



Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022

August 5, 2021

TIS Inc.

Highlights

Fiscal 2022 First Quarter: Financial Highlights

- **Sales and income up year on year, with operating income exceeding ¥10 billion for first time**
- **Driven by improvement in gross profit margin, operating margin climbed to 9.0%**
- **Order volume and back log increased year on year**

Fiscal 2022 First Quarter: Financial Highlights

Fiscal 2022 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.
- TIS applies “Accounting Standard for Revenue Recognition” effective from the first quarter of fiscal 2022, ending March 31, 2022.

Fiscal 2022 First Quarter: Financial Highlights

Fiscal 2022 Performance Forecast

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Fiscal 2022 First Quarter: Performance Highlights (YOY change)

-Sales and income up, reflecting favorable shift in IT investment demand, including demand among clients for digital transformation, as well as the benefits of M&A activity. Operating margin rose to 9.0%.

[Millions of yen]	First Quarter of Fiscal 2021	First Quarter of Fiscal 2022	YOY change	
Net Sales	100,399	113,520	+13,121	[+13.1%]
Operating Income	7,678	10,258	+2,580	[+33.6%]
Operating Margin	7.6%	9.0%	+1.4P	-
Net Income Attributable to Owners of the Parent Company	5,527	7,002	+1,475	[+26.7%]
Net Income to Net Sales Ratio	5.5%	6.2%	+0.7P	-

-Non-operating income: ¥912 million
(YOY change -¥176 million)

-Non-operating expenses: ¥311 million
(YOY change +¥86 million)

-Extraordinary income: ¥0 million
(YOY change -¥4 million)

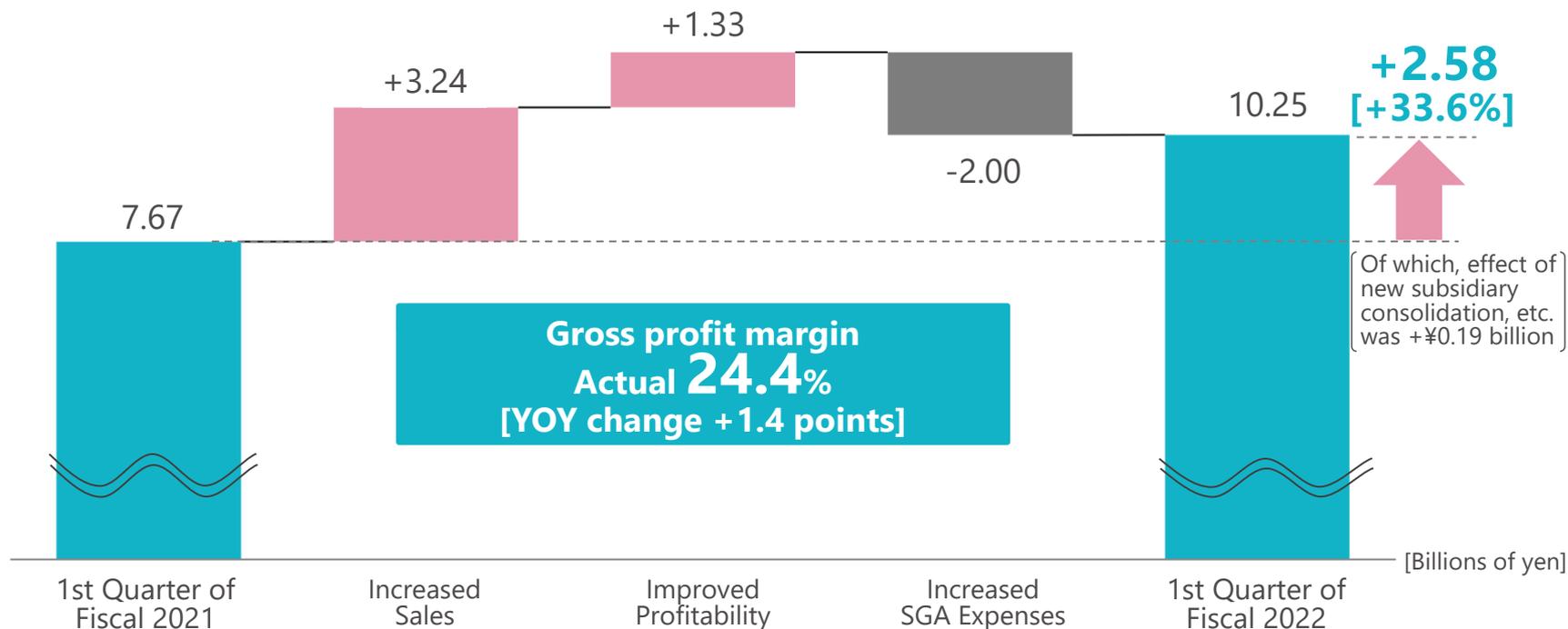
-Extraordinary loss: ¥328 million
(YOY change -¥119 million)

