



# **Financial Results for the First Two Quarters of the Fiscal Year Ending March 31, 2022**

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**November 5, 2021**

TIS Inc.

# Highlights

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## Fiscal 2022 First Two Quarters: Financial Highlights

- **On firm footing, with huge year-on-year increase in sales and income and achievement of first-half estimates**
- **Operating income margin exceeded 10% for first time**
- **Order volume and backlog hit record highs**

## Fiscal 2022 Performance Forecast

- **Full-year performance prospects raised, given brisk first-half performance**

## Fiscal 2022 First Two Quarters: Financial Highlights

## Fiscal 2022 Performance Forecast

## Return to Shareholders

## Progress on Medium-Term Management Plan (2021–2023)

## 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 30, 2022.

## **Fiscal 2022 First Two Quarters: Financial Highlights**

**Fiscal 2022 Performance Forecast**

**Return to Shareholders**

**Progress on Medium-Term Management Plan (2021–2023)**

**Reference Materials**

## Fiscal 2022 First Two Quarters: Performance Highlights (YOY change)

- Accurate response to clients' IT investment needs, including digital transformation demand, as well as positive effect of M&A activity, underpinned higher sales and income. Operating income margin settled in the 10% range for first time.
- Increase in net income for first two quarters reflects several factors, particularly improvement in non-operating income.

| [Millions of yen]                                       | First two quarters of fiscal 2021 | First two quarters of fiscal 2022 | YOY change |          |
|---|-----------------------------------|-----------------------------------|------------|----------|
| Net Sales   | 211,308                           | <b>234,332</b>                    | +23,023    | [+10.9%] |
| Operating Income  | 18,211                            | <b>23,866</b>                     | +5,655     | [+31.1%] |
| Operating Margin  | 8.6%                              | <b>10.2%</b>                      | +1.6P      | -        |
| Net Income Attributable to Owners of the Parent Company | 10,277                            | <b>15,521</b>                     | +5,243     | [+51.0%] |
| Net Income to Net Sales Ratio                           | 4.9%                              | <b>6.6%</b>                       | +1.7P      | -        |

- Non-operating income: ¥1,372 million  
(YOY change +¥ 192 million)

- Non-operating expenses: ¥ 1,139 million  
(YOY change -¥2,859 million)

- Extraordinary income: ¥5 million  
(YOY change -¥3,657 million)

- Extraordinary loss: ¥ 533 million  
(YOY change -¥1,120 million)

# Fiscal 2022 First Two Quarters: Performance Highlights (Compared with estimate)

- Exceeded estimate, fueled by recovery in business environment and high level of IT investment activity by core clients.

| [Millions of yen]                                       | First two quarters of fiscal 2022 (estimate) | First two quarters of fiscal 2022 (actual) | Compared with estimate |          |
|---|--|--|------------------------|----------|
| Net Sales   | 225,000                                      | <b>234,332</b>                             | +9,332                 | [+4.1%]  |
| Operating Income  | 20,500                                       | <b>23,866</b>                              | +3,366                 | [+16.4%] |
| Operating Margin  | 9.1%   | <b>10.2%</b>                               | +1.1P                  | -        |
| Net Income Attributable to Owners of the Parent Company | 13,700                                       | <b>15,521</b>                              | +1,821                 | [+13.3%] |
| Net Income to Net Sales Ratio                           | 6.1%   | <b>6.6%</b>                                | +0.5P                  | -        |

# Fiscal 2022 First Two Quarters: Sales and Income for Key Business Segments (YOY change)

| [Millions of yen]      |                  | First two quarters of fiscal 2021 | First two quarters of fiscal 2022 | YOY change |          |
|------------------------|------------------|-----------------------------------|-----------------------------------|------------|----------|
| Service IT Business    | Net Sales        | 62,869                            | <b>74,551</b>                     | +11,681    | [18.6%]  |
|                        | Operating Income | 2,572                             | <b>4,807</b>                      | +2,234     | [+86.9%] |
|                        | Operating Margin | 4.1%                              | <b>6.4%</b>                       | +2.3P      | -        |
| BPO                    | Net Sales        | 17,066                            | <b>18,025</b>                     | +959       | [+5.6%]  |
|                        | Operating Income | 1,309                             | <b>1,535</b>                      | +225       | [+17.2%] |
|                        | Operating Margin | 7.7%                              | <b>8.5%</b>                       | +0.8P      | -        |
| Financial IT Business  | Net Sales        | 53,590                            | <b>60,528</b>                     | +6,937     | [+12.9%] |
|                        | Operating Income | 6,675                             | <b>7,822</b>                      | +1,146     | [+17.2%] |
|                        | Operating Margin | 12.5%                             | <b>12.9%</b>                      | +0.4P      | -        |
| Industrial IT Business | Net Sales        | 91,473                            | <b>93,677</b>                     | +2,204     | [+2.4%]  |
|                        | Operating Income | 7,799                             | <b>9,405</b>                      | +1,605     | [+20.6%] |
|                        | Operating Margin | 8.5%                              | <b>10.0%</b>                      | +1.5P      | -        |

- 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 Two Quarters: Sales and Income for Key Business Segments (Compared with estimate)

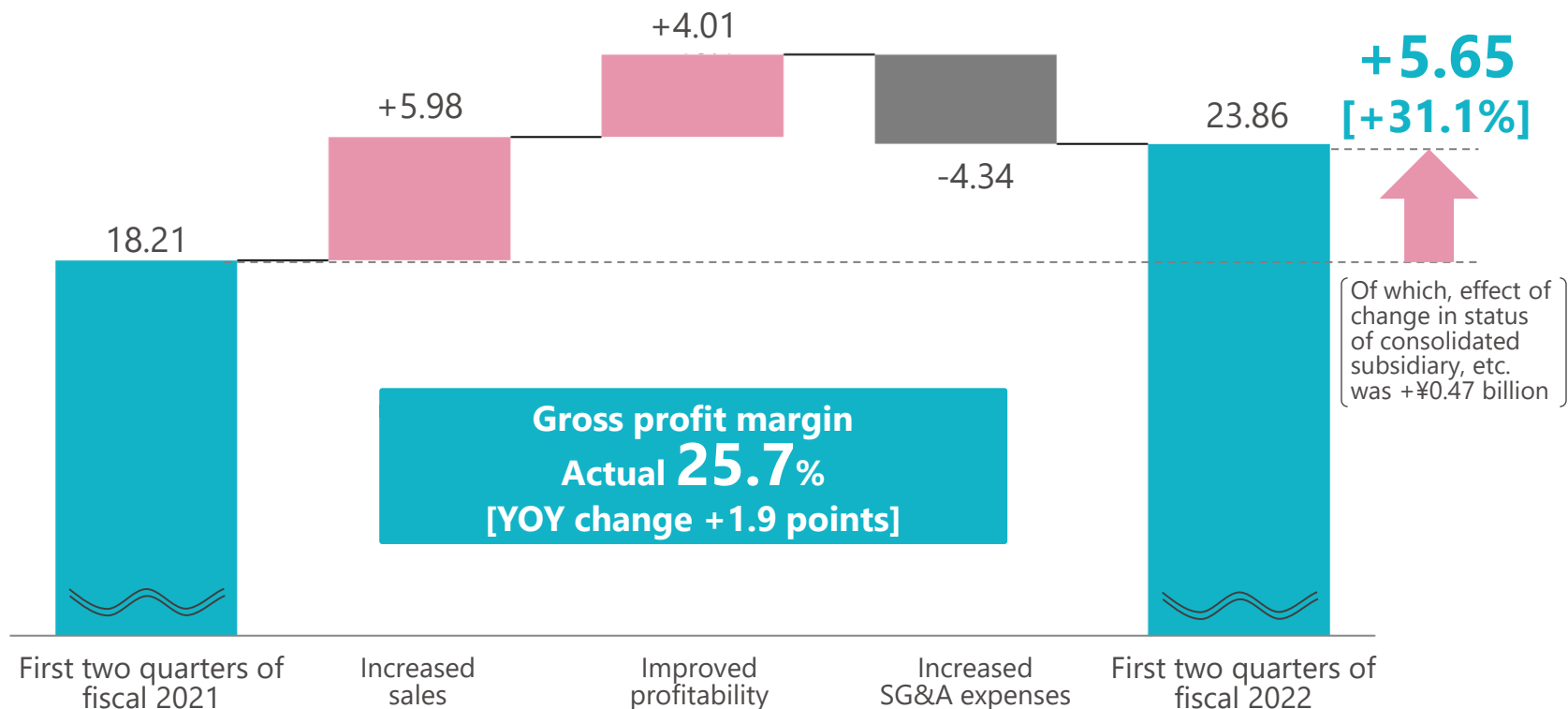
| [Millions of yen]      |                  | First two quarters of fiscal 2022 (estimate) | First two quarters of fiscal 2022 (actual) | Compared with estimate |          |
|------------------------|------------------|--|--|------------------------|----------|
| Service IT Business    | Net Sales        | 74,000                                       | <b>74,551</b>                              | +551                   | [+0.7%]  |
|                        | Operating Income | 4,300  | <b>4,807</b>                               | +507                   | [+11.8%] |
|                        | Operating Margin | 5.8%   | <b>6.4%</b>                                | +0.6P                  | -        |
| BPO                    | Net Sales        | 17,500                                       | <b>18,025</b>                              | +525                   | [+3.0%]  |
|                        | Operating Income | 1,400  | <b>1,535</b>                               | +135                   | [+9.6%]  |
|                        | Operating Margin | 8.0%   | <b>8.5%</b>                                | +0.5P                  | -        |
| Financial IT Business  | Net Sales        | 57,000                                       | <b>60,528</b>                              | +3,528                 | [+6.2%]  |
|                        | Operating Income | 7,200  | <b>7,822</b>                               | +622                   | [+8.6%]  |
|                        | Operating Margin | 12.6%  | <b>12.9%</b>                               | +0.3P                  | -        |
| Industrial IT Business | Net Sales        | 90,000                                       | <b>93,677</b>                              | +3,677                 | [+4.1%]  |
|                        | Operating Income | 7,900  | <b>9,405</b>                               | +1,505                 | [+19.1%] |
|                        | Operating Margin | 8.8%   | <b>10.0%</b>                               | +1.2P                  | -        |

