Consolidated Financial Results for the Fiscal Year Ended March 31, 2022
(April 1, 2021 through March 31, 2022)
(Prepared pursuant to Japanese GAAP)

All financial information has been prepared in accord with accounting principles generally accepted in Japan.
This is a partial English translation of the original Japanese-language document. All information pertains to consolidated results unless otherwise noted. Information on the basis of presentation of consolidated financial statements does not appear in this translation.

May 11, 2022

Company name:	TIS Inc.
Stock exchange listings:	The First Section of the Tokyo Stock Exchange
Stock code:	3626
URL:	https://www.tis.com/
Representative:	Yasushi Okamoto, President
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Scheduled dates

Annual general shareholders' meeting:	June 24, 2022
Filing of statutory financial report:	June 27, 2022
Commencement of dividend payments:	June 27, 2022

Supplementary materials to the full-year results:	Available
Full-year results presentation held:	Yes (targeted at institutional investors and analysts)

Figures in millions of yen are rounded down to the nearest million

1. Consolidated Results for the Fiscal Year Ended March 31, 2022 (FY2022) (April 1, 2021 – March 31, 2022)

(1) Consolidated Financial Results

Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent company	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2022	482,547	7.6	54,739	19.7	55,710	41.9	39,462	42.5
FY2021	448,383	1.1	45,748	2.0	39,257	-14.8	27,692	-5.8

Note: Comprehensive income: FY2022: 37,481 million yen (-2.8%); FY2021: 38,573 million yen (61.3%)

	Net income per share – basic	Net income per share – diluted	Return on shareholders' equity	Ratio of recurring profit to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY2022	157.69	-	14.0	12.0	11.3
FY2021	110.51	-	10.8	9.4	10.2

For reference: Equity in earnings (losses) of affiliated companies: FY2022: (1,012) million yen; FY2021: (6,033) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
End-FY2022	476,642	302,993	61.5	1,173.60
End-FY2021	451,072	279,429	60.0	1,078.60

For reference: Total equity: End of FY2022: 293,125 million yen End of FY2021: 270,481 million yen
*Total equity = Shareholders' equity plus total accumulated other comprehensive income

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	millions of yen	millions of yen	millions of yen	millions of yen
FY2022	56,126	(3,424)	(21,948)	113,820
FY2021	33,345	(17,522)	12,484	82,924

2. Cash Dividends for Shareholders of Common Stock

	Cash dividends per share					Total dividends paid (full year)	Payout ratio (consolidated)	Dividends paid to net assets (consolidated)
Record date or period	End-Q1	End-Q2	End-Q3	Year-end	Total			
	yen	yen	yen	yen	yen	millions of yen	%	%
FY2021	-	11.00	-	24.00	35.00	8,823	31.9	3.4
FY2022	-	13.00	-	30.00	43. 00	10, 799	27. 3	3.8
FY2023 (forecast)	-	15.00	-	32.00	47.00		30.5	

Note: Total dividends paid includes dividends (42 million yen for FY2021, 53 million yen for FY2022) paid to TIS INTEC Group Employees' Shareholding Association Trust and dividends (7 million yen for FY2021, 9 million yen for FY2022) paid to Board Incentive Plan (BIP) Trust. Payout ratio is obtained by dividing the total dividends by net income attributable to owners of the parent company.

3. Forecast of Consolidated Results for FY2023 (April 1, 2022 – March 31, 2023)

Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent company		Net income per share – basic
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
First half of FY2023 (six months ending Sep. 30, 2022)	240,000	2.4	25,000	4.7	25,000	3.7	16,500	6.3	67.25
Full FY2023 (year ending Mar. 31, 2023)	500,000	3.6	57,000	4.1	57,000	2.3	37,500	5.0	154.22

Note: The forecast of consolidated results may be revised depending on when the novel coronavirus outbreak comes to an end.

※Notes

(1) Material reclassifications of subsidiaries during the period: None

(Changes in specified subsidiaries resulting in change in scope of consolidation)

Additions: None Exclusions: None

(2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement

1) Changes in accordance with amendments to accounting standards, etc.: Yes

2) Changes other than noted in 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Common stock issued

1) Issued shares as of period-end (including treasury stock):

End-FY2022 (March 31, 2022):	251,160,894 shares
End-FY2021 (March 31, 2021):	263,367,294 shares

2) Treasury stock as of period-end:

End-FY2022 (March 31, 2022):	1,394,103 shares
End-FY2021 (March 31, 2021):	12,595,655 shares

3) Average number of shares (during the fiscal year):

FY2022 (ended March 31, 2022):	250,246,048 shares
FY2021 (ended March 31, 2021):	250,574,916 shares

Note: Treasury stock includes the number of the Company's own shares held by TIS INTEC Group Employees' Shareholding Association Trust and the Board Incentive Plan (BIP) Trust.

Audit Status

Financial reports are not subject to review procedures to be conducted by certified public accountants or an audit firm.

Caution on Forward-Looking Statements and Other Important Matters

At a Board of Directors' meeting held on May 11, 2022, TIS Inc. (TIS) resolved to acquire its own (treasury) shares in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of said Act. Accordingly, "Net income per share – basic" in the Forecast of Consolidated Results for FY2023 has been presented taking into account the effect of this acquisition of treasury shares.

This report contains forward-looking statements that reflect TIS's plans and expectations based on information available to TIS at the time of preparation and on certain other information TIS believes to be reasonable. These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, refer to "(4) Outlook for fiscal 2023" in the "1. Results of Operations" section on page 7 in the Accompanying Materials.

Accompanying Materials – Contents

1. Results of Operations

(1) Analysis of Consolidated Operating Results

During fiscal 2022, the Japanese economy showed signs of recovery as the severe situation caused by the impact of the COVID-19 pandemic began to gradually improve. Looking ahead, in addition to the continued impact of the pandemic, it will be necessary to watch downside risks due to rising raw material prices, fluctuations in financial and capital markets, and supply-side constraints as a result of uncertainty due to the Ukraine crisis and other factors.

The IT services industry, to which the TIS INTEC Group ("the Group") belongs, is expected to see further increases in IT investment demand as the transformation of business processes and business models utilizing digital technologies progresses globally. This is demonstrated by factors such as the Bank of Japan's quarterly Short-term Economic Survey of Enterprises in Japan (December 2021), which show year-on-year increases in corporate software investment plans (all industries, including financial institutions).

In this environment, the Group launched its new three-year medium-term management plan (2021-2023) in fiscal 2022 for further growth in achieving "Group Vision 2026" and is working to accelerate business restructuring with enhancing provided digital transformation value as the keystone.

Consolidated net sales for the Group during fiscal 2022 rose 7.6% year on year to ¥482,547 million. Operating income rose 19.7% to ¥54,739 million, recurring profit rose 41.9% to ¥55,710 million, and net income attributable to owners of the parent company rose 42.5% to ¥39,462 million.

Sales were up sharply from the previous year as a result of meeting the demand for IT investment, such as customers' demand for digital transformation and the contribution of the results of companies that became our subsidiaries in the previous fiscal year. As for operating income, the gross profit ratio rose to 26.7% (1.3 percentage points up over the previous year's level) due to factors such as the provision of high value-added businesses and the promotion of productivity improvement measures, in addition to the increase in income due to higher revenue. This offset the increase in selling, general and administrative expenses, which were mainly due to investments such as office reform costs that will contribute to future growth. As a result, operating income was higher, and the operating income ratio increased 1.1 percentage points from the previous quarter to 11.3%. The increase from the previous year in recurring profit reflected the growth in operating income as well as improved non-operating income. Net income attributable to owners of the parent company increased in the current quarter due to an increase in recurring profit and significant improvement in extraordinary income and loss, which included a gain on sales of shares of subsidiaries of ¥6,362 million from the transfer of shares of the consolidated subsidiary Chuo System Corporation, as outlined in "Notice regarding Change in Consolidated Subsidiary (Share Transfer)" released on October 12, 2021, and a ¥4,910 million gain on sales of investment securities following the reduction of policy stockholdings, which was recorded as extraordinary income.

The listing of the shares of an overseas company (which we own based on a capital and business alliance) on the U.S. market resulted in a gain on the transfer of shares for tax purposes, and we accordingly recorded approximately 8.0 billion yen in income taxes, but as we also recorded an income tax adjustment (gain) of a similar amount, the total impact on earnings was minor.

Additionally, the Accounting Standard for Revenue Recognition, etc., have been applied from the start of the first quarter of fiscal 2022, but the impact on overall results has been minimal.

Segment results for the period are as follows. The sales figures for each segment include inter-segment sales.

1) Service IT Business

This segment comprises Group businesses providing knowledge intensive IT services that leverage the Group's service and industry know-how to create universalized, template-oriented solutions for its customers (including default configuration and ERP).

Segment sales during fiscal 2022 totaled ¥155,104 million, up 13.3% year on year, and operating income increased 27.6% to ¥11,095 million. In addition to capturing demand for IT investments in areas such as settlement solutions and marketing, which is growing with the advance of digitalization, the contribution from the results of a company that became our subsidiary in the previous fiscal year (MFEC Public Company Ltd.) meant a year-on-year increase in both sales and profits, with the operating income ratio increasing 0.9 percentage points year on year to 7.2%.

2) BPO

This segment comprises businesses that leverage the Group's extensive service and IT know-how to deliver business process outsourcing (BPO) services, including marketing and sales services and office and contract operations.

Segment sales during fiscal 2022 totaled ¥36,617 million, up 3.3% year on year. Operating income expanded 11.2% to ¥3,453 million. Steady growth in response to growing outsourcing needs of companies in the insurance industry and other sectors led to an increase in both sales and profits year on year and pushed up the segment's operating income ratio to 9.4%, a year-on-year improvement of 0.6 percentage point.

3) Financial IT Business

This segment comprises businesses that leverage business and operating know-how specific to the financial sector to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

Segment sales during fiscal 2022 totaled ¥124,937 million, up 12.9% year on year, and operating income increased 9.4% to ¥16,765 million. Expansion of IT investment by credit card companies and other core clients led to an increase in both sales and profits year on year. Operating income ratio was 13.4%, down 0.4 percentage point year on year, but remains high.

4) Industrial IT Business

This segment's businesses leverage business and operating know-how specific to non-finance industries to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

Segment sales during fiscal 2022 totaled ¥191,232 million, down 1.6% year on year, and operating income increased 22.7% to ¥22,959 million. Net sales decreased from the previous fiscal year due to the impact of the revenue decline resulting from the adoption of the Accounting Standard for Revenue Recognition, etc. Operating income increased year on year due to factors such as steady IT investment by core clients in the manufacturing/service industries, and recovery of IT investment demand from regional and small and medium-sized companies, which had been subdued due to the COVID-19 pandemic. The operating income ratio increased 2.4 percentage points year on year to 12.0%. While the results of companies that became subsidiaries in the previous fiscal year (Miotsukushi Analytics Co., Ltd. and TIS Chiyoda Systems Inc.) represent a positive factor and the exclusion of the results of a company whose shares were transferred outside the Group in the current fiscal year (Chuo System Corporation) represents a negative factor, the total impact on the segment results is minimal.

