

Long-term Management Vision “Vision 2030” and New Medium-term Management Plan “ISiD X Innovation 2024”

February 9, 2022
Information Services International-Dentsu, Ltd.

Review of Previous Medium-term Management Plan

Medium-term management plan for FY 2019-2021

Basic policy		Quantitative targets	
1. Evolution of core businesses	2. Creation of new businesses		
3. Innovation of business foundation			
<ul style="list-style-type: none"> Strengthen human resources Accelerate advanced technological initiatives Improve added value capabilities of business support departments 			
		Investment plan (three-year total)	
		Human resources	+¥12.0 billion
		R&D	¥10.0 billion
		Investments and M&A	¥10.0 billion

ISiD X(cross) Innovation 2021

Aim to create new value through collaboration with a wide range of partners and realize our corporate philosophy through the promotion of "X Innovation" going beyond technologies, industries, companies, organizations and regions.

Review of Previous Medium-Term Management Plan (Consolidated)

- Growth in all segments led to achievement of all four quantitative targets.

(Unit: 100 million of yen)

	Medium-term Target	FY2021 Result	Variance	CAGR (2018-2021)
Net sales	1,100	1,121	+21	+7.2%
Operating profit	110	137	+27	+18.6%
Operating margin	10.0%	12.3%	+2.3p	
ROE	12.5%	14.3%	+1.8p	

Review of Previous Medium-Term Management Plan (Segment)

● Business Solutions and Communication IT drove growth.

(Unit: 100 million of yen)

	FY2021 Net Sales	CAGR (2018-2021)	Review
Financial Solutions	251	2.7%	Despite struggles for megabanks in addition to the termination of large-scale projects, expanded regional financial institutions, lease cards, and business corporations
Business Solutions	149	12.7%*	In addition to POSITIVE, an integrated HCM solution and STRAVIS, a consolidated accounting software achieved substantial growth from newly launched proprietary products including Ci*X, an accounting solution
Manufacturing Solutions	320	3.1%	Despite temporary stagnation due to COVID-19, expanded business mainly in the automobile industry in response to growing needs for manufacturing transformation throughout the manufacturing industries
Communication IT	399	12.4%*	Strong performance of business in mission-critical core system development and significant growth in collaboration with the Dentsu Group in the marketing area

* CAGR for the Business Solutions and Communication IT segments is a simple calculation taking into consideration the impact of business division transfers implemented in FY2021.

Review of Previous Medium-Term Management Plan (X Innovation & Investments)

	Evaluation	Review
X Innovation practical implementation	○	<ul style="list-style-type: none"> Steady penetration of X Innovation activities transcending segment barriers <ul style="list-style-type: none"> - Targeted ¥5.0 billion, created of ¥5.2 billion mainly for major manufacturers Consolidated human resources responsible for new business development, AI, UI and UX design, xR solution, and other cutting-edge technologies <ul style="list-style-type: none"> - Realized creation of new value across segments
Human resource investments	○	<ul style="list-style-type: none"> Targeted human resource investment of ¥12.0 billion,* achieved ¥18.0 billion <ul style="list-style-type: none"> - Promoted workstyle reforms including remote work and extended retirement age Targeted employee increase of 300 people, actual increase 425 people <ul style="list-style-type: none"> - Implemented strengthened recruitment and business acquisitions
R&D investments	○	<ul style="list-style-type: none"> Targeted R&D investment of ¥10.0 billion, achieved ¥8.6 billion <ul style="list-style-type: none"> - Launched 18 new products and services, updated 15 existing products
M&A/Financing	△	<ul style="list-style-type: none"> Of investment ceiling amounting to ¥10.0 billion, invested ¥4.0 billion

*Target for overall labor cost increases over the cumulative three-year period.

Review of Previous Medium-Term Management Plan (Summary)

Previous Medium-Term Management plan launched simultaneously with updated corporate philosophy
- Our Corporate Vision “HUMANOLOGY for the future” has been spreading around the entire organization -

All established performance targets are met
- The activities of **X Innovation** are steadily bearing fruit -



**All cleared performance targets set in the medium-term management plan
Simultaneously formulating the long-term management vision and
the new medium-term management plan to achieve further growth**

