**Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2018**
(April 1, 2017 through December 31, 2017)
(Prepared pursuant to Japanese GAAP)

All financial information has been prepared in accord with accounting principles generally accepted in Japan. This is a partial English translation of the original Japanese-language document. All information pertains to consolidated results unless otherwise noted. Information on the basis of presentation of consolidated financial statements does not appear in this translation.

February 2, 2018

| | |
|---|---|
| Company name: | TIS Inc. |
| Stock exchange listings: | The First Section of the Tokyo Stock Exchange |
| Stock code: | 3626 |
| URL: | http://www.tis.com/ |
| Representative: | Toru Kuwano, President |
| Contact: | Tsuneyoshi Ito, Department Manager of Finance & Accounting Dept., Corporate Planning SBU. |
| Phone: | +81 3-5337-4569 |

Scheduled dates
Submission of quarterly report: February 9, 2017
Commencement of dividend payments: -

Supplementary materials to the quarterly results: Available
Quarterly results presentation held: Yes (targeted at institutional investors and analysts)

Figures in millions of yen are rounded down to the nearest million

## 1. Consolidated Results for the First Three Quarters of the Fiscal Year Ending March 31, 2018 (April 1, 2017 – December 31, 2017)

(1) Consolidated Financial Results

Percentages indicate year-over-year changes

| | Net sales | | Operating income | | Recurring profit | | Net income attributable to owners of the parent company | |
|---|---|---|---|---|---|---|---|---|
| | millions of yen | % | millions of yen | % | millions of yen | % | millions of yen | % |
| First Three Qtrs., FY2018 | 289,021 | 3.0 | 20,696 | 29.9 | 20,955 | 30.1 | 13,460 | 19.6 |
| First Three Qtrs., FY2017 | 280,708 | 3.7 | 15,931 | 12.7 | 16,108 | 11.5 | 11,251 | 58.2 |

Note: Comprehensive income: First Three Qtrs., FY 2018: 25,083 million yen (69.5%), First Three Qtrs., FY 2017: 14,800 million yen (-%)

| | Net income per share – basic | Net income per share – diluted |
|---|---|---|
| | Yen | yen |
| First Three Qtrs., FY2018 | 157.47 | - |
| First Three Qtrs., FY2017 | 130.34 | - |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | millions of yen | millions of yen | % |
| End of Third Quarter, FY2018 | 342,734 | 217,765 | 62.3 |
| End of FY2017 | 337,622 | 199,202 | 57.8 |

For reference: Total equity: End of Third Quarter, FY2018: 213,371 million yen End of FY2017: 195,053 million yen.
*Total equity = Shareholders' equity plus total accumulated other comprehensive income

## 2. Cash Dividends for Shareholders of Common Stock

| | Cash dividends per share | | | | |
|---|---|---|---|---|---|
| Record date or period | End-Q1 | End-Q2 | End-Q3 | Year-end | Total |
| | yen | yen | yen | yen | yen |
| FY2017 | - | 12.00 | - | 24.00 | 36.00 |
| FY2018 | - | 14.00 | - | | |
| FY2018 (forecast) | | | | 26.00 | 40.00 |

Note: Revisions from the latest release of dividends forecasts: None

**3. Forecast of Consolidated Results for FY2018 (April 1, 2017 – March 31, 2018)**

Percentages indicate year-over-year changes

| | Net sales | | Operating income | | Recurring profit | | Net income attributable to owners of the parent company | | Net income per share – basic |
|---|---|---|---|---|---|---|---|---|---|
| | millions of yen | % | millions of yen | % | millions of yen | % | millions of yen | % | Yen |
| Full FY2018 (year ending Mar. 31, 2018) | 400,000 | 1.7 | 30,000 | 11.0 | 30,000 | 10.7 | 18,000 | 10.4 | 210.76 |

Note: Revisions from the latest release of earnings forecasts: None

## ※ Notes

(1) Material reclassifications of subsidiaries during the period: None
(Changes in specified subsidiaries resulting in change in scope of consolidation)
Additions: None Exclusions: None

