Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022

(April 1, 2021 through June 30, 2021)
(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 5, 2021

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
Contact:	Masahiro Hiwasa, Department Manager of Finance & Accounting Dept., Corporate Planning SBU.
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Scheduled dates
Submission of quarterly report: August 12, 2021
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, 2022 (April 1, 2021 – June 30, 2021)

(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, FY2022	113,520	13.1	10,258	33.6	10,860	27.1	7,002	26.7
First Quarter, FY2021	100,399	-0.6	7,678	-4.7	8,543	-2.6	5,527	-9.5

Note: Comprehensive income: First Quarter, FY2022: 12,101 million yen (21.3%); First Quarter, FY2021: 9,974 million yen (13.5%)

	Net income per share – basic	Net income per share – diluted
	yen	yen
First Quarter, FY2022	27.92	-
First Quarter, FY2021	22.02	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
End of First Quarter, FY2022	444,830	285,042	62.1
End of FY2021	451,072	279,429	60.0

For reference: Total equity: End of first quarter, FY2022: 276,248 million yen End of FY2021: 270,481 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
FY2021	-	11.00	-	24.00	35.00
FY2022	-				
FY2022 (forecast)		13.00	-	27.00	40.00

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

3. Forecast of Consolidated Results for FY2022 (April 1, 2021 – March 31, 2022)

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 FY2022 (six months ending Sep. 30, 2021)	225,000	6.5	20,500	12.6	20,500	33.2	13,700	33.3	54.75
Full FY2022 (year ending Mar. 31, 2022)	470,000	4.8	48,500	6.0	48,500	23.5	32,200	16.3	128.78

Notes:
(1) Revisions from the latest release of earnings forecasts: None
(2) 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) 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, FY2022 (June 30, 2021): 263,367,294 shares
End-FY2021 (March 31, 2021): 263,367,294 shares
2) Treasury stock as of period-end:
End-First Quarter, FY2022 (June 30, 2021): 12,530,678 shares
End-FY2021 (March 31, 2021): 12,595,655 shares
3) Average number of shares (during the respective three-month period):
First Quarter, FY2022 (ended June 30, 2021): 250,793,642 shares
First Quarter, FY2021 (ended June 30, 2020): 251,060,508 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 12, 2021, 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 FY2022 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 6 in the Accompanying Materials.

Accompanying Materials – Contents

1. Results of Operations

(1) Analysis of Consolidated Operating Results

In the first three months of fiscal 2022 (April 1, 2021 – June 30, 2021), the Japanese economy continued to face difficult conditions due to impact of the spread of the novel coronavirus (COVID-19). The outlook too has been clouded by a variety of factors, and there is still a need to carefully monitor how trends in infection impact the Japanese and global economy. 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 2021), which showed a 16.1% year-on-year increase in company 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 in order to accelerate growth on the way to 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 in the first quarter of fiscal 2022 rose 13.1% year on year to ¥113,520 million. Operating income rose 33.6% to ¥10,258 million, recurring profit rose 27.1% to ¥10,860 million, and net income attributable to owners of the parent company rose 26.7% to ¥7,002 million.

Sales were up sharply year on year as a result of meeting demand for IT investment, such as customers' demand for digital transformation, and the contribution of the results of companies that became subsidiaries in the previous fiscal year. As for operating income, gross profit ratio rose 1.3 percentage points to 24.4% 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 1.4 percentage points year on year to 9.0%. The increase in recurring profit and net income attributable to owners of the parent company mainly reflect the growth in operating income.

From the start of the first quarter of fiscal 2022, the Accounting Standard for Revenue Recognition, etc. have been applied, 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 in the first quarter of fiscal 2022 totaled ¥36,897 million, up 22.4% year on year, and operating income increased 79.5% to ¥2,054 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 companies that became subsidiaries in the previous fiscal year meant a year-on-year increase in both sales and profits, with the operating income ratio increasing 1.8 percentage points year on year to 5.6%.

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 in the first quarter of 2022 totaled ¥8,897 million, up 7.5% year on year. Operating income expanded 21.6% to ¥678 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 7.6%, a year-on-year improvement of 0.9 percentage points.

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 in the first quarter of fiscal 2022 totaled ¥29,571 million, up 15.0% year on year, and operating income increased 29.2% to ¥3,584 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, with the operating income ratio increasing 1.3 percentage points year on year to 12.1%.

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 in the first quarter of fiscal 2022 totaled ¥44,492 million, up 2.3% year on year, and operating income increased 18.3% to ¥3,673 million. In addition to the contribution of the results of companies that became subsidiaries in the previous fiscal year, there was steady IT investment by core clients, and IT investment demand from regional and small and medium-sized companies, which had been subdued due to the spread of COVID-19, started to recover. The impact of lower sales with application of the Accounting Standard for Revenue Recognition, etc. was therefore offset, leading to a year-on-year increase in both sales and profits, with the operating income ratio increasing 1.2 percentage points year on year to 8.3%.

