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April 28, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <under Japanese GAAP>

Company name: **DTS CORPORATION**
Stock listing: Tokyo Stock Exchange
Stock code: 9682
URL: https://www.dts.co.jp/
Representative: Tomoaki Kitamura, Representative Director and President
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Scheduled date of General Shareholders' Meeting: June 23, 2022
Scheduled date to commence dividend payments: June 24, 2022
Scheduled date to file annual securities report: June 24, 2022
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Million yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	94,452	–	11,196	–	11,403	–	7,853	–
March 31, 2021	90,493	(4.4)	10,817	1.3	11,131	2.6	7,593	3.8

Note: Comprehensive income
Fiscal year ended March 31, 2022: ¥7,672 million [–%]
Fiscal year ended March 31, 2021: ¥8,036 million [17.3%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	172.78	–	13.0	14.8	11.9
March 31, 2021	165.49	–	13.3	15.3	12.0

Reference: Equity in earnings (losses) of associates
Fiscal year ended March 31, 2022: ¥– million Fiscal year ended March 31, 2021: ¥– million

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant revised ASBJ regulations. The percentage of year-on-year change is not shown.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	79,116	62,133	78.4	1,376.05
March 31, 2021	75,172	59,409	78.8	1,293.61

Reference: Equity
As of March 31, 2022: ¥62,018 million As of March 31, 2021: ¥59,269 million

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and each figure as of March 31, 2022, is the figure after applying the accounting standard and relevant revised ASBJ regulations.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	7,589	(139)	(5,025)	45,817
March 31, 2021	9,366	(694)	(3,848)	43,327

2. Dividends

	Annual dividends					Total dividend payments	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2021	–	25.00	–	35.00	60.00	2,749	36.3	4.8
Fiscal year ended March 31, 2022	–	30.00	–	40.00	70.00	3,166	40.5	5.2
Fiscal year ending March 31, 2023 (Forecasts)	–	50.00	–	70.00	120.00		66.4	

Note: The dividend forecasts for the fiscal year ending March 31, 2023 include the following commemorative dividends in celebration of the 50th founding anniversary: ¥20 in the second quarter-end dividend and ¥30 in the fiscal year-end dividend.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2023	100,000	5.9	11,400	1.8	11,600	1.7	7,950	1.2	180.72

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatement of prior period financial statements after error corrections: None

Note: For the details, please refer to '(Changes in accounting policies) in (5) Notes to consolidated financial statements in 5. Consolidated Financial Statements and Significant Notes Thereto' on page 25 of the attached materials.

(3) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	49,072,632 shares
As of March 31, 2021	50,444,532 shares

b. Number of treasury shares at the end of the period

As of March 31, 2022	4,002,622 shares
As of March 31, 2021	4,627,487 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Fiscal year ended March 31, 2022	45,456,844 shares
Fiscal year ended March 31, 2021	45,885,600 shares

(Reference) Non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	67,594	–	9,101	–	9,702	–	6,594	–
March 31, 2021	65,430	(3.4)	8,702	0.8	9,396	1.8	6,596	1.5

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2022	145.07	–
March 31, 2021	143.76	–

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and each figure for the fiscal year ended March 31, 2022, is the figure after applying the accounting standard and relevant revised ASBJ regulations. The percentage of year-on-year change is not shown.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	68,055	57,306	84.2	1,271.50
March 31, 2021	66,662	55,966	84.0	1,221.53

Reference: Equity
As of March 31, 2022: ¥57,306 million As of March 31, 2021: ¥55,966 million

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and each figure as of March 31, 2022, is the figure after applying the accounting standard and relevant revised ASBJ regulations.

* **Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

* **Proper use of earnings forecasts, and other special matters**
The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to '(1) Overview of operating results for the fiscal year under review in 1. Overview of Operating Results and Others' on page 2 of the attached materials.

Attached Materials

Contents

1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year under review

1) Operating results for the fiscal year under review

Forward-looking statements in this document are based on our views as of the end of the fiscal year under review.

In addition, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the fiscal year under review; however, year-on-year comparisons are with the results for the same period of the previous year (fiscal year ended March 31, 2021) prior to the adoption of the said standard and the relevant revised ASBJ regulations.

Therefore, in the description about the operating results for the fiscal year under review, the amount and percentage of year-on-year change are not included.

Details are as described in ‘(Changes in accounting policies) in (5) Notes to consolidated financial statements in 5. Consolidated Financial Statements and Significant Notes Thereto.’

In the fiscal year under review, as the Japanese economy remained in a difficult situation due to the impact of the novel coronavirus disease (COVID-19), the economy was weak in some areas. Going forward, amid the uncertainty due to the situation in Ukraine, a downside risk stemming from a rise in raw material prices, constraints on the supply side, etc., the impact of COVID-19, and others require careful attention.

In this environment, the DTS Group has established a vision for its medium-term management plan (April 2019 to March 2022) of becoming a “Next Value Creator, providing new value to the society of tomorrow,” as well as drew up the three basic policies of “realization of a sustainable society,” “evolution into a new system integrator,” and “transformation into self-driven employees,” and worked on five key activities (“Strengthening marketing capability and SI capability,” “Creating new business,” “Strengthening the Group’s management foundation,” “Innovating in-house information systems and administrative processes” and “Carrying out work-style reforms”).

Net sales for the fiscal year under review were ¥94,452 million (¥90,493 million in the same period of the previous fiscal year), the operating profit was ¥11,196 million, which showed growth for the 12th consecutive year and is a record high for the eighth consecutive year, and the operating margin was 11.9% to achieve an operating margin of 10% or more for the sixth consecutive year.

■ Strengthening marketing capability and SI capability

In order to expand our DX business in line with the development of a digital society, we newly established Digital Solution Sector in April 2021, and also, we are working to strengthen our marketing capability, including promotional activities, marketing research, and establishing information provision websites.

In the fiscal year under review, we implemented proposal activities in response to customer needs, such as the adoption of “ReSM plus,” which is strong in improving the efficiency of cumbersome help desk operations, in the operation of public sector network systems.

In November 2021, the Company and Pacific Business Consulting, Inc. entered into a business alliance for system development using the cloud-based business application “Microsoft Dynamics 365.” Combining the Company’s operational know-how and development capabilities with the company’s consulting capabilities, we moved forward with our first joint development project for a dedicated customer relationship management (“CRM”) system for the housing industry, working to continue to provide high value added services to our customers.

In December 2021, as we satisfied ServiceNow, Inc’s service partner program requirements including a systems integration track record, customer evaluations, and engineer development, we were certified as part of ServiceNow’s “Premier” segment. We will continue to work on the expansion of our cloud business.

■ Creating new business

In the fiscal year under review, we worked to train 900 DX employees and achieve a 35% ratio of DX-related net sales, surpassing the initial medium-term management plan target. As a result, DX-related sales for the fiscal year under review were approximately ¥32.5 billion (approximately ¥27.6 billion in the same period of the previous fiscal year), the ratio of DX-related net sales was 34.4%, and the number of DX employees was 843 people (584 people at the end of the previous fiscal year). We will continue to work on human resource development to further expand growing fields such as digital, solutions and services.

In June 2021, I Net Rely Corporation became a consolidated subsidiary of the Company. We strengthened our network solution business by combining the know-how of our network engineers with the company's technical capabilities in infrastructure design, construction, and operation management.

Moreover, DTS INSIGHT CORPORATION entered into a capital and business alliance with CHOWA GIKEN Corporation for the purpose of expanding businesses utilizing AI as well as people-to-people exchange.

■ Strengthening the Group's management foundation and Innovating in-house information systems and administrative processes

It was confirmed that the Company would belong to the "Prime Market" in January 2022, and the Company moved to the market as planned in April 2022.

Regarding ESG initiatives, we established the "DTS Group SDGs award" to raise in-house awareness, and has been expanding operations that contribute to SDGs (net sales of approximately ¥16.6 billion in the previous fiscal year). In terms of the environment, we have set new goals such as further reducing CO2 emissions and paper consumption, and are promoting reduction of the environmental load.

In November 2021, we published the DTS Group REPORT 2021 in the interest of promoting a constructive dialogue with stakeholders. Furthermore, to provide the necessary information to all our stakeholders including overseas customers and investors in an easily understandable format, we updated the English-language version of the Company's website.

Moreover, MIRUCA CORPORATION, the Group's education specialist, has developed a new training curriculum for new employees that is designed to be used online. In addition to the establishment of DX Engineer Advanced Course, we have expanded DX-related on-demand training to further enhance training according to individual skill levels. We will continue to focus on human resource development.

■ Carrying out work-style reforms

As part of our health management initiatives, we have set up an environment for online medical care, which is effective for the COVID-19 crisis and remote work, and provide consultation on health checkup results, sleep apnea testing, and smoking cessation outpatient services, etc. In addition, we offer online seitai yoga (osteopathic yoga) classes and the Health Challenge Campaign (Note 1) to help our employees get enough exercise and improve their physical and mental health.

Through these initiatives, we obtained the "Company of Health Excellence Certification (Gold Certification)" (Note 2) once again this year. In addition, the Company was selected as a Health & Productivity Management Brand 2022 (Note 3) and certified as Health & Productivity Management Outstanding Organization (White 500) 2022 (Note 4). The Company will continue to promote health management to help our employees improve their health and create a healthy work environment for them.

