



IT HOLDINGS

Go Beyond

Information Meeting Materials for the First Two Quarters of the Fiscal Year Ending March 31, 2015

October 30, 2014

IT Holdings Corporation

Fiscal 2015 First Two Quarters Financial Highlights

Fiscal 2015 Performance Forecast

Status of Progress on Key Strategies

Reference Materials

Fiscal 2015 First Two Quarters: Financial Highlights

(Millions of yen)

- Net sales rose year-on-year and exceeded expectations, thanks to favorable business conditions.
- On the income front, results were on a par with the corresponding period a year ago and less than expected.

Net Sales ¥ 172,851 million

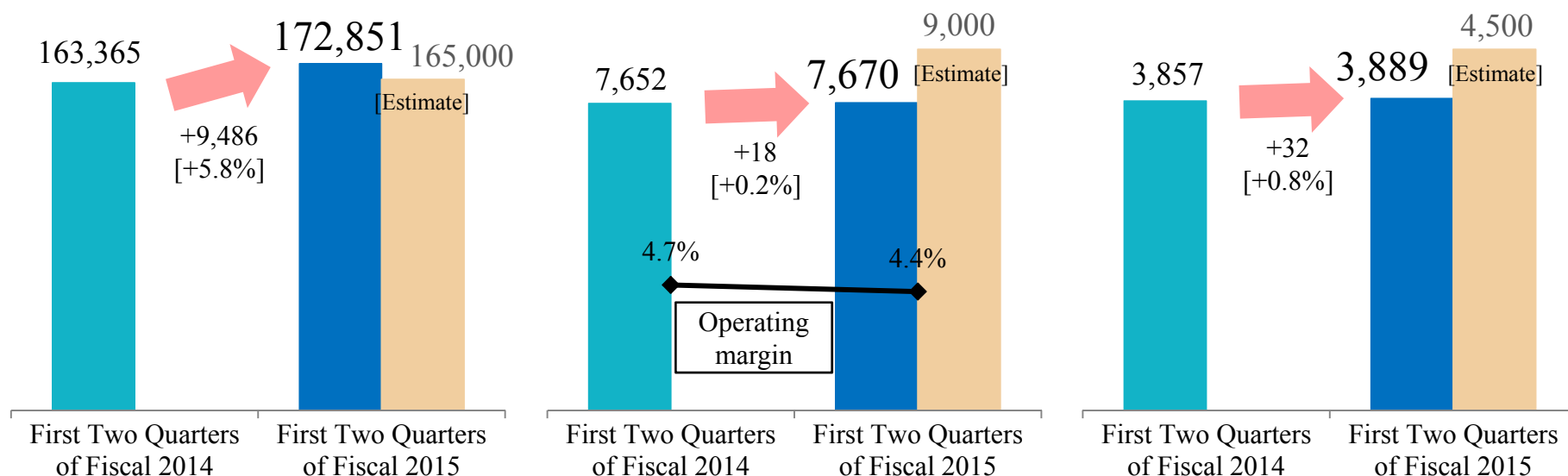
YOY change : +¥9,486 million [+5.8%]
Compared with estimate : +¥7,851 million [+4.8%]

Operating Income ¥ 7,670 million

YOY change : +¥18 million [+0.2%]
Compared with estimate : - ¥ 1,330 million [-14.8%]

Net Income ¥ 3,889 million

YOY change : +¥32 million [+0.8%]
Compared with estimate : - ¥ 611 million [-13.6%]



Net sales trended upward, buoyed mainly by accurate identification of clients' IT investment needs, and greatly exceeded the level recorded for the corresponding period a year ago.

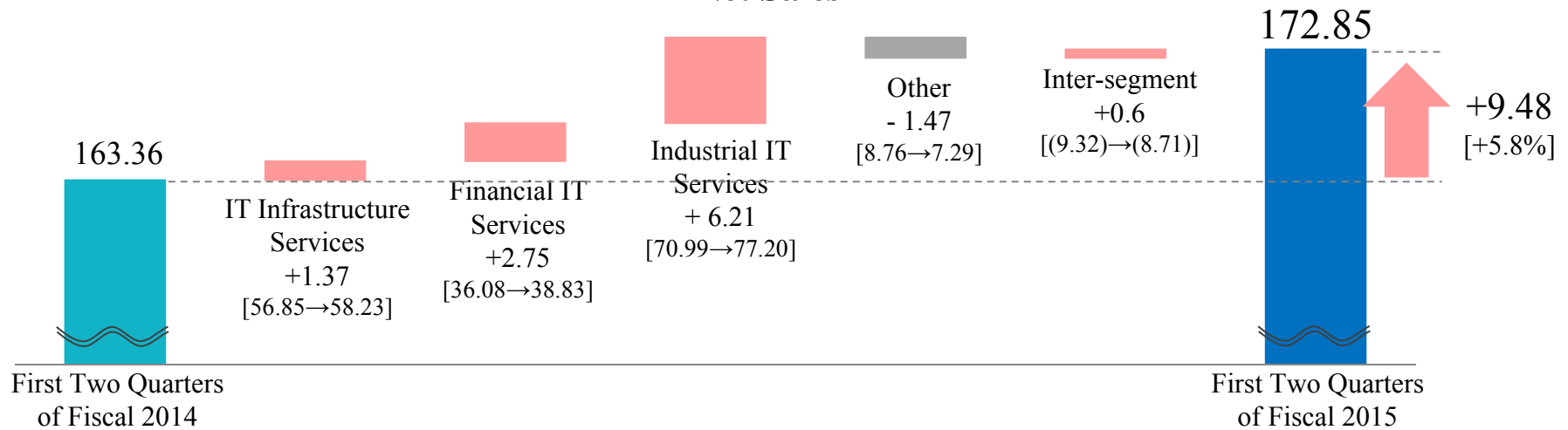
Operating income benefited from the impact of higher net sales and efforts to control unprofitable projects, but gains were squeezed by an increase in sales-related projects with low profitability and costs associated with structural improvements designed to secure and execute several large-scale development projects.

Net income hovered at the level recorded a year ago, paralleling sluggish progress in operating income.

Fiscal 2015 First Two Quarters: Net Sales and Operating Income Analysis

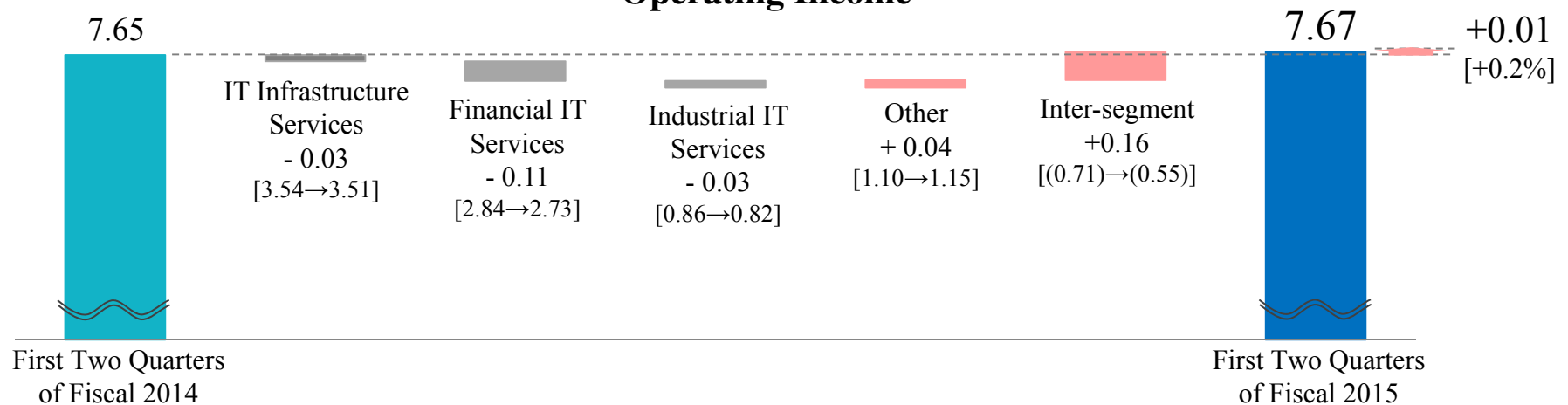
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



Fiscal 2015 First Two Quarters: Sales and Income for Key Segments

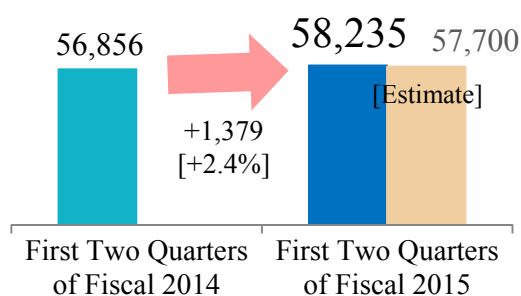
(Millions of yen)

IT Infrastructure Services

Net Sales ¥58,235 million

YOY change : +¥1,379 million [+2.4%]

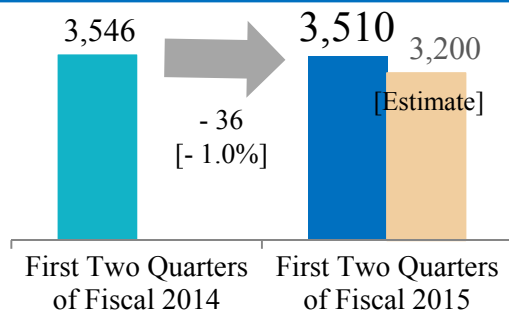
Compared with estimate : +¥535 million [+0.9%]



Operating Income ¥3,510 million

YOY change : - ¥36 million [- 1.0%]

Compared with estimate : +¥310million [+9.7%]



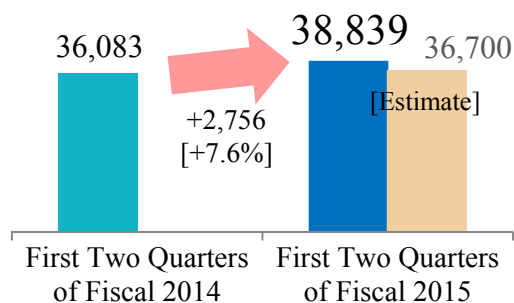
Brisk demand for data center services led to a year-on-year increase in associated revenue, but some existing clients scaled back on other services, prompting a slight decrease in segment sales.