- Service IT Business:** Solid position, with continued demand for services to underpin IT investment trends, leading to better results than initially expected.
- BPO:** Solid position, with continued demand for outsourcing services, leading to better results than initially expected.
- Financial IT Business:** Solid position, with results dramatically higher than expected, owing mainly to sustained brisk IT investment by core clients in credit card sector.
- Industrial IT Business:** Solid position, with results dramatically higher than expected, as broad-based demand from existing clients underpinned revenues.



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

[Billions of yen]



### Prior investment costs for promoting structural transformation: Up ¥1.18 billion (YOY change)

(Cost of sales: +¥0.33 billion, SG&A expenses: +¥0.85 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 ¥1.62 billion (YOY change)

(Cost of sales : +¥0.23 billion, SG&A expenses : +¥1.39 billion)

### Changes in SG&A Expenses

|   |              |
|---|--------------|
| Effect of change in status of consolidated subsidiary, etc. | +1.66        |
| Office reform   | +1.39        |
| Brand-related costs   | -0.20        |
| Lower operating costs, enhanced head office functions       | -0.15        |
| Prior investment, others                                    | +1.64        |
| <b>Total</b>  | <b>+4.34</b> |

# Reference: Fiscal 2022 Second Quarter (July-September) Sales and Income for Key Business Segments

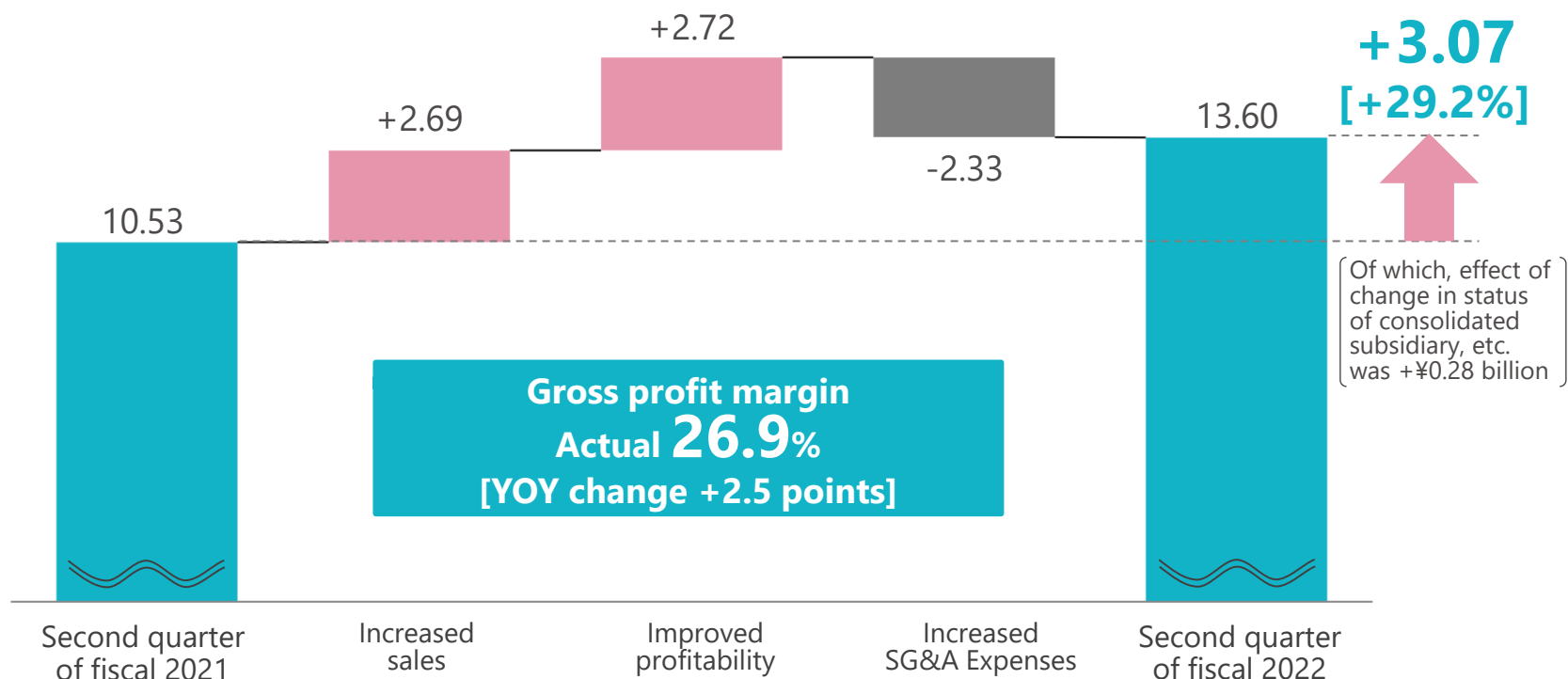
| [Millions of yen]                                       | Second quarter of fiscal 2021 | Second quarter of fiscal 2022 | YOY change |          |
|---|-------------------------------|-------------------------------|------------|----------|
| Net Sales   | 110,909                       | <b>120,811</b>                | +9,902     | [+8.9%]  |
| Operating Income  | 10,533                        | <b>13,607</b>                 | +3,074     | [+29.2%] |
| Operating Margin  | 9.5%                          | <b>11.3%</b>                  | +1.8P      | -        |
| Net Income Attributable to Owners of the Parent Company | 4,749                         | <b>8,518</b>                  | +3,768     | [+79.3%] |
| Net Income to Net Sales Ratio                           | 4.3%                          | <b>7.1%</b>                   | +2.8P      | -        |

## Key Business Segments

|                        |                  |        |               |        |          |
|------------------------|------------------|--------|---------------|--------|----------|
| Service IT Business    | Net Sales        | 32,721 | <b>37,654</b> | +4,932 | [+15.1%] |
|                        | Operating Income | 1,427  | <b>2,752</b>  | +1,324 | [+92.8%] |
|                        | Operating Margin | 4.4%   | <b>7.3%</b>   | +2.9P  | -        |
| BPO                    | Net Sales        | 8,785  | <b>9,128</b>  | +342   | [+3.9%]  |
|                        | Operating Income | 751    | <b>857</b>    | +105   | [+14.0%] |
|                        | Operating Margin | 8.6%   | <b>9.4%</b>   | +0.8P  | -        |
| Financial IT Business  | Net Sales        | 27,869 | <b>30,956</b> | +3,087 | [+11.1%] |
|                        | Operating Income | 3,900  | <b>4,237</b>  | +337   | [+8.7%]  |
|                        | Operating Margin | 14.0%  | <b>13.7%</b>  | -0.3P  | -        |
| Industrial IT Business | Net Sales        | 47,999 | <b>49,185</b> | +1,185 | [+2.5%]  |
|                        | Operating Income | 4,695  | <b>5,731</b>  | +1,036 | [+22.1%] |
|                        | Operating Margin | 9.8%   | <b>11.7%</b>  | +1.9P  | -        |