■ Introduction of restricted share-based remuneration plan

The Company has introduced a restricted share-based remuneration plan in order to provide incentives for directors (excluding outside directors) and executive officers of the Company to sustainably enhance corporate value and in order to promote further value sharing with shareholders.

■ Shareholder returns

In order to improve capital efficiency and to further improve returns for our shareholders, we acquired 385,200 treasury shares from April to June 2021, and 371,900 treasury shares from February to March 2022. In addition, the Company canceled 1,371,900 shares which were part of treasury shares held in March 2022.

■ "Major initiatives"

To strengthen the supervisory function for the Board of Directors and further enhance corporate governance, the Company resolved at a meeting of the Board of Directors to make a transition to a company with Audit and Supervisory Committee, subject to approval at the 50th Annual General Meeting of Shareholders to be held on June 23, 2022.

For the new medium-term management plan, which starts in April 2022, the Company made necessary organizational changes including integration of manufacturing and sales, further strengthening of the DX business and enhancement of services to address challenges such as transformation of businesses of the Group and reform of the business portfolio. In addition, to further move forward ESG activities, the Company establishes a responsible organization and further strengthen company-wide cross-sectional activities.

As the environment surrounding companies is changing drastically, based on the recognition that it is an important business challenge to balance realization of a sustainable society and sustainable corporate growth, the Group newly set up the Sustainability Committee to further strengthen its environmental and social initiatives.

As a result of the above, the Group reported net sales of ¥94,452 million for the fiscal year under review, an improvement in sales compared to ¥90,493 million in the same period of the previous fiscal year. The main factors affecting the above were steady progress of DX-related projects and the consolidation of I Net Rely Corporation in the infrastructure product field. Gross profit was ¥19,141 million, compared to ¥18,054 million in the same period of the previous fiscal year, due to the increase in net sales. Selling, general and administrative expenses were ¥7,944 million (¥7,237 million in the same period of the previous fiscal year). This was mainly due to an increase in research and development expenses. With the increase in gross profit, operating profit came to ¥11,196 million, compared to ¥10,817 million in the same period of the previous fiscal year, and ordinary profit came to ¥11,403 million, compared to ¥11,131 million in the same period of the previous fiscal year. Profit attributable to owners of parent was ¥7,853 million (compared to ¥7,593 million in the same period of the previous fiscal year), mainly due to the increase in operating profit.

(Million yen)

	Consolidated	Year-on-year change (%)	Non-consolidated (Reference)	Year-on-year change (%)
Net sales	94,452	–	67,594	–
Operating profit	11,196	–	9,101	–
Ordinary profit	11,403	–	9,702	–
Profit attributable to owners of parent	7,853	–	–	–
Profit (Non-consolidated)	–	–	6,594	–

<Breakdown of net sales>

(Million yen)

	Consolidated	Year-on-year change (%)
Finance and Society	28,429	–
Corporate Solutions	27,512	–
Operational Infrastructure BPO	27,199	–
Regional, Overseas, Etc.	11,311	–
Total	94,452	–

Summaries of the operational conditions of each segment are as follows.

Finance and Society Segment

Due to slower progress in projects for the banking industry, despite robust progress of development projects for the telecommunications industry and securities companies, net sales were ¥28,429 million, compared to ¥28,444 million in the same period of the previous fiscal year.

In June 2021, "AMLion," a package system that complies with international anti-money laundering standards and supports a wide range of related operations, has been adopted by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. In January 2022, we began providing and offering free trials of our FSA (Financial Services Agency)-guideline-compliant sanctions list verification function to securities, insurance, and credit card companies. We will continue providing not only anti-money laundering and anti-terrorist financing measures, but also trading review management systems for securities companies and crypto-asset exchanges.

In addition, the Group is cooperating with ALTAIR ENGINEERING, LTD to provide countermeasures for false detection and new illegal hacks, which have become a problem for fraud detection for cashless payments, and launched sales of "Illicit Activity Prediction and Detection Solutions," a hybrid solution that combines AI with a rule-based engine. Going forward, the Group will continue to provide financial institutions with total support for solutions to prevent financial crime.

Furthermore, regarding the "DAVinCI LABS," platform that allows anyone with operational knowledge to perform data analysis using AI easily, we began providing the SaaS-type cloud service, "DAVinCI Jr," which can be introduced at lower cost compared to the existing model.

Corporate Solutions Segment

Net sales came to ¥27,512 million, compared with ¥26,365 million in the same period of the previous fiscal year, due to satisfactory progress in DX-related projects, including cloud-based projects and those utilizing our own packages.

In June 2021, we released a construction management application with the ability to manage and report on construction progress, as well as manage drawings and other documents. In order to further improve the operational efficiency of the construction and real estate industries, we will continue to develop sales that meet the needs of our customers by adding functions and customizing flexibly.

Moreover, for eG-Connector, which provides simple interlinking with the official web portal of Government of Japan, e-Gov's online administrative services (Note 5), the Group is working to strengthen SAP-related solutions, such as enabling applications for health insurance societies via the Mynaportal (individual number card portal).

In February 2022, the Group began providing "AWS Introduction and Operation Service" to provide consistent support from pre-installation of Amazon Web Services (AWS) to operation and maintenance support.

At DTS INSIGHT CORPORATION, the Group launched sales of "HiFive Unmatched" a new product for SiFive's RISC-V (Note 6) development boards. This product provides a simple method for building RISC-V applications and products for various industries, including the automotive, industrial equipment and office automation equipment industries. Going forward, the Group will work to promote the expansion of sales of RISC-V related products.

Operational Infrastructure BPO Segment

In the infrastructure product field, net sales totaled ¥27,199 million, compared with ¥25,238 million in the same period of the previous fiscal year, due to steady growth in operational design of systems for the telecommunications industry, and the consolidation of I Net Rely Corporation, despite the counter-effect of large-scale projects in the previous fiscal year and delayed deliveries caused by the semiconductor supply shortage.

We have also worked to expand sales of "ReSM plus," which supports internal help desk operations through digital technology, and acquire SI projects for "ServiceNow," which is utilized as a platform for ReSM plus.

In addition, the Group made I Net Rely Corporation a consolidated subsidiary in June 2021 and constructed a system to cover the entire network infrastructure system, including the network systems of facilities. We have built a track record of collaboration since the fiscal year under review, and will work to leverage the strengths of the Group going forward in order to further expand the Network Solutions Business.

Regional, Overseas, Etc. Segment

Net sales were ¥11,311 million, compared with ¥10,444 million in the same period of the previous fiscal year, due to robust performance in development projects for the information and communications industry in the regional field, etc.

In April 2021, DTS SOFTWARE VIETNAM CO., LTD. participated in the "Sao Khue 2021" organized by Vietnam Software and IT Services Association with "Walk in home," which the company developed under contract from the Company, and won the "Sao Khue Award (Note 7)" for the best product and service in the field of new software products and solutions.

At DTS WEST CORPORATION, the "kotosora," (Note 8) AI-enhanced FAQ solution, has been introduced for the Motor Tax Chat Bot and Competitive Bidding Eligibility Chat Bot of Tottori Prefecture. Furthermore, in the city of Sodegaura, we conducted verification testing of an "Internal AI Chatbot" using the AI FAQ solution "kotosora for LGWAN" (Note 9) compatible with the Local Government Wide Area Network.

In addition, to mitigate the risk of infection through contact, we developed a certificate issuing machine for universities using an aerial touch panel, which has been adopted by Kyoto Institute of Technology.

Going forward, we plan to continue to contribute to regional development through previously cultivated know-how and DX technologies.

Note 1: Health Challenge Campaign

Health promotion program that converts employees' activities to sustain or improve health into points and provides extra assistance for health service costs, etc. for employees who satisfy certain criteria.

Note 2: Company of Health Excellence Certification (Gold Certification)

A certification system by the Tokyo Promotion Council for Declaration of Healthy Company, which is consists of members of Tokyo Metropolitan Government's Health Insurance Association and other organizations, to recognize companies that declare their commitment to improving their overall health and achieve a certain level of results.

Note 3: Health & Productivity Management Brand 2022

The Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange select 50 companies in 32 industry sectors among listed companies that think about health management of employees from a managerial viewpoint and work on health management strategically. This initiative aims to promote "health management" efforts made by companies by introducing such companies as attractive companies to investors who have stress on improvement in corporate value from a long-term standpoint.

Note 4: Health & Productivity Management Outstanding Organization (White 500)

The Health and Productivity Management Outstanding Organization awards are a system in which the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi recognize enterprises that are implementing health promotion initiatives. Under the system, 500 large enterprises that are implementing particularly outstanding health management practices are recognized as "White 500."

Note 5: e-Gov's online administrative services

Online administrative services are one function of the official web portal of Government of Japan, e-Gov. It is a system that allows online application in place of conventional administrative procedures, thereby removing the need for the application and filing by paper documents.

Note 6: RISC-V

ISA (Instruction. SetArchitecture) that has been developed publicly as open source.

Note 7: The Sao Khue Award

Has been held since 2003 to promote the development of the IT software industry in Vietnam. The award is given to outstanding IT companies and products.

Note 8: kotosora

A solution for FAQs that uses an AI chat engine to enable natural conversations feel like those of a real person.

Note 9: kotosora for LGWAN

Multi-language AI chatbot service that can be used on the Local Government Wide Area Network (LGWAN).