Financial IT Services

Net Sales ¥38,839 million

YOY change : +¥2,756 million [+7.6%]

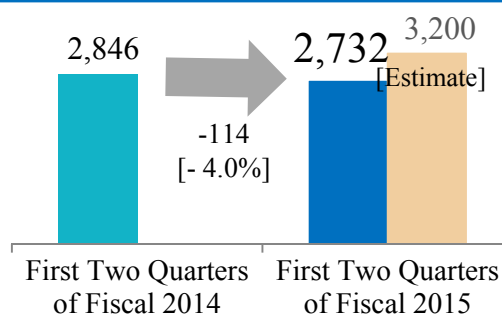
Compared with estimate : +¥2,139 million [+5.8%]



Operating Income ¥2,732 million

YOY change : - ¥114 million [- 4.0%]

Compared with estimate : - ¥468 million [- 14.6%]



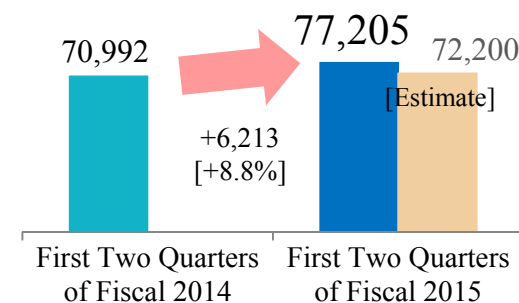
Year-on-year revenue was up, mainly due to greater IT investment among clients. Income, however, was down, largely because of costs associated with structural improvements designed to secure and execute several large-scale development projects.

Industrial IT Services

Net Sales ¥77,205 million

YOY change : +¥6,213 million [+8.8%]

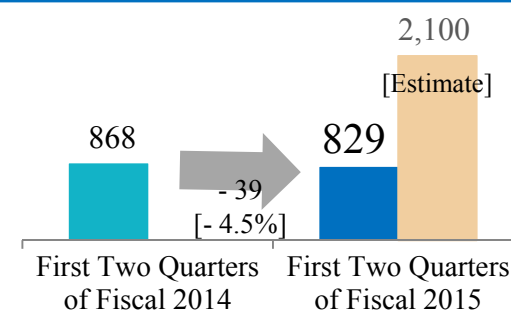
Compared with estimate : +¥5,005 million [+6.9%]



Operating Income ¥829 million

YOY change : - ¥39 million [- 4.5%]

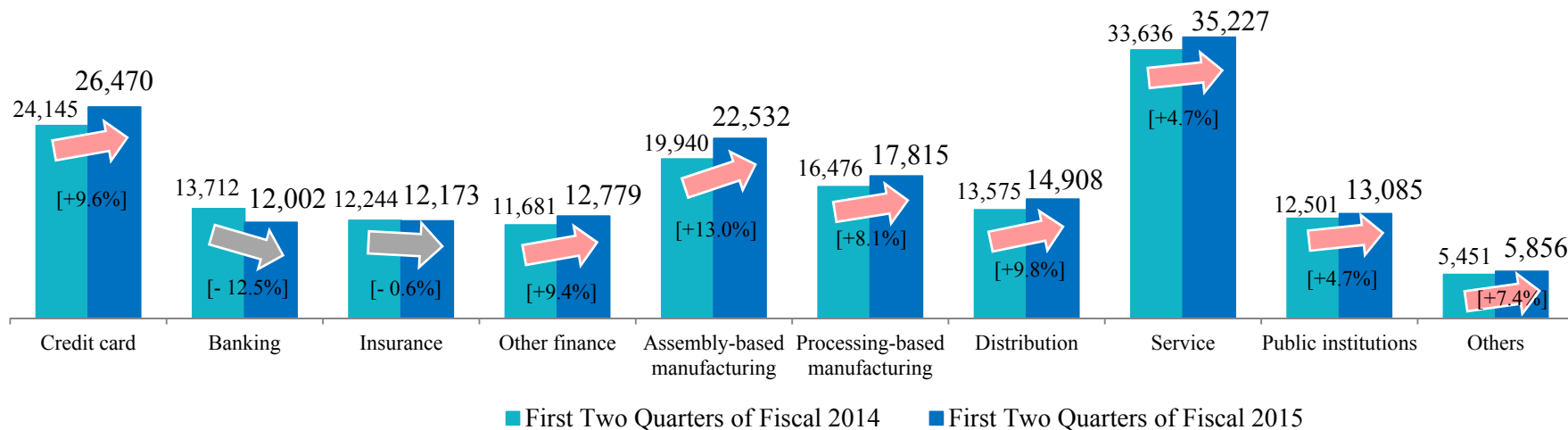
Compared with estimate : - ¥1,271 million [- 60.5%]



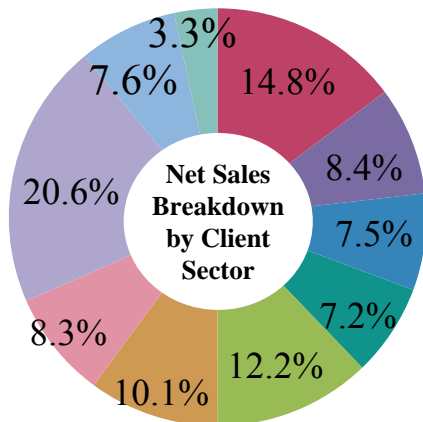
Despite higher revenue and successful efforts to control unprofitable projects, an increase in sales-related projects with low profitability and costs associated with structural improvements designed to secure and execute several large-scale development projects caused a drop in net income.

Fiscal 2015 First Two Quarters: Sales by Client Sector

(Millions of yen)

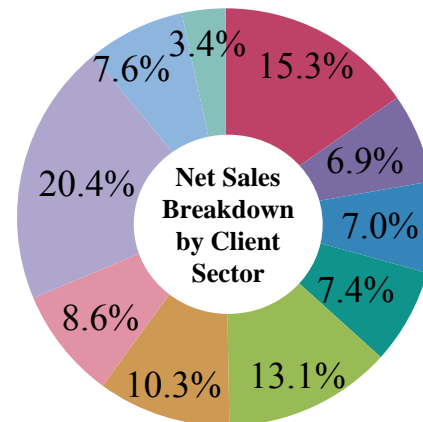


First Two Quarters of Fiscal 2014



Financial sector: 37.9% Industrial sector: 51.2%
Public sector: 7.6% Other sectors: 3.3%

First Two Quarters of Fiscal 2015



Financial sector: 36.6% Industrial sector: 52.4%
Public sector: 7.6% Other sectors: 3.4%

