



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

February 4, 2022

TIS Inc.

Highlights

Fiscal 2022 First Three Quarters: Financial Highlights

- **Maintained upward trend in first half, with significant increase in sales and income, and sustained high level — 10.8% — for operating income margin**
- **Order volume and backlog continued to show year-on-year improvement**

Fiscal 2022 Performance Forecast

- **Favorable progress in line with full-year target, which was raised based on first-half performance**

Fiscal 2022 First Three Quarters: 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 30, 2022.

Fiscal 2022 First Three Quarters: Financial Highlights

Fiscal 2022 Performance Forecast

Reference Materials

Fiscal 2022 First Three 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.
- Higher quarterly net income also reflects the booking of proceeds from the sale of shares in a subsidiary in the third quarter.

[Millions of yen]	First three quarters of fiscal 2021	First three quarters of fiscal 2022	YOY change	
Net Sales	318,033	353,133	+35,099	[+11.0%]
Operating Income	30,088	38,258	+8,169	[+27.2%]
Operating Margin	9.5%	10.8%	+1.3P	-
Net Income Attributable to Owners of the Parent Company	18,121	29,414	+11,292	[+62.3%]
Net Income to Net Sales Ratio	5.7%	8.3%	+2.6P	-

- Non-operating income: ¥1,920 million
(YOY change +¥363 million)

→Dividend income: ¥801 million, etc.

- Non-operating expenses: ¥1,348 million
(YOY change -¥2,765 million)

→Equity in losses of affiliates: ¥910 million, etc.

- Extraordinary income: ¥6,862 million
(YOY change +¥2,799 million)

→Gain on sales of shares of subsidiaries: ¥6,362 million, etc.

- Extraordinary loss: ¥1,287 million
(YOY change -¥962 million)

→Impairment loss : ¥758 million, etc.

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

[Millions of yen]		First three quarters of fiscal 2021	First three quarters of fiscal 2022	YOY change	
Service IT Business	Net Sales	93,695	112,093	+18,398	[+19.6%]
	Operating Income	5,123	7,617	+2,493	[+48.7%]
	Operating margin	5.5%	6.8%	+1.3P	-
BPO	Net Sales	26,025	27,238	+1,212	[+4.7%]
	Operating Income	2,142	2,487	+344	[+16.1%]
	Operating margin	8.2%	9.1%	+0.9P	-
Financial IT Business	Net Sales	80,597	92,288	+11,691	[+14.5%]
	Operating Income	10,680	12,130	+1,449	[+13.6%]
	Operating margin	13.3%	13.1%	-0.2P	-
Industrial IT Business	Net Sales	137,905	139,534	+1,629	[+1.2%]
	Operating Income	12,430	15,761	+3,330	[+26.8%]
	Operating margin	9.0%	11.3%	+2.3P	-

-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.

