



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

November 2, 2022

TIS Inc.

Fiscal 2023 First Two Quarters: Financial Highlights

- **Sales and income on firm footing, up year on year and surpassing estimates.**
- **Driven by improvement in gross profit margin, operating margin moved into 11% range.**
- **Order volume and order backlog climbed to record highs.**

Fiscal 2023: Performance Forecast

- **Given favorable first-half results, full-year performance forecast revised upward.**

Fiscal 2023 First Two Quarters: Financial Highlights

Fiscal 2023: 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. (excluding page 10 and 14)
- 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.

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Fiscal 2023 First Two 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, pushing operating margin for first two quarters into 11% range for first time.

[Millions of yen]	First two quarters of fiscal 2022	First two quarters of fiscal 2023	YOY change	
Net Sales	234,332	245,305	+10,972	[+4.7%]
Operating Income	23,866	27,709	+3,843	[+16.1%]
Operating Margin	10.2%	11.3%	+1.1P	-
Net Income Attributable to Owners of the Parent Company	15,521	18,834	+3,313	[+21.3%]
Net Income to Net Sales Ratio	6.6%	7.7%	+1.1P	-

- Non-operating income: ¥1,755 million
(YOY change +¥383 million)

- Non-operating expenses: ¥239 million
(YOY change -¥899 million)

- Extraordinary income: ¥378 million
(YOY change +¥372 million)

- Extraordinary loss: ¥1,066 million
(YOY change +¥532 million)

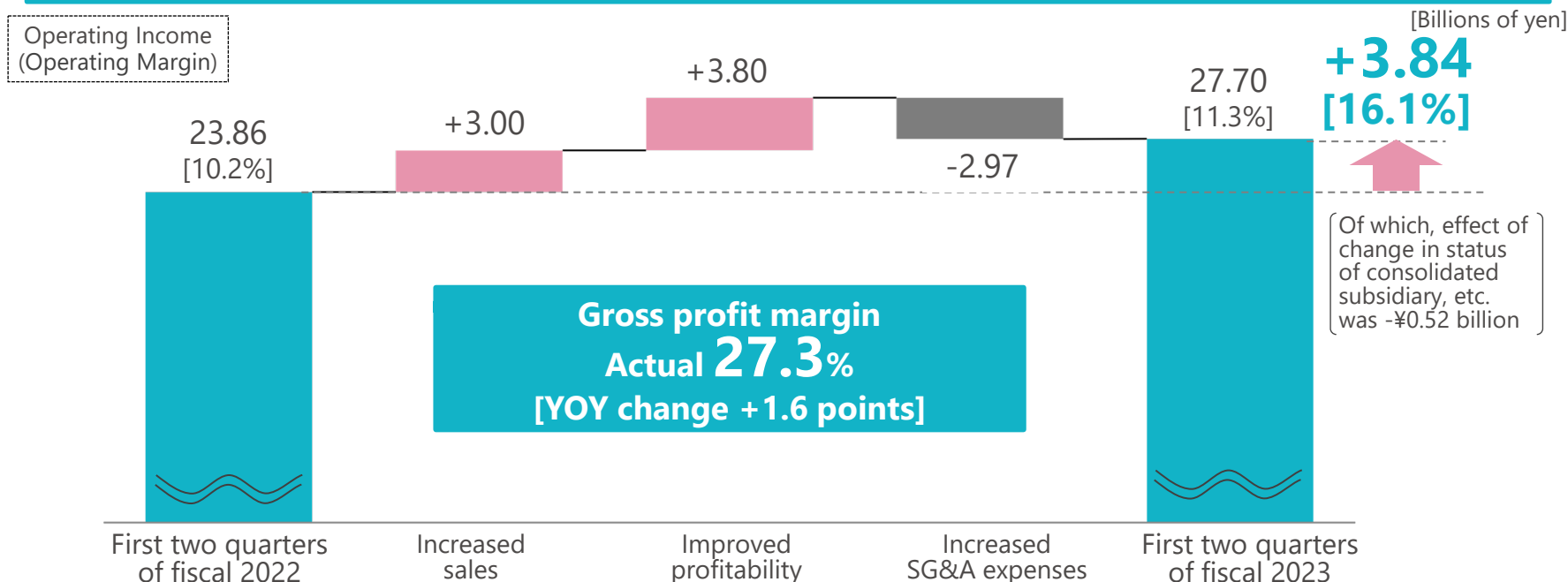
Fiscal 2023 First Two Quarters: Performance Highlights (Compared with estimate)

• Exceeded estimates, driven by expanding IT investment, especially among core clients, as well as progress on measures to boost productivity and improve quality.

[Millions of yen]	First two quarters of fiscal 2023 estimate	First two quarters of fiscal 2023 actual	Compared with estimate	
Net Sales	240,000	245,305	+5,305	[+2.2%]
Operating Income	25,000	27,709	+2,709	[+10.8%]
Operating Margin	10.4%	11.3%	+0.9P	-
Net Income Attributable to Owners of the Parent Company	16,500	18,834	+2,334	[+14.1%]
Net Income to Net Sales Ratio	6.9%	7.7%	+0.8P	-

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

- Operating income increased, enabling TIS to cover robust prior investment.
Gross profit margin rose to 27.3%.



Prior investment costs for promoting structural transformation: Up ¥0.51 billion (YOY change)

(Cost of sales: +¥0.20 billion, SG&A expenses: +¥0.31 billion)
Software investment / Investment in human resources / Investment in R&D
+

Cost of investment in human resources (additional): Up ¥1.68 billion (YOY change)

(Cost of sales : +¥0.76 billion, SG&A expenses : +¥0.91 billion)

Cost of office reform to promote new workstyles: Down ¥0.70 billion (YOY change)

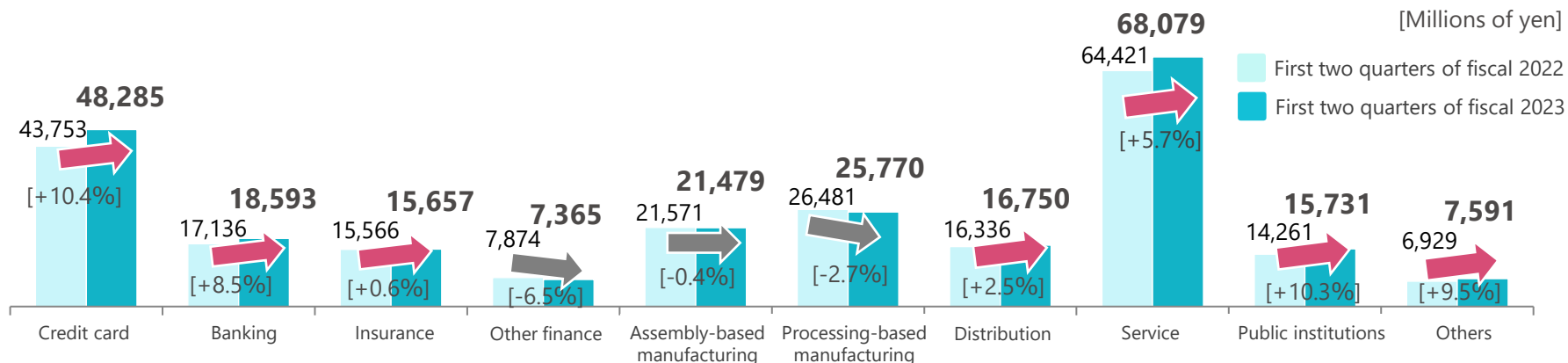
(Cost of sales : -¥0.17 billion, SG&A expenses : -¥0.53 billion)

Changes in SG&A Expenses

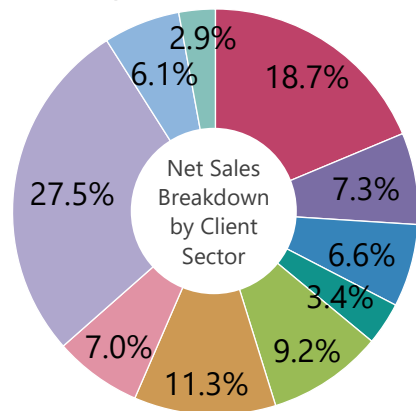
Effect of change in status of consolidated subsidiary, etc.	-0.16
Office reform	-0.53
Prior investment (includes enhanced employee benefits)	+1.23
Lower operating costs, enhanced head office functions	-0.06
Others (Brand-related costs)	+2.50
Total	+2.97

Fiscal 2023 First Two Quarters: Sales by Client Sector

• Brisk demand from financial sector, especially credit card companies. By industry, demand from services a driving force, while demand from manufacturing sector held steady although sales dipped year on year due to exclusion of subsidiary from scope of consolidation.