# Reference: Fiscal 2022 Second Quarter (July-September) Operating Income Analysis, Increase/Decrease Reasons (YOY change)

[Billions of yen]



### Prior investment costs for promoting structural transformation:

Up ¥0.72 billion (YOY change)

(Cost of sales: +¥0.26 billion, SG&A expenses: +¥0.47 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 ¥0.70 billion (YOY change)

(Cost of sales : -¥0.10 billion, SG&A expenses : +¥0.80 billion)

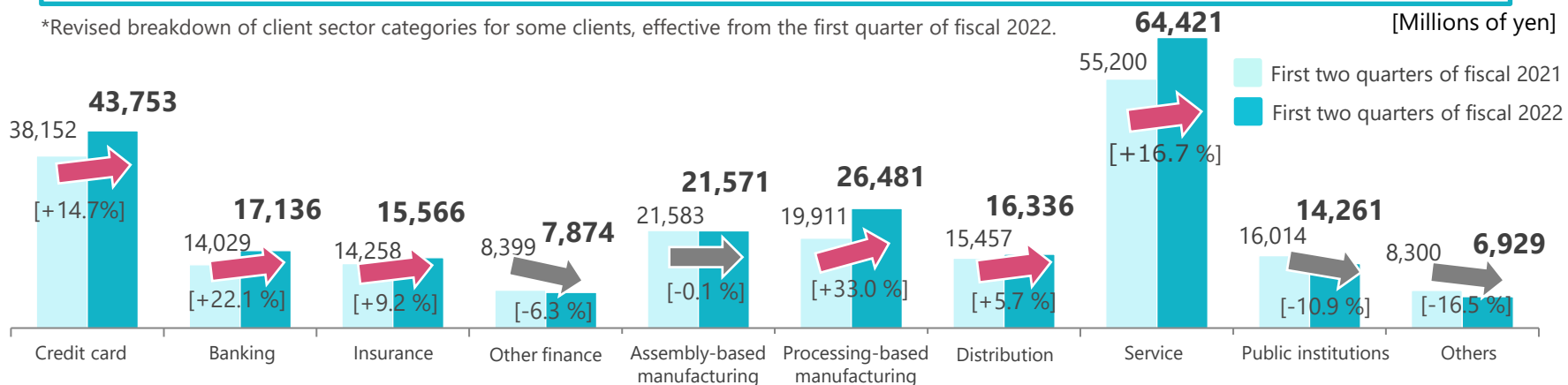
### Changes in SG&A Expenses

|   |              |
|---|--------------|
| Effect of change in status of consolidated subsidiary, etc. | +0.76        |
| Office reform   | +0.80        |
| Brand-related costs   | -0.37        |
| Lower operating costs, enhanced head office functions       | -0.07        |
| Prior investment, others                                    | +1.21        |
| <b>Total</b>  | <b>+2.33</b> |

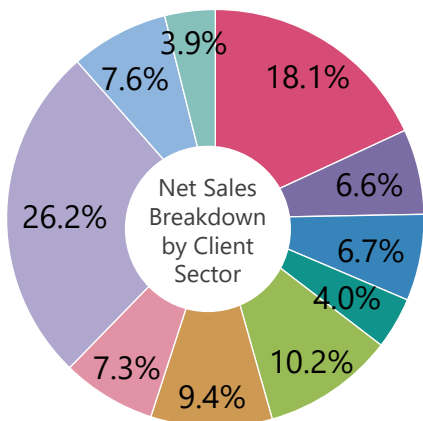
# Fiscal 2022 First Two Quarters: Sales by Client Sector

• 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.

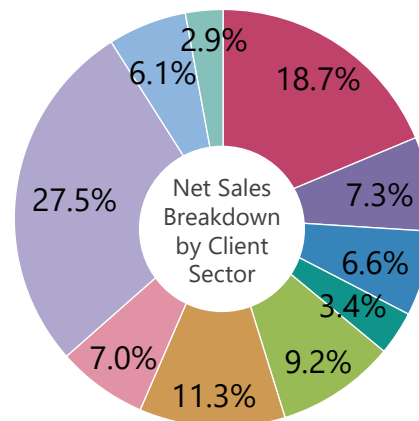


First two quarters of fiscal 2021



Financial sector: 35.4%    Industrial sector: 53.1%  
Public sector: 7.6%    Other sectors: 3.9%

First two quarters of fiscal 2022



Financial sector: 36.0%    Industrial sector: 55.0%  
Public sector: 6.1%    Other sectors: 2.9%

## Fiscal 2022 First Two Quarters: Order Status (Total)

- Order volume and backlog showed strong growth, year on year, driven by software development. Service IT also benefited from M&A activity, which supported sizable increases.

| [Millions of yen]                          | First two quarters of fiscal 2021 | First two quarters of fiscal 2022 | YOY change |          |
|--|-----------------------------------|-----------------------------------|------------|----------|
| Orders received during first two quarters  | 214,169                           | <b>243,152</b>                    | +28,983    | [+13.5%] |
| Service IT Business                        | 63,330                            | <b>76,305</b>                     | +12,974    | [+20.5%] |
| BPO  | 15,732                            | <b>16,922</b>                     | +1,190     | [+7.6%]  |
| Financial IT Business                      | 52,489                            | <b>59,969</b>                     | +7,479     | [+14.2%] |
| Industrial IT Business                     | 82,617                            | <b>89,955</b>                     | +7,338     | [+8.9%]  |
| Order backlog at end of first two quarters | 137,965                           | <b>157,948</b>                    | +19,983    | [+14.5%] |
| Service IT Business                        | 41,172                            | <b>52,168</b>                     | +10,996    | [+26.7%] |
| Financial IT Business                      | 43,560                            | <b>47,755</b>                     | +4,194     | [+9.6%]  |
| Industrial IT Business                     | 53,232                            | <b>58,024</b>                     | +4,792     | [+9.0%]  |

## Fiscal 2022 First Two Quarters: Order Status (Software Development)

• Order volume and backlog grew year on year, driven by thriving IT investment trends, especially among core clients.

| [Millions of yen]                          | First two quarters of fiscal 2021 | First two quarters of fiscal 2022 | YOY change |          |
|--|-----------------------------------|-----------------------------------|------------|----------|
| Orders received during first two quarters  | 109,420                           | <b>131,156</b>                    | +21,735    | (+19.9%) |
| Service IT Business                        | 27,450                            | <b>32,100</b>                     | +4,650     | (+16.9%) |
| Financial IT Business                      | 30,578                            | <b>35,639</b>                     | +5,060     | (+16.6%) |
| Industrial IT Business                     | 51,391                            | <b>63,416</b>                     | +12,024    | (+23.4%) |
| Order backlog at end of first two quarters | 75,908                            | <b>88,850</b>                     | +12,941    | (+17.0%) |
| Service IT Business                        | 17,164                            | <b>22,288</b>                     | +5,124     | (+29.9%) |
| Financial IT Business                      | 25,815                            | <b>27,389</b>                     | +1,574     | (+6.1%)  |
| Industrial IT Business                     | 32,929                            | <b>39,171</b>                     | +6,242     | (+19.0%) |

## Reference: Fiscal 2022 Second Quarter (July-September): Order Status

### Order Status (Total)

| [Millions of yen]                     | Second quarter of fiscal 2021 | Second quarter of fiscal 2022 | YOY change |          |
|---------------------------------------|-------------------------------|-------------------------------|------------|----------|
| Orders received during second quarter | 137,347                       | <b>154,443</b>                | +17,096    | [+12.4%] |
| Service IT Business                   | 39,635                        | <b>51,525</b>                 | +11,890    | [+30.0%] |
| BPO                                   | 8,150                         | <b>8,591</b>                  | +441       | [+5.4%]  |
| Financial IT Business                 | 40,068                        | <b>42,299</b>                 | +2,231     | [+5.6%]  |
| Industrial IT Business                | 49,493                        | <b>52,026</b>                 | +2,533     | [+5.1%]  |

### Order Status (Software Development)

| [Millions of yen]                     | Second quarter of fiscal 2021 | Second quarter of fiscal 2022 | YOY change |          |
|---------------------------------------|-------------------------------|-------------------------------|------------|----------|
| Orders received during second quarter | 59,616                        | <b>69,830</b>                 | +10,214    | [+17.1%] |
| Service IT Business                   | 12,382                        | <b>17,452</b>                 | +5,069     | [+40.9%] |
| Financial IT Business                 | 20,807                        | <b>21,159</b>                 | +352       | [+1.7%]  |
| Industrial IT Business                | 26,426                        | <b>31,218</b>                 | +4,792     | [+18.1%] |

**Fiscal 2022 First Two Quarters: Financial Highlights**

**Fiscal 2022 Performance Forecast**

**Return to Shareholders**

**Progress on Medium-Term Management Plan (2021–2023)**

**Reference Materials**

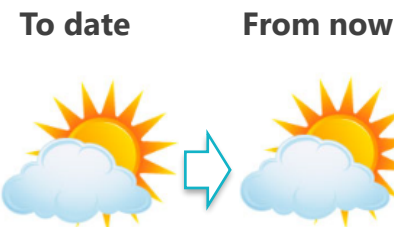


# Understanding the External Environment

- Seeing shades of recovery from impact of COVID-19, so expectation still holds for long-term IT investment expansion and acceleration in demand when pandemic ends.