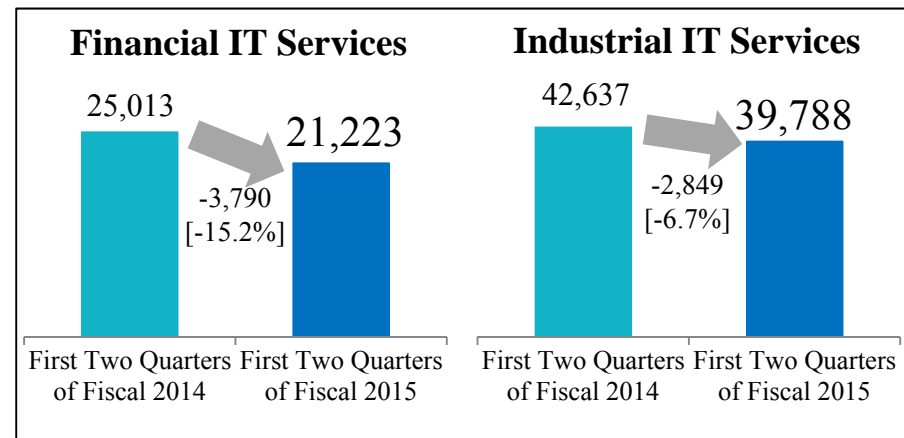
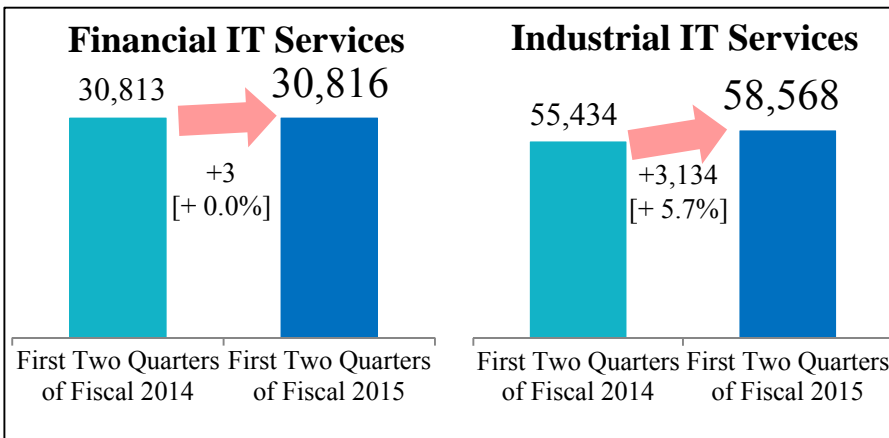
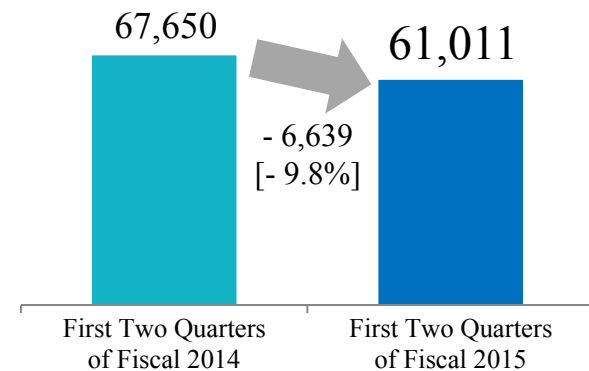
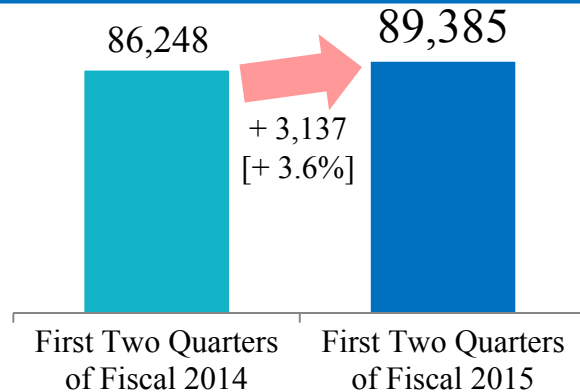
Fiscal 2015 First Two Quarters: Order Status

(Millions of yen)

- Order volume gradually increased, and backlog decreased due to elimination as orders were transferred to the books as completed sales.
- The booking of orders for large-scale development projects should lead to higher order volume and backlog in the second half.

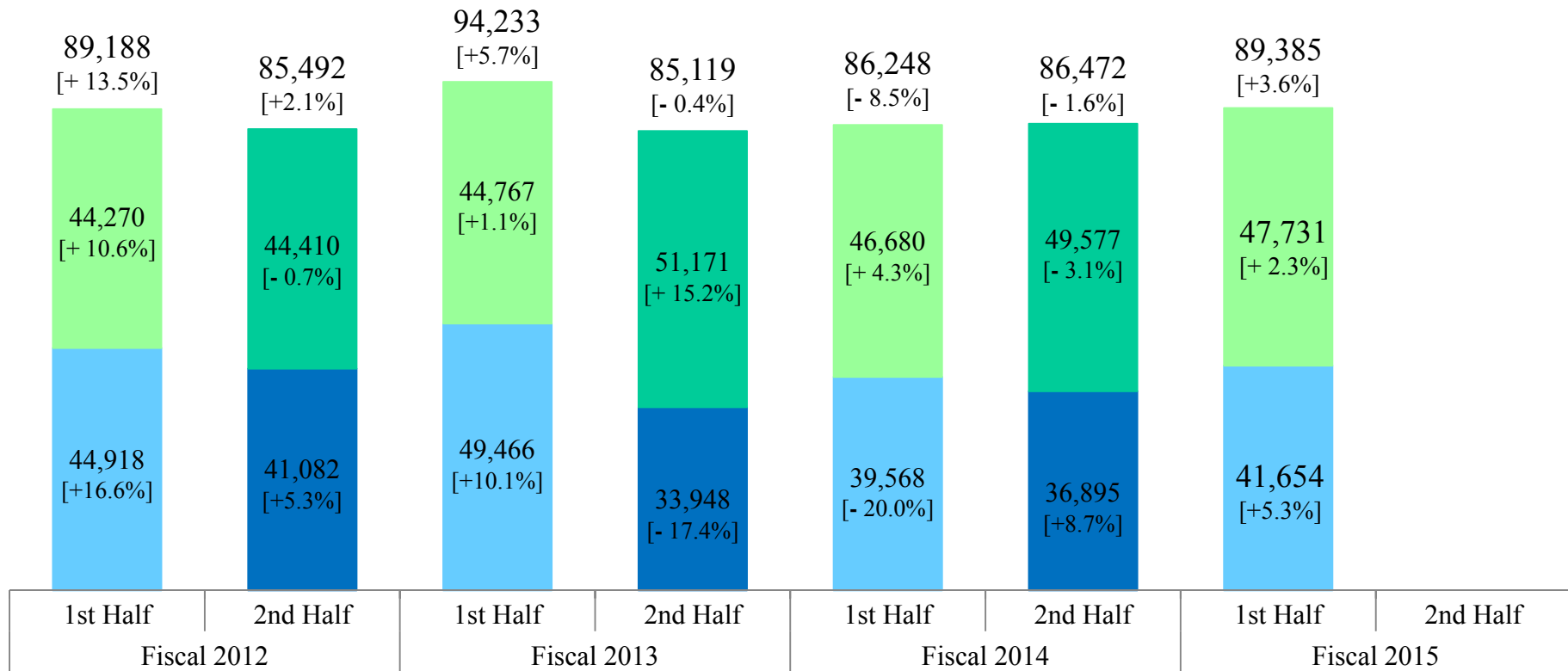
Orders received during the term ¥ 89,385million
YOY change : +¥3,137 million [+3.6%]

Order backlog at term-end ¥ 61,011 million
YOY change : - ¥6,639 million [- 9.8%]



Changes in Orders Received

(Millions of yen)



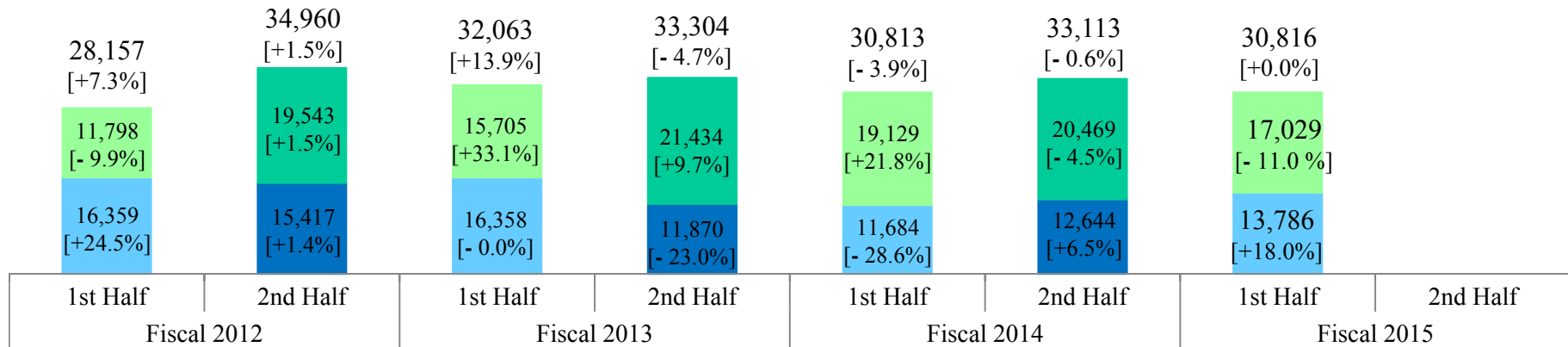
■ Second quarter ■ Fourth quarter
■ First quarter ■ Third quarter

Orders received during the term apply to Software Development only. Percentage figures in columns indicate increase or decrease from the previous term.

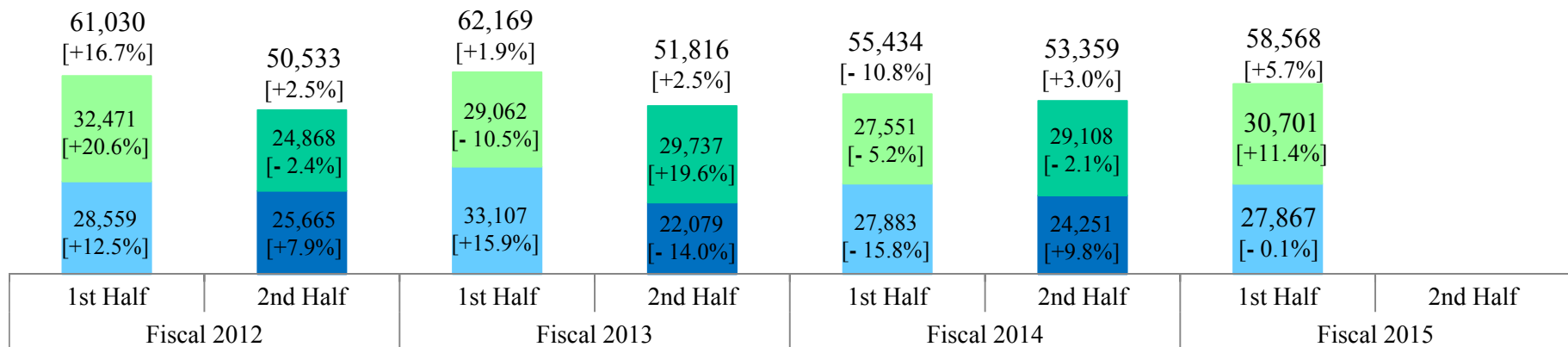
Changes in Orders Received

(Millions of yen)

Financial IT Services



Industrial IT Services



■ Second quarter ■ Fourth quarter
■ First quarter ■ Third quarter

Orders received during the term apply to Software Development only.
 Percentage figures in columns indicate increase or decrease from the previous term.

