



Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2023
(April 1, 2022 through September 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.

November 2, 2022

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 Stock exchange listings: Tokyo Stock Exchange, Prime Market
 Stock code: 3626
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Scheduled dates
 Submission of quarterly report: November 11, 2022
 Commencement of dividend payments: December 9, 2022

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 Half of the Fiscal Year Ending March 31, 2023
(April 1, 2022 – September 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 Half, FY2023	245,305	4.7	27,709	16.1	29,225	21.3	18,834	21.3
First Half, FY2022	234,332	10.9	23,866	31.1	24,099	56.6	15,521	51.0

Note: Comprehensive income: First Half, FY2023: 16,683 million yen (-31.6%); First Half, FY2022: 24,405 million yen (54.0%)

	Net income per share – basic	Net income per share – diluted
	yen	yen
First Half, FY2023	76.54	-
First Half, FY2022	61.88	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
End of First Half, FY2023	438,301	287,245	63.2
End of FY2022	476,642	302,993	61.5

For reference: Total equity: End of first half, FY2023: 276,954 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
FY2022	yen -	yen 13.00	yen -	yen 31.00	yen 44.00
FY2023	-	15.00			
FY2023 (forecast)			-	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
Full FY2023 (year ending Mar. 31, 2023)	505,000	4.7	59,000	7.8	60,500	8.6	39,800	0.9	163.25

Note: Revisions from the latest release of earnings forecasts: Yes

※ 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 Half, FY2023 (September 30, 2022):	251,160,894 shares
End-FY2022 (March 31, 2022):	251,160,894 shares
 - 2) Treasury stock as of period-end:

End-First Half, FY2023 (September 30, 2022):	7,974,593 shares
End-FY2022 (March 31, 2022):	1,394,103 shares
 - 3) Average number of shares (during the respective six-month period):

First Half, FY2023 (ended September 30, 2022):	246,079,938 shares
First Half, FY2022 (ended September 30, 2021):	250,839,654 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 10 in the Accompanying Materials.

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1. Results of Operations

(1) Analysis of Consolidated Operating Results

In the first six months of fiscal 2023 (April 1, 2022 – September 30, 2022), there were signs of a pickup in the Japanese economy, due in part to the effects of various policies as the transition to a new phase of living with COVID-19 was underway. Looking ahead, in addition to the continued impact of the infection, it will be necessary to watch carefully for the risk of downward pressure on Japan's economy due to the effects of a downturn in overseas economies, rising prices, supply-side constraints, and fluctuations in financial and capital markets amid worldwide monetary tightening, 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 (September 2022), which showed a 20.2% 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.

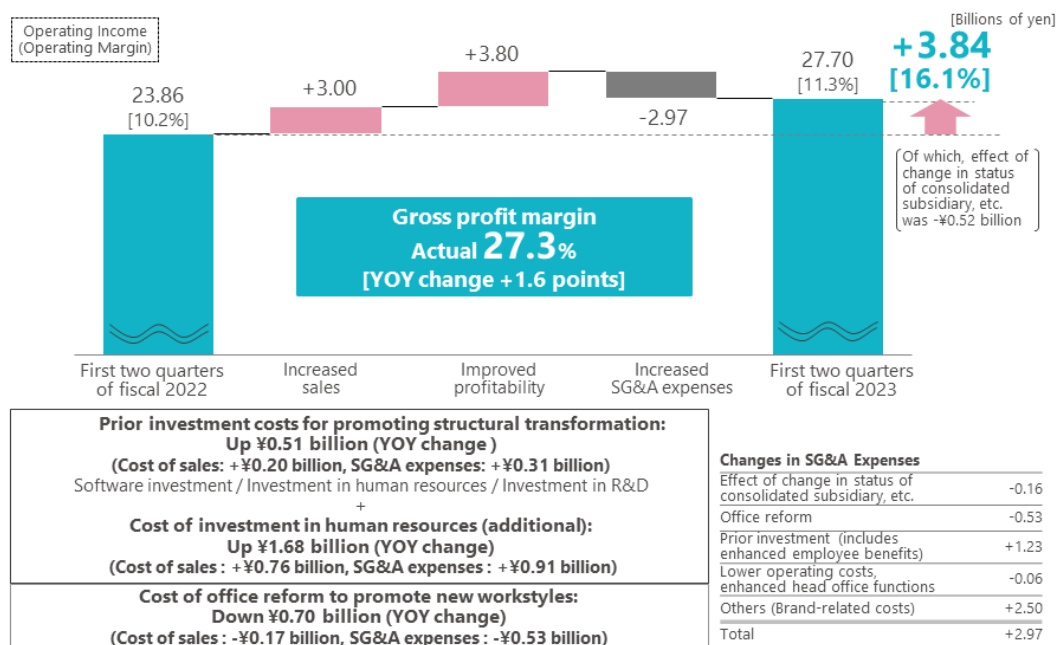
Consolidated net sales for the Group in the first six months of fiscal 2023 rose 4.7% year on year to ¥245,305 million. Operating income rose 16.1% to ¥27,709 million, recurring profit rose 21.3% to ¥29,225 million, and net income attributable to owners of the parent company rose 21.3% to ¥18,834 million.