## Service IT Business

- ✓ Cashless market growing. Boost of support from government for DX and data utilization sustaining demand for service IT.
- ✓ Expectation of recovery in demand from restaurant and travel sectors but current situation still challenging. Demand related to inbound travel has not yet rebounded.
- ✓ ERP market expected to continue expanding.
- ✓ Multi-cloud needs driving demand. Information security market continues to grow. Increasingly obvious precursors to demand for services from financial businesses as well as manufacturing businesses.



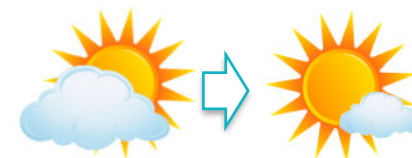
## BPO

- ✓ No change in labor shortage or trend toward workstyle reform, supporting expectation of sustained growth in BPO market.
- ✓ Improved added value, such as higher productivity through use of technology, is vital key to competitive excellence.



## Financial IT Business

- ✓ Solid demand from businesses that support social infrastructure colors recovery tone in financial IT market.
- ✓ Payment settlement market growing, paralleling wider embrace of cashless purchasing options.
- ✓ Greater IT investment activity, highlighting banks' efforts to innovate business.



## Industrial IT Business

- ✓ Despite dissimilarities by sector, recovery trend characterizes industrial IT market overall.
- ✓ DX-related investment remains brisk.
- ✓ Energy sector becoming more selective in choosing areas of investment as liberalization heats up competition. Only certain IT investment is pursued, with some plans shelved. Travel sector not yet recovered.
- ✓ IT investment picking up among regional and small and mid-sized companies.



\* These trends may differ from general industry trends since management's assumptions also take into consideration the status of IT investment

## Revisions to Fiscal 2022 Performance Forecast (1)

• Raised initial estimates, given such factors as substantially higher first-half results than expected as well as the anticipated booking of extraordinary gain from sale of shares in a consolidated subsidiary.

| [Millions of yen]  | Fiscal 2022<br>initial estimate | Fiscal 2022<br>revised estimate | Compared with initial estimate |          |
|--|---------------------------------|---------------------------------|--------------------------------|----------|
| Net Sales  | 470,000                         | <b>480,000</b>                  | +10,000                        | [+2.1%]  |
| Operating Income   | 48,500                          | <b>52,000</b>                   | +3,500                         | [+7.2%]  |
| Operating Margin   | 10.3%                           | <b>10.8%</b>                    | +0.5P                          | -        |
| Net Income Attributable to<br>Owners of the Parent Company | 32,200                          | <b>38,000</b>                   | +5,800                         | [+18.0%] |
| Net Income to Net Sales Ratio                              | 6.9%                            | <b>7.9%</b>                     | +1.0P                          | -        |
| Net Income per Share (Yen)                                 | 128.78                          | <b>151.94</b>                   | +34.08                         | [+28.9%] |
| ROE *1   | 11.5%                           | <b>13.2%</b>                    | +1.7P                          | -        |

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

## Revisions to Fiscal 2022 Performance Forecast (2)

| [Millions of yen]         |                  | Fiscal 2022<br>initial estimate | Fiscal 2022<br>revised estimate | Compared with initial estimate |         |
|---------------------------|------------------|---------------------------------|---------------------------------|--------------------------------|---------|
| Service IT<br>Business    | Net Sales        | 155,500                         | <b>156,000</b>                  | +500                           | [+0.3%] |
|                           | Operating Income | 10,800                          | <b>11,300</b>                   | +500                           | [+4.6%] |
|                           | Operating Margin | 6.9%                            | <b>7.2%</b>                     | +0.3P                          | -       |
| BPO                       | Net Sales        | 36,000                          | <b>36,500</b>                   | +500                           | [+1.4%] |
|                           | Operating Income | 3,300                           | <b>3,400</b>                    | +100                           | [+3.0%] |
|                           | Operating Margin | 9.2%                            | <b>9.3%</b>                     | +0.1P                          | -       |
| Financial IT<br>Business  | Net Sales        | 117,000                         | <b>121,500</b>                  | +4,500                         | [+3.8%] |
|                           | Operating Income | 16,000                          | <b>16,700</b>                   | +700                           | [+4.4%] |
|                           | Operating Margin | 13.7%                           | <b>13.7%</b>                    | -                              | -       |
| Industrial IT<br>Business | Net Sales        | 191,000                         | <b>194,500</b>                  | +3,500                         | [+1.8%] |
|                           | Operating Income | 19,200                          | <b>20,800</b>                   | +1,600                         | [+8.3%] |
|                           | Operating Margin | 10.1%                           | <b>10.7%</b>                    | +0.6P                          | -       |

## Fiscal 2022: Performance Forecasts

• 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. The estimate for net income takes into account the booking of extraordinary gains.

| [Millions of yen]                                       | Fiscal 2021 Actual | Fiscal 2022 revised estimate | YOY change |          |
|---|--------------------|------------------------------|------------|----------|
| Net Sales   | 448,383            | <b>480,000</b>               | +31,617    | [+7.1%]  |
| Operating Income  | 45,748             | <b>52,000</b>                | +6,252     | [+13.7%] |
| Operating Margin  | 10.2%              | <b>10.8%</b>                 | +0.6P      | -        |
| Net Income Attributable to Owners of the Parent Company | 27,692             | <b>38,000</b>                | +10,308    | [+37.2%] |
| Net Income to Net Sales Ratio                           | 6.2%               | <b>7.9%</b>                  | +1.7P      | -        |
| Net Income per Share (Yen)                              | 110.51             | <b>151.94</b>                | +41.43     | [+37.5%] |
| ROE *1  | 10.8%              | <b>13.2%</b>                 | +2.4P      | -        |

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

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

| [Millions of yen]         |                  | Fiscal 2021<br>actual | Fiscal 2022<br>revised estimate | YOY change |          |
|---------------------------|------------------|-----------------------|---------------------------------|------------|----------|
| Service IT<br>Business    | Net Sales        | 136,946               | <b>156,000</b>                  | +19,054    | [+13.9%] |
|                           | Operating Income | 8,695                 | <b>11,300</b>                   | +2,605     | [+30.0%] |
|                           | Operating Margin | 6.3%                  | <b>7.2%</b>                     | +0.9P      | -        |
| BPO                       | Net Sales        | 35,453                | <b>36,500</b>                   | +1,047     | [+3.0%]  |
|                           | Operating Income | 3,105                 | <b>3,400</b>                    | +295       | [+9.5%]  |
|                           | Operating Margin | 8.8%                  | <b>9.3%</b>                     | +0.5P      | -        |
| Financial IT<br>Business  | Net Sales        | 110,660               | <b>121,500</b>                  | +10,840    | [+9.8%]  |
|                           | Operating Income | 15,320                | <b>16,700</b>                   | +1,380     | [+9.0%]  |
|                           | Operating Margin | 13.8%                 | <b>13.7%</b>                    | -0.1P      | -        |
| Industrial IT<br>Business | Net Sales        | 194,414               | <b>194,500</b>                  | +86        | [+0.0%]  |
|                           | Operating Income | 18,710                | <b>20,800</b>                   | +2,090     | [+11.2%] |
|                           | Operating Margin | 9.6%                  | <b>10.7%</b>                    | +1.1P      | -        |

**-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 as well as the effect of M&A activity in the previous fiscal year.

