

PRESENTATION MATERIAL OF FINANCIAL RESULTS FOR FY2021 (ENDED DECEMBER 31, 2021)

February 9, 2022

Information Services International-Dentsu, Ltd.

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In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.

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AGENDA

Section 1

Outline of financial results for FY2021 and forecasts for FY2022

Akira Kobayashi
Senior Managing Director

Section 2

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

Ryoichi Nawa
President, CEO & COO

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Section 1

Outline of financial results for FY2021

Note:

From the current consolidated fiscal year, the Enterprise IT division, which is engaged in the development and implementation of mission-critical systems, was transferred from the Business Solutions segment to the Communication IT segment.

Financial Highlights for FY2021

- Net sales and profits achieved **record highs for the fourth consecutive year**, in response to rising expectations of society and corporations for DX.
- **Achieved all quantitative targets** in the medium-term.
- The year-end dividend is expected to increase by ¥4 to ¥30 per share, for a dividend payout ratio of 40.8%, up for **the ninth consecutive year**.

1. Consolidated Results for FY2021

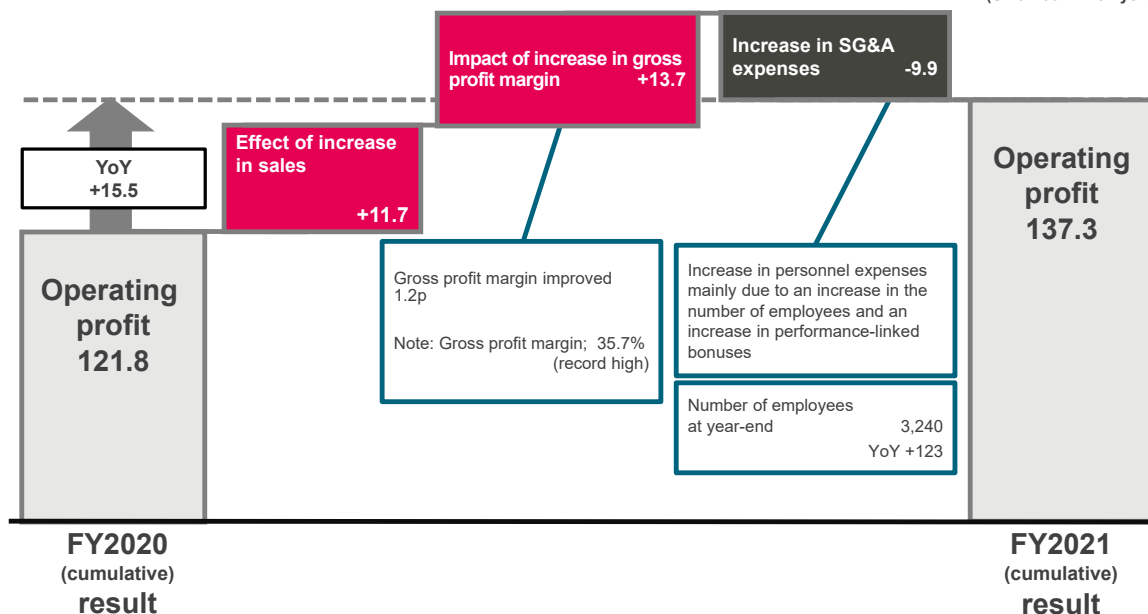
- Results in line with revised forecasts announced on 21 January.
- Both net sales and all stage profits increased year-on-year and compared to the initial forecast.

(Unit : Millions of yen)

