



## **Jack Henry & Associates Posts Third Quarter Revenues Of \$93 Million; Net Income Of \$14 Million And EPS Of \$.15**

Monett, MO -- April 16, 2002. Monett, MO, April 16, 2002 -- Jack Henry & Associates, Inc. (Nasdaq: JKHY) today reported third quarter revenues continue to show quarterly improvement and were even with the record breaking revenues set in the third quarter a year ago. Third quarter profits also showed improvement over second quarter, but were down from a year ago.

Third quarter total revenues were \$92.6 million, compared to \$92.8 million, and net income was \$13.6 million or \$.15 per diluted share, compared to \$15.3 million or \$.17 per diluted share in the like quarter a year ago. For the nine month period ended March 31, 2002, total revenues increased 8% to \$270.2 million compared to \$250.6 million. Net income increased 3% to \$41.2 million or \$.45 per diluted share, compared to \$40.1 million or \$.44 per diluted share. Prior period numbers have been adjusted for the March 2001 stock split.

### **Third Quarter Highlights**

"We've been up-front about the challenges we faced this quarter, which included the industry-wide softness in the hardware marketplace and the reduction in capital spending for technology services. Our third quarter results, however, provide some evidence for optimism going forward," stated Michael E. Henry, Chairman and CEO. "Offsetting the reduced level of core system sales, our complementary products continue to perform very well, outsourcing remains strong, and backlog continues to grow. We are poised to capitalize on increasing in-house and outsourcing opportunities in the upcoming fiscal year. Since the initial fall-off in sales following 9/11, total revenues have increased sequentially in the past two quarters."

"The launch of our latest complementary application for customer relationship management (CRM) was very successful with nine new application sales contracted during the quarter," said Terry W. Thompson, President. "In addition to our January acquisition of Transcend Systems with its CRM Relationship Explorer™ solution, we partnered with ARGO Data Resources to provide a high-end CRM solution to our larger customers. Also with ARGO, we will be offering teller and platform products for our Open Systems Group customers, completing our complementary product set for these customers. We anticipate teller and platform products will be in beta-testing this quarter, and widely available by September 2002. The integration of ARGO's Carrit® CRM solution into our SilverLake System® core processing solution is on schedule and, when released in calendar 2003, will provide sophisticated, enterprise-wide sales management and customer service delivery tools."

### **Revenue Growth**

Non-hardware revenues increased 12% to \$67.7 million, accounting for 73% of third quarter 2002 revenues, compared to \$60.5 million or 65% of revenues in the third quarter a year ago. Support and services revenues increased to \$43.0 million in the third quarter compared to \$34.2 million a year ago, representing an increase of 26%, with these strong gains more than offsetting the 6% decline in software sales and installation. Third quarter hardware revenues, following an industry trend, dropped 23% compared to a year ago and 7% from the second quarter of this fiscal year. Hardware revenues totaled \$24.8 million or 27% of total revenues compared to \$32.4 million or 35% of total revenues in the prior year.

For the first nine months of fiscal 2002, total revenues rose 8% to \$270.3 million, compared to \$250.6 million in the first nine months fiscal 2001. Non-hardware revenues increased 15% to \$196.4 million compared to \$171.2 million, with software licenses and installation off 6% at \$69.9 million and support and services up 30% to \$126.5 million. Year-to-date hardware sales declined 7% to \$73.9 million compared to \$79.3 million in the like period a year ago.

Backlog and deferred revenues, both measures of future business, continued to improve in the third quarter. At March 31, 2002, backlog increased to \$136.5 million (\$54.0 million in-house and \$82.5 million outsourcing) compared to \$132.1 million (\$52.3 million in-house and \$79.8 million outsourcing) at December 31, 2001 and \$124.0 million (\$50.9 million in-house and \$73.1 million outsourcing) at March 31, 2001. Deferred revenues also increased 19% to \$77.5 million compared to \$65.3 million at March 31, 2001.

### **Margin and Operations Review**

Gross margin was unchanged from year ago periods at 43% for the quarter and 44% year-to-date. Gross profit was up 1% in the third quarter to \$40.1 million, compared to \$39.7 million in the third quarter a year ago. Year-to-date, gross profit was up 8% to \$118.2 million compared to \$109.1 million in the first nine months of fiscal 2001. Non-hardware margin was 48% in both

the third quarter and year-to-date, compared to 50% and 49%, respectively, in like periods a year ago. Hardware margin was up slightly at 31% compared to 29% in third quarter last year, and year-to-date hardware margin was 32% compared to 31% a year ago. "From one quarter to the next, margins can fluctuate due to the mix of products sold, incentives from hardware suppliers, and many other factors. Over the course of a year, however, these influences tend to balance out," said Kevin D. Williams, CFO. Year-to-date depreciation and amortization, included in both cost of services and general and administrative expenses, was up 29% to \$20.3 million from \$15.7 million in the first nine months of fiscal 2001.

Operating expenses rose 18% from a year ago to \$19.2 million in the third quarter, and were flat compared to the second quarter of 2002 reflecting the company's cost-control efforts. Year-to-date operating expenses increased 17% to \$55.4 million compared to \$47.2 million in the first nine months of fiscal 2001. Several factors contributed to the rise in general and administrative expenses, which increased 39% to \$8.5 million in the quarter and rose 34% to \$24.7 million year to date. "General and administrative expense have increased substantially this year primarily due to rising health care costs and depreciation related to capital expenditures," Williams explained. Research and development expenses increased 2% to \$3.0 million compared to \$2.9 million in the third quarter a year ago. Year-to-date R&D increased 16.2% to \$9.4 million compared to \$8.1 million a year ago. The year-to-date increase in R&D reflects development costs associated with continued development and refinement of new and existing products.

### **About Jack Henry & Associates**

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 third 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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