(Unit: millions of yen)

	First Six Months, FY2022 (Apr. 1 – Sep. 30, 2021)	First Six Months, FY2023 (Apr. 1 – Sep. 30, 2022)	Year-on-year changes
Net sales	234,332	245,305	+4.7%
Cost of sales	174,072	178,229	+2.4%
Gross profit	60,259	67,075	+11.3%
Gross profit ratio	25.7%	27.3%	+1.6P
Selling, general and administrative expenses	36,393	39,365	+8.2%
Operating income	23,866	27,709	+16.1%
Operating income ratio	10.2%	11.3%	+1.1P
Recurring profit	24,099	29,225	+21.3%
Net income attributable to owners of the parent company	15,521	18,834	+21.3%

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 1.6 percentage points to 27.3% over the previous year’s level due to factors such as the provision of high value-added businesses and the promotion of productivity and quality 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 1.1 percentage points year on year to 11.3%. 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)>



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 2023. 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 Six Months, FY2022 (Apr. 1 – Sep. 30, 2021)	First Six Months, FY2023 (Apr. 1 – Sep. 30, 2022)	Year-on- year changes
Offering Service Business	Net sales	49,786	53,887	+8.2%
	Operating income	2,158	2,494	+15.6%
	Operating income ratio	4.3%	4.6%	+0.3P
Business Process Management	Net sales	21,230	21,490	+1.2%
	Operating income	2,225	2,405	+8.1%
	Operating income ratio	10.5%	11.2%	+0.7P
Financial IT Business	Net sales	44,342	48,718	+9.9%
	Operating income	5,916	6,311	+6.7%
	Operating income ratio	13.3%	13.0%	-0.3P
Industrial IT Business	Net sales	51,959	55,219	+6.3%
	Operating income	5,934	7,763	+30.8%
	Operating income ratio	11.4%	14.1%	+2.7P
Regional IT Solutions	Net sales	77,529	76,304	-1.6%
	Operating income	7,144	8,352	+16.9%
	Operating income ratio	9.2%	10.9%	+1.7P
Other	Net sales	3,067	4,293	+39.9%
	Operating income	410	394	-3.9%
	Operating income ratio	13.4%	9.2%	-4.2P

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 six months of fiscal 2023 totaled ¥53,887 million, up 8.2% year on year, and operating income increased 15.6% to ¥2,494 million. In addition to capturing demand for IT investments in areas such as settlement solutions, which is growing with the advance of digitalization, growth of overseas sales, improved profitability, and other factors meant a year-on-year increase in both sales and profits, with the operating income ratio increasing 0.3 percentage points year on year to 4.6%.

