



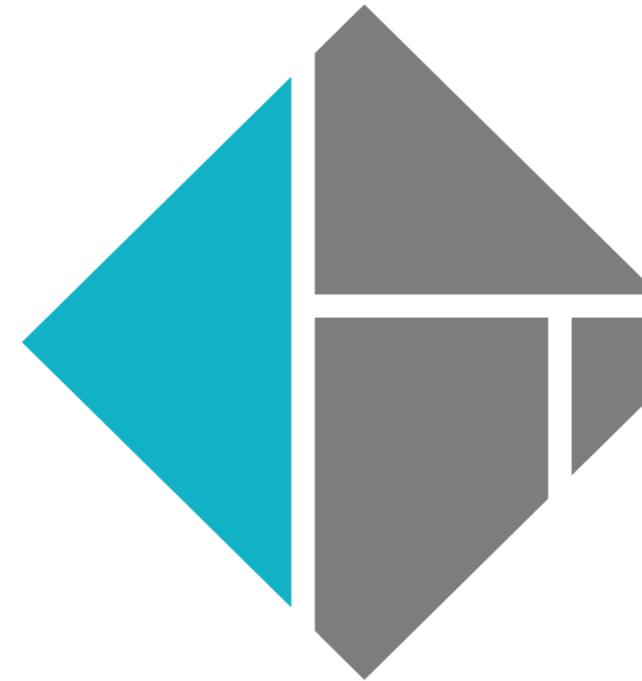
TIS

TIS INTEC Group

Go Beyond

Information Meeting Materials for the First Quarter of the Fiscal Year Ending March 31, 2021

August 6, 2020



TIS Inc.

Fiscal 2021 First Quarter: Financial Highlights

Fiscal 2021 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.
- The Company carried out a three-for-one common stock split on April 1, 2020. The impact of said stock split is reflected in "Net income per share" and "Dividends per share" presented for fiscal 2021.
- Due to a shift from business based on expert service know-how specific to the financial sector to knowledge-intensive business using a template of general, financial sector know-how, transactions with certain clients were booked under Financial IT Business in fiscal 2020 and under Service IT Business in fiscal 2021. Pages affected: 5, 8, 12, 15 and 16

Fiscal 2021 First Quarter: Financial Highlights

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Fiscal 2021 First Quarter: Performance Highlights (YOY change)

• Sales and income down slightly year on year, largely because new order activity stalled due to spread of COVID-19.

[Millions of yen]	First Quarter of Fiscal 2020	First Quarter of Fiscal 2021	YOY change	
Net Sales	100,990	100,399	-590	[-0.6%]
Operating Income	8,059	7,678	-381	[-4.7%]
Operating Margin	8.0%	7.6%	-0.4P	—
Net Income Attributable to Owners of the Parent Company	6,106	5,527	-578	[-9.5%]
Net Income to Net Sales Ratio	6.0%	5.5%	-0.5P	—

Extraordinary income : ¥5 million (YOY change -¥41 million)

Extraordinary loss : ¥448 million (YOY change +¥309 million)