(2) Accounting methods specific to quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
1) Changes in accordance with amendments to accounting standards, etc.: None
2) Changes other than noted in 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(4) Common stock issued
1) Issued shares as of period-end (including treasury stock):
End-Third Quarter, FY2018 (December 31, 2017): 87,789,098 shares
End-FY2017 (March 31, 2017): 87,789,098 shares
2) Treasury stock as of period-end:
End-Third Quarter, FY2018 ( December 31, 2017): 2,612,418 shares
End-FY2017 (March 31, 2017): 1,701,923 shares
3) Average number of shares (during the respective nine-month period):
First Three Quarters, FY2018 (ended December 31, 2017): 85,482,158 shares
First Three Quarters, FY2017 (ended December 31, 2016): 86,327,920 shares

***Quarterly review status**
These materials are not subject to the quarterly review procedure requirements of Japan's Financial Instruments and Exchange Act.

**Caution on Forward-Looking Statements and Other Important Matters**
This report contains forward-looking statements that reflect TIS Inc. ("TIS")'s plans and expectations based on information available to TIS at the time of preparation and on certain other information TIS believes to be reasonable. These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.
For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, refer to "(2) Consolidated Earnings Forecast and Caution on Forward-Looking Statements" in the "1. Results of Operations" section on page 4 in the Accompanying Materials.

**Accompanying Materials – Contents**

## 1. Results of Operations

### (1) Analysis of Consolidated Operating Results

In the first nine months of fiscal 2018 (April 1, 2017 ~ December 31, 2017), the Japanese economy continued a moderate recovery owing to strong corporate earnings and an improvement in employment conditions. Regarding the outlook, although it is necessary to monitor the impact of uncertainties surrounding the global economy and financial market fluctuations, the Japanese economy is expected to continue its moderate recovery trend.

The business environment surrounding the IT services industry, to which the TIS INTEC Group belongs, was robust during the period. The Bank of Japan's Short-term Economic Survey of Enterprises in Japan (December 2017) revealed growth in IT investment among companies embracing digital management, as reflected in a 7.0% year-on-year increase in software investment plans (all manufacturing & financial institutions).

Under these circumstances, the TIS INTEC Group promoted various measures for implementing Group-wide reform to achieve further growth and raise corporate value, based on the Group management strategy developed under the third medium-term management plan (from fiscal 2016 through fiscal 2018) currently being implemented.

Consolidated net sales for the Group in the first nine months increased 3.0% year on year to ¥289,021 million. Operating income increased 29.9% from a year earlier to ¥20,696 million, recurring profit increased 30.1% to ¥20,955 million, and net income attributable to owners of the parent company increased 19.6% to ¥13,460 million.

Consolidated net sales grew year on year as the Group accurately grasped the IT investment needs of its customers in areas where IT investment is growing.

Profit grew year on year due to the increased sales and measures to improve profitability, including measures to restrain unprofitable projects. These positive factors absorbed higher employee benefits, along with increased selling, general and administrative expenses for measures to enhance competitiveness, including the establishment of specialized organizations and measures to bolster the corporate structure.

Segment results for the period are as follows. The sales figures for each segment include inter-segment sales.

1) IT Infrastructure Services

Consolidated sales rose 3.7% year on year to ¥96,183 million while operating income increased 15.7% to ¥8,588 million.

The data center business expanded steadily with contributions from large public-sector projects and growth in cloud-related business, while the BPO business also expanded. This growth absorbed higher expenses for business-reinforcing initiatives and led to higher sales and profit for the segment.

2) Financial IT Services

Consolidated sales increased 9.3% year on year to ¥66,030 million, while operating income increased 422.7% year on year to ¥5,124 million.

Sales and profits increased as a result of contributions from large-scale projects for credit card companies and business expansion driven by growing IT investment in the payment settlement field, along with successful efforts to restrain unprofitable projects.

3) Industrial IT Services

Consolidated sales increased 0.4% year on year to ¥132,663 million, while operating income declined 6.0% to ¥6,628 million.

While sales from large-scale projects declined from robust levels in the same period of the previous year, overall sales remained on par with the previous year due to ERP upgrade demand in the manufacturing sector and overall expanding IT investment. Although progress was made on initiatives to enhance profitability, profit declined year on year due to higher expenses for measures to enhance competitiveness, including the establishment of specialized organizations and measures to bolster the corporate structure.

4) Other
Consolidated sales declined 10.2% year on year to ¥7,981 million, and operating income declined 6.1% to ¥712 million.