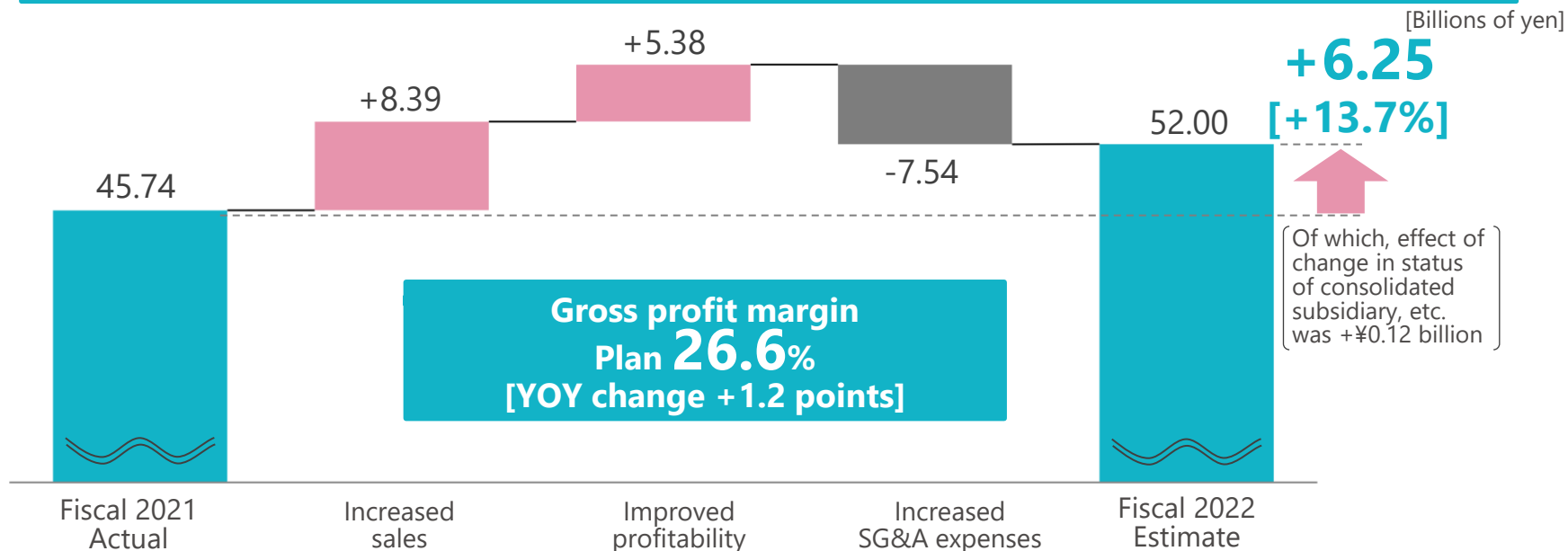
**-BPO:** Expect higher sales and higher income, supported by brisk shift in demand for outsourcing and sustained improvement in profitability.

**-Financial IT Business:** With increase in IT investment, particularly among core clients, segment should post higher sales and higher income.

**-Industrial IT Business:** With recovery in IT investment activity, demand for services will offset impact of pressure on revenue caused by application of Accounting Standard for Revenue Recognition, leading to higher sales and higher income.

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

• 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, SG&A 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, SG&A expenses +¥2.50 billion)**

### Changes in SG&A Expenses

|   |              |
|---|--------------|
| Effect of change in status of consolidated subsidiary, etc. | +1.71        |
| Office reform   | +2.50        |
| Brand-related costs   | +0.00        |
| Lower operating costs, enhanced head office functions       | -0.50        |
| Prior investment, others                                    | +3.83        |
| <b>Total</b>  | <b>+7.54</b> |

**Fiscal 2022 First Two Quarters: Financial Highlights**

**Fiscal 2022 Performance Forecast**

**Return to Shareholders**

**Progress on Medium-Term Management Plan (2021–2023)**

**Reference Materials**

# Return to Shareholders in Fiscal 2022

- No change to dividend plan for fiscal 2022. Interim dividend will be ¥13 per share, up ¥2 year on year.
- Acquired treasury stock, based on total return ratio, and executed first cancellation of treasury stock.

## Basic Policy on Return to Shareholders under Medium-Term Management Plan (2021–2023)

Balance effort to promote growth investment with effort to maintain financial health, while reinforcing shareholder returns.

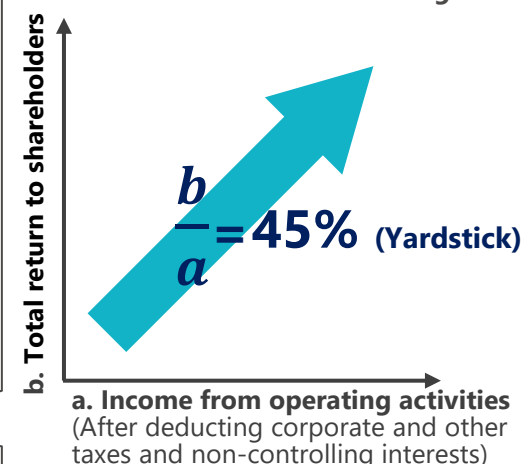
**Total return ratio (yardstick)**  
45%  
(up from 40%)

**Dividends per Share**  
Constantly enrich  
the dividend

**Upper limit on treasury stock**  
holdings at 5%  
(excess amount cancelled)

|                            | Fiscal 2021 actual  | Fiscal 2022 estimate       |
|----------------------------|---------------------|----------------------------|
| Interim dividend per share | ¥11                 | ¥13<br>[YOY +¥2]           |
| Annual dividend per share  | ¥35                 | ¥40<br>[YOY +¥5]           |
| Acquired treasury shares   | Total ¥3.02 billion | <b>Total ¥4.47 billion</b> |
| Total return ratio         | 42.8%               | <b>38.2%</b>               |
| Payout ratio (adjusted)    | -                   | <b>43.4%</b>               |

**Basic stance on return to shareholders**  
Fuller return matched to business growth



- Acquisition of treasury stock: As planned, total amount acquired in September 2021 reached ¥4,470 million.
- Cancellation of treasury stock: Cancelled nearly all treasury stock held (4.6% of total outstanding shares prior to cancellation) in September 2021.



**Fiscal 2022 First Two Quarters: Financial Highlights**

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# Main Points of Medium-Term Management Plan (2021–2023)

## Be a Digital Mover 2023

### Basic Policy



### Key Performance Indicators

Net Sales  
**¥500 billion**

Operating income/Operating margin  
**¥58 billion/11.6%**

EPS growth CAGR  
**Exceeding 10%**

Strategic domain ratio  
51% → **60%**  
[¥228.5 billion → ¥300 billion]

Sales of social issue solution service  
¥38 billion → **¥50 billion** \*1

+

Growth investment  
**About ¥100 billion**

**Virtuous cycle of value created jointly by society and employees**

**Solving social issues through joint creation with stakeholders**

Improve value provided by DX

Imagination that transforms society

Expand investment to generate strengths

Power that realizes ideas

Deepen and extend reach of global operations

Global business deployment capability

**Diversification of human resources**

**Diverse employees active as professionals**

By promoting **enhanced frontline strengths** based on IT configuration capabilities created jointly with society and clients, we will help **solve social issues** using **digital technology** and realize **outstanding growth** toward **realization of Group Vision 2026**.

\*1 Sales from services that provide solutions to social issues of concern to TIS INTEC Group. Manage business growth as part of strategic domain operations.