2) Outlook for the next fiscal year

We formulated Vision2030, aiming to further increase our corporate value through the dual approaches of creation of social value and economic value. Based on Vision2030, we set key challenges in terms of both businesses and management foundation, positioned the medium-term management plan (the fiscal year ending March 31, 2023 to the fiscal year ending March 31, 2025) as the 1st Stage, and established KPIs to achieve the plan.

In light of the above-mentioned policies, consolidated earnings forecasts for the fiscal year ending March 2023 are as follows.

(Million yen)

	Consolidated	Year-on-year change (%)
Net sales	100,000	5.9
Operating profit	11,400	1.8
Ordinary profit	11,600	1.7
Profit attributable to owners of parent	7,950	1.2
EBITDA	12,100	2.6

Note: The forecasts for net sales and profits provided in this financial results report are made on the basis of projections derived from information currently available to the Company including industry trends and other economic conditions, as well as trends among customers, all of which are subject to the influence of a variety of uncertain factors. Consequently, actual net sales and profits may differ from the forecasts provided in this financial results report.

(2) Overview of financial position for the fiscal year under review

1) Overview of assets, liabilities and net assets

Total assets as of March 31, 2022 were ¥79,116 million. Investment securities decreased by ¥1,262 million. However, total assets increased by ¥3,943 million compared to the end of the previous fiscal year due to the increase in cash and deposits of ¥2,415 million, the increase in notes and accounts receivable - trade, and contract assets of ¥1,190 million, the increase in merchandise and finished goods of ¥911 million, and the increase in securities of ¥599 million.

Liabilities were ¥16,982 million. The provision for bonuses decreased by ¥171 million, but liabilities increased by ¥1,219 million compared to the end of the previous fiscal year due to a ¥1,098 million increase in accounts payable - trade and a ¥211 million increase in accounts payable - other.

Net assets were ¥62,133 million. While treasury shares increased by ¥2,000 million due to purchase of treasury shares, valuation difference on available-for-sale securities decreased by ¥350 million, and retained earnings decreased by ¥2,966 million due to the dividends of surplus, net assets increased by ¥2,724 million compared to the end of the previous fiscal year according to an increase in retained earnings of ¥7,853 million due to profit attributable to owners of parent. Due to cancellation of treasury shares, treasury shares, capital surplus, and retained earnings decreased by ¥1,831 million, ¥1,238 million, and ¥592 million, respectively.

2) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter, "cash") as of March 31, 2022 was ¥45,817 million, an increase of ¥2,489 million from ¥43,327 million as of the previous fiscal year-end.

The respective cash flow positions in the fiscal year under review and comparisons with the previous fiscal year are as follows.

Net cash provided by operating activities was ¥7,589 million. There was a decrease in cash provided of ¥1,776 million compared with the previous fiscal year. This mainly reflected factors such as a decrease in expenditures due to an increase in trade payables of ¥875 million, an increase in expenditures of ¥1,070 million due to an increase in inventories, which had previously been decreasing, a decrease in revenue of ¥1,040 million due to an increase in trade receivables and contract assets, which had previously been decreasing, and an increase in expenditures due to an increase in income taxes paid of ¥492 million.

Net cash used in investing activities was ¥139 million. There was a decrease in cash used of ¥555 million compared with the previous fiscal year. This mainly reflected factors such as an increase in expenditures due to an increase of ¥325 million in the purchase of shares of subsidiaries resulting in change in scope of consolidation, and an increase in revenue mainly due to an increase of ¥600 million in proceeds from redemption of securities and a decrease of ¥186 million in net decrease in short-term loans receivable.

Net cash used in financing activities was ¥5,025 million. There was an increase in cash used of ¥1,177 million compared with the previous fiscal year. This mainly reflected factors such as an increase of purchase of treasury shares of ¥1,002 million and an increase of dividends paid of ¥202 million.

The following table shows trends in cash flow indicators for the DTS Group.

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Equity ratio (%)	76.7	78.0	78.8	78.4
Market value equity ratio (%)	142.3	123.2	154.0	152.6
Interest-bearing debt to cash flow ratio (%)	–	1.2	0.3	3.1
Interest coverage ratio (times)	179,038.0	463.6	560.0	378.5

Note: Equity ratio: Equity / Total assets
Market value equity ratio: Market capitalization / Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flow
Interest coverage ratio: Cash flow / Interest payment
* All calculations are made using consolidated financial figures.

* For the calculation of market capitalization, the total number of issued shares less treasury shares is used.
* Cash flow from operating activities is used for cash flow.
* Interest-bearing debt includes all debt reported on the consolidated balance sheets on which interest is paid.
* For interest payment, interest expenses paid on the consolidated statements of cash flows is used.

(3) Basic policy for profit sharing and dividends for the fiscal year under review and next fiscal year

The Company regards the return of profits to shareholders as one of the priority issues of management, and believes that medium- to long-term growth in corporate value is the largest source of profit return. The Company is working to pay stable dividends on an ongoing basis and implement a flexible capital policy such as purchase of treasury shares, aiming to ensure the return of profits to shareholders in the medium- and long-term, after making a comprehensive consideration of results trends, its financial position and other factors as well as cash reserves needed for business expansion.

The Company intends to make use of cash reserves for forward-looking investment to boost corporate value in the medium- to long-term, including development investment in new information technology, capital alliances for operational expansion and new business development, investment in employee training, and investment to strengthen managerial functions.

Regarding the year-end dividend for the fiscal year under review, in addition to achieving a record-high operating profit, the profit attributable to owners of parent also achieved a record high and exceeded the initial earnings forecast, so the dividend is scheduled to increase by ¥5 from the start-of-year dividend forecast to pay a year-end dividend of ¥40 per share. As a result, the planned annual dividend is ¥70 per share, including the interim dividend of ¥30 per share already paid.

For annual dividend in the next fiscal year, the Company plans to pay a “commemorative dividends in celebration of the 50th founding anniversary” of ¥50 per share, and dividends per share including common dividends will be ¥120 per share per annum (interim dividend of ¥50 (including the commemorative dividend of ¥20) and a year-end dividend of ¥70 (including the commemorative dividend of ¥30)).

(4) Business and other risks

Risks that may have an impact on the operating results and financial position of the DTS Group are as follows. Forward-looking statements mentioned in this discussion of risks reflect the judgment of the DTS Group (the Company and its consolidated subsidiaries) as of March 31, 2022.

1) Changes of business environment

In the information services industry, the Group expects strong IT investment from all industries due to the expansion of digital business, etc.

Since the Group has been providing IT services according to the needs of customers in a wide range of industries and types of business on the basis of quality that relies on business expertise and information technology, its businesses employ a structure that is unlikely to be affected by trends of investment in specific industries.

However, if there arises a change in the trends of IT investment from customers caused by the changes of social and economic conditions, then it may affect the results of the Group.

2) Price competition

In the information services industry, to which the DTS Group belongs, customers are becoming increasingly demanding with regard to investment in information technology. As such, customers constantly compare the relative merits of the DTS Group with those of industry competitors both in terms of price and service quality.

In particular, the Company expects more intense competition with regard to prices as a result of new entrants from other industries, entry into Japan by overseas companies and the expanded selection of software packages.

Amid this market environment, the Company is endeavoring to minimize the effects of price competition from cost cutting by thoroughly promoting project profit management and working to improve productivity and train DX employees, as well as providing high-value added services that use new technology.

Nevertheless, the results of the DTS Group may be affected if any external factor causes downward price pressure in excess of that anticipated by the Company.

3) Business overseas

As a part of the Group's overseas business strategy, the Group will promote expansion of overseas businesses, such as by expanding overseas dealings and promoting establishment and capital tie-ups of overseas subsidiaries, and will also strengthen governance.

In carrying out overseas operations, the DTS Group anticipates exposure to a wide variety of risks. With respect to overseas business transactions, risks may include problems arising from insufficient understanding or research regarding country and local laws such as export control laws, and trade customs, or differences between such laws and customs, and with respect to establishment, share acquisition and operation of overseas subsidiaries, risks may include an inability to comply properly with local laws, accounting treatments, labor management practices, contracts and project management. The DTS Group is aware of such risks and is strengthening risk management by putting a business division in charge of handling risks.

Nevertheless, the results of the DTS Group may be affected if an inability to comply appropriately with local legal regulations, etc. causes it to become subject to various litigation or liable for compensation for damages.

4) Business models and technological innovation

The environment surrounding the Group is expected to change drastically.

The Group formulated Vision2030, aiming to keep abreast of environmental changes in the IT market, technologies, ESG, etc., build a new growth model by proactively investing in digital, solution and service businesses, human resources who realize these businesses in addition to evolution of existing SI business models, and further increase its corporate value through the dual approaches of creation of social value and economic value.

To achieve these objectives, the Group has set "enhancement of the value that the Group proposes," "combination of SI x digital," "expanding into new fields and globally," "strengthening of ESG initiatives," and "reforms of the Group's management foundation" as key challenges, and will work on initiatives.

However, if the adaptation of the Group to any rapid change of customer needs, or to technological innovation is behind schedule, then it may affect the results of the Group.

5) Legal regulation

The Group promotes businesses with the highest priority on compliance with laws and regulations such as the Companies Act, the Financial Instruments and Exchange Act and the Personal Information Protection Act.