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 six months of fiscal 2023 totaled ¥21,490 million, up 1.2% year on year, and operating income increased 8.1% to ¥2,405 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 11.2%, 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 six months of fiscal 2023 totaled ¥48,718 million, up 9.9% year on year, and operating income increased 6.7% to ¥6,311 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 13.0%, down 0.3 % percentage points year on year, due to the promotion of measures such as the strengthening of the business structure.

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 six months of fiscal 2023 totaled ¥55,219 million, up 6.3% year on year, and operating income increased 30.8% to ¥7,763 million. In addition to the trend of expanding IT investments, mainly by manufacturing and energy-related sectors core clients, profitability and quality improvements, including through promotion of productivity improvement measures, resulted in a year on year increase in sales and profit, and the operating income ratio increased 2.7 percentage points to 14.1%.

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 six months of fiscal 2023 totaled ¥76,304 million, down 1.6% year on year, and operating income increased 16.9% to ¥8,352 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 and other activities emphasizing profitability, operating income increased year-on-year, and the operating income ratio increased 1.7 percentage points to 10.9%.

6) Other

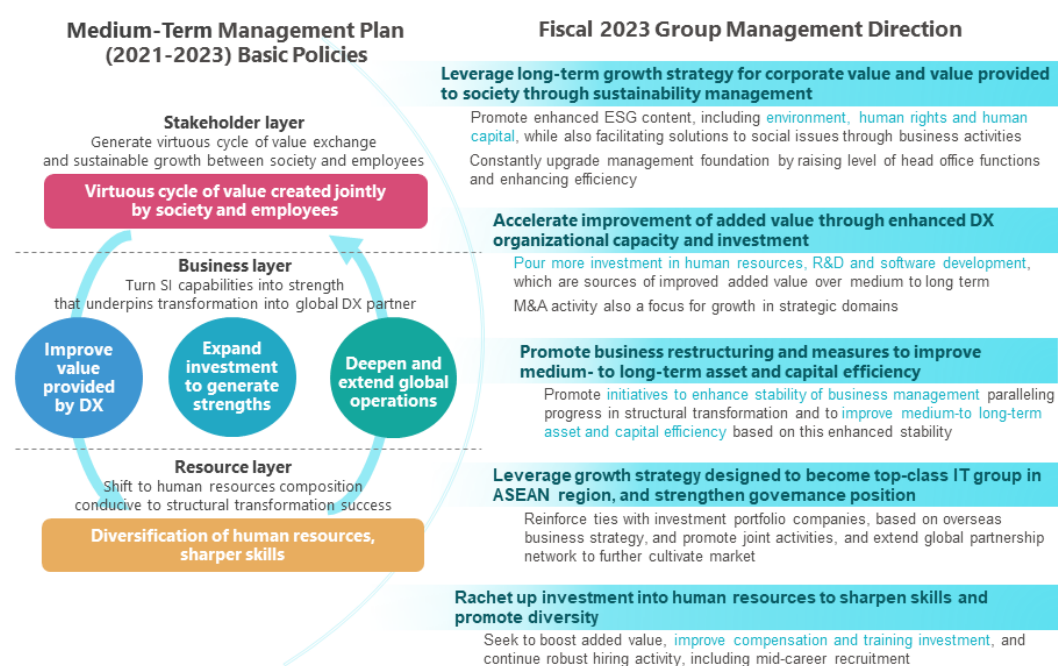
Consists of ancillary businesses offering IT services, and other activities.

Segment net sales in the first six months of fiscal 2023 totaled ¥4,293 million, up 39.9% year on year, operating income was down 3.9% to ¥394 million, and the segment's operating income ratio was 9.2%, down 4.2 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 2023, 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 issues and 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 2023, 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, in terms of environmental issues, as part of our efforts to reduce greenhouse gas emissions, we have decided to promote initiatives to become carbon neutral in our data centers. From April 2023, we will use electricity derived from renewable energy sources for all electricity used at its four main data centers, and will increase the percentage of renewable energy used at these data centers to 100%.