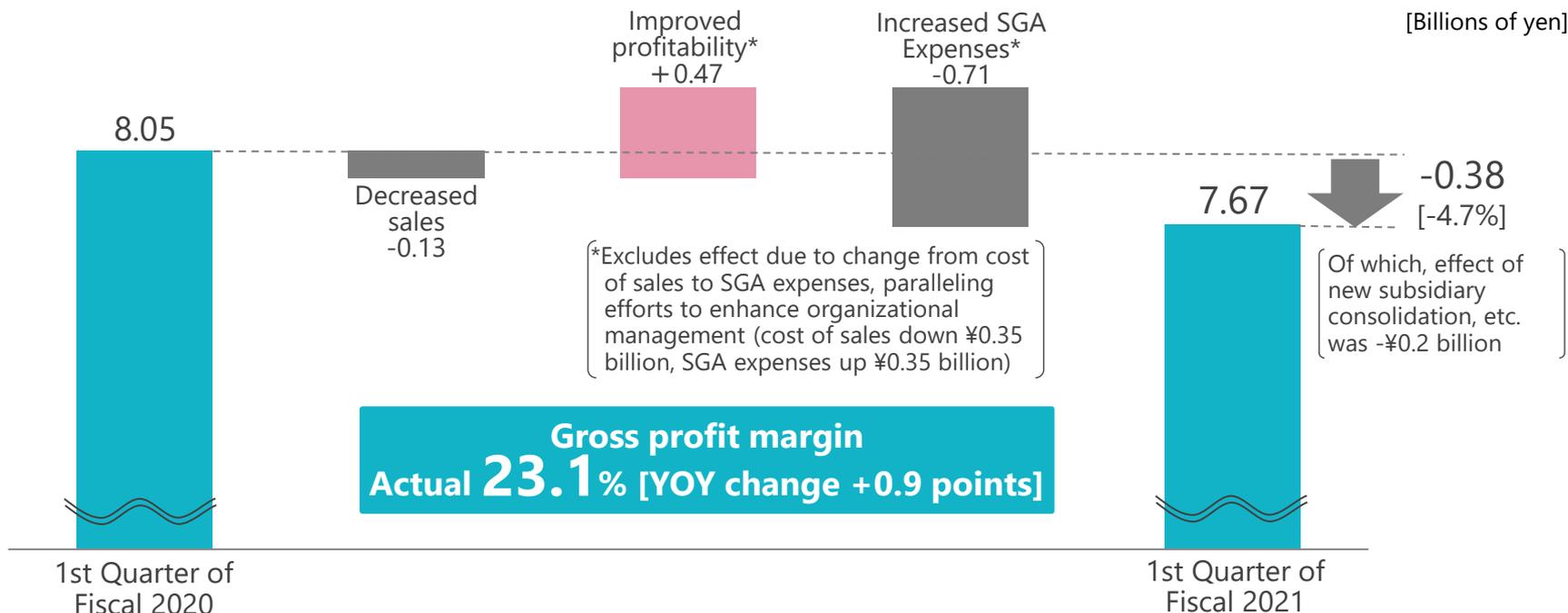
Fiscal 2021 First Quarter: Sales and Income for Key Business Segments (YOY change)

[Millions of yen]		First Quarter of Fiscal 2020	First Quarter of Fiscal 2021	YOY change	
Service IT Business	Net Sales	28,359	30,148	+1,789	[+6.3%]
	Operating Income	1,224	1,144	-79	[-6.5%]
	Operating margin	4.3%	3.8%	-0.5P	—
BPO	Net Sales	7,861	8,280	+419	[+5.3%]
	Operating Income	415	557	+142	[+34.3%]
	Operating margin	5.3%	6.7%	+1.4P	—
Financial IT Business	Net Sales	26,603	25,721	-882	[-3.3%]
	Operating Income	3,077	2,774	-302	[-9.8%]
	Operating margin	11.6%	10.8%	-0.8P	—
Industrial IT Business	Net Sales	45,301	43,473	-1,827	[-4.0%]
	Operating Income	3,266	3,104	-162	[-5.0%]
	Operating margin	7.2%	7.1%	-0.1P	—

- Service IT Business:** Despite challenging demand situation for ERP-related services, sales up, mainly due to wider demand for payment-related services. Income down, reflecting effect of new subsidiary consolidation.
- BPO:** Sales and income up, owing to higher demand for call center operations and operations related to special cash payments.
- Financial IT Business:** IT investment at core client companies was firm but sales and income fell, mainly due to project delays caused by sluggish corporate activity.
- Industrial IT Business:** Sales and income down, reflecting trend toward reduced IT investment, primarily among small and medium-sized companies.

