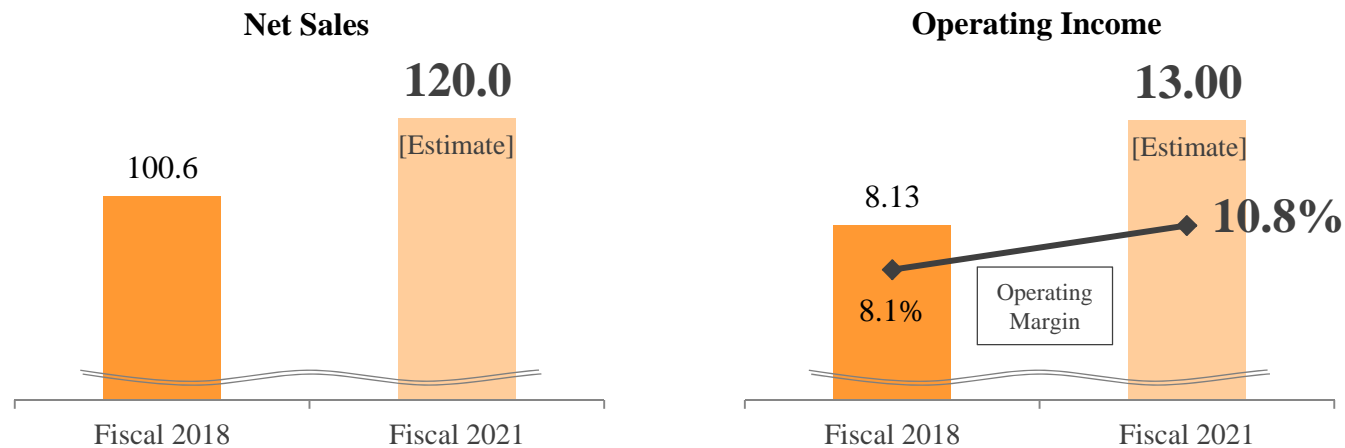
- Team up with clients to pursue new business opportunities
- Demonstrate innovation through creative alliances with business partners
- Encourage business creation using business ideas of individuals

Structural Transformation Strategy: Promoting Service-Style Business

[Billions of yen]

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

Numerical Targets for Service-Style Businesses



Key Themes

Payment	Respond to diversification in retail payment methods and take on role linking individuals and companies
Industry Platform	Turn know-how into services, integrate with other growth engines, and build industry-standard digital business platform
ERP	Promote thorough application of asset-building, scale-out model for enhanced level of best practices
AI	Expand AI business and also add AI to all types of Group services to contribute to overall growth of Group
IoT	Mobilize resources inside and outside the Group for creating IoT platform
Other leading-edge technologies	Drive value-added level higher through robust use of leading-edge technologies, including blockchain, robotics and XR.

Retail Payment Settlement Business Strategy

PAYCIERGE2.0

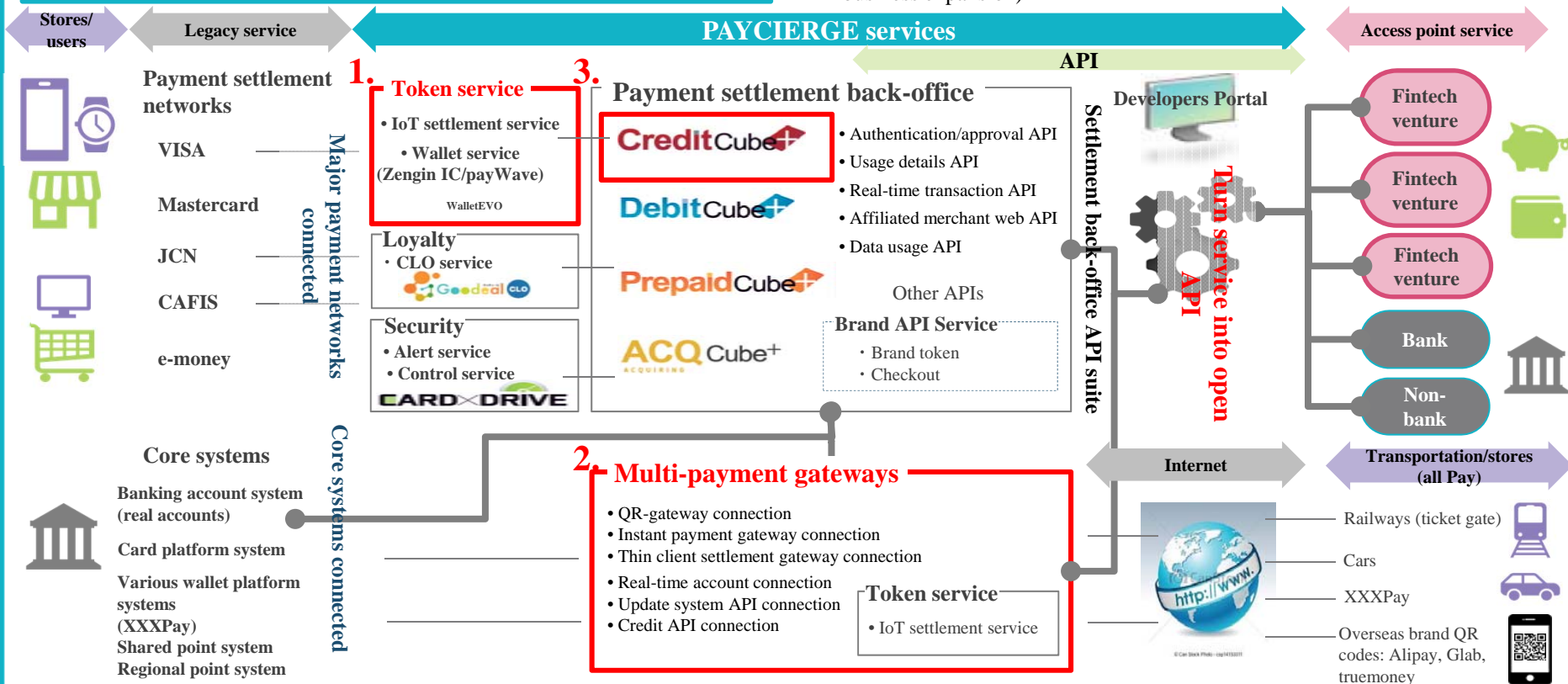
Provides safe, secure, convenient services
For a cashless society