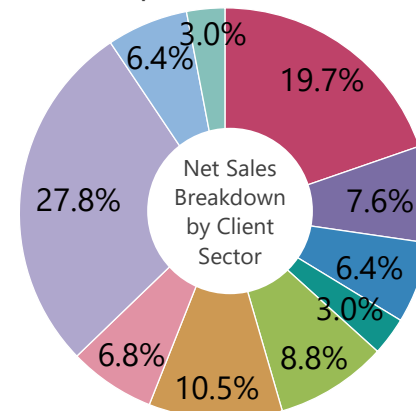


First two quarters of fiscal 2022



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

First two quarters of fiscal 2023



Financial sector: 36.7% Industrial sector: 53.9%
Public sector: 6.4% Other sectors: 3.0%

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

[Millions of yen]		First two quarters of fiscal 2022	First two quarters of fiscal 2023	YOY change	
Offering Service Business	Net Sales	49,786	53,887	+4,101	[+8.2%]
	Operating Income	2,158	2,494	+336	[+15.6%]
	Operating Margin	4.3%	4.6%	+0.3P	-
Business Process Management	Net Sales	21,230	21,490	+260	[+1.2%]
	Operating Income	2,225	2,405	+180	[+8.1%]
	Operating Margin	10.5%	11.2%	+0.7P	-
Financial IT Business	Net Sales	44,342	48,718	+4,375	[+9.9%]
	Operating Income	5,916	6,311	+394	[+6.7%]
	Operating Margin	13.3%	13.0%	-0.3P	-
Industrial IT Business	Net Sales	51,959	55,219	+3,259	[+6.3%]
	Operating Income	5,934	7,763	+1,828	[+30.8%]
	Operating Margin	11.4%	14.1%	+2.7P	-
Regional IT Solutions	Net Sales	77,529	76,304	-1,224	[-1.6%]
	Operating Income	7,144	8,352	+1,207	[+16.9%]
	Operating Margin	9.2%	10.9%	+1.7P	-

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:	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. Profitability declined, 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:	Despite lower sales due to impact following exclusion of subsidiary from scope of consolidation, segment marked brisk sales on actual basis. Operating income grew, reflecting progress on business activities emphasizing profitability.

Fiscal 2023 First Two Quarters: Sales by Key Business Segment *For external clients

[Millions of yen]	First two quarters of fiscal 2022	First two quarters of fiscal 2023	YOY change	
Offering Service Business	44,241	47,880	+3,638	[+8.2%]
Software development	23,000	22,829	-170	[-0.7%]
Operating/cloud services	12,234	14,351	+2,117	[+17.3%]
Product/software sales	9,006	10,698	+1,691	[+18.8%]
Business Process Management	20,000	20,316	+316	[+1.6%]
Software development	8,331	8,736	+404	[+4.9%]
Operating/cloud services	11,668	11,580	-87	[-0.8%]
Product/software sales	-	-	-	-
Financial IT Business	43,502	47,911	+4,408	[+10.1%]
Software development	22,492	25,710	+3,218	[+14.3%]
Operating/cloud services	17,548	18,520	+972	[+5.5%]
Product/software sales	3,462	3,680	+217	[+6.3%]
Industrial IT Business	51,077	54,845	+3,767	[+7.4%]
Software development	32,591	37,043	+4,451	[+13.7%]
Operating/cloud services	11,776	11,858	+82	[+0.7%]
Product/software sales	6,709	5,943	-766	[-11.4%]
Regional IT Solutions	74,353	73,175	-1,177	[-1.6%]
Software development	39,686	37,994	-1,692	[-4.3%]
Operating/cloud services	24,835	27,003	+2,167	[+8.7%]
Product/software sales	9,830	8,177	-1,652	[-16.8%]

Fiscal 2023 First Two Quarters: Sales and Income by Key Business Segment (Compared with estimate)

[Millions of yen]		First two quarters of fiscal 2023 estimate	First two quarters of fiscal 2023 actual	Compared with estimate	
Offering Service Business	Net Sales	50,500	53,887	+3,387	[+6.7%]
	Operating Income	2,200	2,494	+294	[+13.4%]
	Operating margin	4.4%	4.6%	+0.2P	-
Business Process Management	Net Sales	21,900	21,490	-409	[-1.9%]
	Operating Income	2,300	2,405	+105	[+4.6%]
	Operating margin	10.5%	11.2%	+0.7P	-
Financial IT Business	Net Sales	47,000	48,718	+1,718	[+3.7%]
	Operating Income	6,300	6,311	+11	[+0.2%]
	Operating margin	13.4%	13.0%	-0.4P	-
Industrial IT Business	Net Sales	54,000	55,219	+1,219	[+2.3%]
	Operating Income	7,000	7,763	+763	[+10.9%]
	Operating margin	13.0%	14.1%	+1.1P	-
Regional IT Solutions	Net Sales	76,000	76,304	+304	[+0.4%]
	Operating Income	7,400	8,352	+952	[+12.9%]
	Operating margin	9.7%	10.9%	+1.2P	-