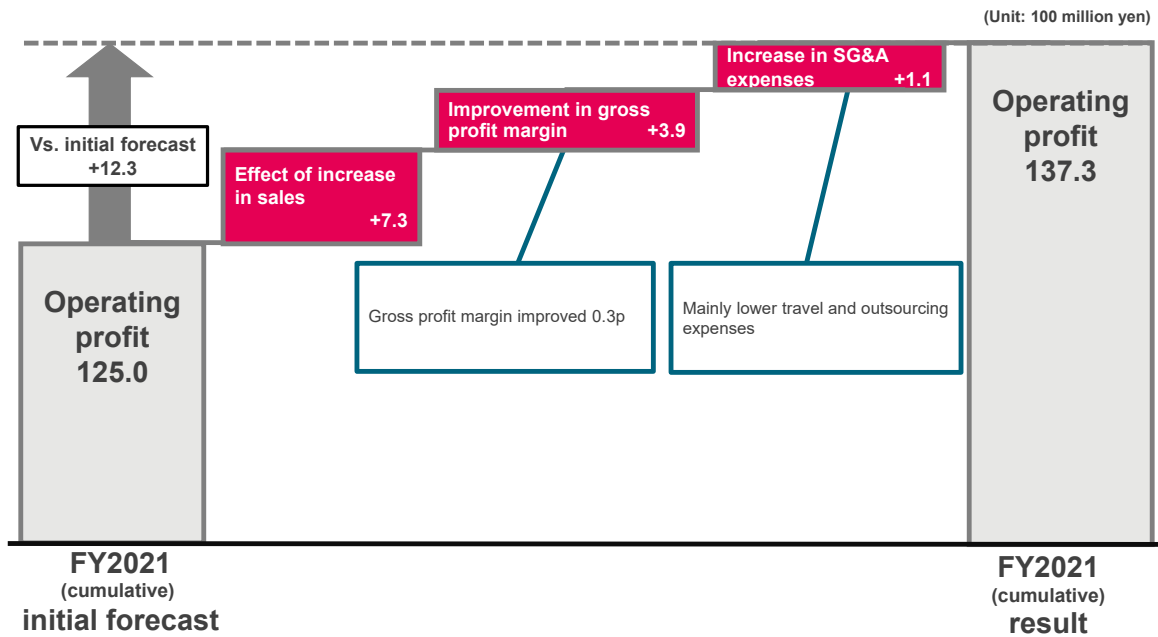
	FY2021 (cumulative)	YoY			Vs. initial forecasts (announced on February 10, 2021)		
		FY2020 (cumulative)	Variance	% change	Forecasts	Variance	% change
Net sales	112,085	108,679	+3,406	+3.1	110,000	+2,085	+1.9
Gross profit	40,016	37,472	+2,544	+6.8	38,893	+1,123	+2.9
Gross profit margin	35.7%	34.5%	+1.2p	-	35.4%	+0.3p	-
Selling, general and administrative expenses	26,280	25,282	+998	+3.9	26,393	-113	-0.4
Operating profit	13,736	12,189	+1,547	+12.7	12,500	+1,236	+9.9
Operating margin	12.3%	11.2%	+1.1p	-	11.4%	+0.9p	-
Ordinary profit	13,224	11,502	+1,722	+15.0	12,300	+924	+7.5
Profit attributable to owners of parent	8,944	7,362	+1,582	+21.5	8,300	+644	+7.8
ROE	14.3%	12.9%	+1.4p	-	-	-	-

2-1. Factors for Increase/Decrease in Operating Profit (Vs. the previous year)

(Unit: 100 million yen)



2-2. Factors for Increase/Decrease in Operating Profit (Vs. initial forecast)



3. Net Sales and Operating Profit by Reportable Segment

(Unit : Millions of yen)

Reportable segment		FY2021 (cumulative)	YoY		Overview	Vs. initial forecasts	
			Variance	% change		Variance	% change
Financial Solutions	Net sales	25,176	+1,288	+5.4	Sales and operating profit increased, due to the expansion of DX support projects by financial institutions, in addition to BANK·R, a next-generation loan solution, and Lamp, a lease and finance operation management package.	+324	+1.3
	Operating profit	1,494	+83	+5.9		—	—
	%	5.9	+0.0p	—		—	—
	Employees	809	+69	+9.3		—	—
Business Solutions	Net sales	14,958	-7,142	-32.3	Sales and operating profit declined due to a decrease in the sales in the Enterprise IT division as a result of the transfer of this division to the Communication IT segment. However, the business performed well, centered on the Ci*X, an accounting solution, and CCH Tagetik, a company management solution.	+226*	+1.5*
	Operating profit	2,655	-105	-3.8		—	—
	%	17.7	+5.2p	—		—	—
	Employees	379	-220	-36.7		—	—
Manufacturing Solutions	Net sales	32,031	+1,520	+5.0	Sales and operating profit increased due to the expansion of DX support projects that comprehensively provide consulting services, contract system development, and in-house and third-party software for the automotive industry and the electric and precision equipment industry, which aim to innovate their entire value chains.	+1,118	+3.6
	Operating profit	2,847	+490	+20.8		—	—
	%	8.9	+1.2p	—		—	—
	Employees	670	+14	+2.1		—	—
Communication IT	Net sales	39,919	+7,740	+24.1	Sales and operating profit increased due to an increase in DX support projects for customers, mainly in the marketing area, and the transfer and integration of the Enterprise IT division from the Business Solutions segment, despite the peak-out of several large-scale projects.	+419*	+1.1*
	Operating profit	6,738	+1,079	+19.1		—	—
	%	16.9	-0.7p	—		—	—
	Employees	756	+295	+64.1		—	—

* Figures have been revised due to errors in the initial forecast figures for Business Solutions and Communication IT.
 Employees : average number of employees during the period

Ref. Supplementary information on Reportable Segment

The comparison of reference figures, considering the transfer of business units between Business Solutions and Communication IT, is as follows.

