



TIS

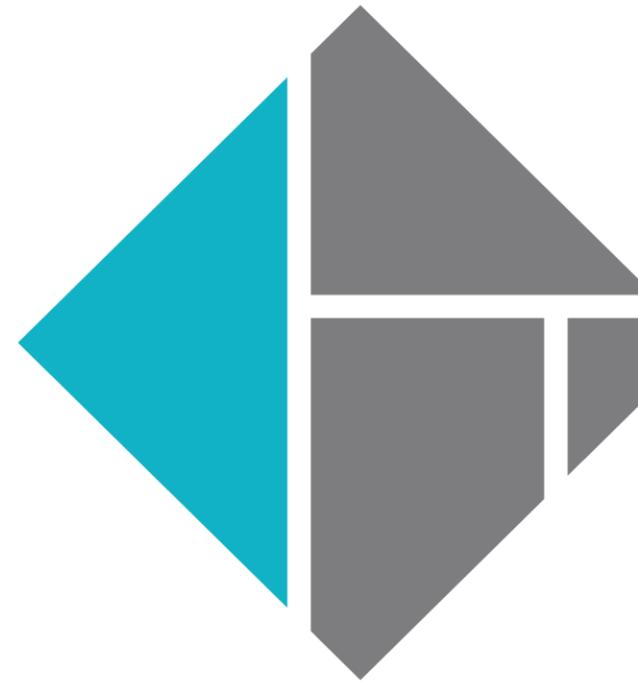
TIS INTEC Group

Go Beyond

Information Meeting Materials for the First Three Quarters of the Fiscal Year Ending March 31, 2020

February 6, 2020

TIS Inc.



Fiscal 2020 First Three Quarters Financial Highlights

Fiscal 2020 Performance Forecast

Reference Materials

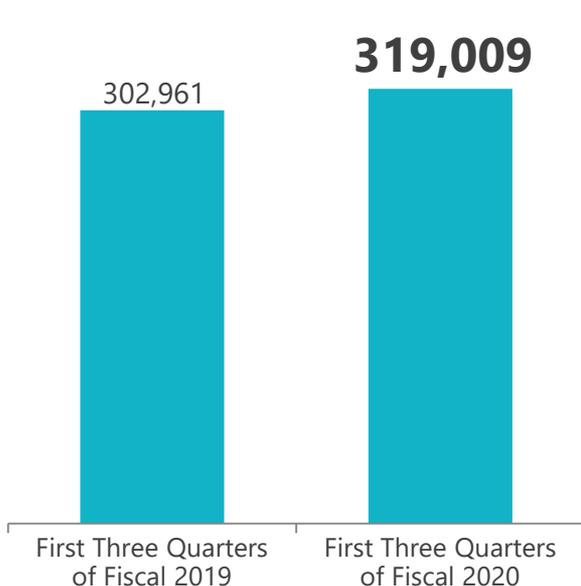
Fiscal 2020 First Three Quarters: Financial Highlights

• Against a favorable business backdrop, sales and income were up over the corresponding period a year ago, thanks to higher business volume and efforts to improve profitability.

[Millions of yen]

Net Sales

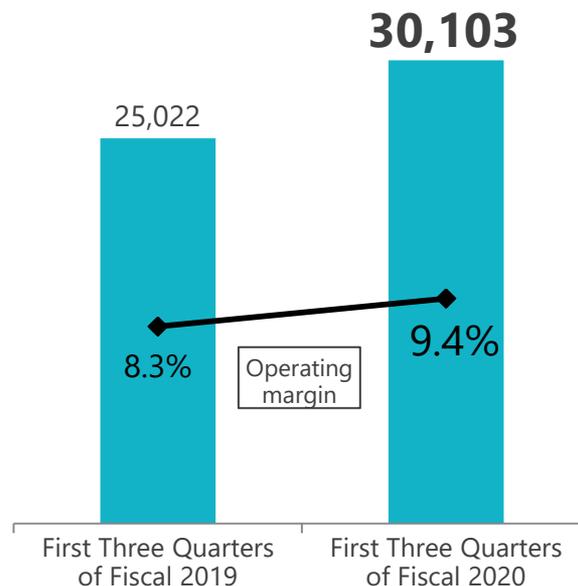
• YOY change: +¥16,048 million [+5.3%]



In sectors where IT investment is showing renewed growth, we emphasized accurate identification of client needs and were rewarded with higher sales, year-on-year.

Operating Income

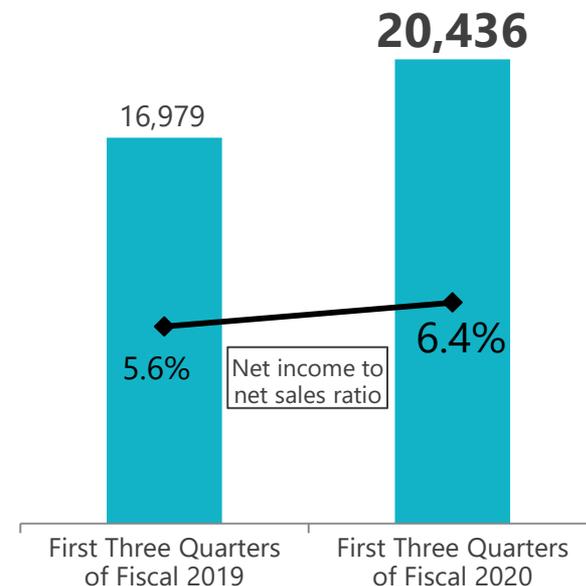
• YOY change: +¥5,080 million [+20.3%]



Increase in gross profit, reflecting higher net sales starting point and enhanced profitability, absorbed rising selling, general and administrative expenses, primarily costs associated with stronger response to restructuring. Operating income was up year-on-year.

Net Income Attributable to Owners of the Parent Company

• YOY change: +¥3,456 million [+20.4%]



Up year on year, paralleling increase in operating income.

Extraordinary income: ¥7,232 million (YOY change - ¥7,128 million)
 Extraordinary loss: ¥7,196 million (YOY change - ¥6,051 million)

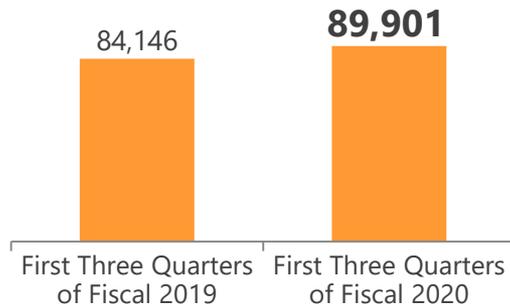
Fiscal 2020 First Three Quarters: Sales and Income for Key Segments-1

[Millions of yen]

Service IT Business

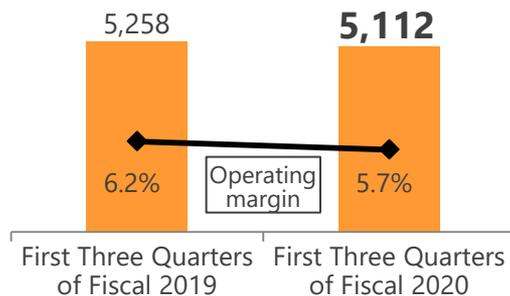
Net Sales

● YOY change: +¥5,754 million [+6.8%]



Operating Income

● YOY change: -¥146 million [-2.8%]

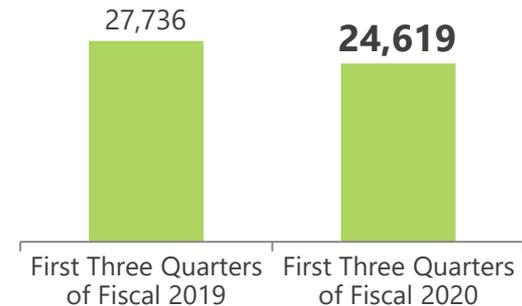


Sales increased year on year, mainly due to expanded payment settlement-related business. Operating income decreased year on year, primarily due to higher prior investment to reinforce business pursuits as well as revision in strategy to strengthen platform business.

BPO

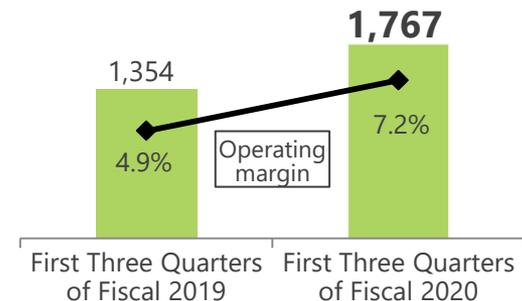
Net Sales

● YOY change: -¥3,116 million [-11.2%]



Operating Income

● YOY change: +¥413 million [+30.5%]



Impact from sale of subsidiaries, undertaken in previous fiscal year as part of effort to concentrate resources into core operations, had big impact, leading to lower sales but higher income.

