



Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023

August 4, 2022

TIS Inc.

Fiscal 2023 First Quarter: Financial Highlights

- **Sales and income up year on year.**
- **Driven by improvement in gross profit margin, operating margin moved into 10% range —first time in a first quarter.**
- **Order volume and order backlog at high levels. Order volume firm on actual basis despite deconsolidation impact and reactionary decrease in orders.**

Fiscal 2023 First Quarter: Financial Highlights

Fiscal 2023 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. (Except page 9)
- TIS applies “Accounting Standard for Revenue Recognition” effective from the first quarter of fiscal 2022, ended March 31, 2022.

Fiscal 2023 First Quarter: Financial Highlights

Fiscal 2023 Performance Forecast

Reference Materials

Fiscal 2023 First Quarter: Performance Highlights (YOY change)

- Higher sales and income, reflecting business expansion fueled by accurate response to IT investment needs, including demand among clients for digital transformation.
- Operating margin moved into 10% range for first time in a first quarter. Will maintain solid profit growth ratio.

[Millions of yen]	First Quarter of Fiscal 2022	First Quarter of Fiscal 2023	YOY change	
Net Sales	113,520	118,072	+4,551	[+4.0%]
Operating Income	10,258	12,502	+2,243	[+21.9%]
Operating Margin	9.0%	10.6%	+1.6P	-
Net Income Attributable to Owners of the Parent Company	7,002	8,763	+1,760	[+25.1%]
Net Income to Net Sales Ratio	6.2%	7.4%	+1.2P	-

-Non-operating income: ¥1,414 million
(YOY change +¥501 million)
→Dividend income ¥579 million
Foreign exchange gains ¥383 million, etc.

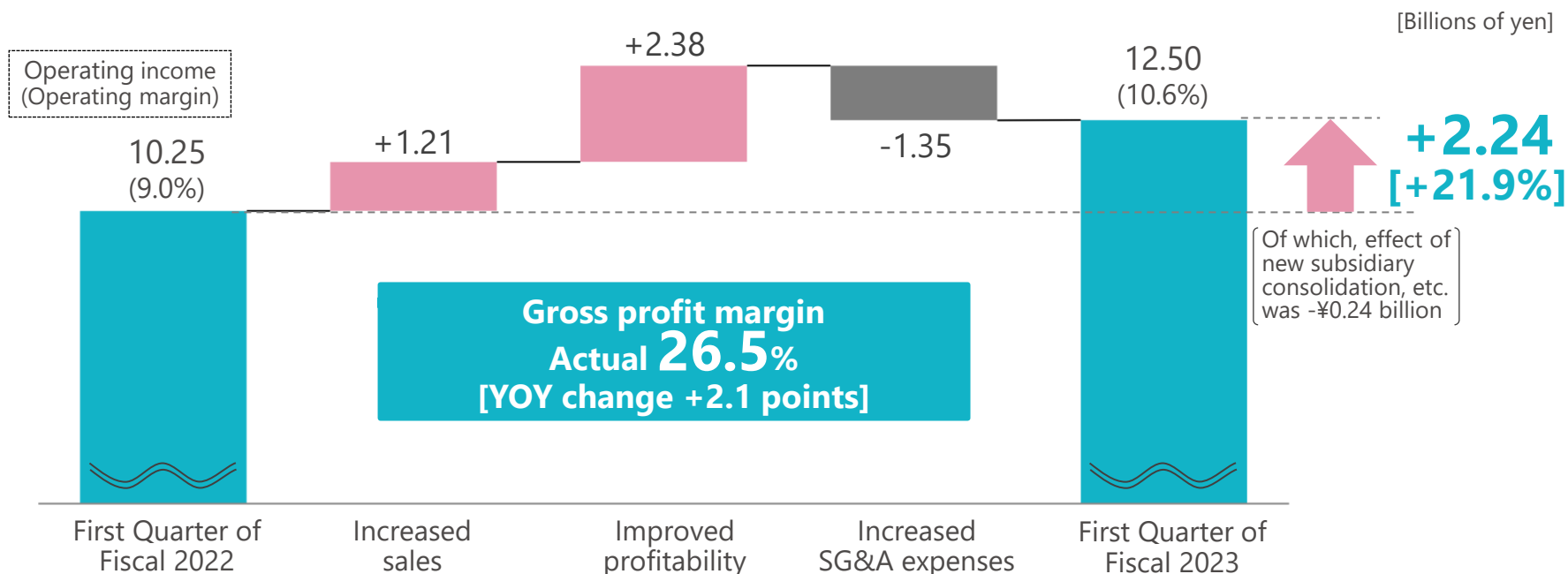
-Non-operating expenses: ¥124 million
(YOY change -¥186 million)

-Extraordinary income: ¥49 million
(YOY change +¥48 million)

-Extraordinary loss: ¥343 million
(YOY change +¥14 million)
→Loss on valuation of investment securities: ¥325 million, etc.