Fiscal 2015 First Two Quarters Financial Highlights

Fiscal 2015 Performance Forecast

Status of Progress on Key Strategies

Reference Materials

Understanding the External Environment

- Operating environment should continue to improve, as business recovery creates new IT needs for corporate clients.
- Pressure to secure human resources and make project management more efficient, in particular, will grow.

IT Infrastructure Services

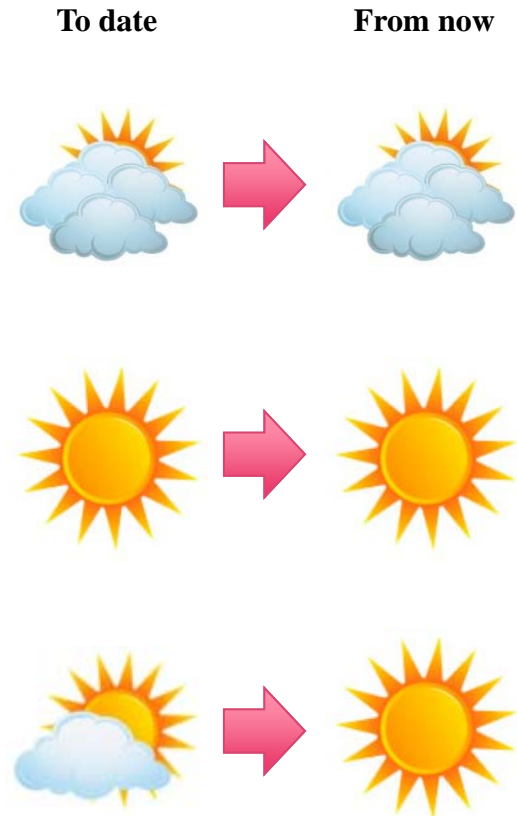
- Inquiries regarding use of data center services will continue, spurred by greater awareness of the importance of business continuity planning (BCP) and disaster recovery (DR). Use of cloud services should also expand. However, fierce competition for orders will remain unchanged, paralleling wider use of the cloud and progress in standardization.
- Outsourced business processing, which contributes to improved corporate management, is in greater demand, but BPO as a business is easily influenced by changing economic trends.

Financial IT Services

- IT investment among credit card companies is in an expansionary phase, buoyed mainly by rising demand for upgrades to platform systems.
- Among banks, investment will continue to be directed into system integration and overhauls by the majors for improving global responses and enhancing front-office capabilities. But the reins on IT investment for back-office operations will remain tight.

Industrial IT Services

- In the manufacturing sector, signs have emerged of a resumption in IT investment against a backdrop of better business performance, but enthusiasm for investment varies by industry.
- In the distribution and services sectors, companies remain keen to invest in IT to achieve a sharper competitive edge.
- In the public sector, the My Number system should prompt greater investment in the necessary IT structure.
- In utility-related fields, IT investment is rising as companies from other sectors take advantage of relaxed regulations to enter these fields.



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

Fiscal 2015: Performance Forecasts

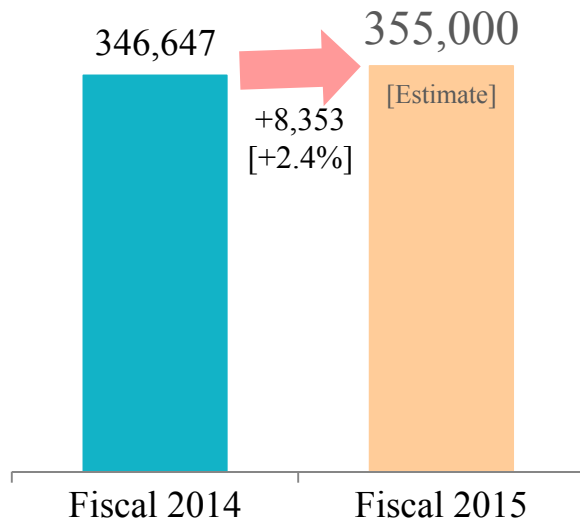
(Millions of yen)

- No change to initial targets since net sales are trending favorably and efforts will be made to turn income around.
- No change to dividend forecast. Looking at ¥30 per share for payout ratio of 26.3%.

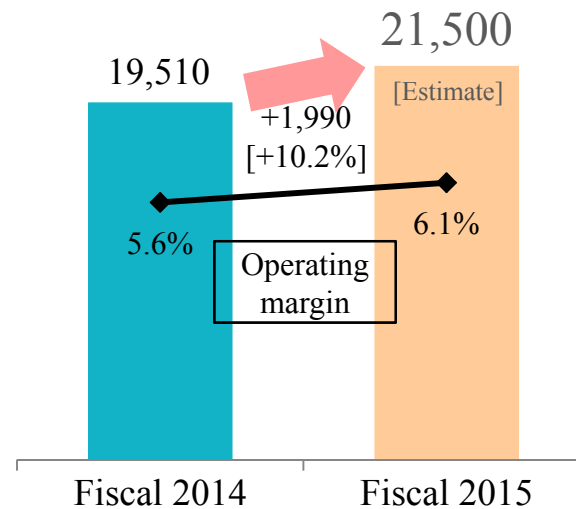
Net Sales ¥355,000 million
YOY change: +¥8,353 million [+2.4%]

Operating Income ¥21,500 million
YOY change: +¥1,990 million [+10.2%]

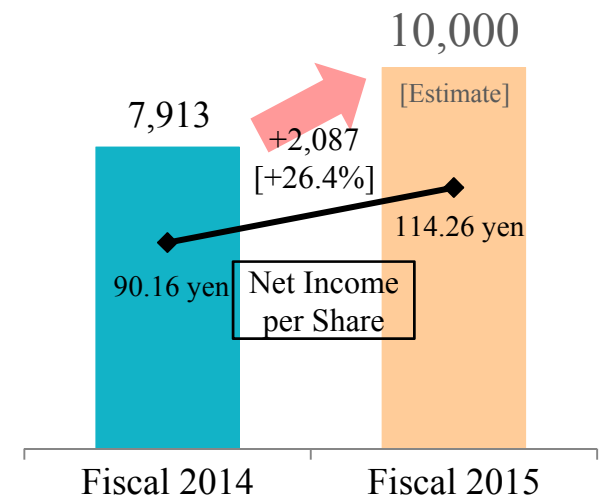
Net Income ¥10,000 million
YOY change: +¥2,087 million [+26.4%]



Emphasizing financial IT services and industrial IT services, we will expand our business reach by accurately responding to our customers' IT investment needs. This should pave the way to higher net sales.



The higher net sales starting point, along with enhanced productivity and efforts to prevent the occurrence of unprofitable projects, should lead to higher income.

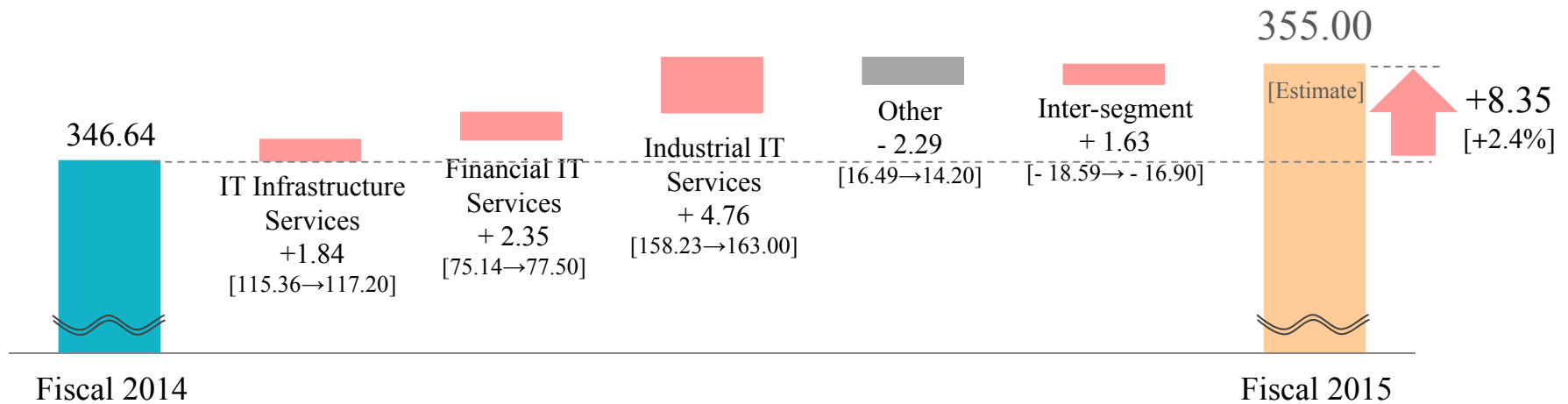


Higher operating income and lower extraordinary expenses will be key to an anticipated year-on-year increase in net income.