Digital Banking Platform Concept
-Making banks closer and more personal through API connection-

- Promote wallet service based on **token service**
- Promote services, such as QR settlement, based on **multi-payment gateway** (connects to overseas brands and domestic XXXPay)
- Propose **credit SaaS-type service** as follow-up to debit/prepaid services (anticipate service-sharing style business expansion)

IoT settlement!
Easy payment method for visitors to Japan!
API-based



Global Strategy

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

Step 1: Expansion in China

Step 2: Three-point expansion in Thailand, Singapore, Vietnam

Step 3: Expand global business in ASEAN region through capital and business alliances and accelerate area development
 + **Acquire and invest in promising products and the most advanced technologies**



- Prioritize areas of retail payment settlement, banking and ERP, and emphasize greater cooperation between locations
- Invest in promising products and the most advanced technologies in the West (Europe/U.S.), China and ASEAN
- Actively leverage strategic investments and expand portfolio
- Work to develop and expand scope of global human resources

Development Points in China/ASEAN



Recent Key M&A and Investment Results

PT Anabatic Technologies Tbk July 2015: Capital and business alliance (28% equity = equity-method affiliate) Indonesia-listed, top-tier IT company in Indonesia	Net sales: ¥38.5 billion	Client base
MFEC Public Company Limited April 2014: Capital and business alliance (20% equity = equity-method affiliate) Thai-listed, leading provider of enterprise IT solutions	Net sales: ¥10.2 billion	Client base
I AM Consulting Co., Ltd. June 2014: Turned into consolidated subsidiary Thai-based consulting group producing total SAP-related IT solutions	Net sales: ¥2.2 billion	Client base
PromptNow Co., Ltd. May 2016: Turned into consolidated subsidiary Leading FinTech player with multiple proprietary mobile services for financial institutions	Net sales: 260 million	Client base
Shanghai CardInfoLink Data Service Co., Ltd. (CardInfoLink) September 2017: Capital and business alliance (10% equity) FinTech company developing presence in China and around the world, with particular strength in QR code payment settlement services	Net sales: 260 million	Client base

Strategies for Enhanced Management Practices and Improved Efficiency

Stronger Corporate Governance

- Higher independent outside director ratio
 - : New structure where of the nine directors in total, three are independent outside directors (planned introduction June 26, 2018)
- Greater diversity in Board of Directors
 - : Appoint first female executive (independent outside director) (planned appointment June 26, 2018)
- Ensure objectivity and transparency in decision-making process related to director appointment and compensation
 - : Established Nomination Committee and Compensation Committee (majority of committee members are independent outside executives)

**Independent outside director ratio
One-third (three out of nine)**

**Appoint first female director
(Independent outside director)**

**Nomination Committee
Compensation Committee**

Promote Enhanced Function and Greater Efficiency at Headquarters

- Promote Headquarters function enhancement project “G20” through TIS and INTEC
 - : Make services and IT more efficient, mainly through integration of Group’s core systems
 - : Centralize functions, mainly by absorbing shared service subsidiary through merger (planned for July 1, 2018)
- Strengthen role of public relations in corporate branding
- Enhance legal affairs and intellectual property management
- Run project to consider introduction of IFRS (ongoing)

