



**TIS**

TIS INTEC Group

Go Beyond

# **Supplementary Financial Data**

## **First Two Quarters of the Fiscal Year ending March 31, 2018**

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October 31, 2017

TIS Inc.

1. Financial Summary for Fiscal 2017 (Previous Fiscal Year) and Fiscal 2018 (Current Fiscal Year) [Consolidated]

(1) Performance Summary

(Millions of yen)	FY2017								FY2018							
	1st quarter	2nd quarter	1st half	3rd quarter	Three quarters	4th quarter	2nd half	Full year	1st quarter	2nd quarter	1st half	3rd quarter	Three quarters	4th quarter	2nd half	Full year
Net sales	89,128	99,895	189,023	91,685	280,708	112,690	204,375	393,398	91,778	103,035	194,813					
YOY change	+4.1%	+3.0%	+3.5%	+4.3%	+3.7%	+0.5%	+2.2%	+2.8%	+3.0%	+3.1%	+3.1%					
IT Infrastructure Services	29,715	30,900	60,615	30,025	90,640	32,907	62,932	123,547	30,477	31,722	62,199					
Composition	33.3%	30.9%	32.1%	32.7%	32.3%	29.2%	30.8%	31.4%	33.2%	30.8%	31.9%					
YOY change	+2.8%	-1.2%	+0.7%	-0.0%	+0.5%	-1.5%	-0.8%	-0.1%	+2.6%	+2.7%	+2.7%					
Financial IT Services	18,341	21,597	39,938	20,290	60,228	23,564	43,854	83,792	20,329	23,124	43,453					
Composition	20.6%	21.6%	21.1%	22.1%	21.5%	20.9%	21.5%	21.3%	22.2%	22.4%	22.3%					
YOY change	+8.4%	+5.7%	+6.9%	+7.9%	+7.9%	+1.8%	+5.4%	+6.1%	+10.8%	+7.1%	+8.8%					
Industrial IT Services	39,781	45,801	85,582	39,919	125,501	54,744	94,663	180,245	39,791	46,987	86,778					
Composition	44.6%	45.8%	45.3%	43.3%	44.7%	48.6%	46.3%	45.8%	43.4%	45.6%	44.5%					
YOY change	+4.8%	+4.7%	+4.7%	+5.3%	+4.9%	+2.6%	+3.7%	+4.2%	+0.0%	+2.6%	+1.4%					
Other business	1,290	1,597	2,887	1,450	4,337	1,476	2,926	5,813	1,180	1,203	2,383					
Composition	1.4%	1.6%	1.6%	1.6%	1.5%	1.3%	1.4%	1.5%	1.3%	1.2%	1.2%					
YOY change	-30.4%	+0.9%	-16.0%	-1.7%	-11.7%	-31.9%	-19.7%	-17.9%	-8.5%	-24.7%	-17.5%					
Cost of sales	73,303	82,050	155,353	73,504	228,857	88,583	162,087	317,440	74,241	81,819	156,060					
Composition	82.2%	82.1%	82.2%	80.2%	81.5%	78.6%	79.3%	80.7%	80.9%	79.4%	80.1%					
YOY change	+2.1%	+5.0%	+3.6%	+1.9%	+3.0%	-1.6%	-0.1%	+1.7%	+1.3%	-0.3%	+0.5%					
Gross profit	15,824	17,846	33,670	18,181	51,851	24,107	42,288	75,958	17,536	21,216	38,752					
Composition	17.8%	17.9%	17.8%	19.8%	18.5%	21.4%	20.7%	19.3%	19.1%	20.6%	19.9%					
YOY change	+14.3%	-5.5%	+2.9%	+15.4%	+6.9%	+9.4%	+11.9%	+7.7%	+10.8%	+18.9%	+15.1%					
Selling, general and administrative expenses	11,807	12,439	24,246	11,673	35,919	13,019	24,692	48,938	12,482	12,679	25,161					
Composition	13.2%	12.5%	12.8%	12.7%	12.8%	11.6%	12.1%	12.4%	13.6%	12.3%	12.9%					
YOY change	+1.1%	+6.5%	+3.8%	+6.2%	+4.6%	+10.8%	+8.6%	+6.2%	+5.7%	+1.9%	+3.8%					
Operating income	4,017	5,406	9,423	6,508	15,931	11,088	17,596	27,019	5,053	8,538	13,591					
Composition	4.5%	5.4%	5.0%	7.1%	5.7%	9.8%	8.6%	6.9%	5.5%	8.3%	7.0%					
YOY change	+85.1%	-24.9%	+0.5%	+36.6%	+12.7%	+7.7%	+16.8%	+10.6%	+25.8%	+57.9%	+44.2%					
Non-operating income	884	194	1,078	288	1,366	371	659	1,737	893	293	1,186					
Non-operating expenses	528	447	975	214	1,189	475	689	1,664	372	646	1,018					
Recurring profit	4,373	5,153	9,526	6,582	16,108	10,984	17,566	27,092	5,574	8,185	13,759					
Composition	4.9%	5.2%	5.0%	7.2%	5.7%	9.7%	8.6%	6.9%	6.1%	7.9%	7.1%					
YOY change	+44.6%	-25.0%	-3.8%	+44.7%	+11.5%	+9.0%	+20.1%	+10.5%	+27.5%	+58.8%	+44.4%					
Extraordinary income	0	12	12	1,859	1,871	195	2,054	2,066	3	193	196					
Extraordinary loss	174	388	562	202	764	3,554	3,756	4,318	9	664	673					
Income before income taxes	4,199	4,778	8,977	8,238	17,215	7,626	15,864	24,841	5,567	7,716	13,283					
Composition	4.7%	-0.0%	4.7%	9.0%	6.1%	6.8%	7.8%	6.3%	6.1%	-0.0%	6.8%					
YOY change	+43.8%	-25.2%	-3.6%	-	+38.7%	-18.9%	+26.8%	+13.9%	+32.6%	+61.5%	+48.0%					
Total income taxes	1,391	1,726	3,117	2,684	5,801	2,296	4,980	8,097	1,778	2,619	4,397					
Net income (loss) attributable to non-controlling interests	50	128	178	-16	162	274	258	436	95	188	283					
Net income attributable to owners of the parent company	2,757	2,924	5,681	5,570	11,251	5,055	10,625	16,306	3,694	4,908	8,602					
Composition	3.1%	2.9%	3.0%	6.1%	4.0%	4.5%	5.2%	4.1%	4.0%	4.8%	4.4%					
YOY change	+40.7%	-19.7%	+1.4%	+268.4%	+58.2%	-9.2%	+50.1%	+28.6%	+34.0%	+67.9%	+51.4%					