Fiscal 2023 First Quarter: Operating Income Analysis, Increase/Decrease Reasons (YOY change)

• Driven by improvement in gross profit margin, operating income increased, enabling TIS to cover robust prior investment.



**Prior investment costs for promoting structural transformation:
Up ¥0.43 billion (YOY change)**

(Cost of sales: +¥0.25 billion, SG&A expenses: +¥0.18 billion)
Software investment / human resources investment / R&D investment

Human resources investment costs (additional): Up ¥0.48 billion (YOY change)
(Cost of sales: +¥0.27 billion, SG&A expenses: +¥0.20 billion)

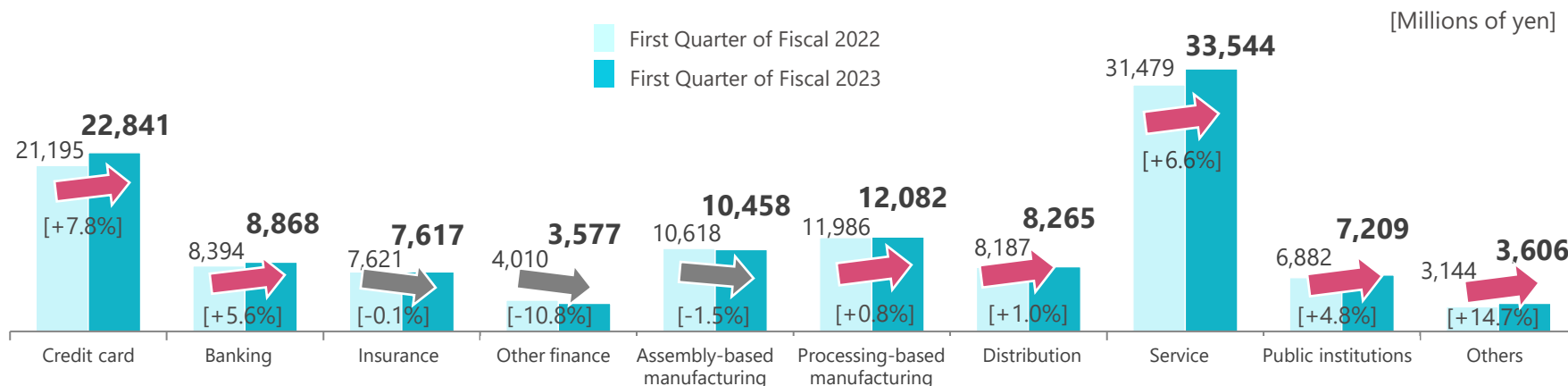
**Cost of office reform to promote new workstyles:
Down ¥0.27 billion (YOY change)**
(Cost of sales: -¥0.08 billion, SG&A expenses: -¥0.19 billion)

Changes in SG&A Expenses

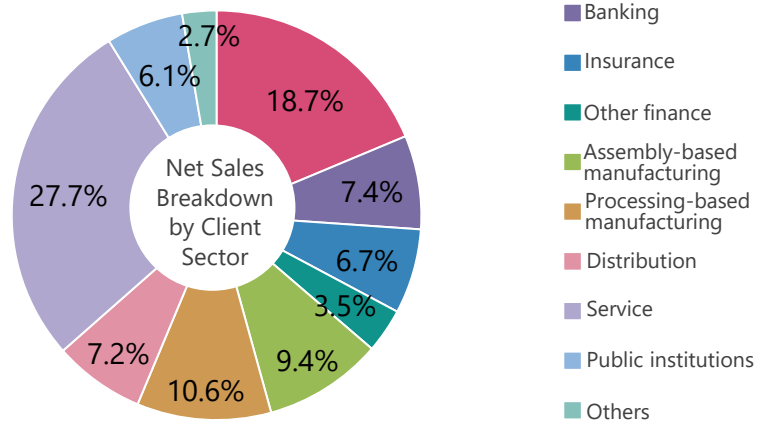
Effect of change in status of consolidated subsidiary, etc.	-0.09
Office reform	-0.19
Prior investment (includes enhanced employee benefits)	+0.38
Lower operating costs, enhanced head office functions	+0.00
Other (includes brand-related costs)	+1.25
Total	+1.35

Fiscal 2023 First Quarter: Sales by Client Sector

• Sales to credit card and service sectors, particularly core clients, drove overall growth. Sales to manufacturing sector affected by deconsolidation of a TIS Intec group company.