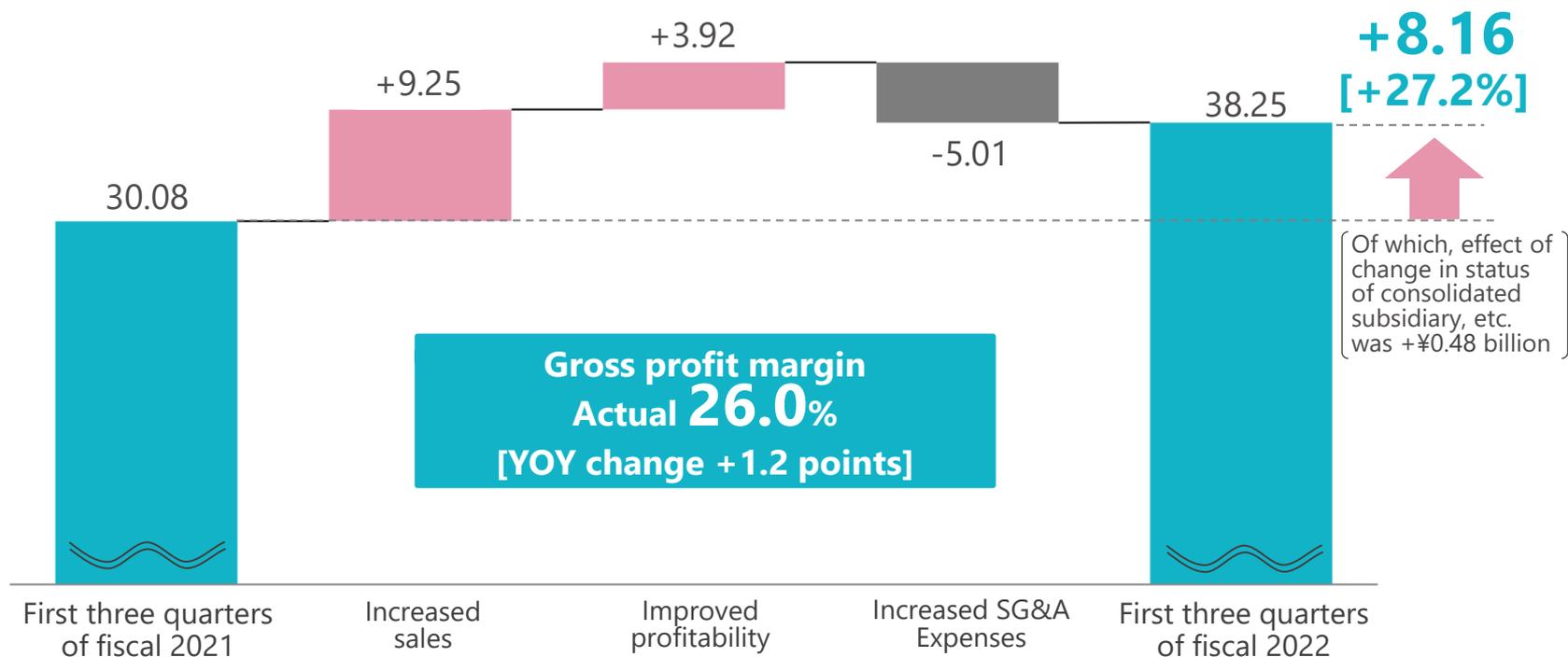
-BPO: With rising corporate outsourcing needs in such sectors as the insurance industry, demand moving in favorable direction, sending sales and income higher.

-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 sale of subsidiary and application of accounting standard for revenue recognition. Ended with higher sales and income.

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

[Billions of yen]



Prior investment costs for promoting structural transformation: Up ¥1.74 billion (YOY change)

(Cost of sales: +¥0.66 billion, SG&A expenses: +¥1.07 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 ¥2.71 billion (YOY change)

(Cost of sales : +¥0.79 billion, SG&A expenses : +¥1.91 billion)

Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	+1.91
Office reform	+1.91
Brand-related costs	-0.15
Lower operating costs, enhanced head office functions	-0.25
Prior investment, others	+1.59
Total	+5.01

Reference: Fiscal 2022 Third Quarter (October-December) Sales and Income for Key Business Segments