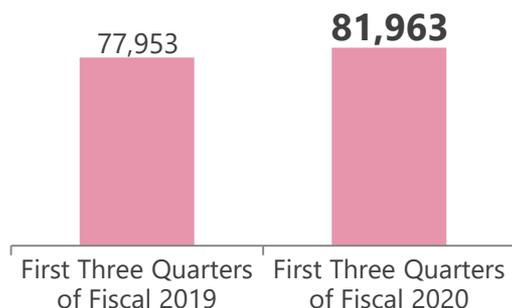
Fiscal 2020 First Three Quarters: Sales and Income for Key Segments-2

[Millions of yen]

Financial IT Business

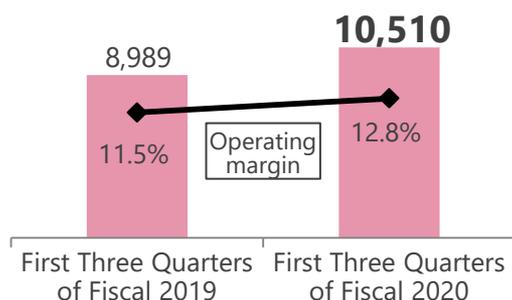
Net Sales

- YOY change: +¥4,009 million [+5.1%]



Operating Income

- YOY change: +¥1,520 million [+16.9%]

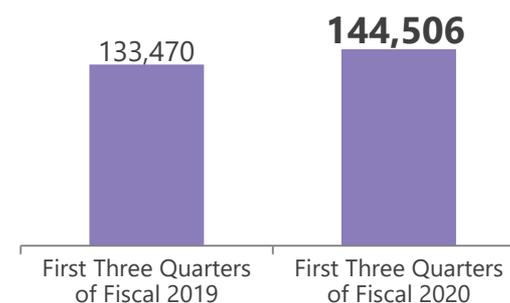


Despite impact from reactionary drop in demand for large system development projects, segment recorded higher sales and income, mainly due to wider IT investment activity by core clients.

Industrial IT Business

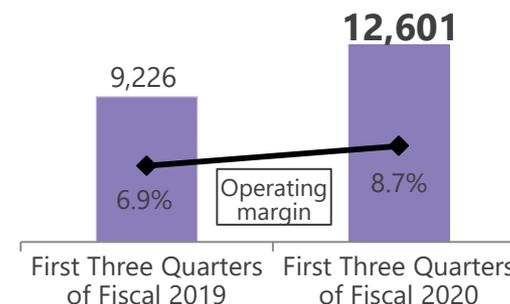
Net Sales

- YOY change: +¥11,036 million [+8.3%]



Operating Income

- YOY change: +¥3,374 million [+36.6%]



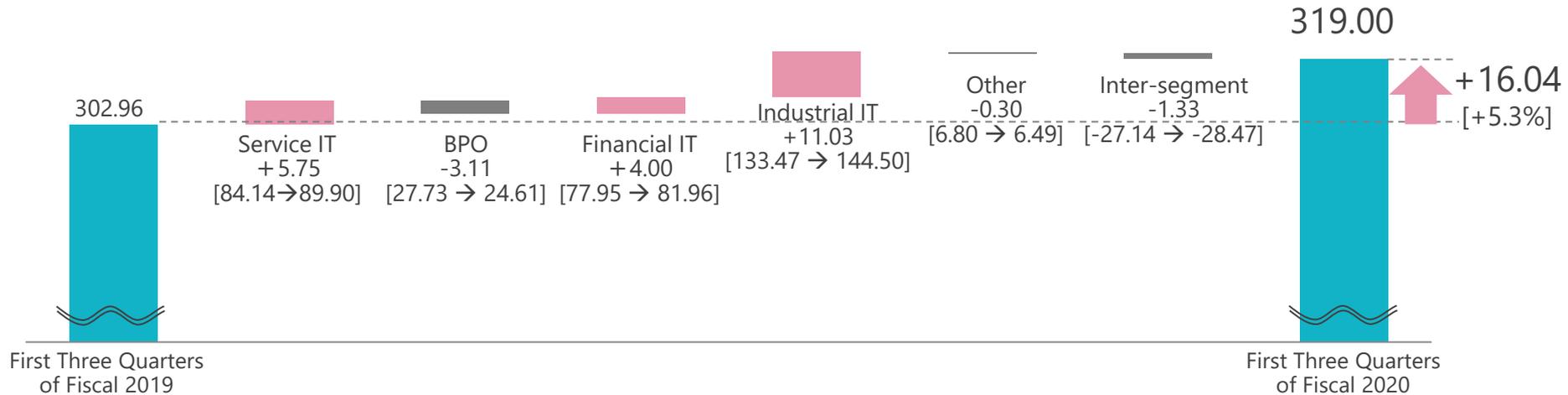
Higher sales and income year on year, largely the result of greater IT investment activity among wide range of industries, including core clients in energy- and manufacturing-based industries.

Note: Paralleling a shift—from Industrial IT Business to Financial IT Business—in know-how used in services provided to specific clients, transactions with such clients were booked under Industrial IT Business up to fiscal 2019 and Financial IT Business from fiscal 2020.

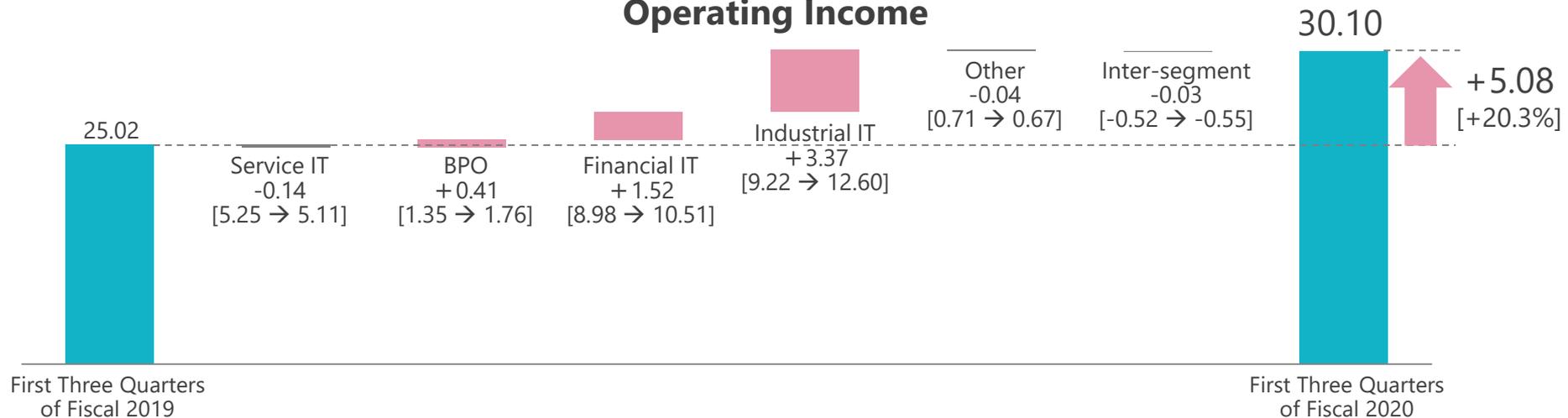
Fiscal 2020 First Three Quarters: Net Sales and Operating Income Analysis

[Billions of yen]