Fiscal 2021 First Quarter: Operating Income Analysis, Increase/Decrease Reasons (YOY change)

• Profitability continued to improve but operating income fell year on year, mainly owing to the impact of higher selling, general and administrative expenses caused by introduction of better benefits for employees



Prior investment costs for promoting structural transformation:

Down ¥0.4 billion (YOY change)

- ✓ 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:

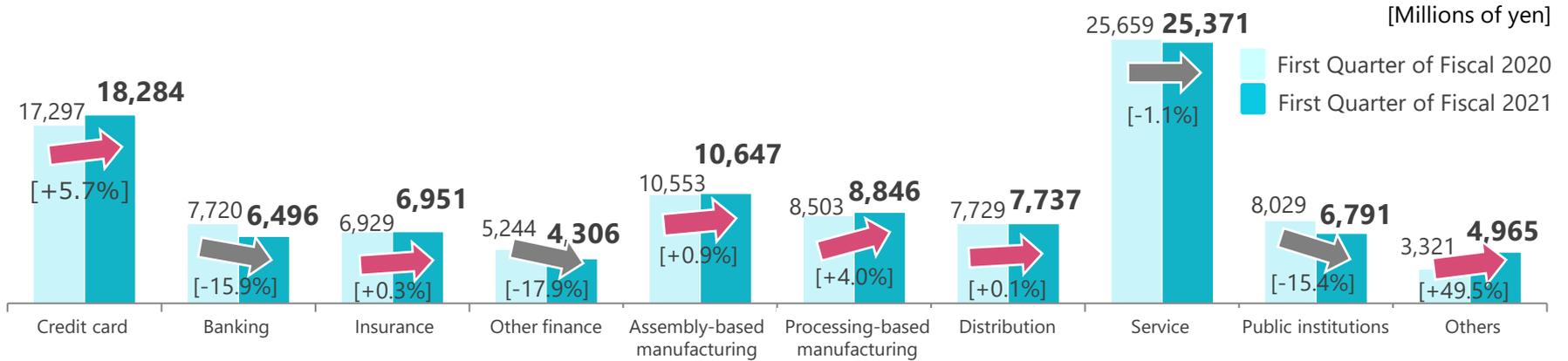
Up ¥0.8 billion (YOY change)

Changes in SGA Expenses

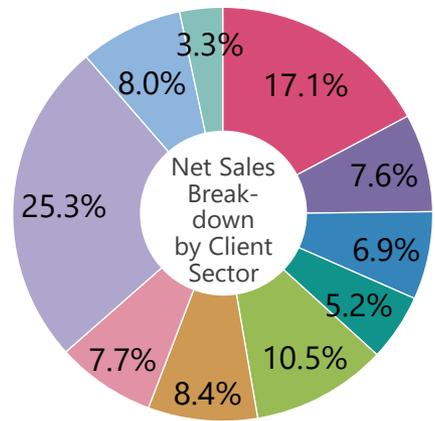
Fiscal 2020 First Quarter (Actual)	14.40
Enhanced organizational management	+0.35
Effect of new subsidiary consolidation, etc.	+0.22
Other decrease	+0.49
Fiscal 2021 First Quarter (Actual)	15.46

Fiscal 2021 First Quarter: Sales by Client Sector

• Favorable sales to credit card companies and solid demand from manufacturers, but sales to banks a challenge. Also saw reactionary drop in sales to other financial services companies and to public sector.

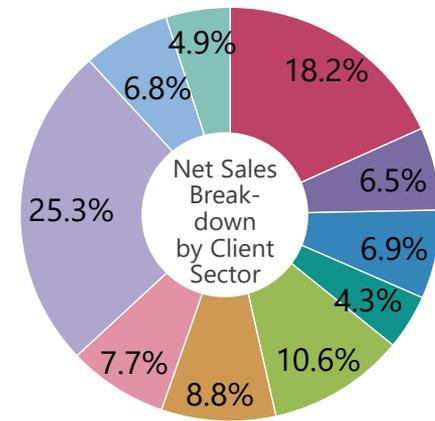


First Quarter of Fiscal 2020



Financial sector: 36.8% Industrial sector: 51.9%
Public sector: 8.0% Other sectors: 3.3%

First Quarter of Fiscal 2021



Financial sector: 35.9% Industrial sector: 52.4%
Public sector: 6.8% Other sectors: 4.9%

Fiscal 2021 First Quarter: Order Status (Software Development)

• Order volume decreased significantly for Financial IT Business and Industrial IT Business, primarily because marketing activities to pick up new projects became difficult under states of emergency. Service IT Business covered the drop in ERP demand with favorable payment-related demand to post an increase in order volume.