Fiscal 2015: Net Sales and Operating Income Analysis [Forecast]

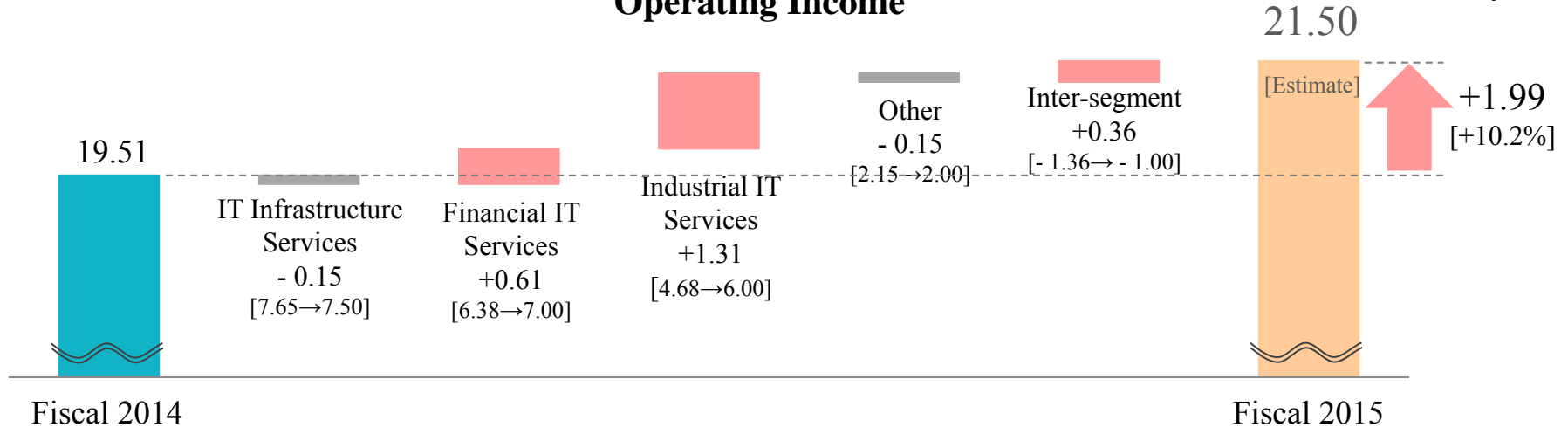
Net Sales

(Billions of yen)



Operating Income

(Billions of yen)



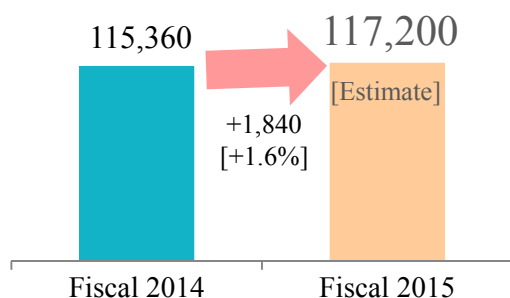
Fiscal 2015:

Key Business Segment Performances [Forecast]

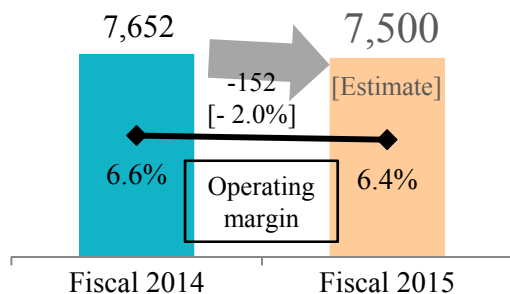
(Millions of yen)

IT Infrastructure Services

Net Sales ¥117,200 million
YOY change: +¥1,840 million [+1.6%]



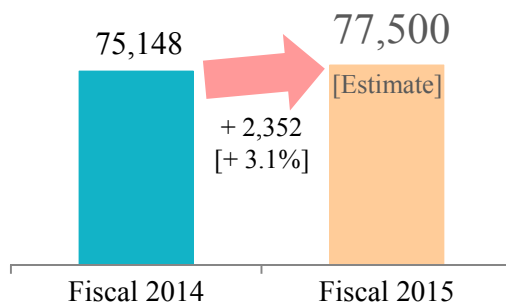
Operating Income ¥7,500 million
YOY change: -¥152 million [-2.0%]



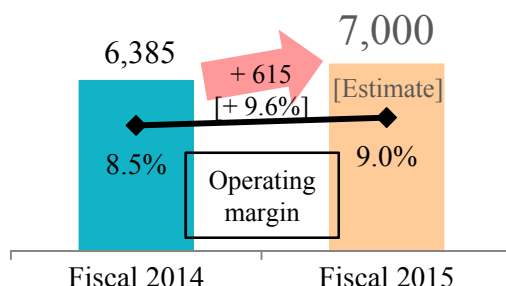
Stable demand for data center services and BPO services should push net sales above the fiscal 2013 level. But pressure, such as a higher facilities expense burden, could cause operating income to drop.

Financial IT Services

Net Sales ¥77,500 million
YOY change: +¥2,352 million [+3.1%]



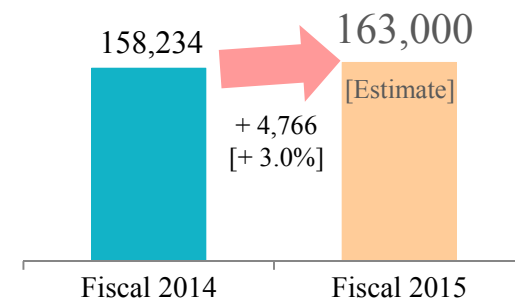
Operating Income ¥7,000 million
YOY change: +¥615 million [+9.6%]



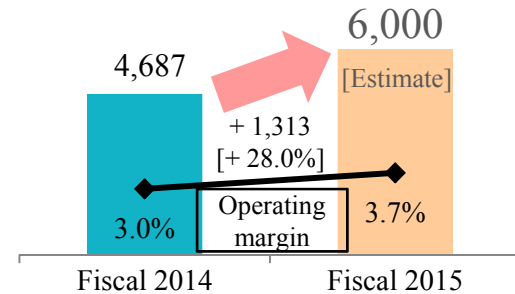
Greater IT investment to meet new demand throughout the financial sector, particularly among credit card companies, is sure to support higher segment sales and income in fiscal 2015.

Industrial IT Services

Net Sales ¥163,000 million
YOY change: +¥4,766 million [+3.0%]



Operating Income ¥6,000 million
YOY change: +¥1,313 million [+28.0%]



Efforts to expand business activities paralleling overall increase in clients' IT investment as well as measures to enhance productivity and prevent the occurrence of unprofitable projects should underpin higher segment sales and income.

Fiscal 2015 First Two Quarters Financial Highlights

Fiscal 2015 Performance Forecast

Status of Progress on Key Strategies

Reference Materials

ITHD Group — Group Management Direction in Fiscal 2015

Top-Line Emphasis

Prioritize profits and profit margin and secure top line to achieve targets

1. Ensure structure that connects closely to profits in a favorable market environment.
 - Execute bold shift in resources favoring system development domain, which boasts considerable growth potential, as well as high-profit business areas, and also create a structure that connects closely to orders and profits.
2. Achieve major reduction in unprofitable projects and boost productivity.
 - Implement structural improvements, enhance management-level capabilities, and review control measures to realize drastic reduction in unprofitable projects.
 - Reinforce measures to promote engineering expertise.

as One Company

Prioritize groupwide management based on solid communication practices within the Group

1. Promote growth engines—distinctive capabilities with an advantage—and link strengths.
 - Discover connections at the domain level and the strategy level and make strong points even stronger.
2. Create unified Group brand
 - Demonstrate the benefits of integrated Group management to clients and the market as a whole as well as companies under the Group umbrella.
3. Centralize corporate functions and expand best practice concept.
 - Expand accounting and taxation know-how (including responses to percentage of completion method and transfer pricing taxation as well as new International Financial Reporting Standards.
 - Improve level of capital management, promote cash management system throughout the Group and expand access to shared company services.
 - Promote combined study projects at offices.

Bold and Enterprising

Energize process of turning business activities into marketable services and further globalize business presence

1. Expand planning-style services based on market needs
 - Take medium-term perspective and strive to build bigger service menu emphasizing cloud services.
2. Pursue multifaceted approach to formulate globalization strategy.
 - Expand beyond China to the ASEAN region and diversify methods to include opening local offices and forming capital alliances with local enterprises.