- **Business Solutions: Sales and profits increased due to the expansion of sales and installation projects of Ci*X, CCH Tagetik, etc.**
- **Communication IT : Sales and profit increased due to progress in acquisition of marketing DX projects.**

(Unit : Millions of yen)

Reportable segment		FY2021 (cumulative)	Comparison with reference figures		
			Reference figures for FY2020 (cumulative)	Variance	% change
Business Solutions	Net sales	14,958	14,616	+342	+2.3
	Operating profit	2,655	1,939	+716	+36.9
	%	17.7	13.3	+4.4p	-
Communication IT	Net sales	39,919	39,663	+256	+0.6
	Operating profit	6,738	6,480	+258	+4.0
	%	16.9	16.3	+0.6p	-

* Reference figures for FY2020 are calculated by adding or subtracting the net sales and operating profit of our non-consolidated business division and certain subsidiaries from the actual figures for FY2020. (This is different from the reference figure on page 20 of Presentation Material of Financial Results for FY2020. Net sales and operating income of some subsidiaries are also subject to addition and subtraction.)

Ref. Consolidated Results for the 4Q (October - December)

Consolidated Results

(Unit : Millions of yen)

Reportable segment	4Q of FY2021 (Oct.-Dec.)	4Q of FY2020 (Oct.-Dec.)	YoY	
			Variance	% change
Net sales	32,200	28,496	+3,704	+13.0
Gross profit	11,763	9,841	+1,922	+19.5
Gross profit margin	36.5%	34.5%	+2.0p	-
Selling, general and administrative expenses	7,564	6,957	+607	+8.7
Operating profit	4,199	2,883	+1,316	+45.6
Operating margin	13.0%	10.1%	+2.9p	-

Net Sales by Reportable Segment

(Unit : Millions of yen)

Reportable segment	4Q of FY2021 (Oct.-Dec.)	4Q of FY2020 (Oct.-Dec.)	YoY	
			Variance	% change
Financial Solutions	7,136	6,091	+1,045	+17.2
Business Solutions	3,808	6,027	-2,219	-36.8
(Ref.)	<u>3,808</u>	<u>*3,770</u>	<u>+38</u>	<u>+1.0</u>
Manufacturing Solutions	8,855	8,436	+419	+5.0
Communication IT	12,399	7,941	+4,458	+56.1
(Ref.)	<u>12,399</u>	<u>*10,197</u>	<u>+2,202</u>	<u>+21.6</u>

* Reference figures for FY2020 are calculated by adding or subtracting the net sales and operating income of our non-consolidated business division and certain subsidiaries from the actual figures for the previous fiscal year.

4. Consolidated Net Sales by Service Category

(Unit : Millions of yen)

Service category	FY2021 (cumulative)	YoY			Vs. initial forecasts	
		Variance	% change	Overview	Variance	% change
Consulting Services	7,200	+1,225	+20.5	Expansion of Communication IT.	+729	+11.3
Custom System Development	29,245	+1,098	+3.9	Expansion of Communication IT.	-2,297	-7.3
In-house Software	22,089	+1,540	+7.5	Expansion of Financial Solutions (Lamp and BANK-R) and Communication IT (iPLAss).	-73	-0.3
Third-party Software	33,767	+442	+1.3	Expansion of Manufacturing Solutions (CAE, PLM) and Business Solutions (CCH Tagetik).	+1,505	+4.7
Outsourcing, Operation and Maintenance Services	12,085	-377	-3.0	Decrease mainly in Communication IT.	+897	+8.0
IT Equipment Sales and Others	7,696	-523	-6.4	Decrease mainly in Communication IT.	+1,323	+20.8

5. Consolidated Net Sales by Industry

(Unit : Millions of yen)

Industry	FY2021 (cumulative)		YoY	
	Net Sales	Composition Ratio (%)	Variance	% change
Banks	19,042	17.0	-510	-2.6
Other financial institutions	5,455	4.9	+994	+22.3
Financial	24,497	21.9	+483	+2.0
Transportation equipment	16,790	15.0	+835	+5.2
Electric appliances Precision instruments	11,109	9.9	+1,979	+21.7
Machinery	7,248	6.5	+526	+7.8
Other products	9,278	8.3	+1,036	+12.6
Manufacturing	44,425	39.6	+4,376	+10.9
Services and public offices	34,047	30.4	-2,430	-6.7
Distributions and others	9,117	8.1	+977	+12.0

* As we reviewed some of our client industries, we used reclassified figures for comparative purposes for the same period last year.