## (4) Order Status (Software development)

(Millions of yen)	FY2017									FY2018							
	1st quarter	2nd quarter	1st half	3rd quarter	Three quarters	4th quarter	2nd half	Full year	1st quarter	2nd quarter	1st half	3rd quarter	Three quarters	4th quarter	2nd half	Full year	
Orders received during the term	51,133	53,437	104,570	46,318	150,888	57,419	103,737	208,307	52,047	54,949	106,996						
YOY change	+12.9%	+0.1%	+6.0%	-1.6%	+3.5%	-6.8%	-4.6%	+0.5%	+1.8%	+2.8%	+2.3%						
Financial IT Services	16,271	19,494	35,765	16,476	52,241	23,120	39,596	75,361	17,495	20,685	38,180						
Composition	31.8%	36.5%	34.2%	35.6%	34.6%	40.3%	38.2%	36.2%	33.6%	37.6%	35.7%						
YOY change	+16.1%	+5.9%	+10.3%	+6.1%	+8.9%	-10.7%	-4.4%	+2.0%	+7.5%	+6.1%	+6.8%						
Industrial IT Services	34,861	33,943	68,804	29,843	98,647	34,299	64,142	132,946	34,552	34,263	68,815						
Composition	68.2%	63.5%	65.8%	64.4%	65.4%	59.7%	61.8%	63.8%	66.4%	62.4%	64.3%						
YOY change	+11.5%	-2.9%	+3.9%	-5.4%	+0.9%	-4.0%	-4.6%	-0.4%	-0.9%	+0.9%	+0.0%						
Order backlog at period-end	74,093	72,691	72,691	69,811	69,811	64,751	64,751	64,751	68,922	68,274	68,274						
YOY change	+2.5%	-0.5%	-0.5%	-4.1%	-4.1%	-7.4%	-7.4%	-7.4%	-7.0%	-6.1%	-6.1%						
Financial IT Services	25,046	25,172	25,172	23,898	23,898	25,547	25,547	25,547	24,701	25,228	25,228						
Composition	33.8%	34.6%	34.6%	34.2%	34.2%	39.5%	39.5%	39.5%	35.8%	37.0%	37.0%						
YOY change	+12.1%	+11.3%	+11.3%	+12.7%	+12.7%	-1.0%	-1.0%	-1.0%	-1.4%	+0.2%	+0.2%						
Industrial IT Services	49,046	47,518	47,518	45,912	45,912	39,204	39,204	39,204	44,221	43,046	43,046						
Composition	66.2%	65.4%	65.4%	65.8%	65.8%	60.5%	60.5%	60.5%	64.2%	63.0%	63.0%						
YOY change	-1.8%	-5.8%	-5.8%	-10.9%	-10.9%	-11.2%	-11.2%	-11.2%	-9.8%	-9.4%	-9.4%						