5) Other

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

Segment sales in the first quarter of fiscal 2022 totaled ¥2,311 million, up 15.5% year on year, operating income was up 30.9% to ¥244 million, and the segment's operating income ratio was 10.6%, up 1.3 percentage points, for a year-on-year increase in both sales and profits.

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 working to accelerate business restructuring, with enhancing provided digital transformation value as the keystone.

In fiscal 2022, the first year of the medium-term management plan (2021-2023), the Group will energetically implement 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 digital transformation value

(3) Invest in growth for enhancing 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 achievement of priority management resource distribution in business activities that contribute to solving societal issue solutions 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 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.

In the first quarter of fiscal 2022, we made efforts such as establishing the Basic Direction on Corporate Sustainability and a human rights policy as well as expressing support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

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 deployment of “Trinity Ver. 2” as a quality management system that supports service-type business.

In order to fulfill the mission in Group Vision 2026 of “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 finance 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 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.

And in order to address the important issues of 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, we have 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.

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

   With aim of achieving continuous growth in this operating environment with increasing uncertainties, we will continue making 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, thereby achieving more growth than ever.

   In the three years of the medium-term management plan (2021-2023), the Group plans to conduct robust investment totaling approximately ¥100 billion and promote improving provided digital transformation value and acquiring new technologies, and we are currently incrementally expanding our investments.

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.

   We will create yet more business synergies with MFEC Public Company Limited, a leading player in providing IT solutions for enterprises in Thailand which 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.

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 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 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.

In addition to the abovementioned 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 are planning to conduct a share buyback from May to December 2021, which will result in the acquisition of 3,200,000 shares at a maximum total acquisition cost of ¥4,470 million.

(2) Analysis of Financial Condition

(Assets)

Consolidated total assets as of the end of the first quarter came to ¥444,830 million, a decrease of ¥6,241 million from ¥451,072 million at the end of the previous fiscal year.

Current assets totaled ¥214,088 million, down from ¥229,965 million at the end of the previous fiscal year, primarily owing to a ¥17,021 million decrease in notes and accounts receivable, and contract assets.

Note that, as described in (3) Notes on the Consolidated Financial Statements (Changes in Accounting Policies), as a result of application of the Accounting Standard for Revenue Recognition, etc., "notes and accounts receivable" shown under "current assets" in the consolidated balance sheet for fiscal 2021 have been reclassified as "Notes and accounts receivable, and contract assets" from the first quarter of fiscal 2022.

Fixed assets totaled ¥230,741 million, up from ¥221,106 million at the end of the previous fiscal year, due mainly to a ¥5,583 million increase in investment securities.

(Liabilities)

As of the end of the first quarter, total liabilities amounted to ¥159,788 million, an ¥11,853 million decrease from ¥171,642 million at the end of the previous fiscal year.

Current liabilities totaled ¥105,330 million, up from ¥100,915 million at the end of the previous fiscal year, primarily owing to a ¥20,151 million increase in short-term borrowings.

Non-current liabilities amounted to ¥54,458 million, down from ¥70,726 million, primarily owing to a ¥20,100 million decrease in long-term debt.

(Net assets)

As of the end of the first quarter, total net assets amounted to ¥285,042 million, a ¥5,612 million increase from ¥279,429 million at the end of the previous fiscal year. The increase primarily reflects a ¥4,239 million increase in net unrealized gains on other securities.

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

The Group's consolidated business performance in the first quarter of fiscal 2022 were robust, but as of the release of this quarterly earnings report, management has made no changes to the consolidated earnings forecast released on May 12, 2021, due to factors such as the external environment being uncertain. As in the plan at the beginning of the fiscal year, we expect to continue to expand earnings by reflecting the full fiscal year earnings of the companies that became subsidiaries in the previous fiscal year in addition to expansion of our business by accurately responding to customers' demand for digital transformation. Furthermore, we will provide high value-added business and promote productivity enhancement measures and the like while sustaining our investment in future growth with the aim of achieving even higher profitability.

Note that this forecast is subject to change depending on the when the spread of COVID-19 will come to an end, and this remains highly uncertain.

The Group's medium-term management plan (2021-2023) includes a basic shareholder return policy that targets a total return ratio of 45%. Due to implementation of the abovementioned share buyback, and based on the current consolidated earnings forecast and dividend forecast, the total return ratio for fiscal 2022 is expected to be 44.8%.

