



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

February 3, 2023

TIS Inc.

Highlights

Fiscal 2023 First Three Quarters: Financial Highlights

- **Maintaining positive momentum from first half, posted higher sales and higher income year on year.**
- **Gross profit margin improved over first-half result. Operating margin reached 12.0%.**
- **Order volume and backlog hit record highs.**
(Decrease in third-quarter order volume largely due to reactionary drop.)

Fiscal 2023: Performance Forecast

- **Expect year-on-year increase, given booking of extraordinary income due to sale of cross-shareholdings.**

Fiscal 2023 First Three Quarters: 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. (excluding page 9 and 12)
- Segment categories have changed, paralleling application of a new management approach, as of fiscal 2023, beginning April 1, 2022. Figures for fiscal 2022, ended March 31, 2022, have been restated to reflect the new segment structure.

Fiscal 2023 First Three Quarters: Financial Highlights

Fiscal 2023: Performance Forecast

Reference Materials

Fiscal 2023 First Three Quarters: 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.
- Maintained consistently strong rate of growth. Operating margin hit 12.0%.

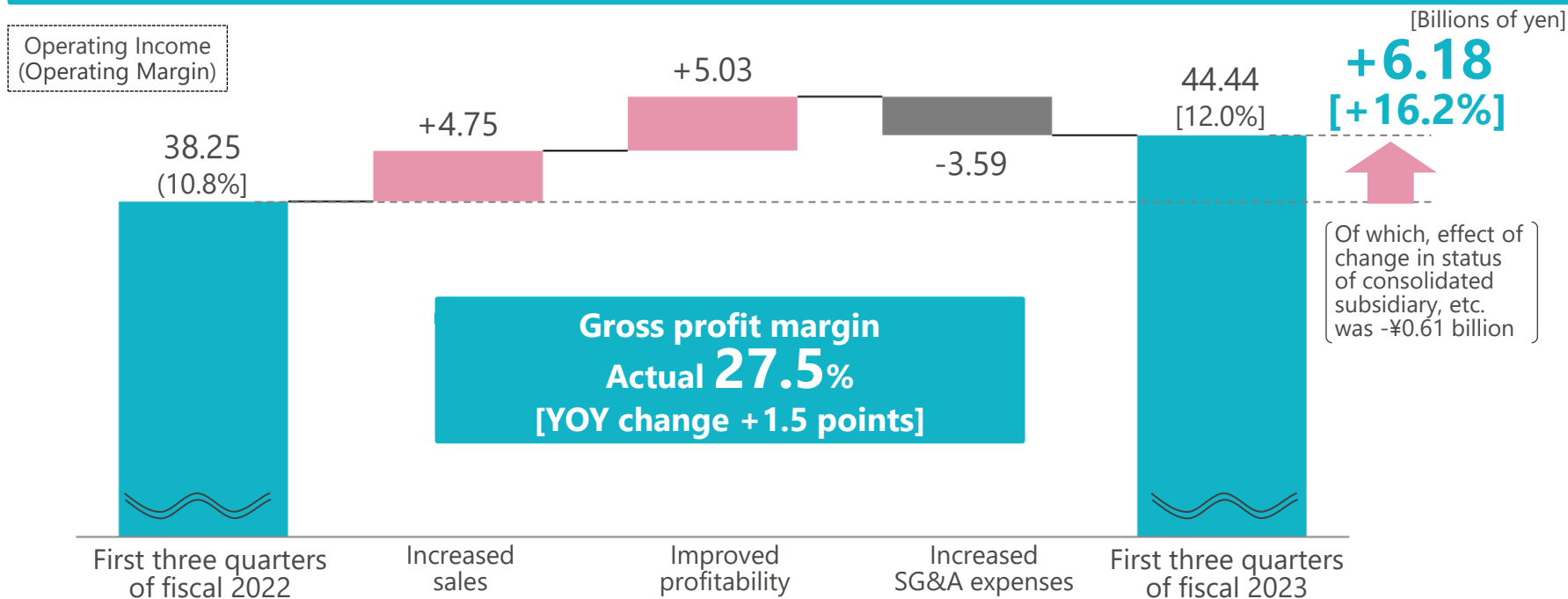
[Millions of yen]	First three quarters of fiscal 2022	First three quarters of fiscal 2023	YOY change	
Net Sales	353,133	370,382	+17,249	[+4.9%]
Operating Income	38,258	44,444	+6,186	[+16.2%]
Operating Margin	10.8%	12.0%	+1.2P	-
Net Income Attributable to Owners of the Parent Company	29,414	32,158	+2,743	[+9.3%]
Net Income to Net Sales Ratio	8.3%	8.7%	+0.4P	-

