

**PRESENTATION MATERIAL OF FINANCIAL RESULTS
FOR THE THIRD QUARTER OF FY2023
(FROM JANUARY 1, 2023 TO SEPTEMBER 30, 2023)**

October 31, 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.
In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.

isiD

COPYRIGHT INFORMATION SERVICES INTERNATIONAL-DENTSU LTD.

**Outline of financial results for
the Third Quarter of FY2023**

isiD

COPYRIGHT INFORMATION SERVICES INTERNATIONAL-DENTSU LTD.

Financial Highlights for the Third Quarter of FY2023

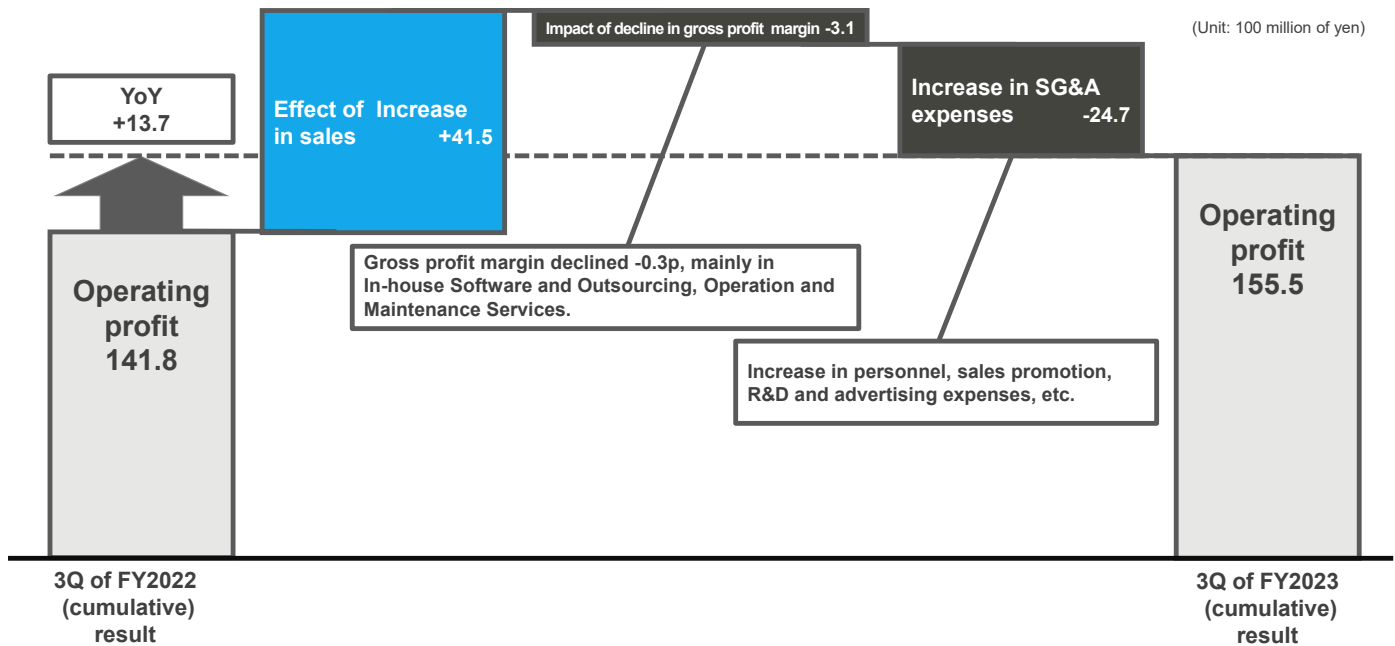
- Net sales : +12.2% with **expansion in all segments**
- Operating profit : +9.6%, absorbing increase in SG&A expenses
- Orders Received : +11.2%, mainly in **Financial/Manufacturing solutions**
- Progress against the full-year plan : 75.2% of net sales, 74.1% of operating profit

1. Consolidated Results for the Third Quarter of FY2023

(Unit : Millions of yen)