## (5) Other

(Millions of yen)	FY2017									FY2018							
	1st quarter	2nd quarter	1st half	3rd quarter	Three quarters	4th quarter	2nd half	Full year	1st quarter	2nd quarter	1st half	3rd quarter	Three quarters	4th quarter	2nd half	Full year	
Capital expenditures	3,259	4,666	7,925	3,120	11,045	4,114	7,234	15,159	3,080	5,487	8,567						
Depreciation	2,758	2,888	5,646	3,020	8,666	3,135	6,155	11,801	2,840	3,349	6,189						
Research and development expenses	221	356	577	292	869	309	601	1,178	233	270	503						
Amortization of goodwill	69	79	148	95	243	83	178	326	72	72	144						
Goodwill balance at the end of the term	1,666	1,556	1,556	1,484	1,484	1,332	1,332	1,332	1,262	1,190	1,190						
Number of Employees at the end of the term	19,935	19,860	19,860	19,720	19,720	19,843	19,843	19,843	20,277	20,206	20,206						

Goodwill amortization and balance at the end of the period in review included goodwill associated with intangible assets acknowledged in accordance with revised Accounting Standard for Business Combinations.





## (4) Financial Position, Cash Flow, and Other

(Millions of yen)	FY2009		FY2010		FY2011		FY2012		FY2013		FY2014		FY2015		FY2016		FY2017		FY2018	
	1st half	Full Year	1st half	Full Year	1st half	Full Year	1st half	Full Year	1st half	Full Year	1st half	Full Year	1st half	Full Year	1st half	Full Year	1st half	Full Year	1st half	Full Year (Plan)
Current assets	118,592	140,799	120,513	141,967	126,685	128,455	119,854	142,442	135,259	138,219	126,739	143,519	129,500	140,450	155,103	166,666	133,342	152,162	148,869	-
Fixed assets	164,580	154,527	160,430	171,109	168,621	172,620	171,891	167,560	162,883	164,083	169,562	170,091	175,416	205,401	169,353	169,828	174,729	185,459	192,824	-
Total assets	283,173	295,327	280,943	313,077	295,307	301,076	291,745	310,003	298,143	302,302	296,302	313,610	304,917	345,851	324,457	336,495	308,071	337,622	341,693	-
Current liabilities	77,494	82,051	70,153	86,255	65,666	73,090	73,169	83,065	72,727	91,063	81,755	72,790	65,621	77,666	78,771	91,508	72,769	78,676	72,329	-
Non-current liabilities	63,125	67,058	61,405	71,746	77,325	76,875	71,989	75,972	73,027	53,079	51,235	76,316	72,675	79,395	67,960	64,447	51,504	59,743	60,564	-
Total liabilities	140,620	149,110	131,558	158,001	142,991	149,965	145,159	159,038	145,754	144,143	132,990	149,107	138,296	157,062	146,731	155,955	124,274	138,420	132,893	-
Net assets	142,553	146,216	149,384	155,075	152,315	151,110	146,585	150,965	152,388	158,159	163,311	164,502	166,620	188,789	163,773	180,539	183,796	199,202	208,799	-
Total liabilities and net assets	283,173	295,327	280,943	313,077	295,307	301,076	291,745	310,003	298,143	302,302	296,302	313,610	304,917	345,851	324,457	336,495	308,071	337,622	341,693	-
Total interest-bearing debt	82,413	80,532	75,397	91,646	76,268	77,454	74,118	76,515	70,855	60,550	55,224	58,869	53,751	52,114	50,494	46,158	31,345	35,144	33,540	-
Interest-bearing debt ratio	29.1%	27.3%	26.8%	29.3%	25.8%	25.7%	25.4%	24.7%	23.8%	20.0%	18.6%	18.8%	17.6%	15.1%	15.6%	13.7%	10.2%	10.4%	9.8%	-
Net assets per share(yen)	1,498.39	1,541.17	1,558.63	1,602.77	1,571.12	1,636.56	1,588.36	1,636.72	1,651.15	1,714.88	1,770.88	1,782.23	1,812.28	2,108.19	1,988.26	2,031.07	2,088.36	2,265.76	2,400.25	-
Equity ratio (%)	45.0%	44.4%	47.9%	44.2%	46.7%	47.7%	47.8%	46.3%	48.6%	49.8%	52.5%	49.9%	52.0%	53.3%	53.6%	52.5%	58.4%	57.8%	59.8%	-
Net income to equity capital ratio (%)	-	7.4%	-	5.7%	-	4.2%	-	1.5%	-	3.9%	-	5.1%	-	6.0%	-	7.0%	-	8.8%	-	-
Recurring profit to total assets ratio (%)	-	8.0%	-	5.2%	-	4.1%	-	5.0%	-	5.7%	-	6.2%	-	6.4%	-	7.2%	-	8.0%	-	-