Not only has the Group created the Group's compliance basic principles, code of conduct, etc., but also it has been providing compliance training and awareness programs to the Group corporate officers and employees as well as partner company employees, and it is continuing to comply with laws and regulations.

However, if a serious compliance violation or an event that conflicts with laws and regulations occurs, then that may deteriorate the social credibility of the Group and affect the results of the Group.

6) Litigation, etc.

The Group is not currently subject to any lawsuits that could affect its financial position or results. However, the Group could become the subject of litigation including claims for compensation for damages with regard to faults, defects, or delivery delays in the services provided by the Group, infringement of the rights of third parties, customer information leaks including personal information, defamation, inappropriate labor management, or other matters.

The Group recognizes that strengthening and enhancement of corporate governance is an important management priority, and has established the necessary systems for compliance, information security, and quality management, etc. However, depending on the details and results, such litigation, etc., could affect the results of the Group.

7) Intellectual property right, etc.

The Group, in its business activities, always makes sure not to infringe on any intellectual property rights owned by third parties, including patent right, trademarks, and copyrights.

The Group has tried to improve employees' awareness regarding intellectual property rights through training, etc., The Group also files applications and registers patents and trademarks for the technologies and business models that it needs.

However, there is a possibility that the Group's business may receive a claim for infringement on the intellectual property right of another company, and there is a possibility that a third party may infringe on the intellectual property right of the Group, if either case arose, that may affect the business, the results, etc. of the Group.

8) Human resources, etc.

One of essential factors for sustainable growth of the Group is the securing and development of employees having high technical skills and expertise.

For this reason, respecting diversity, the Group will establish an environment to promote active involvement of such human resources, and encourage regular implementation of employee engagement survey as well as analysis and responses to the survey.

In addition, regarding securing of employees, the Group hires new graduates from a medium- to long-term perspective and career employees with excellent expertise, and also focuses on the development of employees, including learning of new techniques in the DX area, support for acquiring professional qualifications, etc.

However, if the securing of employees is not as successful as expected, or if an exodus of employees or the decrease of productivity caused by the deterioration of working environments occurs, then it may affect the results or the business development of the Group.

9) Management of software development projects

In order to secure competitive advantages for themselves, customers are becoming increasingly demanding with regard to shortening system development turnaround times. As a result, project management and quality management are becoming even more important than before.

The Group is striving to disseminate its own development standards within the company. Moreover, we are engaged in the prevention of unprofitable projects by ascertaining the status of projects through the establishment of the Project Promotion Committee, which aims to deliberate on whether or not to accept projects with an order value exceeding a certain level or deemed necessary, and to periodically monitor the status of project progress. At the current time, there are no unprofitable projects which risk posing a significant impact on the Group.

Nevertheless, the results of the DTS Group may be affected if projects with a negative impact on profitability occur due to unforeseen circumstances, notwithstanding the measures taken to prevent such occurrences.

10) Security

Companies operating in the information service business, an area of strength for the DTS Group, come into contact with important information of various customers due to the nature of the business. As a consequence, security management is an important operational issue.

The Company has developed internal rules on the handling and management of information. It has also examined whether internal networks and major systems are free from security vulnerabilities and considered and implemented enhanced measures as necessary, including zero trust security.

The Company has also obtained the "Privacy Mark" certification as one of its activities for the protection of personal information, and carries out training to enhance awareness about handling information among employees of the Company and employees of business partners. In addition, the Company has obtained certification for its Information Security Management System (ISMS) and is working to strengthen its security management structure further. The DTS Group has formulated a Compliance Guide to be followed by the entire DTS Group, including group companies in Japan and overseas, and is working to develop internal rules at each group company and raise employees' awareness regarding the handling of security information.

Nevertheless, the results of the DTS Group may be affected in the unlikely event of a serious leakage of information, as such a leak would expose the Company to the possibility of being held liable for compensation for damages, in addition to other problems such as customer cancellations caused by loss of trust in the Company.

11) Business continuity

Many bases including the corporate headquarters are concentrated in greater metropolitan areas, and therefore, the Group needs to change this just in case of the outbreak of a large-scale natural disaster, the spread of a contagious disease, etc.

The Group has been working on business continuity while utilizing working systems including telework and staggered working hours, prioritizing the safety and security of employees, and figuring out customers' intentions.

However, if an unexpected event occurs, then it may affect the results of the Group because of service provision delayed by restoration.

12) Impact of COVID-19

The prolonging of the impact of COVID-19 may affect the Group's businesses. Orders may not proceed as anticipated due to the impact of IT investment controls or postponements associated with a customer downturn resulting from a drop in consumption.

In order to contribute to the advance of digitization in diverse work-styles and lifestyles amid the COVID-19 pandemic, the Group will meet the needs of customers in a wide range of industries and categories by promoting digital business.

2. Status of the Corporate Group

The corporate group consists of the Company (DTS CORPORATION), thirteen consolidated subsidiaries, and one non-consolidated subsidiary, and is primarily engaged in the information service business. Taking into account the industries to which customers belong and the nature of services provided, the Group classifies its reportable segments into “Finance and Society,” “Corporate Solutions,” “Operational Infrastructure BPO,” and “Regional, Overseas, Etc.,” and engages in its business activities accordingly.

The contents of the corporate group’s businesses and the relationships among each of the companies in the group are as follows.

[Finance and Society]

To customers in the financial sector, which includes the banking, insurance and securities industries, and the public sector, which includes medical welfare, pensions, local governments and communications, the Group provides the following services.

- Consulting in relation to the deployment of information systems
- Design, development, operation, maintenance, etc. of systems (including design and construction of platforms, networks and so on)
- Deployment, operation, maintenance, etc. of in-house developed solutions

[Corporate Solutions]

To customers in the information services, manufacturing, retail, distribution, air transport and other industries, the Group provides the following services.

- Consulting in relation to the deployment of information systems
- Design, development, operation, maintenance, etc. of systems (including design, construction and embedding of platforms, networks and so on)
- Deployment, operation and maintenance of in-house developed solutions, ERP solutions, etc.

[Operational Infrastructure BPO]

To customers, the Group provides the following services.

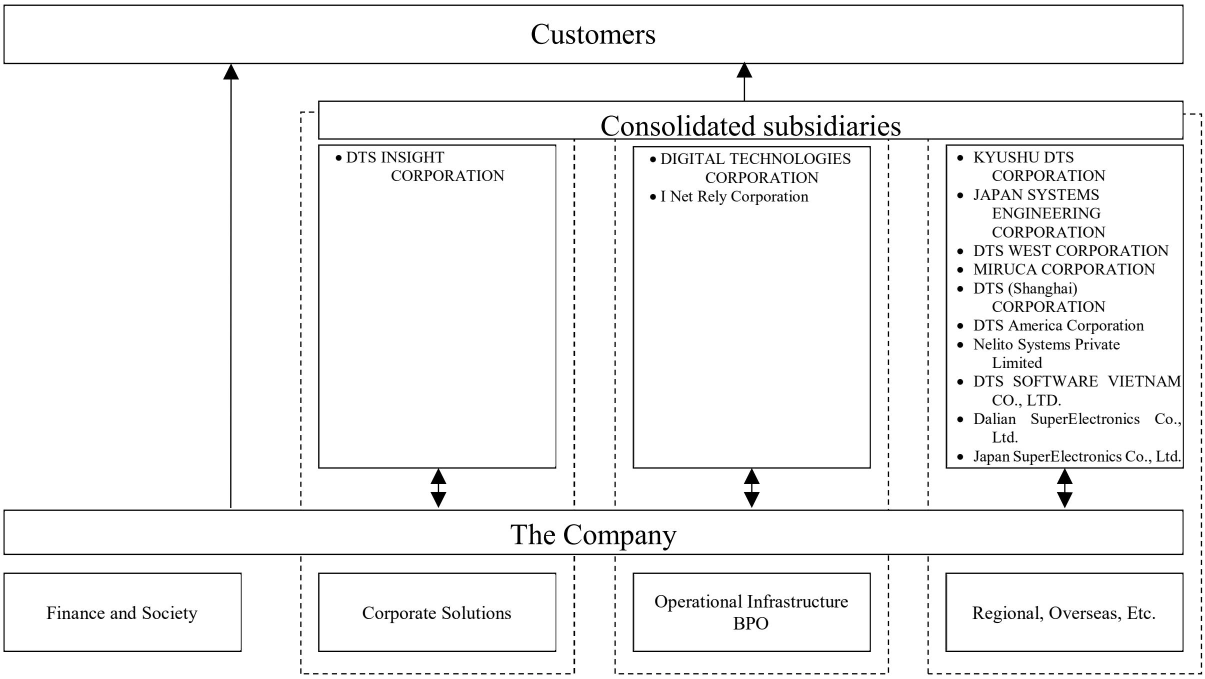
- Operational design and maintenance of total information systems, including cloud-related services and virtualization systems
- System operation either through permanently station personnel or remote access, monitoring operations
- System operational diagnosis and optimization services, primarily for IT infrastructure
- Sales of system equipment, etc.

[Regional, Overseas, Etc.]

To customers such as regional companies and overseas companies developing globally, the Group provides the following services.

- Design, development and maintenance of systems, and deployment of solutions including in-house developed solutions
- Educational services in the IT field, etc.
- Design, development, operations, maintenance, etc. of software

An organizational chart of the businesses in the DTS Group is as follows.