6. Sales to the Dentsu Group

Dentsu Group Inc. and its subsidiaries	23,978	21.4	-4,525	-15.9
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7. Consolidated Balance Sheets

(Unit : Millions of yen)

	As of December 31, 2021	As of December 31, 2020	Variance	Main Factors for Increase/Decrease
Total current assets	89,933	78,795	+11,138	Increase in deposits paid (+9,899) Increase in in advance payments - trade (+2,844) Decrease in trade receivables (-1,267)
Total non-current assets	18,255	18,351	-96	Increase in software(+717) Decrease in tangible leased assets (-689) Decrease in intangible leased assets (-222)
Total assets	108,188	97,147	+11,041	
Total current liabilities	40,476	34,463	+6,013	Increase in trade payables (+1,828) Increase in notes and accrued expenses (+1,746) Increase in advances received (+1,027)
Total non-current liabilities	2,240	3,096	-856	Decrease in long-term leased assets (-730)
Total liabilities	42,716	37,559	+5,157	
Total net assets	65,471	59,587	+5,884	Increase in retained earnings (+5,657)
Total liabilities and net assets	108,188	97,147	+11,041	

8. Consolidated Statements of Cash Flows

(Unit : Millions of yen)

	FY2021 (cumulative)	Main Factors	YoY	
			FY2020 (cumulative)	Variance
Cash flows from operating activities	16,981	Profit before income taxes (13,171) Depreciation (2,989) Increase in trade payables (1,779) Increase in accounts payable - other, and accrued expenses (1,687) Increase in advance payments - trade (-4,129)	9,987	+6,994
Cash flows from investing activities	-2,815	Purchase of intangible assets (-2,148)	-3,230	+415
Cash flows from financing activities	-4,461	Dividends paid (-3,290) Repayments of lease obligations (-1,166)	-3,942	-519
Effect of exchange rate change on cash and cash equivalents	242		-21	+263
Net increase (decrease) in cash and cash equivalents	9,975		2,792	+7,183
Cash and cash equivalents at the beginning of period	39,773		36,981	+2,792
Cash and cash equivalents at the end of period	49,748		39,773	+9,975

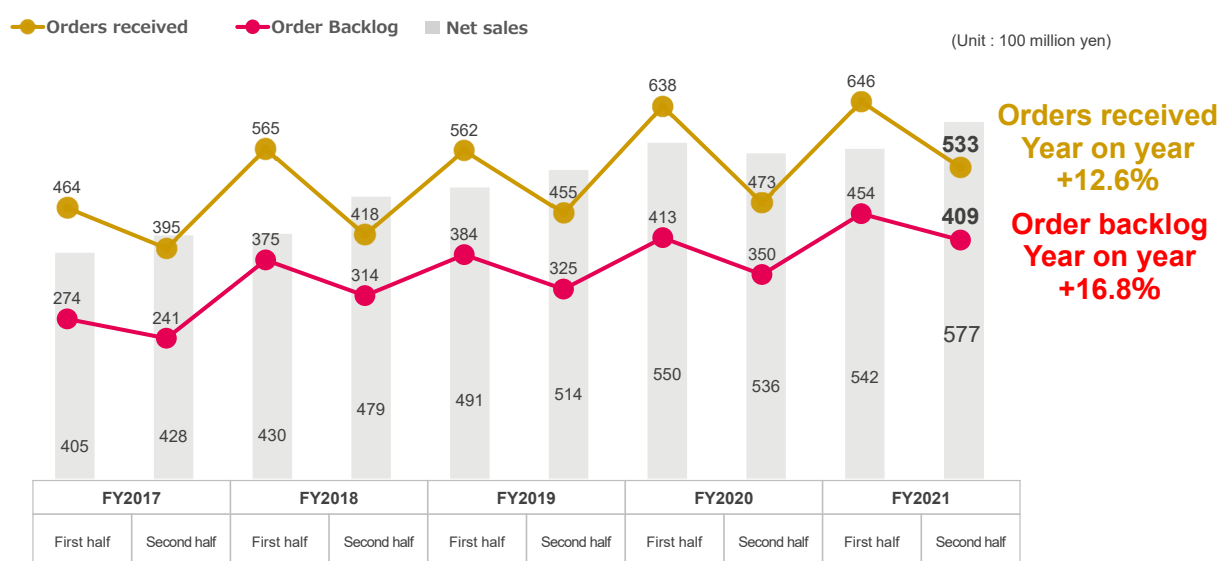
9. Orders Received and Order Backlog

(Unit : Millions of yen)