	3Q of FY2023 (cumulative)	YoY		
		3Q of FY2022 (cumulative)	Variance	% change
Net sales	105,267	93,808	+11,459	+12.2
Gross profit	37,859	34,018	+3,841	+11.3
Profit margin	36.0%	36.3%	-0.3p	-
Selling, general and administrative expenses	22,307	19,831	+2,476	+12.5
Operating profit	15,551	14,186	+1,365	+9.6
Operating margin	14.8%	15.1%	-0.3p	-
Ordinary profit	15,695	14,184	+1,511	+10.7
Profit attributable to owners of parent	10,838	9,574	+1,264	+13.2
Number of employees as of the third quarter	3,621 people	3,364 people	+257 people	+7.6

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



3. Net Sales and Operating Profit by Reportable Segment

(Unit : Millions of yen)

Reportable segment		3Q of FY2023 (cumulative)	YoY		Overview
			Variance	% change	
Financial Solutions	Net sales	22,582	+1,872	+9.0	Net sales increased due to the expansion of the sales and introduction of software products in the core banking area centered on accounting and the customer contact reform area, mainly to the banking industry. Operating profit also increased due to higher sales and improved profitability.
	Operating profit	2,577	+1,045	+68.2	
	%	11.4	+4.0p	-	
Business Solutions	Net sales	17,466	+3,953	+29.3	Net sales and operating profit increased due to the expansion of the sales and introduction of four key solutions, POSITIVE, STRAVIS, Ci*X, CCH Tagetik mainly in the trading and the manufacturing industry.
	Operating profit	4,571	+906	+24.7	
	%	26.2	-0.9p	-	
Manufacturing Solutions	Net sales	29,819	+3,290	+12.4	Net sales and operating profit increased due to the expansion of NX, 3D CAD, Teamcenter, product lifecycle management solution and iQUAVIS, conceptual design support system, mainly in the transportation equipment and the machinery industry.
	Operating profit	3,459	+317	+10.1	
	%	11.6	-0.2p	-	
Communication IT	Net sales	35,398	+2,343	+7.1	Net sales increased due to an expansion of projects for the implementation of SAP solutions, mainly in the manufacturing industry. Operating profit decreased due to higher cost of sales for some custom system development projects and lower profitability of outsourcing, operation and maintenance services.
	Operating profit	4,942	-904	-15.5	
	%	14.0	-3.7p	-	

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

Ref.) Consolidated Results for the 3Q (July - September) of FY2023

■ Consolidated Results

(Unit : Millions of yen)

	3Q of FY2023 (July - September)	YoY		
		3Q of FY2022	Variance	% change
Net sales	35,417	32,350	+3,067	+9.5
Gross profit	12,296	11,043	+1,253	+11.3
Profit margin	34.7%	34.1%	+0.6p	-
Selling, general and administrative expenses	7,397	6,491	+906	+14.0
Operating profit	4,898	4,552	+346	+7.6
Operating margin	13.8%	14.1%	-0.3p	-

■ Reportable Segment

(Unit : Millions of yen)

Reportable segment		3Q of FY2023 (July - September)	YoY	
			Variance	% change
Financial Solutions	Net sale	7,861	+786	+11.1
	Operating profit	1,160	+697	+150.5
	%	14.8	+8.3p	-
Business Solutions	Net sale	5,812	+1,023	+21.4
	Operating profit	1,418	+31	+2.2
	%	24.4	-4.6p	-
Manufacturing Solutions	Net sale	10,023	+834	+9.1
	Operating profit	1,287	+191	+17.4
	%	12.8	+0.9p	-
Communication IT	Net sale	11,719	+424	+3.8
	Operating profit	1,031	-573	-35.7
	%	8.8	-5.4p	-

4. Net Sales by Service Category and the Dentsu Group

(Unit : Millions of yen)

Service category	3Q of FY2023 (cumulative)	YoY	
		Variance	% change
Consulting Services	6,024	+697	+13.1
Custom System Development	23,259	-1,227	-5.0
In-house Software	22,593	+4,897	+27.7
Third-party Software	35,351	+5,312	+17.7
Outsourcing, Operation and Maintenance Services	12,440	+1,205	+10.7
IT Equipment Sales and Others	5,597	+573	+11.4