**Headquarters function
enhancement project “G20”**

Integrate Group’s core systems

Cut headquarters’ costs by 10%

Reinforce Steps to Ensure Corporate Sustainability

- Elicit greater motivation among executives and employees to boost corporate value
 - : Introduce performance-linked stock compensation plan for directors and other executives
 - : Introduce trust-type employee stock ownership incentive plan
- Strengthen perception of social quality in business activities
 - : Set up Corporate Sustainability Committee (decided)
 - : Formulate Group Compliance Declaration and Group Code of Conduct

**Performance-linked stock
compensation plan**

**Trust-Type Employee Stock
Ownership Incentive Plan**

**Corporate Sustainability
Committee**

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 Policy

Software investment to create new services
(¥17 billion)

Investment in human resources to fuel
structural transformation (¥8 billion)

Investment in R&D to acquire advanced
technologies (¥5 billion)



Investment to grow strategic domains
(¥50 billion, including M&A)

Key Investment Objectives (envisioned)

- Investment into development of own services
- Allocate fixed percentage of business profits for investment and constantly sharpen competitive edge
- Develop skills of human resources who will realize switch to strategic domains and advanced technology fields
- Build human resources portfolio that facilitates best possible deployment throughout Group
- Pursue research into advanced technologies anticipating trends
- Rev up open innovation
- Invest in new companies to capture know-how and promote services
- Increase investment into alliance companies (higher shareholding ratio)

Investment Management Policy

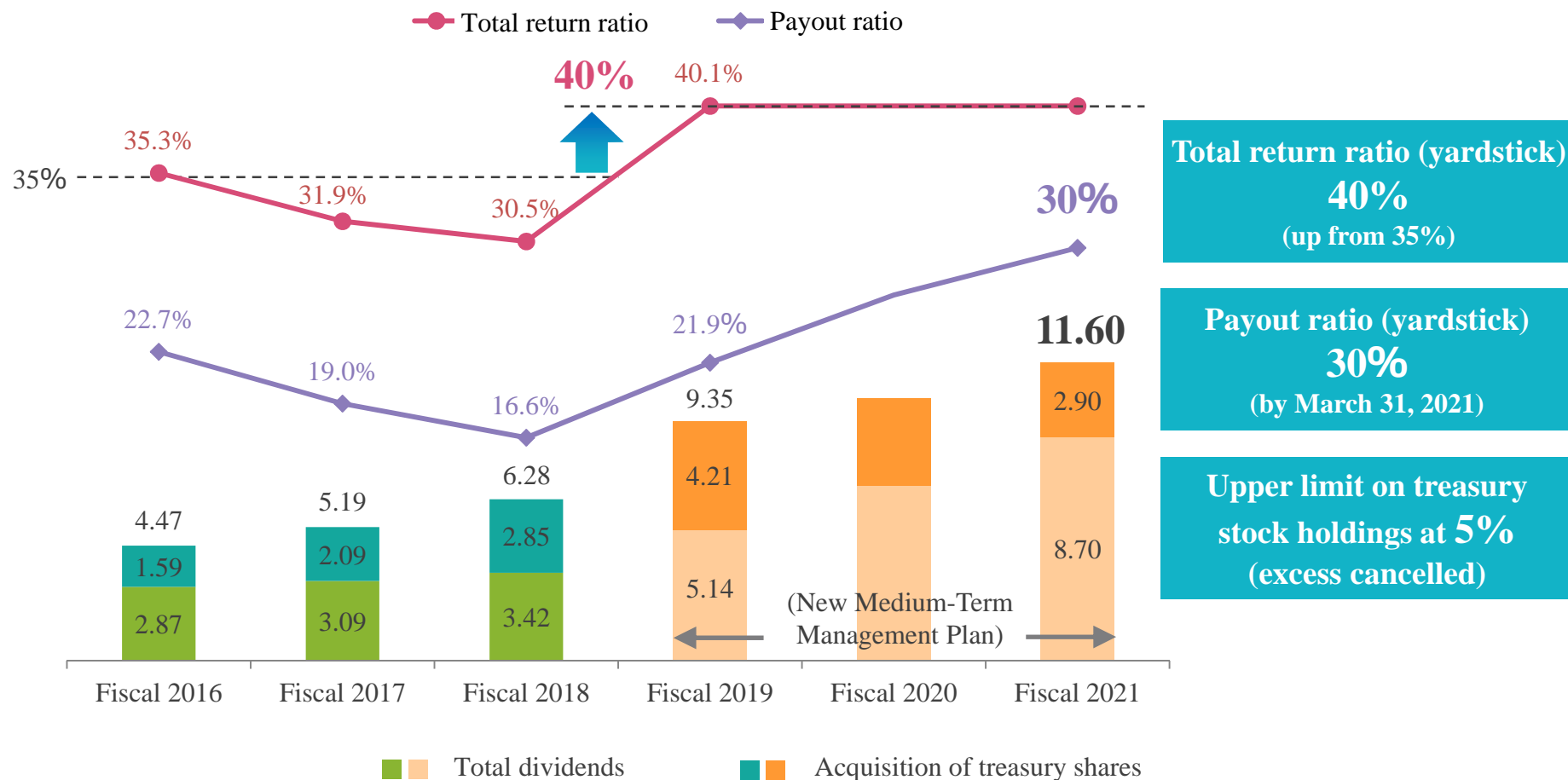
**Fine-tune investment management practices
to capture appropriate return from robust investment activity**

