



Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2024

August 2, 2023

TIS Inc.

Fiscal 2024 First Quarter: Financial Highlights

- **Sales and income up year on year.**
- **Even with upfront investment, including investment in human resources, gross profit margin improved and operating margin settled in 11% range.**
- **Overall order volume and order backlog increased year on year. Drop in software development order volume reflects reactionary decrease.**

Fiscal 2024 First Quarter: Financial Highlights

Fiscal 2024 Performance Forecast

Reference Materials

- All statements described in these materials 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 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.
- Segment sales include intersegment sales. (Except page 9)

Fiscal 2024 First Quarter: Financial Highlights

Fiscal 2024 Performance Forecast

Reference Materials

Fiscal 2024 First Quarter: Performance Highlights (YOY change)

- Higher sales and higher income, thanks to business expansion through accurate responses to clients' IT investment needs, including demand for digital transformation.
- Operating margin moved into 11% range for first time in a first quarter. Will maintain solid profit growth ratio.

[Millions of yen]	First Quarter of Fiscal 2023	First Quarter of Fiscal 2024	YOY change	
Net Sales	118,072	129,429	+11,357	[+9.6%]
Operating Income	12,502	14,310	+1,808	[+14.5%]
Operating Margin	10.6%	11.1%	+0.5P	-
Net Income Attributable to Owners of the Parent Company	8,763	10,147	+1,384	[+15.8%]
Net Income to Net Sales Ratio	7.4%	7.8%	+0.4P	-

-Non-operating income: ¥1,165 million
(YOY change -¥248 million)

-Non-operating expenses: ¥147 million
(YOY change +¥22 million)

-Extraordinary income: ¥773 million
(YOY change +¥724 million)

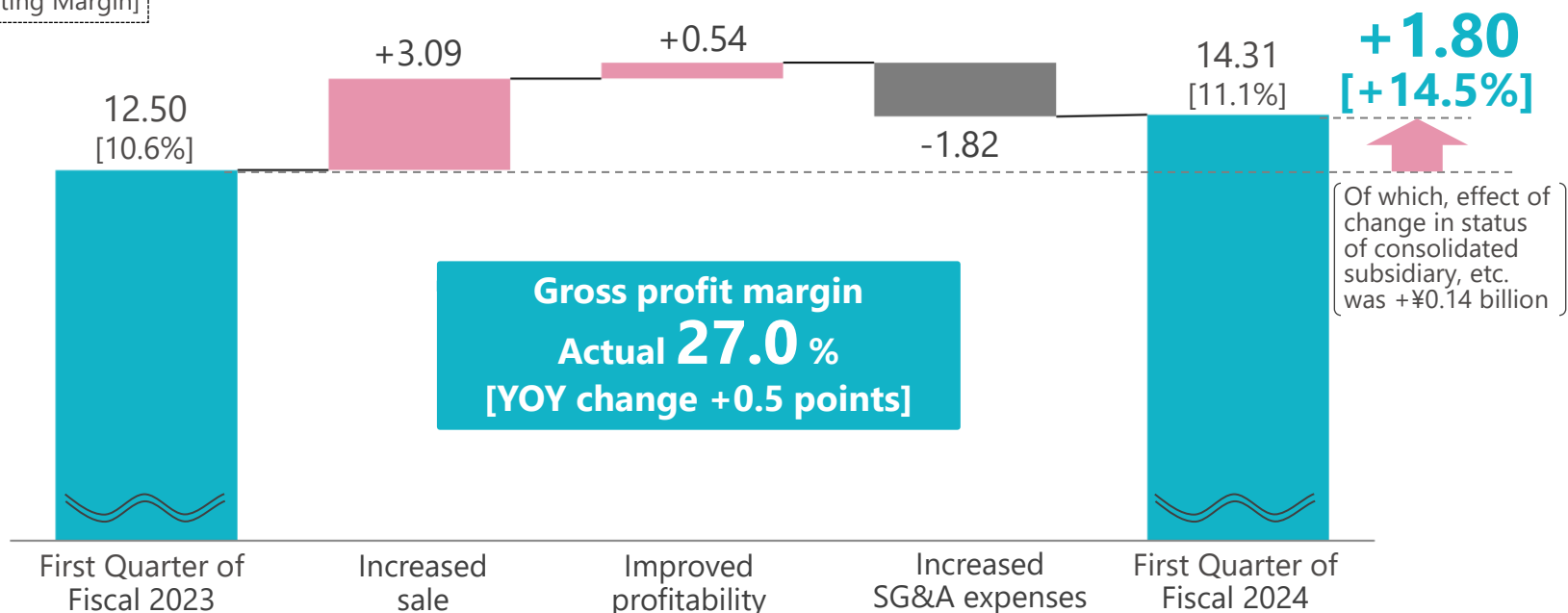
-Extraordinary loss: ¥ 223 million
(YOY change -¥120 million)

