**Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023**
(April 1, 2022 through June 30, 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.

August 4, 2022

| | |
|---|---|
| Company name: | TIS Inc. |
| Stock exchange listings: | Tokyo Stock Exchange, Prime Market |
| Stock code: | 3626 |
| URL: | https://www.tis.com/ |
| Representative: | Yasushi Okamoto, President |
| Contact: | Masahiro Hiwasa, Department Manager of Finance & Accounting Dept., Corporate Planning SBU. |
| Phone: | +81 3-5337-4569 |

Scheduled dates
Submission of quarterly report: August 10, 2022
Commencement of dividend payments: -

Supplementary materials to the quarterly results: Available
Quarterly 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 First Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 – June 30, 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 | % |
| First Quarter, FY2023 | 118,072 | 4.0 | 12,502 | 21.9 | 13,792 | 27.0 | 8,763 | 25.1 |
| First Quarter, FY2022 | 113,520 | 13.1 | 10,258 | 33.6 | 10,860 | 27.1 | 7,002 | 26.7 |

Note: Comprehensive income: First Quarter, FY2023: 5,139 million yen (-57.5%); First Quarter, FY2022: 12,101 million yen (21.3%)

| | Net income per share – basic | Net income per share – diluted |
|---|---|---|
| | yen | yen |
| First Quarter, FY2023 | 35.31 | - |
| First Quarter, FY2022 | 27.92 | - |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|---|---|---|---|
| | millions of yen | millions of yen | % |
| End of First Quarter, FY2023 | 421,673 | 280,911 | 64.3 |
| End of FY2022 | 476,642 | 302,993 | 61.5 |

For reference: Total equity: End of first quarter, FY2023: 271,237 million yen End of FY2022: 293,125 million yen
*Total equity = Shareholders' equity plus total accumulated other comprehensive income

## 2. Cash Dividends for Shareholders of Common Stock

| Record date or period | Cash dividends per share | | | | |
|---|---|---|---|---|---|
| | End-Q1 | End-Q2 | End-Q3 | Year-end | Total |
| | yen | yen | yen | yen | yen |
| FY2022 | - | 13.00 | - | 31.00 | 44.00 |
| FY2023 | - | | | | |
| FY2023 (forecast) | | 15.00 | - | 32.00 | 47.00 |

Note: Revisions from the latest release of dividends forecasts: None

## 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 |

Notes:
(1) Revisions from the latest release of earnings forecasts: None

## ※ 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) Accounting methods specific to quarterly consolidated financial statements: None

(3) 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

(4) Common stock issued
1) Issued shares as of period-end (including treasury stock):
End-First Quarter, FY2023 (June 30, 2022): 251,160,894 shares
End-FY2022 (March 31, 2022): 251,160,894 shares
2) Treasury stock as of period-end:
End-First Quarter, FY2023 (June 30, 2022): 6,691,054 shares
End-FY2022 (March 31, 2022): 1,394,103 shares
3) Average number of shares (during the respective three-month period):
First Quarter, FY2023 (ended June 30, 2022): 248,187,625 shares
First Quarter, FY2022 (ended June 30, 2021): 250,793,642 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.

**Quarterly review status**
These materials are not subject to the quarterly 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 "(3) Consolidated Earnings Forecast and Caution on Forward-Looking Statements" in the "1. Results of Operations" section on page 9 in the Accompanying Materials.

**Accompanying Materials – Contents**

## 1. Results of Operations

### (1) Analysis of Consolidated Operating Results

In the first three months of fiscal 2023 (April 1, 2022 – June 30, 2022), the Japanese economy showed signs of recovery, with normalization of economic and social activities progressing as the severe situation caused by the impact of the spread of the novel coronavirus (COVID-19) began to improve. Looking ahead, in addition to the continued impact of the infection, it will be necessary to watch carefully for downside risks due to fluctuations in financial and capital markets amid worldwide monetary tightening, rising raw material prices, supply-side constraints, 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 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 (June 2022), which showed a 17.4% year-on-year increase in company software investment plans (all industries including financial institutions).

In this environment, in accordance with its medium-term management plan (2021-2023) currently being implemented for further growth in achieving "Group Vision 2026", the Group is continuing to work to accelerate business restructuring with enhancing provided digital transformation value as the keystone.

