



## Jack Henry & Associates Posts Revenue Gain Of 12%, EPS Up 23% In 1Q02

Monett, MO -- October 16, 2001. Jack Henry & Associates, Inc. (Nasdaq: JKH) today reported demand for technology solutions in the financial services market remained strong, driving solid gains in revenues, profits and earnings per share for its fiscal first quarter ended September 30, 2001. Revenues grew 12% to \$86.1 million, net income increased 23% to \$14.6 million, and EPS rose 23% to \$0.16 per diluted share. Prior period numbers have been adjusted for stock splits.

"First quarter results, while strong, do not fully reflect the solid demand for our integrated suite of banking and credit union solutions, due to the unusual circumstances in the quarter," stated Michael E. Henry, Chairman and CEO. "The tragic events of September 11th resulted in up to a two-week-period in which our sales and installation teams were restricted in their abilities to call on customers. Therefore, revenues and contracting were both impacted by these events. We believe the interruption in our normal order flow process is temporary, and our sales pipeline remains healthy."

Backlog and deferred revenues, both measures of future business, improved in the first quarter. "Backlog, which is typically consumed in our first fiscal quarter, actually grew to \$128.9 million compared to \$127.1 million at June 30, 2001," stated Kevin D. Williams, Treasurer and CFO. The backlog for in-house products and services increased to \$49.8 million, and outsourcing backlog grew to \$79.1 million at the quarter-end, compared to \$43.0 million and \$61.6 million, respectively at September 30, 2000. Deferred revenues also increased to \$79.2 million.

Non-hardware revenues, which includes software licensing and installation, support and services, increased 18% to \$63.9 million and accounted for 74% of first quarter 2002 revenues, compared to \$53.9 million or 70% of revenues in the first quarter a year ago. Gross margin on non-hardware revenues was 50% for the quarter compared to 51% a year ago. "Our outsourcing service bureau and in-house support continues to grow, and strong gains in the quarter reduced the impact of the interruption of our sales efforts for software, installation and hardware," said Terry W. Thompson, President. Support and services revenues increased 37% to \$41.6 million in the first quarter.

Hardware sales were off slightly in the first quarter, down 3% to \$22.3 million from \$23.1 million in the first quarter a year ago. "Demand for imaging solutions and new system installations for credit unions, continues to be a source of strength in our hardware business," Thompson noted. Hardware sales accounted for 26% of first quarter revenues compared to 30% of revenues in the first quarter of fiscal 2001. Gross margin on hardware revenues was 33% in the quarter compared to 31% for the first quarter of fiscal 2001. Overall gross margin was 45% of total revenues in the first quarter of both years.

First quarter operating expense growth was below revenue growth at \$16.9 million, a 7% increase above last year's first quarter. Operating expenses reflect a decline of 14% in sales and marketing costs, primarily due to the disruptions of business travel in September. First quarter operating income increased 18% to \$22.1 million compared to \$18.7 million in the first quarter a year ago.

The Company completed a secondary offering of common stock in August 2000, which was primarily used to pay down debt. Consequently, first quarter interest income increased and interest expense declined relative to the year ago period. Pre-tax margins were 27% for the quarter, compared to 24% in the first quarter a year ago. The provision for income taxes remained at 36% of pre-tax income.

Depreciation and amortization, non-cash expenses, totaled \$6.3 million in the quarter compared to \$4.6 million last year. "We adopted the new accounting rules for treatment of goodwill amortization this quarter, but the change had virtually no effect on quarterly results," said Williams. "We estimate this change in accounting principle will cause annual results to differ by less than a penny per share this year."

Jack Henry & Associates, Inc. provides integrated computer systems and processes ATM and debit card transactions for banks and credit unions. Jack Henry markets and supports its systems throughout the United States and has over 2,800 customers nationwide. For additional information on Jack Henry, visit the company's web site at [www.jackhenry.com](http://www.jackhenry.com).

The Company will host a conference call today to discuss first fiscal quarter 2002 results at 7:45 a.m. CDT. The call can be accessed live and for one week thereafter at [www.jackhenry.com](http://www.jackhenry.com).

Statements made in this news release that are not historical facts are forward-looking information. Actual results may differ materially from those projected in any forward-looking information. Specifically, there are a number of factors that could cause actual results to differ materially from those anticipated by any forward-looking information. Additional information on these and

other factors which could affect the Company's financial results are included in its Securities and Exchange Commission (SEC) filings on Form 10-K. Potential investors should review these statements. Finally, there may be other factors not mentioned above or included in the Company's SEC filings that may cause actual results to differ materially from any forward-looking information.

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