		Orders received				Order backlog	
		4Q of FY2021 (Oct. – Dec.)	YoY (%)	FY2021 (cumulative)	YoY (%)	FY2021 (cumulative)	YoY (%)
Total		29,282	+19.1	117,977	+6.0	40,972	+16.8
Reportable Segments	Financial Solutions	7,708	+25.6	25,279	+10.8	7,565	+1.4
	Business Solutions	4,179	-27.6	16,099	-25.6	5,431	-21.4
	Manufacturing Solutions	7,422	+7.5	35,758	+11.1	16,130	+30.0
	Communication IT	9,971	+73.0	40,840	+18.0	11,844	+42.6
Service Categories	Consulting Services	1,939	+22.3	7,300	+23.3	891	+12.6
	Custom System Development	8,112	+42.9	30,206	+18.6	6,758	+16.6
	In-house Software	5,977	-2.4	22,251	+5.6	7,387	+2.2
	Third-party Software	8,407	+24.3	38,389	+7.0	18,647	+33.0
	Outsourcing, Operation and Maintenance Services	2,447	-8.5	11,933	-10.5	2,232	-6.4
	IT Equipment Sales and Others	2,397	+37.4	7,895	-17.6	5,055	+4.1

10. Trends in Orders Received and Order Backlog

- Orders received and order backlog exceeded those of the same period of the previous fiscal year.



Section 1

Forecasts for FY2022

Note: Explanation regarding the appropriate use of forecasts of business results

The forecast figures are projections based on information available at the time of release and are not intended as a guarantee that we will achieve these targets. Actual results may differ significantly from the forecasts as a result of changes in the business environment and other factors.

1. Forecast for FY2022

The outlook and dividend forecast for FY2022, the first year of the new medium-term management plan, are as follows.

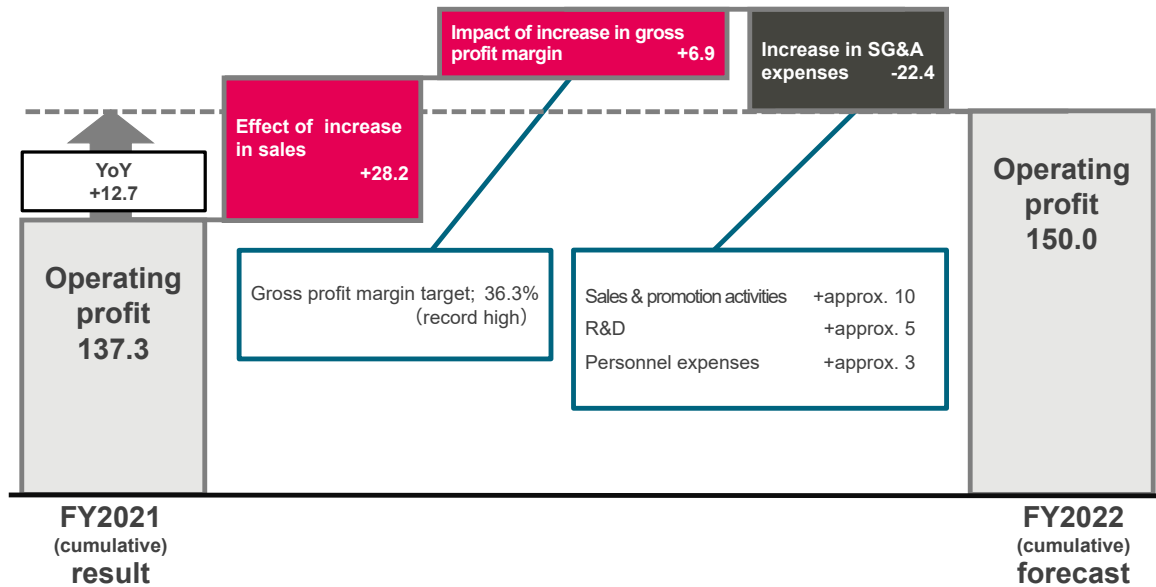
(Unit : Millions of yen)

		FY2022	YoY		
			FY2021	Variance	% change
Net sales		120,000	112,085	+7,915	+7.1
Operating profit		15,000	13,736	+1,264	+9.2
Operating margin		12.5%	12.3%	+0.2p	—
Ordinary profit		15,000	13,224	+1,776	+13.4
Profit attributable to owners of parent		10,500	8,944	+1,556	+17.4
Human resources planning (Employees at year-end)		3,480	3,240	+240	+7.4
Dividend forecast	Annual dividend	¥66	¥56	+¥10	—
	Dividend payout ratio	41.0%	40.8%	+0.2p	—

- End of second quarter ¥33
- Fiscal year-end ¥33

2. Factors for Increase/Decrease in Operating Income

(Unit: 100 million yen)



3. Net Sales Forecasts by Reportable Segment / Service Category for FY2022

Net Sales by Reportable Segment

(Unit : Millions of yen)

Reportable segment	First half of FY2022	YoY		
		FY2021	Variance	% change
Financial Solutions	26,453	25,176	+1,277	+5.1
Business Solutions	16,346	14,958	+1,388	+9.3
Manufacturing Solutions	34,208	32,031	+2,177	+6.8
Communication IT	42,991	39,919	+3,072	+7.7