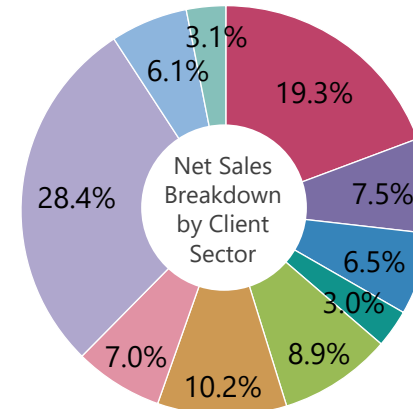


First Quarter of Fiscal 2022



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

First Quarter of Fiscal 2023



Financial sector: 36.3% Industrial sector: 54.5%
Public sector: 6.1% Other sectors: 3.1%

Fiscal 2023 First Quarter: Sales and Income by Key Business Segment (YOY change)

[Millions of yen]		First Quarter of Fiscal 2022	First Quarter of Fiscal 2023	YOY change	
Offering Service Business	Net Sales	24,703	26,192	+1,488	[+6.0%]
	Operating Income	898	1,467	+569	[+63.4%]
	Operating margin	3.6%	5.6%	+2.0P	-
Business Process Management	Net Sales	10,412	10,581	+169	[+1.6%]
	Operating Income	994	1,087	+93	[+9.4%]
	Operating margin	9.6%	10.3%	+0.7P	-
Financial IT Business	Net Sales	21,555	22,960	+1,404	[+6.5%]
	Operating Income	2,649	2,795	+146	[+5.5%]
	Operating margin	12.3%	12.2%	-0.1P	-
Industrial IT Business	Net Sales	24,317	26,701	+2,383	[+9.8%]
	Operating Income	2,476	3,544	+1,068	[+43.1%]
	Operating margin	10.2%	13.3%	+3.1P	-
Regional IT Solutions	Net Sales	37,506	36,397	-1,108	[-3.0%]
	Operating Income	2,886	3,404	+518	[+18.0%]
	Operating margin	7.7%	9.4%	+1.7P	-

-Offering Service Business: Improvement in profitability, complemented by capture of IT investment demand in payment settlement services, paralleling client embrace of digital transformation, underpinned higher sales and income.

-Business Process Management: Against backdrop of rising corporate outsourcing needs, segment saw stable shift in demand that fueled higher sales and income.

-Financial IT Business: Growing trend toward IT investment among core clients in the credit card sector spurred increase in sales and income.

-Industrial IT Business: Sales and income grew, reflecting improvement in profitability, complemented by growing trend toward IT investment, especially among existing clients in manufacturing and energy sectors.

-Regional IT Solutions: Despite lower sales due to impact from sale of a subsidiary, segment marked brisk sales on actual basis. Operating income grew, reflecting progress on business activities emphasizing profitability.

Reference: Fiscal 2023 First Quarter: Sales by Key Business Segment *For external clients

[Millions of yen]	First Quarter of Fiscal 2022	First Quarter of Fiscal 2023	YOY change	
Offering Service Business	21,546	23,358	+1,811	[+8.4%]
Software development	11,502	11,177	-325	[-2.8%]
Operating/cloud services	5,512	6,983	+1,471	[+26.7%]
Product/software sales	4,531	5,197	+665	[+14.7%]
Business Process Management	9,794	9,997	+202	[+2.1%]
Software development	4,038	4,289	+251	[+6.2%]
Operating/cloud services	5,756	5,707	-48	[-0.8%]
Product/software sales	-	-	-	-
Financial IT Business	21,154	22,570	+1,416	[+6.7%]
Software development	10,480	12,115	+1,635	[+15.6%]
Operating/cloud services	8,499	9,103	+603	[+7.1%]
Product/software sales	2,174	1,351	-822	[-37.8%]
Industrial IT Business	23,975	26,526	+2,551	[+10.6%]
Software development	15,097	17,758	+2,660	[+17.6%]
Operating/cloud services	5,862	5,827	-35	[-0.6%]
Product/software sales	3,014	2,940	-74	[-2.5%]
Regional IT Solutions	36,471	35,005	-1,465	[-4.0%]
Software development	19,322	17,883	-1,438	[-7.4%]
Operating/cloud services	12,272	13,603	+1,331	[+10.8%]
Product/software sales	4,876	3,518	-1,358	[-27.9%]

Fiscal 2023 First Quarter: Order Status (Total)

• Primarily reflects order conditions for software development. Order volume and order backlog at high levels. Order volume firm on actual basis despite deconsolidation impact and reactionary decrease in orders.

