

**PRESENTATION MATERIAL OF FINANCIAL RESULTS
FOR THE FIRST QUARTER OF FY2023
(FROM JANUARY 1, 2023 TO MARCH 31, 2023)**

April 27, 2023

Information Services International-Dentsu, Ltd.

Note: This English translation is solely for reference purposes and not a legally definitive translation of the original Japanese text.
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**Outline of financial results for
the First Quarter of FY2023**

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Financial Highlights for the First Quarter of FY2023

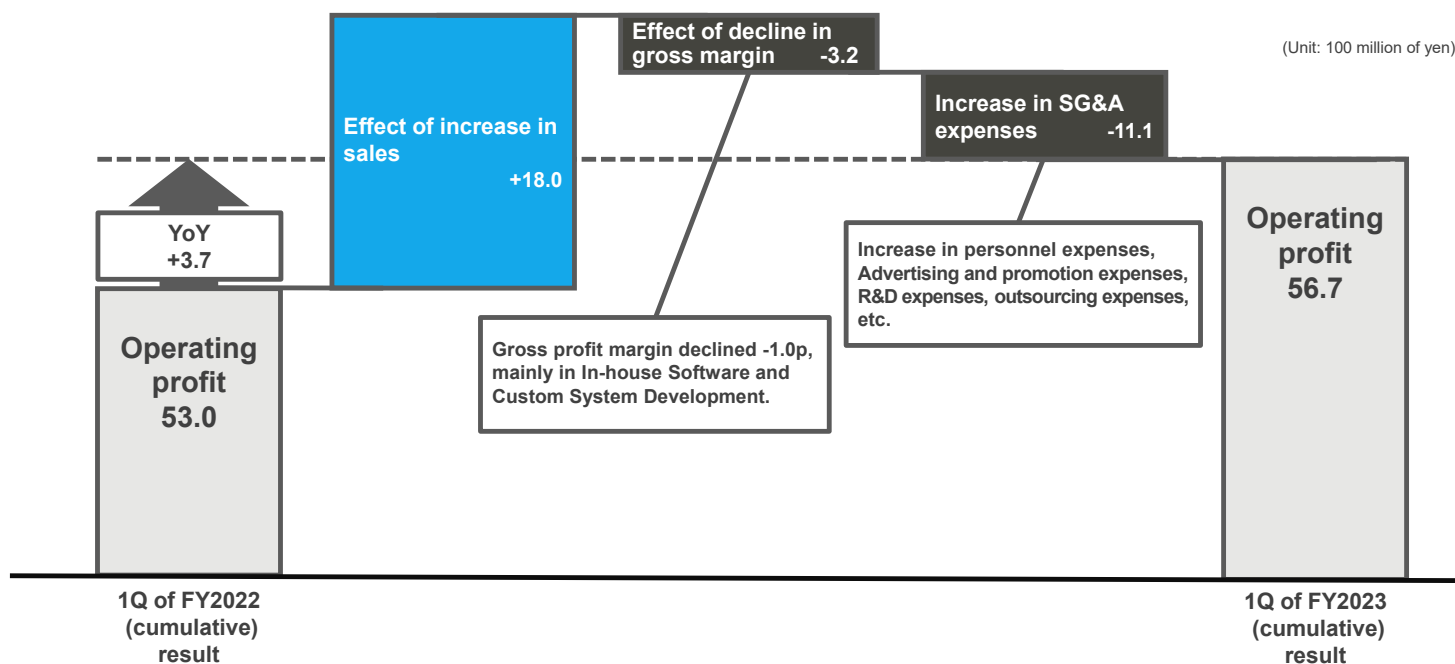
- Net sales: +16.0% with expansion in **all segments**
- Operating profit: +7.0%, despite an increase in SG&A expenses
- Orders: +5.9% with expansion mainly in **Business/Manufacturing** solutions
- Progress against 1H plan: 51.8% of net sales, 58.3% of operating profit

1. Consolidated Results for the First Quarter of FY2023

(Unit : Millions of yen)