[Millions of yen]	First Quarter of Fiscal 2020	First Quarter of Fiscal 2021	YOY change	
Orders received during first quarter	56,623	49,804	-6,819	[-12.0%]
Service IT Business	14,340	15,068	+727	[+5.1%]
Financial IT Business	12,990	9,770	-3,219	[-24.8%]
Industrial IT Business	29,293	24,965	-4,327	[-14.8%]
Order backlog at end of first quarter	79,264	76,410	-2,853	[-3.6%]
Service IT Business	16,293	18,619	+2,326	[+14.3%]
Financial IT Business	22,242	22,722	+480	[+2.2%]
Industrial IT Business	40,729	35,068	-5,660	[-13.9%]

Fiscal 2021 First Quarter: Financial Highlights

Fiscal 2021 Performance Forecast

Reference Materials

Assumptions in Fiscal 2021 Performance Forecast —Dealing with impact from COVID-19 pandemic—

Assumptions in Fiscal 2021 Performance Forecast *No change from content disclosed May 12, 2020

- Currently, not possible to realistically predict when COVID-19 will be stamped out, making it difficult to estimate business results.
- Performance forecast for fiscal 2021 will be calculated on assumption of reduced impact from COVID-19 pandemic from second quarter, with economic activity gradually recovering, so that TIS INTEC Group's business environment normalizes from third quarter.
- Possibility that performance forecast will change, based on actual status of COVID-19 pandemic.

- **First-quarter consolidated results:**

Aware that progress generally in line with full-year performance forecast

- **View of business environment:**

Direction uncertain but no change from details noted above



No change to fiscal 2021 full-year performance forecast

The forecast disclosed for the first two quarters of fiscal 2021 is based on various factors, including first-quarter status.

Reference: Status of TIS INTEC Group's business activities

- The impact of COVID-19 is already affecting some marketing activities, such as product and service ideas for new clients. But in May, when the government lifted the state of emergency, business activities resumed and, with creative methods to meet non-face-to-face, marketing activities gradually improved.
- The trend toward reduced IT investment is strong from a short-term perspective, but interest in IT investment to promote digital processes will remain high over the medium to long term, with inquiries gradually increasing.

Fiscal 2021: Performance Forecasts

- COVID-19 pandemic likely to affect business results through second quarter, leading to lower sales and income year-on-year.
- Will maintain management policy on profitability emphasis and hold operating income margin to 10%

[Millions of yen]	Fiscal 2020 Actual	Fiscal 2021 Estimate	YOY change	
Net Sales	443,717	440,000	-3,717	[-0.8%]
Operating Income	44,839	44,000	-839	[-1.9%]
Operating Margin	10.1%	10.0%	-0.1P	—
Net Income Attributable to Owners of the Parent Company	29,411	29,500	+89	[+0.3%]
Net Income to Net Sales Ratio	6.6%	6.7%	+0.1P	—
Net Income per Share (Yen)	116.78	117.86	+1.08	[+0.9%]
ROE	12.5%	11.8%*	-0.7P	—

*ROE for fiscal 2021 is a calculated value.