- Non-operating income: ¥1,741 million (YOY change -¥178 million)
- Non-operating expenses: ¥716 million (YOY change -¥631 million)

- Extraordinary income: ¥4,694 million (YOY change -¥2,168 million)
→ Gain on sales of investment securities: ¥4,639 million, etc.
- Extraordinary loss: ¥1,113 million (YOY change -¥174 million)

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

- Operating income increased, enabling TIS to cover robust prior investment.
Gross profit margin rose to 27.5%.



Prior investment costs for promoting structural transformation: Up ¥1.08 billion (YOY change)

(Cost of sales: +¥0.59 billion, SG&A expenses: +¥0.48 billion)

Software investment / Investment in human resources / Investment in R&D
+

Cost of investment in human resources (additional): Up ¥2.34 billion (YOY change)

(Cost of sales : +¥1.03 billion, SG&A expenses : +¥1.30 billion)

Cost of office reform to promote new workstyles: Down ¥0.89 billion (YOY change)

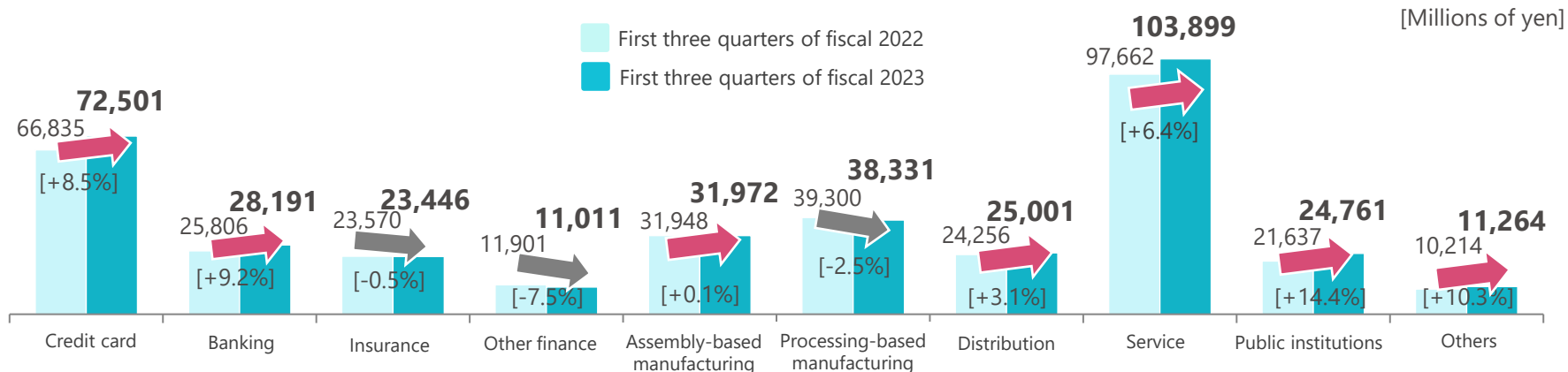
(Cost of sales : -¥0.25 billion, SG&A expenses : -¥0.63 billion)

Changes in SG&A Expenses

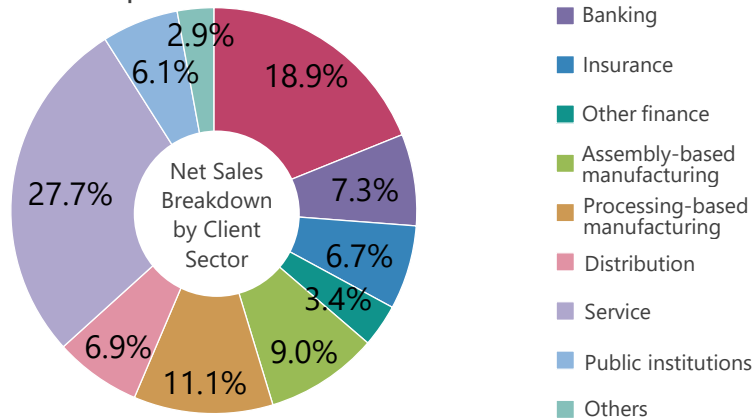
Effect of change in status of consolidated subsidiary, etc.	-0.06
Office reform	-0.63
Prior investment (includes enhanced employee benefits)	+1.79
Lower operating costs, enhanced head office functions	-0.13
Others (Brand-related costs)	+2.63
Total	+3.59

Fiscal 2023 First Three Quarters: Sales by Client Sector

• Key driver of sales was demand from financial sector, especially credit card companies, complemented by demand from service sector and public institutions. Sales from processing-based manufacturing sector decreased, owing to reactionary drop reflecting exclusion of subsidiary from scope of consolidation.