As previously stated, the Group is implementing its third medium-term management plan, which ends with the current fiscal year. For the fiscal year under review, the Group formulated the following Group management strategy in accordance with the management plan's basic concepts, and is promoting various measures for implementing Group-wide reform to achieve further growth and raise corporate value.

| **Third medium-term management plan basic concepts** | **Group management strategy for fiscal 2018** |
|---|---|
| Profit Emphasis | Implement profit-oriented management more thoroughly. |
| IT Brain<br>(expansion of value-added business) | Make further upfront investments to establish new growth engines. |
| Portfolio Management | Strengthen collaboration among Group companies by leveraging the operating holding company structure and rapidly execute structural reforms. |

Regarding more thorough implementation of profit-oriented management, the Group recognizes that the steady promotion of large-scale projects and the vigorous promotion of productivity innovation are critical initiatives. Regarding the steady promotion of large-scale projects, we are thoroughly implementing company-wide management monitoring systems to ensure that each project progresses according to schedule. Regarding the vigorous promotion of productivity innovation measures, the Group Production Innovation Committee is sharing information on issues and countermeasures for unprofitable projects at each company. Measures are being taken in accordance with the level of priority of each project, while Group-wide information sharing conferences and working groups are being held to enhance technological capabilities. Through these and other measures, we are steadily implementing productivity innovation.

Regarding further upfront investments to establish new growth engines, the Group is taking initiatives to further strengthen its settlement business, a core strength. As one initiative, in September 2017 we concluded a capital and business alliance with CardInfoLink, a Chinese FinTech company offering processing services in the QR code and credit card settlement fields. We will collaborate with CardInfoLink to expand the QR code settlement business in Japan and Southeast Asia using CardInfoLink's QR code settlement solutions, while jointly promoting the credit card processing business in China by utilizing TIS's long track record of success and know-how in settlement system development. TIS INTEC Group and CardInfoLink will collaborate to provide IT services with high value-added in Japan, China, and Southeast Asia. Additionally, the Group has taken steps to establish an API platform as a shared platform for the retail settlement solution "PAYCIERGE 2.0" to maintain and enhance its competitiveness in the financial field amid growing open API movements and open API trends for various services. In this way, the Group is establishing environments in which services can be securely and rapidly implemented. The Group is also taking measures to support the full-scale growth of business in such fast-growing new technology fields as AI and IoT. We are developing and testing various types of new solutions, while also creating new business structures through the establishment of specialized organizations and investments in and collaborations with start-ups and ventures.

Additionally, in November 2017, TIS and INTEC Inc. jointly established the TIS INTEC Group Silicon Valley Innovation Lab in the United States. Managed by the two companies' local subsidiaries, the lab aims to create innovative new businesses and leading-edge products and rapidly launch them in Japan and the rest of Asia through open innovation among U.S. start-ups, mainly in Silicon Valley, and the local offices and new business divisions of major Japanese companies. The lab has already begun multiple demonstration tests of collaborative projects between Fintech-related start-ups and Japanese financial institutions.

Regarding efforts to strengthen collaboration among Group companies by leveraging the operating holding company structure and rapidly execute structural reforms, the Group is actively deliberating and promoting priority and collaborative initiatives. As one example, Group companies have integrated their data centers into the closed area network "DCAN" (Datacenter and cloud services - Customer Adapted Network) to strengthen competitiveness by promoting cross-selling among Group companies and raising convenience. Additionally, the Group's BPO business, which was merged into AGREX INC., has been consolidated into the new BPO center "Biz TRUXIA" in the Tama district of Tokyo as a way to fully realize the benefits of integration, including improved service levels.

In conjunction with the transition to an operating holding company system in July 2016, the Group formulated and announced in May 2017 a new Group vision as its ideal corporate image for 2026: "Create Exciting Future" ~ Utilize advanced technologies and know-how to realize business innovation and market creation. Amid dramatic changes in the business environment, the Group is uniting to leverage its accumulated IT strengths and expand its business fields beyond traditional frameworks to ensure sustainable growth. Company management is leading seminars for Group executives, vision booklets are being distributed, and training is being implemented to raise awareness and foster a sense of unity. Additionally, the Group has begun to create specific measures as part of the ongoing effort to formulate the fourth medium-term management plan, including initiatives to transition to four strategic domains.