Fiscal 2022 First Quarter: Sales and Income for Key Business Segments (YOY change)

[Millions of yen]		First Quarter of Fiscal 2021	First Quarter of Fiscal 2022	YOY change	
Service IT Business	Net Sales	30,148	36,897	+6,749	[+22.4%]
	Operating Income	1,144	2,054	+910	[+79.5%]
	Operating margin	3.8%	5.6%	+1.8P	-
BPO	Net Sales	8,280	8,897	+617	[+7.5%]
	Operating Income	557	678	+120	[+21.6%]
	Operating margin	6.7%	7.6%	+0.9P	-
Financial IT Business	Net Sales	25,721	29,571	+3,850	[+15.0%]
	Operating Income	2,774	3,584	+809	[+29.2%]
	Operating margin	10.8%	12.1%	+1.3P	-
Industrial IT Business	Net Sales	43,473	44,492	+1,018	[+2.3%]
	Operating Income	3,104	3,673	+569	[+18.3%]
	Operating margin	7.1%	8.3%	+1.2P	-

- Service IT Business:** Captured IT investment demand in payment and marketing segments, paralleling client embrace of digital transformation, which was complemented by successful M&A activity, leading to higher sales and income.
- BPO:** With rising corporate outsourcing needs in such sectors as the insurance industry, demand moving in favorable direction, sending sales and income higher.
- Financial IT Business:** Sales and income grew, driven by several factors, particularly trend toward expansion in IT investment among core clients in the credit card industry.
- Industrial IT Business:** Successful M&A activity, along with brisk demand from core clients, helped absorb impact of lower sales due to application of accounting standard for revenue recognition. Ended with higher sales and income.

Fiscal 2022 First Quarter: Operating Income Analysis, Increase/Decrease Reasons (YOY change)



Prior investment costs for promoting structural transformation:

Up ¥0.45 billion (YOY change)

(Cost of sales: +¥0.07 billion, SGA expenses: +¥0.38 billion)

- ✓ 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

Cost of office reform to promote new workstyles:

Up ¥0.92 billion (YOY change)

(Cost of sales : +¥0.33 billion, SGA expenses : +¥0.59 billion)

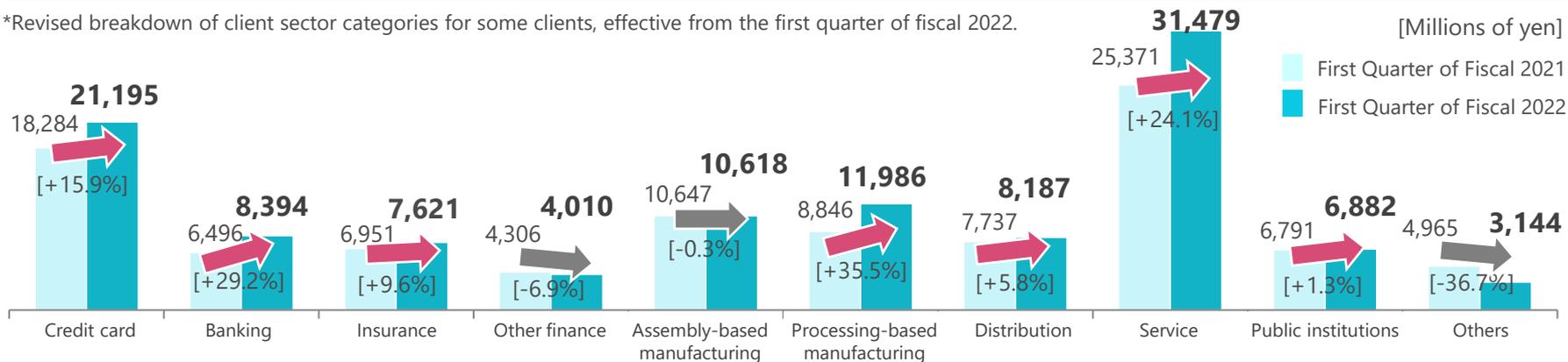
Changes in SGA Expenses

Effect of new subsidiary consolidation, etc.	+0.90
Office reform	+0.59
Brand-related costs	+0.17
Lower operating costs, enhanced head office functions	+0.10
Prior investment, others	+0.25
Total	+2.00