	1Q of FY2023 (cumulative)	YoY		
		1Q of FY2022 (cumulative)	Variance	% change
Net sales	34,779	29,982	+4,797	+16.0
Gross profit	12,774	11,292	+1,482	+13.1
Gross profit margin	36.7%	37.7%	-1.0p	-
Selling, general and administrative expenses	7,098	5,986	+1,112	+18.6
Operating profit	5,676	5,305	+371	+7.0
Operating margin	16.3%	17.7%	-1.4p	-
Ordinary profit	5,781	5,331	+450	+8.4
Profit attributable to owners of parent	3,837	4,033	-196	-4.8
Number of employees as of the end of the quarter	3,397 people	3,236 people	+161 people	+5.0

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



3. Non-operating Income/Expense and Extraordinary Income/Loss

(Unit : Millions of yen)

	1Q of FY2023 (cumulative)	YoY		
		1Q of FY2022 (cumulative)	Variance	% change
Operating profit	5,676	5,305	+371	+7.0
Non-operating income	115	94	+21	+22.3
Non-operating expenses	11	68	-57	-83.8
Ordinary profit	5,781	5,331	+450	+8.4
Extraordinary income	0	301	-301	-
Extraordinary losses	377	65	+312	-
Profit before income taxes	5,403	5,567	-164	-2.9
Total income taxes	1,565	1,518	+47	+3.1
Profit attributable to noncontrolling interests	0	15	-15	-
Profit attributable to owners of parent	3,837	4,033	-196	-4.8

First Quarter of FY2022	
Compensation for forced relocation	270
First Quarter of FY2023	
Loss on valuation of investment securities	302
Impairment losses	74

4. Net Sales and Operating Profit by Reportable Segment

(Unit : Millions of yen)

Reportable segment		1Q of FY2023 (cumulative)	YoY		Overview
			Variance	% change	
Financial Solutions	Net sales	7,315	+567	+8.4	Net sales increased due to the expansion of the providing consulting services and the sales and introduction of software products in the areas of accounting and customer contact reform, mainly to the banking industry. Operating profit declined due to lower profitability caused by higher cost of sales in some projects.
	Operating profit	523	-253	-32.6	
	%	7.1	-4.4p	-	
Business Solutions	Net sales	5,674	+1,503	+36.0	Net sales and operating profit increased due to the expansion of the sales and introduction of four focused solutions, the POSITIVE, human resource management solution, the STRAVIS, consolidated accounting solution, the Ci*X, accounting solution and the CCH Tagetik, a business management solution, mainly in the trading and manufacturing industries.
	Operating profit	1,571	+433	+38.0	
	%	27.7	+0.4p	-	
Manufacturing Solutions	Net sales	10,155	+1,448	+16.6	Net sales increased due to the expansion of the NX, 3D CAD and the Teamcenter, PLM solution mainly in the transportation equipment and machinery industries. Operating profit decreased mainly due to higher personnel and outsourcing expenses, despite the effect of increase in sales.
	Operating profit	1,284	-124	-8.8	
	%	12.6	-3.6p	-	
Communication IT	Net sales	11,633	+1,278	+12.3	Net sales and operating profit increased due to an expansion of projects for the implementation of SAP solutions, mainly in the manufacturing industry, against the backdrop of replacement demand for ERP systems, as well as growth in outsourcing, operation and maintenance services, mainly for the Dentsu Group.
	Operating profit	2,297	+315	+15.9	
	%	19.7	+0.6p	-	

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

5. Net Sales by Service Category and the Dentsu Group

(Unit : Millions of yen)

Service category	1Q of FY2023 (cumulative)	YoY	
		Variance	% change
Consulting Services	2,191	+169	+8.4
Custom System Development	7,953	-43	-0.5
In-house Software	7,202	+1,751	+32.1
Third-party Software	11,377	+1,886	+19.9
Outsourcing, Operation and Maintenance Services	4,113	+763	+22.8
IT Equipment Sales and Others	1,942	+272	+16.3

Counterparty	1Q of FY2023 (cumulative)	YoY	
		Variance	% change
Dentsu Group Inc. and it's subsidiaries	5,329	-376	-6.6

6. Net Sales by Industry

(Unit : Millions of yen)