Fiscal 2021: Sales and Income for Key Business Segments [Forecast]

***No change**

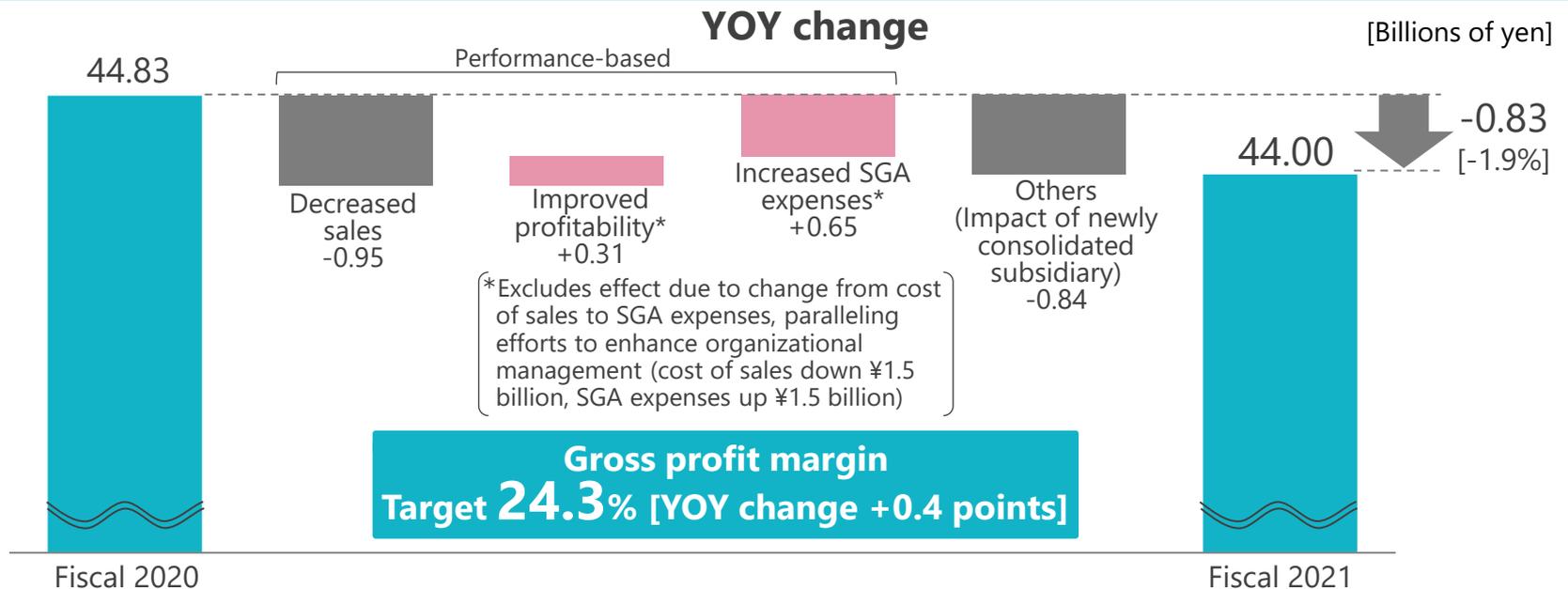


[Millions of yen]		Fiscal 2020 Actual	Fiscal 2021 Estimate	YOY change	
Service IT Business	Net Sales	125,518	131,500	+5,982	[+4.8%]
	Operating Income	8,198	8,500	+302	[+3.7%]
	Operating Margin	6.5%	6.5%	±0.0P	—
BPO	Net Sales	33,699	33,500	-199	[-0.6%]
	Operating Income	2,622	2,600	-22	[-0.8%]
	Operating Margin	7.8%	7.8%	±0.0P	—
Financial IT Business	Net Sales	114,472	115,000	+528	[+0.5%]
	Operating Income	14,936	15,300	+364	[+2.4%]
	Operating Margin	13.0%	13.3%	+0.3P	—
Industrial IT Business	Net Sales	202,701	194,000	-8,701	[-4.3%]
	Operating Income	19,159	17,900	-1,259	[-6.6%]
	Operating Margin	9.5%	9.2%	-0.3P	—

- **Service IT Business:** Anticipate higher sales and income year on year as clients' investment in IT, such as payment services and the cloud, generates demand that offsets negative factor involved in bringing new companies into Group as consolidated subsidiaries.
- **BPO:** New orders may be impacted by prevailing challenges, but changes in the business environment will probably have only minimal overall impact. Nevertheless, expecting slightly lower sales and operating income.
- **Financial IT Business:** Will capture IT investment demand from core clients, emphasize value-added services and improve productivity, which should underpin higher sales and income.
- **Industrial IT Business:** Anticipate negative effect from reduced IT investment by clients in manufacturing sector and small and medium-sized companies, causing drop in sales and income.