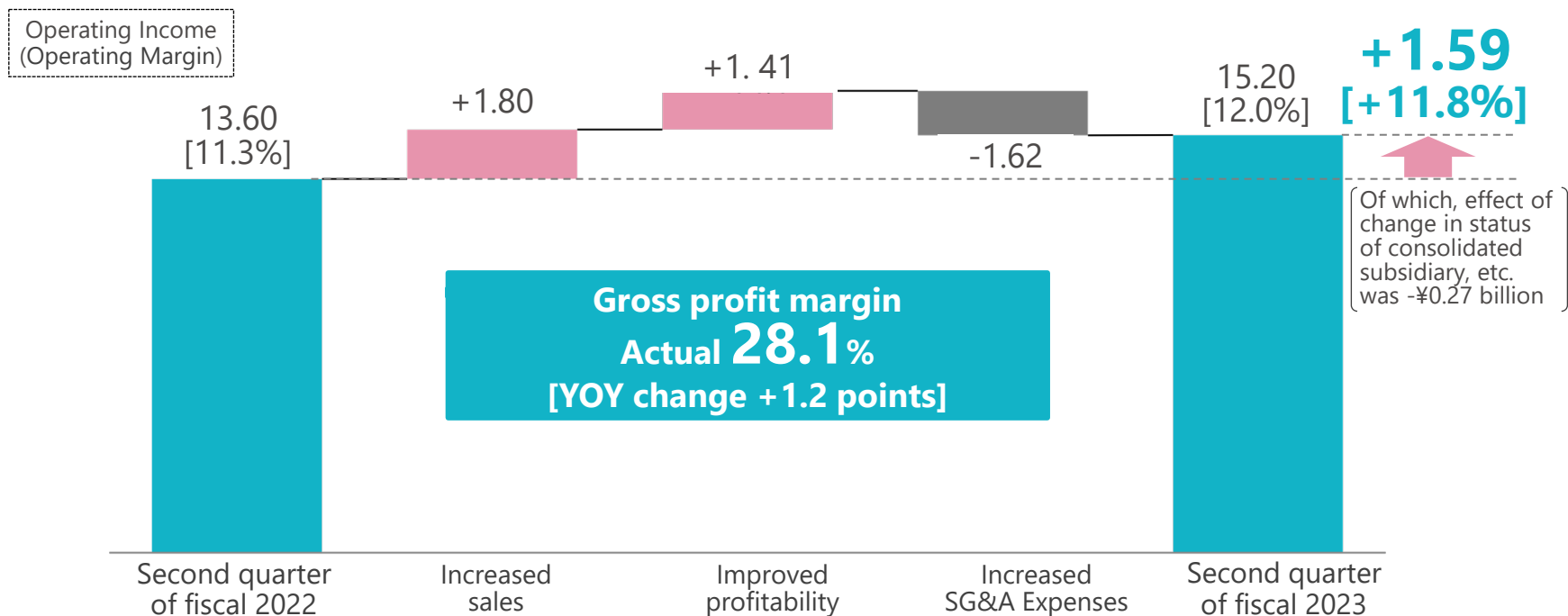
Offering Service Business:	Trend toward wider IT investment for payment settlement and basic systems spurred higher sales and income. Overseas operations also showed growth in sales, which contributed to segment performance.
Business Process Management:	Demand to support digital shift brisk, but demand for other services, such as existing data entry work, thinned, leading to drop in sales. Emphasis on profitability led to higher income.
Financial IT Business:	Wider IT investment among core clients involved in credit card operations buoyed sales. Operating margin dipped, paralleling progress on measures to strengthen business 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:	Sales generally in line with estimate. Operating income up, mainly due to progress on business activities with profit emphasis.

Reference: Fiscal 2023 Second Quarter (July-September): Sales and Income for Key Business Segments

[Millions of yen]	Second quarter of fiscal 2022	Second quarter of fiscal 2023	YOY change	
Net Sales	120,811	127,232	+6,421	[+5.3%]
Operating Income	13,607	15,207	+1,599	[+11.8%]
Operating Margin	11.3%	12.0%	+0.7P	-
Net Income Attributable to Owners of the Parent Company	8,518	10,071	+1,552	[+18.2%]
Net Income to Net Sales Ratio	7.1%	7.9%	+0.8P	-
Key Business Segments				
Offering Service Business	Net Sales	25,083	27,695	+2,612 [+10.4%]
	Operating Income	1,259	1,026	-232 [-18.5%]
	Operating margin	5.0%	3.7%	-1.3P -
Business Process Management	Net Sales	10,818	10,909	+90 [+0.8%]
	Operating Income	1,230	1,317	+86 [+7.0%]
	Operating margin	11.4%	12.1%	+0.7P -
Financial IT Business	Net Sales	22,786	25,758	+2,971 [+13.0%]
	Operating Income	3,267	3,515	+248 [+7.6%]
	Operating margin	14.3%	13.6%	-0.7P -
Industrial IT Business	Net Sales	27,641	28,518	+876 [+3.2%]
	Operating Income	3,458	4,218	+760 [+22.0%]
	Operating margin	12.5%	14.8%	+2.3P -
Regional IT Solutions	Net Sales	40,022	39,906	-116 [-0.3%]
	Operating Income	4,258	4,948	+689 [+16.2%]
	Operating margin	10.6%	12.4%	+1.8P -

Reference: Fiscal 2023 Second Quarter (July-September): Operating Income Analysis, Increase/Decrease Reasons (YOY change)

[Billions of yen]



Prior investment costs for promoting structural transformation:

Up ¥0.07 billion (YOY change)

(Cost of sales: -¥0.05 billion, SG&A expenses: +¥0.13 billion)

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

Cost of investment in human resources (additional amount):

Up ¥1.20 billion (YOY change)

(Cost of sales : +¥0.48 billion, SG&A expenses : +¥0.71 billion)

Cost of office reform to promote new workstyles:

Down ¥0.42 billion (YOY change)

(Cost of sales : -¥0.08 billion, SG&A expenses : -¥0.34 billion)

Changes in SG&A Expenses

Effect of change in status of consolidated subsidiary, etc.	-0.07
Office reform	-0.34
Prior investment (includes enhanced employee benefits)	+0.84
Lower operating costs, enhanced head office functions	-0.06
Others (Brand-related costs)	+1.25
Total	+1.62

Reference: Fiscal 2023 Second Quarter (July-September): Sales by Key Business Segment *For external clients

[Millions of yen]	Second quarter of fiscal 2022	Second quarter of fiscal 2023	YOY change	
Offering Service Business	22,695	24,521	+1,826	[+8.0%]
Software development	11,497	11,652	+154	[+1.3%]
Operating/cloud services	6,722	7,367	+645	[+9.6%]
Product/software sales	4,474	5,501	+1,026	[+22.9%]
Business Process Management	10,205	10,319	+113	[+1.1%]
Software development	4,293	4,446	+152	[+3.6%]
Operating/cloud services	5,912	5,872	-39	[-0.7%]
Product/software sales	-	-	-	-
Financial IT Business	22,348	25,340	+2,992	[+13.4%]
Software development	12,011	13,594	+1,583	[+13.2%]
Operating/cloud services	9,048	9,417	+368	[+4.1%]
Product/software sales	1,288	2,329	+1,040	[+80.8%]
Industrial IT Business	27,101	28,318	+1,216	[+4.5%]
Software development	17,494	19,285	+1,790	[+10.2%]
Operating/cloud services	5,913	6,030	+117	[+2.0%]
Product/software sales	3,694	3,002	-691	[-18.7%]
Regional IT Solutions	37,881	38,169	+287	[+0.8%]
Software development	20,364	20,110	-253	[-1.2%]
Operating/cloud services	12,562	13,399	+836	[+6.7%]
Product/software sales	4,954	4,659	-294	[-5.9%]

Fiscal 2023 First Two Quarters: Order Status (Total)

• Order volume and order backlog increased significantly year on year.
Drop for Business Process Management reflects profitability emphasis.

[Millions of yen]	First two quarters of fiscal 2022	First two quarters of fiscal 2023	YOY change	
Orders received during first two quarters	243,909	265,993	+22,084	[+9.1%]
Offering Service Business	47,812	50,740	+2,928	[+6.1%]
Business Process Management	21,538	20,016	-1,522	[-7.1%]
Financial IT Business	42,656	59,256	+16,600	[+38.9%]
Industrial IT Business	52,642	53,746	+1,104	[+2.1%]
Regional IT Solutions	79,259	82,232	+2,972	[+3.8%]
Order backlog at end of second quarter	157,948	184,379	+26,430	[+16.7%]
Offering Service Business	29,932	34,701	+4,769	[+15.9%]
Business Process Management	8,753	8,203	-549	[-6.3%]
Financial IT Business	37,889	50,735	+12,846	[+33.9%]
Industrial IT Business	32,096	36,766	+4,670	[+14.6%]
Regional IT Solutions	49,276	53,971	+4,695	[+9.5%]

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

• Financial IT Business posted huge increase, thanks to expansion and capture of big projects. Primary cause of decreases for Offering Service Business and Industrial IT Business was that project level peaked.

