

PRESENTATION MATERIAL OF FINANCIAL RESULTS FOR THE FIRST QUARTER OF FY2022 (FROM JANUARY 1, 2022 TO MARCH 31, 2022)

April 28, 2022

Information Services International-Dentsu, Ltd.

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Outline of financial results for the First Quarter of FY2022

Note:
We have applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the current fiscal year. Major management indicators, etc. related to the first quarter of the current fiscal year are indicators after applying the said accounting standard, etc.

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1. Consolidated Results for the First Quarter of FY2022

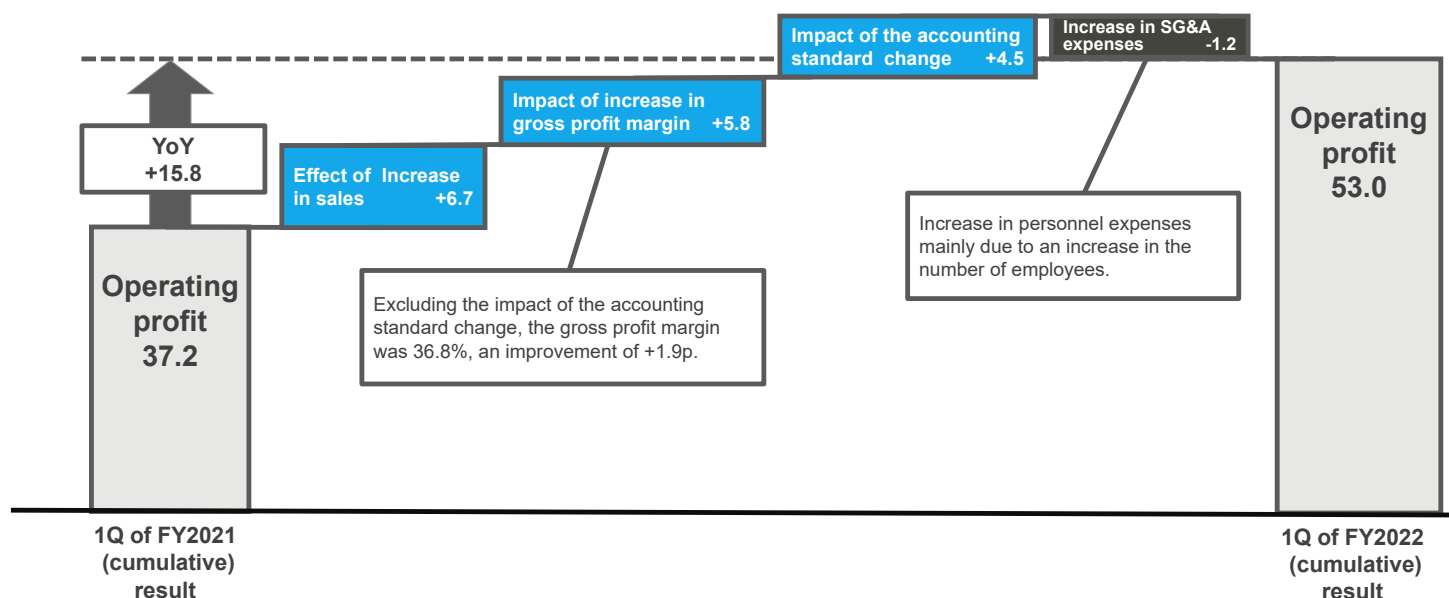
- Revenues and profits increased **due to the strong performance of all segments** and the impact of the adoption of the accounting standard for revenue recognition – Net sales +547 million yen, Operating profit +452 million yen –.