Carefully select investment targets, based on investment efficiency index and investment cost, and toughen up rules for exit management

Basic Policy on Return to Shareholders

[Billions of yen]

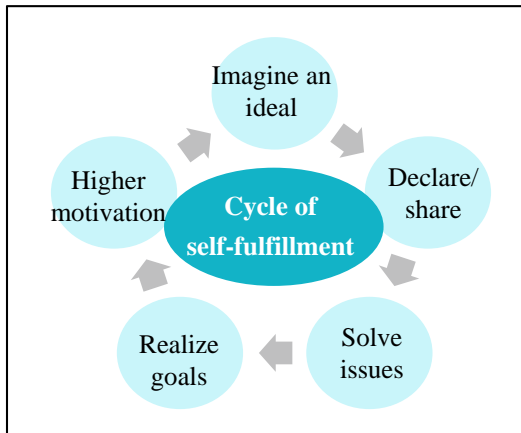
- Raise total return ratio yardstick to 40%, from 35%, and then aim for dividend ratio of 30% by fiscal 2021 through stable dividend growth.
- Set upper limit on treasury stock holdings to 5% of total number of issued shares, with excess of this amount cancelled.



Human Resources Strategy

Employees are huge source of power driving the Group’s growth. Prioritize efforts to help employees achieve career goals. Strive to create framework and corporate culture in which diverse human resources can thrive by boosting motivation and reinforcing human resource management.

Boost motivation through constant cycle of self-fulfillment

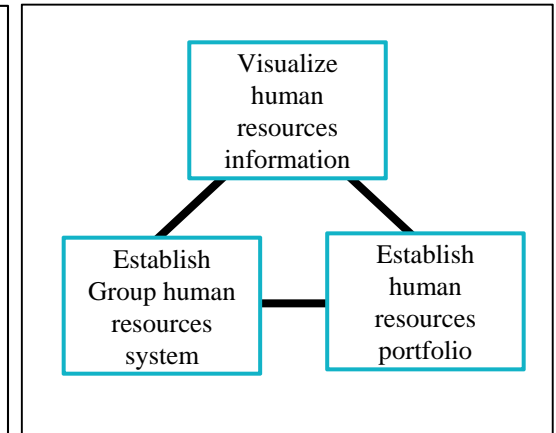


Selectively develop model employees to fuel transformation of the Group

Kind of employees who fuel structural transformation

- **Account managers and service managers** who drive activity in strategic domains
- **Consulting personnel** who formulate business strategies with clients
- **Service production staff** who can turn industry knowledge and business know-how into products
- **In-house entrepreneurs** who can plan, launch and promote new businesses
- **High-level engineers** who support activities in strategic domain through quality and productivity

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

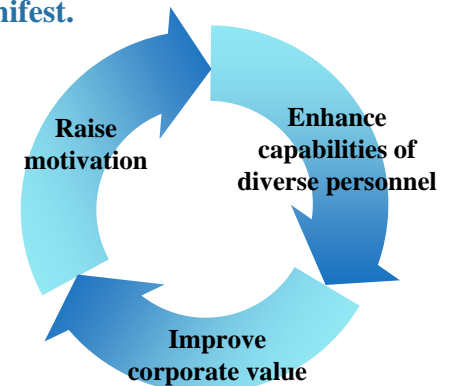


Set up Human Resources SBU at TIS. Vigorously promote measures described in personnel manifest.

⇒ Plan to promote best practices to all Group companies.