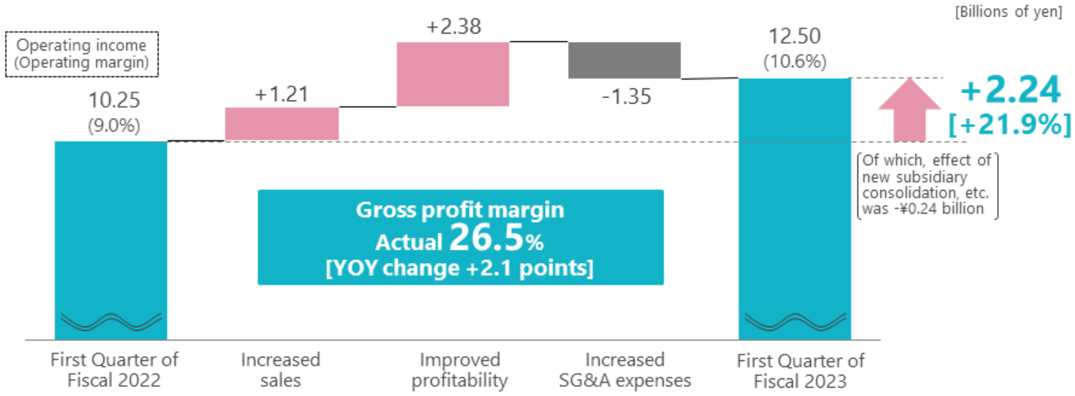
Consolidated net sales for the Group in the first quarter of fiscal 2023 rose 4.0% year on year to ¥118,072 million. Operating income rose 21.9% to ¥12,502 million, recurring profit rose 27.0% to ¥13,792 million, and net income attributable to owners of the parent company rose 25.1% to ¥8,763 million.

(Unit: millions of yen)

| | First Quarter, FY2022 (Apr. 1 – Jun. 30, 2021) | First Quarter, FY2023 (Apr. 1 – Jun. 30, 2022) | Year-on-year changes |
|---|---|---|---|
| Net sales | 113,520 | 118,072 | +4.0% |
| Cost of sales | 85,789 | 86,745 | +1.1% |
| Gross profit | 27,731 | 31,326 | +13.0% |
| Gross profit ratio | 24.4% | 26.5% | +2.1P |
| Selling, general and administrative expenses | 17,472 | 18,824 | +7.7% |
| Operating income | 10,258 | 12,502 | +21.9% |
| Operating income ratio | 9.0% | 10.6% | +1.6P |
| Recurring profit | 10,860 | 13,792 | +27.0% |
| Net income attributable to owners of the parent company | 7,002 | 8,763 | +25.1% |

Net sales were higher than in the same period of the previous year as a result of meeting the demand for IT investment, such as customers' demand for digital transformation. As for operating income, gross profit ratio rose 2.1 percentage points to 26.5% 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 anticipatory investments to promote structural transformation and investments that will contribute to future growth. As a result, operating income was higher and the operating income ratio increased 1.6 percentage points year on year to 10.6%. The improvement in non-operating income in addition to the increase in recurring profit and net income attributable to owners of the parent company reflect the growth in operating income.

<Analysis of the increase/decrease in key factors of operating income (YOY change)>




**Prior investment costs for promoting structural transformation: Up ¥0.43 billion (YOY change)**
**(Cost of sales: +¥0.25 billion, SG&A expenses: +¥0.18 billion)**
Software investment / human resources investment / R&D investment
+
**Human resources investment costs (additional): Up ¥0.48 billion (YOY change)**
**(Cost of sales: +¥0.27 billion, SG&A expenses: +¥0.20 billion)**

**Cost of office reform to promote new workstyles: Down ¥0.27 billion (YOY change)**
**(Cost of sales: -¥0.08 billion, SG&A expenses: -¥0.19 billion)**

| **Changes in SG&A Expenses** | |
|---|---|
| Effect of change in status of consolidated subsidiary, etc. | -0.09 |
| Office reform | -0.19 |
| Prior investment (includes enhanced employee benefits) | +0.38 |
| Lower operating costs, enhanced head office functions | +0.00 |
| Other (includes brand-related costs) | +1.25 |
| Total | +1.35 |

Segment results for the period are as follows. In line with the change in the Group-wide management structure to promote further structural transformation, the Group has changed its segment classifications effective from the first quarter of fiscal 2022. Net sales for each segment include inter-segment net sales, and year-on-year comparisons (figures) are derived by reclassifying figures for the same period of the previous year into the new segments after the change.

(Unit: millions of yen)

| | | First Quarter, FY2022 (Apr. 1 – Jun. 30, 2022) | First Quarter, FY2023 (Apr. 1 – Jun. 30, 2022) | Year-on-year changes |
|---|---|---|---|---|
| Offering Service Business | Net sales | 24,703 | 26,192 | +6.0% |
| | Operating income | 898 | 1,467 | +63.4% |
| | Operating income ratio | 3.6% | 5.6% | +2.0P |
| Business Process Management | Net sales | 10,412 | 10,581 | +1.6% |
| | Operating income | 994 | 1,087 | +9.4% |
| | Operating income ratio | 9.6% | 10.3% | +0.7P |
| Financial IT Business | Net sales | 21,555 | 22,960 | +6.5% |
| | Operating income | 2,649 | 2,795 | +5.5% |
| | Operating income ratio | 12.3% | 12.2% | -0.1P |
| Industrial IT Business | Net sales | 24,317 | 26,701 | +9.8% |
| | Operating income | 2,476 | 3,544 | +43.1% |
| | Operating income ratio | 10.2% | 13.3% | +3.1P |
| Regional IT Solutions | Net sales | 37,506 | 36,397 | -3.0% |
| | Operating income | 2,886 | 3,404 | +18.0% |
| | Operating income ratio | 7.7% | 9.4% | +1.7P |
| Other | Net sales | 1,657 | 2,164 | +30.6% |
| | Operating income | 218 | 192 | -11.9% |
| | Operating income ratio | 13.2% | 8.9% | -4.3P |