5) Other

The Other segment includes a number of ancillary businesses that provide information systems to clients.

Segment sales during fiscal 2022 totaled ¥8,889 million, up 0.6% year on year, operating income was down 9.4% to ¥850 million, and the segment's operating income ratio was 9.6%, down 1.0 percentage point.

As noted above, the Group launched its new three-year medium-term management plan (2021-2023) in fiscal 2022 as a second step towards realizing its "Group Vision 2026". Under the slogan of "Be a Digital Mover 2023", the Group is increasingly focusing on Strategic Domains* and is working to accelerate business restructuring, with enhancing provided digital transformation value as the keystone.

*Note: "Strategic Domains" are the four business domains designated to be built into the core businesses of the Group by 2026, as set forth in Group Vision 2026.

In fiscal 2022, the first year of the medium-term management plan (2021-2023), the Group energetically implemented various measures in line with the following Group management policies.

Group Management Policies for Fiscal 2022

(1) Promote efforts in improving value provided to society and corporate value by sustainability management
(2) Enhance efforts in achieving high value-added by innovating production and improving provided digitaltransformation value
(3) Invest in growth for enhancing the ability to provide digital transformation value while maintaining fiscal soundness
(4) Promote a growth strategy aimed at becoming a top-class IT group in the ASEAN region and establish governance

(5) Continuously enhance employee job satisfaction and promote the growth of our highly diversified human resources to drive the shift to digital transformation

The status of issues and initiatives in the Group management policies are presented below.

1) Promote efforts in improving value provided to society and corporate value by sustainability management

The Group has established a system for advancing sustainability management by means such as setting up a Corporate Sustainability Committee, identifying materiality, and identifying four societal issues to resolve. In the medium-term management plan (2021-2023), the Group will promote the achievement of priority management resource distribution in business activities that contribute to solving societal issues identified. And it will advance ESG, promoting contribution to a decarbonized and recycling-oriented society, sustained improvement of stakeholder engagement, and pursuit of corporate governance that enhances trust from society.

At the same time, the Group will continue strategic brand activities in an effort to increase corporate value and consumer recognition. As a result of continuing to place commercials on television and articles in advertising materials, the consumer recognition of the Group increased and resulted in improved employee satisfaction and hiring capabilities, demonstrating certain results based on brand activities.

In addition to establishing a Basic Direction on Corporate Sustainability, the Group has been implementing initiatives related to the high priority topics of the environment and human rights as urgent and important social issues. On the subject of human rights, we are implementing human rights due diligence risk assessments in line with the United Nations “Guiding Principles on Business and Human Rights” in addition to establishing a human rights policy. With regard to the issue of climate change, after endorsing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have begun to implement information disclosure measures based on said recommendations. Furthermore, we are also working to strengthen management related to community contributions by establishing the "TIS INTEC Group Tax Policy" to ensure appropriate tax payments in compliance with the laws and regulations of each country. The Group will continue to deepen its sustainability management, aiming to contribute to a sustainable society and actualize continuous improvement in corporate values. From the perspective of improving operational efficiency based on integrated group management, as part of the "G20 Head Office Function Upgrade Project” which we have been working on, we transferred our group shared services business to our wholly owned subsidiary, TIS Total Service Inc. through an absorption-type split on April 1, 2022 and changed its name to TIS Business Service Inc. From now on, this company will play a central role in promoting the shift to shared services and digital transformation for the entire group's back-office operations. Note that the Group has listed on the Tokyo Stock Exchange’s Prime Market, which is a market for companies focused on constructive dialogue with global investors, following the market restructuring that the Tokyo Stock Exchange implemented in April 2022.

2) Enhance efforts in achieving high value-added by innovating production and improving provided digital transformation value

The Group is keenly aware of the social responsibility involved in providing information systems as social infrastructure and is continuing to work on improving quality, productivity, and technological capabilities. From the perspective of innovating production, in particular, we have continuously made efforts to eliminate unprofitable projects, carry out reforms aimed at further improving the profitability of enhancement areas, and promotion of offshoring. Currently, we are also continuing efforts toward improving the profitability of the entire Group by means such as going ahead with the deployment of “Trinity Ver. 2” as a quality management system that supports service-type business. Additionally, as a response to eliminating unprofitable projects we will further strengthen our IT architecture and the sophistication of our engineering so that we can respond to ever diversifying costumer needs faster than ever.

In order to fulfill the mission in the Group's basic philosophy, "OUR PHILOSOPHY": "To brightly color the future as a mover that utilizes digital technology", we are aiming to harness digital technology to provide end-to-end value relating to digitalization-related issues, from strategy proposals through to the provision of solutions to customers and wider society, and we are going forward with efforts to achieve high value-added by improving provided digital transformation value. One example is being selected as a "DX certified business operator" by the Ministry of Economy, Trade and Industry in May of 2021. We were selected in recognition of the Group's initiatives up to now relating to digital transformation for customers and ourselves that meet the certification standards of the Ministry of Economy, Trade and Industry, and appropriate disclosure of information for stakeholders.

In the settlement business field, a Group strength, we will a establish credit card processing service where systems centering on business processing services related to member management and affiliate shop management are provided as a service and expand lending services where systems for loans and other financial service operators are provided on the cloud. Additionally, we will enhance data analysis functions that connect to these and heighten functionality. And by making microservices out of those functions for each application and purpose and promoting the provision of flexible services that are responsive to change, we will improve our ability to provide comprehensive services in the digitalization of settlements and finance, with the aim of further enhancing our strengths and expanding our business domains.

In particular, we will use the credit card processing service scheduled to launch in the first half of fiscal 2023 to ensure we meet the growing demand for comprehensive processing services, including finance functions. Additionally, we are rolling out business in all areas of the settlement business to cover all aspects of digitalized payments, including digital accounts, mobile wallets, service coordination, security, and data utilization.

Also, to "further strengthen the frontline" where we are connected with clients, we are promoting strategic management resource placement and human resources development to enhance consulting functions in upstream areas such as strategy proposal and issue/solution identification in order to promote digital transformation. As part of these efforts, we are coordinating with Miotsukushi Analytics Co., Ltd., a subsidiary consolidated in August 2020 with strengths in data analysis/AI, to strengthen value provision for the digital transformation of core clients. We have also set up a DX Strategy Human Resources Committee and are engaging in a number of related initiatives, including commencing consideration and discussions of concrete measures and policies. We proactively re-assigned personnel and recruited mid-career personnel experienced in this field to increase the number of digital transformation consultants by about 50 and established a 300-strong team by the end of fiscal 2022.

3) Invest in growth for enhancing the ability to provide digital transformation value while maintaining fiscal soundness

To achieve continuous corporate growth and corporate value enhancement in this operating environment with increasing uncertainties as an even more competitive corporate group, we will proactively make growth-oriented investments in four areas (software investment, human resources investment, R&D investment, M&A and capital tie-ups) and further advance investment management to gain appropriate returns. In the three years of the medium-term management plan (2021-2023), the Group's policy is to conduct investment for growth totaling approximately ¥100 billion and promote improving provided digital transformation value and acquiring new technologies, and we are currently incrementally expanding our investments.

Also, the Group is currently considering optimal group structures from the perspective of promoting business focus on the four strategic domains targeted in Group Vision 2026. As part of this, in the current fiscal year, we transferred all of the shares of the consolidated subsidiary Chuo System Corporation outside the group. As part of promoting various measures aimed at structural transformation, we will continue to optimize the group structure and revise the business portfolio, appropriating the funds gained from these efforts to invest in growth in accordance with the cash flow allocation policy in our financial investment strategy. To this end, the group has reduced the number of cross-held shares it holds that it has judged to not have significant meaning

4) Promote a growth strategy aimed at becoming a top-class IT group in the ASEAN region and establish governance
   By strengthening the partnerships and alliances in ASEAN nations established in the previous medium-term management plan and utilizing cutting-edge technologies and disruptive technologies, the Group will globally expand its “IT Offering Service” and “Frontier Market Creation Business” as set forth under Strategic Domains.
   In this environment, we will create yet more business synergies with MFEC Public Company Limited, a leading player in providing IT solutions for enterprises in Thailand that became a subsidiary of TIS from October 2020, with the aim of enhancing our competitiveness and expanding business.
   Moreover, we will further strengthen the strategic partnership with Grab Holdings Inc., which operates the largest digital payment platform in Southeast Asia, collaborating on enhancing digital payment infrastructure and developing new settlement technologies in Southeast Asia and Japan.
   Additionally, we are continuing to strengthen alliances with leading technology companies, including capital and business partnerships formed with Hangzhou Qulian Technology Co., Ltd., a leading blockchain technology company in China, and Contour Pte. Ltd., a Singapore-based company that operates a trade finance platform using blockchain technology.

5) Continuously enhance employee job satisfaction and promote the growth of our highly diversified human resources to drive the shift to digital transformation
   To continue to enhance the value exchange between employees and Group companies, the Group will promote a human resources strategy focusing on diversification and advancement of individuals. We will take on the challenge of enhancing engagement with employees through the creation of an environment and organizational culture where all members of a diverse workforce can thrive, promotion of next-generation workstyle reforms looking towards the “new normal,” and advancement of human resource portfolio management by the digitalization of a human resources database. Additionally, to further accelerate structural transformation, we will make an effort to strategically secure and foster advanced human resources in areas such as management, consulting, global business, and service business and will place them optimally.
   For example, we have established a teleworking program to promote flexible working styles for employees, and a growth support program that places value on autonomous career development, and are expanding and enhancing our life stage support program aimed at promoting self-actualization and supporting employees through various stages of life.
   As a result of these efforts, our company, INTEC Inc, and QUALICA Inc. were recognized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council) as 2022 Health and Productivity Management Organizations, and further, our company was recognized as one of the 2022 Health and Productivity Management Organization White 500.

Additionally, as one of the themes for building an organizational climate in which each and every employee can play an active role and grow with a sense of contribution, we are also working on changing the mindset of our female employees, developing their skills and careers, and reviewing their working styles so that they can demonstrate their abilities in their own way, and we were jointly selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as “semi-Nadeshiko” in the Nadeshiko Brand. In addition to the above-mentioned initiatives and in line with the Group’s policy of flexibly managing its capital position to enable flexible responses to its operating environment while continuing to enhance shareholder returns and capital efficiency, we conducted a buyback of a total of 1,430,400 shares in September 2021 (total acquisition cost: ¥4,470 million) and retired almost all treasury shares (a total of 12,206,400 shares; the equivalent of 4.6% of issued shares prior to retirement).