Human resources business unit has three-point mandate:

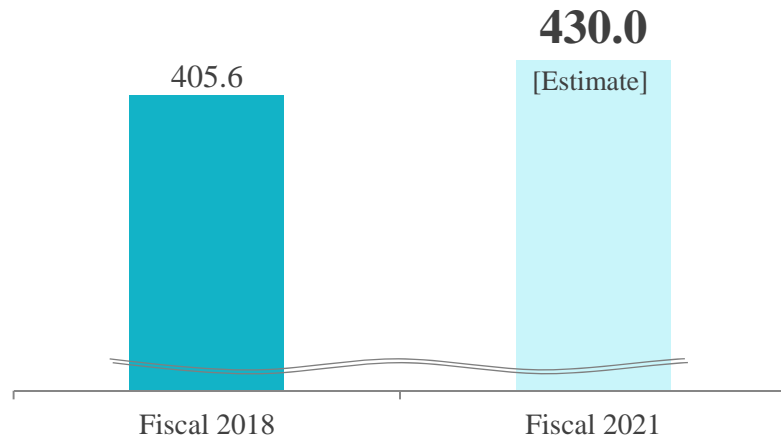
1. Create company where motivation level is high, and quickly and vigorously work toward this from system and environment perspectives.
2. Achieve optimized deployment of human resources while providing an environment conducive to self-fulfillment of career goals.
3. Ensure thorough labor-related compliance and create safe and pleasant company atmosphere.



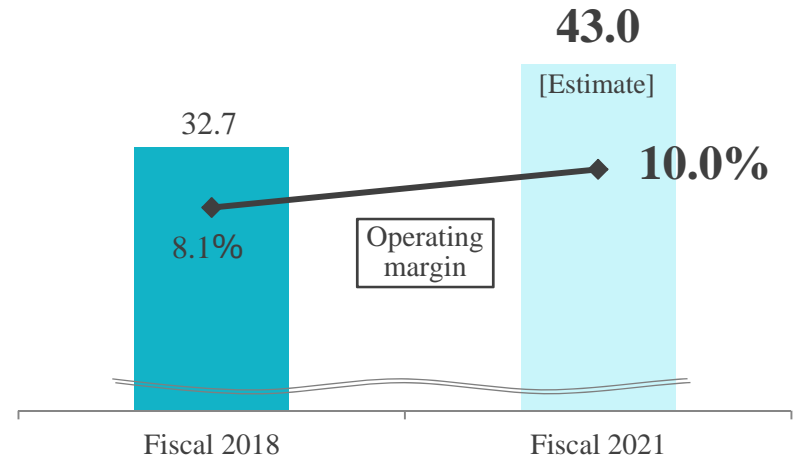
Numerical Targets

[Billions of yen]