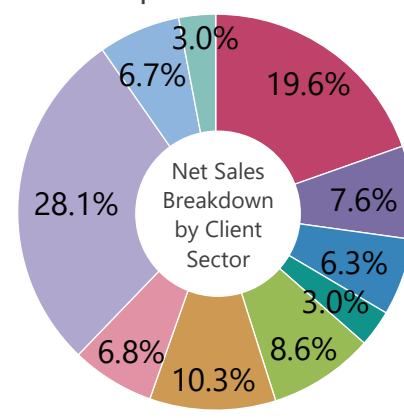


First three quarters of fiscal 2022



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

First three quarters of fiscal 2023



Financial sector: 36.5% Industrial sector: 53.8%
 Public sector: 6.7% Other sectors: 3.0%

Fiscal 2023 First Three Quarters: Sales and Income for Key Business Segments (YOY change)

[Millions of yen]		First three quarters of fiscal 2022	First three quarters of fiscal 2023	YOY change	
Offering Service Business	Net Sales	74,917	81,516	+6,598	[+8.8%]
	Operating Income	3,443	4,499	+1,055	[+30.6%]
	Operating Margin	4.6%	5.5%	+0.9P	-
Business Process Management	Net Sales	32,040	32,223	+182	[+0.6%]
	Operating Income	3,555	3,644	+89	[+2.5%]
	Operating Margin	11.1%	11.3%	+0.2P	-
Financial IT Business	Net Sales	67,839	74,079	+6,240	[+9.2%]
	Operating Income	9,131	9,907	+776	[+8.5%]
	Operating Margin	13.5%	13.4%	-0.1P	-
Industrial IT Business	Net Sales	78,863	82,621	+3,757	[+4.8%]
	Operating Income	10,520	12,124	+1,604	[+15.3%]
	Operating Margin	13.3%	14.7%	+1.4P	-
Regional IT Solutions	Net Sales	114,475	115,422	+946	[+0.8%]
	Operating Income	11,066	13,569	+2,502	[+22.6%]
	Operating Margin	9.7%	11.8%	+2.1P	-

Offering Service Business:	Trend toward wider IT investment for payment settlement and basic systems fueled higher sales and income. Overseas operations also showed growth in sales, which contributed to segment performance.
Business Process Management:	Existing data entry business struggled but situation was stabilized by rising demand paralleling digital shift.
Financial IT Business:	Growing trend toward IT investment among core clients in the credit card sector spurred increase in sales and income. Profitability affected, paralleling promotion of measures including steps to reinforce structure.
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:	Countered impact from exclusion of subsidiary from scope of consolidation as of first half and, with positive trend toward expansion in IT investment and progress on business activities emphasizing profitability, marked higher sales and higher income.

Fiscal 2023 First Three Quarters: Sales by Key Business Segment and Operating Activity

*For external clients

[Millions of yen]	First three quarters of fiscal 2022	First three quarters of fiscal 2023	YOY change	
Offering Service Business	66,505	72,506	+6,000	[+9.0%]
Software development	34,621	34,055	-566	[-1.6%]
Operating/cloud services	18,824	22,732	+3,907	[+20.8%]
Product/software sales	13,059	15,718	+2,659	[+20.4%]
Business Process Management	30,242	30,505	+263	[+0.9%]
Software development	12,674	13,082	+407	[+3.2%]
Operating/cloud services	17,567	17,423	-143	[-0.8%]
Product/software sales	-	-	-	-
Financial IT Business	66,593	72,836	+6,242	[+9.4%]
Software development	34,134	39,837	+5,703	[+16.7%]
Operating/cloud services	27,037	27,713	+676	[+2.5%]
Product/software sales	5,422	5,284	-137	[-2.5%]
Industrial IT Business	77,529	82,067	+4,538	[+5.9%]
Software development	50,816	55,426	+4,610	[+9.1%]
Operating/cloud services	17,564	17,870	+306	[+1.7%]
Product/software sales	9,147	8,769	-378	[-4.1%]
Regional IT Solutions	110,151	110,651	+500	[+0.5%]
Software development	57,756	57,616	-139	[-0.2%]
Operating/cloud services	37,423	40,729	+3,305	[+8.8%]
Product/software sales	14,972	12,305	-2,666	[-17.8%]