[Millions of yen]	First two quarters of fiscal 2022	First two quarters of fiscal 2023	YOY change	
Orders received during first two quarters	131,156	143,489	+12,333	[+9.4%]
Offering Service Business	23,984	21,831	-2,152	[-9.0%]
Business Process Management	9,870	8,436	-1,434	[-14.5%]
Financial IT Business	21,010	36,367	+15,357	[+73.1%]
Industrial IT Business	36,106	35,492	-614	[-1.7%]
Regional IT Solutions	40,184	41,361	+1,177	[+2.9%]
Order backlog at end of second quarter	88,850	105,707	+16,857	[+19.0%]
Offering Service Business	17,111	15,511	-1,600	[-9.4%]
Business Process Management	8,753	8,203	-549	[-6.3%]
Financial IT Business	18,590	32,535	+13,944	[+75.0%]
Industrial IT Business	20,789	22,587	+1,798	[+8.6%]
Regional IT Solutions	23,605	26,869	+3,264	[+13.8%]

Fiscal 2023 Second Quarter (July-September): Order Status

Order Status (Total)

[Millions of yen]	Second quarter of fiscal 2022	Second quarter of fiscal 2023	YOY change	
Orders received during second quarter	154,820	177,744	+22,923	[+14.8%]
Offering Service Business	31,846	35,007	+3,161	[+9.9%]
Business Process Management	10,168	9,779	-389	[-3.8%]
Financial IT Business	32,301	44,841	+12,539	[+38.8%]
Industrial IT Business	30,169	33,918	+3,749	[+12.4%]
Regional IT Solutions	50,334	54,198	+3,863	[+7.7%]

Order Status (Software Development)

[Millions of yen]	Second quarter of fiscal 2022	Second quarter of fiscal 2023	YOY change	
Orders received during second quarter	69,830	82,257	+12,427	[+17.8%]
Offering Service Business	14,784	12,269	-2,514	[-17.0%]
Business Process Management	4,256	3,906	-350	[-8.2%]
Financial IT Business	12,778	24,494	+11,715	[+91.7%]
Industrial IT Business	16,840	18,652	+1,812	[+10.8%]
Regional IT Solutions	21,170	22,934	+1,763	[+8.3%]

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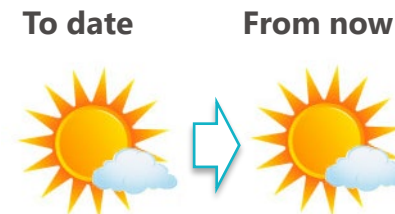
Reference Materials

Fiscal 2023: Understanding the Business Environment

• Must keep eye on changes in economic environment caused by such factors as accelerating global inflation and fears of recession. Meanwhile, view still holds for long-term expansion in IT investment.

Offering Service Business

- ✓ Cashless market growing. Support from government to embrace Fintech continues ([for payroll systems, etc.](#))
- ✓ [Finance x non-finance](#) efforts, [foreign interests'](#) entry into Japan's cashless market, active trend toward [practical use of digital currency](#)
- ✓ [Watch for changes in environment](#) globally, including lockdowns, as in China, and skyrocketing cost of labor.
- ✓ Cloud (MEGA Cloud), security consulting / SOC markets continue to grow



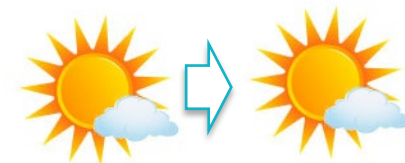
Business Process Management

- ✓ No course correction on issues of [labor shortage and workstyle reform](#). Expect [BPO market to present continuous growth](#).
- ✓ Labor-intensive, pure outsourcing operations, such as data entry, shrinking as businesses embrace digitization. Conversely, demand expanding for digital business processes.



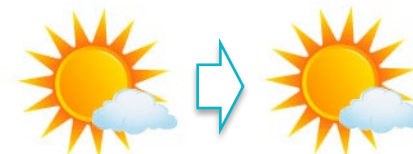
Financial IT Business

- ✓ As business supporting social infrastructure, segment enjoying [firm demand](#) as financial IT market moves in favorable direction.
- ✓ Payment settlement market also growing, paralleling wider popularity of cashless transactions.
- ✓ Seeing DX demand from banks, but interest has also spurred fierce competition with Fintech and SaaS providers for client attention.



Industrial IT Business

- ✓ Overall demand in industrial IT market solid, thanks to [active DX interest, especially from large corporations](#).
- ✓ Watching for consequences of high oil prices and other factors affecting energy-related businesses, but footing appears firm.



Regional IT Solutions

- ✓ IT demand had been uneven, differing by sector and companies within each sector, but demand is on recovery path.
- ✓ Local governments getting fiscal support from nation, putting IT investment on recovery path as well.



Conditions referenced here include trends affecting clients of the TIS INTEC Group and may therefore differ from general industry conditions.

Revisions to Fiscal 2023 Performance Forecast (1)

- Raised initial estimates, given fact that first-half results are significantly higher than previously forecast.
- Net income reversed from year-on-year decrease to year-on-year increase.

[Millions of yen]	Fiscal 2023 initial estimate	Fiscal 2023 revised estimate	Compared with initial estimate	
Net Sales	500,000	505,000	+5,000	[+1.0%]
Operating Income	57,000	59,000	+2,000	[+3.5%]
Operating Margin	11.4%	11.7%	+0.3P	-
Net Income Attributable to Owners of the Parent Company	37,500	39,800	+2,300	[+6.1%]
Net Income to Net Sales Ratio	7.5%	7.9%	+0.4P	-
Net Income per Share (Yen)	154.22	163.25	+9.03	[+5.9%]
ROE *	12.9%	13.7%	+0.8P	-

* ROE estimate for fiscal 2023 is a calculated value.

Revisions to Fiscal 2023 Performance Forecast (2)

[Millions of yen]		Fiscal 2023 initial estimate	Fiscal 2023 revised estimate	Compared with initial estimate	
Offering Service Business	Net Sales	106,300	109,000	+2,700	[+2.5%]
	Operating Income	6,100	6,000	-100	[-1.6%]
	Operating margin	5.7%	5.5%	-0.2P	-
Business Process Management	Net Sales	44,900	44,000	-900	[-2.0%]
	Operating Income	5,250	5,300	+50	[+1.0%]
	Operating margin	11.7%	12.0%	+0.3P	-
Financial IT Business	Net Sales	95,700	98,500	+2,800	[+2.9%]
	Operating Income	13,000	12,700	-300	[-2.3%]
	Operating margin	13.6%	12.9%	-0.7P	-
Industrial IT Business	Net Sales	110,700	111,900	+1,200	[+1.1%]
	Operating Income	15,900	16,700	+800	[+5.0%]
	Operating margin	14.4%	14.9%	+0.5P	-
Regional IT Solutions	Net Sales	158,500	158,800	+300	[+0.2%]
	Operating Income	17,200	18,200	+1,000	[+5.8%]
	Operating margin	10.9%	11.5%	+0.6P	-