Progress on Growth Strategy of ITHD Group

Group strengths and growth engines, and progress in business development based on clarification of concept for future alliances 【See pages 17 and 24】

- Centralization of on-site services at client premises shifted to TIS Solution Link (Transfer of operations from TIS, merged into TIS FIRST MANAGE, Inc.)
- Transfer of TIS FIRST MANAGE's imbedded system operations to QUALICA.
- Centralization of BPO business within Group following 100% consolidation of AGREX 【See pages 18-20】

Organic growth of each operating company

⇒ Build new strengths (growth engines)

Growth through business connections among Group companies

⇒ Cooperate within a single business domain
⇒ Transfer/centralize business domains

Growth through M&A and alliances

⇒ Accelerate domestic and overseas business development

Concentrate on core businesses

⇒ Withdraw from unprofitable businesses

- F-AGREX GLOBAL began operations
- Capital tie-up with MFEC
- I AM Consulting Co., Ltd., became consolidated subsidiary 【See page 23】

Overall Optimization of ITHD Group

- Withdrew from leasing business of TIS Leasing
- Withdrew from AJS medical- and clothing-related businesses (subsidiaries)

ITHD Group Strengths/Growth Engines and Future Cooperation

Overall Optimization of ITHD Group

| | | | | | |
|---|---|---|--|---|---|
| <p>TIS</p> <p>All-round, metropolitan-centered, global, capital base</p> | <p>Credit card companies</p> <p>★ Platform system configuration ⇒ Provide broadly defined settlement systems</p> | <p>Marketing support business</p> <p>★ Digital marketing solution TECHMONOS (EC/CMS × mobile × marketing automation × Big Data analysis × digital marketing platform) ⇒ Innovation in marketing operations</p> | <p>Service integration</p> <p>★ Cloud businesses, such as Cloud x Vision ⇒ Global expansion</p> | | |
| <p>INTEC</p> <p>All-round, regionally rooted, global, capital base</p> | <p>Regional banks</p> <p>★ Integrated CRM system F³ (F cube) ⇒ Cloud-style development</p> | <p>Local governments</p> <p>★ Integrated information administration system CIVION-7th ⇒ My Number response</p> | <p>Mid-sized manufacturers</p> <p>★ SCM system configuration based on MCFRAME</p> | | |
| <p>QUALICA AJS</p> <p>Domain-specific expertise</p> | <p>Assembly-based manufacturers</p> <p>★ Production management system AToMsQube ⇒ Expand into after-market services with CSS-Net and SCRMQube</p> | <p>Multi-store developers (distribution, services)</p> <p>★ Marketing support systems TastyQube and SpecialtyQube</p> | <p>M2M/Assembly-based manufacturers</p> <p>★ Preventative maintenance support system CareQube ⇒ Domain expansion</p> | <p>Processing-based manufacturers</p> <p>★ ERP system configuration based on SAP/GRANDIT</p> | <p>Home/condominium management companies</p> <p>★ Management systems</p> |
| <p>AGREX</p> <p>BPO specialization</p> | <p>Industry-specific entry-style BPO (finance, including insurance; pharmaceuticals (clinical studies and sales)) High-quality × AGREX BPO Methodology × low-cost operation (F-AGREX GLOBAL, near-shore, telework)</p> | <p>Contact Center ⇒ CRM TRILLIUM CRM one-stop services for marketing sales force</p> | <p>Back-office BPO ⇒ Middle-office BPO (marketing platform center)</p> | | |
| <p>Examples of coordinated strengths</p> | <p>Finance (credit card company/regional bank) × industry-specific entry-style BPO</p> | <p>Manufacturer-oriented system/multi-store developer system × TIS/INTEC (⇒ Develop for clients)</p> | <p>Marketing support × middle-office BPO</p> | | |

Tender Offer for Shares of Subsidiary AGREX Inc.

Top-Line
Emphasis

as One
Company



Outline of AGREX (ITHD Subsidiary)



Leading company in business processing outsourcing (BPO) services.
Provides one-stop services effectively combining software solutions and system integration.
Began delivering global BPO services in October 2013.

■ Company Outline

| | |
|--|--|
| Name | AGREX Inc. |
| Representative | President and Representative Director Katsunori Yamaguchi |
| Capital | ¥1,292 million |
| Established | September 1965 |
| Major shareholder | ITHD 50.6% |
| Consolidated results (Fiscal 2014, ended March 31, 2014) | Net sales: ¥31,213 million Operating income: ¥1,250 million Net income: ¥595 million |

■ History

| | |
|----------------|--|
| April 1965 | Established as JAPAN MANAGEMENT CONSULTANT Co., Ltd. (K.K. Nihon Noritsu Consultant) |
| July 1974 | Began kanji (Chinese character) data processing services using word-association method |
| January 1991 | Changed name to AGREX Inc. |
| February 2002 | TIS (now, member of ITHD Group) acquired majority stake |
| April 2002 | Listed shares on JASDAQ |
| September 2006 | Listed shares on First Section of Tokyo Stock Exchange |
| October 2008 | ITHD acquired majority stake through realignment of ITHD Group structure |
| October 2013 | Began global BPO services |

Outline of Tender Offer

| | |
|-----------------|---|
| Purchase period | 30 business days (October 31, 2014 - December 15, 2014) |
| Offering | AGREX common shares, stock acquisition rights |
| Price | Common shares: ¥1,430 ; stock acquisition rights: ¥1 |
| Other | Following tender offer, a squeeze out is planned |

- Anticipated aggregate capital required for 100% consolidation is about ¥7.5 billion.
⇒ Will meet requirements through equity capital (Some will come through capital obtained by withdrawal from TIS Leasing's leasing business)
- Anticipated goodwill generated is about ¥3 billion.
⇒ No impact on profit (loss) since entire amount will be deducted from other capital surplus.

Objectives in Turning AGREX into a 100% Consolidated Subsidiary

Top-Line
Emphasis

as One
Company



■ Sharpen competitiveness through realignment of functions within the Group

- ITHD set the cultivation of the BPO market, which is primed for growth, as AGREX's core role, and will centralize BPO services scattered globally. Will realize enhanced services utilizing inherent strengths of AGREX and latent growth potential.
- Complete seamless value chain linking all aspects from upstream consulting through BPO. (Achieve functional configuration that facilitates access to one-stop services from group perspective.)

■ Improve consolidated management efficiency through optimization of Group capabilities

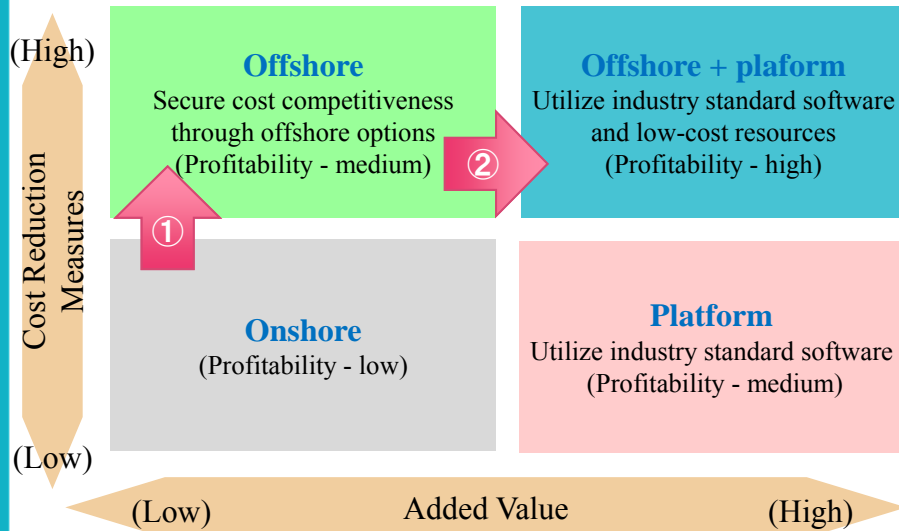
- Boost financial efficiency through flexible cash access and capital policy, cut operating costs, and achieve business synergy.



Management deemed capital restructuring necessary within the Group to facilitate dynamic and flexible realignment of business and functions. Expedited efforts to make AGREX a wholly owned subsidiary and then strengthen connections between AGREX and other Group companies will underpin enhanced corporate value.

Enhancing Competitiveness of BPO Services

Direction of Realignment by Function

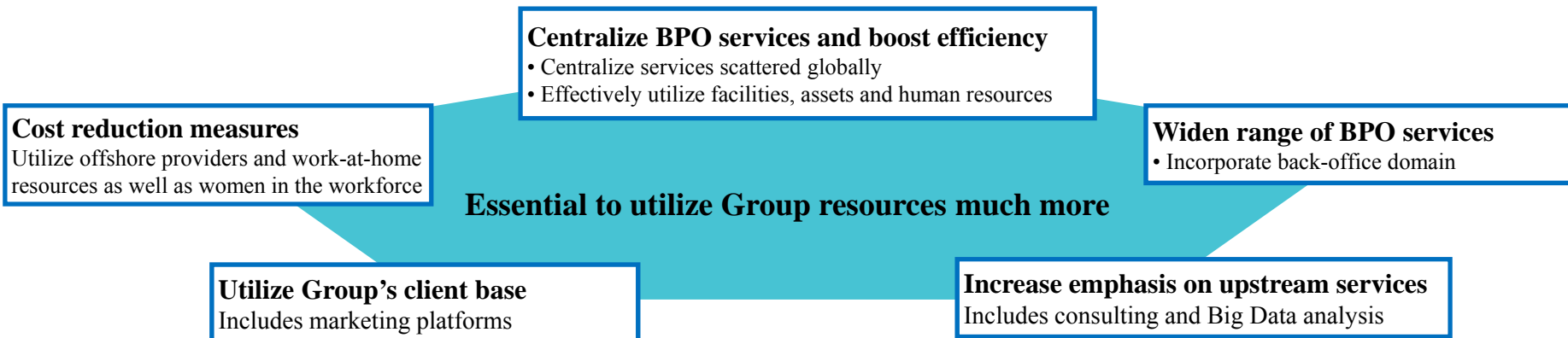


Understanding the BPO industry

- Market characterized by demand for services that meet cost-reduction needs of clients and increasing fixed costs, such as personnel expenses, reflecting business expansion. Basically, profitability is stable but not particularly high.
- To two keys for maintaining and further improving profitability are:
 - (1) Cut fixed costs by utilizing offshore and near-shore options
 - (2) Greater use of platforms = Standardization of efficient service processes (Turn into system of best practices)

For offshore and near-shore options (1), AGREX has already started utilizing F-AGREX GLOBAL and work-at-home resources. Greater use of platforms (2) will be tackled next.