Net Sales by Service Category

(Unit : Millions of yen)

Service category	First half of FY2022	YoY		
		FY2021	Variance	% change
Consulting Services	7,576	7,200	+376	+5.2
Custom System Development	33,706	29,245	+4,461	+15.3
In-house Software	24,223	22,089	+2,134	+9.7
Third-party Software	36,164	33,767	+2,397	+7.1
Outsourcing, Operation and Maintenance Services	11,903	12,085	-182	-1.5
IT Equipment Sales and Others	6,426	7,696	-1,270	-16.5

4. Earnings Forecasts for the First Half of FY2022

(Unit : Millions of yen)

	First half of FY2022 (Jan. - Jun.)	YoY			Ratio to full year (%)
		First half of FY2021	Variance	% change	
Net sales	59,000	54,293	+4,707	+8.7	49.2%
Operating profit	7,100	6,525	+575	+8.8	47.3%
Operating margin	12.0%	12.0%	+0.0p	—	—
Ordinary profit	7,100	6,443	+657	+10.2	47.3%
Profit attributable to owners of parent	5,000	4,392	+608	+13.8	47.6%

5. Net Sales Forecasts by Reportable Segment / Service Category for the First Half of FY2022

■ Net Sales by Reportable Segment

(Unit : Millions of yen)

Reportable segment	First half of FY2022 (Jan. - Jun.)	YoY		
		First half of FY2021	Variance	% change
Financial Solutions	13,238	11,804	+1,434	+12.1
Business Solutions	7,924	7,718	+206	+2.7
Manufacturing Solutions	17,112	15,637	+1,485	+9.5
Communication IT	20,714	19,132	+1,582	+8.3

■ Net Sales by Service Category

(Unit : Millions of yen)

Service category	First half of FY2022 (Jan. - Jun.)	YoY		
		First half of FY2021	Variance	% change
Consulting Services	3,687	3,249	+438	+13.5
Custom System Development	16,523	13,464	+3,059	+22.7
In-house Software	11,231	11,441	-210	-1.8
Third-party Software	17,649	16,452	+1,197	+7.3
Outsourcing, Operation and Maintenance Services	5,759	5,590	+169	+3.0
IT Equipment Sales and Others	4,148	4,094	+54	+1.3

Section 2

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

Review of Previous Medium-term Management Plan

Medium-term management plan for FY 2019-2021

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.