In addition, 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. In September 2022, along with the acquisition of Fixel Inc., which is engaged in business system UI (Note 1)/UX (Note 2) design consulting for enterprises and design system construction & operation support for business firms, we established a dedicated digital transformation design team to assist our clients with product and service design, business problem identification, ideation, and concept development. With the addition of this company to the Group, the value provided by digital transformation will be strengthened by combining its excellent design consulting capabilities with TIS's customer support and system construction capabilities. Through these strategic allocations of management resources and human resource development, we will continue to focus on increasing the number of digital transformation consultants and expanding our value delivery system with respect to clients' digital transformation promotion.

In the payments domain, which is one of the Group's strengths, the "credit card processing service" (Note 3) went into service. 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 Inc., 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. We will continue

to contribute to the further popularization of cashless settlement services by expanding the service lineup and business scale of the entire "PAYCIERGE" total brand of retail settlement solutions in the payment area, which is expected to grow in step with the development of a cashless society.

Going forward, The Group will continue to focus on digital transformation in three domains, and will aim from an integrated perspective to create a virtuous cycle of new value by treating "social digital transformation" to realize a better society, "business digital transformation" to innovate our customers' businesses, and "internal digital transformation" to evolve the TIS INTEC Group itself, as a single linkage that strongly influences each other.

Note 1: User interface A mechanism for input and display when a user interacts with a PC.

Note 2: User Experience A user experience gained from services, etc.

Note 3: 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 costs, promoting group formation management, expanding business through M&As of domestic and overseas companies, and business portfolio restructuring. To promote further structural transformation and improve effectiveness, from fiscal 2023 the entire Group has adopted a management structure based on its business model, 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), 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 6,820,800 shares (with a total acquisition cost of ¥24.5 billion) as of September 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 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 "Jak-Lingko" (Note 2) project in Jakarta, Indonesia, and "Acasia" has been adopted as the back-end system of "Jak-Lingko". 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.

Furthermore, in order to better ensure the achievement of the "ASEAN top-class IT group", we have added consulting as a new axis in addition to our existing channel technology to enhance our presence and capabilities as a global "consulting + IT" player. We will also aim to accelerate our global business development by focusing on development in Next ASEAN.

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) Ratchet 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 and support for autonomous career development 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, the advancement of human resource portfolio management by digitalization of a human resources database, and full-scale operation of HR business partners. 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 addition, the Company will revise its human resource system in April 2023 as a management base to encourage each employee to act autonomously and to improve value exchanges between the Company and each individual in preparation for the Group's united efforts to take on challenges. By adopting performance-based compensation based on the human resource requirements and roles we seek, we aim to realize a virtuous cycle of boosted value-added through proactive anticipatory investment in human resources, our most important management resource, and the growth that results from this investment.

(2) Analysis of Financial Condition

(Assets)

Consolidated total assets as of the end of the second quarter amounted to ¥438,301 million, a decrease of ¥38,340 million from ¥476,642 million at the end of the previous fiscal year.

Current assets were ¥226,047 million from ¥259,261 million at the end of the previous fiscal year. The decrease primarily reflects a ¥42,570 million decrease in cash and deposits.

Fixed assets totaled ¥212,253 million from ¥217,381 million at the end of the previous fiscal year. The decrease primarily reflects a ¥5,752 million decrease in investment securities.

(Liabilities)

As of the end of the second quarter, total liabilities amounted to ¥151,055 million, a ¥22,593 million decrease from ¥173,649 million at the end of the previous fiscal year.

Current liabilities totaled ¥116,874 million from ¥139,236 million at the end of the previous fiscal year. The decrease primarily reflects a ¥13,938 million decrease in income taxes payable, etc.

Fixed liabilities amounted to ¥34,181 million from ¥34,412 million at the end of the previous fiscal year. The decrease primarily reflects a ¥848 million decrease in Long-term debt.