Priority Reinforcement Points for Sharper Competitive Edge



Status of Progress on Key Strategies (1)

Dealing with large development projects

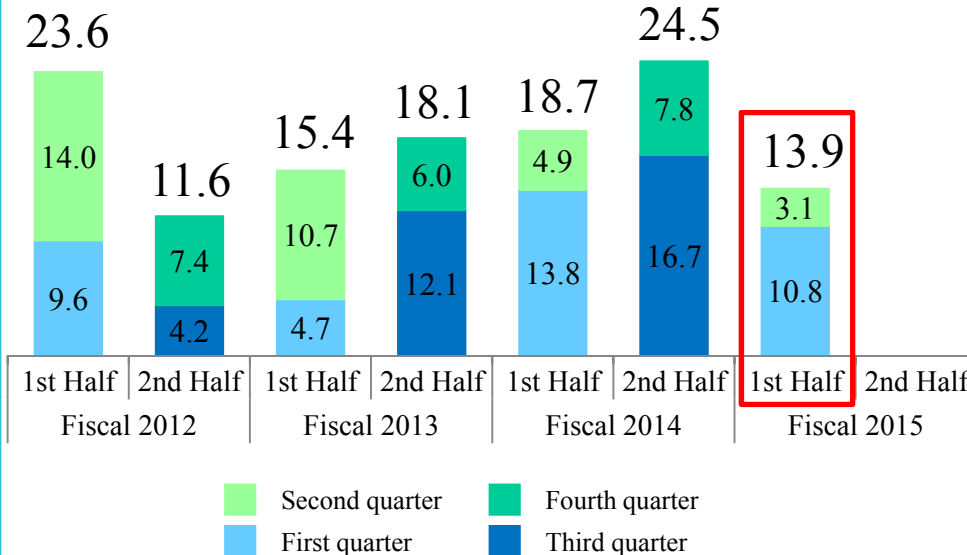
Going forward, demand is likely to come from credit card companies and the public sector for development projects of particularly large scale, so the emphasis will be on building a better structure, mainly through establishment of action divisions and a shift in resources.

(For these large development projects, the plan is to create a corporate project monitoring system separate from the activities outlined below.)

Efforts to improve productivity and prevent occurrence of unprofitable projects

A certain degree of success was achieved in the first half. Expect further progress as measures take hold in the second half.

Occurrence of Unprofitable Projects
(100 million yen)



■ First Quarter

Some issues remain, such as the time it takes to develop measures, but the scale of unprofitability on a project basis, decreased.

■ Second Quarter

Real effect of measures will begin to appear, and occurrence of unprofitability projects will be restricted.

■ Second Half

Will increase points of contact between operating divisions and accelerate promotion of measures to further restrict the occurrence of unprofitable projects.

Status of Progress on Key Strategies (2)

Efforts at TIS: Strategies Aimed at Raising Productivity and Preventing Occurrence of Unprofitable Projects

Unprofitable projects have a huge impact on income, so the emphasis is on measures to prevent projects from becoming unprofitable and to boost productivity by reinforcing income-building capabilities.

⇒Objective is to take a tougher stand on unprofitable projects, particularly those that generate huge losses.

1. Improve Ability to Promote Upstream Processes

- Raise requirement definition process to a higher level, primarily through use of REBOK*1
- Improve design quality and productivity through regular use of Nablarch*2, a standard development platform

2. Optimize Standard Process Rules

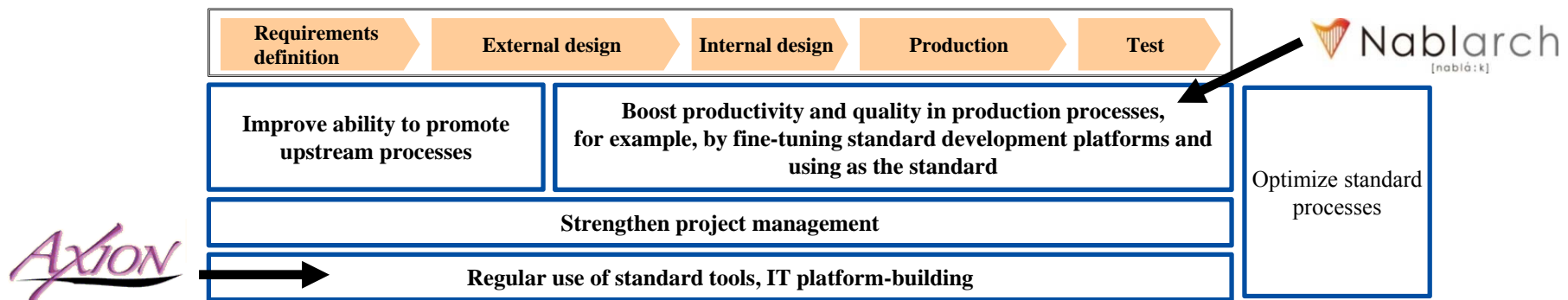
- Turn internal screening mechanism into something more effective
- Elevate frontline compliance by emphasizing and simplifying standard processes.

3. Strengthen Project Management

- Shift from head office supervision to on-site project management office
- Enhance management by building a project management framework that includes standard tools and by applying standards throughout the company.

4. Promote Use of Standard Environment and Tools

- Regular use of AXION*3, which sets standards for development and management environments.
- Make use of Nablarch standard development platform the in-house standard.



Implement structural changes to ensure effectiveness

⇒ System Development & Quality Management Innovation Business Unit established in April 2014

*1 REBOK: Requirements Engineering Body Of Knowledge, created by a requirements engineering study and discussion working group at Japan Information Service Industry Association.

*2 Nablarch: Java application development/implementation platform built on knowledge gained from TIS' rich experience in platform system configuration.

*3 AXION: Cloud platform securely sharing development environment and project information from multiple sources.

Status of Progress on Key Strategies (3)

Response to globalization

Promote Step 3 of global business development through business and capital alliances

⇒ Lateral development through alliance strategy effective for expanding business locally

Steps in ITHD Group's Global Business Development



| Development of Measures | Purpose |
|---|--|
| Business tie-up between TIS and Indonesian SAP vendor, PT Soltius Indonesia (April 2014) | Strengthen SAP local implementation support services for Japanese companies. |
| Capital and business alliances between TIS and MFEC Public Company Limited, a leading provider of IT solutions for listed IT companies and enterprises in Thailand (April 2014) | Mutually complement each other's strengths, and work together to develop and expand business opportunities in the noticeably growing IT markets of Thailand and throughout the ASEAN region. |
| TIS turned into a consolidated subsidiary I AM Consulting Co., Ltd., which boasts top-class results as a SAP solution provider in Thailand. (June 2014) | Further expand business with Japanese companies as well as local businesses in Thailand. |

(Reference) Overseas ratio of consolidated net sales

Fiscal 2013, ended March 31, 2013: 1.0% ⇒ Fiscal 2014: 1.4% ⇒ Fiscal 2015: 2.0% (target)

Status of Progress on Key Strategies (4)

Addressing demand for planning-style services

Promote development of digital marketing platform business, where market scale is poised for expansion

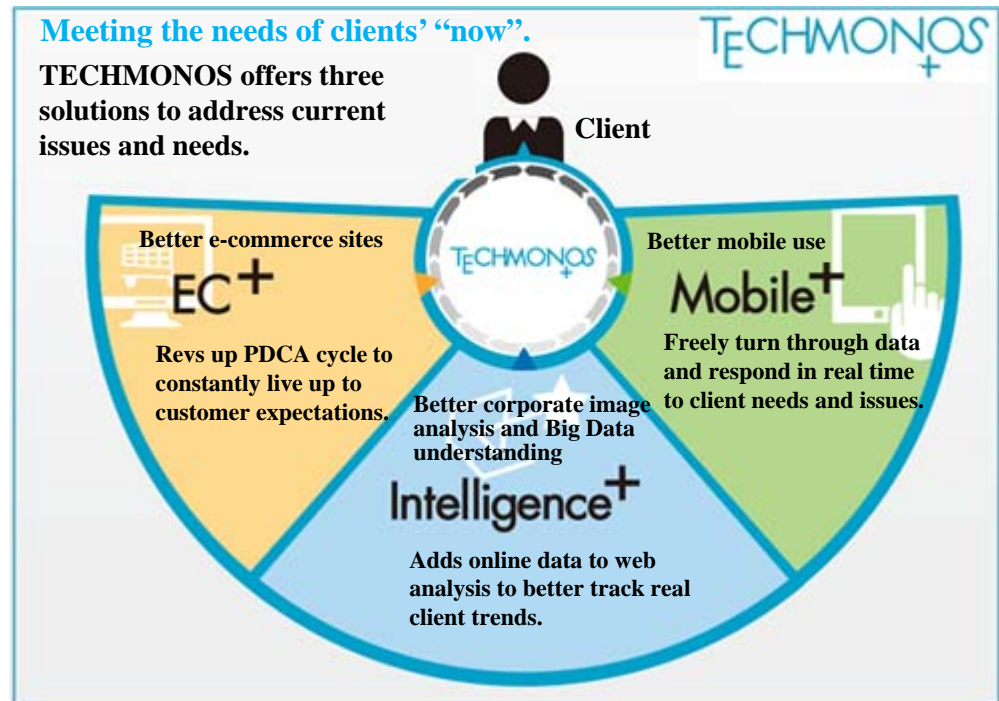
Marketing operations in various industry sectors are evolving, driven by innovation in digital technology.