*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, 2021	As of June 30, 2021
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	83,318	82,417
Notes and accounts receivable	111,356	−
Notes and accounts receivable, and contract assets	−	94,335
Lease receivables and lease investment assets	4,641	4,483
Marketable securities	286	285
Merchandise and finished goods	2,970	2,154
Work in process	2,979	940
Raw materials and supplies	237	244
Other current assets	24,465	29,526
Allowance for doubtful accounts	(290)	(299)
Total current assets	229,965	214,088
Fixed assets		
Property and equipment		
Buildings and structures, net	34,258	36,523
Machinery and equipment, net	6,798	6,241
Land	9,682	9,682
Leased assets, net	4,321	4,330
Other property and equipment, net	9,135	11,552
Total property and equipment	64,197	68,330
Intangible assets		
Software	15,463	15,933
Software in progress	12,334	11,062
Goodwill	1,593	1,541
Other intangible assets	1,757	1,714
Total intangible assets	31,148	30,252
Investments and other assets		
Investment securities	86,005	91,588
Net defined benefit asset	6,375	6,442
Deferred tax assets	8,443	7,505
Other assets	27,505	29,189
Allowance for doubtful accounts	(2,567)	(2,568)
Total investments and other assets	125,760	132,158
Total fixed assets	221,106	230,741
Total assets	451,072	444,830

Items	As of March 31, 2021	As of June 30, 2021
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	26,467	19,493
Short-term borrowings	5,793	25,945
Income taxes payable	8,829	1,507
Accrued bonuses to directors and employees	15,405	7,962
Provision for loss on order received	938	802
Provision for office restructuring cost	413	170
Other allowances	109	173
Other current liabilities	42,958	49,274
Total current liabilities	100,915	105,330
Non-current liabilities		
Long-term debt	37,326	17,226
Lease obligations	4,628	4,572
Deferred tax liabilities	1,023	4,105
Deferred tax liabilities from revaluation of land	272	272
Accrued retirement benefits to directors	5	5
Other allowances	169	109
Net defined benefit liability	12,895	12,969
Asset retirement obligations	6,095	7,101
Other non-current liabilities	8,311	8,097
Total non-current liabilities	70,726	54,458
Total liabilities	171,642	159,788
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	84,337	84,342
Retained earnings	173,230	174,066
Less treasury stock, at cost	(18,812)	(18,671)
Total shareholders' equity	248,756	249,738
Accumulated other comprehensive income		
Net unrealized gains on other securities	25,513	29,753
Revaluation reserve for land	(2,672)	(2,672)
Foreign currency translation adjustments	(667)	(187)
Remeasurements of defined benefit plans	(449)	(383)
Total accumulated other comprehensive income	21,724	26,510
Non-controlling interests	8,948	8,793
Total net assets	279,429	285,042
Total liabilities and net assets	451,072	444,830

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

Consolidated Statements of Income

Items	First Quarter, FY2021 (Apr. 1 – Jun. 30, 2020)	First Quarter, FY2022 (Apr. 1 – Jun. 30, 2021)
	millions of yen	millions of yen
Net sales	100,399	113,520
Cost of sales	77,255	85,789
Gross profit	23,143	27,731
Selling, general and administrative expenses	15,465	17,472
Operating income	7,678	10,258
Non-operating income		
Interest income	47	84
Dividend income	810	608
Other	230	219
Total non-operating income	1,089	912
Non-operating expense		
Interest expenses	53	82
Equity in losses of affiliated companies	74	44
Loss on investments in partnership	6	124
Other	89	59
Total non-operating expenses	224	311
Recurring profit	8,543	10,860
Extraordinary income		
Gain on sales of fixed assets	1	0
Gain on sales of investment securities	3	0
Total extraordinary income	5	0
Extraordinary loss		
Loss on disposal of fixed assets	21	131
Loss on valuation of investment securities	374	133
Other	51	63
Total extraordinary loss	448	328
Income before income taxes	8,099	10,532
Income taxes: current	913	1,246
Income taxes: deferred	1,541	2,051
Total income taxes	2,454	3,298
Net income	5,645	7,233
Net income attributable to non-controlling interests	117	230
Net income attributable to owners of the parent company	5,527	7,002

Consolidated Statements of Comprehensive Income

Items	First Quarter, FY2021 (Apr. 1 – Jun. 30, 2020)	First Quarter, FY2022 (Apr. 1 – Jun. 30, 2021)
	millions of yen	millions of yen
Net income	5,645	7,233
Other comprehensive income		
Net unrealized gains on other securities	4,828	4,246
Foreign currency translation adjustments	(262)	252
Remeasurements of defined benefit plans	155	66
Share of other comprehensive income of equity-method affiliates	(391)	302
Total other comprehensive income	4,329	4,867
Comprehensive income	9,974	12,101
(Composition)		
Comprehensive income attributable to owners of the parent company	9,813	11,788
Comprehensive income attributable to non-controlling interests	161	312

(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

(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.

The impact in the first quarter of fiscal 2022 and the impact on retained earnings at the beginning of the first quarter of fiscal 2022 resulting from these changes are 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 the first quarter of 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 quarterly Consolidated Balance Sheets.

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).