**Long-term Management Vision
“Vision 2030”**

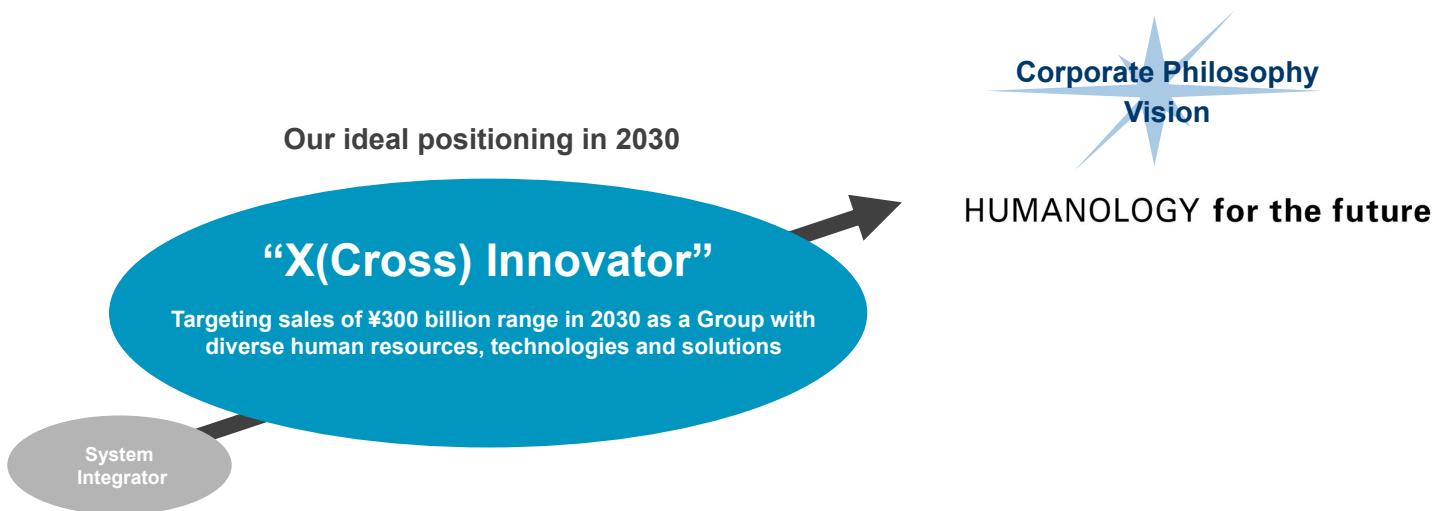
Environmental Awareness



- Further acceleration of social and corporate transformation to achieve both sustainability and growth
- Arrival of massive growth opportunities for companies with strengths in technology implementation

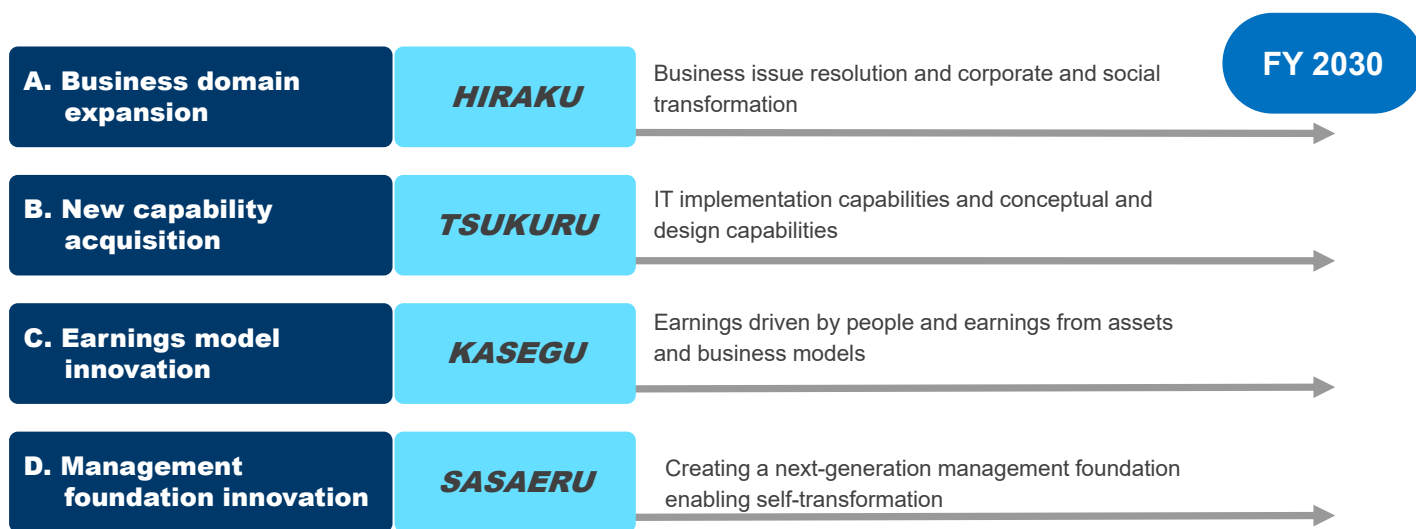
Our ideal positioning in 2030 ~Vision 2030