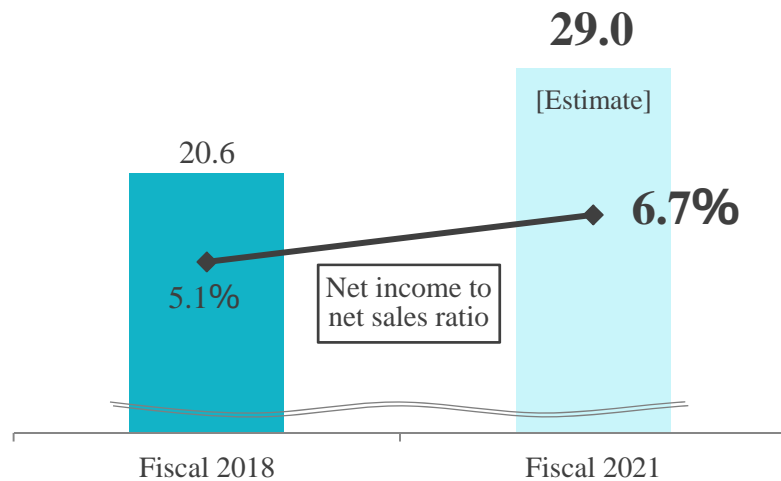
Net Sales



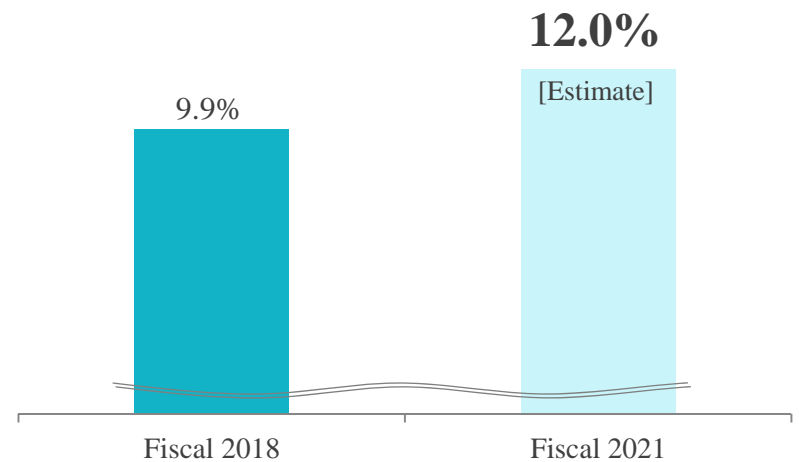
Operating Income



Net Income Attributable to Owners of the Parent Company



ROE



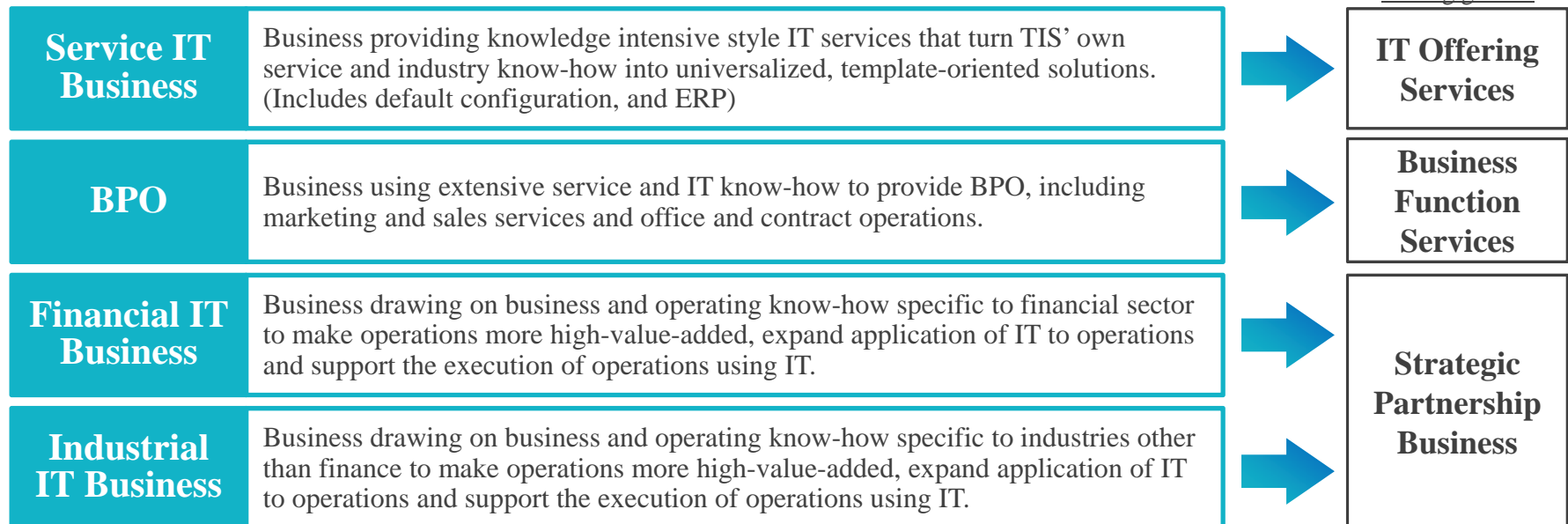
Change in Reporting Segments to Promote Structural Transformation

TIS changed its management system to promote structural transformation and restructured Service Strategy Sector and Industry Strategy Sector. Consequently, TIS changed its reporting segments from a management approach perspective, effective from the fiscal year ending March 31, 2019. Note that the Company has also started disclosing order information related to operations.

Key Points Regarding Change in Segments

- Service IT created as business unit, facilitating visualization of progress in structural transformation into service-style business, which is positioned as future core operations.
- BPO created as business unit, promoting business through high-level BPO combining service know-how and use of advanced technologies
- Data center business positioned as IT platform supporting SI business and service-style business, and integrated into each

New Reporting Segments



*In addition to the above, there is an "Other" segment.
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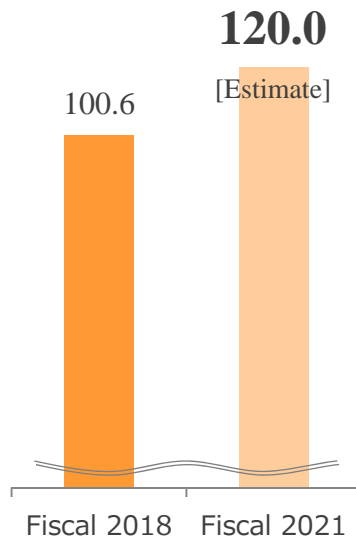
Medium-Term Management Plan (2018-2020)

Anticipated Changes in Net Sales and Operating Income (Key Segments 1)