1) Offering Service Business

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

Segment net sales in the first quarter of fiscal 2022 totaled ¥26,192 million, up 6.0% year on year, and operating income increased 63.4% to ¥1,467 million. In addition to capturing demand for IT investments in areas such as settlement solutions, which is growing with the advance of digitalization, improved profitability and other factors meant a year-on-year increase in both sales and profits, with the operating income ratio increasing 2.0 percentage points year on year to 5.6%.

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.

Segment net sales in the first quarter of fiscal 2022 totaled ¥10,581 million, up 1.6% year on year, and operating income increased 9.4% to ¥1,087 million. Steady sales and profits were achieved against the backdrop of growing outsourcing needs of companies, which led to an increase in both sales and profits year on year, and pushed up the segment's operating income ratio to 10.3%, a year-on-year improvement of 0.7 percentage points.

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.

Segment net sales in the first quarter of fiscal 2022 totaled ¥22,960 million, up 6.5% year on year, and operating income increased 5.5% to ¥2,795 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. The operating income ratio was 12.2%, down 0.1 percentage points year on year.

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.

Segment net sales in the first quarter of fiscal 2022 totaled ¥26,701 million, up 9.8% year on year, and operating income increased 43.1% to ¥3,544 million. In addition to the trend of expanding IT investments, mainly by manufacturing and energy-related sectors core clients, profitability improvements, including the promotion of productivity improvement measures, resulted in a year on year increase in sales and profit, and the operating income ratio increased 3.1 percentage points to 13.3%.

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.

Segment net sales in the first quarter of fiscal 2022 totaled ¥36,397 million, down 3.0% year on year, and operating income increased 18.0% to ¥3,404 million. Net sales decreased year on year due to factors such as the exclusion from the results of a company (Chuo System Corporation) whose shares were transferred outside the group during the previous fiscal year, but are firm on a prevailing basis. Due to these conditions and the promotion of business activities emphasizing profitability, operating income increased year-on-year, and the operating income ratio increased 1.7 percentage points to 9.4%.

6) Other

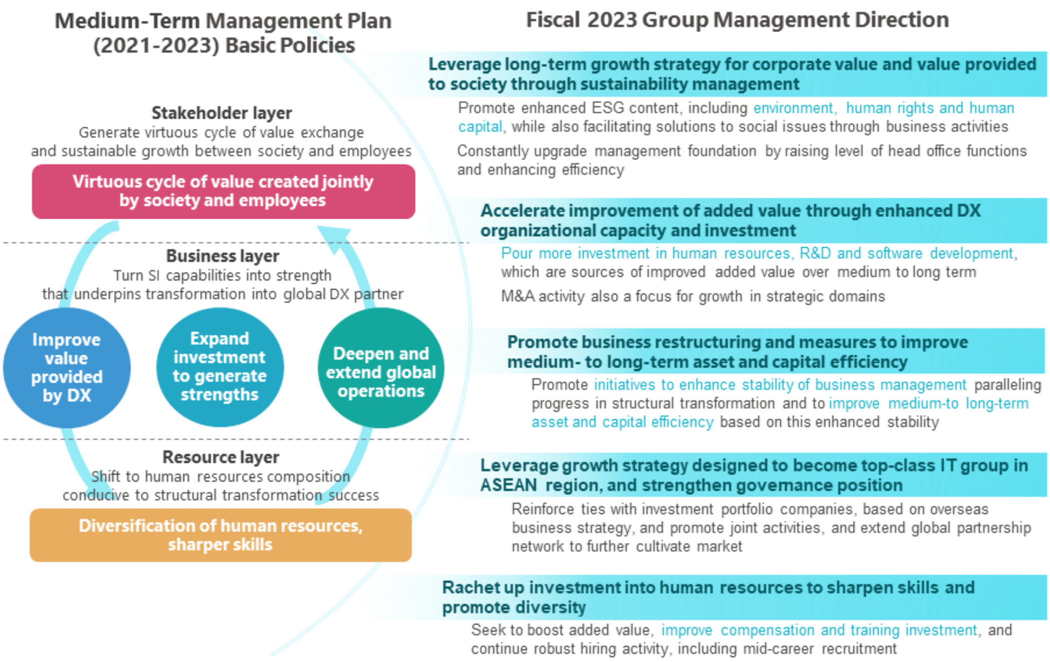
Consists of ancillary businesses offering IT services, and other activities.