Net Sales

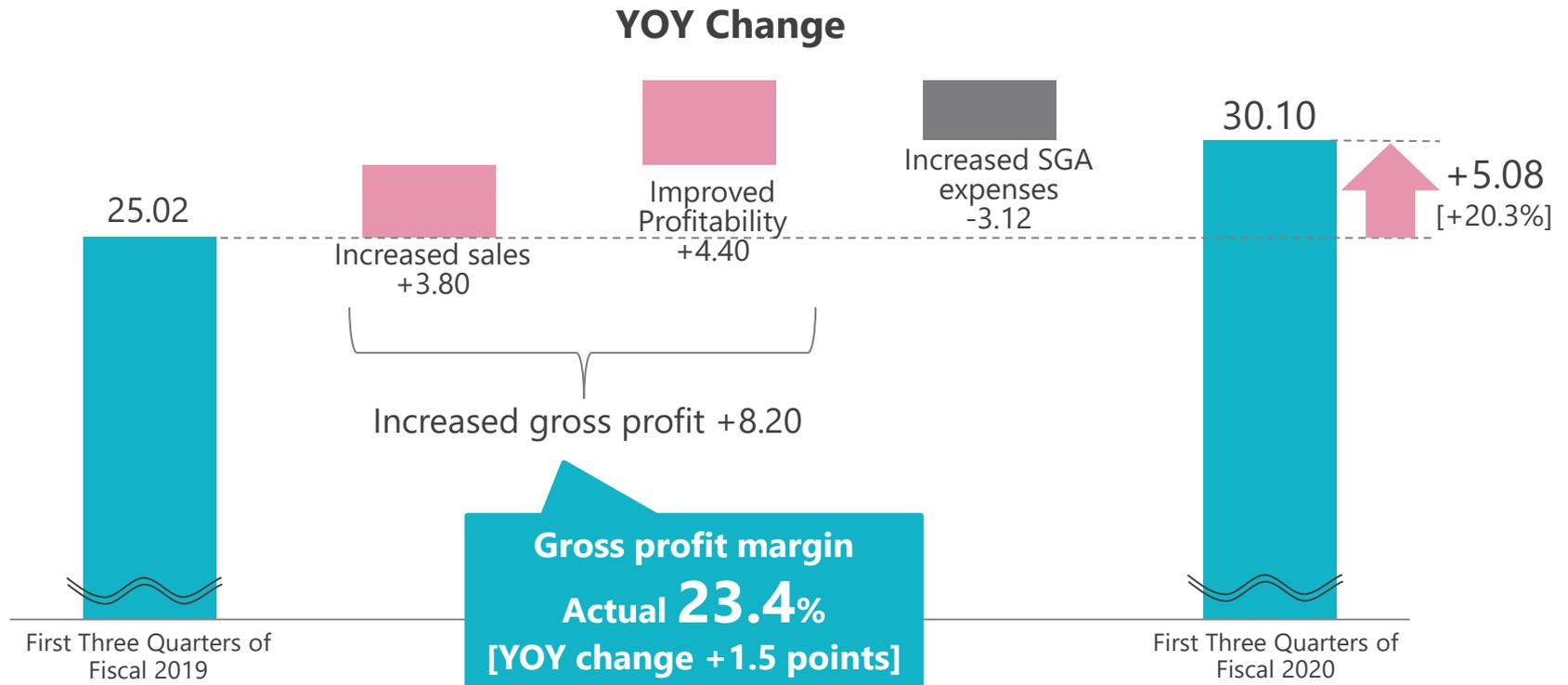


Operating Income



Fiscal 2020 First Three Quarters: Operating Income Analysis, Increase/Decrease Reasons

[Billions of yen]



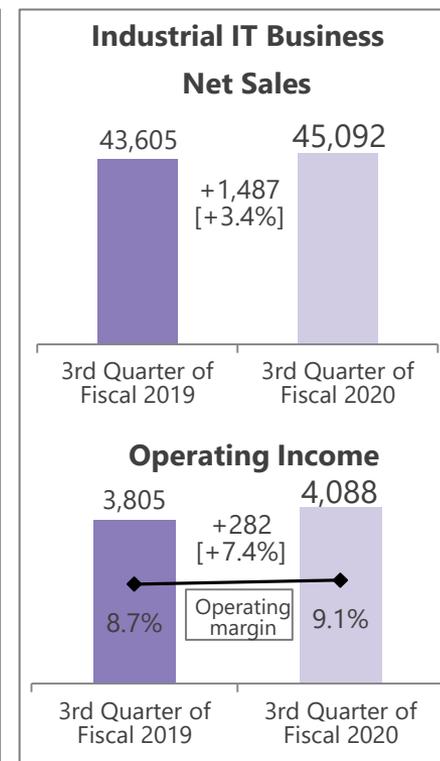
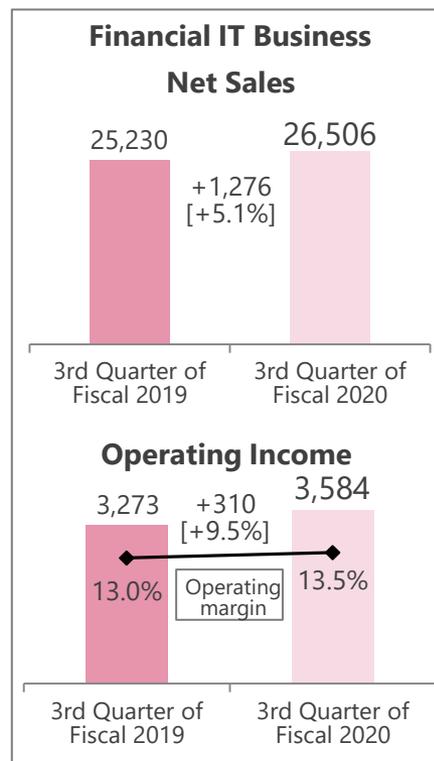
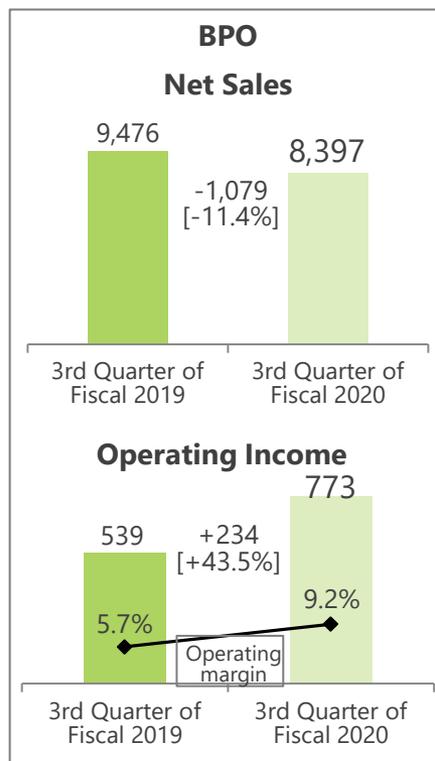
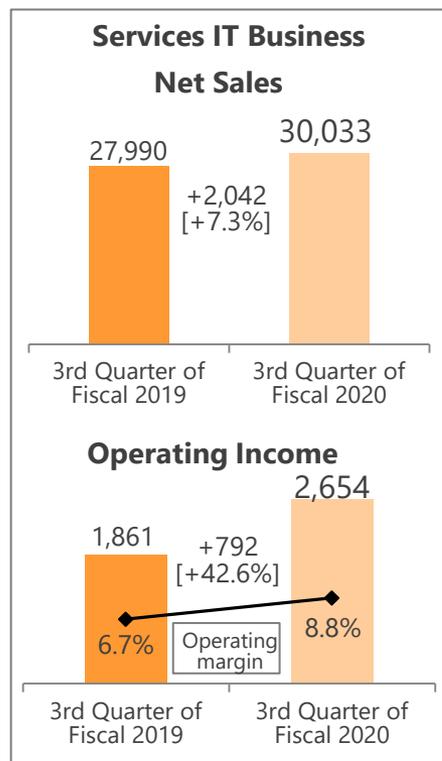
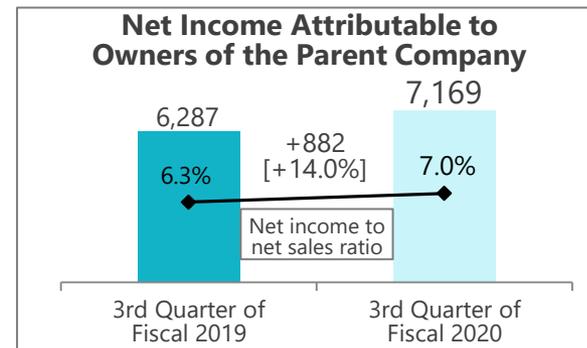
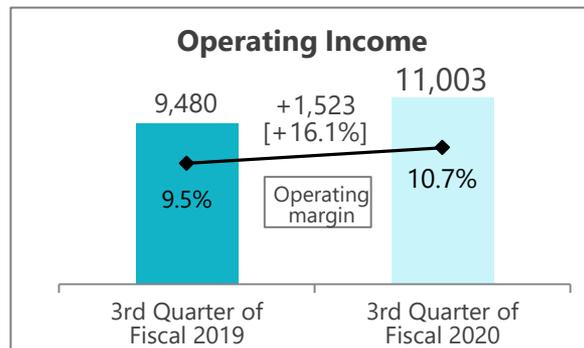
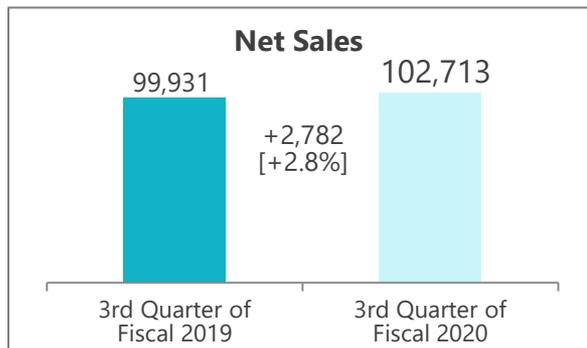
Prior investment costs incurred in promoting structural transformation: Up ¥1.39 billion (YOY)

- ✓ Software investment to create new services
 - ✓ Investment in human resources to fuel structural transformation
 - ✓ Investment in R&D to acquire advanced technologies
- } Costs related to

Brand-related costs incurred to ensure quick recognition in market: Up ¥80 million (YOY)