The Group is actively implementing workstyle reforms to fully utilize the talents of a diverse workforce, which is a critical management resource for the Group's sustainable growth. These initiatives are being implemented from the viewpoints of raising motivation, improving workplace environments, and enhancing labor environments. The success of these measures has been gradually reflected in training days per employee, monthly average overtime hours, and the rate of expending annual paid leave. Reflecting the success of Group initiatives, INTEC Inc., IT Service Force Inc., and AGREX INC. were certified by Japan's Minister of Health, Labor and Welfare as outstanding companies for promoting women's participation in the workplace, receiving the highest certification, the Grade 3 "Eruboshi" symbol.

Between May and July 2017, in accordance with its basic policy on shareholder returns, TIS Inc. ("the Company") acquired 908,300 shares of treasury stock (aggregate acquisition cost of ¥2,859 million) as part of its policy of executing a dynamic capital strategy responsive to changes in the business environment and raising shareholder profit and capital efficiency.

**(2) Consolidated Earnings Forecast and Caution on Forward-Looking Statements**

The Company achieved robust consolidated business performance for the period under review and will continue striving to achieve full-year targets by steadily implementing various measures. At the current time, there is no change to the consolidated earnings forecast announced on May 10, 2017.

The Company has adopted a total return ratio benchmark of around 35%*. As a result of the previously mentioned share buyback, the Company estimates a total return of 35% in the current fiscal year based on the current consolidated earnings forecast.

*Total return ratio: The ratio of the combined value of dividend payments and share buybacks versus net income attributable to owners of the parent company.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

| Items | As of March 31, 2017 | As of Dec. 31, 2017 |
|---|---|---|
| | millions of yen | millions of yen |
| **Assets** | | |
| Current assets | | |
| Cash and deposits | 26,137 | 29,232 |
| Notes and accounts receivable | 92,915 | 72,501 |
| Lease receivables and lease investment assets | 5,179 | 4,406 |
| Marketable securities | 100 | 100 |
| Merchandise and finished goods | 4,341 | 4,007 |
| Work in process | 4,526 | 10,122 |
| Raw materials and supplies | 240 | 221 |
| Deferred tax assets | 6,889 | 3,742 |
| Other current assets | 12,003 | 15,341 |
| Allowance for doubtful accounts | (170) | (152) |
| Total current assets | 152,162 | 139,523 |
| Fixed assets | | |
| Property and equipment | | |
| Buildings and structures, net | 37,118 | 36,374 |
| Machinery and equipment, net | 6,665 | 7,768 |
| Land | 21,435 | 19,672 |
| Leased assets, net | 3,937 | 3,152 |
| Other property and equipment, net | 6,723 | 9,368 |
| Total property and equipment | 75,878 | 76,336 |
| Intangible assets | | |
| Goodwill | 803 | 688 |
| Other intangible assets | 17,863 | 18,618 |
| Total intangible assets | 18,666 | 19,306 |
| Investments and other assets | | |
| Investment securities | 64,156 | 78,643 |
| Net defined benefit asset | 5,027 | 4,915 |
| Deferred tax assets | 6,129 | 6,192 |
| Other assets | 15,810 | 18,087 |
| Allowance for doubtful accounts | (210) | (270) |
| Total investments and other assets | 90,914 | 107,568 |
| Total fixed assets | 185,459 | 203,210 |
| Total assets | 337,622 | 342,734 |