Consolidated subsidiaries

Name	Share capital	Ratio of voting rights held	Main business lines
KYUSHU DTS CORPORATION	¥100 million	100.00%	Information Service
JAPAN SYSTEMS ENGINEERING CORPORATION	¥310 million	100.00%	Information Service
DTS WEST CORPORATION	¥100 million	100.00%	Information Service
MIRUCA CORPORATION	¥100 million	100.00%	Information Service
DIGITAL TECHNOLOGIES CORPORATION	¥100 million	100.00%	Information Service
DTS (Shanghai) CORPORATION	CNY 14 million	100.00%	Information Service
DTS America Corporation	US $200,000	100.00%	Information Service
DTS INSIGHT CORPORATION	¥200 million	100.00%	Information Service
DTS SOFTWARE VIETNAM CO., LTD.	US $1.2 million	100.00%	Information Service
Nelito Systems Private Limited	INR 20.6 million	98.80%	Information Service
Dalian SuperElectronics Co., Ltd. (Note)	CNY 10.3 million	51.00% (51.00%)	Information Service
Japan SuperElectronics Co., Ltd. (Note)	¥20 million	51.00% (51.00%)	Information Service
I Net Rely Corporation	¥76 million	100.00%	Information Service

Note: The number within the ( ) of the ratio of voting rights held is the ratio of voting rights which are indirectly held.

3. Management Policies

(1) Basic management policies

The DTS Group believes that it is vitally important to strive to strengthen its business performance and secure a certain level of results as a group of enterprises with a long track record in the information services industry, while also returning profits to stakeholders on the basis of that performance and working to increase medium- and long-term corporate value. Furthermore, the DTS Group's corporate philosophy is to utilize "potential to bring joy to people and affluence to society" as one of the "skills" of the Group, and to "utilize its skills to build up the trust of customers, expand corporate value, enhance the lives of employees, and contribute to society." Based on this philosophy, the DTS Group aims to be a group of enterprises that is trusted by all its stakeholders and provides a sense of reassurance, and will work to enhance its presence in the information services industry as a group of independent, comprehensive information service providers that is always at the forefront of the industry. The DTS Group also intends to achieve further development by establishing a sound and strong management foundation.

(2) Medium- to long-term management strategies and issues to be addressed

The environment surrounding the Group is expected to change drastically.

The Group formulated Vision2030, aiming to keep abreast of environmental changes in the IT market, technologies, ESG, etc., build a new growth model by proactively investing in digital, solution and service businesses, human resources who realize these businesses in addition to evolution of existing SI business models, and further increase its corporate value through the dual approaches of creation of social value and economic value.

To achieve these objectives, the Group has set "enhancement of the value that the Group proposes," "combination of SI x digital," "expanding into new fields and globally," "strengthening of ESG initiatives," and "reforms of the Group's management foundation" as key challenges, and will work on initiatives.

(3) Targeted management indicators

In the medium-term management plan (April 2022 to March 2025), which is the 1st Stage in Vision2030, the Group set key challenges in terms of both businesses and management foundation, and aims as follows to achieve them.

<Financial goals for the fiscal year ending March 31, 2025>

Operating revenue	Consolidated net sales	¥110.0 billion or more
	EBITDA	¥13.0 million or more
	EBITDA margin	Around 12%
Investment	Investment limitation (cumulative total for three years)	¥25.0 billion
Management efficiency	ROE	13% or more
Shareholder returns	Payout ratio	50% or more
	Total return ratio	70% or more (around 130% in FY2022)

*Operating profit of ¥12.0 billion or more (reference value)

<Non-financial goals for the fiscal year ending March 31, 2025>

Focus areas	Net sales of focus businesses (*1)	40% or more
ESG	Reduction of CO2 emissions (relative to FY2013)	50% or more
	SDGs-related net sales (*2)	40% or more
	Ratio of female managers	6% or more
	Ratio of female Directors	10% or more
	Independent Outside Directors	Majority

(*1) Business fields on which the Group will focus, composed of three growth engines: Digital Biz, Solution Biz and Service Biz.

(*2) Net sales of projects adapted to SDGs goals (17 items)

4. Basic Concept Regarding Selection of Accounting Standard

At the moment, the DTS Group's fund procurement activities are limited to domestic capital markets. The Company will continue to use the generally accepted accounting standards in Japan (Japanese GAAP) for the time being, but given this limitation, it will consider adopting International Financial Reporting Standards (IFRS) while monitoring trends in IFRS adoption by other Japanese companies.

5. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheets

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	43,705,164	46,120,434
Notes and accounts receivable - trade	16,069,449	–
Notes and accounts receivable - trade, and contract assets	–	17,259,724
Securities	601,377	1,200,466
Merchandise and finished goods	282,023	1,193,911
Work in process	415,280	209,440
Raw materials and supplies	23,863	54,031
Other	938,076	1,030,654
Allowance for doubtful accounts	(8,154)	(24,073)
Total current assets	62,027,080	67,044,589
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,617,071	2,628,413
Accumulated depreciation	(1,496,125)	(1,575,224)
Buildings and structures, net	1,120,945	1,053,188
Land	2,045,239	2,045,291
Other	1,957,491	2,073,740
Accumulated depreciation	(1,349,927)	(1,503,171)
Other, net	607,563	570,569
Total property, plant and equipment	3,773,749	3,669,049
Intangible assets		
Goodwill	84,690	209,586
Software	746,518	659,760
Other	7,195	7,103
Total intangible assets	838,404	876,450
Investments and other assets		
Investment securities	5,876,344	4,614,329
Deferred tax assets	1,335,704	1,536,712
Other	1,328,432	1,380,798
Allowance for doubtful accounts	(6,817)	(5,250)
Total investments and other assets	8,533,664	7,526,590
Total non-current assets	13,145,817	12,072,090
Total assets	75,172,898	79,116,680

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	5,157,861	6,256,428
Accounts payable - other	1,125,664	1,337,116
Income taxes payable	2,370,168	2,392,635
Provision for bonuses	2,898,131	2,726,963
Provision for bonuses for directors (and other officers)	99,190	77,087
Provision for loss on orders received	51,450	76,733
Other	2,925,338	3,021,784
Total current liabilities	14,627,803	15,888,748
Non-current liabilities		
Retirement benefit liability	864,468	832,702
Other	271,272	261,436
Total non-current liabilities	1,135,741	1,094,139
Total liabilities	15,763,545	16,982,888
Net assets		
Shareholders' equity		
Share capital	6,113,000	6,113,000
Capital surplus	6,215,781	4,992,029
Retained earnings	51,112,873	55,418,668
Treasury shares	(5,185,654)	(5,342,181)
Total shareholders' equity	58,256,000	61,181,516
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	960,319	609,509
Foreign currency translation adjustment	(32,605)	54,842
Remeasurements of defined benefit plans	85,818	172,512
Total accumulated other comprehensive income	1,013,533	836,864
Non-controlling interests	139,818	115,411
Total net assets	59,409,352	62,133,792
Total liabilities and net assets	75,172,898	79,116,680

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Thousand yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	90,493,206	94,452,795
Cost of sales	72,438,761	75,310,996
Gross profit	18,054,444	19,141,799
Selling, general and administrative expenses		
Salaries and allowances	2,708,597	2,824,003
Provision for bonuses	387,543	360,098
Amortization of goodwill	42,345	70,218
Commission expenses	725,028	920,810
Other	3,373,865	3,769,801
Total selling, general and administrative expenses	7,237,380	7,944,933
Operating profit	10,817,063	11,196,866
Non-operating income		
Interest income	35,244	34,634
Dividend income	79,819	80,509
Gain on investments in investment partnerships	92,759	52,246
Subsidy income	74,278	37,400
Other	71,488	65,706
Total non-operating income	353,591	270,497
Non-operating expenses		
Interest expenses	31,027	31,079
Foreign exchange losses	3,336	24,363
Other	4,734	8,229
Total non-operating expenses	39,098	63,672
Ordinary profit	11,131,556	11,403,690
Extraordinary income		
Gain on sale of non-current assets	–	442
Total extraordinary income	–	442
Extraordinary losses		
Loss on retirement of non-current assets	3,471	820
Office relocation expenses	28,193	–
Loss on cancellation of rental contracts	–	1,850
Compensation for damage	–	16,969
Total extraordinary losses	31,665	19,641
Profit before income taxes	11,099,890	11,384,492
Income taxes - current	3,466,034	3,625,082
Income taxes - deferred	4,226	(78,425)
Total income taxes	3,470,260	3,546,657
Profit	7,629,629	7,837,834
Profit (loss) attributable to non-controlling interests	36,095	(16,130)
Profit attributable to owners of parent	7,593,533	7,853,965

Consolidated statements of comprehensive income

(Thousand yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	7,629,629	7,837,834
Other comprehensive income		
Valuation difference on available-for-sale securities	293,071	(350,810)
Foreign currency translation adjustment	2,758	98,404
Remeasurements of defined benefit plans, net of tax	111,412	86,788
Total other comprehensive income	407,242	(165,617)
Comprehensive income	8,036,871	7,672,217
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,002,832	7,677,296
Comprehensive income attributable to non-controlling interests	34,039	(5,078)