(2) Analysis of Financial Condition

Consolidated total assets as of March 31, 2022, amounted to ¥476,642 million (up 5.7% from March 31, 2021). Current assets totaled ¥259,261 million (up 12.7%), while fixed assets were at ¥217,381 million (down 1.7%). On the liabilities side, current liabilities amounted to ¥139,236 million (up 38.0%) and non-current liabilities were at ¥34,412 million (down 51.3%). Net assets therefore came to ¥302,993 million (up 8.4%).

(3) Analysis of Cash Flows

Cash and cash equivalents (“cash”) totaled ¥ 113,820 million as of March 31, 2022, up ¥30,895 million from March 31, 2021.

Contributions to cash flow were as follows.

(Cash flow from operating activities)

Operating activities generated net cash of ¥56,126 million. This mainly reflects income before income taxes of ¥61,481 million and the positive cash flow effect of ¥15,083 million in depreciation. These inflows were partially offset by the negative cash flow effect of ¥14,363 million in income taxes paid.

(Cash flow from investing activities)

Investing activities used net cash of ¥3,424 million. An inflow of ¥7,126 million in proceeds from sale and redemption of investment securities as well as ¥7,019 million in proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation was offset by outflows of ¥6,231 million for acquisitions of intangible assets and ¥9,048 million for acquisitions of property and equipment.

(Cash flow from financing activities)

Financing activities used net cash of ¥21,948 million. A cash inflow of ¥1,320 million in proceeds from short-term debt was offset by outflows such as ¥9,327 million for dividends paid, ¥4,833 million for the purchase of treasury stock, and ¥7,012 million for repayments of long-term debt.

For reference: Cash flow indicators

	Fiscal 2021	Fiscal 2022
Equity ratio (%)	60.0	61.5
Equity ratio based on market capitalization (%)	146.8	151.6
Ratio of interest-bearing debt to cash flow (years)	1.3	0.7
Interest-coverage ratio (times)	152.8	184.8

Equity ratio: Total equity / Total assets

Equity ratio based on market capitalization: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

Interest-coverage ratio: Cash flow / Interest paid

1. All indicators were calculated using consolidated financial statement data.
2. Market capitalization is based on the number of shares issued and outstanding, excluding treasury stock. Treasury shares deducted from the number of shares issued to determine number of shares used to calculate market capitalization include the Company’s shares held by TIS INTEC Group Employees’ Shareholding Association Trust and the Board Incentive Plan (BIP) Trust.

3. Cash flow from operating activities is used as the cash flow variable.
4. “Interest-bearing debt” is all debt on the consolidated balance sheet on which interest is payable.

(4) Outlook for Fiscal 2023

The outlook for the TIS Intec Group’s business environment is uncertain, considering factors such as the continuing impact of COVID-19. However, there are expectations for further increases in IT investment demand with advancement in activities targeting transforming business processes utilizing digital technologies and business model transformation.

Given the current situation, the Group has set the following group management plan for the fiscal year ending March 31, 2023, and will continue to vigorously implement various measures to achieve steady progress towards the achievement of our medium-term management plan (2021-2023)

<Group Management Policies for Fiscal 2023>

1. Promote long-term growth strategies for social and corporate value through sustainability management.
2. Accelerate value-added growth by strengthening digital transformation organizational capabilities and investments.
3. Promote business structure transformation and measures to improve asset and capital efficiency over the medium to long term.
4. Promote a growth strategy aimed at becoming a top-class IT group in the ASEAN region and establish governance.
5. Further expansion and investment in human resources to advance and diversify

The consolidated earnings forecast for the fiscal 2023 is as follows. We expect to expand our business by accurately responding to customers’ demand for digital transformation and, we will provide high value-added business and promote productivity enhancement measures and the like while sustaining our investment in future growth in an aim to achieve even higher profitability. Note that net income attributable to owners of the parent company is expected to decrease as extraordinary income of 11,293 million yen was recorded in fiscal 2022.

<Fiscal 2023 Consolidated Earnings Forecast (April 1, 2022 to March 31, 2023)>

Net sales	¥500,000 million	+3.6% year-on-year
Operating income	¥57,000 million	+4.1% year-on-year
Recurring profit	¥57,000 million	+2.3% year-on-year
Net income attributable to owners of the parent company	¥37,500 million	-5.0% year-on-year

(5) Basic Policy on Profit Distribution and Dividends for Fiscal 2022 and Fiscal 2023

1) Policy on determining dividends from surplus, etc.

The Company regards the return of profits to shareholders as a key management decision and has adopted a basic policy of maintaining sufficient internal reserves required for business growth from amedium- to long-term management perspective, while continually paying a stable dividend in consideration of its consolidated financial results.

Based on this policy, the Company seeks in the medium-term management plan (2021-2023) to raise the target total return ratio from 40% to 45% and to continuously enhance the dividend per share based on a balance in promotion of growth investments with securing financial soundness and strengthening shareholder returns. Note that in order to increase the distribution of profits to shareholders in accordance with business growth in a sustained manner, the Company believes it is desirable to base shareholder returns on profits derived from operating activities, as they are not affected by one-time gains or losses.

2) Fiscal 2022 dividends from retained earnings

With regard to the distribution of retained earnings for fiscal 2022, as the results for the fiscal year exceeded targets, the Company intends to pay a year-end dividend of ¥31 per share, ¥4 more than planned. As a result, the annual dividend for fiscal 2022, including the interim dividend, will be ¥44. Including the ¥4,470 million buyback of 1,430,400 shares of the Company, the total shareholder return ratio for fiscal 2022 comes to 39.3%. The total return ratio calculated based on the above policy is, however, expected to be 43.1%, which accords with the basic policy.

3) Fiscal 2023 dividends from retained earnings

With regard to dividends from retained earnings for fiscal 2023, the Company plans to pay an annual dividend of ¥47 per share, including an interim dividend of ¥15 per share. In addition, the Company has decided to conduct share buybacks in fiscal 2023 totaling 30.0 billion yen, including shares worth approximately 5.5 billion yen based on the guideline total return ratio of 45%, plus shares worth approximately 24.5 billion yen as part of efforts to optimize the Company’s capital structure.

(6) Business and Other Risks

The following are the main risks deemed to have the potential to have a significant impact on the business results, financial condition, and cash flow (hereinafter referred to collectively as “business results, etc.”) of the TIS INTEC Group. The Group defines “risk” as “any factor that may hinder the achievement of the management philosophy, goals, and strategies of the Company and the Group by causing economic loss; the interruption, stagnation, or suspension of business operations; and/or damage to the Company’s credit or brand image”. In addition, the Group-wide risks are classified intostrategic risks, financial risks, hazard risks, and operational risks according to the Group’s rules on risk management.

Using the Group’s risk management evaluation method, all risks are comprehensively evaluated from the viewpoint of occurrence frequency and degree of damage caused. However, the nature and degree of the impact that each risk will have on the Company’s business results, etc. will vary depending on the nature of each risk event, the likelihood that the risk will emerge, and the timing of that emergence. Since more specific explanations of each risk are difficult, detailed descriptions of thepotential damage to the Company’s business results, etc. have been omitted.

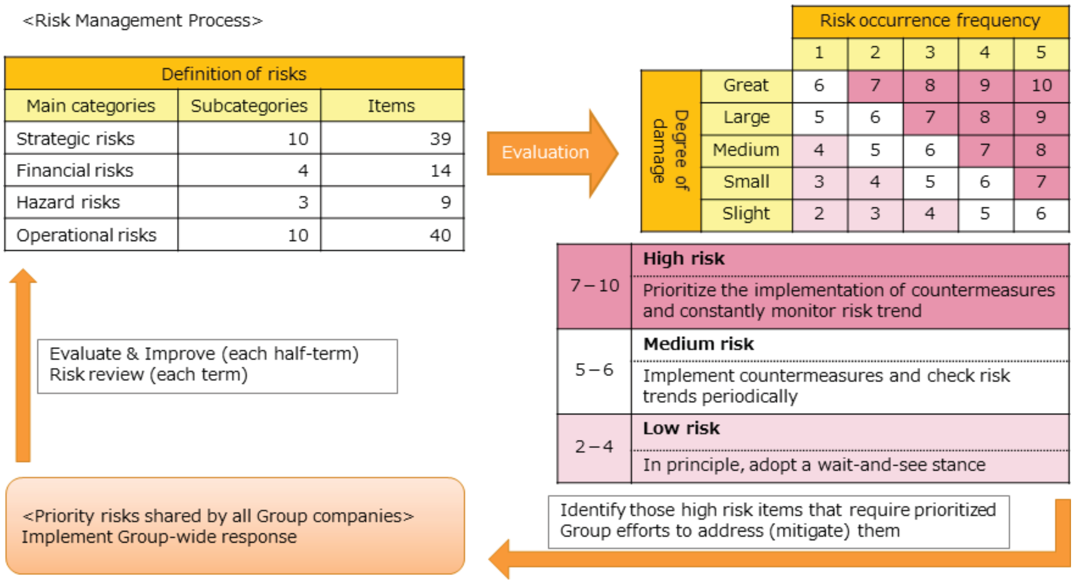
Note that all forward-looking statements in this document are based on information available to the Company as of May 11, 2022.

The Company has established rules for risk management to ensure an accurate understanding of therisks facing the Group and prevent losses from occurring. In accordance with these rules, we have appointed an executive to oversee risk management of the entire Group. Also, a risk management department has been established to prepare a risk management system. In addition, we have established a risk management policy for the entire group and regularly check the implementation status of measures to control risk. When a group company becomes exposed to a serious risk, a taskforce is set up and appropriate measures are taken to minimize damage.

The risk management system falls under the jurisdiction of the Group Internal Control Committee, which promotes various measures to maintain and improve Group-wide internal controls according toa basic policy and various regulations regarding the internal control system. The Committee then monitors the implementation of those measures and the operational status of the internal control system and reports its findings to the Board of Directors. Based on its reports to the Board of Directors, initiatives are being implemented to strengthen and improve the Group-wide internal control system.

The Group Internal Control Committee examines the risks faced by the Group twice a year, confirming issues related to those risks and evaluating the status of reform measures.

<Risk Management Process>



1) Strategic risks

a. Human resources

Human resources are the Group’s most important management resource, and its business activities are significantly influenced by its ability to secure and develop superior individuals capable of providing specialized, high value-added services to clients. The Group’s business and operating results, etc. may therefore be negatively affected if the Group cannot secure and develop superior human resources according to its plans. To this end, the Group has developed a human resource portfolio in order to achieve its business goals, and in order to realize this portfolio, the Group is strengthening its investments in acquiring and developing its human resources. The Group therefore, with the aim of enhancing workstyle reform and job satisfaction, strives to secure talented human resources by means such as providing a corporate culture, HR systems, and an office environment in which a diverse group of people can thrive. Additionally, the Group focuses on human resources training by means such as providing support for acquiring certifications, career development support, systemizing its training program, and creating plans and targets for the number of training days.

b. Technological innovation

In the information services industry to which the Group belongs, providers must respond quickly to advances in information technology and to changing market needs that parallel these advances. Particularly as the difficulties caused by the new coronavirus infection gradually eases, and the new working environment becomes more pervasive, we can expect to see changes in society as a whole and significant changes in the technology required. With these changes, the Group’s business and operating results, etc. may be negatively affected if we lose our competitive advantage and become unable to provide the high-quality services that our customers have come to expect because we fail to take appropriate measures or let our technologies and know-how become obsolete.