# Activities under Medium-Term Management Plan

## Group Management Direction in Fiscal 2022

### Fiscal 2022 Group Management Direction

① **Leverage initiatives to improve corporate value and value provided to society through sustainability management**

② **Reinforce efforts to make services more high-value-added through productivity innovation and improvement in value provided in DX services**

③ **Firmly maintain financial health while emphasizing growth investment to enhance ability to provide DX value**

④ **Leverage growth strategy seeking to become top-class IT group in ASEAN regions and cement strong governance**

⑤ **Constantly boost employee motivation and develop human resources brimming with diversity to fuel DX shift**

### Status Update as of Second Quarter

|   |  |
|---|--|
| ○ | <ul style="list-style-type: none"> <li>➤ Enhanced initiatives to realize sustainable society, including measures for the environment (Support for Task Force on Climate-related Finance Disclosures (TCFD) guidelines and approval under Science Based Targets (SBT) Initiative) and human rights due diligence</li> <li>➤ Efforts to achieve greater sophistication and efficiency in head office functions, including shift toward DX, on track</li> </ul>               |
| ○ | <ul style="list-style-type: none"> <li>➤ Gross profit margin hit 25.7%, marking continued improvement, thanks to enhancement reforms and stronger measures to eliminate serious malfunctions</li> <li>➤ Strategic domain transition on track (Strategic domain ratio: Actual first-half ratio at 53%, full-year estimate at 54%)</li> <li>➤ Teamed up with Miotsukushi Analytics Co., Ltd., and strengthened value provided to support core clients in DX shift</li> </ul> |
| △ | <ul style="list-style-type: none"> <li>➤ Rolled out joint creation projects with clients and partners to create and grow businesses focusing on services that provide solutions to social issues.</li> <li>➤ Investment activity to reinforce internal capabilities, such as R&amp;D, on track</li> </ul>  |
| △ | <ul style="list-style-type: none"> <li>➤ Formed capital and business alliance with top-class blockchain technology company in China, known by brand name Hyperchain.</li> <li>➤ Worked toward standardized response to risk of legal violations, based on establishment of global regulation shared groupwide to protect personal information</li> </ul>   |
| ○ | <ul style="list-style-type: none"> <li>➤ Used DX Strategy Human Resources Committee to increase pool of DX consultants through reassignment and career recruitment</li> <li>➤ Highlighted various measures to create greater job satisfaction in Human Resources Manifesto and promoted these measures</li> </ul>  |

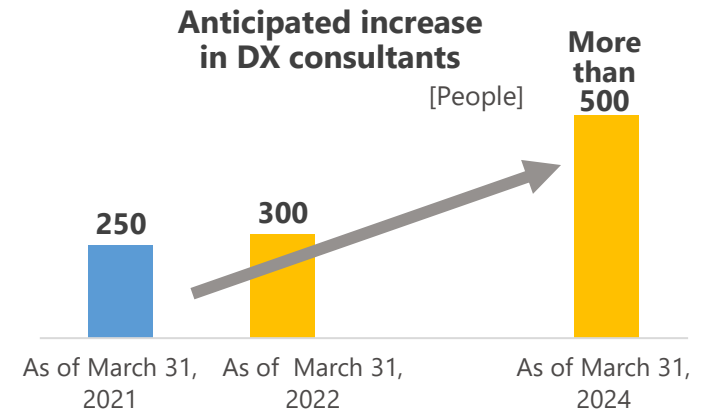
Promote unified Group management through proactive engagement by TIS president, with emphasis on activities to deepen understanding of Group's basic philosophy—OUR PHILOSOPHY—as well as Group Vision 2026 and medium-term management plan

## 1. DX Business Strategy

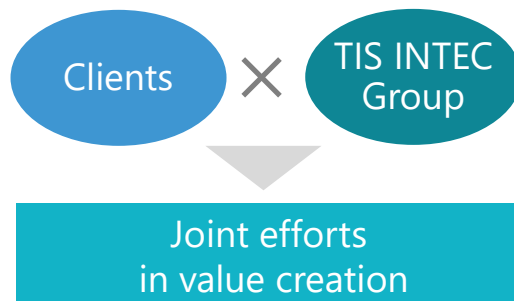
- As part of effort to reinforce frontline, working on strategic placement of DX consultants and human resources development
- Steady progress in joint efforts in value creation with clients in DX-related businesses

### Measures to grow DX business

- Will enhance value provided to core clients embracing DX by integrating the business know-how of Group companies with that of Miotsukushi Analytics, which became a consolidated subsidiary in August 2020.
- Recruitment and training of consultants and data scientists by DX Strategy Human Resources Committee, matched to expansion of DX business, as well as M&A opportunities will extend DX capabilities.
- Promote shift toward DX in in-house operations to achieve reform in business processes and improve engagement. New status will translate into future business creation.



### Joint efforts with stakeholders



- Boost business efficiency for shops and provide service platform to support DX shift.
- Participate in multiple verification projects for progressive regional services through government and local authority businesses related to smart cities.
- Steadily boost results on projects that support clients' DX strategies through data utilization and consulting.

# Activities under Medium-Term Management Plan—Topics

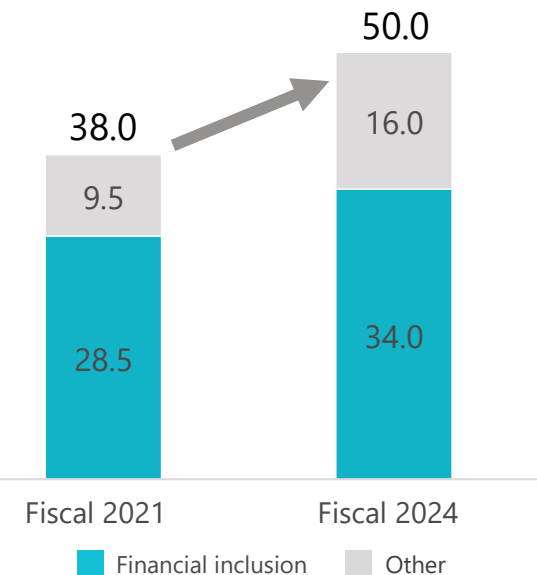
## 2. Social Issue Solution Services (Overview)

• Favorable progress toward target of ¥50 billion in net sales by fiscal 2024.

| Main services   |  | Net Sales<br>(Fiscal 2021 → Fiscal 2024) |
|---|--|--|
| <b>Payment</b><br><br><b>Social issue solution services</b><br>*1 | <ul style="list-style-type: none"> <li>• Launch CreditSaaS and turn into highly profitable service as quickly as possible</li> <li>• Expand scope of business in frontline areas and new domain services</li> </ul>  | ¥28.5 billion → <b>¥34 billion</b>       |
|   | <ul style="list-style-type: none"> <li>• Promote medium- to long-term growth strategies for social issue solution services.</li> </ul> *1 Social issue solution services that directly address financial inclusion, health issues, low-carbon/de-carbonization and urban concentration/rural decline | ¥38.0 billion → <b>¥50 billion</b>       |

|  |
|--|
| <p><b>Financial inclusion</b></p> <p>More individuals unable to access financial services, such as loans, leading to economic disparity because people cannot participate in economic activity.</p> <p><b>(PAYCIERGE)</b></p>  |
| <p><b>Health issues</b></p> <p>Increase in lifestyle-related diseases paralleling changes in lifestyle and aging of society</p> <p><b>(Healthcare platform)</b></p>  |
| <p><b>Low-carbon/ decarbonized society</b></p> <p>Increase in economic losses due to natural disasters and other events triggered by climate change.</p> <p><b>(Virtual power plant/environmental value trading)</b></p>   |
| <p><b>Urban concentration/rural decline</b></p> <p>Environmental, social and economic stresses are building because of a concentration of people and government resources into cities, while depopulation continues to impact regions as people leave for urban centers.</p> <p><b>(Integrated administration information system CIVION, MaaS and automated mobile robots)</b></p> |

**Anticipated growth**  
[Billions of yen]



# Activities under Medium-Term Management Plan—Topics

## 2. Social Issue Solution Services (Payment)

• Positive shift in cashless payments fueling greater demand for non-contact and e-commerce settlement options to pay for purchases and steadily expanding scale of service-style businesses related to payment processing → Favorable progress toward target of ¥32.5 billion in net sales by fiscal 2022.