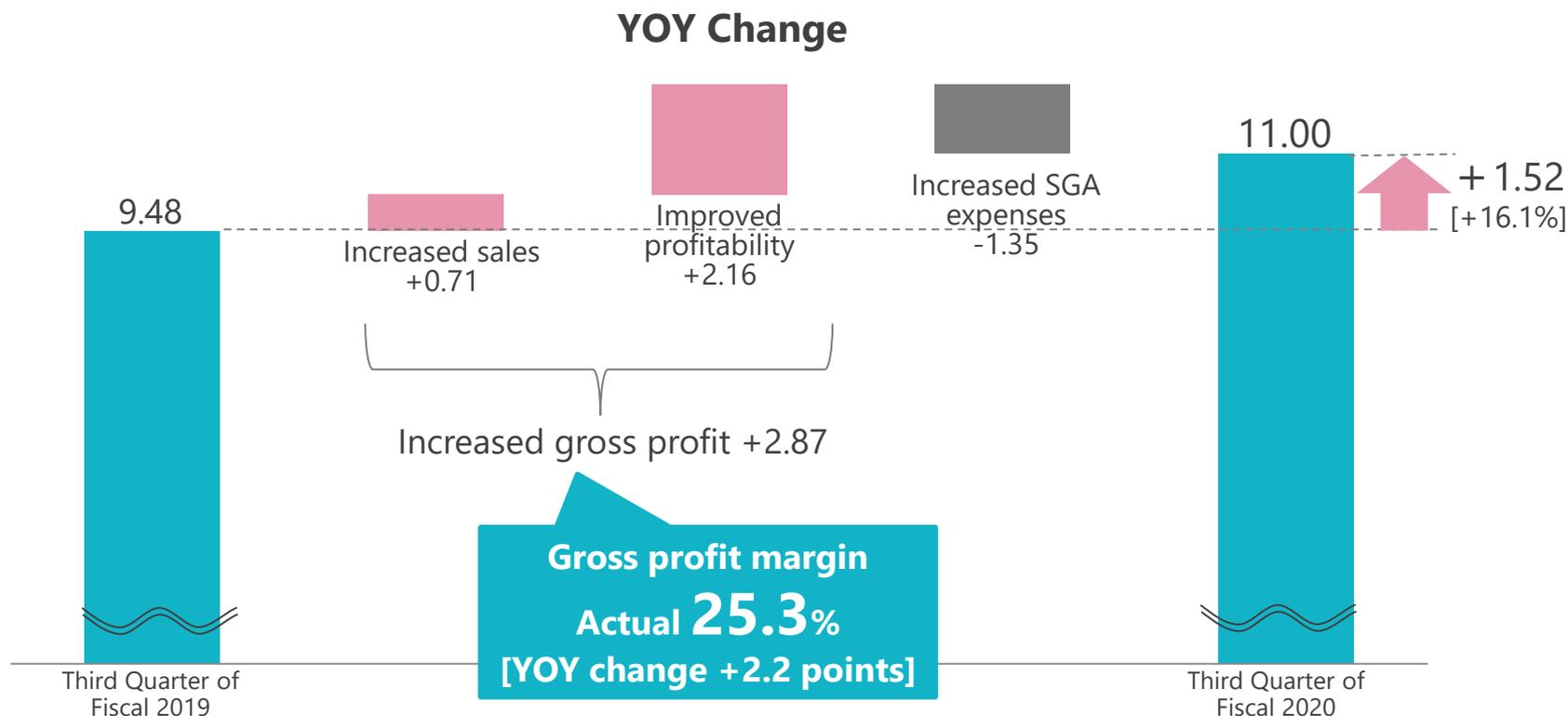
(Reference) Fiscal 2020 Third Quarter (October - December) : Sales and Income for Key Business Segments

[Millions of yen]



(Reference) Fiscal 2019 Third Quarter (October-December): Operating Income Analysis, Increase/Decrease Reasons

[Billions of yen]



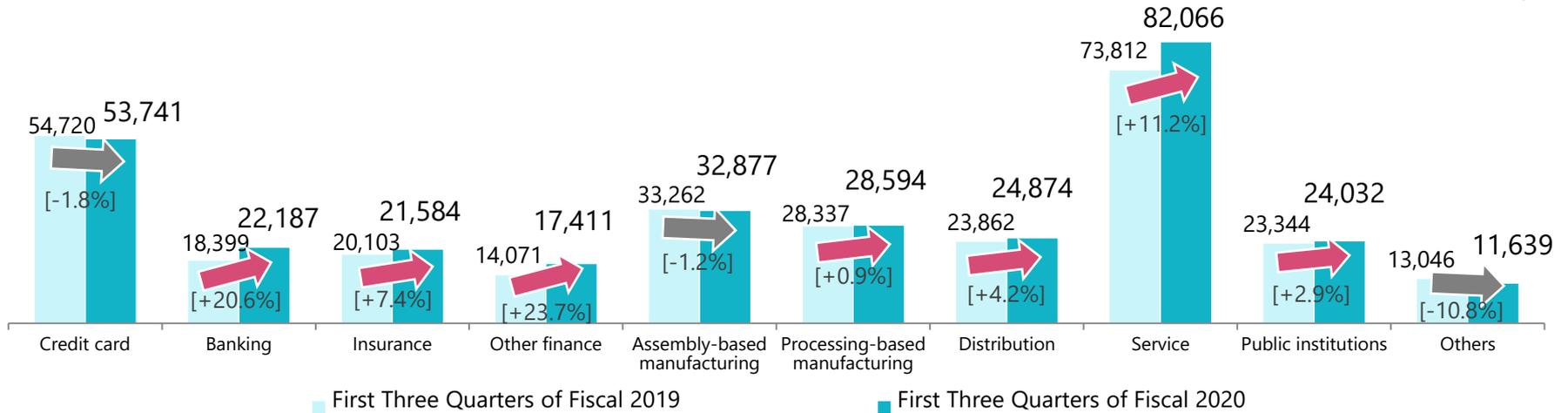
Prior investment costs incurred in promoting structural transformation: Up ¥0.39 billion (YOY)

- ✓ Software investment to create new services
 - ✓ Investment in human resources to fuel structural transformation
 - ✓ Investment in R&D to acquire advanced technologies
- } Costs related to

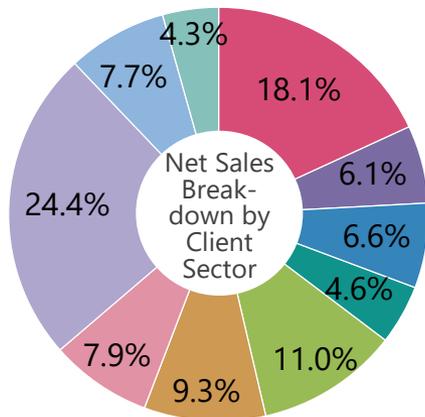
Brand-related costs incurred to ensure quick recognition in market: Up ¥80 million (YOY)

Fiscal 2020 First Three Quarters: Sales by Client Sector

[Millions of yen]

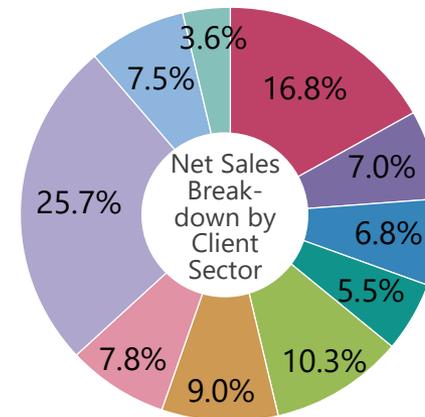


First Three Quarters of Fiscal 2019



Financial sector: 35.4 % Industrial sector: 52.6 %
Public sector: 7.7 % Other sectors: 4.3 %

First Three Quarters of Fiscal 2020



Financial sector: 36.1 % Industrial sector: 52.8 %
Public sector: 7.5 % Other sectors: 3.6 %

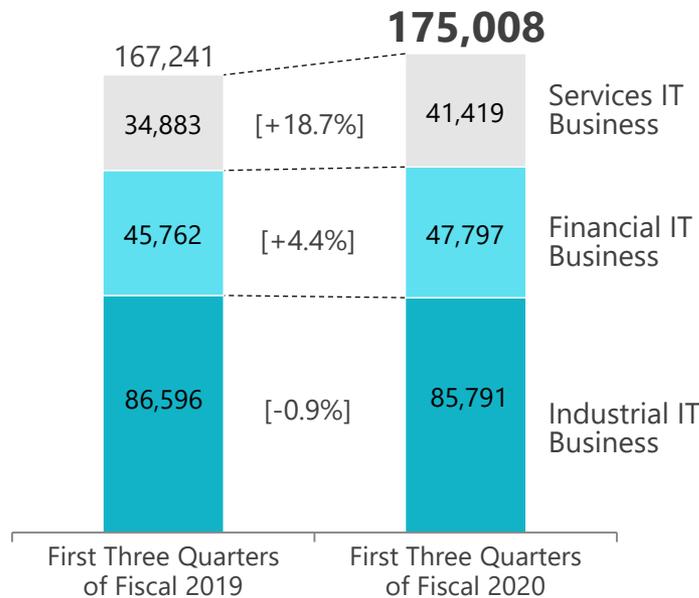
Fiscal 2020 First Three Quarters: Order Status (Software Development)

• Orders received during the first three quarters and order backlog at the end of the third quarter were up over the corresponding period a year ago and moving at a brisk pace. Results driven by Service IT Business, particularly payment services.