The Group is therefore strengthening its ability to meet customer expectations by constantly conducting investigation and research in areas such as information technologies as well as production and development technologies, selecting from a broad technology portfolio the core technologies that will enable us to sustain and improve our development competitiveness. Likewise, it is advancing R&D and deploying the results, and continuously carrying out productivity innovation activities and enhancing the digital transformation value it provides.

c. Price competition, intensification of competition

In the information services industry to which the Group belongs, competition among businesses is intense. In addition, there are increasing numbers of new entrants from other industries who could further increase price competition. If this price competition intensifies more than expected, it could impact the Group’s business and operating results, etc.

The Group is therefore responding by constantly analyzing the business environment to better grasp customer needs, offering higher value-added services and taking other measures to differentiate itself from competitors, and improving productivity by curbing unprofitable projects and engaging in productivity innovation activities.

d. Investments

The Group invests in companies in Japan and overseas, including venture companies, to establish capital and business alliances mainly for the purpose of business expansion, acquisition of cutting-edge technologies, and the execution of mergers and acquisitions. It also makes investments in large IT facilities, such as data centers operating 24 hours a day, 365 days a year, which support the deployment of outsourcing and cloud service businesses (including continued capital investments to fund initial construction and the stable operation of existing facilities), and in software needed to promote service-based business. Unanticipated changes in the business environment may result in investments failing to yield the expected result or return or make assets obsolete, thereby impacting the Group’s business and operating results, etc. In addition, the Group's business and operating results may also be affected by negative impacts from business activities, such as reputational risk and lawsuits due to scandals, system failures, etc. occurring at companies in which we have invested particularly immediately after making such an investment or at M&A partners immediately after concluding an M&A deal.

Accordingly, all investment decisions are made after thorough examination of the business plan by either the Board of Directors, the CVC Investment Committee, or the Investment Committee, depending on the investment project, and the progress of the business plan is periodically confirmed after investments have been made. In addition, for companies with which we have entered into large-scale capital tie-ups or mergers and acquisitions, we continuously implement necessary measures based on prior verification and examination of the risks involved in their business activities, and dispatch executives to them so that we can quickly ascertain their status.

e. Overseas business

Overseas business may be impacted by various factors, including global economic and foreign exchange trends, legal regulations on investment and competition, local business practices, and labor-management relations. If one of these factors manifests itself in an unanticipated manner, it may impact the Group’s business and operating results, etc.

As part of our growth strategy, the Group is pursuing capital and alliances as well as M&A with local companies in order to achieve expand overseas business, with a focus on ASEAN countries. In making this investment, we conduct detailed investigations on the business performance and financial position of the target company, and after the investment, business promotion and corporate planning business units work together to conduct monitoring and report periodically to the Board of Directors.

Additionally, we are dispatching personnel to operating companies, and promoting efforts to strengthen the governance of overseas subsidiaries and affiliates led by the Global Financial Planning Office, a dedicated body established within the Company.

f. Human rights

The Group's business activities may have a direct or indirect negative impact on certain stakeholders. The occurrence and disclosure of such events could result in damage to the reputation and credibility of the Group, and could affect the Group’s business and operating results.

The Group's human rights policy is based on the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council in June 2011. Furthermore, by promoting human rights due diligence in line with this policy, we aim to take appropriate measures to identify and correct any negative impacts of the Group's business activities on society at an early stage. In fiscal 2021, we took stock of the Group's value chain and identified potential human rights risks that are closely related to the Group's operations. We will continue to analyze and address the identified risks in more detail.

g. Changes to social conditions due to warfare, civil strife, political upheaval, revolution, terrorism, rioting, etc.

Newly emerging international pressures, exchange rate trends, trade issues, or effects on procurement costs due to warfare, civil strife, political upheaval, revolution, terrorism, rioting, etc. may impact the Group’s business and operating results.

When such events occur, we will promptly ascertain the impact on our group and quickly engage in activities to prevent losses due to each risk. In addition, we will implement measures based on the BCP plan as appropriate when there is a possibility that this may cause a failure in business continuity.

2) Financial risks

a. Owned securities

The Group buys and holds the equity shares of suppliers and other business partners in cases where it deems such investments will enable it to establish stable alliances and cooperative relations that lead to new business opportunities and will support the sustainable growth of the Group and enhance its medium- and long-term corporate value. The Group also invests in bonds as part of its short-term surplus fund management operations. However, the Group’s business and operating results, etc. may be impacted if sharp fluctuations in the market prices of these marketable securities or deterioration in management conditions of issuing entities requires the posting of accounting losses or other similar measures.

Accordingly, the Group carefully confirms the reliability of these securities by thoroughly examining issuers’ financial condition, business results trends, credit ratings, and other relevant indicators. In addition, the Group regularly reviews the suitability of continuing to hold the securities and reduces them if continued holding is deemed to lack meaningfulness.

3) Hazard risks

a. Pandemics (the global spread of infectious and communicable diseases)

Restrictions on activities both domestic and foreign due to a pandemic will affect the Group’s business and operating results, etc. if it sharply constricts the productive activities of our employees and those of our business partners.

Should a pandemic occur, we will make every effort to properly ascertain the responses of the World Health Organization (WHO), the Japanese government, and other relevant authorities. We will also take action to strengthen hygiene at our offices, data centers, and other work sites, based on the Group’s business continuity plan. We will also refrain from sending employees to work in areas heavily stricken by infections. In addition, we have established work environments that facilitate working from home and have ensured that operations, including the decision-making process for important matters of the Group, can be conducted in line with work procedures predicated on teleworking.

b. Natural disasters and accidents

As the likelihood of natural disasters, including floods, occurring in unconventional locations and frequencies is increasing due to global warming, large-scale natural disasters and the accompanying longer-than-expected power outages could affect our outsourcing and cloud services businesses, which use large-scale IT facilities such as data centers which the Group operates.

In accordance with the Group's business continuity plan therefore, we are preparing various equipment environments that will facilitate our data centers' response to all manner of disasters. In addition, we have been gradually closing older data centers and focusing on the development of state-of-the-art data centers with seismic-isolation structures, robust disaster-mitigation equipment, emergency power generators, fuel storage equipment, and other highly reliable electric power equipment as well as contracts for prioritized power supply. In addition, based on the business continuity plan that the Company has formulated, we are enhancing our business continuity capabilities by establishing stockpiles, conducting drills, establishing a remote work system aimed at mitigating the impact when conditions make commuting to work difficult, and promoting a paperless workflow.

4) Operational risks

a. System development

Outsourced development and maintenance of various information systems for client companies is one of the Group's core businesses. As system development becomes more sophisticated, complex, and subject to tighter time constraints, larger-than-expected costs may be incurred if additional work is required to secure the planned level of quality or if a project cannot be completed on schedule. These increased costs and the possibility of claims for damages from clients etc. could impact the Group's business and operating results.

The Group has therefore developed its own original "Trinity" quality management system based on the ISO 9001 standard. Using this system, we are continually enhancing quality management and raising productivity by using dedicated organizations to thoroughly screen business proposals and review projects at each stage of development. In addition, we have established the Group Quality Executive Meeting to lead our efforts to improve quality and promote production innovation measures throughout the Group while also enhancing management and technological capabilities by strengthening training programs for each employee rank.

Meanwhile, some systems development tasks are being outsourced to domestic and overseas business partners for reasons such as securing production capacity, raising productivity, and utilizing technical capabilities. If the productivity or quality do not meet expectations, smooth project management may not be realized and the Group's business and operating results, etc. may be impacted.

We therefore seek to secure superior business partners in Japan and overseas. That effort includes regular meetings with and questionnaire surveys of our partners so that we fully understand their situation and are able to build strong relationships.

b. System operation

The Group uses data centers and other large IT facilities to provide its outsourcing business and cloud services business. If system problems arise due to human error or equipment malfunctions during system operation and the Group is unable to provide services at the level agreed upon with the client, the Group's business and operating results, etc. may be impacted.

We have therefore developed a system maintenance/operation framework based on ITIL (Information Technology Infrastructure Library) practices and are using this framework to direct our constant efforts to improve system operation quality and to establish and strengthen measures for early detection and confirmation of system failures and measures to reduce and prevent the occurrence of failures.

c. Information security

Through its wide-ranging business activities on behalf of clients, from system development to operation, the Group is in a position to handle various types of confidential information, including personal information held by clients and information about their systems' technologies, etc. If such confidential information were to be leaked or manipulated due to a computer virus, unauthorized access, or other reason, the Group's business and operating results, etc. could be impacted by claims for damages from client companies and by a loss of trust in the Group's services. And with the Internet having become part of the social infrastructure and various forms of information easily spreading in an instant, the range of users has expanded and convenience increased. However, the risk of information leakage due to cyberattacks and other unauthorized external access is also increasing, and if information is leaked, the Group's business and operating results, etc. could be impacted by claims for damages from clients and by a loss of trust in the Group's services.

The Group has therefore established an information management system based on its Information Security Policy. The system is contributing to appropriate information management while also assisting our efforts to raise awareness through employee education and training programs. In addition, we apply the Group's information security promotion guidelines to guide our checks and evaluation of the levels of information security management across the entire group, as well as subsequent promotion of improvement measures. When an information security breach does occur, we take responsibility and establish an investigative committee to look into the cause, implement countermeasures, and prevent recurrence. This fiscal year we renewed our SOC (Security Operation Center) and SIEM (Security Information and Event Management), and have promoted the implementation of a companywide and group wide zero-trust environment.

Regarding the personal information the Group handles, we have established an information management system based on Japan's Act on the Protection of Personal Information and regulations on the handling of Individual Numbers and information about specific individuals. We are also conducting education and training programs for employees to thoroughly raise their awareness of the importance of protecting personal information. These efforts are contributing to more appropriate handling of personal information, including stronger management of client information. And we are implementing security measures using a zero-trust security model to address the diversification of workplaces with the full-scale implementation of working from home. Furthermore, TIS and other Group companies have obtained Information Security Management System (ISMS) certification and the JIPDEC's PrivacyMark.

d. Legal systems, compliance

The Group conducts its various business activities in compliance with laws and regulations in Japan and other countries. If the Group were to contravene a law or regulation, or a new law or regulation were introduced, the Group's business and operating results, etc. could be affected. In addition, in the event of discrimination or harassment, should there be a reduction in productivity, an increase in costs, and/or a decline in employee engagement, the Group's business and operating results may be affected.