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,113,000	6,215,781	46,336,183	(4,185,444)	54,479,521
Cumulative effects of changes in accounting policies					–
Restated balance	6,113,000	6,215,781	46,336,183	(4,185,444)	54,479,521
Changes during period					
Dividends of surplus			(2,764,573)		(2,764,573)
Profit attributable to owners of parent			7,593,533		7,593,533
Purchase of treasury shares				(1,000,210)	(1,000,210)
Change in scope of consolidation			(52,270)		(52,270)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	4,776,690	(1,000,210)	3,776,479
Balance at end of period	6,113,000	6,215,781	51,112,873	(5,185,654)	58,256,000

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	667,248	(37,286)	(25,727)	604,234	5,314	55,089,070
Cumulative effects of changes in accounting policies						–
Restated balance	667,248	(37,286)	(25,727)	604,234	5,314	55,089,070
Changes during period						
Dividends of surplus						(2,764,573)
Profit attributable to owners of parent						7,593,533
Purchase of treasury shares						(1,000,210)
Change in scope of consolidation						(52,270)
Net changes in items other than shareholders' equity	293,071	4,680	111,546	409,298	134,503	543,802
Total changes during period	293,071	4,680	111,546	409,298	134,503	4,320,281
Balance at end of period	960,319	(32,605)	85,818	1,013,533	139,818	59,409,352

Fiscal year ended March 31, 2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,113,000	6,215,781	51,112,873	(5,185,654)	58,256,000
Cumulative effects of changes in accounting policies			11,606		11,606
Restated balance	6,113,000	6,215,781	51,124,480	(5,185,654)	58,267,607
Changes during period					
Dividends of surplus			(2,966,854)		(2,966,854)
Profit attributable to owners of parent			7,853,965		7,853,965
Purchase of treasury shares				(2,000,227)	(2,000,227)
Disposal of treasury shares		14,359		12,665	27,025
Cancellation of treasury shares		(1,831,034)		1,831,034	–
Transfer from retained earnings to capital surplus		592,923	(592,923)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(1,223,751)	4,294,187	(156,527)	2,913,908
Balance at end of period	6,113,000	4,992,029	55,418,668	(5,342,181)	61,181,516

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	960,319	(32,605)	85,818	1,013,533	139,818	59,409,352
Cumulative effects of changes in accounting policies						11,606
Restated balance	960,319	(32,605)	85,818	1,013,533	139,818	59,420,959
Changes during period						
Dividends of surplus						(2,966,854)
Profit attributable to owners of parent						7,853,965
Purchase of treasury shares						(2,000,227)
Disposal of treasury shares						27,025
Cancellation of treasury shares						–
Transfer from retained earnings to capital surplus						–
Net changes in items other than shareholders' equity	(350,810)	87,447	86,693	(176,669)	(24,406)	(201,075)
Total changes during period	(350,810)	87,447	86,693	(176,669)	(24,406)	2,712,832
Balance at end of period	609,509	54,842	172,512	836,864	115,411	62,133,792

(4) Consolidated statements of cash flows

(Thousand yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	11,099,890	11,384,492
Depreciation	534,763	532,513
Amortization of goodwill	42,345	70,218
Increase (decrease) in provision for bonuses	(298,728)	(182,649)
Increase (decrease) in provision for bonuses for directors (and other officers)	40,920	(27,102)
Increase (decrease) in provision for loss on orders received	48,434	24,953
Increase (decrease) in retirement benefit liability	120,535	90,430
Decrease (increase) in trade receivables	307,224	–
Decrease (increase) in trade receivables and contract assets	–	(733,604)
Decrease (increase) in inventories	165,531	(905,124)
Increase (decrease) in trade payables	124,642	1,000,433
Increase (decrease) in accounts payable - other	(15,371)	178,788
Other, net	170,957	(373,177)
Subtotal	12,341,146	11,060,171
Interest and dividends received	120,627	120,955
Interest paid	(16,726)	(20,054)
Income taxes paid	(3,078,434)	(3,571,129)
Net cash provided by (used in) operating activities	9,366,612	7,589,942
Cash flows from investing activities		
Purchase of investment securities	(325,000)	(474,500)
Proceeds from redemption of securities	–	600,000
Purchase of property, plant and equipment	(143,222)	(143,293)
Purchase of intangible assets	(174,898)	(147,690)
Payments into time deposits	(393,795)	(319,233)
Proceeds from withdrawal of time deposits	224,918	412,029
Net decrease (increase) in short-term loans receivable	(598)	185,428
Proceeds from distributions from investment partnerships	99,269	78,500
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(325,347)
Other, net	18,735	(5,271)
Net cash provided by (used in) investing activities	(694,591)	(139,378)
Cash flows from financing activities		
Purchase of treasury shares	(1,002,209)	(2,004,226)
Dividends paid	(2,759,353)	(2,961,674)
Other, net	(87,220)	(60,056)
Net cash provided by (used in) financing activities	(3,848,783)	(5,025,958)
Effect of exchange rate change on cash and cash equivalents	(5,382)	65,338
Net increase (decrease) in cash and cash equivalents	4,817,855	2,489,943
Cash and cash equivalents at beginning of period	38,276,335	43,327,264
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	233,074	–
Cash and cash equivalents at end of period	43,327,264	45,817,208

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

(Application of accounting standard for revenue recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations effective from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review was added to or deducted from the opening balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from such opening balance; provided, however, that the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the fiscal year under review, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result of this change, for the fiscal year under review, net sales increased by ¥125,999 thousand, cost of sales increased by ¥128,191 thousand, while operating profit, ordinary profit and profit before income taxes each decreased by ¥2,191 thousand. In addition, the opening balance of retained earnings increased by ¥11,606 thousand.

Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, "Notes and accounts receivable - trade" under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been included in "Notes and accounts receivable - trade, and contract assets" under current assets from the consolidated balance sheet as of the end of the fiscal year under review. In addition, "Decrease (increase) in trade receivables," which was presented in "Cash flows from operating activities" in the consolidated statements of cash flows for the previous fiscal year, has been included in "Decrease (increase) in trade receivables and contract assets" from the fiscal year under review.

In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

(Application of accounting standard for fair value measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations effective from the beginning of the fiscal year under review, and it has applied the new accounting policy set forth by the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations prospectively in accordance with the transitional treatment provided for 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). This change has no impact on the consolidated financial statements.

(Changes in presentation)

(Consolidated statements of income)

"Commission expenses," which was included in "Other" under "Selling, general and administrative expenses" in the previous fiscal year, has been separately presented from the fiscal year under review, because it has exceeded 10% of the total amount of selling, general and administrative expenses. In addition, "Foreign exchange losses," which was included in "Other" under "Non-operating expenses," has been separately presented from the fiscal year under review because it has exceeded 10% of the total amount of non-operating expenses. To reflect these changes in method of presentation, the

Company has reclassified the consolidated financial statements for the previous fiscal year.

As a result, ¥4,098,894 thousand shown as “Other” under “Selling, general and administrative expenses” in the consolidated statements of income for the previous fiscal year is reclassified as “Commission expenses” of ¥725,028 thousand, “Other” of ¥3,373,865 thousand, while ¥8,070 thousand shown as “Other” under “Non-operating expenses” is reclassified as “Foreign exchange losses” of ¥3,336 thousand and “Other” of ¥4,734 thousand.

(Consolidated statements of cash flows)

“Net decrease (increase) in short-term loans receivable,” which was included in “Other, net” under “Cash flows from investing activities,” has been separately presented from the fiscal year under review, because it has become more quantitatively important. To reflect this change in method of presentation, the Company has reclassified the consolidated financial statements for the previous fiscal year.

As a result, ¥18,137 thousand shown as “Other, net” under “Cash flows from investing activities” in the consolidated statements of cash flows for the previous fiscal year is reclassified as “Net decrease (increase) in short-term loans receivable” of negative ¥598 thousand and “Other, net” of ¥18,735 thousand.

(Segment information, etc.)

[Segment Information]

1. Overview of reportable segments

The Group identifies a reportable segment as a component unit that constitutes a business for which discrete financial information is available and is regularly reviewed by the Board of Directors to make decisions on the allocation of management resources to the segments and assess its performance.

The Group classifies its reportable segments by business unit, based on the nature of services provided and the market served, and multiple businesses and group companies that could generate synergy. The Group has four reportable segments: “Finance and Society,” “Corporate Solutions,” “Operational Infrastructure BPO,” and “Regional, Overseas, Etc.”

The contents of each segment’s business activities are as follows.

(1) Finance and Society

To customers in the financial sector, which includes the banking, insurance and securities industries, and the public sector, which includes medical welfare, pensions, local governments and communications, the Group provides the following services.

- Consulting in relation to the deployment of information systems
- Design, development, operation, maintenance, etc. of systems (including design and construction of platforms, networks and so on)
- Deployment, operation, maintenance, etc. of in-house developed solutions

(2) Corporate Solutions

To customers in the information services, manufacturing, retail, distribution, air transport and other industries, the Group provides the following services.

- Consulting in relation to the deployment of information systems
- Design, development, operation, maintenance, etc. of systems (including design, construction and embedding of platforms, networks and so on)
- Deployment, operation and maintenance of in-house developed solutions ERP solutions, etc.

(3) Operational Infrastructure BPO

To customers, the Group provides the following services.

- Operational design and maintenance of total information systems, including cloud-related services and virtualization systems
- System operation either through permanently station personnel or remote access, monitoring operations
- System operational diagnosis and optimization services, primarily for IT infrastructure
- Sales of system equipment, etc.

(4) Regional, Overseas, Etc.