Cash flow from operating activities	13,595	34,311	15,012	31,400	16,690	27,236	9,985	23,658	11,900	21,515	13,132	25,770	12,649	22,938	8,777	25,496	7,156	18,952	24,358	-
Cash flow from investing activities	-11,212	-20,079	-10,421	-25,726	-6,410	-18,957	-9,750	-15,158	-2,988	-14,391	-4,793	-5,334	-12,947	-17,744	-6,151	8,688	-13,916	-23,488	-7,614	-
Cash flow from financial activities	-4,861	-6,877	-5,736	6,139	-18,288	-18,755	-5,868	-4,230	-8,133	-19,883	-7,455	-5,872	-8,402	-19,067	-6,792	-14,979	-20,079	-18,327	-7,808	-
Cash and cash equivalents at the end of the term	25,510	35,104	33,987	46,987	38,982	36,492	31,187	41,119	41,915	28,433	29,404	43,142	34,388	29,485	25,179	48,651	21,675	25,730	34,780	-
Free cash flows	2,383	14,232	4,591	5,674	10,280	8,279	235	8,500	8,912	7,124	8,338	20,436	-298	5,194	2,626	34,184	-6,760	-4,536	16,744	-
Capital expenditures	6,312	13,139	8,619	15,676	8,978	18,325	5,585	14,096	4,696	12,287	5,781	12,544	10,086	16,873	5,668	14,210	7,925	15,159	8,567	18,000
Depreciation	6,360	10,996	5,808	11,978	6,000	12,308	6,151	12,745	6,339	12,920	6,159	12,454	6,235	12,809	6,210	11,952	5,646	11,801	6,189	12,000
Research and development expenses	411	946	443	912	514	1,062	490	962	512	1,002	468	853	548	1,097	532	1,086	577	1,178	503	1,300
Amortization of goodwill	493	1,149	653	1,389	985	1,901	1,006	1,882	869	1,741	664	1,166	615	1,052	199	339	148	326	144	280
Goodwill balance at the end of the term	5,649	5,053	4,280	6,863	6,466	5,551	4,546	3,672	2,797	1,914	1,320	830	2,290	2,021	1,552	1,393	1,556	1,332	1,190	1,050
Number of employees at the end of the term	15,522	15,259	16,174	20,476	21,007	20,831	20,818	20,347	20,119	19,553	19,486	19,081	19,472	19,090	19,758	19,393	19,860	19,843	20,206	-
Number of new-graduate recruits	919	919	974	974	928	928	649	649	356	356	455	455	620	620	688	688	674	674	712	712
Number of regular recruits	491	1,117	256	512	211	370	251	450	154	379	247	549	292	499	271	687	339	575	399	-

Total interest-bearing debt indicate total sum of borrowed money and corporate bonds.

Free cash flows indicate total sum of cash flow from operating activities and cash flow from investing activities.

Goodwill amortization and balance at the end of the period in review included goodwill associated with intangible assets acknowledged in accordance with revised Accounting Standard for Business Combinations.

Principal amortization of goodwill:

SORUN Corporation: Goodwill (¥4,408 million) incurred due to change in status to subsidiary of IT Holdings in December 2009, and five-year equal amortization from 4th quarter period ended March 2010. Additional goodwill (¥58 million) incurred because the company became a wholly owned subsidiary in April 2010, and five-year equal amortization from the first quarter of the fiscal year ended March 2011.

Nexway Co., Ltd: Goodwill (¥2,896 million) incurred due to change in status to subsidiary of INTEC in July 2008. Five-year equal amortization from 2nd quarter period ended March 2009.



### **Cautionary Statements**

- 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.
- Full-year targets reflect revised performance estimates at the time of presentation.
- Quarterly financial results indicate the figures deducting from accumulated-term results.  
(ex. Third quarter results = Three quarter results – Two quarter results)
- From the fiscal year ended March 31, 2012, TIS applied new management approach and changed business segment. Fiscal 2011 figures have been recalculated and reclassified according to the new segment breakdowns for comparison purposes.