Fiscal 2023: Performance Forecasts

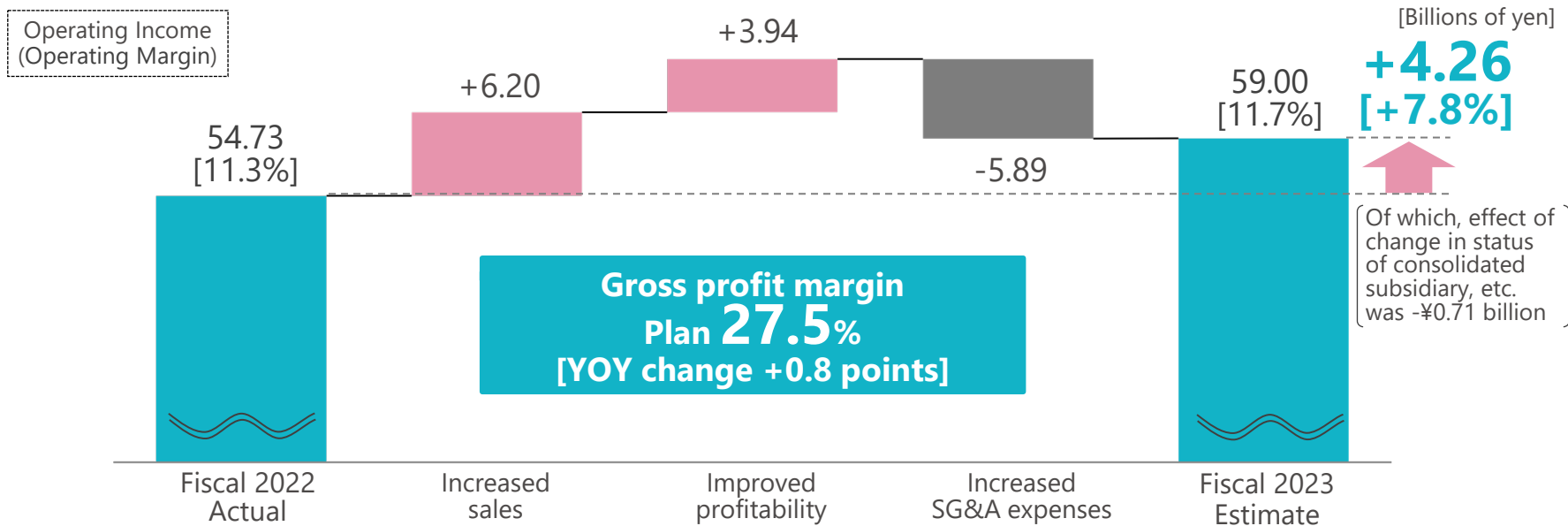
- Against backdrop of solid IT investment demand, anticipate sales and income will surpass targets presented in Medium-Term Management Plan.
- Upturn in net income likely, with ROE holding in target zone despite year-on-year dip.
- To realize structural transformation, will reinforce investment in human resources, who are the driving force that fuels this effort.

[Millions of yen]	Fiscal 2022 actual	Fiscal 2023 revised 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	39,800	+337	[+0.9%]
Net Income to Net Sales Ratio	8.2%	7.9%	-0.3P	-
Net Income per Share (Yen)	157.69	163.25	+5.56	[+3.5%]
ROE *	14.0%	13.7%	-0.3P	-

* ROE estimate for fiscal 2023 is a calculated value.

Fiscal 2023: 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 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]

[Millions of yen]		Fiscal 2022 actual	Fiscal 2023 revised 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.

Fiscal 2023 First Two Quarters: Financial Highlights

Fiscal 2023: Performance Forecast

Return to Shareholders

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

Reference Materials

Fiscal 2023: Return to Shareholders

- No change to dividend plan for fiscal 2023. Interim dividend will be ¥15 per share, up ¥2 year on year.
- Continued acquisition of treasury stock, ending with buybacks reaching ¥24.5 billion for total of ¥30 billion (upper limit).

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

Balance efforts to promote growth investment with efforts to maintain financial health, while strengthening return to shareholders.

Total return ratio

45%

(up from 40%)

Dividends per share
Constantly enrich the
dividend

Upper limit on treasury stock holdings

at **5%**

(excess amount cancelled)

	Fiscal 2022 actual	Fiscal 2023 estimate		
		[Normal]	[Capital optimized]	[Total]
Interim dividend per share	¥13	¥15 [YOY change +¥2]		
Annual dividend per share	¥44	¥47 [YOY change +¥3]	-	¥47
Total dividends	¥11.0 billion	¥11.4 billion	-	¥11.4 billion
Payout ratio [After adjustment *1]	27.9% [30.7%]	28.8%	-	28.8%
Acquired treasury shares	¥4.47 billion	¥5.5 billion	¥24.5 billion	¥30.0 billion *2
Total return ratio [After adjustment *1]	39.3% [43.1%]	42.6%	-	104.2%

*1 Based on profit (after income taxes and income attributable to non-controlling interests)

*2 Upper limit based on treasury stock buyback announced May 11, 2022.

■ Acquisition of treasury stock: Acquired ¥24.5 billion as of September 30, 2022, for total of ¥30 billion.

■ Cancellation of treasury stock: Plan to cancel optimized capital portion of acquired treasury stock upon completion of buyback.

Fiscal 2023 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 societal 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 global operations
- Global business deployment capability

Diversification of human resources, sharper skills
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 Value 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.

Medium-Term Management Plan Activities: Fiscal 2023 Group Management Direction

Fiscal 2023 Group Management Direction

Progress as of Second Quarter

<p>① Leverage long-term growth strategy for corporate value and value provided to society through sustainability management</p>	<p>○</p> <ul style="list-style-type: none"> ➤ Accelerate response to climate change and enrich information disclosure in line with TCFD recommendations ➤ Wider embrace of DX unfolding as planned
<p>② Accelerate improvement of added value through enhanced DX organizational capacity and investment</p>	<p>○</p> <ul style="list-style-type: none"> ➤ Gross profit margin continued to improve, reaching 27.3%, while number of unprofitable projects controlled through activities, such as continuous enhancement and innovation ➤ Shift to strategic domains moving along as planned (strategic domain ration hit 56% in first half; full-year outlook at 56%) ➤ Turned Fixel Inc. into subsidiary, and strengthened UI/UX design consulting capability
<p>③ Promote business restructuring and measures to improve medium- to long-term asset and capital efficiency</p>	<p>△</p> <ul style="list-style-type: none"> ➤ Leverage co-creation activities with clients and business partners to revitalize operations and achieve growth in social issue solution services ➤ Investment to reinforce in-house capabilities, including R&D, rolling out as planned
<p>④ Leverage growth strategy designed to become top-class IT group in ASEAN region, and strengthen governance position</p>	<p>○</p> <ul style="list-style-type: none"> ➤ Marked topline growth, driven primarily by MFEC, en route to becoming top-class IT group in ASEAN region ➤ Increased investment in Indonesian venture company AINO, with strength in public transportation payment solutions, and promoted co-creation activities
<p>⑤ Ratchet up investment into human resources to sharpen skills and promote diversity</p>	<p>○</p> <ul style="list-style-type: none"> ➤ Decided to revamp human resources system, seeking to improve added value (planned implementation April 2023) ➤ Enhanced and encouraged participation in HR Business Partner measures

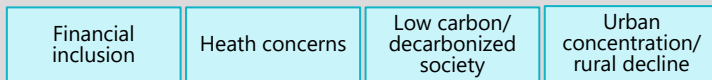
Through robust engagement by the president, including activities to instill a deeper awareness of OUR PHILOSOPHY—the Group’s basic philosophy— as well as Group Vision 2026 and the medium-term management plan, TIS is making progress toward unified Group management.

Medium-Term Management Plan Activities (Topics): DX Business Strategy

- Seek to grow DX business through virtual cycle of value driving social DX, business DX and internal DX.
- Work toward enhanced business creation capability, constantly striving to increase number of DX consultants, who are vital to a stronger frontline.

Social DX

Use digital technology to successfully address social issues



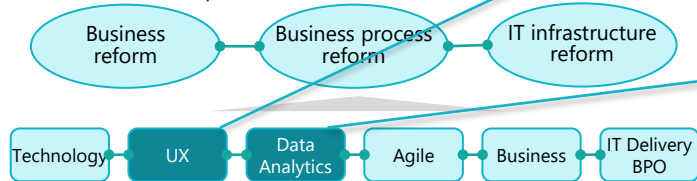
Fixel Inc., involved in UI/UX design consulting for business systems, became a subsidiary

→ Enhance value provided in DX services by combining Fixel's excellent design consulting capability and TIS' responsiveness to client needs and system configuration capability.