Fiscal 2024 First Quarter: Operating Income Analysis, Increase/Decrease Reasons (YOY change)

- Even with robust upfront investment, achieved increase in operating income.
Gross profit margin rose to 27.0%.

Operating Income
[Operating Margin]

[Billions of yen]



**Prior investment costs for promoting structural transformation:
Up ¥0.48 billion (YOY change)**

(Cost of sales: +¥0.39 billion, SG&A expenses: +¥0.09 billion)

Software investment / human resources investment / R&D investment

+

Human resources investment costs (additional): Up ¥1.36 billion (YOY change)

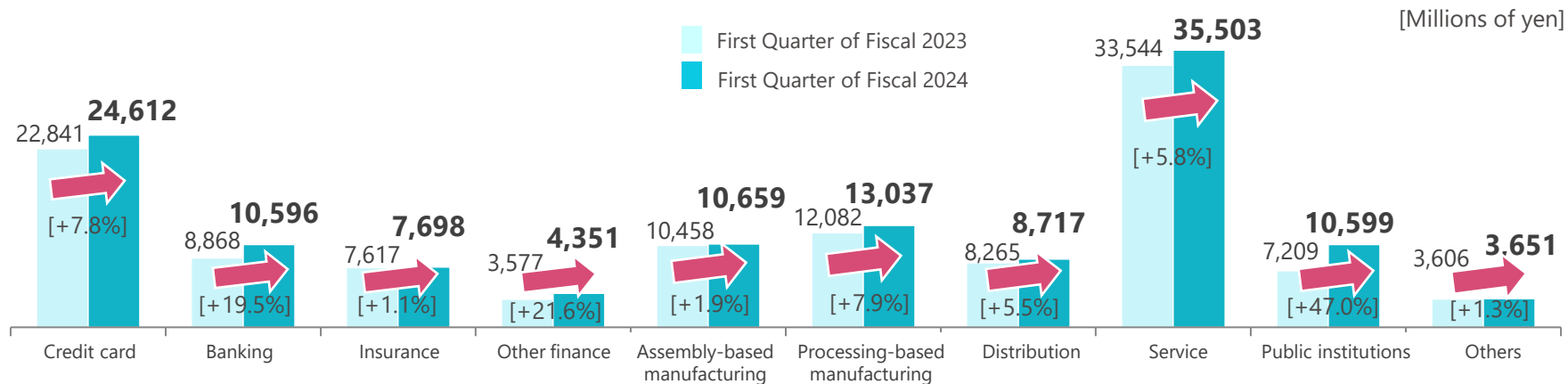
(Cost of sales: +¥0.92 billion, SG&A expenses: +¥0.43 billion)

Changes in SG&A expenses

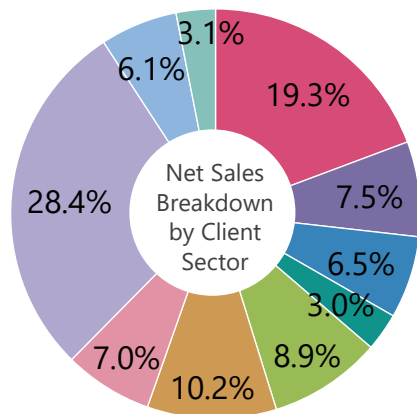
Effect of change in status of consolidated subsidiary, etc.	-0.16
Prior investment (excludes cost of investment in human resources)	+0.09
Prior investment (cost of investment in human resources)	+0.43
Others	+1.46
Total	+1.82

Fiscal 2024 First Quarter: Sales by Client Sector

• Higher sales year on year across all client sectors. Key drivers of demand were credit card, bank (overseas), services and public sector clients.