Segment net sales in the first quarter of fiscal 2022 totaled ¥2,164 million, up 30.6% year on year, operating income was down 11.9% to ¥192 million, and the segment's operating income ratio was 8.9%, down 4.3 percentage points. This was mainly due to the absorption-type split of the Group's shared services business from the Company to TIS Business Service Inc., effective April 1, 2022.

As noted above, the Group has been implementing its medium-term management plan (2021-2023) in the previous fiscal year as a second step towards realizing its "Group Vision 2026". Under the slogan of "Be a Digital Mover 2023", the Group is continuing to 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 second year of the medium-term management plan (2021-2023), the Group will energetically implement various measures in line with the following Group management policies.




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

1) Leverage long-term growth strategy for corporate value and value provided to society through sustainability management

The Company will continue to promote the resolution of social issues through its business operations, as well as the advancement of ESG such as the environment, human rights, and human capital, and the development of its management foundation through the sophistication and efficiency of its head office functions.

In accordance with the Basic Direction on Corporate Sustainability, the Group continues to promote initiatives related to the high priority topics of the environment and human rights as urgent and important social issues. Of these initiatives, with regard to human rights issues, the Group carried out a human rights risk assessment in the previous fiscal year to identify potential human rights risks and make clear which countries, businesses, and rights holders (persons who may be negatively impacted by human rights) should be prioritized for future action. In response to this, during fiscal 2022, in addition to our own Company, we are taking steps to identify human rights risks stemming from labor problems at outsourced companies and equipment suppliers and to create a mechanism for redress, and to develop a system for the use of the Group's services for other purposes in a phased manner.

Also, as part of the Group's contribution to regional communities, the Group has begun to utilize the corporate version of the "hometown tax" and has launched projects in cooperation with NPOs in three areas that cannot be covered by its business activities (activities that support future users, activities to promote digital technology’s benefits, and activities to reduce the negative effects of digital technology in society).

Such steady progress in corporate sustainability initiatives has resulted in its selection as a component of the MSCI Japan ESG Select Leaders Index for the first time in June 2022.

As part of its efforts to improve the understanding of the Group's brand and its value, we have initiated our owned media, "TIS INTEC Group MAGAZINE.” Under the main theme of the brand message, “Make society's wishes come true through IT,” the TIS INTEC Group will introduce its specific initiatives and forward-looking plans to solve social issues in a variety of fields.

From the perspective of improving the management foundation by upgrading and increasing the efficiency of head office functions, the Company will expand the scope of the “G20 Head Office Function Upgrade Project” which it has been working on for some time. In addition, as part of our efforts to share and further upgrade indirect business activities, the Company is also promoting a shift to shared services and digital transformation of back-office operations for the whole group through a system centered on TIS Business Service Inc.

2) Accelerate improvement of added value through enhanced DX organizational capacity and investment

In addition to further strengthening investments in human resources, R&D, and software, which are the source of mid- to long-term added value growth, the Group will continue to promote M&A for the purpose of expanding its strategic domains.

As we further strengthen the front line, which is the point of contact with stakeholders, and since it is necessary to strengthen consulting functions in upstream areas such as strategic planning and issue formulation to promote digital transformation, especially for customers, the Group is continuing to enhance its collaboration with our consolidated subsidiary, Miotsukushi Analytics Co., Ltd., a consolidated subsidiary with strengths in data analysis and AI consulting. Through these strategic allocations of management resources and human resource development, the Group will continue to focus on expanding its value delivery system with respect to clients' digital transformation promotion by further increasing the number of digital transformation consultants.

In the payments domain, which is one of the Group's strengths, the Group is building a "credit card processing service" (see note) to ensure we meet the growing demand for comprehensive processing services, including finance functions. The Group also plans to launch the service in the first half of the fiscal year ending March 31, 2023. In addition, we are developing our business in the overall settlement area, including digital accounts, mobile wallets, service coordination, security, and data utilization. In addition to this, in March 2022, ULTRA Corporation, a provider of international brand prepaid settlement services, became a consolidated subsidiary, and the Group is preparing to develop the “Embedded Finance” business, enabling integrated settlement functions in a single integrated manner by combining ULTRA’s front-end settlement functions and the Group’s expertise in conventional back-end function structuring of settlement functions.

Note: A service that provides a total environment necessary for credit card issuing business activities. The company develops and provides highly original systems and card products that meet the current demands of the credit card industry, such as "sophisticated customer orientation," "flexibility for open innovation," and "high profitability.” Since it is an SaaS-type of provision format, the necessary functions and services can be used while controlling costs at the time of introduction.