Business DX

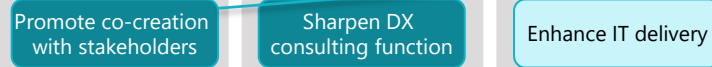
Improve value provided in DX services

Create new value by going beyond limitations of time and place, connecting people, things and information, and reimagining business, processes and IT infrastructure



TIS and Miotsukushi launched data analysis and AI personnel training services to meet client-side needs for in-house AI talent

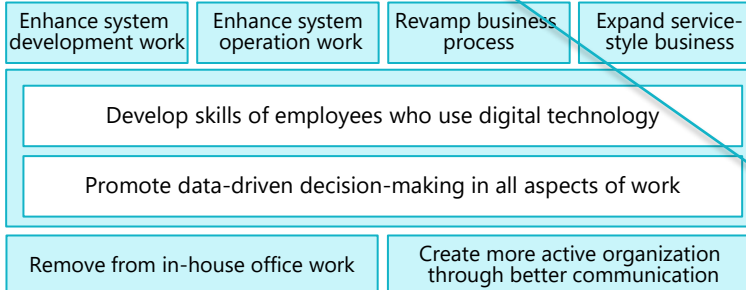
→ Underpinned by extensive know-how and proven results to date, create curriculum to turn people with no previous experience into AI human resources and support development of human resources who can solve clients' business issues overall.



Asahi Kasei and TIS built Akliteia®, an anti-counterfeit digital platform

→ Established digital platform to address the issue of counterfeit goods, which is a problem in all industries, by quantitatively visualizing conditions that give rise to counterfeit goods. Began providing solution to apparel industry.

Internal DX



Deepen pool of DX consultant

Fiscal 2021 250 people → Fiscal 2022 300 people → Fiscal 2023 380 people (estimate)

Medium-Term Management Plan Activities (Topics): Offering Service Business Strategy—Societal issue solution services

• Progress favorable toward goal of ¥50 billion in net sales by fiscal 2024.

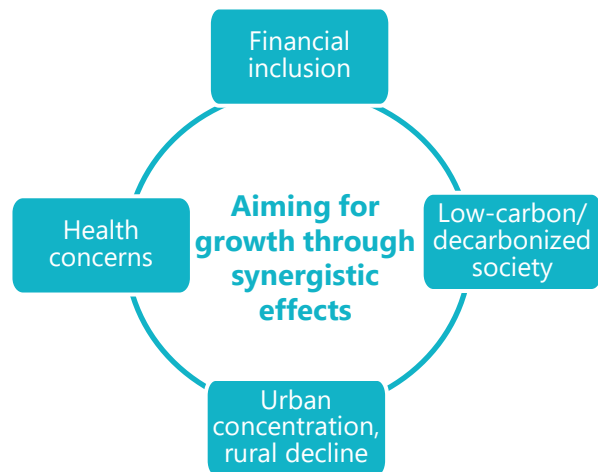
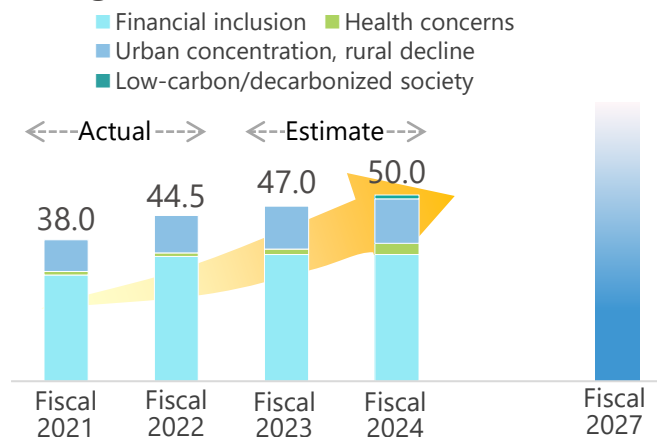


Image of Net Sales Growth [Billions of yen]



Relationship between social issue solution services and business segments

- Financial inclusion (payment) and health concerns are covered by Offering Service Business
- Cities and rural districts are at core of Regional IT Solutions Business

Key Offering Services

Payment

- CreditSaaS launched as planned
- Turned ULTRA Inc., which provides international brand payment services, into consolidated subsidiary
- Integrated local digital currency service addressing community issues into Aizuwakamatsu social fabric

Societal Issue Solution Service*1

- Collaboration with CCC Marketing Group on Okinawa MaaS
- Expanded scope of collaboration on Healthcare Passport, a coordinated, medical care / health information service
- Co-sponsoring Osaka Healthcare Pavilion at 2025 World Expo (Osaka, Kansai Expo)

*1 Services that directly provide solutions addressing financial inclusion, health concerns, low-carbon/decarbonized society, and urban concentration and rural decline

Activities Under Medium-Term Management Plan (Topics): Offering Service Business Strategy –Payment Business–

•With payment settlement market continuing to expand, emphasis on broadening scale of business utilizing composite capabilities. Also working to enrich service lineup and define flexible responses to anticipated needs.

→Favorable status on progress toward fiscal 2024 target for PAYCIERGE solutions overall

■ Key themes in fiscal 2023

- Core areas** With CreditSaaS service completed, maintain stable operation
- Front areas** Explore operating scheme aimed at launching embedded finance business
- Beyond Payment** Accelerate digital currency activities

■ Fiscal 2023 first-half topics

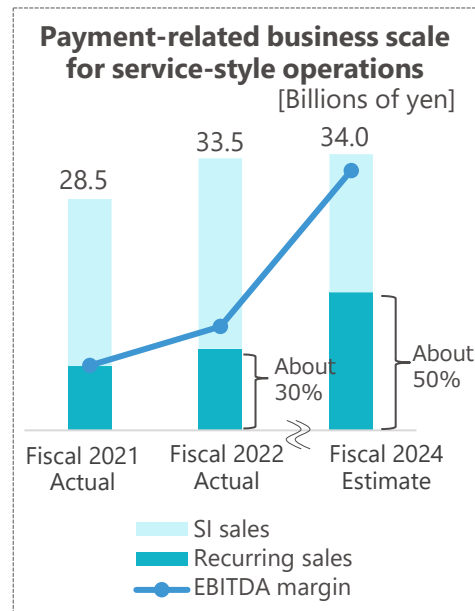
- Core areas**
 - CreditSaaS: Stable operation since service launch. Continue to push marketing activities to attract second user and more. Also started to explore optimum response policy matching market environment and trends in client needs.
 - DebitSaaS: Secured fresh interest from big regional banks. Continued expansion in transactions among participating banks.
 - PrepaidSaaS: Exploring various programs as core services in embedded finance business.

Front areas

-Steady progress on development toward spring 2023 launch of wallet services for newly secured orders.

Beyond Payment

- Turned Fixel Inc., involved in UI/UX design consulting for business systems, into subsidiary, and strengthened design area.
- Reinforced connection with DeCurret Inc., and established position in digital local currency area. Marked steady progress on verification trials toward practical implementation in society
- With revised rules allowing digital payment of salaries in Japan, TIS accelerated access to payment gateway service to pay wages to employees in digital money.