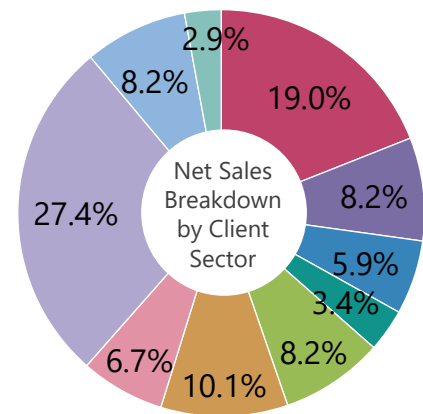


First Quarter of Fiscal 2023



Financial sector: 36.3% Industrial sector: 54.5%
Public sector: 6.1% Other sectors: 3.1%

First Quarter of Fiscal 2024



Financial sector: 36.5% Industrial sector: 52.4%
Public sector: 8.2% Other sectors: 2.9%

Fiscal 2024 First Quarter: Sales and Income by Key Business Segment (YOY change)

[Millions of yen]		First Quarter of Fiscal 2023	First Quarter of Fiscal 2024	YOY change	
Offering Service Business	Net Sales	26,192	28,018	+1,826	[+7.0%]
	Operating Income	1,467	1,157	-310	[-21.2%]
	Operating Margin	5.6%	4.1%	-1.5P	-
Business Process Management	Net Sales	10,581	10,300	-280	[-2.7%]
	Operating Income	1,087	727	-359	[-33.1%]
	Operating Margin	10.3%	7.1%	-3.2P	-
Financial IT Business	Net Sales	22,960	26,737	+3,777	[+16.5%]
	Operating Income	2,795	4,081	+1,285	[+46.0%]
	Operating Margin	12.2%	15.3%	+3.1P	-
Industrial IT Business	Net Sales	26,701	28,670	+1,969	[+7.4%]
	Operating Income	3,544	4,393	+848	[+23.9%]
	Operating Margin	13.3%	15.3%	+2.0P	-
Regional IT Solutions	Net Sales	36,397	41,784	+5,386	[+14.8%]
	Operating Income	3,404	4,061	+656	[+19.3%]
	Operating Margin	9.4%	9.7%	+0.3P	-

Offering Service Business:	Overseas business contributed to sales growth. Posted higher sales but lower income, reflecting expanding IT investment across a broad spectrum of sectors, including payment services, and increased upfront investment costs.
Business Process Management:	Existing data entry business struggled, impacting segment results, leading to lower sales and lower income.
Financial IT Business:	Higher sales and higher income, driven by large-scale projects ordered by core clients in credit card sector as well as public-sector financial institutions.
Industrial IT Business:	Sales and income were up, reflecting trend toward expanded IT investment, especially among existing clients in manufacturing sector, and buoyed by ERP demand.
Regional IT Solutions:	Progress in solution deployment complemented by successful capture of IT demand, particularly from healthcare and banking clients, leading to higher sales and higher income.

Fiscal 2024 First Quarter: Sales by Key Business Segment *For external clients

[Millions of yen]	First Quarter of Fiscal 2023	First Quarter of Fiscal 2024	YOY change	
Offering Service Business	23,358	24,928	+1,570	[+6.7%]
Software development	11,177	10,288	-889	[-8.0%]
Operating/cloud services	6,983	8,526	+1,542	[+22.1%]
Product/software sales	5,197	6,113	+916	[+17.6%]
Business Process Management	9,997	9,798	-198	[-2.0%]
Software development	4,289	3,222	-1,066	[-24.9%]
Operating/cloud services	5,707	6,385	+678	[+11.9%]
Product/software sales	-	189	+189	-
Financial IT Business	22,570	26,366	+3,796	[+16.8%]
Software development	12,115	15,336	+3,220	[+26.6%]
Operating/cloud services	9,103	9,635	+532	[+5.8%]
Product/software sales	1,351	1,395	+43	[+3.2%]
Industrial IT Business	26,526	28,540	+2,013	[+7.6%]
Software development	17,758	18,946	+1,187	[+6.7%]
Operating/cloud services	5,827	6,516	+688	[+11.8%]
Product/software sales	2,940	3,077	+137	[+4.7%]
Regional IT Solutions	35,005	39,277	+4,272	[+12.2%]
Software development	17,883	20,063	+2,180	[+12.2%]
Operating/cloud services	13,603	13,922	+318	[+2.3%]
Product/software sales	3,518	5,291	+1,773	[+50.4%]

Fiscal 2024 First Quarter: Order Status (Total)

- Overall, year-on-year increase in order volume and backlog.
- Lower order volume for Financial IT Business reflects changes in demand for software development.