[Millions of yen]	First Quarter of Fiscal 2022*	First Quarter of Fiscal 2023	YOY change	
Orders received during first quarter	89,088	88,249	-839	[-0.9%]
Offering Service Business	15,965	15,733	-232	[-1.5%]
Business Process Management	11,370	10,237	-1,132	[-10.0%]
Financial IT Business	10,354	14,415	+4,060	[+39.2%]
Industrial IT Business	22,472	19,827	-2,644	[-11.8%]
Regional IT Solutions	28,924	28,034	-890	[-3.1%]
Order backlog at end of first quarter	123,519	132,876	+9,356	[+7.6%]
Offering Service Business	20,940	23,786	+2,846	[+13.6%]
Business Process Management	8,791	8,744	-46	[-0.5%]
Financial IT Business	27,936	31,235	+3,298	[+11.8%]
Industrial IT Business	29,028	31,166	+2,137	[+7.4%]
Regional IT Solutions	36,823	37,943	+1,120	[+3.0%]

*Figures for first quarter of fiscal 2022 have been restated under new segment classification.

Fiscal 2023 First Quarter: Order Status (Software Development)

• Increase in financial IT orders, against backdrop of favorable demand from core clients, absorbed reactionary drop in demand for business process management and industrial IT orders and deconsolidation impact on demand for regional IT solutions.

[Millions of yen]	First Quarter of Fiscal 2022*	First Quarter of Fiscal 2023	YOY change	
Orders received during first quarter	61,326	61,232	-93	[-0.2%]
Offering Service Business	9,200	9,561	+361	[+3.9%]
Business Process Management	5,614	4,530	-1,083	[-19.3%]
Financial IT Business	8,231	11,872	+3,641	[+44.2%]
Industrial IT Business	19,266	16,839	-2,427	[-12.6%]
Regional IT Solutions	19,013	18,427	-585	[-3.1%]
Order backlog at end of first quarter	84,794	92,331	+7,536	[+8.9%]
Offering Service Business	13,937	14,684	+746	[+5.4%]
Business Process Management	8,791	8,744	-46	[-0.5%]
Financial IT Business	17,822	21,635	+3,812	[+21.4%]
Industrial IT Business	21,443	23,220	+1,776	[+8.3%]
Regional IT Solutions	22,799	24,046	+1,247	[+5.5%]

*Figures for first quarter of fiscal 2022 have been restated under new segment classification.