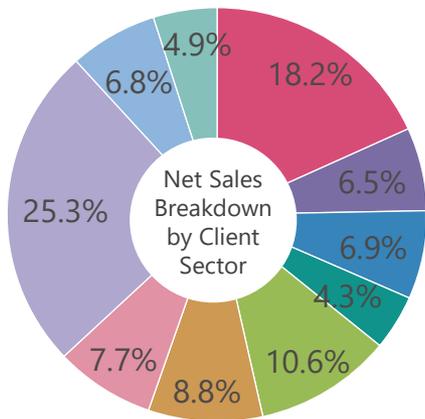
Fiscal 2022 First Quarter: Sales by Client Sector

-Demand was steady from clients, particularly core clients in credit card and processing-based manufacturing sectors. Successful M&A activity contributed to higher sales from clients in banking and service sectors.

*Revised breakdown of client sector categories for some clients, effective from the first quarter of fiscal 2022.

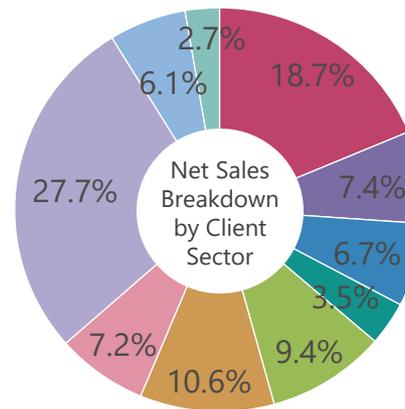


First Quarter of Fiscal 2021



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

First Quarter of Fiscal 2022



Financial sector: 36.3% Industrial sector: 54.9%
Public sector: 6.1% Other sectors: 2.7%

Fiscal 2022 First Quarter: Order Status (Total)

-Order volume and backlog were up, year on year, driven by software development. Successful M&A activity contributed to higher orders for Service IT business.

[Millions of yen]	First Quarter of Fiscal 2021	First Quarter of Fiscal 2022	YOY change	
Orders received during first quarter	76,822	88,709	+11,886	[+15.5%]
Service IT Business	23,695	24,779	+1,084	[+4.6%]
BPO	7,581	8,331	+749	[+9.9%]
Financial IT Business	12,421	17,669	+5,248	[+42.3%]
Industrial IT Business	33,124	37,929	+4,804	[+14.5%]
Order backlog at end of first quarter	110,524	123,519	+12,995	[+11.8%]
Service IT Business	31,481	35,858	+4,376	[+13.9%]
Financial IT Business	31,257	36,309	+5,051	[+16.2%]
Industrial IT Business	47,784	51,352	+3,567	[+7.5%]

Fiscal 2022 First Quarter: Order Status (Software Development)

-Order volume and backlog rose year on year. Financial IT business and Industrial IT business were drivers of order growth, against a backdrop of favorable demand from core clients. Service IT business orders dipped slightly, largely owing to factors attributed to specific projects.

[Millions of yen]	First Quarter of Fiscal 2021	First Quarter of Fiscal 2022	YOY change	
Orders received during first quarter	49,804	61,326	+11,521	[+23.1%]
Service IT Business	15,068	14,648	-419	[-2.8%]
Financial IT Business	9,770	14,479	+4,708	[+48.2%]
Industrial IT Business	24,965	32,197	+7,232	[+29.0%]
Order backlog at end of first quarter	76,410	84,794	+8,383	[+11.0%]
Service IT Business	18,619	20,216	+1,596	[+8.6%]
Financial IT Business	22,722	25,502	+2,780	[+12.2%]
Industrial IT Business	35,068	39,075	+4,006	[+11.4%]

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Fiscal 2022: Performance Forecasts

***No change**

-Anticipating continued improvement in corporate performance, underpinned by business expansion fueled by accurate response to DX demand from clients as well as full-year contribution from companies brought under consolidation in the previous fiscal year.