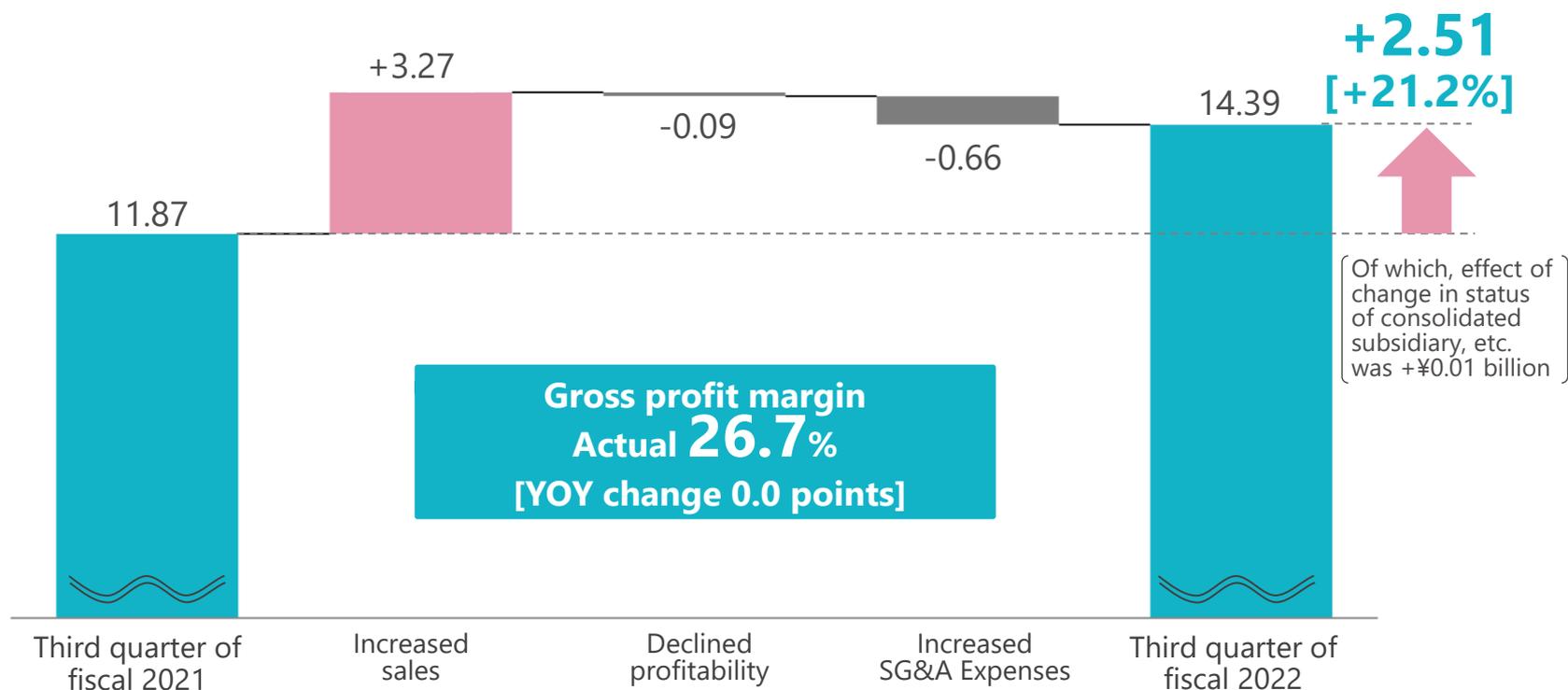
[Millions of yen]	Third quarter of fiscal 2021	Third quarter of fiscal 2022	YOY change	
Net Sales	106,724	118,800	+12,075	[+11.3%]
Operating Income	11,876	14,391	+2,514	[+21.2%]
Operating Margin	11.1%	12.1%	+1.0P	-
Net Income Attributable to Owners of the Parent Company	7,844	13,892	+6,048	[+77.1%]
Net Income to Net Sales Ratio	7.4%	11.7%	+4.3P	-

Key Business Segments

Service IT Business	Net Sales	30,825	37,542	+6,716	[+21.8%]
	Operating Income	2,550	2,809	+258	[+10.1%]
	Operating Margin	8.3%	7.5%	-0.8P	-
BPO	Net Sales	8,959	9,212	+252	[+2.8%]
	Operating Income	833	951	+118	[+14.3%]
	Operating Margin	9.3%	10.3%	+1.0P	-
Financial IT Business	Net Sales	27,006	31,760	+4,753	[+17.6%]
	Operating Income	4,005	4,307	+302	[+7.6%]
	Operating Margin	14.8%	13.6%	-1.2P	-
Industrial IT Business	Net Sales	46,432	45,857	-575	[-1.2%]
	Operating Income	4,630	6,356	+1,725	[+37.3%]
	Operating Margin	10.0%	13.9%	+3.9P	-