Fiscal 2023 First Quarter: Financial Highlights

Fiscal 2023 Performance Forecast

Reference Materials

Fiscal 2023: Performance Forecasts

***No change**

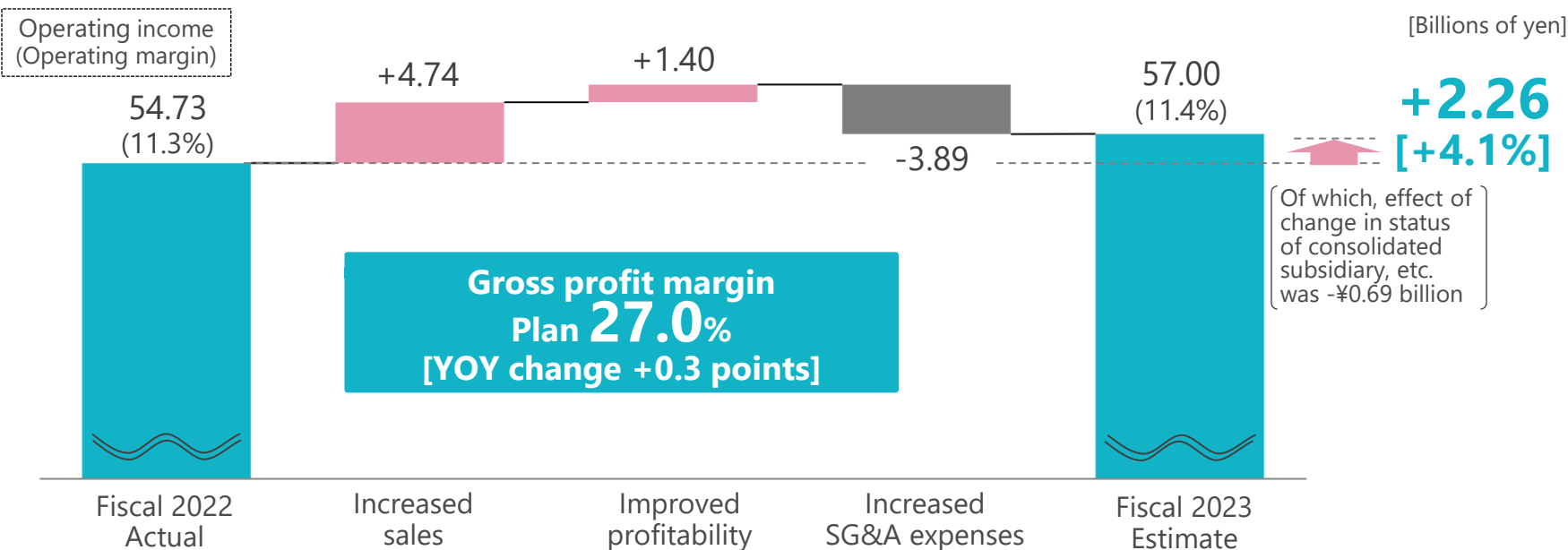
- Against backdrop of brisk IT investment demand, expect higher sales and higher income, with medium-term management plan targets in sight. Possible drop in net income due to decrease in extraordinary income. ROE to hover at target level despite year-on-year decrease.
- To realize structural transformation, will reinforce investment in human resources, who are the driving force that fuels this effort.

[Millions of yen]	Fiscal 2022 Actual	Fiscal 2023 Estimate	YOY change	
Net Sales	482,547	500,000	+17,453	[+3.6%]
Operating Income	54,739	57,000	+2,261	[+4.1%]
Operating Margin	11.3%	11.4%	+0.1P	-
Net Income Attributable to Owners of the Parent Company	39,462	37,500	-1,962	[-5.0%]
Net Income to Net Sales Ratio	8.2%	7.5%	-0.7P	-
Net Income per Share (Yen)	157.69	154.22	-3.47	[-2.2%]
ROE *	14.0%	12.9%	-1.1P	-

* ROE estimate for fiscal 2023 is a calculated value.

Fiscal 2023: 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 better treatment of employees, and this will underpin higher operating income.



Anticipated prior investment costs for promoting structural transformation:

Up ¥2.81 billion (YOY change)

(Cost of sales: +¥1.90 billion, SG&A expenses: +¥0.91 billion)

Software investment / human resources investment / R&D investment

+

Human resources investment costs (additional): Up ¥1.00 billion (YOY change)

(Cost of sales: +¥0.71 billion, SG&A expenses: +¥0.29 billion)

Anticipated cost of office reform to promote new workstyles:

Down ¥0.98 billion (YOY change)

(Cost of sales: ±¥0.00 billion, SG&A expenses: +¥0.98 billion)

Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	+0.08
Office reform	-0.98
Prior investment (includes enhanced employee benefits)	+1.20
Lower operating costs, enhanced head office functions	-0.30
Other (includes brand-related costs)	+3.89
Total	+3.89

Fiscal 2023: Sales and Income by Key Business Segment [Forecast]

***No change**

[Millions of yen]		Fiscal 2022 Actual*	Fiscal 2023 Estimate	YOY change	
Offering Service Business	Net Sales	103,167	106,300	+3,133	[+3.0%]
	Operating Income	4,692	6,100	+1,408	[+30.0%]
	Operating Margin	4.5%	5.7%	+1.2P	-
Business Process Management	Net Sales	42,951	44,900	+1,949	[+4.5%]
	Operating Income	4,991	5,250	+259	[+5.2%]
	Operating Margin	11.6%	11.7%	+0.1P	-
Financial IT Business	Net Sales	91,651	95,700	+4,049	[+4.4%]
	Operating Income	12,355	13,000	+645	[+5.2%]
	Operating Margin	13.5%	13.6%	+0.1P	-
Industrial IT Business	Net Sales	108,751	110,700	+1,949	[+1.8%]
	Operating Income	15,356	15,900	+544	[+3.5%]
	Operating Margin	14.1%	14.4%	+0.3P	-
Regional IT Solutions	Net Sales	156,231	158,500	+2,269	[+1.5%]
	Operating Income	16,492	17,200	+708	[+4.3%]
	Operating Margin	10.6%	10.9%	+0.3P	-

-Offering Service Business: Expect higher sales and higher income, hinging on expansion of payment-related business. CreditSaaS will launch and begin to contribute to segment performance.

