



## **Jack Henry & Associates Reports Record Fiscal 2001 First Quarter With Revenues Increasing 77% And Profits Up 39%**

Monett, MO -- October 17, 2000. Jack Henry & Associates, Inc. (Nasdaq: JKHY) today reported its continuing strength in the bank technology market fueled record results again. Revenue, earnings and earning per share each set new quarterly records in the first quarter of fiscal 2001 ended September 30, 2000. First quarter income from continuing operations grew to \$11.9 million, or \$.27 per diluted share compared to \$8.5 million, or \$.20 per diluted share in the like quarter a year ago. The prior period numbers have been restated to reflect our 2-for-1 split effective March 2, 2000 and our acquisition of Sys-Tech, Inc. at June 1, 2000, which was accounted for as a pooling of interests.

"Demand for technology solutions, particularly for our Internet banking products, continues to grow providing a strong contrast to the Y2K calm we saw last year at this time," stated Michael E. Henry, Chairman and CEO. "In addition to attractive industry fundamentals, the acquisitions we've made over the past year, including Sys-Tech, Symitar Systems and Open Systems Group, are providing additional opportunities for growth."

Driving its strong revenue growth, software licensing and installation increased 104% to \$23.5 million and hardware sales increased 102% to \$23.1 million. Maintenance, support and services revenues, which are generated from in-house maintenance, service bureau processing and ATM switch processing, increased 49% to \$30.4 million.

Gross margin was 45% of total first quarter revenues compared to 46% in the like quarter a year ago. Last year's gross margin was slightly stronger due to a smaller share of revenues from lower margin hardware sales during the period. First quarter gross profit improved 73% to \$34.6 million compared to \$20.0 million in the first quarter of fiscal 2000. First quarter operating expense increased 81% to \$15.9 million, reflecting continued growth in our business and the increases in overhead as a result of acquisitions made during last year.

First quarter operating income increased 67% to \$18.7 million compared to \$11.2 million in 1Q00. Pre-tax income increased 46% to \$18.6 million compared to \$12.7 million in the first quarter a year ago. Interest expense this quarter resulting from acquisitions combined with last year's \$1.1 million gain on sale of an investment served to further reduce the growth of pre-tax income. Tax provisions returned to more normal levels this quarter at 36% of pre-tax income compared to 33% a year ago when the Company realized tax benefits in that period.

"The process of integrating the acquisitions into our company is progressing well, and is ahead of our original operating plans," said Michael Wallace, President. "We've successfully completed the integration of all ancillary products, including ATM switching, Internet banking, and check image that were planned for the UNIX/NT operating environment of our Open Systems Group, which we acquired in September 1999."

"The follow-on offering completed in August raised a net of \$60.5 million, increasing shareholder equity substantially and subsequently eliminated all borrowings under our credit lines," said Terry Thompson, CFO. "The reduction in debt is expected to substantially reduce interest expense later this year."

"A good indicator for the remainder of the year is that deferred revenues increased 58% from a year ago and our backlog which is typically consumed in the first quarter held steady at \$104.6 million compared to \$104.4 million at June 30, 2000 and increased from \$82.7 million a year ago," Thompson added. The backlog for in-house products and services totaled \$43.0 million at September 30, 2000 compared to \$43.0 million at year end and \$22.7 million a year ago. Outsourcing backlog was \$61.6 million compared to \$61.4 million at year end and \$60.0 million a year ago.

Jack Henry & Associates, Inc. provides integrated computer systems and ATM networking products for banks and credit unions. Jack Henry markets and supports its systems throughout the United States and has over 2,850 customers nationwide. For additional information on Jack Henry, visit the company's web site 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 important 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 and its registration statement filing of August 11, 2000. These statements should be reviewed by potential investors. 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.

[View CONDENSED CONSOLIDATED FINANCIAL INFORMATION](#)