### ■ Progress update for first half of fiscal 2022

#### Core areas (CreditSaaS, DebitSaaS, PrepaidSaaS)

CreditSaaS: Project moving steadily ahead with planned launch for first user in first half of fiscal 2023

Sales activities to attract second user and more interest continue

DebitSaaS: Following on with sustained push to attract regional banks

PrepaidSaaS: Active inquiries on use of prepaid digital accounts

#### Front area (Wallet)

Applied to Wena, Sony's wearable device (smartwatch) and already launched

#### Beyond Payment

MaaS steadily gaining presence in Okinawa and Sapporo

Super city concept continues to expand scale of verification tests in proposed site of Aizu-Wakamatsu

Began new digital currency initiative



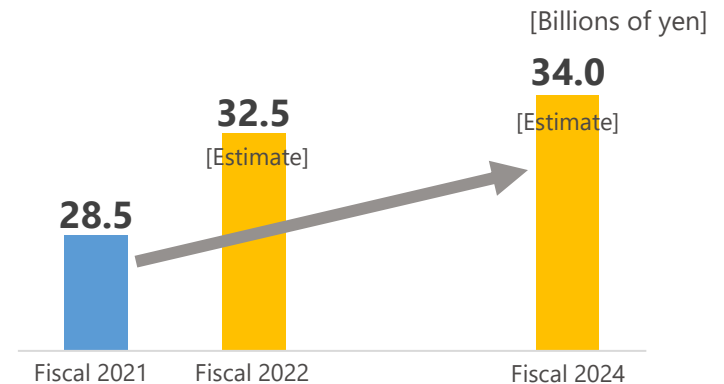
便利ひろがる新しい社会、その先へ

### Market Share (Fiscal 2024)

| Core area   |  | Front area  |
|---|--|---|
| Credit core market<br><br><b>CreditSaaS<br/>¥20.0 billion</b> | Prepaid core market<br><br><b>PrepaidSaaS<br/>¥2.5 billion</b> | Front market for issuers<br><br><b>Merchant/<br/>QR/Wallet<br/>¥5.5 billion</b> |
|   | <b>DebitSaaS<br/>¥3.5 billion</b>                              |   |
|   | Debit core market  | Front market for merchant   |

**New domain creation/common ground ¥2.5 billion**

### Payment-related Net Sales under Service IT Business



## 3. Group formation

• As part of effort to promote concentration of business into strategic domains, decided to transfer all shares in Chuo System

### ■ Summary of share transfer

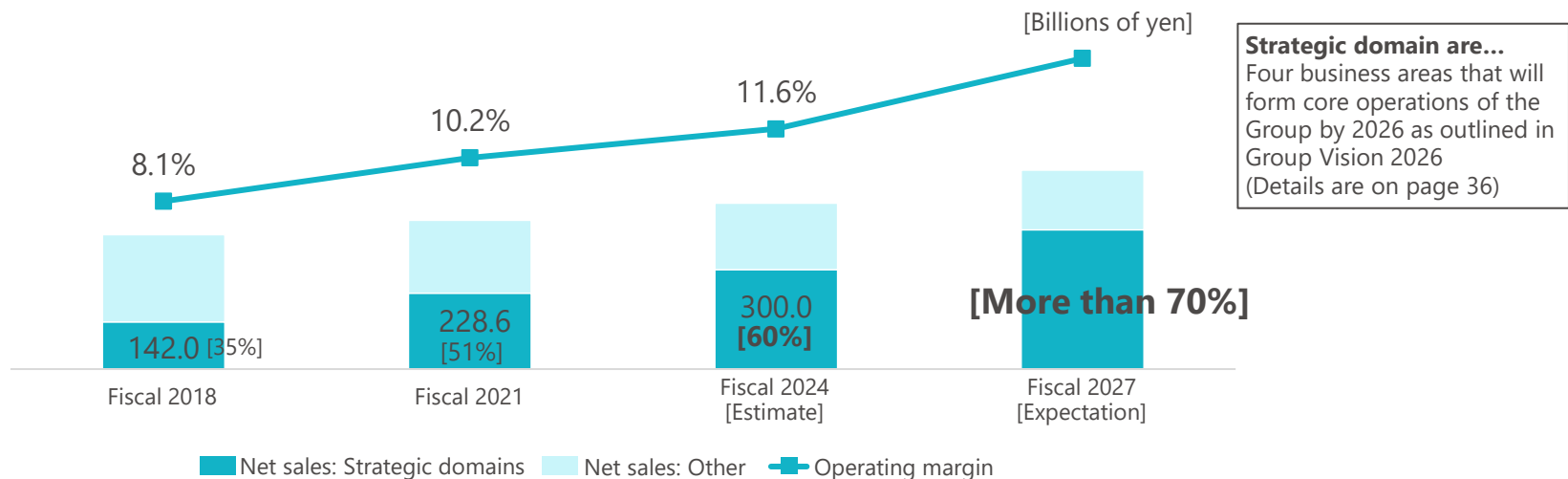
- Date of resolution: October 12, 2021
- Share transfer recipient: Special purpose company with capital support from fund operated by Basic Capital Management Co., Ltd.
- Transfer date: November 18, 2021 (planned)
- Transfer price: Not provided in keeping with nondisclosure agreement
- Transfer income: About ¥6 billion (planned)  
→ Will book extraordinary income in third quarter of fiscal 2022

### ■ Chuo System's fiscal 2021 results

- Net Sales ¥72.5 billion
- Operating Income ¥ 6.1 billion (Operating margin 8.4%)
- Net income ¥ 4.0 billion
- Total assets ¥ 34.9 billion
- Net assets ¥ 19.9 billion

**Going forward, as part of structural transformation process, will continue to consider optimal Group formation. Seek sustainable corporate growth and higher corporate value.**

### Correlation between Expanding Strategic Domain Ratio and Rising Profitability



## 4. Enhanced Management Practices and Improved Efficiency (More in-depth ESG initiatives)

- Looking to contribute to realization of sustainable society and raise corporate value, will direct concerted effort into themes of environment and human rights
- Seeking to push reliability even higher through measures designed to enhance governance groupwide

### Environment

#### Contribute to decarbonized society and recycling society

- Set fiscal 2031 target for greenhouse gas emissions  
Group target: 27.5% lower than level recorded in fiscal 2020  
Obtain third-party verification for both Scope 1 and 2
- Obtain SBT certificate (June 2021)
- Working on response to support TCFD, with some information disclosure achieved already

- Analyze risks and opportunities related to climate change in line with TCFD framework and promote greater disclosure
- Reduce greenhouse gas emissions and obtain third-party verification for Scope 3
- Pinpoint level of water consumption and waste, and work to reduce amounts

### Social

#### Sustainable improvement in stakeholder engagement

- Established TIS INTEC Group Human Rights Policy (May 2021)
- Introduced human rights due diligence in compliance with UN Guiding Principles on Business and Human Rights (June 2021)
- Expand scope of health management to include business partners  
Submitted Declaration of Partnership Building through government's portal site

- Put more effort into promoting disclosure of latent human rights risks we identify through human rights due diligence as well as other identified human rights issues.
- Promote health support measures for business partners

### Governance

#### Constantly pursue level of governance that elicits greater trust from society

- Consider TIS direction on review of market classification → Chose Prime Market
- Promote standardized response to risk of violating laws by formulating global rules common groupwide regarding protection of personal information

- Enhance management and governance practices in line with amended Corporate Governance Code and disclose information  
Disclose information on efforts to maintain diversity in core human resources and policies and concepts related to sustainability, intellectual assets and other governance factors
- Begin drafting global tax policy and internal rules



# Seeking Greater Improvement in Corporate Value

**Group Vision 2026**

**April 2008**  
New independent, leading company on the IT services scene

**December 2009**

SORUN Corporation joined the ITHD Group.

**April 2011**

ITHD orchestrated a three company merger involving TIS, SORUN and UFIT Co., Ltd., with TIS as the surviving company.

**March 2015**

ITHD turned AGREX Inc. into a 100% consolidated subsidiary.