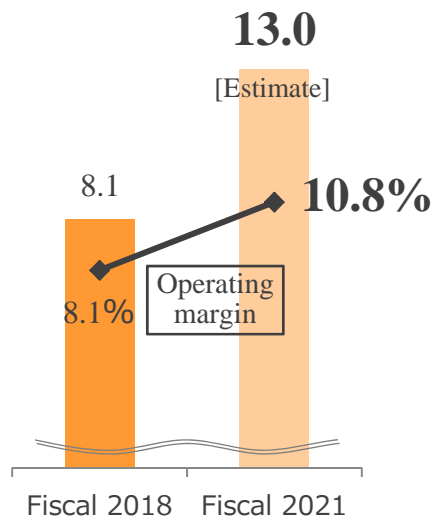
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Service IT

Net Sales

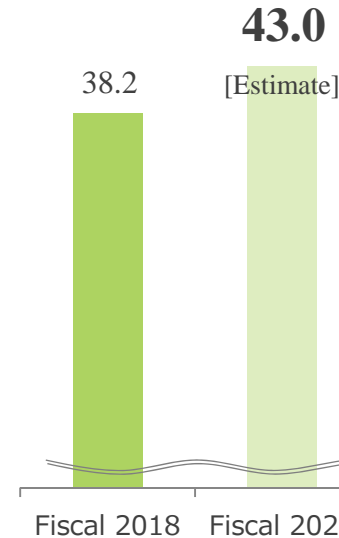


Operating Income

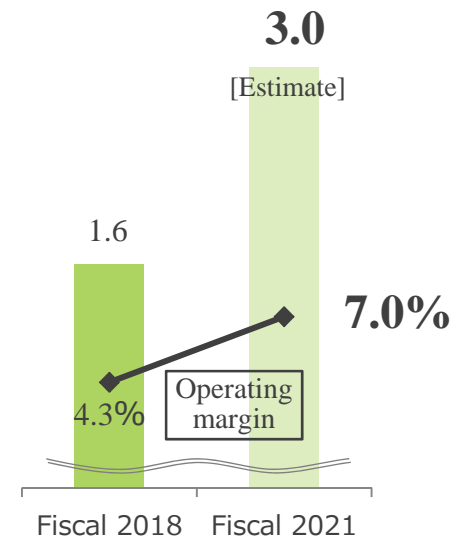


BPO

Net Sales



Operating Income



Business Growth Strategies, Focus Points

- 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

Business Growth Strategies, Focus Points

- 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.

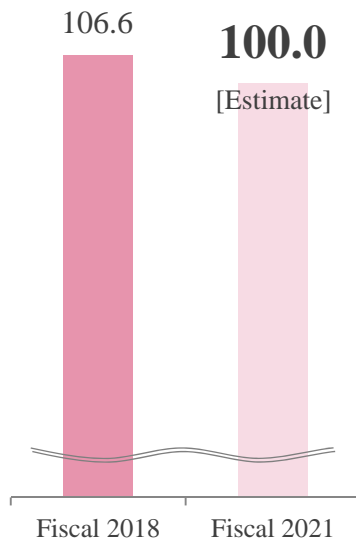
Medium-Term Management Plan (2018-2020)

Anticipated Changes in Net Sales and Operating Income (Key Segments 2)

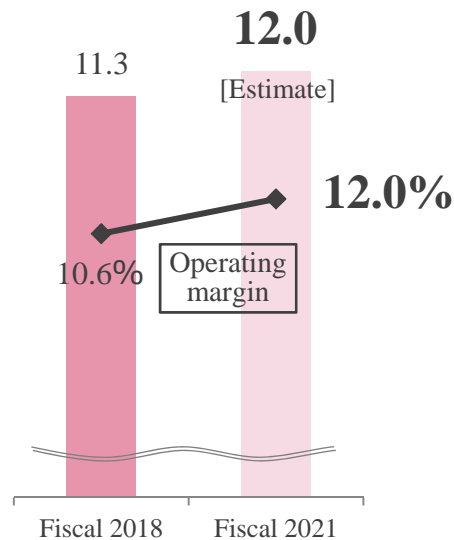
[Billions of yen]