Will continue to promote PAYCIERGE across all solution areas as a medium- to long-term driver of growth for the TIS INTEC Group

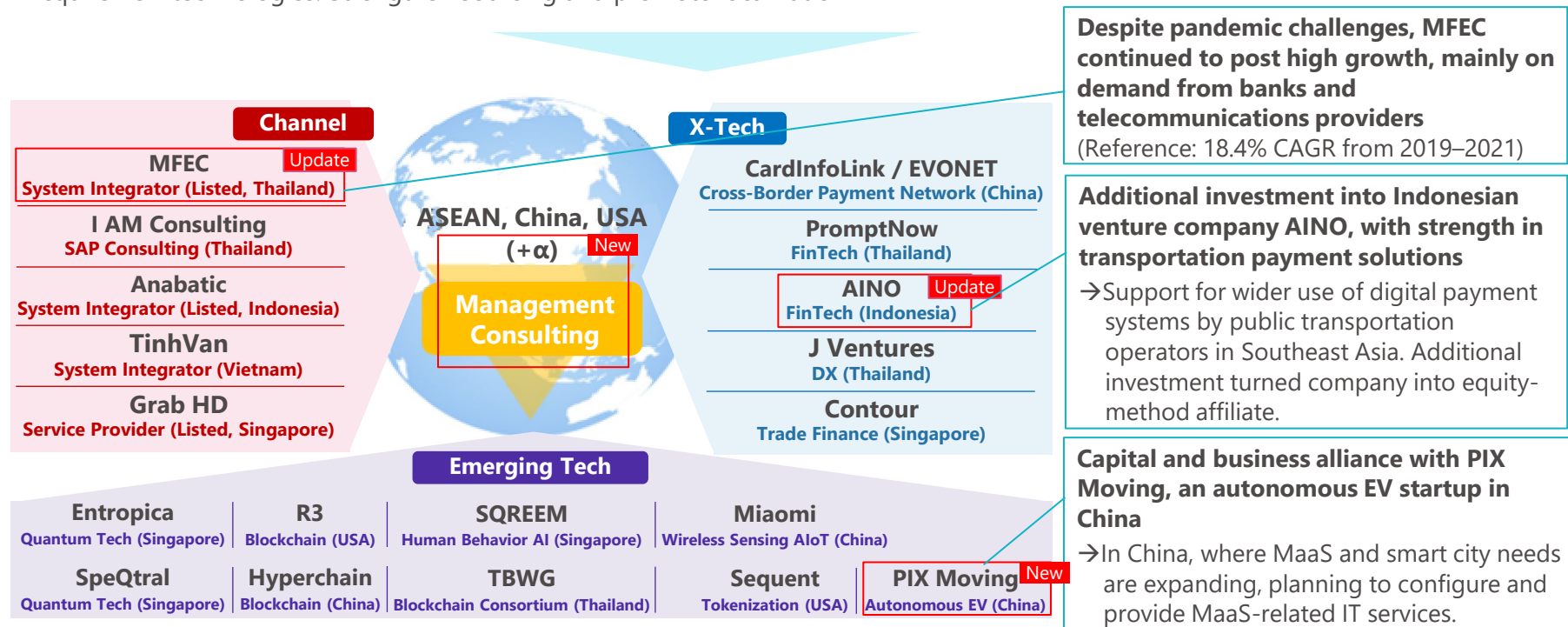
Activities Under Medium-Term Management Plan (Topics): Global Business Strategy

• Added consulting alliance to underpin effort to realize position as top-class IT group in ASEAN region. Keen to cultivate another region to complement presence in ASEAN, seeking to accelerate expansion of global business going forward.

■ Priority themes in fiscal 2023

- Value chain expansion: Reinforce upstream consulting capabilities
- New market cultivation: Explore new markets, building on presence in China and ASEAN region
- Acquire new technologies: Strengthen sourcing and promote localization

Top-class IT group in ASEAN region
Goal: ¥100 billion
in global consolidated sales in fiscal 2026



**Expand value chain in area of consulting,
and reinforce presence and capabilities on global stage as “consulting + IT” player**

Activities Under Medium-Term Management Plan (Topics): Human Resources Strategy

• Seeking to realize improvement in added value through skill development of human resources, we are taking a robust approach toward prior investment in our people.

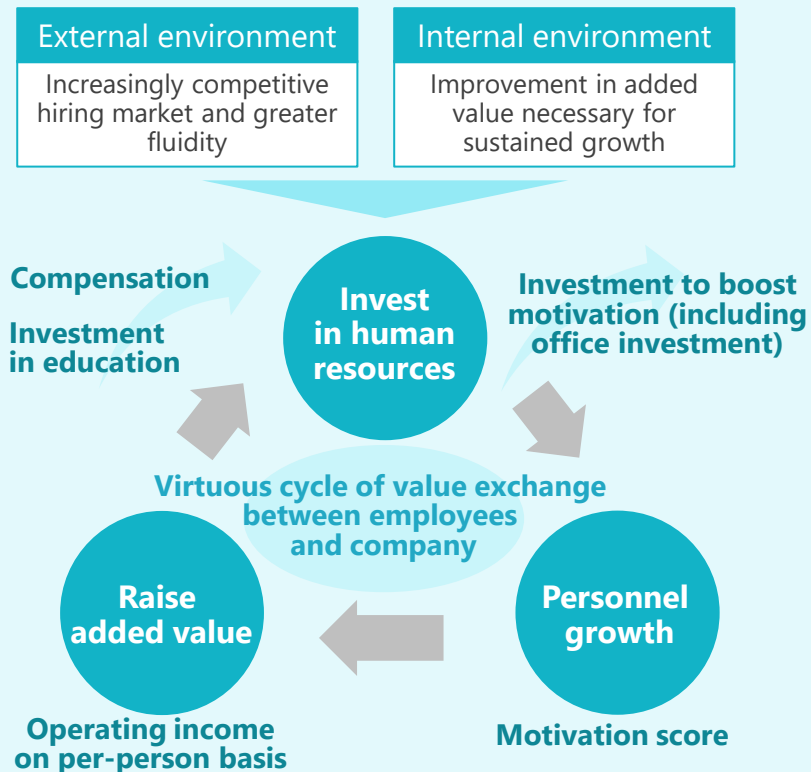
■ Priority themes in fiscal 2023

- Reinforce human resources investment to boost added value
- Raise human resources business partner (HRBP) capabilities even higher
- Promote diverse individual activities using personnel DX

■ Fiscal 2023 first-half topics

- Decided to revise human resources system in April 2023.
- Investment focus on employee perks, growth, environment and hiring.
- HRBP activities got into full-swing and structure was enhanced.
- Supported employees in career development through talent management system, and promoted creation of collection and analysis platform for personnel information.

Overall Picture of Ideal Human Resources Strategy



Concept/Outline of New Human Resources System

Encourage employees to act autonomously, and promote a higher level of value exchange between company and individual



Seek to boost added value and further enhance prior investment in human resources
(Adopt treatment matched to performance, conditioned on needed personnel requirements and role)

Activities Under Medium-Term Management Plan (Topics): High-level management capabilities and greater efficiency (ESG initiatives)

- Expand collection and disclosure of non-financial information as part of efforts to enhance ESG management and promote data-driven management
- Strengthen response to latent human rights risk, including efforts in identifying human rights risk across entire value chain and creating relief structure
- Strengthen initiatives to reduce greenhouse gas emissions, including efforts to promote use of renewable energy

Environment

Contribute to decarbonized society and recycling society

- Explore further reduction of GHG emissions, and expand scope of environmental data assurance
- Begin looking into water and waste management
- Accelerate response to carbon neutral declaration

Social

Sustainable improvement in stakeholder engagement

- Disclose results of human rights risk evaluation and policy for addressing latent human rights risk
- Expand disclosure of employee-related data based on human resources strategy and obtain guarantees
- Emphasize social contribution programs, such as corporate version of the *furusato nozei* system that gives tax breaks to people who donate to their hometowns or other municipalities.
- Promote internal DX