(Net assets)

Consolidated total net assets as of the end of the second quarter came to ¥287,245 million, a decrease of ¥15,747 million from ¥302,993 million at the end of the previous fiscal year. The increase primarily reflects a ¥23,983 million increase (net assets decreased) in treasury stock.

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

In light of the fact that the consolidated financial results for the second quarter of fiscal 2023 significantly exceeded the plan, the consolidated financial forecast for the full fiscal year ending March 31, 2023, released on May 11, 2022, has been revised as follows. While closely monitoring the impact of infectious diseases, 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.

(Unit: millions of yen)

	Previously released forecast (A)	Current released forecast (B)	Increase /decrease (B - A)	Ratio of increase /decrease (%)
Net sales	500,000	505,000	+5,000	+1.0%
Cost of sales	365,000	366,000	+1,000	+0.3%
Gross profit	135,000	139,000	+4,000	+3.0%
Gross profit ratio	27.0%	27.5%	+0.5P	—
Selling, general and administrative expenses	78,000	80,000	+2,000	+2.6%
Operating income	57,000	59,000	+2,000	+3.5%
Operating income ratio	11.4%	11.7%	+0.3P	—
Recurring profit	57,000	60,500	+3,500	+6.1%
Net income attributable to owners of the parent company	37,500	39,800	+2,300	+6.1%

<By segment>

(Unit: millions of yen)

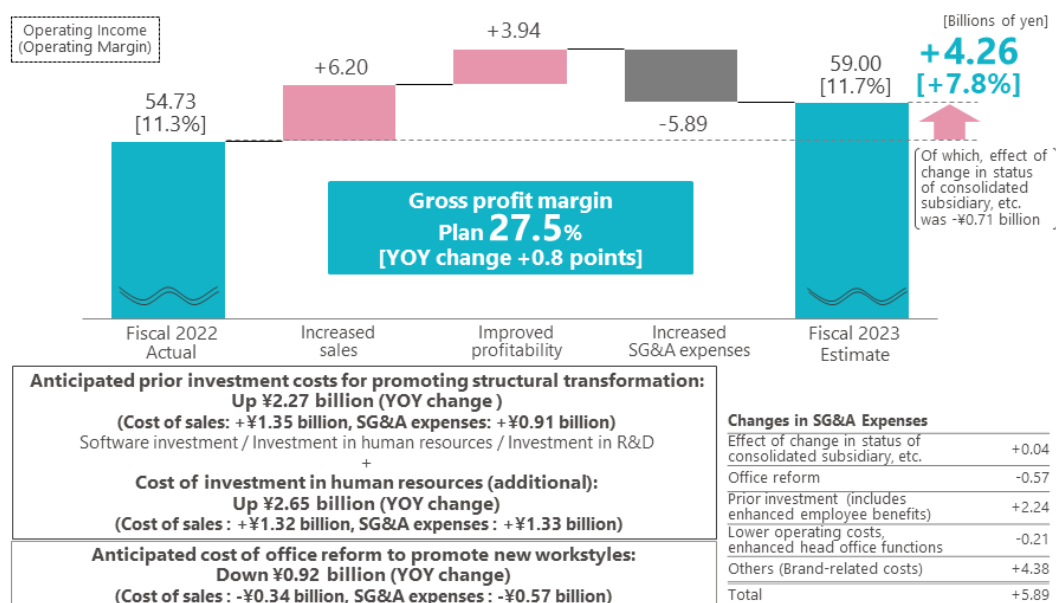
		Previously released forecast (A)	Current released forecast (B)	Increase /decrease (B - A)	Ratio of increase /decrease (%)
Offering Service Business	Net sales	106,300	109,000	+2,700	+2.5%
	Operating income	6,100	6,000	-100	-1.6%
	Operating income ratio	5.7%	5.5%	-0.2P	—
Business Process Management	Net sales	44,900	44,000	-900	-2.0
	Operating income	5,250	5,300	+50	+1.0%
	Operating income ratio	11.7%	12.0%	+0.3P	—
Financial IT Business	Net sales	95,700	98,500	+2,800	+2.9%
	Operating income	13,000	12,700	-300	-2.3%
	Operating income ratio	13.6%	12.9%	-0.7P	—
Industrial IT Business	Net sales	110,700	111,900	+1,200	+1.1%
	Operating income	15,900	16,700	+800	+5.0%
	Operating income ratio	14.4%	14.9%	+0.5P	—
Regional IT Solutions	Net sales	158,500	158,800	+300	+0.2%
	Operating income	17,200	18,200	+1,000	+5.8%
	Operating income ratio	10.9%	11.5%	+0.6P	—
Other	Net sales	9,400	9,400	—	—
	Operating income	600	700	+100	+16.7%
	Operating income ratio	6.4%	7.4%	+1.0P	—