The Group therefore has established a compliance structure based on its Basic Direction on Corporate Sustainability and Group Compliance Declaration, and it works to educate all employees regardless of employment status and comply with all laws in an endeavor to conduct its business activities fairly. In accordance with the Group's compliance regulations, important compliance issues for the entire Group are discussed, measures to prevent recurrence are decided, and the status of the implementation of these measures is then monitored in an effort to ensure their adoption throughout the Group. One such measure is the tightening of regulations on contracted work and temporary staffing, an important issue for the Group because of the transactional nature of the IT services industry. We are working on a dedicated risk management system and the creation of group guidelines and independent inspection checklists that will contribute to the appropriate operation of the system. In addition, to prevent illegal activities and detect and correct them at an early stage, we have introduced a whistle-blowing system and established a reporting and consultation desk, thereby raising awareness of legal compliance throughout the Group. Furthermore, we will conduct education and awareness-raising activities aimed at building good relationships and establishing smooth communication in order to help prevent discrimination and harassment, and will take fair and strict measures in the event that such incidents should occur.

e. Intellectual property rights

The Group’s business activities entail the use of technologies, licenses, business models and various trademarks that may be subject to intellectual property rights. Accordingly, the Group takes great care to ensure that it does not infringe the intellectual property rights of third parties. Nonetheless, if the Group were to infringe another company’s intellectual property right, it could be presented with an injunction and a claim for damages. In such a case, the Group’s business and operating results, etc. could be impacted.

To prevent such an event, the Group is strengthening its framework for preventing violations of intellectual property rights and is conducting education and training programs to raise employees’ awareness of this issue. Meanwhile, the Group also regards its own intellectual property as an important management resource and takes all necessary means to protect this valuable resource.

f. Climate change

In response to climate change, companies are gradually becoming more committed to, and responsible for, both mitigation involving reducing greenhouse gas emissions and adaptation involving reducing the adverse effects of climate change, and as a result, there is a growing demand to promote the use of renewable energy in business and corporate activities. Therefore, if the Group's energy costs are significantly impacted by fluctuations in demand for renewable energy, or if the Group's transition to renewable energy is delayed, the Group's business and operating results may be affected.

The Group has therefore endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), carries out continuous assessments in accordance with the TCFD recommendations framework, and discloses the results to the public to explain our efforts to help mitigate climate change.

2. Status of the Group

The Group consists primarily of TIS Inc. (the parent company), 53 consolidated subsidiaries, and 76 affiliated companies accounted for under the equity method. The Group's core activities comprise the provision of outsourcing and cloud services, software development, and solution services, all of which are related to digitalization investment. The Group also engages in businesses connected with these core activities, such as consulting services. The Group also provides other incidental and related business, such as management services.

The positioning of the Group's businesses and those of its consolidated subsidiaries and equity-method affiliates in reportable segments are as shown below. As the core unit of the Group, TIS is developing its business in three main business segments—Service IT Business, Financial IT Business, and Industrial IT business.

(1) Service IT Business

This segment comprises businesses providing knowledge-intensive IT services that leverage TIS's service and industry know-how to create universalized, template-oriented solutions for its customers.

(Main consolidated subsidiaries)

INTEC Inc., AGREX INC., QUALICA Inc., TIS System Service Inc., MFEC Public Company Limited, Sequent Software Inc.

(2) BPO

This segment comprises businesses that leverage the Group's extensive service menu and IT know-how to deliver business process outsourcing (BPO) services, including marketing and sales services and office and contract operations.

(Main consolidated subsidiary)

AGREX Inc.

(3) Financial IT Business

This segment comprises businesses that leverage business and operating know-how specific to the financial sector to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

(Main consolidated subsidiaries)

INTEC Inc., AGREX Inc., TIS Solution Link Inc., TIS System Service Inc.

(4) Industrial IT Business

This segment comprises businesses that leverage business and operating know-how specific to non-finance industries to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

(Main consolidated subsidiaries)

INTEC Inc., TIS Solution Link Inc.

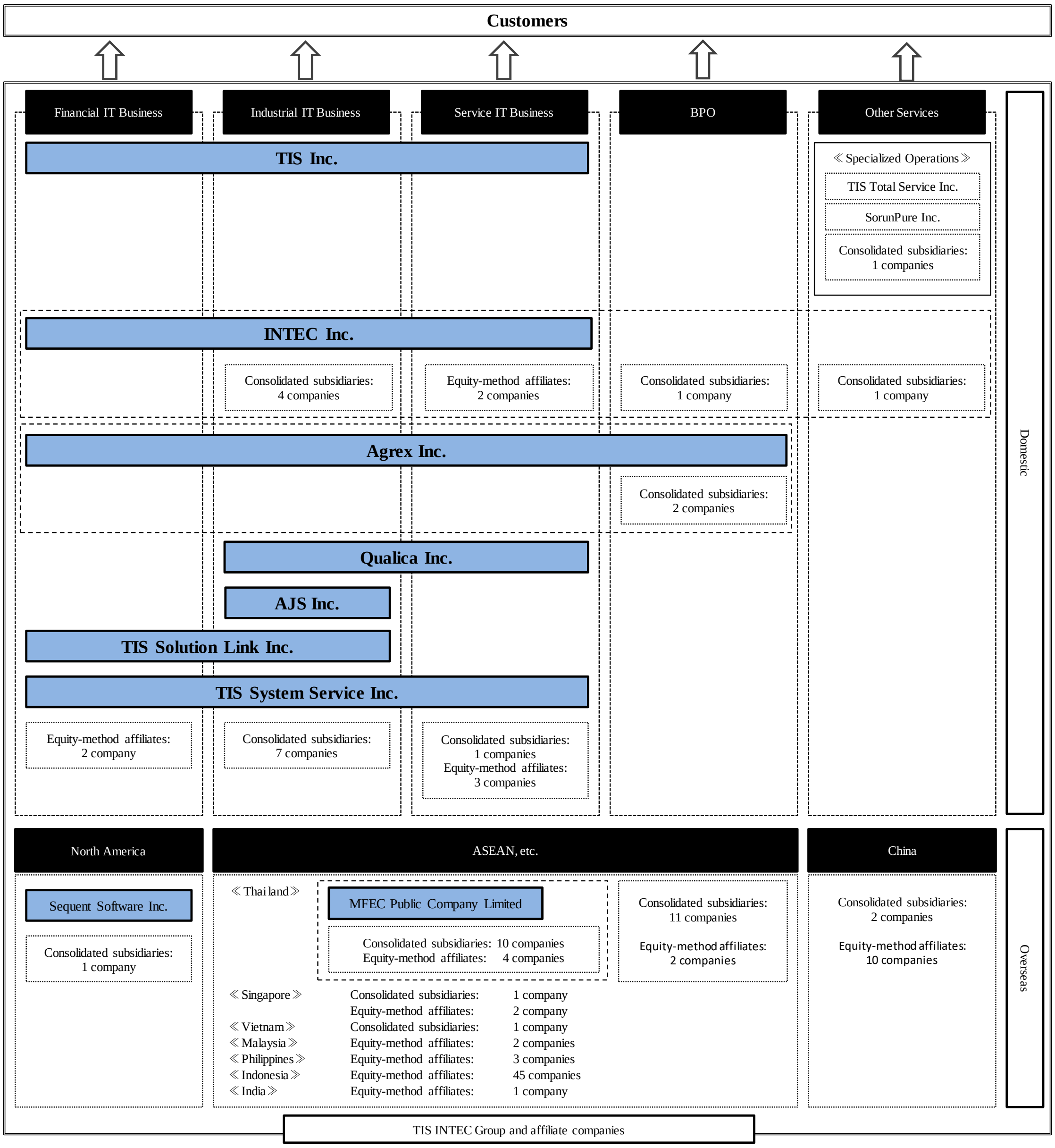
(5) Other

The Other segment includes subsidiaries and other Group companies that are engaged in businesses not included in the above segments, such as management services.

(Main consolidated subsidiary)

Sorun Pure Inc.

The items covered above are as shown in the organizational chart below.



*Change in disclosed segments (fiscal year ending March 31, 2023)
In line with the change in the Group-wide management structure to promote further structural transformation, the reportable segments will be changed from the perspective of management approach from fiscal 2023. The six new segments are: "Offering Service Business," "Business Process Management," "Financial IT Business," "Industrial IT Business," "Regional IT Solutions," and "Other."

The following is a breakdown of the Group's businesses and the positioning of consolidated subsidiaries and equity method affiliates in relation to these businesses by reportable segment. The Company plays the central role in the Offerings Services, Financial IT, and Industrial IT segments.

(1) Offering Service Business

Configures services through own investment based on best practices accumulated Group-wide and provides knowledge-intensive IT services.

(Main consolidated subsidiaries)

TIS System Service Inc., MFEC Public Company Limited, Sequent Software Inc.

(2) Business Process Management

Addresses issues related to business processes with IT technology, business know-how and skilled human resources to provide more sophisticated, more efficient outsourcing services.

(Main consolidated subsidiaries)

AGREX Inc.

(3) Financial IT Business

Considers business and IT strategies together and leverages both, and supports business progress using expert business and operating know-how specific to the finance industry.

(4) Industrial IT Business

Considers business and IT strategies together and leverages both, and supports business progress using expert business and operating know-how specific to industry sectors other than finance.

(Main consolidated subsidiaries)

Qualica Inc., AJS Inc.

(5) Regional IT Solutions

Provides IT professional services extensively, across regions and client sites, and collects and develops this know-how as the source of solutions to support efforts to address issues and promote business activities.

(Main consolidated subsidiaries)

INTEC Inc., TIS Solution Link Inc.