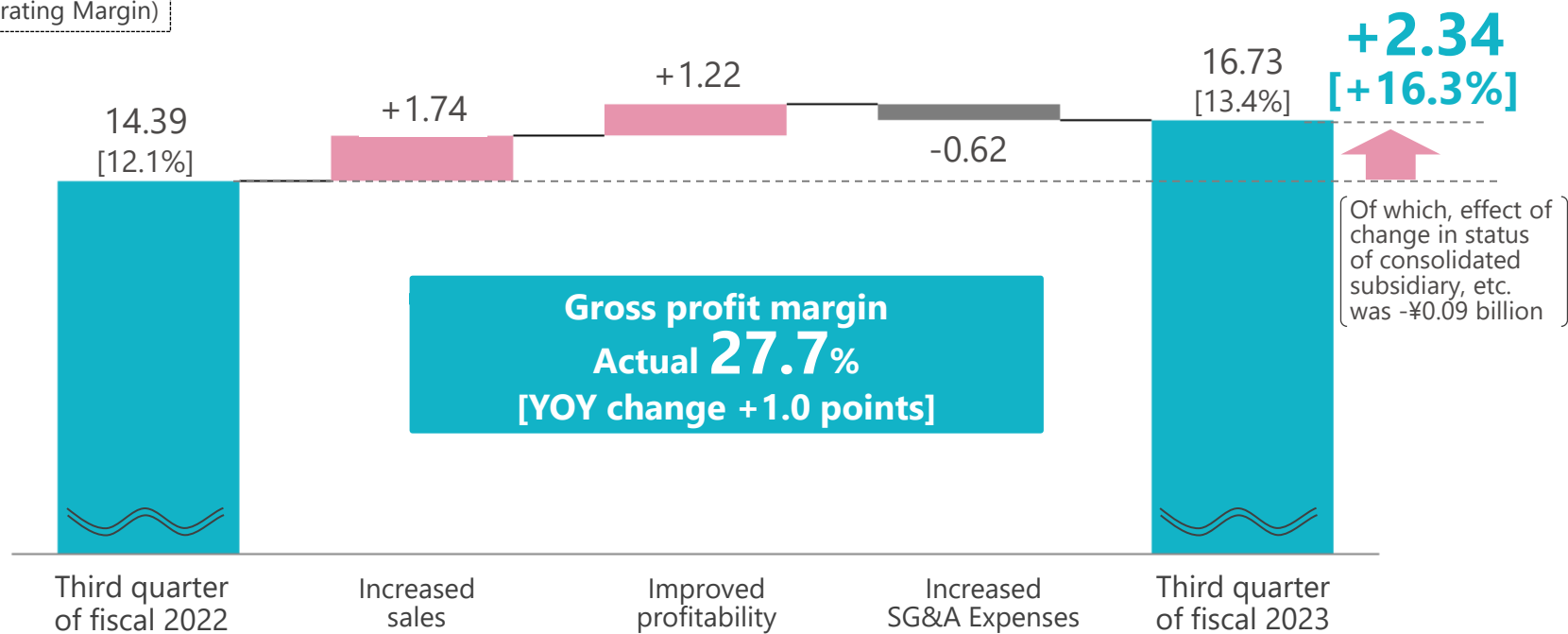
Reference: Fiscal 2023 Third Quarter (October-December): Sales and Income for Key Business Segments