[Millions of yen]	First Quarter of Fiscal 2023	First Quarter of Fiscal 2024	YOY change	
Orders received during first quarter	88,249	89,536	+1,287	[+1.5%]
Offering Service Business	15,733	16,531	+798	[+5.1%]
Business Process Management	10,237	10,236	-1	[-0.0%]
Financial IT Business	14,415	12,423	-1,992	[-13.8%]
Industrial IT Business	19,827	21,534	+1,707	[+8.6%]
Regional IT Solutions	28,034	28,809	+775	[+2.8%]
Order backlog at end of first quarter	132,876	141,830	+8,954	[+6.7%]
Offering Service Business	23,786	25,634	+1,847	[+7.8%]
Business Process Management	8,744	7,887	-856	[-9.8%]
Financial IT Business	31,235	34,855	+3,620	[+11.6%]
Industrial IT Business	31,166	31,059	-107	[-0.3%]
Regional IT Solutions	37,943	42,393	+4,450	[+11.7%]

Fiscal 2024 First Quarter: Order Status (Software Development)

- Drop in order volume due to reactionary decrease in demand for large-scale projects in Financial IT Business as well as reduced Business Process Management demand.
- Order backlog reflects impact of reactionary decrease in demand for large projects in Industrial IT Business.

[Millions of yen]	First Quarter of Fiscal 2023	First Quarter of Fiscal 2024	YOY change	
Orders received during first quarter	61,232	59,070	-2,161	[-3.5%]
Offering Service Business	9,561	10,630	+1,069	[+11.2%]
Business Process Management	4,530	3,524	-1,005	[-22.2%]
Financial IT Business	11,872	9,018	-2,853	[-24.0%]
Industrial IT Business	16,839	17,430	+590	[+3.5%]
Regional IT Solutions	18,427	18,465	+37	[+0.2%]
Order backlog at end of first quarter	92,331	94,606	+2,275	[+2.5%]
Offering Service Business	14,684	14,070	-614	[-4.2%]
Business Process Management	8,744	7,751	-993	[-11.4%]
Financial IT Business	21,635	25,507	+3,872	[+17.9%]
Industrial IT Business	23,220	21,178	-2,041	[-8.8%]
Regional IT Solutions	24,046	26,099	+2,052	[+8.5%]

Fiscal 2024 First Quarter: Financial Highlights

Fiscal 2024 Performance Forecast

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Fiscal 2024: Performance Forecasts

***No change**

- Anticipate higher sales and higher income as effect of changes, decided on in fiscal 2023, regarding status of consolidated subsidiaries, will help to absorb higher costs stemming from prior investment activities, including robust investment in human resources.
- The anticipated decrease in net income is primarily due to a reactionary drop in extraordinary income due to such factors as a reduction in strategic shareholdings in fiscal 2023.

[Millions of yen]	Fiscal 2023 actual	Fiscal 2024 estimate	YOY change	
Net Sales	508,400	530,000	+21,599	[+4.2%]
Operating Income	62,328	63,500	+1,171	[+1.9%]
Operating Margin	12.3%	12.0%	-0.3P	-
Net Income Attributable to Owners of the Parent Company	55,461	42,000	-13,461	[-24.3%]
Net Income to Net Sales Ratio	10.9%	7.9%	-3.0P	-
Net Income per Share (Yen)	227.11	174.19	-52.92	[-23.3%]
ROE *	18.8%	13.7%	-5.1P	-