- Meeting the expectations of society, corporations and consumers as a high value-added Company that embodies its corporate philosophy
- Transforming ourselves to better prepare for the diversity of people and technologies



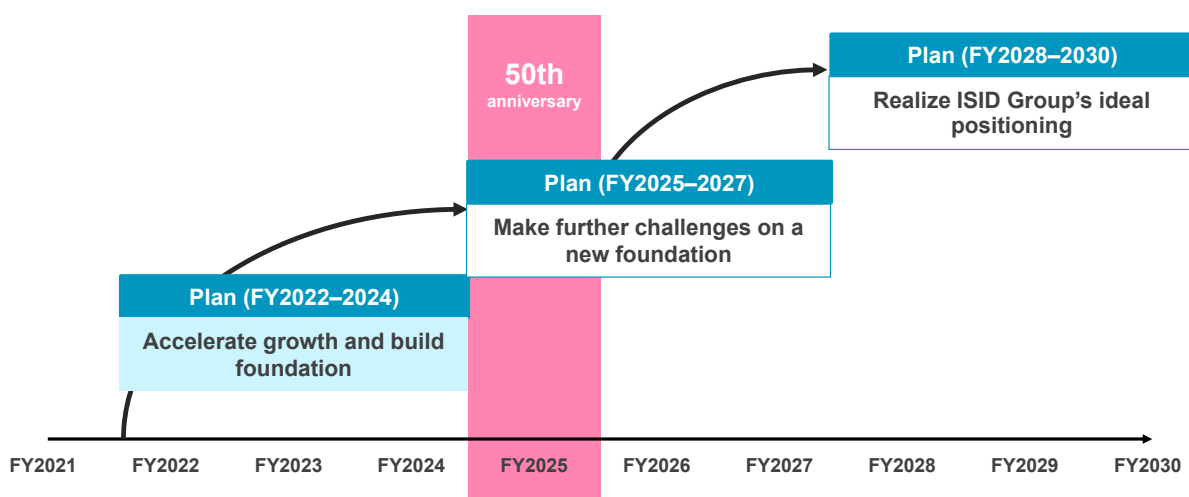
Promoting Four Self-transformations

- Strengthening our four powers and transforming ISiD into an entity that realizes social and corporate transformation



Steps to FY2030

- The nine years from FY2022 to FY2030 will be divided into three phases of three years each.
- The next medium-term management plan is a period for accelerating growth and building a foundation for higher growth.



New Medium-term Management Plan “ISID X Innovation 2024”