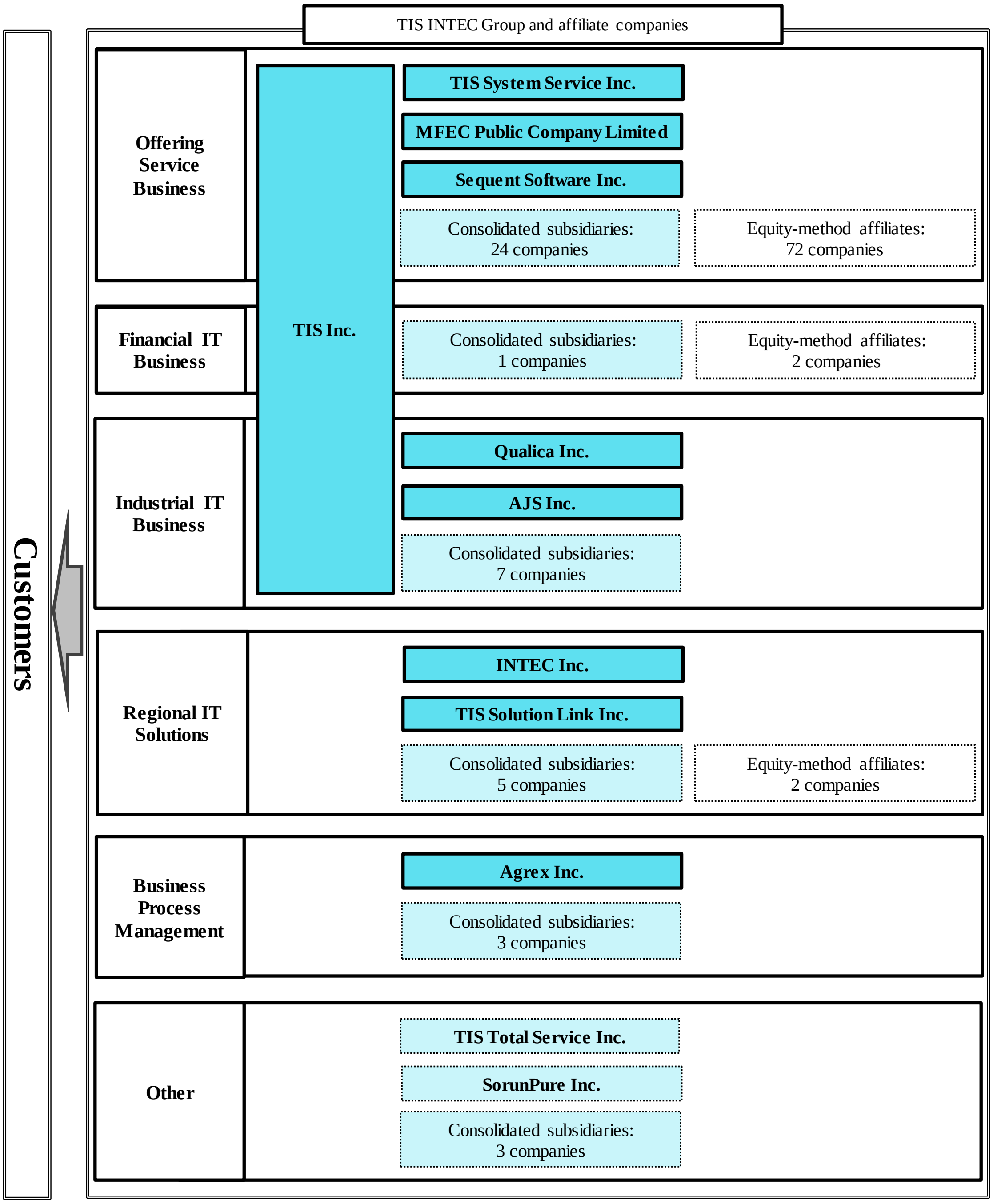
(6) Other

Consists of ancillary businesses offering IT services, and other activities.

(Main consolidated subsidiaries)

TIS Total Service Inc., Sorun Pure Inc.

The segments mentioned above are shown in the following chart



3. Management Policy

(1) Basic Management Policy

(Basic philosophy)

The Group has established and disclosed "OUR PHILOSOPHY" as a basic Group philosophy outlining the common values shared across the entire TIS INTEC Group. "OUR PHILOSOPHY" clearly and broadly delineates the thinking and ideals that TIS INTEC Group highly values in its group's management, corporate activities, and constituent members. This new basic philosophy provides the axis around which the Group's entire business revolves. The TIS INTEC Group aims to fulfill its role in broader society: "To brightly color the future as a mover using digital technology".

In May 2017, the Group also formulated a Group Vision that sets forth the corporate image the Group seeks to achieve over the next 10 years. This Vision is shared by all the members of the TIS INTEC Group, and each employee puts the Vision into practice in their daily work activities as a way of realizing the TIS INTEC Group ideals and further raising corporate value.

(Group Vision)

1. Ideal corporate image

"Create Exciting Future" represents the Group's common values. Based on these values, the Group leverages next-generation technologies and know-how to make business innovations and create new markets. It is an honor to be a strategic partner to customers, and the Group repays this trust by aiming to be a true innovator that continually brings about change in existing industries and markets and creates new markets.

2. Strategic domains

In order to realize our ideal corporate image, the Group has defined the following as our four strategic domains.

Strategic Partnership Business	As partners to world-class companies in their respective industries, we will jointly planand promote business strategies by leveraging our industry insight and our unmatched business expertise, playing a central role in their business.
IT Offering Service	We will combine our Group's accumulated know-how and broad range of leading-edge technologies to create and rapidly deploy IT solutions and services that anticipate the future needs of our customers.
Business Function Service	We will combine the Group's accumulated expertise in industries and business processes and utilize cutting-edge technologies to anticipate the business function needs within our customers' value chains and offer them as services.
Frontier Market Creation Business	We will leverage our Group's technologies, business know-how, and customer base to create entirely new markets and business models responsive to the emerging needs ofsociety and industry, promoting these as our own new business ventures.

(2) Key Business Indicators

The Group aims to achieve continuous business expansion by transition to a business structure focused on the improvement of provided digital transformation value, and further increase its corporate value. Important business indicators set in the medium-term management plan (2021-2023) are "sales of ¥500 billion", operating income (operating income ratio) of ¥58 billion (11.6%)", "EPS (earnings per share) annual average growth rate of greater than 10%", "strategic domain ratio of 60%", and "societal issue solution service business sales of ¥50 billion". We are striving, in line with the above, to qualitatively and quantitatively enhance the value that we exchange with our stakeholders in a sustained manner.

(3) Medium- to Long-term Management Strategies

In the market environment, companies are increasingly working to transform their business processes and business models through the use of digital technology (referred to as “DX” or digital transformation), in order to boost growth and strengthen their competitiveness. In response to this situation, the business and competitive environments are undergoing significant changes, including the rapid advancement of global IT platforms and consulting firms and intensifying competition in the digital transformation market.

The TIS INTEC Group formulated its medium-term management plan (2021-2023) with the aim of playing an integral role in creating a prosperous future for society as a leading IT services group. In line with this medium-term management plan, we are working under the slogan “Be a Digital Mover 2023” to achieve business restructuring with focus on enhancing provided digital transformation value in order to accelerate growth as we work to realize our “Group Vision 2026”.

(4) Issues Requiring a Response

As the adverse situation caused by COVID-19 pandemic has gradually eased and a new working environment has become widely established, the Japanese economy has shown signs of picking up. Looking ahead, however, we need to keep a close eye on the supply-side constraints associated with growing uncertainty in the global economy, downside risks from raw material price trends, and the impact of COVID-19, including the impact of new variants, on the domestic and overseas economies.

Under these circumstances, the Group has grown in the domestic market, mainly in the payments field, by building and stably supporting the important corporate infrastructure underpinning the business, and through the provision of speedy service provision with flexible responsiveness. Furthermore, we recognize that global value chain coordination may be provide the driving force to rapidly accelerate such business, and we have brought our business speed up to levels seen overseas and combined that with the Group's strengths in Japan in order to bolster our global competitiveness and establish a dominant position in the market.

In order to achieve further sustained growth, we recognize the need to further enhance our superiority in existing business areas in Japan and create and develop new businesses that will contribute to solving societal issues. To promote these initiatives, we will use digital transformation as a starting point to earn trust and establish a track record in the market and enhance the value we provide to our customers and society.

The Group aims to achieve continuous business expansion and contribute to the realization of a sustainable society through value exchange with all stakeholders.

And we have set the four challenges to focus on in realizing that goal: “enhance provided digital transformation value”, “expand global business”, “advance and diversify human resources”, and “enhance Group management”.

1. Enhance provided digital transformation value

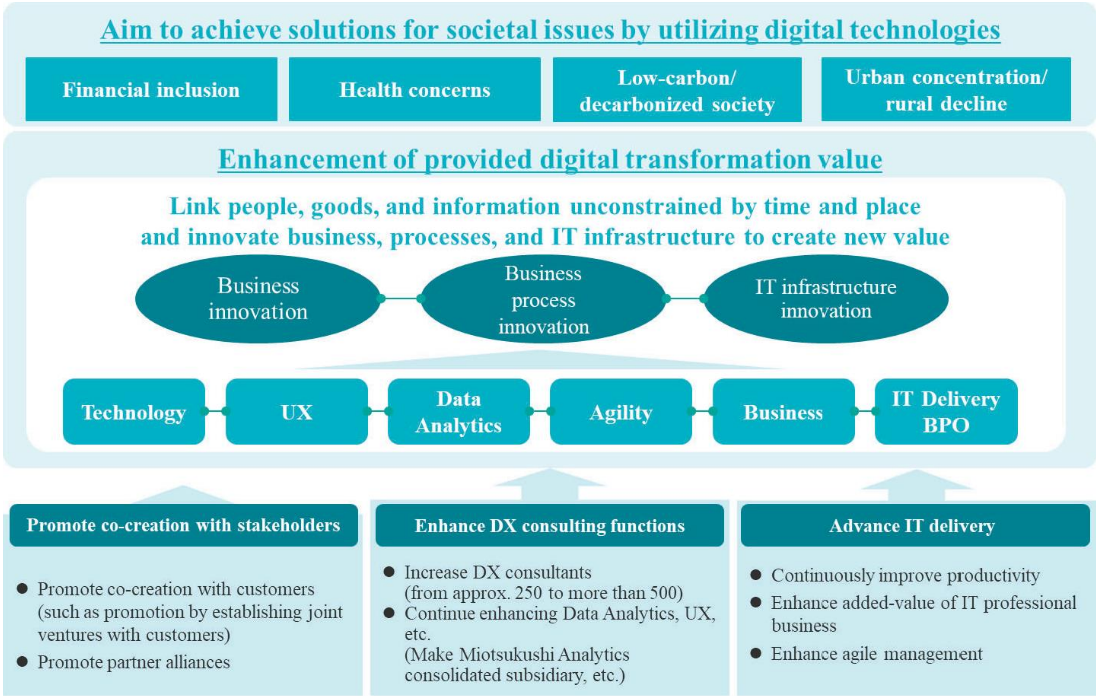
In the digital transformation area, we will continuously work to expand our business as a DX partner for our clients, focusing on the strengths cultivated by the Group, including Japan’s top-level payment field, data analytics, AI, robotics, healthcare, and energy management, to help reform clients’ current business processes and infrastructure, and even help to innovate their business itself.

We have set “promotion of co-creation with stakeholders,” “enhancement of digital transformation consulting functions,” and “enhancement of IT delivery” as the initiatives necessary to improve the value of this DX offering.

In promoting co-creation with stakeholders, we will strengthen our development capabilities and promote our business by firmly combining the business know-how and delivery capabilities cultivated by our Group with companies that have abundant know-how and management foundations in their industries and business sectors.

In addition, as a conceptual capability to respond to societal and business issues, we consider the upstream consulting function to be important in developing strategies and shaping issues for the promotion and development of digital transformation, and will promote the training of personnel and strategic allocation of management resources.

Regarding the capacity to implement solutions provided with the aim of realizing the above, we will also continue to work on cost optimization and increasing the speed of our response.