[Millions of yen]	Third quarter of fiscal 2022	Third quarter of fiscal 2023	YOY change	
Net Sales	118,800	125,077	+6,276	[+5.3%]
Operating Income	14,391	16,734	+2,343	[+16.3%]
Operating Margin	12.1%	13.4%	+1.3P	-
Net Income Attributable to Owners of the Parent Company	13,892	13,323	-569	[-4.1%]
Net Income to Net Sales Ratio	11.7%	10.7%	-1.0P	-
Key Business Segments				
Offering Service Business	Net Sales	25,131	27,628	+2,497 [+9.9%]
	Operating Income	1,285	2,004	+718 [+55.9%]
	Operating margin	5.1%	7.3%	+2.2P -
Business Process Management	Net Sales	10,810	10,732	-77 [-0.7%]
	Operating Income	1,329	1,239	-90 [-6.8%]
	Operating margin	12.3%	11.5%	-0.8P -
Financial IT Business	Net Sales	23,496	25,361	+1,864 [+7.9%]
	Operating Income	3,214	3,596	+381 [+11.9%]
	Operating margin	13.7%	14.2%	+0.5P -
Industrial IT Business	Net Sales	26,903	27,401	+497 [+1.9%]
	Operating Income	4,585	4,361	-223 [-4.9%]
	Operating margin	17.0%	15.9%	-1.1P -
Regional IT Solutions	Net Sales	36,946	39,117	+2,171 [+5.9%]
	Operating Income	3,921	5,216	+1,294 [+33.0%]
	Operating margin	10.6%	13.3%	+2.7P -

Reference: Fiscal 2023 Third Quarter (October-December): Operating Income Analysis, Increase/Decrease Reasons (YOY change)

Operating Income
(Operating Margin)

[Billions of yen]



Prior investment costs for promoting structural transformation: Up ¥0.56 billion (YOY change)

(Cost of sales: +¥0.39 billion, SG&A expenses: +¥0.17 billion)

Software investment / Investment in human resources / Investment in R&D
+

Cost of investment in human resources (additional amount): Up ¥0.65 billion (YOY change)

(Cost of sales : +¥0.26 billion, SG&A expenses : +¥0.38 billion)

Cost of office reform to promote new workstyles: Down ¥0.18 billion (YOY change)

(Cost of sales : -¥0.08 billion, SG&A expenses : -¥0.10 billion)

Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	+0.10
Office reform	-0.10
Prior investment (includes enhanced employee benefits)	+0.56
Lower operating costs, enhanced head office functions	-0.07
Others (Brand-related costs)	+0.12
Total	+0.62

Reference: Fiscal 2023 Third Quarter (October-December): Sales by Key Business Segment and Operating Activity *For external clients

[Millions of yen]	Third quarter of fiscal 2022	Third quarter of fiscal 2023	YOY change	
Offering Service Business	22,264	24,626	+2,361	[+10.6%]
Software development	11,621	11,225	-396	[-3.4%]
Operating/cloud services	6,590	8,380	+1,790	[+27.2%]
Product/software sales	4,052	5,020	+967	[+23.9%]
Business Process Management	10,241	10,188	-53	[-0.5%]
Software development	4,342	4,345	+2	[+0.1%]
Operating/cloud services	5,898	5,842	-55	[-0.9%]
Product/software sales	-	-	-	-
Financial IT Business	23,091	24,924	+1,833	[+7.9%]
Software development	11,641	14,127	+2,485	[+21.3%]
Operating/cloud services	9,489	9,193	-295	[-3.1%]
Product/software sales	1,960	1,604	-355	[-18.1%]
Industrial IT Business	26,451	27,222	+770	[+2.9%]
Software development	18,224	18,383	+158	[+0.9%]
Operating/cloud services	5,788	6,012	+223	[+3.9%]
Product/software sales	2,438	2,826	+387	[+15.9%]
Regional IT Solutions	35,798	37,476	+1,677	[+4.7%]
Software development	18,069	19,622	+1,553	[+8.6%]
Operating/cloud services	12,587	13,726	+1,138	[+9.0%]
Product/software sales	5,141	4,128	-1,013	[-19.7%]

Fiscal 2023 First Three Quarters: Order Status (Total)

- Order volume and order backlog hit record highs.
- Changes, including decrease in order volume for Business Process Management and for Industrial IT Business, largely due to changes in software development order volume.

[Millions of yen]	First three quarters of fiscal 2022	First three quarters of fiscal 2023	YOY change	
Orders received during first three quarters	327,633	344,697	+17,064	[+5.2%]
Offering Service Business	61,051	64,223	+3,171	[+5.2%]
Business Process Management	31,396	30,762	-634	[-2.0%]
Financial IT Business	56,076	67,739	+11,662	[+20.8%]
Industrial IT Business	76,538	74,741	-1,797	[-2.3%]
Regional IT Solutions	102,569	107,231	+4,662	[+4.5%]
Order backlog at end of third quarter	122,397	138,543	+16,145	[+13.2%]
Offering Service Business	20,685	23,456	+2,771	[+13.4%]
Business Process Management	8,369	8,760	+390	[+4.7%]
Financial IT Business	28,218	34,293	+6,074	[+21.5%]
Industrial IT Business	29,541	30,539	+997	[+3.4%]
Regional IT Solutions	35,582	41,494	+5,911	[+16.6%]

Fiscal 2023 First Three Quarters: Order Status (Software Development)

- Primary cause of decrease for Offering Service Business was that project level peaked while decrease for Industrial IT Business was reactionary drop on large projects for public sector.
- Increase for Financial IT Business driven by multiple large projects, while increase for Regional IT Solutions reflects capture of IT investment demand across wide spectrum of business sectors.