3) Promote business restructuring and measures to improve medium- to long-term asset and capital efficiency

The Group intends to promote efforts to boost management stability in line with progress in structural transformation, and to improve assets and capital efficiency over the medium- to long-term based on such improvements.

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. To promote further structural transformation and improve effectiveness, the entire Group decided to adopt a management structure based on its business model from fiscal 2022, and the segment classifications were changed accordingly. In each segment, a segment owner will be assigned to clarify authority and responsibility, and promote the realization of growth strategies that leverage the strengths of each Group company.

Under these circumstances, in light of the transformation in the quality of management, including steady progress in structural transformation by concentrating management resources in strategic domains and the accompanying strengthening of the earnings base, etc. through profit growth and improved cash generation capabilities, etc., and as part of our efforts to optimize our capital structure, we have decided to conduct a share buyback of a total of ¥30 billion (total number of shares to be repurchased: 12,000,000 shares) between May 2022 and March 2023, including approximately ¥5.5 billion to be returned to shareholders based on a total return ratio of 45%. The Company has already acquired a total of 5,932,800 shares (with a total acquisition cost of ¥20,956 million) between May and July 2022.

4) Leverage growth strategy designed to become top-class IT group in ASEAN region, and strengthen governance position

We intend to expand our global partnership network as well as further deepen our markets by strengthening relationships with investee companies and developing joint ventures based on our overseas business strategy.

As part of this effort, we are accelerating collaboration with PT Aino Indonesia ("AINO") of Indonesia, which became an equity-method affiliate in March 2022. AINO has already been recognized for its achievements in the joint development of "Acasia," a smartphone-based transportation payment package for Southeast Asia, and in joint case studies on MaaS (Mobility as a Service) as a next-generation transportation service. As a core company of the JATeL consortium (Note 1), AINO has contributed to JATel receiving the order for the first integrated transportation payment infrastructure "JakLingko" (Note 2) project in Jakarta, Indonesia, and "Acasia" has been adopted as the back-end system of "JakLingko". In June 2022, we added a MaaS service collaborating with Southeast Asia’s largest ride-hailing service, “Grab,” which is in a capital and business tie-up with the Company. In the future, in addition to the digitalization of Southeast Asia’s transportation settlements, we plan to expansion our business domain into areas such as Park and Ride and data utilization.

In July 2022, the Company entered into a capital and business tie-up with HanKaiSi Intelligent Technology Co., Ltd. of China, which develops common chassis for self-driving EVs (electric vehicles). With the automotive industry undergoing a major transition with to the shift to EVs and advances in automated driving technology, and at a time when software is becoming increasingly important, we aim to create new IT services in the areas of MaaS, smart cities, etc. through our partnership with the Company.

Note 1: Joint venture formed by the four companies: PT Jatelindo Perkasa Abadi, AINO, Thales, and Lyko for the purpose of bidding on PT JAKARTA LINGKO INDONESIA's projects.

Note 2: Integrating the tariff systems of the four public transportation systems that exist in Jakarta, this service allows users to cross over from public transportation to Ride hailing (car dispatching service using an app) with a single app. Users can search for routes, make reservations, purchase tickets, and use the service from the point of departure to boarding public transportation, and from public transportation drop-off to the destination, including the means of transportation.

5) Rachet up investment into human resources to sharpen skills and promote diversity

Aiming at added value improvements, the Company will continue its aggressive recruiting efforts, including improved compensation and training investments, as well as career recruiting.

We are working to improve such things as engagement with employees through the creation of an environment and organizational culture where diverse individuals can thrive, the promotion of next-generation work-style reforms looking towards a new work environment, and the advancement of human resource portfolio management by digitalization of a human resources database. Also, to further accelerate structural transformation, we are striving to strategically secure and foster advanced human resources in areas such as consulting, global business, and service business and will place human resources optimally.

In April 2023, the Company will also revise our human resources system as a management foundation that will encourage each employee to act autonomously and enhance the value exchange between the Company and each individual in order to meet the challenges of the Group as a whole. We will aim to achieve a virtuous cycle of up-front investment into human resources, our most important management resource, and the improvement of added value through the growth of human resources.

**(2) Analysis of Financial Condition**

(Assets)

Consolidated total assets as of the end of the first quarter amounted to ¥421,673 million, a decrease of ¥54,968 million from ¥476,642 million at the end of the previous fiscal year.

Current assets were ¥211,874 million from ¥259,261 million at the end of the previous fiscal year. The decrease primarily reflects a ¥43,159 million decrease in cash and deposits.

Fixed assets totaled ¥209,799 million from ¥217,381 million at the end of the previous fiscal year. The decrease primarily reflects a ¥6,706 million decrease in investment securities.