-Business Process Management: Expect higher sales and higher income, reflecting response to BPO needs and robust support for greater business optimization demand from clients.

-Financial IT Business: Expect higher sales and higher income, hinging on wider demand from core clients in credit card sector.

-Industrial IT Business: Some aspects of multiple projects are likely to hit peak, but still expect higher sales and higher income, hinging on wider demand from core clients.

-Regional IT Solutions: Expect higher sales and higher income through wider demand from existing clients and lateral development of solutions.

Fiscal 2023 First Quarter: Financial Highlights

Fiscal 2023 Performance Forecast

Reference Materials

Fiscal 2023 First Half: Sales and Income by Key Business Segment [Forecast]

*No change

[Millions of yen]	Fiscal 2022 First half*	Fiscal 2023 First half estimate	YOY change		
Net Sales	234,332	240,000	+5,668	[+2.4%]	
Operating Income	23,866	25,000	+1,134	[+4.8%]	
Operating Margin	10.2%	10.4%	+0.2P	-	
Net Income Attributable to Owners of the Parent Company	15,521	16,500	+979	[+6.3%]	
Net Income to Net Sales Ratio	6.6%	6.9%	+0.3P	-	
Key Business Segments					
Offering Service Business	Net Sales	49,786	50,500	+714	[+1.4%]
	Operating Income	2,158	2,200	+42	[+1.9%]
	Operating Margin	4.3%	4.4%	+0.1P	-
Business Process Management	Net Sales	21,230	21,900	+670	[+3.2%]
	Operating Income	2,225	2,300	+75	[+3.4%]
	Operating Margin	10.5%	10.5%	±0.0P	-
Financial IT Business	Net Sales	44,342	47,000	+2,658	[+6.0%]
	Operating Income	5,916	6,300	+384	[+6.5%]
	Operating Margin	13.3%	13.4%	+0.1P	-
Industrial IT Business	Net Sales	51,959	54,000	+2,041	[+3.9%]
	Operating Income	5,934	7,000	+1,066	[+18.0%]
	Operating Margin	11.4%	13.0%	+1.6P	-
Regional IT Solutions	Net Sales	77,529	76,000	-1,529	[-2.0%]
	Operating Income	7,144	7,400	+256	[+3.6%]
	Operating Margin	9.2%	9.7%	+0.5P	-

Fiscal 2023 Second Half: Sales and Income by Key Business Segment [Forecast]

*No change

[Millions of yen]	Fiscal 2022 Second half*	Fiscal 2023 Second half estimate	YOY change		
Net Sales	248,215	260,000	+11,785	[+4.7%]	
Operating Income	30,873	32,000	+1,127	[+3.7%]	
Operating Margin	12.4%	12.3%	-0.1P	-	
Net Income Attributable to Owners of the Parent Company	23,941	21,000	-2,941	[-12.3%]	
Net Income to Net Sales Ratio	9.6%	8.1%	-1.5P	-	
Key Business Segments					
Offering Service Business	Net Sales	53,380	55,800	+2,420	[+4.5%]
	Operating Income	2,534	3,900	+1,366	[+53.9%]
	Operating Margin	4.7%	7.0%	+2.3P	-
Business Process Management	Net Sales	21,720	23,000	+1,280	[+5.9%]
	Operating Income	2,766	2,950	+184	[+6.7%]
	Operating Margin	12.7%	12.8%	+0.1P	-
Financial IT Business	Net Sales	47,308	48,700	+1,392	[+2.9%]
	Operating Income	6,438	6,700	+262	[+4.1%]
	Operating Margin	13.6%	13.8%	+0.2P	-
Industrial IT Business	Net Sales	56,792	56,700	-92	[-0.2%]
	Operating Income	9,421	8,900	-521	[-5.5%]
	Operating Margin	16.6%	15.7%	-0.9P	-
Regional IT Solutions	Net Sales	78,702	82,500	+3,798	[+4.8%]
	Operating Income	9,347	9,800	+453	[+4.8%]
	Operating Margin	11.9%	11.9%	±0.0P	-

*Figures for fiscal 2022 have been restated under new segment classification.

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