[Millions of yen]	First three quarters of fiscal 2022	First three quarters of fiscal 2023	YOY change	
Orders received during first three quarters	188,342	197,217	+8,875	[+4.7%]
Offering Service Business	31,336	30,208	-1,127	[-3.6%]
Business Process Management	13,829	13,338	-490	[-3.5%]
Financial IT Business	32,566	43,099	+10,532	[+32.3%]
Industrial IT Business	55,000	52,333	-2,667	[-4.9%]
Regional IT Solutions	55,608	58,237	+2,629	[+4.7%]
Order backlog at end of third quarter	80,831	91,682	+10,851	[+13.4%]
Offering Service Business	12,685	12,614	-71	[-0.6%]
Business Process Management	8,369	8,760	+390	[+4.7%]
Financial IT Business	18,504	25,139	+6,634	[+35.9%]
Industrial IT Business	21,459	21,045	-413	[-1.9%]
Regional IT Solutions	19,812	24,123	+4,310	[+21.8%]

Fiscal 2023 Third Quarter (October-December): Order Status

Order Status (Total)

[Millions of yen]	Third quarter of fiscal 2022	Third quarter of fiscal 2023	YOY change	
Orders received during third quarter	83,723	78,703	-5,020	[-6.0%]
Offering Service Business	13,239	13,482	+242	[+1.8%]
Business Process Management	9,857	10,745	+887	[+9.0%]
Financial IT Business	13,420	8,482	-4,937	[-36.8%]
Industrial IT Business	23,896	20,994	-2,902	[-12.1%]
Regional IT Solutions	23,309	24,999	+1,689	[+7.2%]

Order Status (Software Development)

[Millions of yen]	Third quarter of fiscal 2022	Third quarter of fiscal 2023	YOY change	
Orders received during third quarter	57,185	53,727	-3,457	[-6.0%]
Offering Service Business	7,352	8,377	+1,024	[+13.9%]
Business Process Management	3,958	4,902	+943	[+23.8%]
Financial IT Business	11,556	6,731	-4,824	[-41.7%]
Industrial IT Business	18,894	16,840	-2,053	[-10.9%]
Regional IT Solutions	15,424	16,875	+1,451	[+9.4%]

Fiscal 2023 First Three Quarters: Financial Highlights

Fiscal 2023: Performance Forecast

Reference Materials

Revisions to Fiscal 2023 Performance Forecast

- Revised full-year forecast, given booking of extraordinary income following sale of cross-shareholdings and other factors.
- No change to net sales, operating income or recurring profit since progress is generally in line with current forecast.

[Millions of yen]	Fiscal 2023 revised estimate	Fiscal 2023 current estimate	Change from revised estimate	
Net Sales	505,000	505,000	-	-
Operating Income	59,000	59,000	-	-
Operating Margin	11.7%	11.7%	-	-
Net Income Attributable to Owners of the Parent Company	39,800	52,000	+12,200	[+30.7%]
Net Income to Net Sales Ratio	7.9%	10.3%	+2.4P	-
Net Income per Share (Yen)	163.25	213.50	+50.25	[+30.8%]
ROE *	13.7%	17.8%	+4.1P	-

* ROE estimate for fiscal 2023 is a calculated value.

Fiscal 2023: Performance Forecasts

- Against backdrop of solid IT investment demand, anticipate sales and income will surpass targets presented in Medium-Term Management Plan.
- To realize structural transformation, will reinforce investment in human resources, who are the driving force that fuels this effort.