To customers such as regional companies and overseas companies developing globally, the Group provides the following services.

- Design, development and maintenance of systems, and deployment of solutions including in-house developed solutions
- Educational services in the IT field, etc.
- Design, development, operations, maintenance, etc. of software

2. Method for calculating net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting method used for the business segments reported is the same as the accounting method employed to prepare the consolidated financial statements. Segment profit of the reportable segments are on an operating profit basis and intersegment revenues and transfers are based on general transactions identical to arm's length transactions.

3. Information about net sales, profit (loss), assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Thousand yen)

	Reportable segment				
	Finance and Society	Corporate Solutions	Operational Infrastructure BPO	Regional, Overseas, Etc.	Total
Net sales					
Sales to external customers	28,444,943	26,365,506	25,238,452	10,444,303	90,493,206
Intersegment sales or transfers	4	70,039	1,012,318	2,994,906	4,077,268
Total	28,444,948	26,435,546	26,250,770	13,439,209	94,570,475
Segment profit	3,870,996	3,227,388	2,665,026	1,042,817	10,806,227
Other					
Depreciation	74,173	284,375	60,939	118,453	537,941
Amortization of goodwill	–	42,345	–	–	42,345

	Adjustment (Note 1)	Amount reported on the consolidated statements of income (Note 2)
Net sales		
Sales to external customers	–	90,493,206
Intersegment sales or transfers	(4,077,268)	–
Total	(4,077,268)	90,493,206
Segment profit	10,835	10,817,063
Other		
Depreciation	(4,336)	533,605
Amortization of goodwill	–	42,345

Notes: 1. There were no material segment profit adjustments.
2. Segment profit is reconciled to operating profit in the consolidated statements of income.
3. Assets are not allocated to business segments.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Reportable segment				
	Finance and Society	Corporate Solutions	Operational Infrastructure BPO	Regional, Overseas, Etc.	Total
Net sales					
Sales to external customers	28,429,563	27,512,425	27,199,400	11,311,406	94,452,795
Intersegment sales or transfers	8,015	57,286	784,731	2,692,252	3,542,286
Total	28,437,578	27,569,711	27,984,132	14,003,659	97,995,081
Segment profit	3,736,549	3,342,426	2,980,131	1,130,697	11,189,804
Other					
Depreciation	71,923	260,502	64,757	139,920	537,104
Amortization of goodwill	–	42,345	27,873	–	70,218

	Adjustment (Note 1)	Amount reported on the consolidated statements of income (Note 2)
Net sales		
Sales to external customers	–	94,452,795
Intersegment sales or transfers	(3,542,286)	–
Total	(3,542,286)	94,452,795
Segment profit	7,061	11,196,866
Other		
Depreciation	(5,893)	531,211
Amortization of goodwill	–	70,218

Notes: 1. There were no material segment profit adjustments.
2. Segment profit is reconciled to operating profit in the consolidated statements of income.
3. Assets are not allocated to business segments.

4. Matters concerning changes in reportable segments

As stated in "Changes in accounting policies," since the Group has applied the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations and changed the method of accounting for revenue recognition from the beginning of the fiscal year under review, the method of measuring profit (loss) of business segments has been changed likewise.

As a result of this change, in the fiscal year under review, "Finance and Society" showed a decrease of ¥7,227 thousand in sales to external customers and a decrease of ¥16,780 thousand in segment profit, "Corporate Solutions" showed an increase of ¥114,871 thousand in sales to external customers and an increase of ¥8,803 thousand in segment profit, "Operational Infrastructure BPO" showed an increase of ¥7,425 thousand in sales to external customers and an increase of ¥1,899 thousand in segment profit, and "Regional, Overseas, Etc." showed an increase of ¥10,929 thousand in sales to external customers and an increase of ¥3,885 thousand in segment profit, compared to the previous method.

[Related Information]

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

1. Information by product and service

   This information is omitted as it is identical to that in segment information.

2. Information by geographical area

   (1) Net sales

   It is omitted since net sales to external customers in Japan exceeds 90% of net sales on the consolidated statements of income.

   (2) Property, plant and equipment

   It is omitted since the amount of property, plant and equipment held in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

   Information regarding major customers is omitted as net sales to each single external customer amount to less than 10% of consolidated net sales.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

1. Information by product and service

   This information is omitted as it is identical to that in segment information.

2. Information by geographical area

   (1) Net sales

   It is omitted since net sales to external customers in Japan exceeds 90% of net sales on the consolidated statements of income.

   (2) Property, plant and equipment

   It is omitted since the amount of property, plant and equipment held in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information by major customer

(Thousand yen)

Name of customers	Net sales	Name of relevant segments
NTT DATA Corporation	10,528,784	Finance and Society Corporate Solutions Operational Infrastructure BPO Regional, Overseas, Etc.

[Information about Impairment Loss on Non-current Assets by Reportable Segment]
For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
No items to report.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
No items to report.

[Information about Amortization and Unamortized Balance of Goodwill by Reportable Segment]
For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Thousand yen)

	Finance and Society	Corporate Solutions	Operational Infrastructure BPO	Regional, Overseas, Etc.	Total
Amortization	–	42,345	–	–	42,345
Unamortized balance as of March 31, 2021	–	84,690	–	–	84,690

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Finance and Society	Corporate Solutions	Operational Infrastructure BPO	Regional, Overseas, Etc.	Total
Amortization	–	42,345	27,873	–	70,218
Unamortized balance as of March 31, 2022	–	42,345	167,241	–	209,586

[Information about Gain on Bargain Purchase by Reportable Segment]
For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)
No items to report.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)
No items to report.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	1,293.61	1,376.05
Basic earnings per share	165.49	172.78

Notes: 1. Diluted earnings per share is not presented since no potential shares exist.

2. Calculation basis of net assets per share is as follows.

	As of March 31, 2021	As of March 31, 2022
Total net assets (Thousand yen)	59,409,352	62,133,792
Amount subtracted from total net assets (Thousand yen)	139,818	115,411
(Non-controlling interests (Thousand yen))	139,818	115,411
Net assets at the end of the period related to common stock (Thousand yen)	59,269,534	62,018,380
Number of common stock at the end of the period used for the calculation of net assets per share (Shares)	45,817,045	45,070,010

3. Calculation basis of earnings per share is as follows.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit attributable to owners of parent (Thousand yen)	7,593,533	7,853,965
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent related to common stock (Thousand yen)	7,593,533	7,853,965
Average number of outstanding shares of common stock during the period (Shares)	45,885,600	45,456,844

(Significant subsequent events)

Acquisition and cancellation of treasury shares

At a meeting of the Board of Directors held on April 28, 2022, the Company resolved on matters relating to the acquisition of its treasury shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing certain terms under the provisions of Article 165, paragraph (3) of the same Act. The Company also resolved to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act.

1. Reasons for acquisition and cancellation of treasury shares

   Based on a comprehensive consideration of opportunities for growth investment, capital conditions, and the market environment including the recent stock price, to improve capital efficiency and to further improve returns for our shareholders, we flexibly implement treasury share acquisition and cancellation.

2. Details of the acquisition of treasury shares resolved by the Board of Directors

   (1) Class of shares to be acquired

   Common stock of the Company

   (2) Total number of shares to be acquired

   1,825,000 shares (maximum)

   (Proportion to the total number of issued shares excluding treasury shares: 4.05%)

   (3) Total acquisition price of shares to be acquired

   ¥5,000,000,000 (maximum)

   (4) Acquisition period

   From May 2, 2022 to December 30, 2022

(5) Method of acquisition

Market purchase on the Tokyo Stock Exchange (Discretionary trading by securities company)

3. Details of cancellation of treasury shares resolved by the Board of Directors

(1) Class of shares to be cancelled

Common stock of the Company

(2) Number of shares to be cancelled

The total number of treasury shares acquired in 2. above.

(Proportion to the total number of issued shares before cancellation: 3.72% (maximum))

(3) Scheduled date of cancellation

January 13, 2023

6. Non-consolidated Financial Statements

(1) Non-consolidated balance sheets

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	36,124,868	37,789,667
Notes receivable - trade	37,882	–
Accounts receivable - trade	10,998,348	–
Notes and accounts receivable - trade, and contract assets	–	11,396,173
Securities	601,377	1,200,466
Merchandise	17,490	16,094
Work in process	267,558	92,981
Supplies	5,017	5,399
Advance payments to suppliers	119,661	136,992
Prepaid expenses	197,722	192,361
Other	125,862	110,018
Allowance for doubtful accounts	(2,175)	(2,210)
Total current assets	48,493,612	50,937,944
Non-current assets		
Property, plant and equipment		
Buildings	940,360	886,831
Tools, furniture and fixtures	197,251	173,838
Land	1,965,696	1,965,696
Total property, plant and equipment	3,103,307	3,026,366
Intangible assets		
Software	609,472	550,759
Other	800	708
Total intangible assets	610,273	551,467
Investments and other assets		
Investment securities	5,845,793	4,534,267
Shares of subsidiaries and associates	6,511,123	6,472,675
Investments in capital of subsidiaries and associates	327,143	327,143
Long-term prepaid expenses	29,316	29,243
Deferred tax assets	828,402	1,140,314
Other	919,077	1,041,341
Allowance for doubtful accounts	(5,250)	(5,250)
Total investments and other assets	14,455,607	13,539,735
Total non-current assets	18,169,187	17,117,570
Total assets	66,662,800	68,055,514