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

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”**

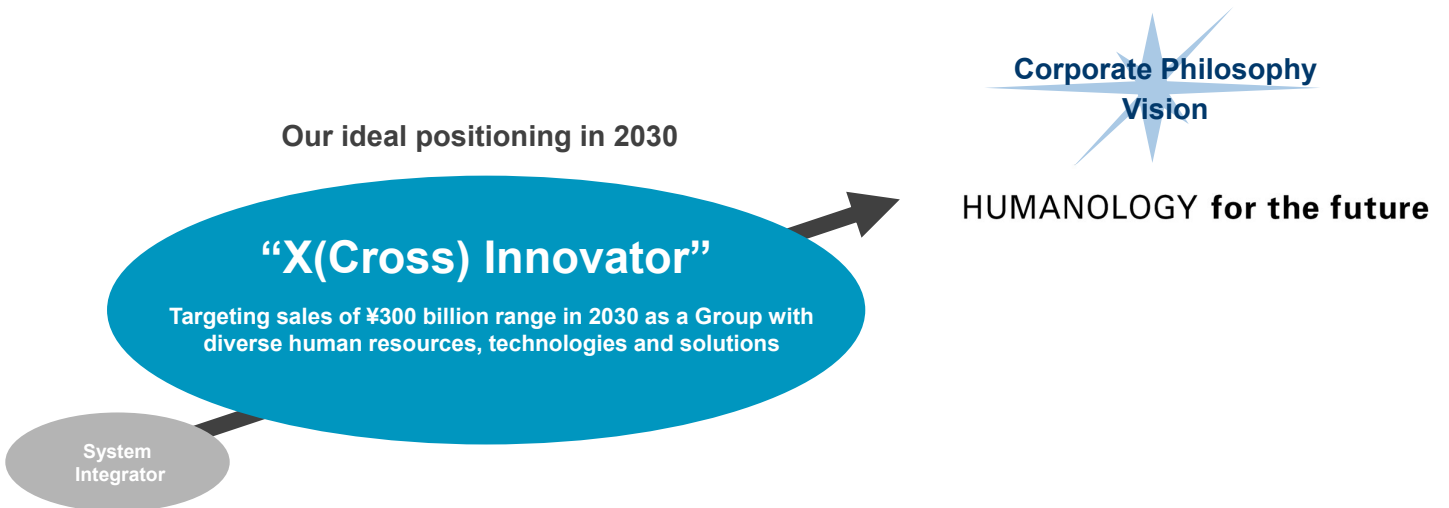
Environmental Awareness



- 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

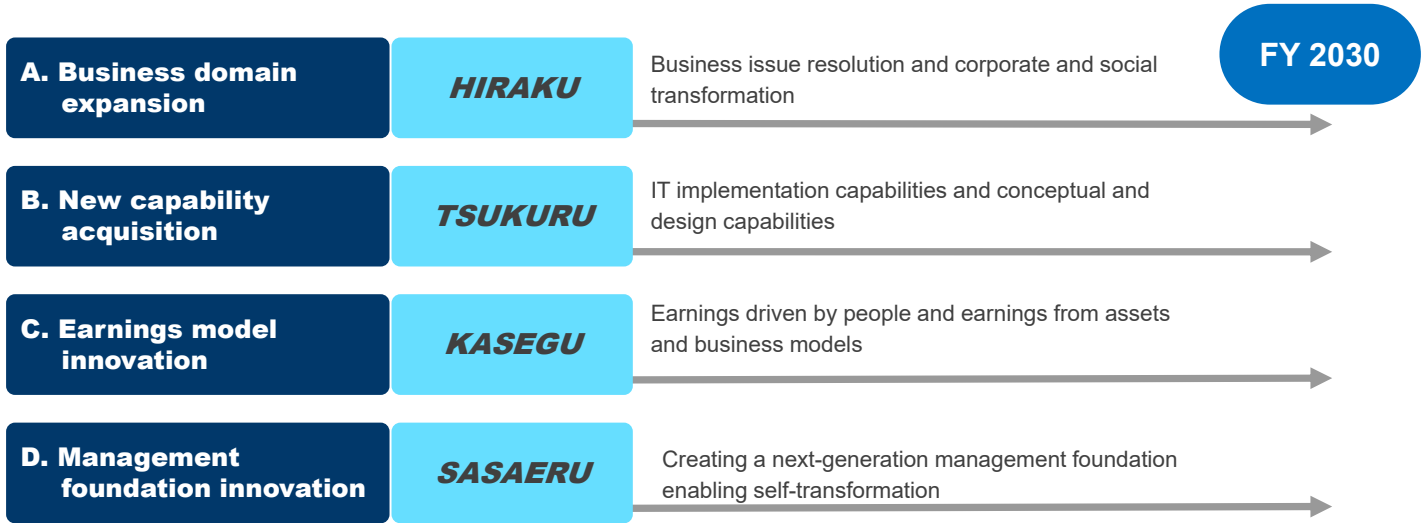
Our ideal positioning in 2030 ~Vision 2030