Reference: Fiscal 2022 Third Quarter (October-December) Operating Income Analysis, Increase/Decrease Reasons (YOY change)

[Billions of yen]



**Prior investment costs for promoting structural transformation:
Up ¥0.56 billion (YOY change)
(Cost of sales: +¥0.33 billion, SG&A expenses: +¥0.22 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 ¥1.08 billion (YOY change)
(Cost of sales : +¥0.56 billion, SG&A expenses : +¥0.52 billion)**

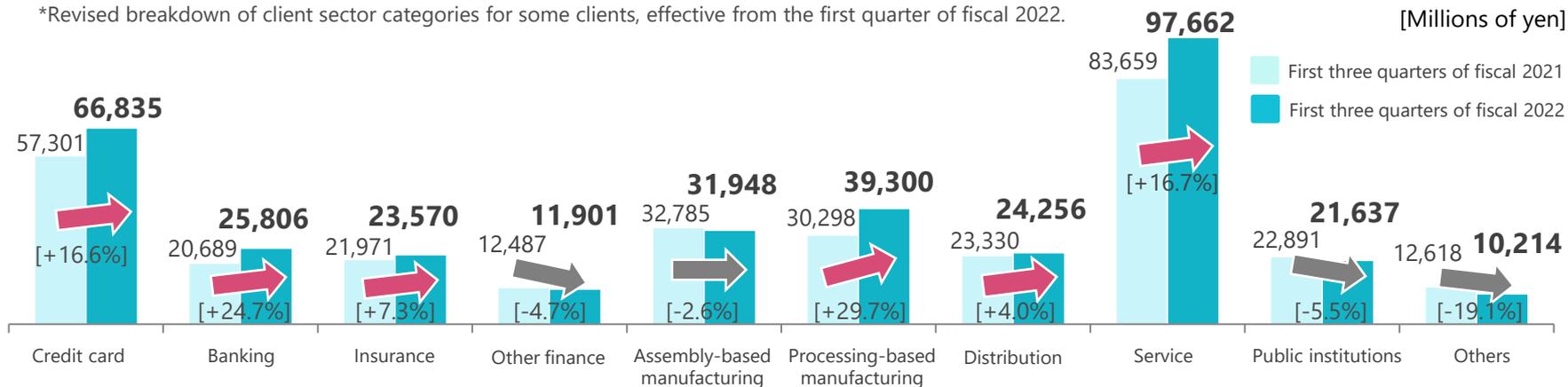
Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	+0.31
Office reform	+0.52
Brand-related costs	+0.05
Lower operating costs, enhanced head office functions	-0.09
Prior investment, others	-0.13
Total	+0.66

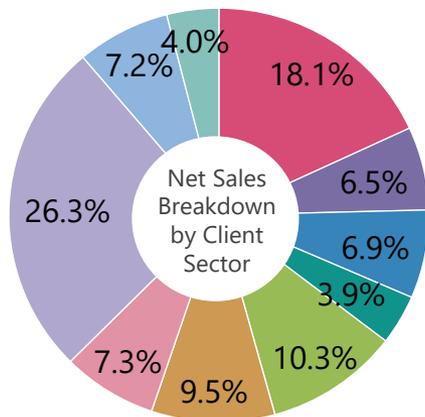
Fiscal 2022 First Three Quarters: Sales by Client Sector

• Demand remained steady from 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.

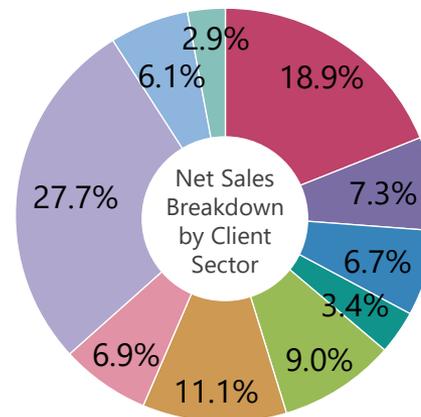


First three quarters of fiscal 2021



Financial sector: 35.3% Industrial sector: 53.5%
Public sector: 7.2% Other sectors: 4.0%

First three quarters of fiscal 2022



Financial sector: 36.3% Industrial sector: 54.7%
Public sector: 6.1% Other sectors: 2.9%

Fiscal 2022 First Three Quarters: Order Status (Total)

• Order volume and backlog were up year on year, driven by software development.