Medium-term Management Plan for FY2022–2024

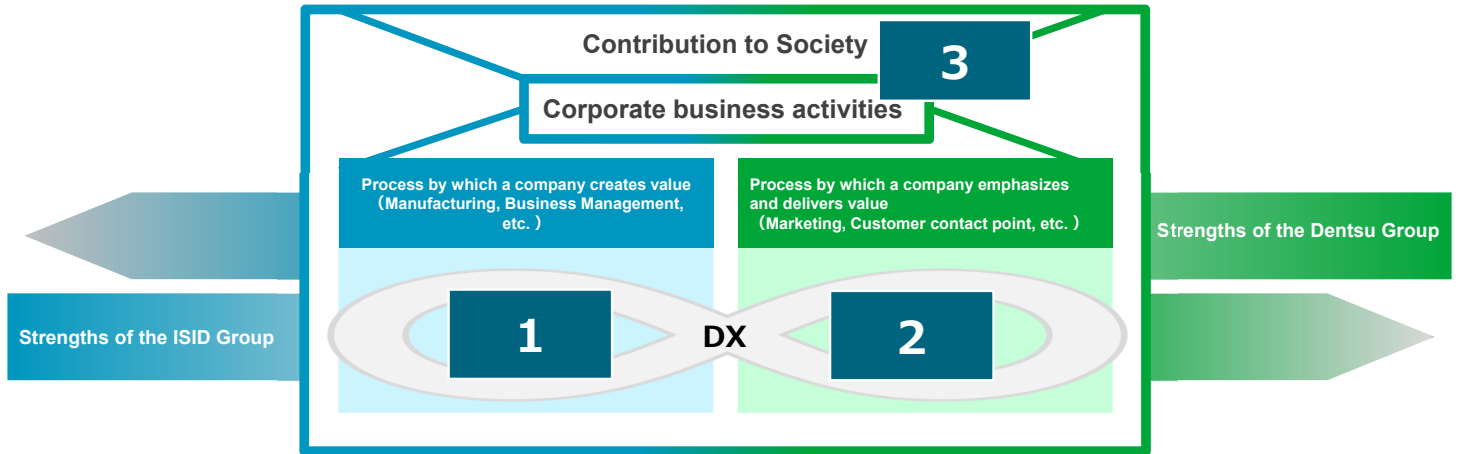
ISID X Innovation 2024

While accelerating growth by deepening X Innovation,
we will look ahead to 2030 and build a new foundation for the ISID Group.

Priority Measures		Quantitative Goals		
A. Business domain expansion (HIRAKU)	① Accelerate existing core business growth	FY2024 plan targets	CAGR 2021–2024	
	② Strength and establish customer contact reform business			
	③ Strength and establish corporate and social transformation business	Net sales	¥150 billion	10.2%
B. New capability acquisition (TSUKURU)	④ Strengthen human resources	Operating profit	¥18 billion	9.5%
	⑤ Strengthen consulting	Operating margin	12%	
	⑥ Strengthen cutting-edge technology	ROE	15%	
C. Earnings model innovation (KASEGU)	⑦ Enhance in-house software and third-party software	Growth Investments		
	⑧ Promote diversification of business models			
D. Management foundation innovation (SASAERU)	⑨ Promote sustainability management	Human resources	4,200 employees (consolidated, as of end of 2024)	
	⑩ Innovate management foundation	Technology	¥17.0 billion (three-year cumulative)	
		M&A/Financing	¥10.0 billion or more (three-year cumulative)	

A. Business Domain Expansion (Priority Measure 1, 2, and 3)

- 1** Accelerate existing core business growth : Aim for continued growth through strategic allocation of personnel and collaboration among the four segments and six business operations
- 2** Strength and establish customer contact reform business : Aim for high growth with a company-wide promotion system by consolidating marketing-related human resources
- 3** Strength and establish corporate and social transformation business : Combine strengths of the ISID Group and Dentsu Group, develop a market



B. New Capability Acquisition (Priority Measure 4, 5, and 6)

Priority measure	Details
4 Strengthen human resources	<ul style="list-style-type: none"> ● Resolve the urgent issue of human resources shortages by revising hiring methods and accelerating the pace of personnel number increases ● Promote diversification and strategic use of external procurement, including alliances.
5 Strengthen consulting	<ul style="list-style-type: none"> ● Strengthen consulting capabilities to establish the corporate and social transformation support business ● Enhance conceptual, design and business production capabilities of businesses and services
6 Strengthen cutting-edge technology	<ul style="list-style-type: none"> ● Strengthen the CoE(:center of excellence) function - Further promote recruitment and consolidation of cutting-edge technology personnel

C. Earning Model Innovation (Priority Measure 7 and 8)

Priority measure	Details
<p>7</p> <p>Enhance in-house software and third-party software</p>	<ul style="list-style-type: none"> ● Strengthen in-house software improvements to increase POSITIVE market share ● Further expand lineup with deployment of new software, Ci*X Financials ● Increase number of employees involved in the rapidly growing management and marketing solutions with a company-wide promotion system
<p>8</p> <p>Promote diversification of business models</p>	<ul style="list-style-type: none"> ● In addition to subscription-based services, promote SaaS and revenue sharing agreements ● Expand BPO services for in-house software (STRAVIS/POSITIVE, etc.) and strengthen the partner co-creation model

D. Management Foundation Innovation (Priority Measures 9 and 10)

Priority measure	Details
<p>9</p> <p>Promote sustainability management</p>	<ul style="list-style-type: none"> ● Promote management that contributes to the realization of a sustainable society
<p>10</p> <p>Innovate management foundation</p>	<ul style="list-style-type: none"> ● Launch four transformations program <ul style="list-style-type: none"> ✓ Recruitment and education system transformation : Promote various transformations targeting the retention of numerous talented employees ✓ Personnel system transformation : Design and introduce treatment and workstyle systems to appeal to employees ✓ Organizational structure transformation : Design and create business and organizational structures suitable for accelerating X Innovation ✓ Management supervision transformation : Reform of business management infrastructure, brand, etc.