A comparison of the latest full-fiscal year consolidated earnings forecast with the results of the previous fiscal year is as follows.

(Unit: millions of yen)

	Fiscal 2022 Actual results	Fiscal 2023 Forecast	Year-on-year change
Net sales	482,547	505,000	+4.7%
Cost of sales	353,699	366,000	+3.5%
Gross profit	128,848	139,000	+7.9%
Gross profit ratio	26.7%	27.5%	+0.8P
Selling, general and administrative expenses	74,108	80,000	+7.9%
Operating income	54,739	59,000	+7.8%
Operating income ratio	11.3%	11.7%	+0.4P
Recurring profit	55,710	60,500	+8.6%
Net income attributable to owners of the parent company	39,462	39,800	+0.9%

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



<By segment>

(Unit: millions of yen)

		Fiscal 2022 Actual results	Fiscal 2023 Forecast	Year-on-year change
Offering Service Business	Net sales	103,167	109,000	+5.7%
	Operating income	4,692	6,000	+27.9%
	Operating income ratio	4.5%	5.5%	+1.0P
Business Process Management	Net sales	42,951	44,000	+2.4%
	Operating income	4,991	5,300	+6.2%
	Operating income ratio	11.6%	12.0%	+0.4P
Financial IT Business	Net sales	91,651	98,500	+7.5%
	Operating income	12,355	12,700	+2.8%
	Operating income ratio	13.5%	12.9%	-0.6P
Industrial IT Business	Net sales	108,751	111,900	+2.9%
	Operating income	15,356	16,700	+8.7%
	Operating income ratio	14.1%	14.9%	+0.8P
Regional IT Solutions	Net sales	156,231	158,800	+1.6%
	Operating income	16,492	18,200	+10.4%
	Operating income ratio	10.6%	11.5%	+0.9P
Other	Net sales	6,369	9,400	+47.6%
	Operating income	770	700	-9.2%
	Operating income ratio	12.1%	7.4%	-4.7P

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 104.2% 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 Sep. 30, 2022
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	114,194	71,624
Notes and accounts receivable, and contract assets	111,361	117,984
Lease receivables and lease investment assets	4,014	3,583
Marketable securities	298	253
Merchandise and finished goods	1,454	2,377
Work in process	1,360	1,417
Raw materials and supplies	217	183
Other current assets	26,668	29,135
Allowance for doubtful accounts	(308)	(511)
Total current assets	259,261	226,047
Fixed assets		
Property and equipment		
Buildings and structures, net	35,471	34,491
Machinery and equipment, net	9,636	8,657
Land	9,675	9,667
Leased assets, net	3,723	4,212
Other property and equipment, net	6,882	6,405
Total property and equipment	65,389	63,435
Intangible assets		
Software	14,231	13,539
Software in progress	12,255	12,573
Goodwill	770	780
Other intangible assets	1,493	1,458
Total intangible assets	28,750	28,352
Investments and other assets		
Investment securities	76,823	71,071
Net defined benefit asset	6,656	7,034
Deferred tax assets	17,313	18,561
Other assets	25,266	26,892
Allowance for doubtful accounts	(2,820)	(3,039)
Total investments and other assets	123,241	120,520
Total fixed assets	217,381	212,307
Total assets	476,642	438,355