**July 2016**  
Transition to TIS INTEC Group

**October 2020**

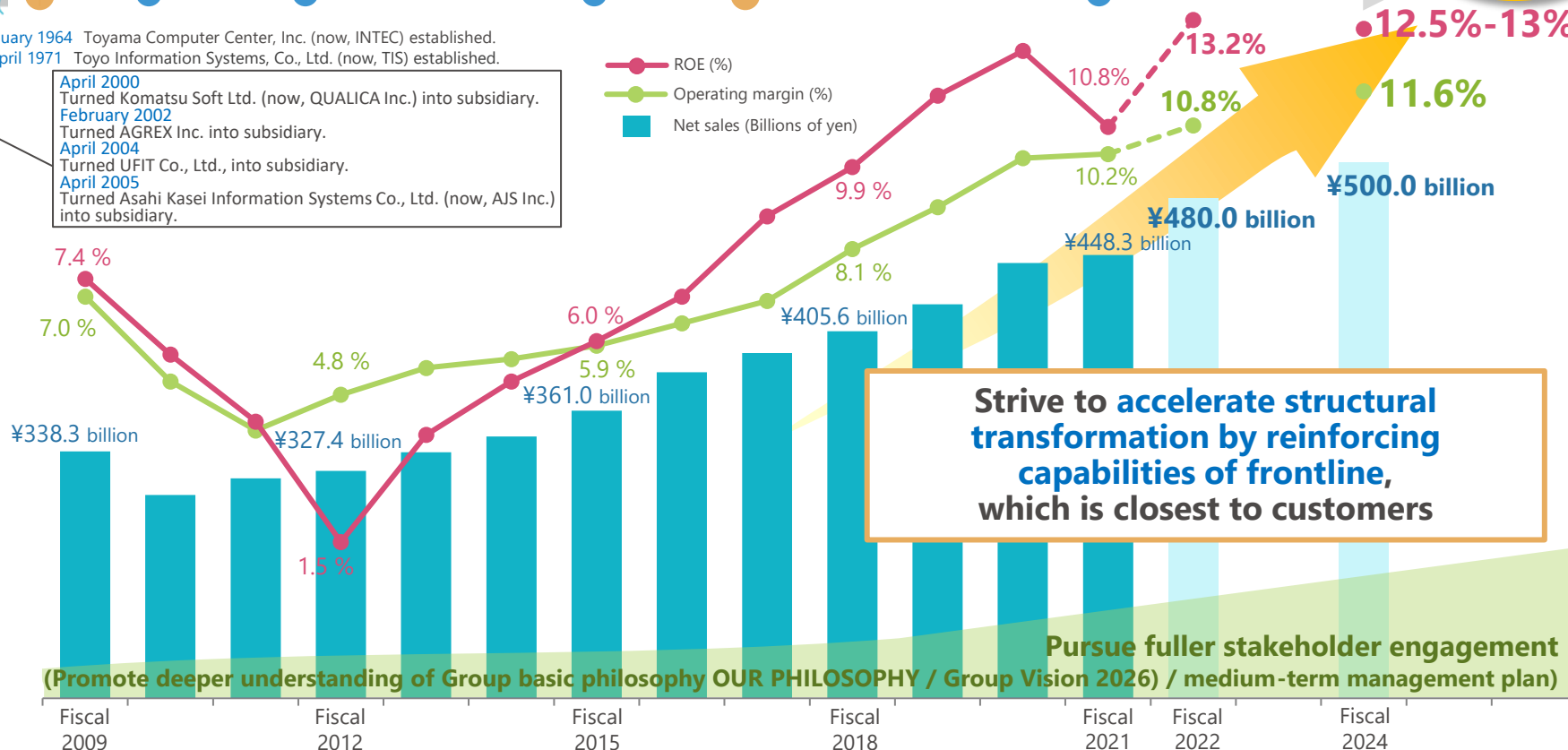
MFEC Public Company Limited (Thailand) under consolidation.

● January 1964 Toyama Computer Center, Inc. (now, INTEC) established.

● April 1971 Toyo Information Systems, Co., Ltd. (now, TIS) established.

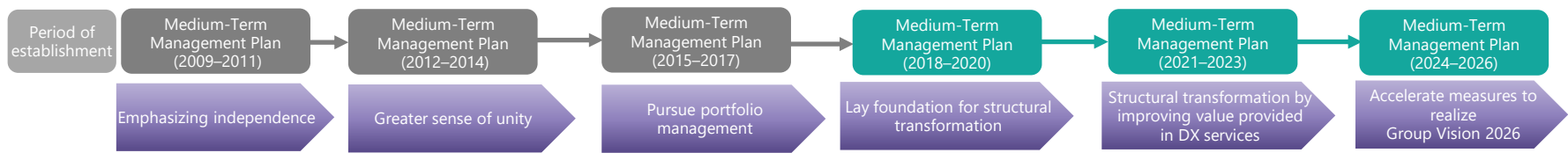
April 2000 Turned Komatsu Soft Ltd. (now, QUALICA Inc.) into subsidiary.  
February 2002 Turned AGREX Inc. into subsidiary.  
April 2004 Turned UFIT Co., Ltd., into subsidiary.  
April 2005 Turned Asahi Kasei Information Systems Co., Ltd. (now, AJS Inc.) into subsidiary.

● ROE (%)  
● Operating margin (%)  
■ Net sales (Billions of yen)



**Strive to accelerate structural transformation by reinforcing capabilities of frontline, which is closest to customers**

**Pursue fuller stakeholder engagement (Promote deeper understanding of Group basic philosophy OUR PHILOSOPHY / Group Vision 2026) / medium-term management plan)**



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

| [Millions of yen]  | Fiscal 2021<br>second half | Fiscal 2022<br>second half | YOY change |          |
|--|----------------------------|----------------------------|------------|----------|
| Net Sales  | 237,075                    | 245,667                    | +8,592     | [+3.6%]  |
| Operating Income   | 27,537                     | 28,133                     | +596       | [+2.2%]  |
| Operating Margin   | 11.6%                      | 11.5%                      | -0.1P      | -        |
| Net Income Attributable to<br>Owners of the Parent Company | 17,415                     | 22,478                     | +5,063     | [+29.1%] |
| Net Income to Net Sales Ratio                              | 7.3%                       | 9.1%                       | +1.8P      | -        |

## Key Business Segments

|                           |                  |         |         |        |          |
|---------------------------|------------------|---------|---------|--------|----------|
| Service IT<br>Business    | Net Sales        | 74,076  | 81,448  | +7,372 | [+10.0%] |
|                           | Operating Income | 6,122   | 6,492   | +370   | [+6.0%]  |
|                           | Operating Margin | 8.3%    | 8.0%    | -0.3P  | -        |
| BPO                       | Net Sales        | 18,387  | 18,474  | +87    | [+0.5%]  |
|                           | Operating Income | 1,795   | 1,864   | +69    | [+3.8%]  |
|                           | Operating Margin | 9.8%    | 10.1%   | +0.3P  | -        |
| Financial IT<br>Business  | Net Sales        | 57,069  | 60,971  | +3,902 | [+6.8%]  |
|                           | Operating Income | 8,645   | 8,877   | +232   | [+2.7%]  |
|                           | Operating Margin | 15.1%   | 14.6%   | -0.5P  | -        |
| Industrial IT<br>Business | Net Sales        | 102,940 | 100,822 | -2,118 | [-2.1%]  |
|                           | Operating Income | 10,910  | 11,394  | +484   | [+4.4%]  |
|                           | Operating Margin | 10.6%   | 11.3%   | +0.7P  | -        |

\*Estimated amounts for the second half of Fiscal 2022 are calculated by subtracting the first half results from the annual estimates of Fiscal 2022.

# Strategic Domain: Picture of Desired Status and Promotion Measures (Creation, Transformation, Expansion)

## 1. Strategic Partnership Business (SPB)

For clients at the top of their industry, we will draw on industry foresight and business knowledge that other companies cannot match—our business tools—to explore and promote business strategies with clients and underpin business basics

### *Desired Status*

**Building strong business partnerships to help clients expand operations by jointly exploring business strategies and identifying and solving business-related concerns**

### **Promotion Measures**

- Help solve clients' management concerns through hypotheses and proposals
- Demonstrate composite strengths of Group; utilize advanced technologies and forte products
- Build closer client connections at each level, hinging on management class
- Launch joint projects with business partners

## 2. IT Offering Service (IOS)

We will combine leading-edge technologies and know-how accumulated as a corporate group to create and quickly provide IT solution services that anticipate client needs.

### *Desired Status*

**Allowing TIS INTEC Group strengths to blossom under IT Offering Service banner; switch from labor-intensive style to non-price competition, knowledge-intensive style**

### **Promotion Measures**

- Establish schemes/systems emphasizing speed
- Build eco-systems in cooperation with business partners
- Utilize and provide access to Group's marketing channels

## 3. Business Function Service (BFS)

We will combine industry and business knowledge accumulated within the Group and utilize advanced technologies to anticipate client needs and provide business functions as services to enhance their value chains.

### *Desired Status*

**Complementing IT Offering Service with new businesses to enhance efficiency, mainly through automation, and providing high-value-added services to clients**

### **Promotion Measures**

- Take on responsibility for clients' value chain and contribute to business expansion
- Escape from labor-intensive business through greater use of machines and automation
- Add business services to Group's IT Offering Service
- Utilize and provide access to Group's market channels

## 4. Frontier Market Creation Business (FCB)

We will utilize Group technology, operating know-how and customer bases to create new markets and business models matched to evolving industry and social needs and develop businesses for these markets on our own.

### *Desired Status*

**Creating new markets that become pillars of business for the Group**

### **Promotion Measures**

- Team up with clients to pursue new business opportunities
- Demonstrate innovation through creative alliances with business partners
- Encourage business creation using business ideas of individuals

Make society's wishes come true through IT.



**TIS INTEC**  
Group

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