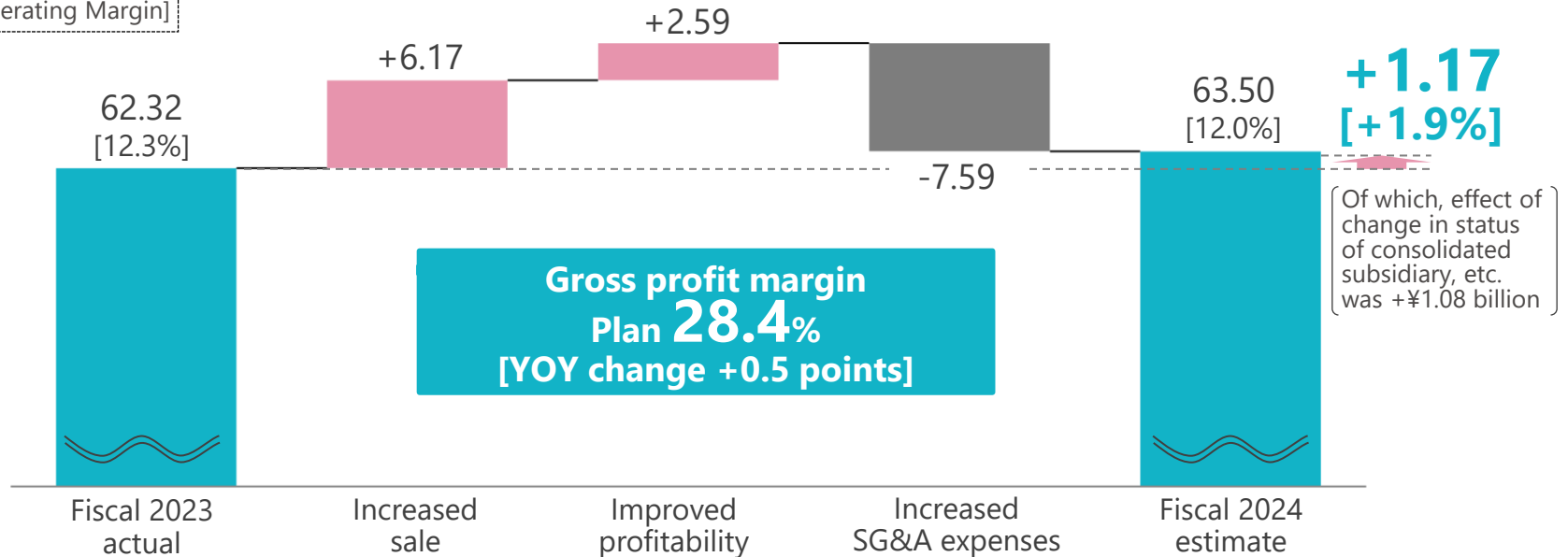
* ROE estimate for fiscal 2024 is a calculated value.

Fiscal 2024: Operating Income Analysis, Increase/Decrease Reasons [Forecast] *No change

- Expect higher operating income as further improvement in gross profit margin absorbs rising costs paralleling prior investment activities.
- If considering effect of goodwill and amortization, contribution from Nihon ICS, a newly consolidated subsidiary, will have limited impact on income.

Operating Income
[Operating Margin]

[Billions of yen]



Anticipated prior investment costs for promoting structural transformation:

Up ¥1.47 billion (YOY change)

(Cost of sales: +¥1.00 billion, SG&A expenses: +¥0.47 billion)

Software investment / Investment in human resources / Investment in R&D

+

Anticipated cost of investment in human resources (additional):

Up ¥5.00 billion (YOY change)

(Cost of sales : +¥3.20 billion, SG&A expenses : +¥1.80 billion)

Changes in SG&A expenses

Effect of change in status of consolidated subsidiary, etc.	+2.36
Prior investment (excludes investment in human resources)	+0.47
Prior investment (investment in human resources)	+1.80
Others	+2.94
Total	+7.59

Fiscal 2024: Sales and Income by Key Business Segment [Forecast]

***No change**

[Millions of yen]		Fiscal 2023 actual	Fiscal 2024 estimate	YOY change	
Offering Service Business	Net Sales	111,752	122,800	+11,047	[+9.9%]
	Operating Income	6,426	7,450	+1,023	[+15.9%]
	Operating Margin	5.8%	6.1%	+0.3P	-
Business Process Management	Net Sales	43,255	44,000	+744	[+1.7%]
	Operating Income	5,123	5,150	+26	[+0.5%]
	Operating Margin	11.8%	11.7%	-0.1P	-
Financial IT Business	Net Sales	101,184	105,500	+4,315	[+4.3%]
	Operating Income	13,896	13,900	+3	[+0.0%]
	Operating Margin	13.7%	13.2%	-0.5P	-
Industrial IT Business	Net Sales	113,632	115,700	+2,067	[+1.8%]
	Operating Income	16,728	16,800	+71	[+0.4%]
	Operating Margin	14.7%	14.5%	-0.2P	-
Regional IT Solutions	Net Sales	160,010	165,100	+5,089	[+3.2%]
	Operating Income	19,343	19,900	+556	[+2.9%]
	Operating Margin	12.1%	12.1%	-0.0P	-