Fiscal 2021: Operating Income Analysis, Increase/Decrease Reasons [Forecast]

- Expect to maintain year-on-year par on a performance basis excluding such factors as the impact of newly consolidated subsidiaries.
- Will maintain investment that contributes to future growth, while promoting enhanced cost-control, which includes sustained approaches to boost productivity and the results of "G20" project to elevate head office functions.



Anticipated prior investment costs for promoting structural transformation:

Up ¥1.1 billion (YOY change)

- ✓ 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

Anticipated brand-related costs incurred to ensure quick recognition in market:

Up ¥0.5 billion (YOY change)

Changes in SGA Expenses

Fiscal 2020 (Actual)	61.05
Enhanced organizational management	-1.50
Effect of new subsidiary consolidation, etc.	+1.09
Other decrease	-0.65
Fiscal 2021 (Forecast)	63.00

Fiscal 2021 First Quarter: Financial Highlights

Fiscal 2021 Performance Forecast

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Fiscal 2021 First Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]	Fiscal 2020 First Half	Fiscal 2021 First Half	YOY change	
Net Sales	216,296	210,000	-6,296	[-2.9%]
Operating Income	19,100	17,500	-1,600	[-8.4%]
Operating Margin	8.8%	8.3%	-0.5P	—
Net Income Attributable to Owners of the Parent Company	13,266	12,000	-1,266	[-9.5%]
Net Income to Net Sales Ratio	6.1%	5.7%	-0.4P	—

Key Business Segments

Service IT Business	Net Sales	59,867	64,000	+4,133	[+6.9%]
	Operating Income	2,457	2,500	+43	[+1.8%]
	Operating Margin	4.1%	3.9%	-0.2P	—
BPO	Net Sales	16,221	16,700	+479	[+3.0%]
	Operating Income	993	1,200	+207	[+20.8%]
	Operating Margin	6.1%	7.2%	+1.1P	—
Financial IT Business	Net Sales	55,456	53,000	-2,456	[-4.4%]
	Operating Income	6,925	6,400	-525	[-7.6%]
	Operating Margin	12.5%	12.1%	-0.4P	—
Industrial IT Business	Net Sales	99,413	91,000	-8,413	[-8.5%]
	Operating Income	8,512	7,400	-1,112	[-13.1%]
	Operating Margin	8.6%	8.1%	-0.4P	—

Fiscal 2021 Second Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]	Fiscal 2020 Second Half	Fiscal 2021 Second Half*	YOY change	
Net Sales	227,420	230,000	+2,580	[+1.1%]
Operating Income	25,739	26,500	+761	[+3.0%]
Operating Margin	11.3%	11.5%	+0.2P	—
Net Income Attributable to Owners of the Parent Company	16,144	17,500	+1,356	[+8.4%]
Net Income to Net Sales Ratio	7.1%	7.6%	+0.5P	—

Key Business Segments

Service IT Business	Net Sales	65,650	67,500	+1,850	[+2.8%]
	Operating Income	5,741	6,000	+259	[+4.5%]
	Operating Margin	8.7%	8.9%	+0.2P	—
BPO	Net Sales	17,478	16,800	-678	[-3.9%]
	Operating Income	1,629	1,400	-229	[-14.1%]
	Operating Margin	9.3%	8.3%	-1.0P	—
Financial IT Business	Net Sales	59,016	62,000	+2,984	[+5.1%]
	Operating Income	8,010	8,900	+890	[+11.1%]
	Operating Margin	13.6%	14.4%	+0.8P	—
Industrial IT Business	Net Sales	103,287	103,000	-287	[-0.3%]
	Operating Income	10,646	10,500	-146	[-1.4%]
	Operating Margin	10.3%	10.2%	-0.1P	—



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.