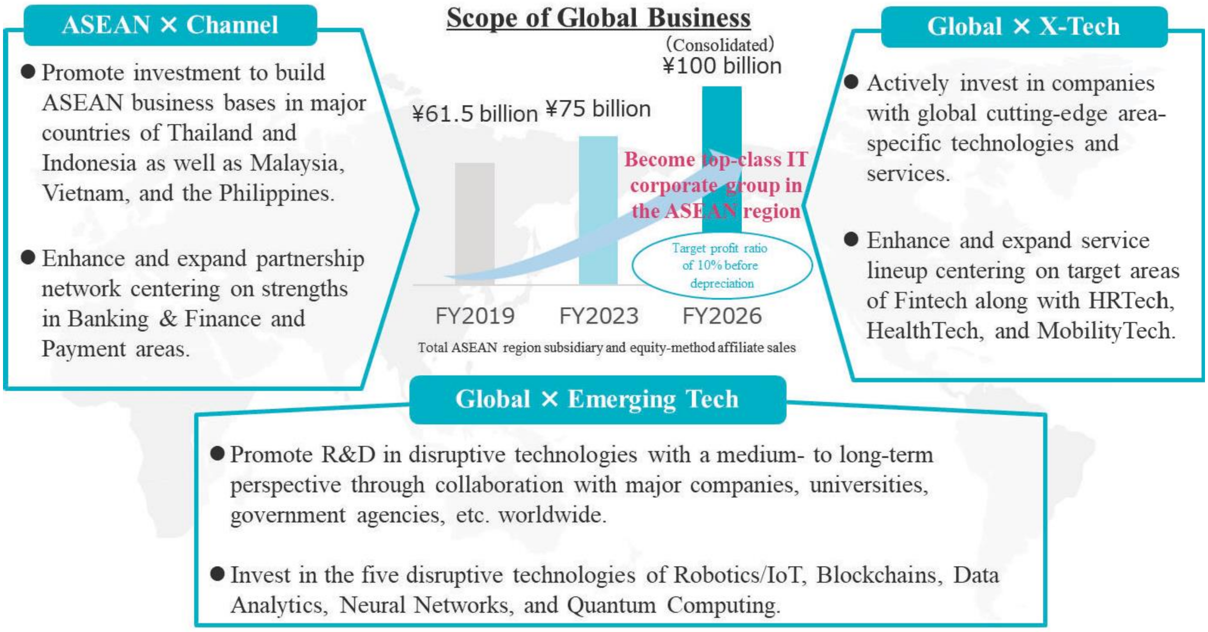
2. Expand global business

By strengthening the partnerships and alliances in ASEAN nations and utilizing cutting-edge technologies and disruptive technologies, the Group will expand its IT offerings services and the Frontier Market Creation Business globally.

Consolidated subsidiary MFEC Public Company Limited, is leveraging its position as a leading player in the provision of IT solutions for enterprises in Thailand to make good progress with its domestic business in the country. In addition, the cross-selling of solutions MFEC Public Company Limited and the Company, and the thorough cultivation of relations with Japan-based companies, especially in the financial sector, is progressing, and we are beginning to see results such as joint proposals for large-scale projects.

Moreover, collaboration between our overseas operating companies is in full swing in our strategic partnership with Grab Holdings Inc., which operates the largest digital payment platform in Southeast Asia, with coordination on the enhancement of digital payment infrastructure and the development of new payment technologies in Southeast Asia and Japan.

Additionally, we are continuing to pursue alliances with leading technology companies such as top-class Chinese blockchain technology company Hangzhou Qulian Technology Co. Ltd., and Contour Pte. Ltd. of Singapore, which is developing a trade finance platform utilizing blockchain technology.



3. Advance and diversify human resources

In order to continue to enhance the value exchange between employees and Group companies, the Group will promote a human resources strategy focusing on diversification and advancement of individuals. In that, we will take on the challenge of improving engagement with employees through creation of an environment and organizational culture where diverse individuals can thrive, promotion of next-generation workstyle reforms looking towards a new work environment, and advancement of human resource portfolio management by digitalization of a human resources database. Additionally, to further accelerate structural transformation, we will make an effort to strategically secure and foster advanced human resources in areas such as consulting, global business, and service business and will place them optimally.

As an example of these efforts, we are promoting telework in remote areas to promote flexible work styles for employees, a new personal growth support system based on embracing autonomous career development, and an expanded life stage support system to support personnel in self-actualization and to provide support in various life stages.

Additionally, in the area of human resource recruitment, we are enhancing our various human resources systems and evaluation systems with the aim of strengthening our recruitment of highly sophisticated personnel. Our strategic branding activities have also helped us to approach and recruit the type of personnel who have been difficult to recruit in the past.

4. Enhance Group management

The Group has established a system for enhancing sustainability management by means such as setting up a Corporate Sustainability Committee, identifying materiality, and identifying four societal issues to resolve. In the medium-term management plan (2021-2023), the Group will promote achievement of priority management resource distribution in business activities that contribute to societal issue solutions identified. And it will enhance ESG, promoting contribution to a decarbonized and recycling-oriented society, sustained improvement of stakeholder engagement, and pursuit of corporate governance that enhances trust from society.

In the 2021 fiscal year, in addition to endorsing the recommendations of the TCFD and disclosing information in line with its framework, the Group is introducing the use of renewable energy in its offices and data centers. Additionally, we formulated and disclosed a human rights policy in accordance with the United Nations Guiding Principles on Business and Human Rights, and are developing a management system and various measures to identify negative impacts and risks associated with our business activities and to correct and remedy these.

With regard to governance, we will appropriately address, through the formulation of a Group tax policy, issues such as tax base erosion and profit shifting that arise as the Group's overseas business expands.

In accordance with our basic corporate governance policy, we are continuing with efforts to reduce our cross shareholdings, with the target of reducing the value of our cross shareholdings to 10% of the value of the consolidated net assets on our balance sheet.

In fiscal 2022, we sold off cross shareholdings in nine companies (including 100% of the shareholdings in eight of these companies), resulting in a reduction in the value of cross shareholdings to 7,538 million yen.

With the aim of further improving the effectiveness of business management, we are introducing business management with increased attention toward capital cost, promoting group formation management, expanding business through M&As of domestic and overseas companies, business portfolio restructuring, and sharing and further upgrading of inter-Group administrative operations.

At the same time, the Group will continue placing commercials on television and articles in advertising materials in an effort to increase corporate value and consumer recognition and also work on strategic brand activities. At present, we are seeing steady results from our branding activities, such as increased recognition of our group and the corresponding benefits in terms of employee job satisfaction and recruitment.

In an aim for continuous growth in this operating environment with increasing uncertainties, we will continue making growth-oriented investments (software investment, human resources investment, R&D investment, M&A and capital tie-ups), further advance investment management to gain appropriate returns, thereby achieving more growth than ever, and strive to enhance management governance to a level befitting a company listed on the Tokyo Stock Exchange’s Prime Market.

4. Basic Policy on Selecting Accounting Standards

The TIS INTEC Group uses Japanese accounting standards for financial reporting. The Group continues to review the possibility of optional application of International Financial Reporting Standards (IFRS).

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Items	As of March 31, 2021	As of March 31, 2022
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	83,318	114,194
Notes and accounts receivable	111,356	-
Notes and accounts receivable, and contract assets	-	111,361
Lease receivables and lease investment assets	4,641	4,014
Marketable securities	286	298
Merchandise and finished goods	2,970	1,454
Work in process	2,979	1,360
Raw materials and supplies	237	217
Other current assets	24,465	26,668
Allowance for doubtful accounts	(290)	(308)
Total current assets	229,965	259,261
Fixed assets		
Property and equipment		
Buildings and structures, net	34,258	35,471
Machinery and equipment, net	6,798	9,636
Land	9,682	9,675
Leased assets, net	4,321	3,723
Other property and equipment, net	9,135	6,882
Total property and equipment	64,197	65,389
Intangible assets		
Software	15,463	14,231
Software in progress	12,334	12,255
Goodwill	1,593	770
Other intangible assets	1,757	1,493
Total intangible assets	31,148	28,750
Investments and other assets		
Investment securities	86,005	76,823
Net defined benefit asset	6,375	6,656
Deferred tax assets	8,443	17,313
Other assets	27,505	25,266
Allowance for doubtful accounts	(2,567)	(2,820)
Total investments and other assets	125,760	123,241
Total fixed assets	221,106	217,381
Total assets	451,072	476,642

Items	As of March 31, 2021 millions of yen	As of March 31, 2022 millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	26,467	22,475
Short-term borrowings	5,793	35,229
Income taxes payable	8,829	21,864
Accrued bonuses to directors and employees	15,405	15,840
Provision for loss on order received	938	1,092
Provision for office restructuring cost	413	-
Other allowances	109	140
Other current liabilities	42,958	42,593
Total current liabilities	100,915	139,236
Non-current liabilities		
Long-term debt	37,326	2,213
Lease obligations	4,628	3,554
Deferred tax liabilities	1,023	395
Deferred tax liabilities from revaluation of land	272	272
Accrued retirement benefits to directors	5	0
Other allowances	169	208
Net defined benefit liability	12,895	12,534
Asset retirement obligations	6,095	6,992
Other non-current liabilities	8,311	8,240
Total non-current liabilities	70,726	34,412
Total liabilities	171,642	173,649
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	84,337	64,960
Retained earnings	173,230	203,256
Less treasury stock, at cost	(18,812)	(3,117)
Total shareholders' equity	248,756	275,100
Accumulated other comprehensive income		
Net unrealized gains on other securities	25,513	20,990
Deferred gains or losses on hedges	-	(4)
Revaluation reserve for land	(2,672)	(2,672)
Foreign currency translation adjustments	(667)	(70)
Remeasurements of defined benefit plans	(449)	(219)
Total accumulated other comprehensive income	21,724	18,024
Non-controlling interests	8,948	9,867
Total net assets	279,429	302,993
Total liabilities and net assets	451,072	476,642

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Items	FY2021	FY2022
	millions of yen	millions of yen
Net sales	448,383	482,547
Cost of sales	334,671	353,699
Gross profit	113,712	128,848
Selling, general and administrative expenses	67,963	74,108
Operating income	45,748	54,739
Non-operating income		
Interest income	246	443
Dividend income	847	813
Foreign exchange gains	31	480
Other	887	835
Total non-operating income	2,011	2,572
Non-operating expense		
Interest expenses	227	322
Equity in losses of affiliated companies	6,033	1,012
Provision of allowance for doubtful accounts	2,053	60
Other	188	206
Total non-operating expenses	8,502	1,601
Recurring profit	39,257	55,710
Extraordinary income		
Gain on sales of investment securities	9,497	4,910
Gain on sales of shares of subsidiaries	-	6,362
Other	212	19
Total extraordinary income	9,709	11,293
Extraordinary loss		
Loss on valuation of investment securities	1,111	2,593
Impairment loss	2,467	909
Amortization of goodwill	-	560
Loss on valuation of investments in capital of subsidiaries	79	913
Other	491	544
Total extraordinary loss	4,150	5,521
Income before income taxes	44,816	61,481
Income taxes: current	15,319	28,074
Income taxes: deferred	1,243	(7,785)
Total income taxes	16,563	20,288
Net income	28,253	41,193
Net income attributable to non-controlling interests	561	1,731
Net income attributable to owners of the parent company	27,692	39,462