(Liabilities)

As of the end of the first quarter, total liabilities amounted to ¥140,761 million, a ¥32,887 million decrease from ¥173,649 million at the end of the previous fiscal year.

Current liabilities totaled ¥106,703 million from ¥139,236 million at the end of the previous fiscal year. The decrease primarily reflects a ¥20,348 million decrease in income taxes payable, etc.

Fixed liabilities amounted to ¥34,057 million from ¥34,412 million at the end of the previous fiscal year. The decrease primarily reflects a ¥173 million decrease in net defined benefit liability.

(Net assets)

Consolidated total net assets as of the end of the first quarter came to ¥280,911 million, a decrease of ¥22,081 million from ¥302,993 million at the end of the previous fiscal year. The increase primarily reflects a ¥18,748 million decrease (net assets decreased) in treasury stock.

### (3) Consolidated Earnings Forecast and Caution on Forward-Looking Statements

The Company's consolidated business performance in the first quarter of fiscal 2023 were robust, but due to the uncertain outlook for the external environment, etc., as of the release of this quarterly earnings report, management has made no changes to the consolidated earnings forecast released on May 11, 2022.

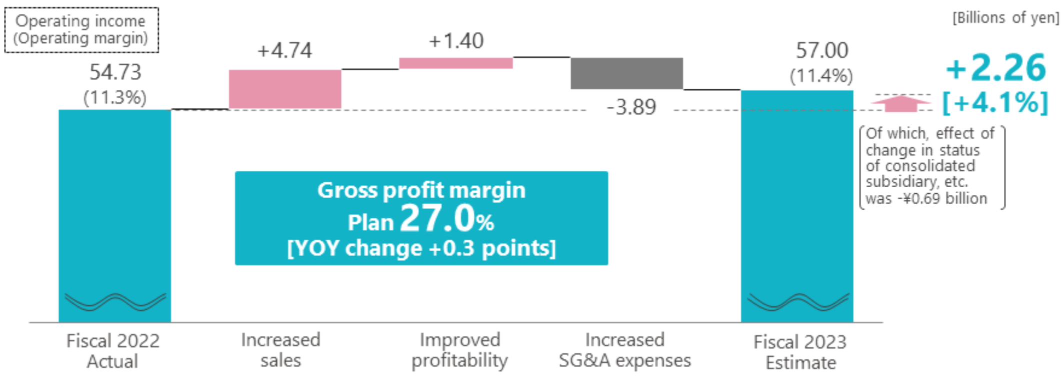
The Group's business environment is expected to see further increases in IT investment demand as the transformation of business activities with the global advancement in business processes utilizing digital transformation technologies. On the other hand, in addition to the impact of COVID-19, downside risks due to fluctuations in financial and capital markets make the future outlook uncertain.

Amid such circumstances, the Group expects 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 the previous fiscal year.

(Unit: millions of yen)

| | Fiscal 2022 Actual results | Fiscal 2023 Forecast | Year-on-year change |
|---|---|---|---|
| Net sales | 482,547 | 500,000 | +3.6% |
| Cost of sales | 353,699 | 365,000 | +3.2% |
| Gross profit | 128,848 | 135,000 | +4.8% |
| Gross profit ratio | 26.7% | 27.0% | +0.3P |
| Selling, general and administrative expenses | 74,108 | 78,000 | +5.3% |
| Operating income | 54,739 | 57,000 | +4.1% |
| Operating income ratio | 11.3% | 11.4% | +0.1P |
| Recurring profit | 55,710 | 57,000 | +2.3% |
| Net income attributable to owners of the parent company | 39,462 | 37,500 | -5.0% |

<Analysis of key factors in the increase/decrease in operating income (forecast, year-on-year change)>




**Anticipated prior investment costs for promoting structural transformation: Up ¥2.81 billion (YOY change)**
**(Cost of sales: +¥1.90 billion, SG&A expenses: +¥0.91 billion)**
Software investment / human resources investment / R&D investment
+
**Human resources investment costs (additional): Up ¥1.00 billion (YOY change)**
**(Cost of sales: +¥0.71 billion, SG&A expenses: +¥0.29 billion)**

**Anticipated cost of office reform to promote new workstyles: Down ¥0.98 billion (YOY change)**
**(Cost of sales: ±¥0.00 billion, SG&A expenses: +¥0.98 billion)**

**Changes in SG&A Expenses**

| | |
|---|---|
| Effect of change in status of consolidated subsidiary, etc. | +0.08 |
| Office reform | -0.98 |
| Prior investment (includes enhanced employee benefits) | +1.20 |
| Lower operating costs, enhanced head office functions | -0.30 |
| Other (includes brand-related costs) | +3.89 |
| Total | +3.89 |

The forecast of results by segment for the period are as follows.