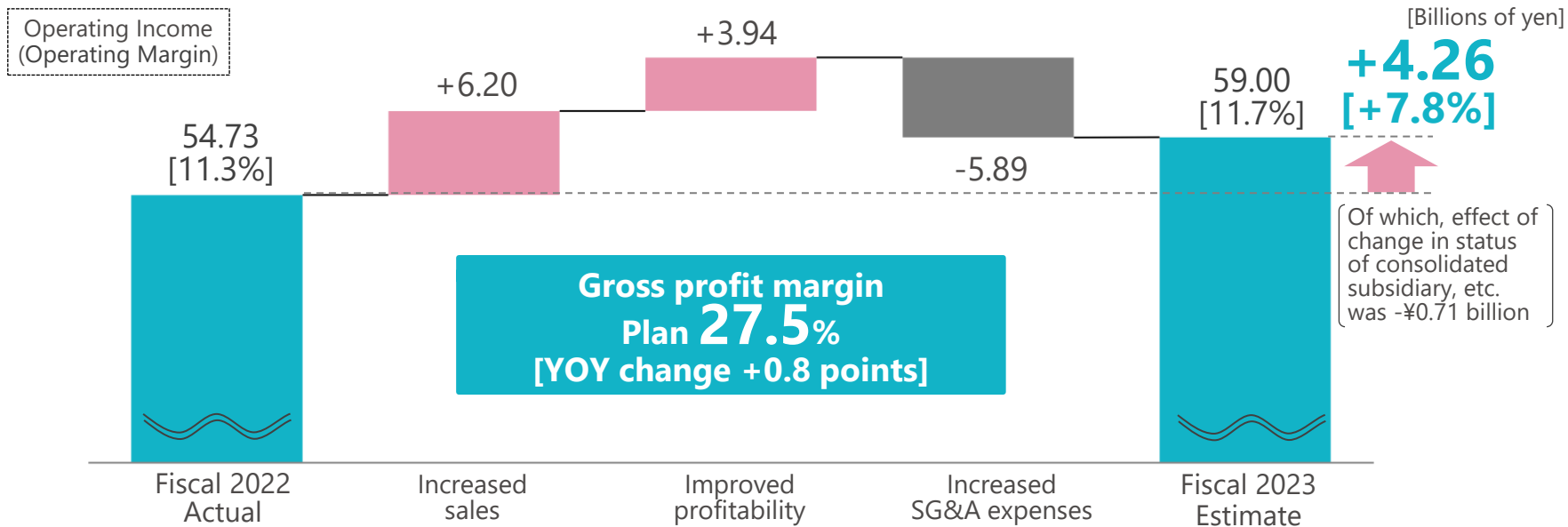
[Millions of yen]	Fiscal 2022 actual	Fiscal 2023 current estimate	YOY change	
Net Sales	482,547	505,000	+22,452	[+4.7%]
Operating Income	54,739	59,000	+4,260	[+7.8%]
Operating Margin	11.3%	11.7%	+0.4P	-
Net Income Attributable to Owners of the Parent Company	39,462	52,000	+12,537	[+31.8%]
Net Income to Net Sales Ratio	8.2%	10.3%	+2.1P	-
Net Income per Share (Yen)	157.69	213.50	+55.81	[+35.4%]
ROE *	14.0%	17.8%	+3.8P	-

* ROE estimate for fiscal 2023 is a calculated value.

Fiscal 2023: Operating Income Analysis, Increase/Decrease Reasons [Forecast]

No change to estimates announced on November 2, 2022.

- Progress on high-value-added business and improved productivity will be key factors that absorb rising costs paralleling robust prior investment, including costs incurred in better treatment of employees, and increasing costs associated with skyrocketing electricity bills, and this will underpin higher operating income.



Anticipated prior investment costs for promoting structural transformation:

Up ¥2.27 billion (YOY change)

(Cost of sales: +¥1.35 billion, SG&A expenses: +¥0.91 billion)

Software investment / Investment in human resources / Investment in R&D

+

Cost of investment in human resources (additional):

Up ¥2.65 billion (YOY change)

(Cost of sales : +¥1.32 billion, SG&A expenses : +¥1.33 billion)

Anticipated cost of office reform to promote new workstyles:

Down ¥0.92 billion (YOY change)

(Cost of sales : -¥0.34 billion, SG&A expenses : -¥0.57 billion)

Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	+0.04
Office reform	-0.57
Prior investment (includes enhanced employee benefits)	+2.24
Lower operating costs, enhanced head office functions	-0.21
Others (Brand-related costs)	+4.38
Total	+5.89

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

No change to estimates announced on November 2, 2022.