(Unit : Millions of yen)

Counterparty	3Q of FY2023 (cumulative)	YoY	
		Variance	% change
Dentsu Group Inc. and it's subsidiaries	16,516	-1,141	-6.5

5. Net Sales by Industry

(Unit : Millions of yen)

Industry	3Q of FY2023 (cumulative)		YoY	
	Net Sales	Composition Ratio (%)	Variance	% change
Banks	16,492	15.7	+2,067	+14.3
Other financial institutions	5,337	5.1	-681	-11.3
Financial	21,830	20.8	+1,386	+6.8
Transportation equipment	16,399	15.5	+2,968	+22.1
Electric appliances Precision instruments	11,106	10.6	+1,411	+14.6
Machinery	7,791	7.4	+1,502	+23.9
Other products	8,912	8.5	+187	+2.1
Manufacturing	44,211	42.0	+6,069	+15.9
Services and public offices	29,946	28.4	+2,304	+8.3
Distributions and others	9,279	8.8	+1,700	+22.4

* 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		
	3Q of FY2023 (July - September)	YoY (%)	3Q of FY2023 (cumulative)	YoY (%)	End of 3Q of FY2023	YoY (%)	
Total	32,617	+10.5	112,959	+11.2	59,341	+23.8	
Reportable Segment	Financial Solutions	8,375	+39.9	23,627	+11.6	8,826	+12.7
	Business Solutions	4,057	-17.9	15,634	+8.4	8,400	+37.1
	Manufacturing Solutions	11,199	+32.3	36,808	+29.3	25,091	+43.7
	Communication IT	8,984	-11.3	36,888	-1.8	17,022	+3.0
Service Category	Consulting Services	1,820	+3.5	6,479	+17.1	1,440	+47.7
	Custom System Development	7,052	+4.3	22,065	-12.2	5,764	-19.0
	In-house Software	5,091	-8.4	20,851	+9.8	10,957	+30.3
	Third-party Software	14,229	+45.6	43,300	+33.5	30,098	+44.3
	Outsourcing, Operation and Maintenance Services	2,679	-25.7	14,024	+0.7	5,094	+4.6
	IT Equipment Sales and Others	1,743	-15.8	6,237	+11.6	5,985	+4.7

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 July 31, 2023.

	FY2023	YoY			3Q progress against full-year forecast (%)
		FY2022	Variance	% change	
Net sales	140,000	129,054	+10,946	+8.5	75.2
Operating profit	21,000	18,590	+2,410	+13.0	74.1
Operating margin	15.0%	14.4%	+0.6p	-	-
Ordinary profit	21,100	18,354	+2,746	+15.0	74.4
Profit attributable to owners of parent	14,700	12,598	+2,102	+16.7	73.7

2. Net Sales Forecast Reference for FY2023 by Reportable Segment

(Unit : Millions of yen)

	FY2023	YoY			3Q progress against full-year forecast (%)
		FY2022	Variance	% change	
Financial Solutions	29,500	28,125	+1,375	+4.9	76.5
Business Solutions	21,900	18,608	+3,292	+17.7	79.8
Manufacturing Solutions	39,400	36,453	+2,947	+8.1	75.7
Communication IT	49,200	45,867	+3,333	+7.3	71.9
Total	140,000	129,054	+10,946	+8.5	75.2

(Reference)

3. Net Sales Forecast Reference for FY2023 by Service Category

(Unit : Millions of yen)

	FY2023	YoY			3Q progress against full-year forecast (%)
		FY2022	Variance	% change	
Consulting Services	8,580	7,418	+1,162	+15.7	70.2
Custom System Development	33,006	33,107	-101	-0.3	70.5
In-house Software	28,141	24,807	+3,334	+13.4	80.3
Third-party Software	46,371	40,299	+6,072	+15.1	76.2
Outsourcing, Operation and Maintenance Services	17,082	16,052	+1,030	+6.4	72.8
IT Equipment Sales and Others	6,817	7,369	-552	-7.5	82.1
Total	140,000	129,054	+10,946	+8.5	75.2

(Reference)