[Millions of yen]

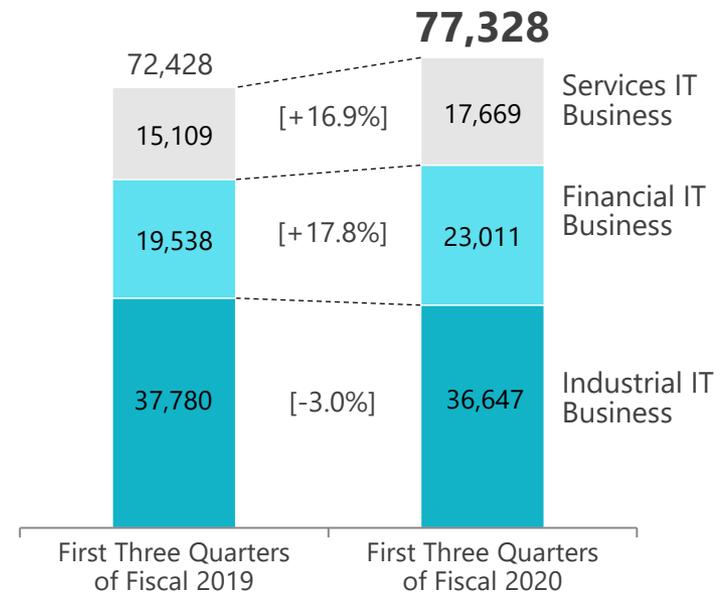
Order received during first three quarters

• YOY change +¥7,766 million [+4.6%]



Order backlog at end of first three quarters

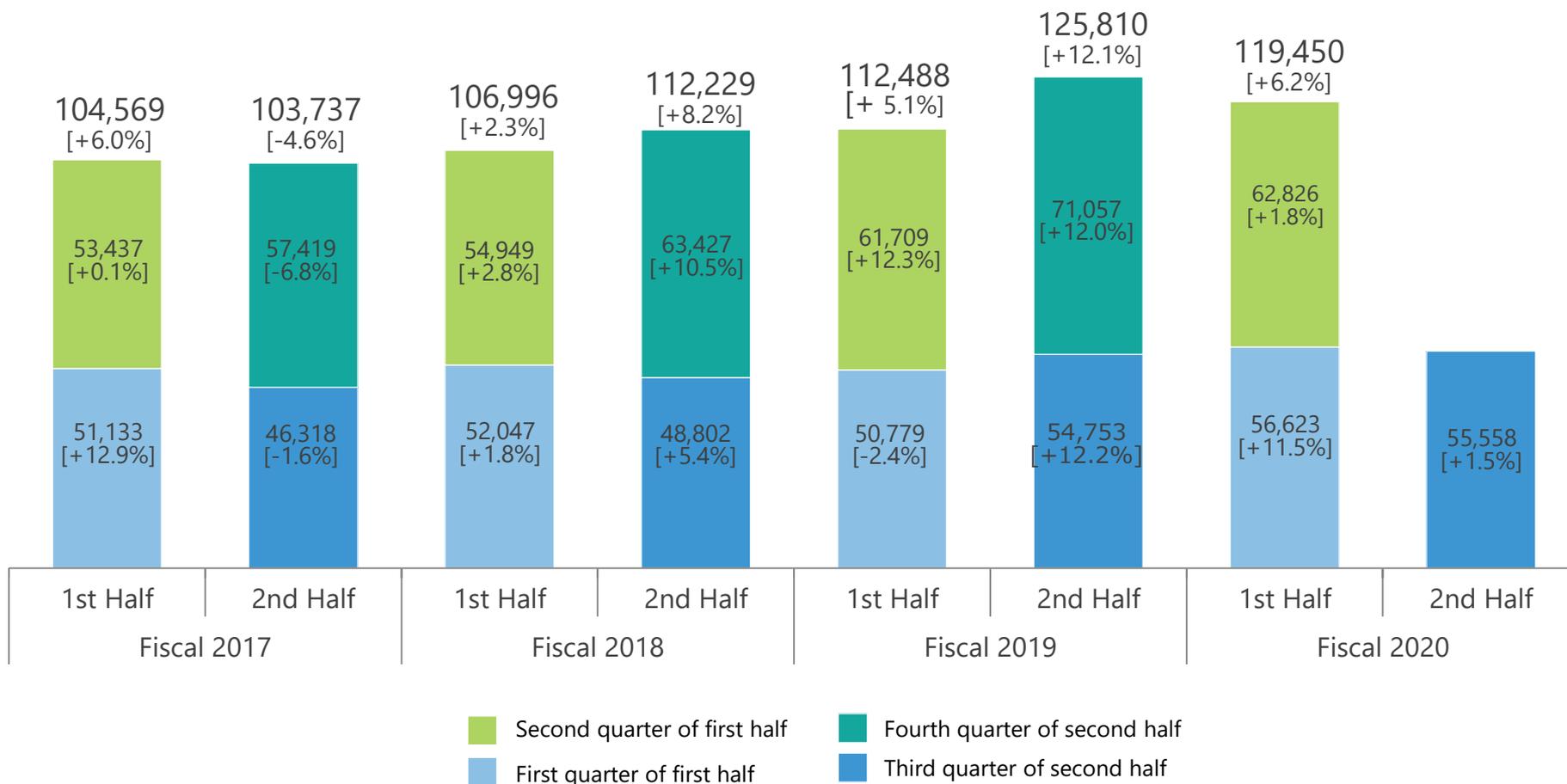
• YOY change +¥4,899 million [+6.8%]



Note: Paralleling a shift—from Industrial IT Business to Financial IT Business—in know-how used in services provided to specific clients, transactions with such clients were booked under Industrial IT Business up to fiscal 2019 and Financial IT Business from fiscal 2020.

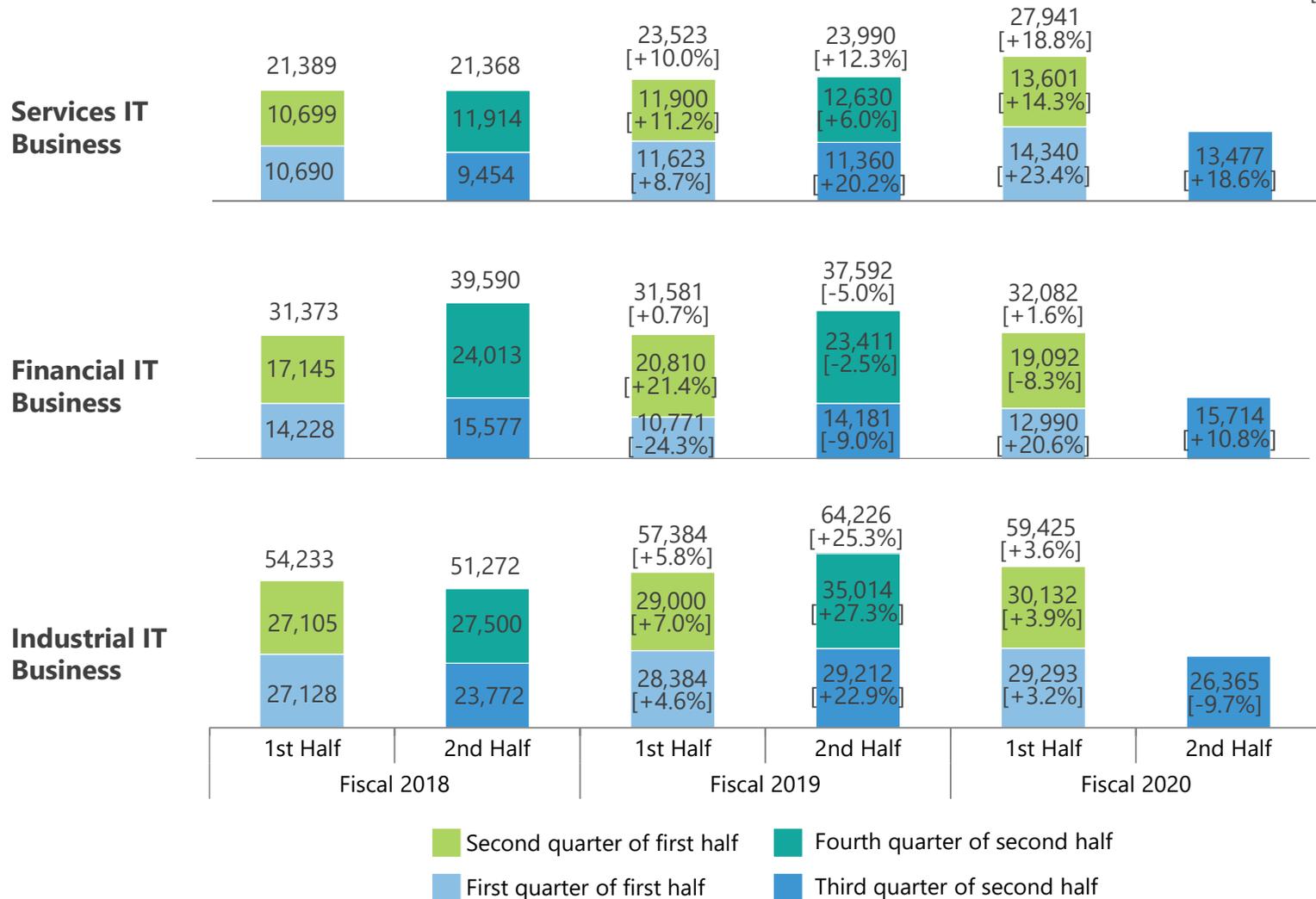
Changes in Orders Received (Software Development)