[Millions of yen]		Fiscal 2022 actual	Fiscal 2023 current estimate	YOY change	
Offering Service Business	Net Sales	103,167	109,000	+5,832	[+5.7%]
	Operating Income	4,692	6,000	+1,307	[+27.9%]
	Operating Margin	4.5%	5.5%	+1.0P	-
Business Process Management	Net Sales	42,951	44,000	+1,048	[+2.4%]
	Operating Income	4,991	5,300	+308	[+6.2%]
	Operating Margin	11.6%	12.0%	+0.4P	-
Financial IT Business	Net Sales	91,651	98,500	+6,848	[+7.5%]
	Operating Income	12,355	12,700	+344	[+2.8%]
	Operating Margin	13.5%	12.9%	-0.6P	-
Industrial IT Business	Net Sales	108,751	111,900	+3,148	[+2.9%]
	Operating Income	15,356	16,700	+1,343	[+8.7%]
	Operating Margin	14.1%	14.9%	+0.8P	-
Regional IT Solutions	Net Sales	156,231	158,800	+2,568	[+1.6%]
	Operating Income	16,492	18,200	+1,707	[+10.4%]
	Operating Margin	10.6%	11.5%	+0.9P	-

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. Huge impact from skyrocketing electricity bills, leading to lower profit ratio.
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.

Topics

■ Treasury stock buyback (completed) and cancellation

- ✓ Buyback of treasury stock, totaling about ¥30 billion, began in May 2022 and wrapped up in December 2022.
 - ✓ TIS decided to cancel equivalent of about ¥24.5 billion of above amount (or 2.7% of total number of issued shares before cancellation) to optimize capital structure. Planned date for completing cancellation of treasury stock is February 28, 2023.
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■ Reduce cross-shareholdings

- ✓ TIS decided to sell ¥17.8 billion of ¥54.3 billion in cross-shareholdings, as of March 31, 2022, in fourth quarter of fiscal 2023, ending March 31, 2023. Along with ¥6.4 billion already sold as of third quarter, will be able to reduce cross-shareholdings by ¥24.2 billion for the full year.
 - ✓ Marks major progress toward early realization of target to reduce cross-shareholdings to 10% of value of consolidated net assets on balance sheet.
-

■ Enhance investment into human resources through new personnel system

- ✓ TIS anticipates increase in personnel costs groupwide at ¥5 billion level in fiscal 2024, ending March 31, 2024, hinging on a higher compensation standard paralleling revision of the personnel system.
- ✓ TIS sees investment in human resources as indispensable to sustained improvement in corporate value, and promotes a higher level of added value through enhanced investment in human resources which is the most important component of management capital.

Fiscal 2023 First Three Quarters: Financial Highlights

Fiscal 2023: Performance Forecast

Reference Materials

Fiscal 2023 Second Half: Sales and Income for Key Business Segments [Forecast]

[Millions of yen]	Fiscal 2022 second half	Fiscal 2023 second half estimate	YOY change	
Net Sales	248,215	259,694	+11,479	[+4.6%]
Operating Income	30,872	31,290	+417	[+1.4%]
Operating Margin	12.4%	12.0%	-0.4P	-
Net Income Attributable to Owners of the Parent Company	23,941	33,165	+9,224	[+38.5%]
Net Income to Net Sales Ratio	9.6%	12.8%	+3.2P	-
Key Business Segments				
Offering Service Business	Net Sales	53,380	55,112	+1,731 [+3.2%]
	Operating Income	2,534	3,505	+970 [+38.3%]
	Operating Margin	4.7%	6.4%	+1.7P -
Business Process Management	Net Sales	21,720	22,509	+788 [+3.6%]
	Operating Income	2,766	2,894	+128 [+4.6%]
	Operating Margin	12.7%	12.9%	+0.2P -
Financial IT Business	Net Sales	47,308	49,781	+2,472 [+5.2%]
	Operating Income	6,438	6,388	-50 [-0.8%]
	Operating Margin	13.6%	12.8%	-0.8P -
Industrial IT Business	Net Sales	56,792	56,680	-111 [-0.2%]
	Operating Income	9,421	8,936	-485 [-5.1%]
	Operating Margin	16.6%	15.8%	-0.8P -
Regional IT Solutions	Net Sales	78,702	82,495	+3,793 [+4.8%]
	Operating Income	9,347	9,847	+499 [+5.3%]
	Operating Margin	11.9%	11.9%	±0.0P -

Make society's wishes come true through IT.



TIS INTEC
Group

Handling these materials

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