[Millions of yen]	First three quarters of fiscal 2021	First three quarters of fiscal 2022	YOY change	
Orders received during first three quarters	296,096	326,491	+30,394	[+10.3%]
Service IT Business	82,911	95,366	+12,454	[+15.0%]
BPO	24,055	25,620	+1,564	[+6.5%]
Financial IT Business	70,230	80,400	+10,169	[+14.5%]
Industrial IT Business	118,898	125,104	+6,206	[+5.2%]
Order backlog at end of first three quarters	119,907	122,397	+2,490	[+2.1%]
Service IT Business	38,143	36,341	-1,802	[-4.7%]
Financial IT Business	34,396	36,501	+2,105	[+6.1%]
Industrial IT Business	47,367	49,555	+2,187	[+4.6%]

Fiscal 2022 First Three Quarters: Order Status (Software Development)

- No major changes to active IT investment interest among clients, fueling year-on-year increases in order volume and backlog.
- Service IT order backlog as of end of third quarter was down year on year, mainly due to the cyclical nature of software development orders.

[Millions of yen]	First three quarters of fiscal 2021	First three quarters of fiscal 2022	YOY change	
Orders received during first three quarters	162,020	188,342	+26,322	[+16.2%]
Service IT Business	41,063	43,474	+2,410	[+5.9%]
Financial IT Business	43,705	53,338	+9,632	[+22.0%]
Industrial IT Business	77,251	91,529	+14,278	[+18.5%]
Order backlog at end of first three quarters	74,984	80,831	+5,846	[+7.8%]
Service IT Business	22,145	18,294	-3,850	[-17.4%]
Financial IT Business	22,311	26,011	+3,699	[+16.6%]
Industrial IT Business	30,528	36,525	+5,996	[+19.6%]

Reference: Fiscal 2022 Third Quarter (October-December): Order Status

Order Status (Total)

[Millions of yen]	Third quarter of fiscal 2021	Third quarter of fiscal 2022	YOY change	
Orders received during third quarter	81,926	83,338	+1,411	[+1.7%]
Service IT Business	19,581	19,060	-520	[-2.7%]
BPO	8,323	8,697	+374	[+4.5%]
Financial IT Business	17,740	20,431	+2,690	[+15.2%]
Industrial IT Business	36,281	35,148	-1,132	[-3.1%]

Order Status (Software Development)

[Millions of yen]	Third quarter of fiscal 2021	Third quarter of fiscal 2022	YOY change	
Orders received during third quarter	52,599	57,185	+4,586	[+8.7%]
Service IT Business	13,612	11,373	-2,239	[-16.4%]
Financial IT Business	13,127	17,699	+4,572	[+34.8%]
Industrial IT Business	25,859	28,113	+2,253	[+8.7%]

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Fiscal 2022 Performance Forecast

Reference Materials

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.
- No change from targets announced on November 5, 2021.