| Items | As of March 31, 2017 | As of Dec. 31, 2017 |
|---|---|---|
| | millions of yen | millions of yen |
| **Liabilities** | | |
| Current liabilities | | |
| Notes and accounts payable | 24,047 | 17,151 |
| Short-term borrowings | 6,084 | 5,172 |
| Income taxes payable | 5,932 | 802 |
| Accrued bonuses to directors and employees | 12,402 | 6,290 |
| Provision for loss on order received | 3,379 | 1,268 |
| Other allowances | 297 | 73 |
| Other current liabilities | 26,532 | 32,557 |
| Total current liabilities | 78,676 | 63,317 |
| Non-current liabilities | | |
| Long-term debt | 26,263 | 23,773 |
| Lease obligations | 5,304 | 4,107 |
| Deferred tax liabilities | 2,676 | 7,681 |
| Deferred tax liabilities from revaluation of land | 403 | 403 |
| Accrued retirement benefits to directors | 66 | 65 |
| Other allowances | 419 | 665 |
| Net defined benefit liability | 16,876 | 17,213 |
| Other non-current liabilities | 7,735 | 7,740 |
| Total non-current liabilities | 59,743 | 61,651 |
| Total liabilities | 138,420 | 124,968 |
| **Net assets** | | |
| Shareholders' equity | | |
| Common stock | 10,001 | 10,001 |
| Additional paid-in capital | 82,918 | 82,742 |
| Retained earnings | 90,846 | 101,138 |
| Less treasury stock, at cost | (4,230) | (7,098) |
| Total shareholders' equity | 179,535 | 186,784 |
| Accumulated other comprehensive income | | |
| Net unrealized gains on other securities | 20,478 | 31,368 |
| Revaluation reserve for land | (2,375) | (2,375) |
| Foreign currency translation adjustments | 51 | 75 |
| Remeasurements of defined benefit plans | (2,636) | (2,481) |
| Total accumulated other comprehensive income | 15,517 | 26,586 |
| Non-controlling interests | 4,149 | 4,394 |
| Total net assets | 199,202 | 217,765 |
| Total liabilities and net assets | 337,622 | 342,734 |

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

| Items | First Three Qtrs., FY2017 (Apr. 1 – Dec. 31, 2016) | First Three Qtrs., FY2018 (Apr. 1 – Dec. 31, 2017) |
|---|---|---|
| | millions of yen | millions of yen |
| Net sales | 280,708 | 289,021 |
| Cost of sales | 228,857 | 230,770 |
| Gross profit | 51,851 | 58,251 |
| Selling, general and administrative expenses | 35,919 | 37,554 |
| Operating income | 15,931 | 20,696 |
| Non-operating income | | |
| Interest income | 43 | 24 |
| Dividend income | 889 | 1,019 |
| Other | 433 | 574 |
| Total non-operating income | 1,366 | 1,619 |
| Non-operating expense | | |
| Interest expenses | 257 | 253 |
| Equity in losses of affiliated companies | 349 | 661 |
| Other | 582 | 444 |
| Total non-operating expenses | 1,189 | 1,360 |
| Recurring profit | 16,108 | 20,955 |
| Extraordinary income | | |
| Gain on sale of investment securities | 1,811 | 42 |
| Gain on sales of fixed assets | 6 | 440 |
| Other | 53 | 7 |
| Total extraordinary income | 1,871 | 490 |
| Extraordinary loss | | |
| Loss on disposal of fixed assets | 168 | 51 |
| Impairment loss | 144 | 512 |
| Loss on sales of investment securities | 157 | 0 |
| Other | 294 | 400 |
| Total extraordinary loss | 764 | 964 |
| Income before income taxes | 17,215 | 20,481 |
| Income taxes: current | 2,683 | 3,300 |
| Income taxes: deferred | 3,117 | 3,267 |
| Total income taxes | 5,801 | 6,567 |
| Net income | 11,414 | 13,913 |
| Net income attributable to non-controlling interests | 162 | 452 |
| Net income attributable to owners of the parent company | 11,251 | 13,460 |

**Consolidated Statements of Comprehensive Income**

| Items | First Three Qtrs., FY2017 (Apr. 1 – Dec. 31, 2016) | First Three Qtrs., FY2018 (Apr. 1 – Dec. 31, 2017) |
|---|---|---|
| | millions of yen | millions of yen |
| Net income | 11,414 | 13,913 |
| Other comprehensive income | | |
| Net unrealized gains on other securities | 3,671 | 10,916 |
| Foreign currency translation adjustments | (199) | 93 |
| Remeasurements of defined benefit plans | 31 | 157 |
| Share of other comprehensive income of equity-method affiliates | (116) | 3 |
| Total other comprehensive income | 3,386 | 11,170 |
| Comprehensive income | 14,800 | 25,083 |
| (Composition) | | |
| Comprehensive income attributable to owners of the parent company | 14,610 | 24,529 |
| Comprehensive income attributable to non-controlling interests | 189 | 554 |

**(3) Notes on the Consolidated Financial Statements**

(Notes on the Going-concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders’ Equity)

Not applicable