- 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



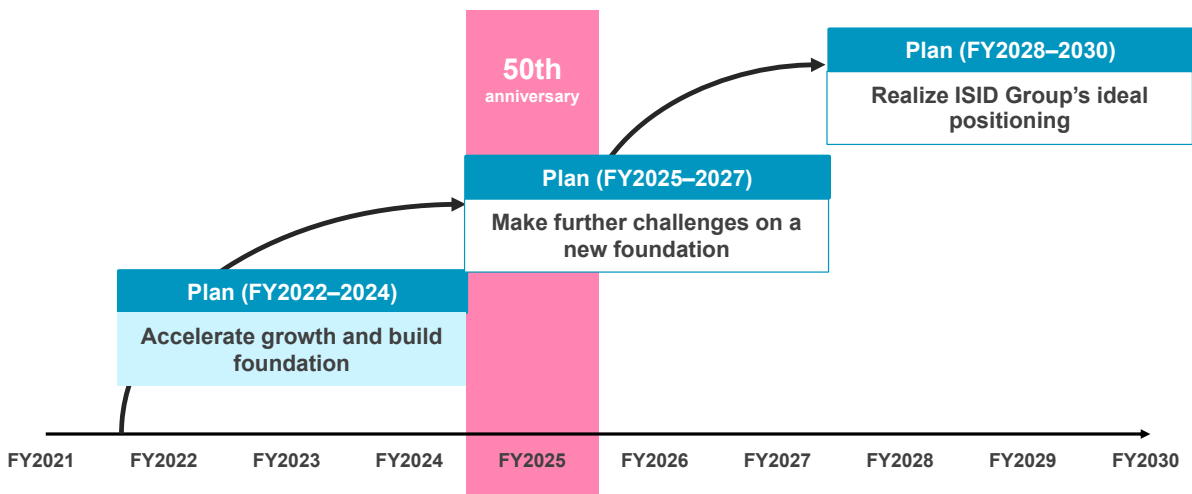
Promoting Four Self-transformations

- 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

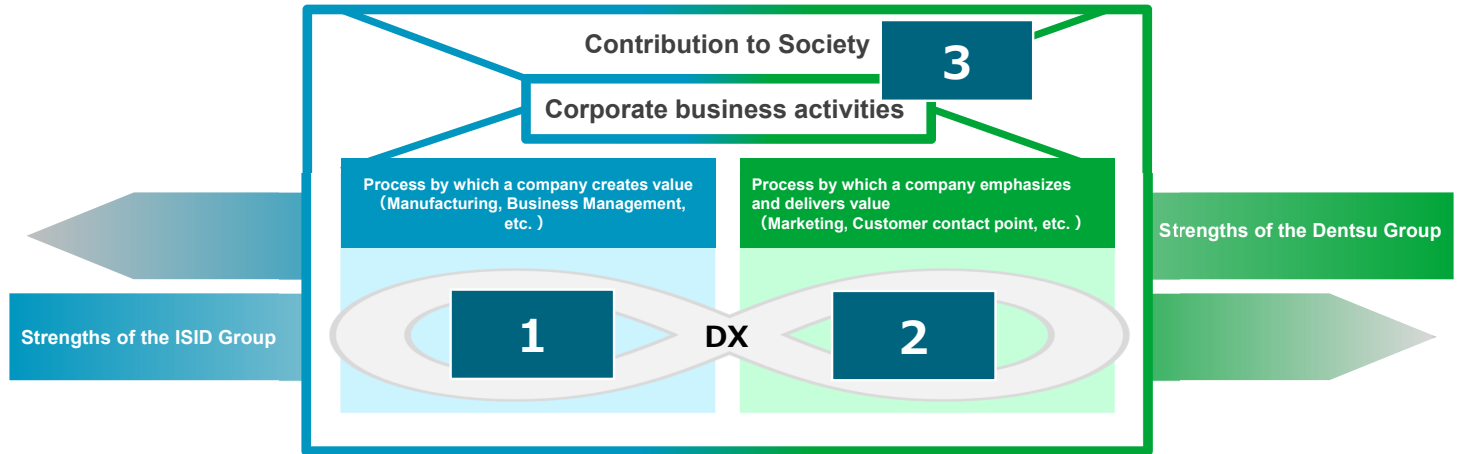
ISID X Innovation 2024

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
7 Enhance in-house software and third-party software	<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
8 Promote diversification of business models	<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
9 Promote sustainability management	<ul style="list-style-type: none"> ● Promote management that contributes to the realization of a sustainable society
10 Innovate management foundation	<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)

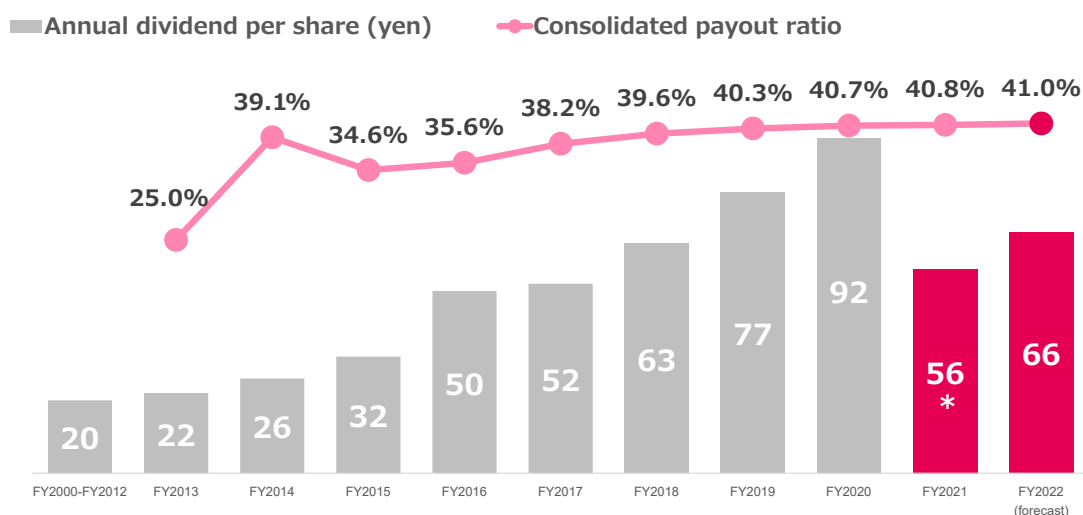
	FY2021 Net Sales Result	FY2024 Net Sales Result	CAGR (2021-2024)	Segment Policy
Financial Solutions	251	310	7.2%	Strengthen and grow core businesses and Promote business model reforms
Business Solutions	149	220	13.7%	Strategic investment of human resources as a company-wide strategic solution
Manufacturing 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