(Unit: millions of yen)

| | | Fiscal 2022 Actual results | Fiscal 2023 Forecast | Year-on-year change |
|---|---|---|---|---|
| Offering Service Business | Net sales | 103,167 | 106,300 | +3.0% |
| | Operating income | 4,692 | 6,100 | +30.0% |
| | Operating income ratio | 4.5% | 5.7% | +1.2P |
| Business Process Management | Net sales | 42,951 | 44,900 | +4.5% |
| | Operating income | 4,991 | 5,250 | +5.2% |
| | Operating income ratio | 11.6% | 11.7% | +0.1P |
| Financial IT Business | Net sales | 91,651 | 95,700 | +4.4% |
| | Operating income | 12,355 | 13,000 | +5.2% |
| | Operating income ratio | 13.5% | 13.6% | +0.1P |
| Industrial IT Business | Net sales | 108,751 | 110,700 | +1.8% |
| | Operating income | 15,356 | 15,900 | +3.5% |
| | Operating income ratio | 14.1% | 14.4% | +0.3P |
| Regional IT Solutions | Net sales | 156,231 | 158,500 | +1.5% |
| | Operating income | 16,492 | 17,200 | +4.3% |
| | Operating income ratio | 10.6% | 10.9% | +0.3P |
| Other | Net sales | 6,369 | 9,400 | +47.6% |
| | Operating income | 770 | 600 | -22.1% |
| | Operating income ratio | 12.1% | 6.4% | -5.7P |

The Company’s medium-term management plan (2021-2023) includes a basic shareholder return policy that targets a total return ratio of 45%. Also, 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. In fiscal 2023, in addition to a share buyback of approximately ¥5.5 billion to provide shareholder returns based on this policy, for the purpose of optimizing its capital structure, the Company is in the process of conducting a share buyback of approximately ¥24.5 billion, for a total share buyback amount of ¥30.0 billion. The total return ratio is forecast to be 110.3% based on the completion of the share buyback, the current dividend forecast, and consolidated earnings forecast.

In addition, the Company will, in principle, retain up to 5% of its treasury stock, and will cancel any treasury stock holdings in excess of 5% of the total number of shares outstanding. This time, regarding treasury stock (approximately ¥5.5 billion worth) that the Company plans to acquire from the perspective of its returns to shareholders policy, the Company plans to respond in accordance with this policy. However, in consideration of Company policy and the need to eliminate concerns about future dilution of shares, etc., the Company is planning to retire the treasury stock (approximately ¥24.5 billion worth) that it plans to acquire as part of its efforts to optimize its capital structure.

Note: Total return ratio: The ratio of the combined value of dividend payments and share buybacks versus net income attributable to owners of the parent company

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

| Items | As of March 31, 2022 | As of June 30, 2022 |
|---|---|---|
| | millions of yen | millions of yen |
| **Assets** | | |
| Current assets | | |
| Cash and deposits | 114,194 | 71,034 |
| Notes and accounts receivable, and contract assets | 111,361 | 100,630 |
| Lease receivables and lease investment assets | 4,014 | 3,830 |
| Marketable securities | 298 | 283 |
| Merchandise and finished goods | 1,454 | 1,951 |
| Work in process | 1,360 | 1,374 |
| Raw materials and supplies | 217 | 208 |
| Other current assets | 26,668 | 32,901 |
| Allowance for doubtful accounts | (308) | (341) |
| Total current assets | 259,261 | 211,874 |
| Fixed assets | | |
| Property and equipment | | |
| Buildings and structures, net | 35,471 | 35,082 |
| Machinery and equipment, net | 9,636 | 9,230 |
| Land | 9,675 | 9,675 |
| Leased assets, net | 3,723 | 3,762 |
| Other property and equipment, net | 6,882 | 6,516 |
| Total property and equipment | 65,389 | 64,266 |
| Intangible assets | | |
| Software | 14,231 | 13,359 |
| Software in progress | 12,255 | 12,932 |
| Goodwill | 770 | 785 |
| Other intangible assets | 1,493 | 1,485 |
| Total intangible assets | 28,750 | 28,562 |
| Investments and other assets | | |
| Investment securities | 76,823 | 70,117 |
| Net defined benefit asset | 6,656 | 6,750 |
| Deferred tax assets | 17,313 | 16,479 |
| Other assets | 25,266 | 26,572 |
| Allowance for doubtful accounts | (2,820) | (2,950) |
| Total investments and other assets | 123,241 | 116,969 |
| Total fixed assets | 217,381 | 209,799 |
| Total assets | 476,642 | 421,673 |