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	3,306,670	3,499,780
Accounts payable - other	852,624	1,070,090
Accrued expenses	330,230	325,166
Income taxes payable	1,805,946	1,818,202
Contract liabilities	–	166,298
Advances received	187,903	–
Deposits received	109,229	106,692
Provision for bonuses	2,122,722	1,931,199
Provision for bonuses for directors (and other officers)	82,800	67,800
Provision for loss on orders received	45,108	72,070
Asset retirement obligations	4,349	–
Other	1,224,866	991,089
Total current liabilities	10,072,451	10,048,391
Non-current liabilities		
Provision for retirement benefits	547,040	623,009
Asset retirement obligations	76,475	77,544
Other	21	–
Total non-current liabilities	623,536	700,553
Total liabilities	10,695,988	10,748,944
Net assets		
Shareholders' equity		
Share capital	6,113,000	6,113,000
Capital surplus		
Legal capital surplus	6,190,917	6,190,917
Other capital surplus	1,223,751	–
Total capital surplus	7,414,669	6,190,917
Retained earnings		
Legal retained earnings	411,908	411,908
Other retained earnings		
General reserve	11,170,000	11,170,000
Retained earnings brought forward	35,082,568	38,153,415
Total retained earnings	46,664,477	49,735,324
Treasury shares	(5,185,654)	(5,342,181)
Total shareholders' equity	55,006,492	56,697,060
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	960,319	609,509
Total valuation and translation adjustments	960,319	609,509
Total net assets	55,966,812	57,306,569
Total liabilities and net assets	66,662,800	68,055,514

(2) Non-consolidated statements of income

(Thousand yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	65,430,738	67,594,585
Cost of sales	52,053,624	53,504,084
Gross profit	13,377,114	14,090,500
Selling, general and administrative expenses	4,674,138	4,988,620
Operating profit	8,702,975	9,101,879
Non-operating income		
Interest income	6,796	6,867
Interest on securities	18,349	19,514
Dividend income	534,275	486,637
Gain on investments in investment partnerships	92,759	52,246
Other	43,944	41,027
Total non-operating income	696,123	606,293
Non-operating expenses		
Commission for purchase of treasury shares	1,999	3,999
Foreign exchange losses	572	1,294
Other	123	–
Total non-operating expenses	2,695	5,293
Ordinary profit	9,396,403	9,702,878
Extraordinary losses		
Loss on retirement of non-current assets	3,457	403
Office relocation expenses	28,193	–
Loss on valuation of shares of subsidiaries and associates	–	448,950
Other	–	1,850
Total extraordinary losses	31,651	451,204
Profit before income taxes	9,364,752	9,251,674
Income taxes - current	2,772,037	2,830,402
Income taxes - deferred	(3,681)	(173,090)
Total income taxes	2,768,355	2,657,312
Profit	6,596,396	6,594,362

(3) Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousand yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				Treasury shares
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings	
						General reserve	Retained earnings brought forward		
Balance at beginning of period	6,113,000	6,190,917	1,223,751	7,414,669	411,908	11,170,000	31,250,745	42,832,653	(4,185,444)
Cumulative effects of changes in accounting policies									
Restated balance	6,113,000	6,190,917	1,223,751	7,414,669	411,908	11,170,000	31,250,745	42,832,653	(4,185,444)
Changes during period									
Dividends of surplus							(2,764,573)	(2,764,573)	
Profit							6,596,396	6,596,396	
Purchase of treasury shares									(1,000,210)
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	–	–	–	3,831,823	3,831,823	(1,000,210)
Balance at end of period	6,113,000	6,190,917	1,223,751	7,414,669	411,908	11,170,000	35,082,568	46,664,477	(5,185,654)

	Shareholders' equity	Valuation and translation adjustments		Total net assets
	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	52,174,879	667,248	667,248	52,842,128
Cumulative effects of changes in accounting policies	–			–
Restated balance	52,174,879	667,248	667,248	52,842,128
Changes during period				
Dividends of surplus	(2,764,573)			(2,764,573)
Profit	6,596,396			6,596,396
Purchase of treasury shares	(1,000,210)			(1,000,210)
Net changes in items other than shareholders' equity		293,071	293,071	293,071
Total changes during period	2,831,612	293,071	293,071	3,124,684
Balance at end of period	55,006,492	960,319	960,319	55,966,812

Fiscal year ended March 31, 2022

(Thousand yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				Treasury shares
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings	
						General reserve	Retained earnings brought forward		
Balance at beginning of period	6,113,000	6,190,917	1,223,751	7,414,669	411,908	11,170,000	35,082,568	46,664,477	(5,185,654)
Cumulative effects of changes in accounting policies							36,262	36,262	
Restated balance	6,113,000	6,190,917	1,223,751	7,414,669	411,908	11,170,000	35,118,831	46,700,739	(5,185,654)
Changes during period									
Dividends of surplus							(2,966,854)	(2,966,854)	
Profit							6,594,362	6,594,362	
Purchase of treasury shares									(2,000,227)
Disposal of treasury shares			14,359	14,359					12,665
Cancellation of treasury shares			(1,831,034)	(1,831,034)					1,831,034
Transfer from retained earnings to capital surplus			592,923	592,923			(592,923)	(592,923)	
Net changes in items other than shareholders' equity									
Total changes during period	–	–	(1,223,751)	(1,223,751)	–	–	3,034,584	3,034,584	(156,527)
Balance at end of period	6,113,000	6,190,917	–	6,190,917	411,908	11,170,000	38,153,415	49,735,324	(5,342,181)

	Shareholders' equity	Valuation and translation adjustments		Total net assets
	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	55,006,492	960,319	960,319	55,966,812
Cumulative effects of changes in accounting policies	36,262			36,262
Restated balance	55,042,755	960,319	960,319	56,003,075
Changes during period				
Dividends of surplus	(2,966,854)			(2,966,854)
Profit	6,594,362			6,594,362
Purchase of treasury shares	(2,000,227)			(2,000,227)
Disposal of treasury shares	27,025			27,025
Cancellation of treasury shares	–			–
Transfer from retained earnings to capital surplus	–			–
Net changes in items other than shareholders' equity		(350,810)	(350,810)	(350,810)
Total changes during period	1,654,305	(350,810)	(350,810)	1,303,494
Balance at end of period	56,697,060	609,509	609,509	57,306,569

7. Others

Results of production, orders and sales

(1) Production

Production in the fiscal year under review is as follows.

Segment	Production (Thousand yen)	Year-on-year change (%)
Finance and Society	28,429,563	–
Corporate Solutions	27,512,425	–
Operational Infrastructure BPO	27,199,400	–
Regional, Overseas, Etc.	11,311,406	–
Total	94,452,795	–

Notes: 1. Inter-segment transactions have been eliminated.
2. The Company has applied the “Accounting Standard for Revenue Recognition” and relevant revised ASBJ regulations from the beginning of the fiscal year under review, and it has recognized revenue in accordance with this accounting standard and relevant revised ASBJ regulations. As a result, the percentage of change from the actual results for the same period of the previous fiscal year prior to applying the accounting standard and relevant revised ASBJ regulations is not shown.

(2) Orders

Orders in the fiscal year under review are as follows.

Segment	Order volume (Thousand yen)	Year-on-year change (%)	Order backlog (Thousand yen)	Year-on-year change (%)
Finance and Society	29,749,378	–	7,616,123	–
Corporate Solutions	27,780,562	–	6,137,707	–
Operational Infrastructure BPO	28,331,065	–	8,763,505	–
Regional, Overseas, Etc.	11,949,232	–	3,463,419	–
Total	97,810,240	–	25,980,756	–

Notes: 1. Inter-segment transactions have been eliminated.
2. The Company has applied the “Accounting Standard for Revenue Recognition” and relevant revised ASBJ regulations from the beginning of the fiscal year under review. As a result, the percentage of change from the actual results for the same period of the previous fiscal year prior to applying the accounting standard and relevant revised ASBJ regulations is not shown.
Orders under the previous accounting standards for the fiscal year under review are as follows.

Segment	Order volume (Thousand yen)	Year-on-year change (%)	Order backlog (Thousand yen)	Year-on-year change (%)
Finance and Society	30,066,800	7.4	15,836,969	11.5
Corporate Solutions	27,823,875	3.5	8,498,560	5.3
Operational Infrastructure BPO	28,961,333	11.8	18,114,111	12.7
Regional, Overseas, Etc.	11,949,232	16.8	3,483,617	22.9
Total	98,801,242	8.5	45,933,259	11.5

(3) Sales

Sales in the fiscal year under review are as follows.

Segment	Sales (Thousand yen)	Year-on-year change (%)
Finance and Society	28,429,563	–
Corporate Solutions	27,512,425	–
Operational Infrastructure BPO	27,199,400	–
Regional, Overseas, Etc.	11,311,406	–
Total	94,452,795	–

Notes: 1. Inter-segment transactions have been eliminated.

2. The Company has applied the "Accounting Standard for Revenue Recognition" and relevant revised ASBJ regulations from the beginning of the fiscal year under review, and it has recognized revenue in accordance with this accounting standard and relevant revised ASBJ regulations. As a result, the percentage of change from the actual results for the same period of the previous fiscal year prior to applying the accounting standard and relevant revised ASBJ regulations is not shown.