- Pressing need to change from conventional advertising and sales promotion approaches to gain competitive edge.
- Heightened awareness regarding effective use of digital marketing as corporate perspectives shift from mass marketing to individuals.



Quick to enter digital marketing domain, which is poised for growth in scale of demand and where wealth of proven results and know-how in marketing system configuration for Internet companies can be utilized .

⇒ Respond to rising need for marketing support and integrated platform systems and Big Data requests



Examples of TECHMONOS Applications

- Supported communications company in revamp of corporate website geared to omnichannel marketing and global development
- Supported major online provider of office products in revamp of marketing platform system
- Supported beverage maker in revamp of marketing and sales promotion system using smart devices

(Reference) Services ratio of consolidated net sales

Fiscal 2013, ended March 31, 2013: 2.1% ⇒ Fiscal 2014: 4.5% ⇒ Fiscal 2015: 6.0% (target)

Fiscal 2015 First Two Quarters Financial Highlights

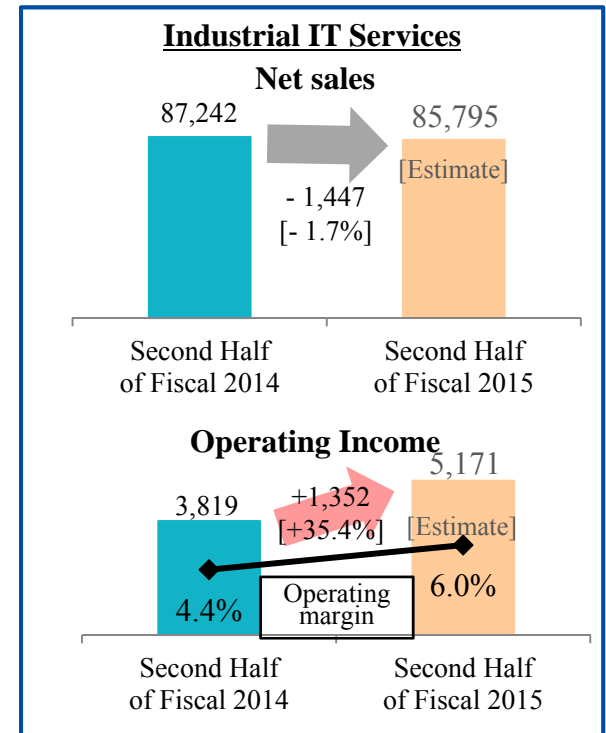
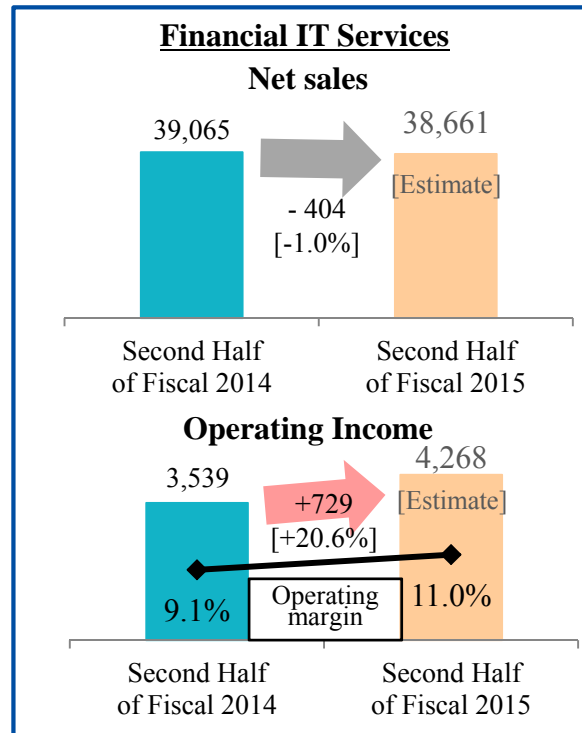
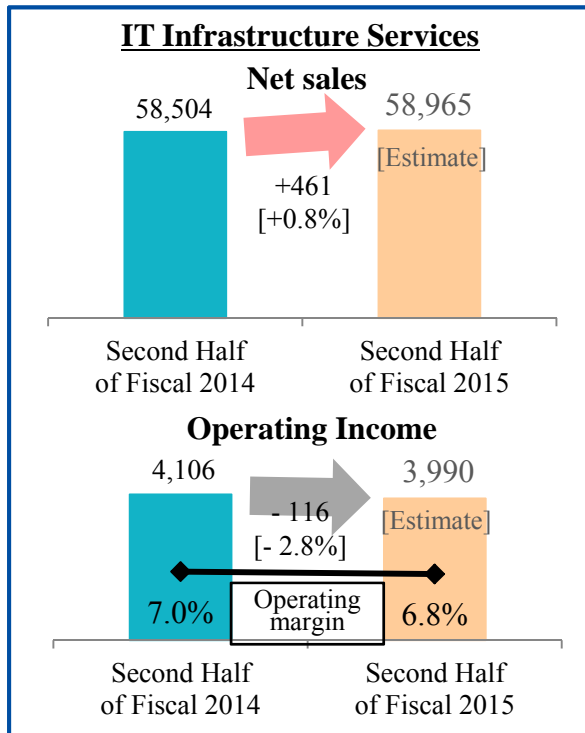
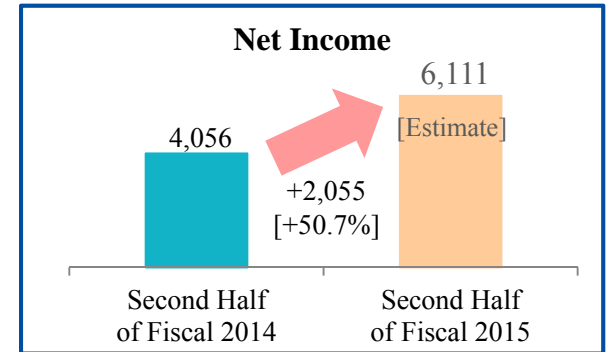
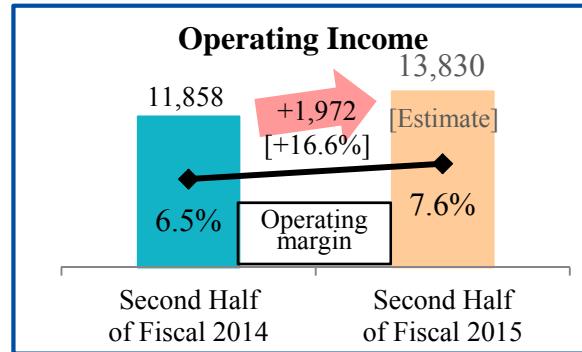
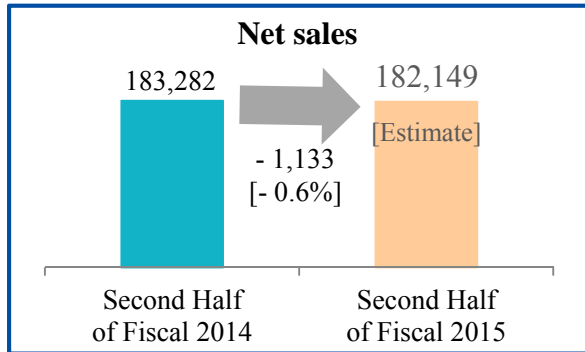
Fiscal 2015 Performance Forecast

Status of Progress on Key Strategies

Reference Materials

Fiscal 2015 Second Half: Key Business Segment Performances [Forecast]

(Millions of yen)



*Amounts for second-half estimates are calculated by subtracting first-half results from the annual estimates. Segment sales include intersegment sales.



IT HOLDINGS

Go Beyond

Cautionary Statements

- In these materials, IT Holdings is abbreviated ITHD.
- All statements described in these materials are based on information available to management regarding the ITHD Group—that is, ITHD and the subsidiaries under its umbrella—as of the presentation date and certain assumptions deemed reasonable at this time. No intent is implied of promise by the Company to achieve such forward-looking statements. Indeed, various factors may cause future results to be substantially different from the assumptions presented in these materials.
- Amounts for each three-month quarter are calculated by subtracting data for the respective period from the cumulative total.