[Millions of yen]



Changes in Orders Received (Software Development, by Business Segment)

[Millions of yen]



Note: Paralleling a shift—from Industrial IT Business to Financial IT Business—in know-how used in services provided to specific clients, transactions with such clients were booked under Industrial IT Business up to fiscal 2019 and Financial IT Business from fiscal 2020.

Fiscal 2020 First Three Quarters Financial Highlights

Fiscal 2020 Performance Forecast

Reference Materials

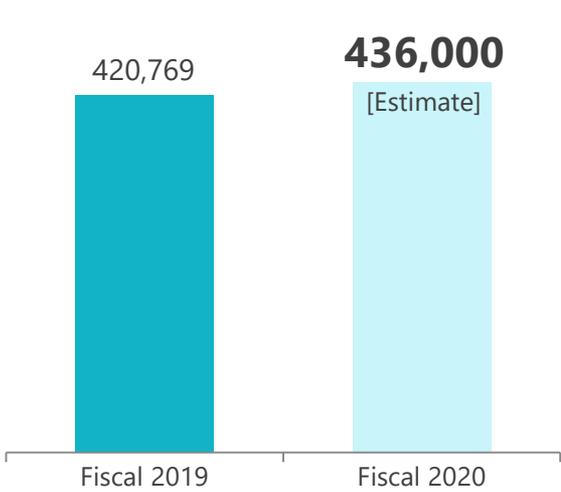
Fiscal 2020: Performance Forecasts-1

- Amid a brisk demand environment, vigorously invest in growth domains and forte fields to facilitate structural transformation described in medium-term management plan. Offset reactionary drop in large projects and absorb investment costs, in pursuit of higher sales and income.
 → No change to targets since announcement on November 1, 2019.

(Millions of yen)

Net Sales

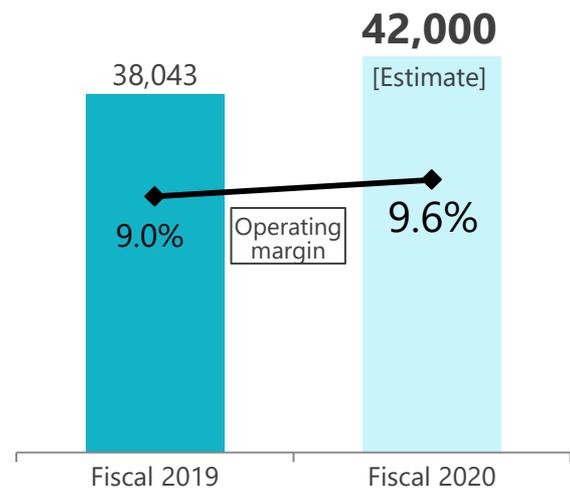
● YOY Change : +¥15,231 million [+3.6%]



Focusing on service IT and industrial IT demand, strive to expand business through accurate responses to IT investment needs of clients. Will absorb impact from sale of subsidiaries and expect high sales year on year.

Operating Income

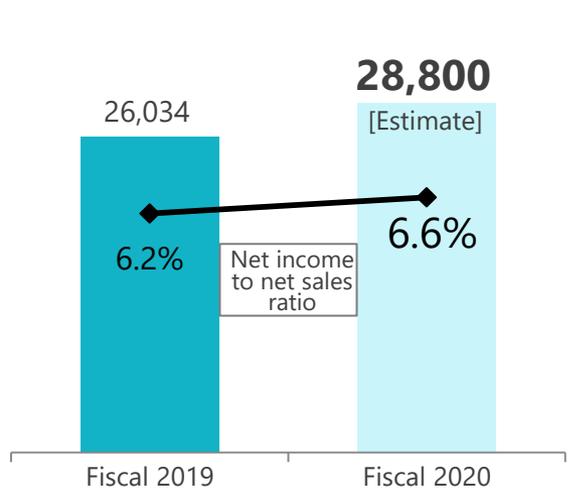
● YOY Change : +¥3,957 million [+10.4%]



Continued efforts to utilize high sales effect and improved productivity. Will absorb higher cost burden on investments to fuel structural transformation including shift to prior investment approach. Should see year-on-year increase in operating income.

Net Income Attributable to Owners of the Parent Company

● YOY Change : +¥2,766 million [+10.6%]



Increase in operating income and net extraordinary income should deliver year-on-year improvement in income attributable to owners of the parent company.

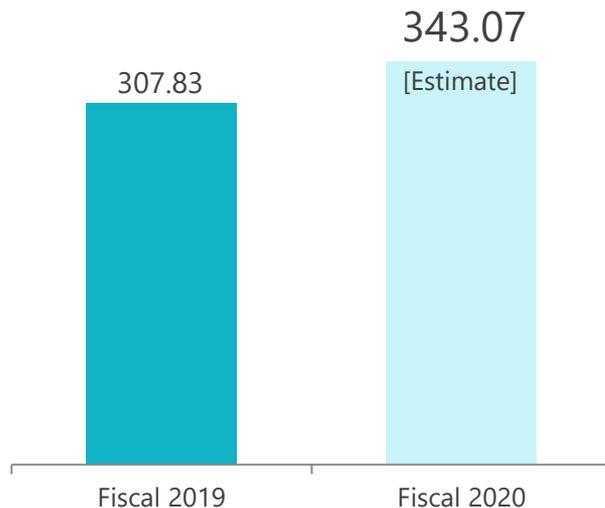
Fiscal 2020: Performance Forecasts-2

- ROE expected to reach 12.1%, exceeding medium-term management plan final-year target of 12% a year ahead of schedule.

[Yen]

Net Income per Share

- YOY change: +¥35.24 [+11.4%]

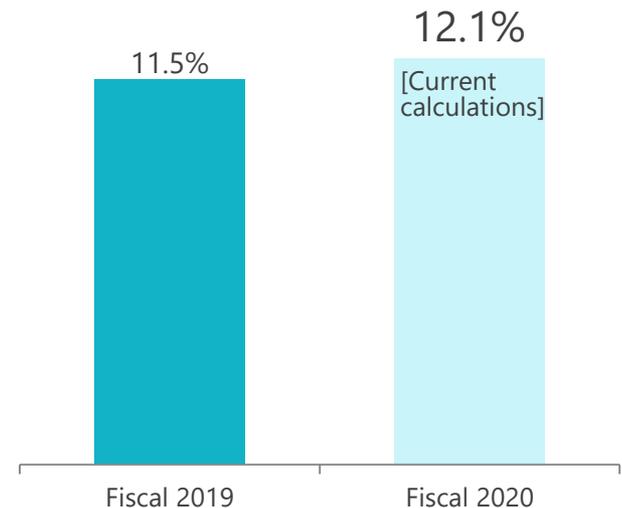


Anticipating year-on-year improvement, paralleling higher net income attributable to owners of parent.

*Forecast for net income per share calculated by dividing anticipated net income attributable to owners of parent by average number of shares outstanding (excluding treasury stock) for the first three quarters of fiscal 2020, as of December 31, 2019.

ROE

- YOY change: +0.6P



Upward revision to full-year performance targets is key factor in expectation to achieve medium-term management plan target of 12% a year ahead of schedule.