Financial IT

Net Sales



Operating Income

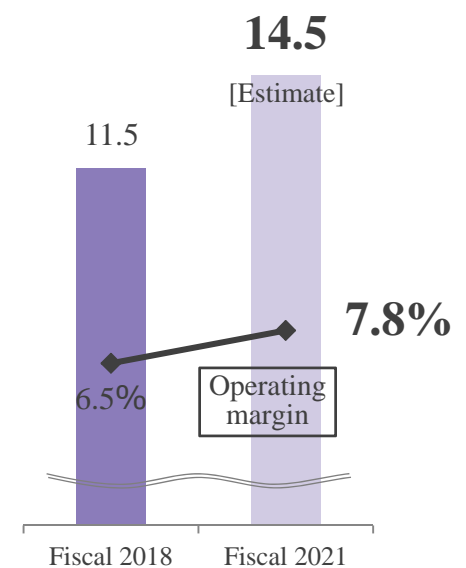


Industrial IT

Net Sales



Operating Income



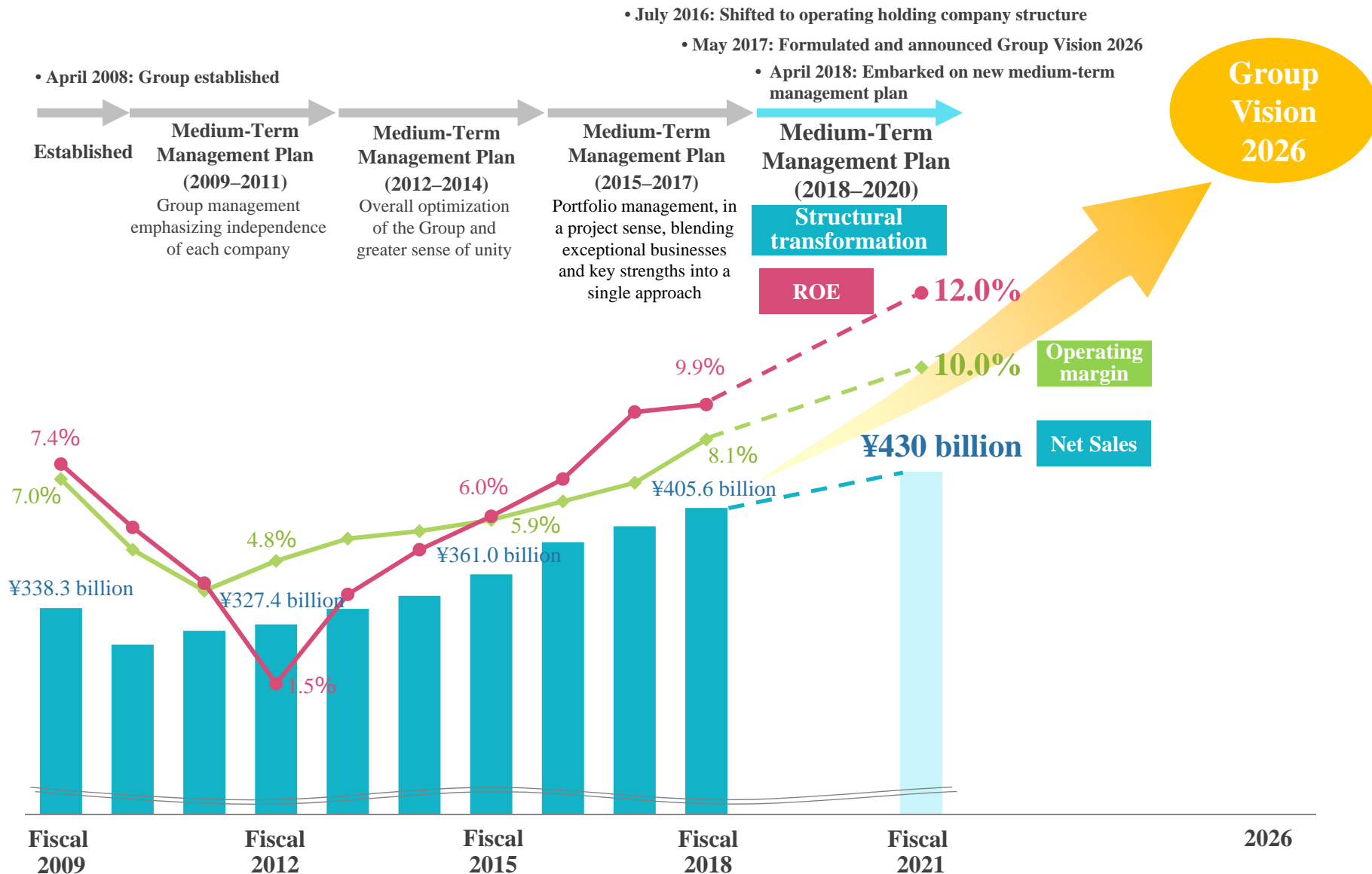
Business Growth Strategies, Focus Points

- 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

Business Growth Strategies, Focus Points

- 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

Seeking Greater Improvement in Corporate Value





Underlying Concepts of Group Logo

The logo defines the TIS INTEC Group as a tightly knit team of individual players, powered forward by the different sets of expertise that each brings to the game. It features two corporate colors— “ocean blue” and “intelligent gray”—representing, respectively, new challenges that we are constantly tackling and 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 Statement

- All forward-looking staprojections, 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 tements described in these materials, including performance 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.
- TIS changed its reporting segments from a management approach perspective, effective from the fiscal year ending March 31, 2019. Fiscal 2018 figures are recalculated based on the new reporting segments.