Quantitative targets (Consolidated)

- Accelerate net sales CAGR from the previous plan and proactively invest in the future

(Unit: 100 million yen)

	FY2021 Result	FY2024 Target	Variance	CAGR (2021-2024)
Net sales	1,120	1,500	+380	+10.2%
Operating profit	137	180	+43	+9.5%
Operating margin	12.3%	12%	-0.3p	
ROE	14.3%	15%	+0.7p	

Quantitative targets (Segment)

- Aim for growth in all segments through strategic staffing and collaborations, enhanced solutions, etc.

(Unit: 100 million yen)

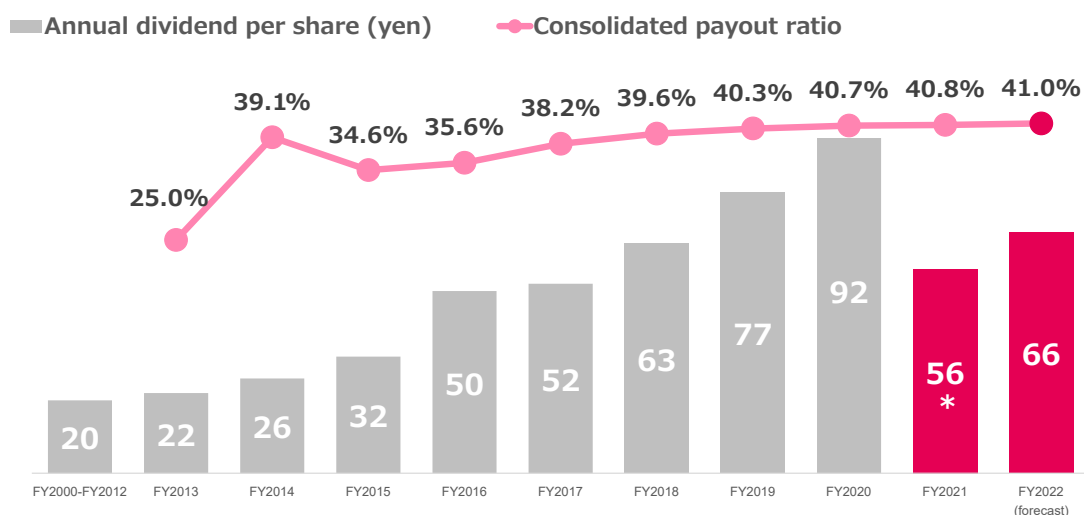
	FY2021 Net Sales Result	FY2024 Net Sales Result	CAGR (2021-2024)	Segment Policy
Financial Solutions	251	310	7.2%	Strengthen and grow core businesses and Promote business model reforms
Business Solutions	149	220	13.7%	Strategic investment of human resources as a company-wide strategic solution
Manufacturing Solutions	320	420	9.5%	Expand business domain from <i>monozukuri</i> to <i>kotozukuri</i>
Communication IT	399	550	11.3%	Expand Dentsu Group collaborations and ERP business

Growth Investments

Item	KPI	Policy
Human resources	Increase number of consolidated employees to over 4,200 people by the end of 2024	<ul style="list-style-type: none"> Plan to increase employee numbers by approximately 1,000 people from the end of 2021 Transform recruitment and education, create new workstyles
Technology	Cumulative investment over three-years amounting to ¥17 billion	<ul style="list-style-type: none"> Plan to invest approximately twice as much as in the previous plan Improve cutting-edge technology implementation capabilities, advance development technology, and develop new products and services, etc.
M&A	Cumulative investment over three-years amounting to ¥10 billion or more	<ul style="list-style-type: none"> Promote proactive M&A targeting the creation of a foundation for growth

Shareholder Returns

- Maintain a consolidated dividend payout ratio of 40% or higher
- While retaining internal reserves to ensure growth, enhance shareholder returns focusing mainly on higher dividends



* Conducted a 2-for-1 stock split on January 1, 2021

Humanology for the future

Bringing people and technology together to shape the future.