Industry	1Q of FY2023 (cumulative)		YoY	
	Net Sales	Composition Ratio (%)	Variance	% change
Banks	5,590	16.1	+1,044	+23.0
Other financial institutions	1,509	4.3	-392	-20.6
Financial	7,099	20.4	+652	+10.1
Transportation equipment	6,165	17.7	+1,795	+41.1
Electric appliances Precision instruments	3,537	10.2	+464	+15.1
Machinery	2,419	7.0	+440	+22.2
Other products	2,959	8.5	+186	+6.7
Manufacturing	15,081	43.4	+2,885	+23.7
Services and public offices	9,658	27.7	+769	+8.7
Distributions and others	2,940	8.5	+491	+20.0

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

7. Orders Received and Order Backlog

(Unit : Millions of yen)

		Orders received		Order backlog	
		1Q of FY2023 (cumulative)	YoY (%)	End of 1Q of FY2023	YoY (%)
Total		44,783	+5.9	61,652	+17.6
Reportable Segments	Financial Solutions	6,863	-9.7	7,330	-10.8
	Business Solutions	5,706	+3.8	10,264	+57.1
	Manufacturing Solutions	14,799	+27.7	22,746	+23.6
	Communication IT	17,413	-1.0	21,311	+10.6
Service Categories	Consulting Services	2,199	+9.5	993	+31.9
	Custom System Development	7,954	-23.1	6,959	-21.2
	In-house Software	7,727	-3.9	13,224	+36.3
	Third-party Software	16,396	+22.8	27,167	+21.8
	Outsourcing, Operation and Maintenance Services	7,511	+13.2	6,908	+26.6
	IT Equipment Sales and Others	2,993	+57.4	6,397	+18.9

Forecasts for FY2023

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 FY2023

We maintain unchanged our forecasts, as announced on February 10, 2023.

	FY2023	(Unit : Millions of yen)			1H of FY2023 (Jan.-Jun.)	(Unit : Millions of yen)		
		FY2022	YoY Variance	% change		1H of FY2022	YoY Variance	% change
Net sales	137,000	129,054	+7,946	+6.2	67,130	61,458	+5,672	+9.2
Operating profit	20,000	18,590	+1,410	+7.6	9,730	9,634	+96	+1.0
Operating margin	14.6%	14.4%	+0.2p	-	14.5%	15.7%	-1.2p	-
Ordinary profit	20,000	18,354	+1,646	+9.0	9,734	9,645	+89	+0.9
Profit attributable to owners of parent	14,000	12,598	+1,402	+11.1	6,684	7,028	-344	-4.9

2. Net Sales Forecast by Reportable Segment

Reportable segment	FY2023	YoY			1H of FY2023 (Jan.-Jun.)	YoY		
		FY2022	Variance	% change		1H of FY2022	Variance	% change
Financial Solutions	29,405	28,125	+1,280	+4.6	14,634	13,635	+999	+7.3
Business Solutions	19,938	18,608	+1,330	+7.1	9,839	8,723	+1,116	+12.8
Manufacturing Solutions	38,007	36,453	+1,554	+4.3	18,535	17,339	+1,196	+6.9
Communication IT	49,647	45,867	+3,780	+8.2	24,120	21,759	+2,361	+10.9
Total	137,000	129,054	+7,946	+6.2	67,130	61,458	+5,672	+9.2

3. Net Sales Forecast by Service Category

Service category	FY2023	YoY			1H of FY2023 (Jan.-Jun.)	YoY		
		FY2022	Variance	% change		1H of FY2022	Variance	% change
Consulting Services	8,617	7,418	+1,199	+16.2	4,035	3,520	+515	+14.6
Custom System Development	33,960	33,107	+853	+2.6	16,694	16,182	+512	+3.2
In-house Software	25,949	24,807	+1,142	+4.6	13,010	11,769	+1,241	+10.5
Third-party Software	45,161	40,299	+4,862	+12.1	21,982	19,612	+2,370	+12.1
Outsourcing, Operation and Maintenance Services	16,965	16,052	+913	+5.7	8,099	7,082	+1,017	+14.4
IT Equipment Sales and Others	6,345	7,369	-1,024	-13.9	3,308	3,291	+17	+0.5
Total	137,000	129,054	+7,946	+6.2	67,130	61,458	+5,672	+9.2