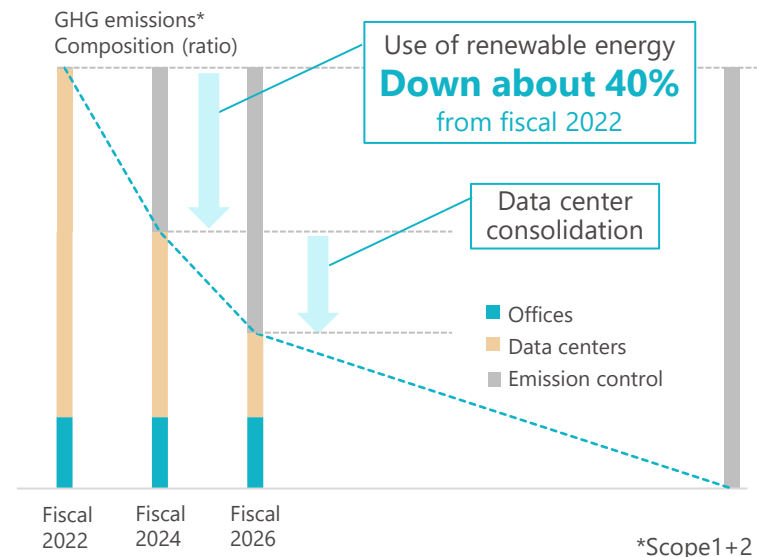
Governance

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

- Expand scope of non-financial information acquired, including overseas data, and create database
- Undertake stakeholder dialogue with investors and experts
- Pursue measures to reduce cross-shareholdings

Accelerate Response to Carbon Neutral Declaration

As part of our approach to reach carbon neutral status in 2050, we will raise the ratio of renewable energy used for electricity at our four primary data centers to 100% by April 2023 and cut GHG emissions by about 40% on a groupwide basis (compared with fiscal 2022 level)



Seeking to Raise Corporate Value

April 2008 : IT Holdings Corporation (ITHD) was created through the management integration. New independent, leading company on the IT services scene

July 2016: Transition to TIS INTEC Group, with an operating holding company

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.

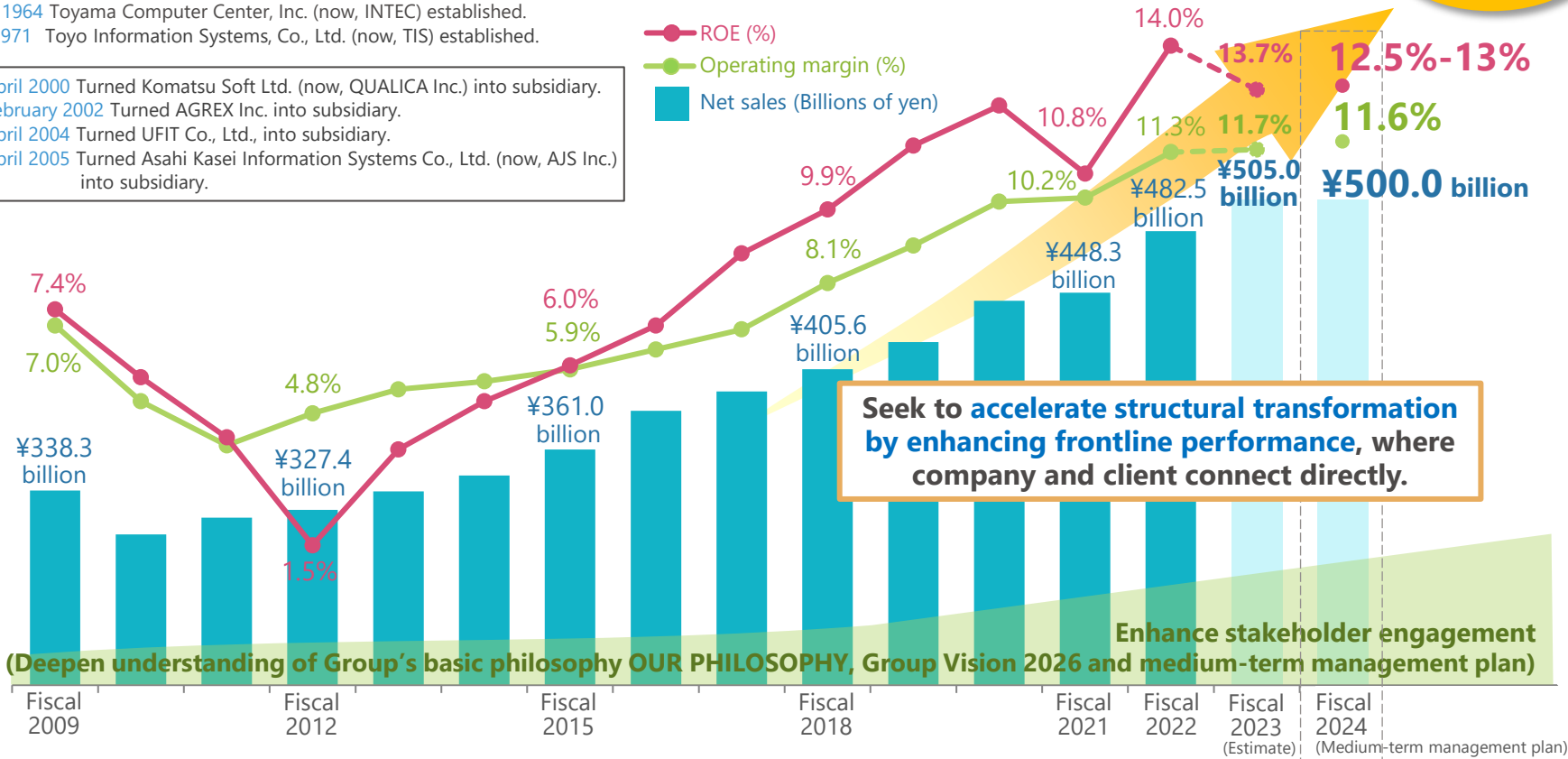
March 2015
ITHD turned AGREX Inc. into a 100% consolidated subsidiary.

October 2020
MFEC Public Company Limited (Thailand) under consolidation.



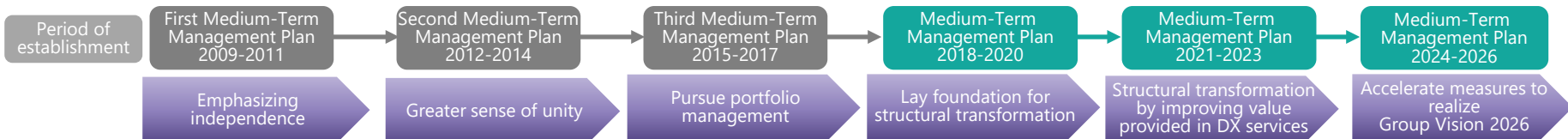
- January 1964 Toyama Computer Center, Inc. (now, INTEC) established.
- April 1971 Toyo Information Systems, Co., Ltd. (now, TIS) established.

- 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.



Seek to accelerate structural transformation by enhancing frontline performance, where company and client connect directly.

Enhance stakeholder engagement
(Deepen understanding of Group's basic philosophy OUR PHILOSOPHY, Group Vision 2026 and medium-term management plan)



Fiscal 2023 First Two Quarters: Financial Highlights

Fiscal 2023: Performance Forecast

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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	20,965	-2,975	[-12.4%]
Net Income to Net Sales Ratio	9.6%	8.1%	-1.5P	-
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 -

Strategic Domains Repost: 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

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

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

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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