(Unit : Millions of yen)

	1Q of FY2022 (cumulative)	YoY		
		1Q of FY2021 (cumulative)	Variance	% change
Net sales	29,982	27,495	+2,487	+9.0
Gross profit	11,292	9,594	+1,698	+17.7
Profit margin	37.7%	34.9%	+2.8p	–
Selling, general and administrative expenses	5,986	5,867	+119	+2.0
Operating profit	5,305	3,726	+1,579	+42.4
Operating margin	17.7%	13.6%	+4.1p	–
Ordinary profit	5,331	3,643	+1,688	+46.3
Profit attributable to owners of parent	4,033	2,521	+1,512	+59.9
Number of employees at the end of the fiscal year	3,236	3,108	+128	+4.1

2. Factors for Increase/Decrease in Operating Profit (YoY)

(Unit: 100 million of yen)



3. Net Sales and Operating Profit by Reportable Segment

(Unit : Millions of yen)

Reportable segment		1Q of FY2022 (cumulative)	YoY		Overview
			Variance	% change	
Financial Solutions	Net sales	6,748	+415	+6.6	Net sales and operating profit increased due to the strong performance of DX support projects for the banking industry, mainly in the area of customer contact reform, and the expansion of system development projects for the credit card and leasing industries.
	Operating profit	776	+129	+19.9	
	%	11.5	+1.3p	—	
Business Solutions	Net sales	4,171	+716	+20.7	Net sales and operating profit increased due to the expansion of the sales and introduction of four focused solutions, POSITIVE, STRAVIS, Ci*X and CCH Tagetik, mainly in the transportation equipment and service industries.
	Operating profit	1,138	+829	+268.3	
	%	27.3	+18.4p	—	
Manufacturing Solutions	Net sales	8,707	+487	+5.9	Net sales and operating profit increased due to the expansion of projects for the introduction of Teamcenter, a PLM solution that supports the realization of digitization of engineering chains, centered on the transportation equipment industry and the electric and precision industries, as well as steady projects for the process manufacturing industry, which is developing as a new market.
	Operating profit	1,408	+318	+29.2	
	%	16.2	+2.9p	—	
Communication IT	Net sales	10,355	+870	+9.2	Net sales and operating profit increased due to the expansion in DX support projects by customers in the marketing and core business areas to the service and pharmaceutical industries despite a reactionary decline following a large-scale project that peaked out in the previous year.
	Operating profit	1,982	+303	+18.0	
	%	19.1	+1.4p	—	

* POSITIVE : human capital management solution STRAVIS: consolidated accounting software Ci*X : financial solution system CCH Tagetik : business management solution PLM: Product Lifecycle Management

4. Net Sales by Service Category and the Dentsu Group

(Unit : Millions of yen)

Service category	1Q of FY2022 (cumulative)	YoY	
		Variance	% change
Consulting Services	2,022	+53	+2.7
Custom System Development	7,996	+884	+12.4
In-house Software	5,451	-251	-4.4
Third-party Software	9,491	+1,189	+14.3
Outsourcing, Operation and Maintenance Services	3,350	+851	+34.1
IT Equipment and Others	1,670	-240	-12.6
Counterparty	1Q of FY2022 (cumulative)	YoY	
Dentsu Group Inc. and it's subsidiaries	5,705	-311	-5.2

5. Net Sales by Industry

(Unit : Millions of yen)

Industry	1Q of FY2022 (cumulative)		YoY	
	Net Sales	Composition Ratio (%)	Variance	% change
Banks	4,954	16.5	+98	+2.0
Other financial institutions	1,926	6.4	+672	+53.6
Financial	6,880	22.9	+770	+12.6
Transportation equipment	4,702	15.7	+260	+5.8
Electric appliances Precision instruments	2,944	9.8	+275	+10.3
Machinery	1,923	6.4	+59	+3.2
Other products	2,785	9.3	+870	+45.4
Manufacturing	12,354	41.2	+1,464	+13.4
Services and public offices	8,361	27.9	-130	-1.5
Distributions and others	2,388	8.0	+383	+19.1

* As we reviewed some of our client industries, we used reclassified figures for comparative purposes for the same period last year.