Offering Service Business:	Expect higher sales and higher income, mainly from effect of change in status of consolidated subsidiaries. Expanding demand for payment settlement and other broad-based services will be key contributor to sales.
Business Process Management:	Re-expanding business process outsourcing business, fueled by enhanced added value of services, and concerted efforts, especially to support business optimization, should lead to gradual increase in sales and income.
Financial IT Business:	Anticipate higher sales, underpinned by steady progress on large projects and capture of IT investment demand centered on existing clients. Income on a par.
Industrial IT Business:	Income likely to be flat, despite higher sales through capture of investment demand, particularly from core clients.
Regional IT Solutions:	Expect higher sales and higher income, reflecting wider demand for solutions and capture of IT investment demand from medical services and existing clients.

Fiscal 2024 First Quarter: Financial Highlights

Fiscal 2024 Performance Forecast

Reference Materials

Fiscal 2024 First Half: Sales and Income for Key Business Segments [Forecast] *No change

[Millions of yen]	Fiscal 2023 first half	Fiscal 2024 first half	YOY change	
Net Sales	245,305	261,000	+15,694	[+6.4%]
Operating Income	27,709	29,500	+1,790	[+6.5%]
Operating Margin	11.3%	11.3%	+0.0P	-
Net Income Attributable to Owners of the Parent Company	18,834	19,500	+665	[+3.5%]
Net Income to Net Sales Ratio	7.7%	7.5%	-0.2P	-
Key Business Segments				
Offering Service Business	Net Sales	53,887	58,400	+4,512 [+8.4%]
	Operating Income	2,494	2,800	+305 [+12.2%]
	Operating Margin	4.6%	4.8%	+0.2P -
Business Process Management	Net Sales	21,490	21,800	+309 [+1.4%]
	Operating Income	2,405	2,400	-5 [-0.2%]
	Operating Margin	11.2%	11.0%	-0.2P -
Financial IT Business	Net Sales	48,718	54,200	+5,481 [+11.3%]
	Operating Income	6,311	7,500	+1,188 [+18.8%]
	Operating Margin	13.0%	13.8%	+0.8P -
Industrial IT Business	Net Sales	55,219	56,100	+880 [+1.6%]
	Operating Income	7,763	7,700	-63 [-0.8%]
	Operating Margin	14.1%	13.7%	-0.4P -
Regional IT Solutions	Net Sales	76,304	81,600	+5,295 [+6.9%]
	Operating Income	8,352	9,000	+647 [+7.7%]
	Operating Margin	10.9%	11.0%	+0.1P -

Fiscal 2024 Second Half: Sales and Income for Key Business Segments [Forecast] *No change

[Millions of yen]	Fiscal 2023 second half	Fiscal 2024 second half	YOY change	
Net Sales	263,095	269,000	+5,904	[+2.2%]
Operating Income	34,618	34,000	-618	[-1.8%]
Operating Margin	13.2%	12.6%	-0.6P	-
Net Income Attributable to Owners of the Parent Company	36,627	22,500	-14,127	[-38.6%]
Net Income to Net Sales Ratio	13.9%	8.4%	-5.5P	-
Key Business Segments				
Offering Service Business	Net Sales	57,865	64,400	+6,534 [+11.3%]
	Operating Income	3,931	4,650	+718 [+18.3%]
	Operating Margin	6.8%	7.2%	+0.4P -
Business Process Management	Net Sales	21,765	22,200	+434 [+2.0%]
	Operating Income	2,717	2,750	+32 [+1.2%]
	Operating Margin	12.5%	12.4%	-0.1P -
Financial IT Business	Net Sales	52,466	51,300	-1,166 [-2.2%]
	Operating Income	7,585	6,400	-1,185 [-15.6%]
	Operating Margin	14.5%	12.5%	-2.0P -
Industrial IT Business	Net Sales	58,412	59,600	+1,187 [+2.0%]
	Operating Income	8,965	9,100	+134 [+1.5%]
	Operating Margin	15.3%	15.3%	-0.0P -
Regional IT Solutions	Net Sales	83,706	83,500	-206 [-0.2%]
	Operating Income	10,990	10,900	-90 [-0.8%]
	Operating Margin	13.1%	13.1%	-0.0P -

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