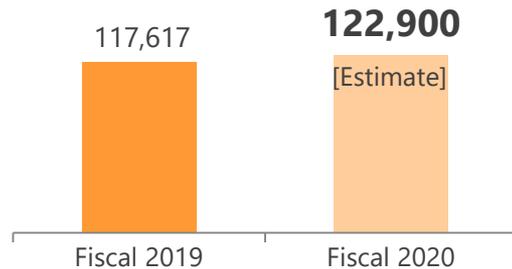
Fiscal 2020: Sales and Income for Key Business Segments -1 [Forecast]

[Millions of yen]

Service IT Business

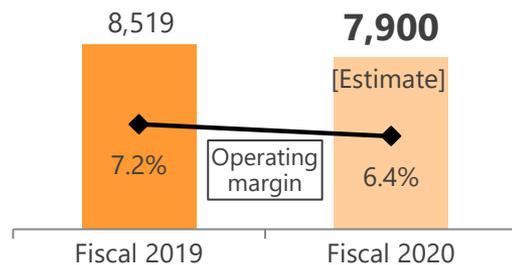
Net Sales

● YOY change: +¥5,283 million [+4.5%]



Operating Income

● YOY change: -¥619 million [-7.3%]

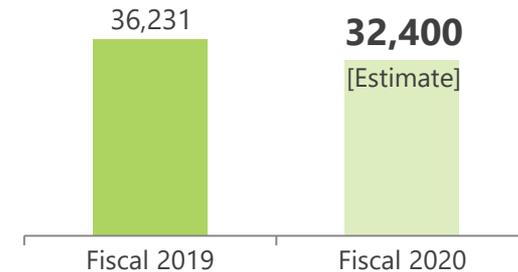


Sales should increase year on year, as TIS INTEC Group meets IT investment needs in growth fields, such as the cloud and networks, and steadily capitalizes on greater demand for payment settlement and ERP services. Despite this, income may decrease year on year, mainly due to the losses booked in the first half period.

BPO

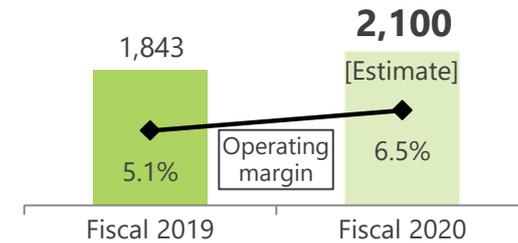
Net Sales

● YOY change: -¥3,831 million [-10.6%]



Operating Income

● YOY change: +¥257 million [+13.9%]



Despite year-on-year drop in sales due to sale of subsidiaries, operating income should rise, reflecting efforts to improve profitability through restructuring based on thorough profit management and a shift toward high-level, combined BPO services.

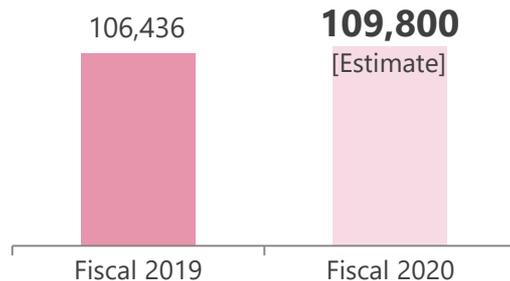
Fiscal 2020: Sales and Income for Key Business Segments -2 [Forecast]

[Millions of yen]

Financial IT Business

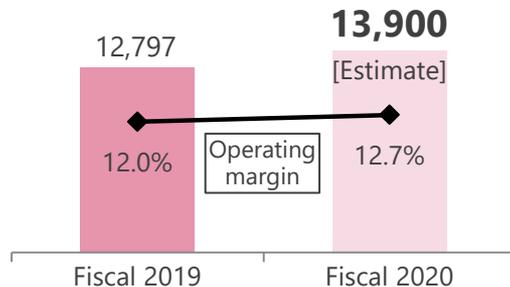
Net Sales

● YOY change: +¥3,364 million [+3.2%]



Operating Income

● YOY change: +¥1,103 million [+8.6%]

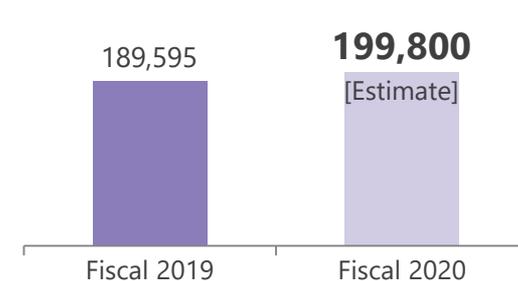


Despite reactionary drop in sales associated with large projects, operating income should increase year on year, reflecting efforts to strengthen ties to core clients, engage in value-added services and improve productivity.

Industrial IT Business

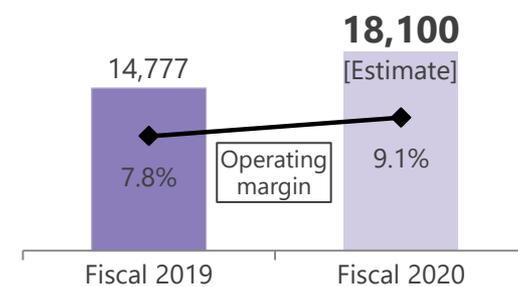
Net Sales

● YOY change: +¥10,205 million [+5.4%]



Operating Income

● YOY change: +¥3,323 million [+22.5%]

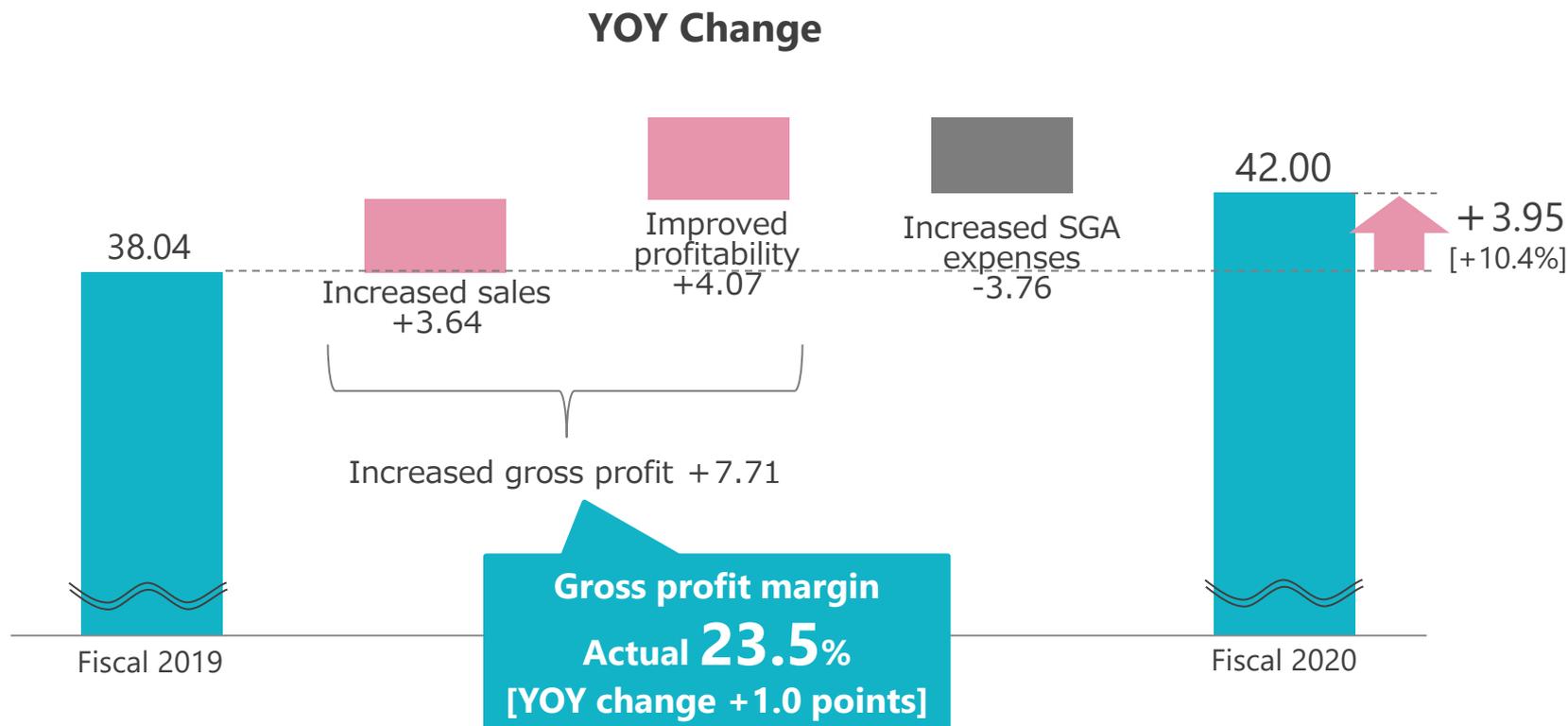


Anticipating higher sales and income year on year through high-value-added services underpinned by consultations and enhanced upstream operations as well as higher productivity.

Note: Paralleling a shift—from Industrial IT Business to Financial IT Business—in know-how used in services provided to specific clients, transactions with such clients were booked under Industrial IT Business up to fiscal 2019 and Financial IT Business from fiscal 2020.