[Millions of yen]	Fiscal 2021 actual	Fiscal 2022 revised estimate	YOY change	
Net Sales	448,383	480,000	+31,617	[+7.1%]
Operating Income	45,748	52,000	+6,252	[+13.7%]
Operating Margin	10.2%	10.8%	+0.6P	-
Net Income Attributable to Owners of the Parent Company	27,692	38,000	+10,308	[+37.2%]
Net Income to Net Sales Ratio	6.2%	7.9%	+1.7P	-
Net Income per Share (Yen)	110.51	151.94	+41.43	[+37.5%]
ROE *1	10.8%	13.2%	+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 actual	Fiscal 2022 revised estimate	YOY change	
Service IT Business	Net Sales	136,946	156,000	+19,054	[+13.9%]
	Operating Income	8,695	11,300	+2,605	[+30.0%]
	Operating Margin	6.3%	7.2%	+0.9P	-
BPO	Net Sales	35,453	36,500	+1,047	[+3.0%]
	Operating Income	3,105	3,400	+295	[+9.5%]
	Operating Margin	8.8%	9.3%	+0.5P	-
Financial IT Business	Net Sales	110,660	121,500	+10,840	[+9.8%]
	Operating Income	15,320	16,700	+1,380	[+9.0%]
	Operating Margin	13.8%	13.7%	-0.1P	-
Industrial IT Business	Net Sales	194,414	194,500	+86	[+0.0%]
	Operating Income	18,710	20,800	+2,090	[+11.2%]
	Operating Margin	9.6%	10.7%	+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.

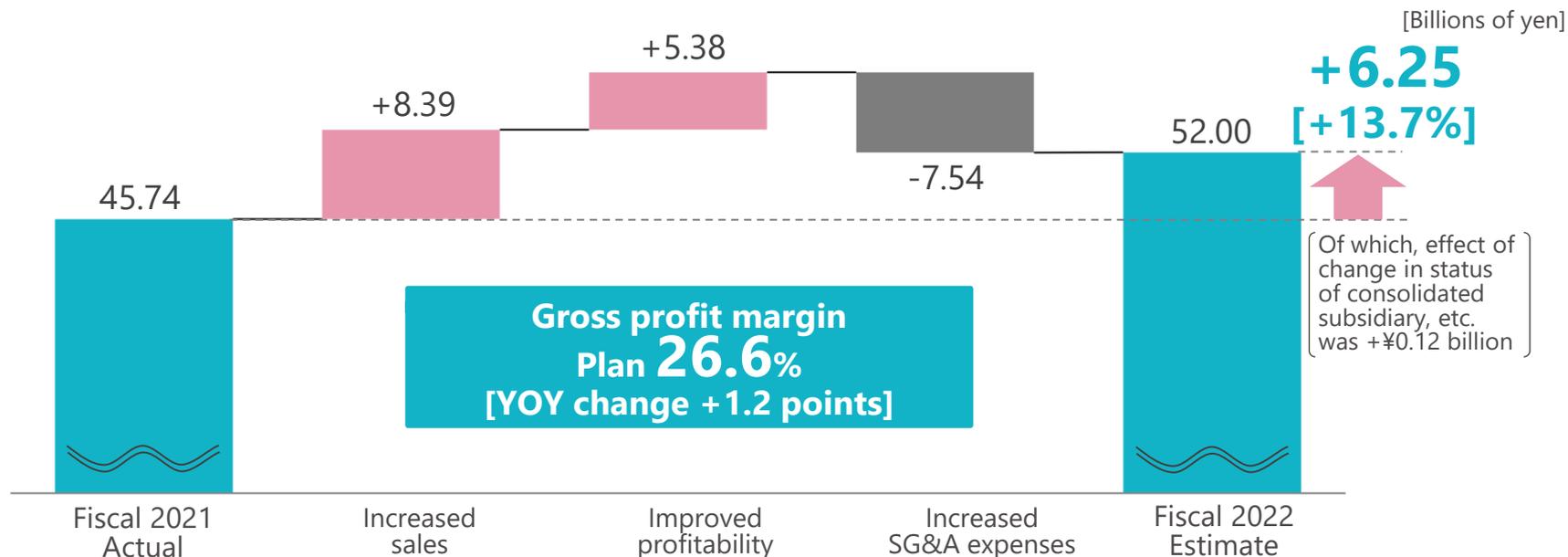
-BPO: Expect higher sales and higher income, supported by brisk shift in demand for outsourcing and sustained improvement in profitability.

-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
Total	+7.54

Fiscal 2022 First Three Quarters: Financial Highlights

Fiscal 2022 Performance Forecast

Reference Materials

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

[Millions of yen]	Fiscal 2021 second half	Fiscal 2022 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 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 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 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 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.

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