[Millions of yen]	Fiscal 2021 Actual	Fiscal 2022 Estimate	YOY change	
Net Sales	448,383	470,000	+21,617	[+4.8%]
Operating Income	45,748	48,500	+2,752	[+6.0%]
Operating Margin	10.2%	10.3%	+0.1P	-
Net Income Attributable to Owners of the Parent Company	27,692	32,200	+4,508	[+16.3%]
Net Income to Net Sales Ratio	6.2%	6.9%	+0.7P	-
Net Income per Share (Yen)	110.51	128.78	+18.27	[+16.5%]
ROE *1	10.8%	11.5%	+0.7P	-

*1 ROE estimate for fiscal 2022 is a calculated value.

Fiscal 2022: Sales and Income for Key Business Segments [Forecast]

***No change**

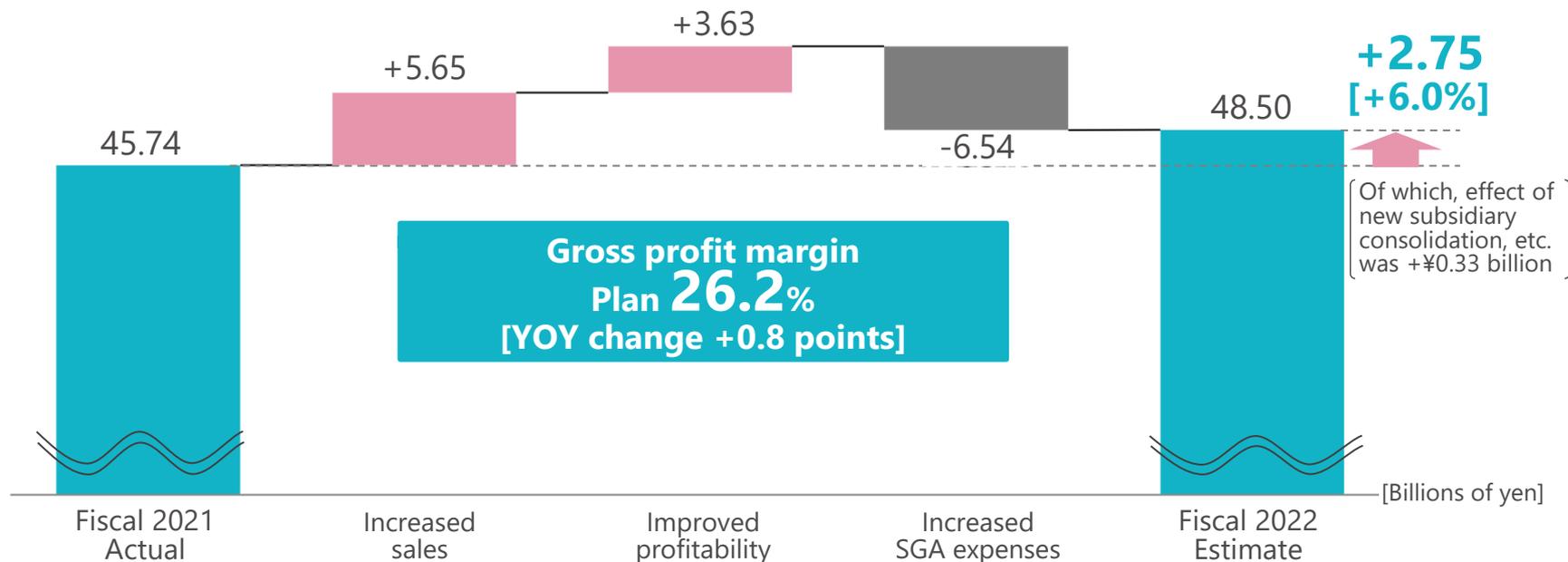
[Millions of yen]		Fiscal 2021 Actual	Fiscal 2022 Estimate	YOY change	
Service IT Business	Net Sales	136,946	155,500	+18,554	[+13.5%]
	Operating Income	8,695	10,800	+2,105	[+24.2%]
	Operating margin	6.3%	6.9%	+0.6P	-
BPO	Net Sales	35,453	36,000	+547	[+1.5%]
	Operating Income	3,105	3,300	+195	[+6.3%]
	Operating margin	8.8%	9.2%	+0.4P	-
Financial IT Business	Net Sales	110,660	117,000	+6,340	[+5.7%]
	Operating Income	15,320	16,000	+680	[+4.4%]
	Operating margin	13.8%	13.7%	-0.1P	-
Industrial IT Business	Net Sales	194,414	191,000	-3,414	[-1.8%]
	Operating Income	18,710	19,200	+490	[+2.6%]
	Operating margin	9.6%	10.1%	+0.5P	-

- Service IT Business:** Expect higher sales and higher income, as segment captures IT investment demand on payment business and benefits from full-year contribution from newly consolidation of subsidiaries in previous fiscal year.
- BPO:** Expect higher sales and higher income, supported by brisk shift in demand for outsourcing and sustained improvement in profitability.
- Financial IT Business:** With increase in IT investment, particularly among core clients, segment should post higher sales and higher income.
- Industrial IT Business:** Braced for lower sales, due to impact from application of Accounting Standard for Revenue Recognition. But on actual basis, performance should be solid, with higher sales and higher income.