6. Orders Received and Order Backlog

(Unit : Millions of yen)

	Orders received		Order backlog		
	1Q of FY2022 (cumulative)	YoY (%)	1Q of FY2022 (cumulative)	YoY (%)	
Total	42,271	+29.4	52,435	+30.3	
Business Segments	Financial Solutions	7,601	+38.9	8,221	+24.6
	Business Solutions	5,495	+33.7	6,535	+32.2
	Manufacturing Solutions	11,586	-2.2	18,406	+14.9
	Communication IT	17,587	+56.4	19,270	+52.0
Service Categories	Consulting Services	2,009	+10.0	753	+16.0
	Custom System Development	10,340	+56.2	8,831	+66.5
	In-house Software	8,038	+43.5	9,703	+36.2
	Third-party Software	13,348	+7.8	22,308	+23.2
	Outsourcing, Operation and Maintenance Services	6,633	+55.9	5,456	+31.8
	IT Equipment Sales and Others	1,901	-4.0	5,380	+9.2

* Year-on-year comparisons are with figures before the application of the accounting standard for revenue recognition and are for reference purposes only.

Forecasts for FY2022

Note: Explanation regarding the appropriate use of forecasts of business results

The forecast figures are projections based on information available at the time of release and are not intended as a guarantee that we will achieve these targets. Actual results may differ significantly from the forecasts as a result of changes in the business environment and other factors.

1. Forecast for FY2022

We maintain unchanged our forecasts, as announced on February 9, 2022.

	FY2022	(Unit : Millions of yen)			1H of FY2022 (Jan.-Jun.)	(Unit : Millions of yen)		
		FY2021	YoY Variance	YoY % change		1H of FY2021	YoY Variance	YoY % change
Net sales	120,000	112,085	+7,915	+7.1	59,000	54,293	+4,707	+8.7
Operating profit	15,000	13,736	+1,264	+9.2	7,100	6,525	+575	+8.8
Operating margin	12.5%	12.3%	+0.2p	-	12.0%	12.0%	+0.0p	-
Ordinary profit	15,000	13,224	+1,776	+13.4	7,100	6,443	+657	+10.2
Profit attributable to owners of parent	10,500	8,944	+1,556	+17.4	5,000	4,392	+608	+13.8

2. Net Sales Forecast by Reportable Segment

	(Unit : Millions of yen)				(Unit : Millions of yen)			
	FY2022	YoY			1H of FY2022 (Jan.-Jun.)	YoY		
		FY2021	Variance	% change		1H of FY2021	Variance	% change
Financial Solutions	26,453	25,176	+1,277	+5.1	13,238	11,804	+1,434	+12.1
Business Solutions	16,346	14,958	+1,388	+9.3	7,924	7,718	+206	+2.7
Manufacturing Solutions	34,208	32,031	+2,177	+6.8	17,122	15,637	+1,485	+9.5
Communication IT	42,991	39,919	+3,072	+7.7	20,714	19,132	+1,582	+8.3
Total	120,000	112,085	+7,915	+7.1	59,000	54,293	+4,707	+8.7

3. Net Sales Forecast by Service Category

	(Unit : Millions of yen)				(Unit : Millions of yen)			
	FY2022	YoY			1H of FY2022 (Jan.-Jun.)	YoY		
		FY2021	Variance	% change		1H of FY2021	Variance	% change
Consulting Services	7,576	7,200	+376	+5.2	3,687	3,249	+438	+13.5
Custom System Development	33,706	29,245	+4,461	+15.3	16,523	13,464	+3,059	+22.7
In-house Software	24,223	22,089	+2,134	+9.7	11,231	11,441	-210	-1.8
Third-party Software	36,164	33,767	+2,397	+7.1	17,649	16,452	+1,197	+7.3
Outsourcing, Operation and Maintenance Services	11,903	12,085	-182	-1.5	5,759	5,590	+169	+3.0
IT Equipment Sales and Others	6,426	7,696	-1,270	-16.5	4,148	4,094	+54	+1.3
Total	120,000	112,085	+7,915	+7.1	59,000	54,293	+4,707	+8.7