| Items | As of March 31, 2022 | As of June 30, 2022 |
|---|---|---|
| | millions of yen | millions of yen |
| **Liabilities** | | |
| Current liabilities | | |
| Notes and accounts payable | 22,475 | 19,091 |
| Short-term borrowings | 35,229 | 25,306 |
| Income taxes payable | 21,864 | 1,515 |
| Accrued bonuses to directors and employees | 15,840 | 8,067 |
| Provision for loss on order received | 1,092 | 803 |
| Other allowances | 140 | 107 |
| Other current liabilities | 42,593 | 51,811 |
| Total current liabilities | 139,236 | 106,703 |
| Non-current liabilities | | |
| Long-term debt | 2,213 | 2,213 |
| Lease obligations | 3,554 | 3,443 |
| Deferred tax liabilities | 395 | 393 |
| Deferred tax liabilities from revaluation of land | 272 | 272 |
| Accrued retirement benefits to directors | 0 | 0 |
| Other allowances | 208 | 130 |
| Net defined benefit liability | 12,534 | 12,361 |
| Asset retirement obligations | 6,992 | 6,963 |
| Other non-current liabilities | 8,240 | 8,279 |
| Total non-current liabilities | 34,412 | 34,057 |
| Total liabilities | 173,649 | 140,761 |
| **Net assets** | | |
| Shareholders' equity | | |
| Common stock | 10,001 | 10,001 |
| Additional paid-in capital | 64,960 | 64,961 |
| Retained earnings | 203,256 | 204,226 |
| Less treasury stock, at cost | (3,117) | (21,866) |
| Total shareholders' equity | 275,100 | 257,322 |
| Accumulated other comprehensive income | | |
| Net unrealized gains on other securities | 20,990 | 16,252 |
| Deferred gains or losses on hedges | (4) | 5 |
| Revaluation reserve for land | (2,672) | (2,672) |
| Foreign currency translation adjustments | (70) | 338 |
| Remeasurements of defined benefit plans | (219) | (8) |
| Total accumulated other comprehensive income | 18,024 | 13,914 |
| Non-controlling interests | 9,867 | 9,674 |
| Total net assets | 302,993 | 280,911 |
| Total liabilities and net assets | 476,642 | 421,673 |

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

**Consolidated Statements of Income**

| Items | First Quarter, FY2022 (Apr. 1 – Jun. 30, 2021) | First Quarter, FY2023 (Apr. 1 – Jun. 30, 2022) |
|---|---|---|
| | millions of yen | millions of yen |
| Net sales | 113,520 | 118,072 |
| Cost of sales | 85,789 | 86,745 |
| Gross profit | 27,731 | 31,326 |
| Selling, general and administrative expenses | 17,472 | 18,824 |
| Operating income | 10,258 | 12,502 |
| Non-operating income | | |
| Interest income | 84 | 114 |
| Dividend income | 608 | 579 |
| Gain on foreign exchange | − | 383 |
| Other | 219 | 336 |
| Total non-operating income | 912 | 1,414 |
| Non-operating expense | | |
| Interest expenses | 82 | 47 |
| Equity in losses of affiliated companies | 44 | 18 |
| Loss on investments in partnership | 124 | − |
| Other | 59 | 58 |
| Total non-operating expenses | 311 | 124 |
| Recurring profit | 10,860 | 13,792 |
| Extraordinary income | | |
| Gain on sales of fixed assets | 0 | 0 |
| Gain on sales of investment securities | 0 | 0 |
| Gain on change in equity | − | 48 |
| Total extraordinary income | 0 | 49 |
| Extraordinary loss | | |
| Loss on disposal of fixed assets | 131 | 15 |
| Loss on valuation of investment securities | 133 | 325 |
| Other | 63 | 2 |
| Total extraordinary loss | 328 | 343 |
| Income before income taxes | 10,532 | 13,498 |
| Income taxes: current | 1,246 | 1,540 |
| Income taxes: deferred | 2,051 | 2,921 |
| Total income taxes | 3,298 | 4,461 |
| Net income | 7,233 | 9,036 |
| Net income attributable to non-controlling interests | 230 | 273 |
| Net income attributable to owners of the parent company | 7,002 | 8,763 |

**Consolidated Statements of Comprehensive Income**

| Items | First Quarter, FY2022 (Apr. 1 – Jun. 30, 2021) | First Quarter, FY2023 (Apr. 1 – Jun. 30, 2022) |
|---|---|---|
| | millions of yen | millions of yen |
| Net income | 7,233 | 9,036 |
| Other comprehensive income | | |
| Net unrealized gains on other securities | 4,246 | (4,736) |
| Deferred gains or losses on hedge | − | 18 |
| Foreign currency translation adjustments | 252 | (167) |
| Remeasurements of defined benefit plans | 66 | 215 |
| Share of other comprehensive income of equity-method affiliates | 302 | 773 |
| Total other comprehensive income | 4,867 | (3,897) |
| Comprehensive income | 12,101 | 5,139 |
| (Composition) | | |
| Comprehensive income attributable to owners of the parent company | 11,788 | 4,653 |
| Comprehensive income attributable to non-controlling interests | 312 | 485 |

### (3) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

## 3. 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).