Fiscal 2022: Operating Income Analysis, Increase/Decrease Reasons [Forecast]

***No change**

-Progress on high-value-added business and improved productivity will be key factors that absorb rising costs paralleling robust growth investment, including costs incurred in office reform, and this will underpin higher operating income.



**Anticipated prior investment costs for promoting structural transformation:
Up ¥2.50 billion (YOY change)
(Cost of sales: +¥1.00 billion, SGA expenses +¥1.50 billion)**

- ✓ 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 cost of office reform to promote new workstyles:
Up ¥3.50 billion (YOY change)
(Cost of sales: +¥1.00 billion, SGA expenses +¥2.50 billion)**

Changes in SGA Expenses

Effect of new subsidiary consolidation, etc.	+2.01
Office reform	+2.50
Brand-related costs	+0.00
Lower operating costs, enhanced head office functions	-0.50
Prior investment, others	+2.53
Total	+6.54

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Fiscal 2022 First Half: Sales and Income for Key Business Segments [Forecast]

*No change



[Millions of yen]		Fiscal 2021 First half	Fiscal 2022 First half	YOY change	
Net Sales		211,308	225,000	+13,692	[+6.5%]
Operating Income		18,211	20,500	+2,289	[+12.6%]
Operating Margin		8.6%	9.1%	+0.5P	-
Net Income Attributable to Owners of the Parent Company		10,277	13,700	+3,423	[+33.3%]
Net Income to Net Sales Ratio		4.9%	6.1%	+1.2P	-
Key Business Segments					
Service IT Business	Net Sales	62,869	74,000	+11,131	[+17.7%]
	Operating Income	2,572	4,300	+1,728	[+67.2%]
	Operating Margin	4.1%	5.8%	+1.7P	-
BPO	Net Sales	17,066	17,500	+434	[+2.5%]
	Operating Income	1,309	1,400	+91	[+7.0%]
	Operating Margin	7.7%	8.0%	+0.3P	-
Financial IT Business	Net Sales	53,590	57,000	+3,410	[+6.4%]
	Operating Income	6,675	7,200	+525	[+7.9%]
	Operating Margin	12.5%	12.6%	+0.1P	-
Industrial IT Business	Net Sales	91,473	90,000	-1,473	[-1.6%]
	Operating Income	7,799	7,900	+101	[+1.3%]
	Operating Margin	8.5%	8.8%	+0.3P	-

Fiscal 2022 Second Half: Sales and Income for Key Business Segments [Forecast]

*No change

[Millions of yen]		Fiscal 2021 Second half	Fiscal 2022 Second half	YOY change	
Net Sales		237,075	245,000	+7,925	[+3.3%]
Operating Income		27,537	28,000	+463	[+1.7%]
Operating Margin		11.6%	11.4%	-0.2P	-
Net Income Attributable to Owners of the Parent Company		17,415	18,500	+1,085	[+6.2%]
Net Income to Net Sales Ratio		7.3%	7.6%	+0.3P	-
Key Business Segments					
Service IT Business	Net Sales	74,076	81,500	+7,424	[+10.0%]
	Operating Income	6,122	6,500	+378	[+6.2%]
	Operating Margin	8.3%	8.0%	-0.3P	-
BPO	Net Sales	18,387	18,500	+113	[+0.6%]
	Operating Income	1,795	1,900	+105	[+5.8%]
	Operating Margin	9.8%	10.3%	+0.5P	-
Financial IT Business	Net Sales	57,069	60,000	+2,931	[+5.1%]
	Operating Income	8,645	8,800	+155	[+1.8%]
	Operating Margin	15.1%	14.7%	-0.4P	-
Industrial IT Business	Net Sales	102,940	101,000	-1,940	[-1.9%]
	Operating Income	10,910	11,300	+390	[+3.6%]
	Operating Margin	10.6%	11.2%	+0.6P	-

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