Items	As of March 31, 2022	As of Sep. 30, 2022
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	22,475	22,037
Short-term borrowings	35,229	25,763
Income taxes payable	21,864	7,925
Accrued bonuses to directors and employees	15,840	16,885
Provision for loss on order received	1,092	657
Other allowances	140	119
Other current liabilities	42,593	43,484
Total current liabilities	139,236	116,874
Non-current liabilities		
Long-term debt	2,213	1,364
Lease obligations	3,554	3,854
Deferred tax liabilities	395	421
Deferred tax liabilities from revaluation of land	272	272
Accrued retirement benefits to directors	0	0
Other allowances	208	155
Net defined benefit liability	12,534	12,632
Asset retirement obligations	6,992	6,944
Other non-current liabilities	8,240	8,534
Total non-current liabilities	34,412	34,181
Total liabilities	173,649	151,055
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	64,960	64,969
Retained earnings	203,256	214,301
Less treasury stock, at cost	(3,117)	(27,101)
Total shareholders' equity	275,100	262,170
Accumulated other comprehensive income		
Net unrealized gains on other securities	20,990	16,663
Deferred gains or losses on hedges	(4)	9
Revaluation reserve for land	(2,672)	(2,672)
Foreign currency translation adjustments	(70)	851
Remeasurements of defined benefit plans	(219)	(14)
Total accumulated other comprehensive income	18,024	14,838
Non-controlling interests	9,867	10,291
Total net assets	302,993	287,299
Total liabilities and net assets	476,642	438,355

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

Items	First Half, FY2022	First Half, FY2023
	(Apr. 1 – Sep. 30, 2021)	(Apr. 1 – Sep. 30, 2022)
	millions of yen	millions of yen
Net sales	234,332	245,305
Cost of sales	174,072	178,229
Gross profit	60,259	67,075
Selling, general and administrative expenses	36,393	39,365
Operating income	23,866	27,709
Non-operating income		
Interest income	206	276
Dividend income	644	601
Gain on foreign exchange	37	420
Other	484	457
Total non-operating income	1,372	1,755
Non-operating expense		
Interest expenses	163	139
Equity in losses of affiliated companies	650	5
Other	325	95
Total non-operating expenses	1,139	239
Recurring profit	24,099	29,225
Extraordinary income		
Gain on sales of investment securities	0	324
Other	5	54
Total extraordinary income	5	378
Extraordinary loss		
Loss on disposal of fixed assets	149	58
Loss on valuation of investment securities	133	316
Impairment loss	169	655
Other	80	36
Total extraordinary loss	533	1,066
Income before income taxes	23,572	28,537
Income taxes: current	6,909	8,326
Income taxes: deferred	488	608
Total income taxes	7,398	8,935
Net income	16,173	19,602
Net income attributable to non-controlling interests	652	768
Net income attributable to owners of the parent company	15,521	18,834

Consolidated Statements of Comprehensive Income

Items	First Half, FY2022 (Apr. 1 – Sep. 30, 2021)	First Half, FY2023 (Apr. 1 – Sep. 30, 2022)
	millions of yen	millions of yen
Net income	16,173	19,602
Other comprehensive income		
Net unrealized gains on other securities	7,681	(4,380)
Deferred gains or losses on hedge	9	27
Foreign currency translation adjustments	134	859
Remeasurements of defined benefit plans	133	207
Share of other comprehensive income of equity-method affiliates	272	366
Total other comprehensive income	8,231	(2,918)
Comprehensive income	24,405	16,683
(Composition)		
Comprehensive income attributable to owners of the parent company	23,743	15,594
Comprehensive income attributable to non-controlling interests	661	1,089

(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).