Consolidated Statements of Comprehensive Income

Items	FY2021	FY2022
	millions of yen	millions of yen
Net income	28,253	41,193
Other comprehensive income		
Net unrealized gains on other securities	8,679	(4,528)
Deferred gains or losses on hedge	-	(8)
Foreign currency translation adjustments	(381)	126
Remeasurements of defined benefit plans	2,474	228
Share of other comprehensive income of equity-method affiliates	(452)	469
Total other comprehensive income	10,320	(3,711)
Comprehensive income	38,573	37,481
(Composition)		
Comprehensive income attributable to owners of the parent company	38,068	35,761
Comprehensive income attributable to non-controlling interests	505	1,719

(3) Consolidated Statements of Changes in Net Assets

FY2021 (April 1, 2020 through March 31, 2021)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Balance at beginning of fiscal year	10,001	82,950	153,347	(15,336)	230,962
Changes during the fiscal year					
Dividends from surplus			(7,808)		(7,808)
Net income attributable to owners of the parent company			27,692		27,692
Acquisition of treasury stock				(6,567)	(6,567)
Disposal of treasury stock		1,329		3,092	4,422
Capital increase of consolidated subsidiaries		6			6
Sales of shares of foreign consolidated subsidiaries		(8)			(8)
Purchase of shares of consolidated subsidiaries		59			59
Items other than changes in shareholders' equity, net					-
Net changes during the fiscal year	-	1,387	19,883	(3,475)	17,794
Balance at end of fiscal year	10,001	84,337	173,230	(18,812)	248,756

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gains on other securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Balance at beginning of fiscal year	16,785	(2,672)	157	(2,922)	11,348	5,646	247,957
Changes during the fiscal year							
Dividends from surplus							(7,808)
Net income attributable to owners of the parent company							27,692
Acquisition of treasury stock							(6,567)
Disposal of treasury stock							4,422
Capital increase of consolidated subsidiaries							6
Sales of shares of foreign consolidated subsidiaries							(8)
Purchase of shares of consolidated subsidiaries							59
Items other than changes in shareholders' equity, net	8,728	-	(825)	2,472	10,376	3,301	13,677
Net changes during the fiscal year	8,728	-	(825)	2,472	10,376	3,301	31,472
Balance at end of fiscal year	25,513	(2,672)	(667)	(449)	21,724	8,948	279,429

FY2022 (April 1, 2021 through March 31, 2022)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Balance at beginning of fiscal year	10,001	84,337	173,230	(18,812)	248,756
Cumulative effects of changes in accounting policies			(108)		(108)
Restated balance	10,001	84,337	173,122	(18,812)	248,648
Changes during the fiscal year					
Dividends from surplus			(9,327)		(9,327)
Net income attributable to owners of the parent company			39,462		39,462
Acquisition of treasury stock				(4,833)	(4,833)
Disposal of treasury stock		(19,376)		20,527	1,151
Capital increase of consolidated subsidiaries		0			0
Items other than changes in shareholders' equity, net					-
Net changes during the fiscal year	-	(19,376)	30,134	15,694	26,453
Balance at end of fiscal year	10,001	64,960	203,256	(3,117)	275,100

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized gains on other securities	Deferred gains or losses on hedge	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Balance at beginning of fiscal year	25,513	-	(2,672)	(667)	(449)	21,724	8,948	279,429
Cumulative effects of changes in accounting policies								(108)
Restated balance	25,513	-	(2,672)	(667)	(449)	21,724	8,948	279,321
Changes during the fiscal year								
Dividends from surplus								(9,327)
Net income attributable to owners of the parent company								39,462
Acquisition of treasury stock								(4,833)
Disposal of treasury stock								1,151
Capital increase of consolidated subsidiaries								0
Items other than changes in shareholders' equity, net	(4,523)	(4)	-	597	229	(3,700)	919	(2,780)
Net changes during the fiscal year	(4,523)	(4)	-	597	229	(3,700)	919	23,672
Balance at end of fiscal year	20,990	(4)	(2,672)	(70)	(219)	18,024	9,867	302,993

(4) Consolidated Statements of Cash Flows

Items	FY2021	FY2022
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes	44,816	61,481
Depreciation	13,318	15,083
Impairment loss	2,467	909
(Gain) loss on sale of investment securities	(9,479)	(4,877)
(Gain) loss on valuation of investment securities	1,111	2,593
Loss on disposal of fixed assets	363	377
Amortization of goodwill	226	889
(Gain) loss on sales of shares of subsidiaries	-	(6,362)
Loss on valuation of investments in capital of subsidiaries	79	913
Increase (decrease) in accrued bonuses to directors and employees	87	434
Increase(decrease) in allowance for doubtful accounts	2,053	270
Increase (decrease) in net defined benefit liability	47	(360)
Interest and dividend income	(1,093)	(1,257)
Interest expenses	227	322
Equity gains (losses) of affiliated companies	6,033	1,012
(Increase) decrease in notes and accounts receivable	(8,901)	-
(Increase) decrease in notes and accounts receivable, and contract assets	-	1,718
(Increase) decrease in inventories	3,819	1,745
Increase (decrease) in notes and accounts payable	403	(4,063)
Increase (decrease) in accrued consumption taxes	(3,326)	3,395
Other, net	(3,404)	(4,695)
Subtotal	48,849	69,530
Interest and dividend income received	1,198	1,263
Interest expenses paid	(218)	(303)
Income taxes paid	(16,484)	(14,363)
Net cash provided by (used in) operating activities	33,345	56,126
Cash flows from investing activities		
Purchase of marketable securities	(400)	(400)
Proceeds from sale and redemption of marketable securities	400	400
Acquisitions of property and equipment	(10,059)	(9,048)
Proceeds from sales of property and equipment	898	62
Acquisitions of intangible assets	(11,464)	(6,231)
Acquisitions of investment securities	(2,643)	(2,746)
Proceeds from sale and redemption of investment securities	10,969	7,126
Payment of lease and guarantee deposits	(236)	(455)
Collection of lease and guarantee deposits	143	1,366
Payments of loans receivable from subsidiaries and associates	(3,306)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,655)	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	7,019
Other, net	(168)	(519)
Net cash provided by (used in) investing activities	(17,522)	(3,424)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	-	1,320
Proceeds from long-term debt	23,536	-
Repayments of long-term debt	(1,468)	(7,012)
Purchase of treasury stock	(6,567)	(4,833)
Proceeds from sales of treasury stock	4,422	1,151
Dividends paid	(7,808)	(9,327)
Dividends paid to non-controlling interests	(588)	(756)
Other, net	960	(2,490)
Net cash provided by (used in) financing activities	12,484	(21,948)
Effect of exchange rate changes on cash and cash equivalents	(50)	142
Net increase (decrease) in cash and cash equivalents	28,256	30,895
Cash and cash equivalents at beginning of year	54,684	82,924
Decrease in cash and cash equivalents resulting from corporate division	(16)	-
Cash and cash equivalents at end of year	82,924	113,820

(5) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., have been applied from start of the first quarter of fiscal 2022. Accordingly, revenue is recognized when control of the promised goods or services has been transferred to the customer at the amount expected to be received in exchange for those goods or services. The main changes that have been made are as follows.

(1)Revenue recognition pertaining to agent transactions

For transactions in which the Group's role in providing goods or services to the customer is that of an agent, the Group previously recognized revenue at the total amount of compensation received from the customer. However, from the first quarter of fiscal 2022, the Group recognizes revenue on a net basis, which is the amount received from customers less the amount paid to suppliers.

(2)Revenue recognition pertaining to cost recovery method

Previously, the completed-contract method was applied to transactions in which performance obligations are to be satisfied over a certain period of time and it was deemed that reasonable estimation of the degree of completion was not possible. From the first quarter of fiscal 2022, the Group recognizes revenue using the cost recovery method when it is probable that the costs incurred will be recovered.

The Group's application of the Accounting Standard for Revenue Recognition, etc., is in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the first quarter of fiscal 2022 was reflected from the retained earnings at the beginning of the first quarter of fiscal 2022. The new accounting policy was then applied from the balance of retained earnings at the beginning of the first quarter.

As a result, net sales and cost of sales in fiscal 2022 decreased ¥5,467 million. The impact on the balance of retained earnings at the beginning of fiscal 2022 resulting from these changes is insignificant.

As a result of application of the Accounting Standard for Revenue Recognition, etc., "notes and accounts receivable" presented under "current assets" in the consolidated balance sheet for fiscal 2021 are shown as being included in "notes and accounts receivable, and contract assets" from fiscal 2022. Also, "(increase) decrease in notes and accounts receivable" presented under "cash flows from operating activities" in the consolidated statements of cash flows for fiscal 2021, has been included in "(increase) decrease in notes and accounts receivable, and contract assets" from fiscal 2022. Note that, in accordance with transitional treatment set forth in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, fiscal 2021 statements have not been reclassified to conform to the new presentation method.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc., have been applied from start of the first quarter of fiscal 2022. In accordance with transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Group has opted to apply the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. prospectively.

Thus, the Group has decided to use the fair value calculated using inputs adjusted for quoted market prices for identical assets in active markets available to the Group at the date of calculating fair value as the quarterly consolidated balance sheet amount. Previously, the acquisition cost of convertible bonds with stock acquisition rights, which were considered to be financial instruments for which it was extremely difficult to determine market price, was the amount used in the Consolidated Balance Sheets.

(Significant Subsequent Events)

(Share buyback)

The Company resolved at a Board of Directors’ meeting held on May 11, 2022 to acquire its own (treasury) shares in accordance with the provisions of Article 156 of the Companies Act of Japan as applied pursuant to Paragraph 3, Article 165 of said Act.

(1)Reason for share buyback

To enhance shareholder returns and capital efficiency by implementing an agile capital strategy that is flexibly responsive to changes in the operating environment.

In addition to returning profits to shareholders in line with the target total return ratio of 45% set forth in the medium-term management plan (2021-2023), the share buyback is also being conducted as part of the Company’s efforts to optimize its capital structure in light of the steady progress being made with the strengthening of its profit base through structural reforms, including progress in advancing service-based businesses.

(2)Details of resolution on share buyback

1) Class of shares to be repurchased Common shares
2) Total number of shares to be repurchased
   12,000,000 shares (upper limit)
3) Total cost of repurchase
   30,000 million yen (upper limit)
4) Period for repurchase
   May 12, 2022 through March 30, 2023
5) Method for repurchase
   Market purchase on the Tokyo Stock Exchange (including purchases through the off-hours trading system (ToSTNeT-3))

6. Other Information

INTEC Inc., a consolidated subsidiary of the Company, is currently in litigation with Mitsubishi Shokuhin Co., Ltd., which filed a claim for compensation in connection with services including systems development provided by INTEC Inc. (Amount of compensation demanded: 12,703 million yen; date the complaint was received: December 17, 2018).