Fiscal 2020 : Net Sales and Operating Income Analysis [Forecast]

[Billions of yen]



Anticipate prior investment costs for promoting structural transformation : Up ¥2.5 billion (YOY)

- ✓ Software investment to create new services
 - ✓ Investment in human resources to fuel structural transformation
 - ✓ Investment in R&D to acquire advanced technologies
- } Costs related to

Anticipate brand-related costs to ensure quick recognition in market: Up ¥500 million (YOY)

Stock Split and Partial Amendment to Articles of Incorporation

- Management has decided to execute a 1-for-3 stock split with a record date of March 31, 2020, and to partially amend the Articles of Incorporation.

■ Stock Split

Purpose: To increase the liquidity of the Company's stock and expand the Company's investor base by lowering stock price per investment unit

Summary

Method	Split into three shares for every one share of ordinary stock
Number of shares outstanding before split	87,789,098 shares
Number of shares outstanding after split	263,367,294 shares (Number of shares added through stock split: 175,578,196 shares)
Date of record	March 31, 2020 (planned)
Effective date	April 1, 2020 (planned)

■ Partial Amendment to Articles of Incorporation

Reason: In conjunction with the stock split, TIS will adjust the total number of authorized shares described in Article 5 of the Company's Articles of Incorporation, effective April 1, 2020, in accordance with the provisions of Article 184, Paragraph 2 of the Companies Act.

Content

Total number of authorized shares before amendment	280,000,000 shares
Total number of authorized shares after amendment	840,000,000 shares

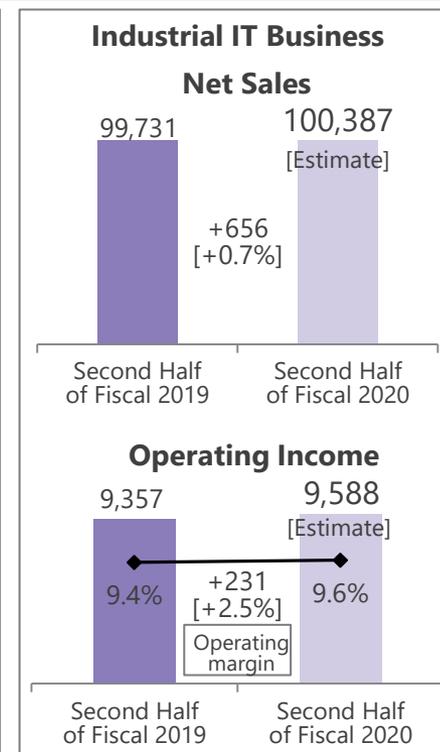
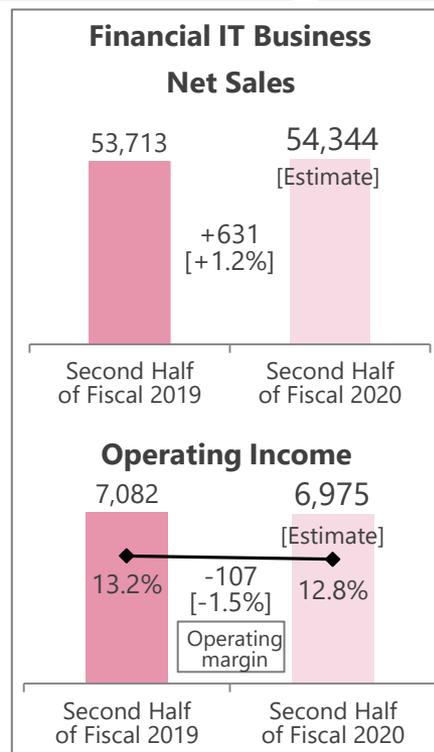
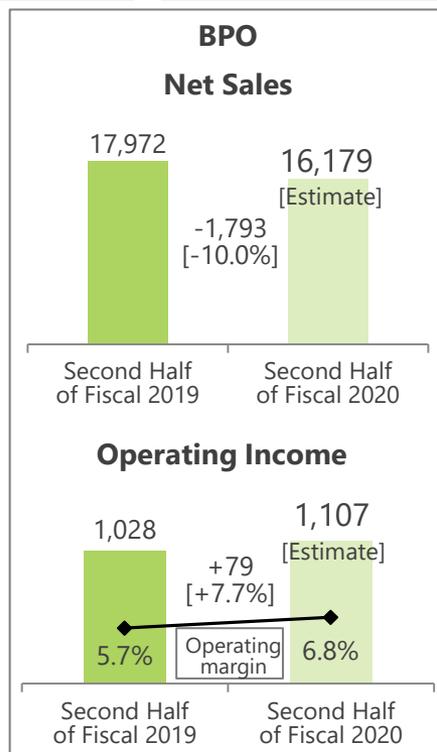
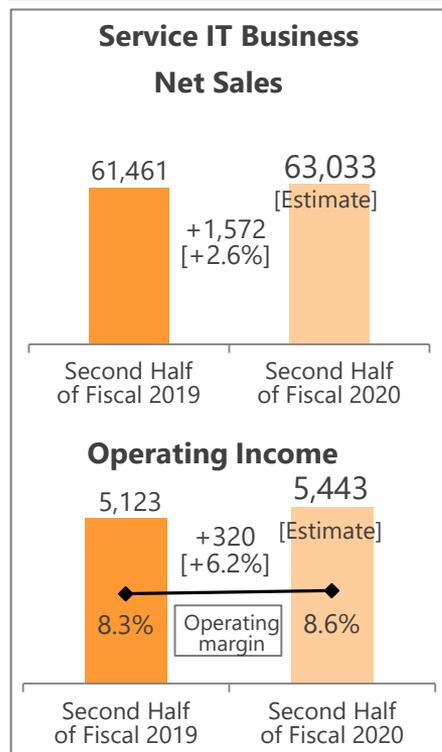
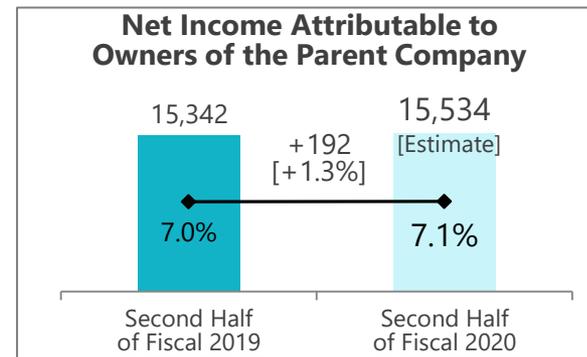
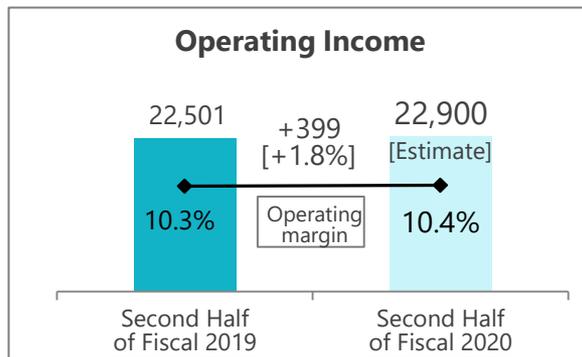
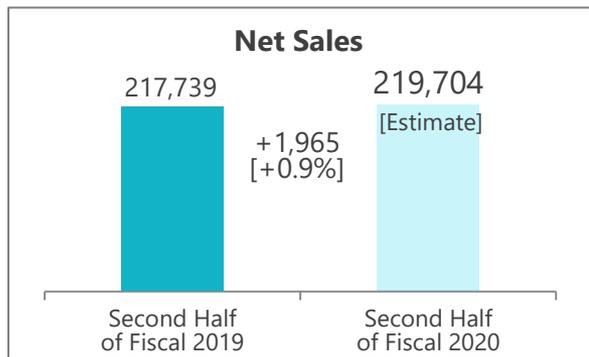
Fiscal 2020 First Three Quarters Financial Highlights

Fiscal 2020 Performance Forecast

Reference Materials

Fiscal 2020 Second Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]



*Estimated amounts for the second half of Fiscal 2020 are calculated by subtracting the first half results from the annual estimates of Fiscal 2020.



TIS INTEC Group Logo Underlying Concepts

The logo portrays the TIS INTEC Group as a tightly knit team, powered forward by the different sets of expertise that each member brings to the table. It features our two main corporate colors: “ocean blue” for the new challenges that we are constantly tackling, and “intelligent gray” for the solid technological foundations that underpin our business.

Brand Message “Go Beyond”

The brand tagline, “Go Beyond,” embodies our constant quest into the beyond in search of new challenges. It represents our firm commitment as a group to delivering solutions that are always one step ahead, not only solving clients’ problems but anticipating and meeting their own customers’ needs too.

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.
- Amounts for each three-month quarter are calculated by subtracting data for the respective period from the cumulative total.
- From the fiscal year ending March 31, 2019, Business segments were reclassified at TIS, paralleling changes in the management structure designed to promote the shift to a new business structure. For comparison purposes, figures for fiscal 2018 have been recalculated and are presented according to the new segment breakdown