1. Business Highlights for the 38th Business Period (Fiscal Year Ended March 31, 2022)

(1) Overview of Consolidated Results of Operations for the Fiscal Year under Review

During the fiscal year ended March 31, 2022, in the Japanese economy, there arose some hope for the end of the spread of the novel coronavirus (COVID-19) after the government lifted in September the declaration of a state of emergency. Economic activities, however, did not fully recover as new variants have spread since the beginning of the year and targeted measures were issued to control the spread of COVID-19. In addition, with concerns about economic slowdown, such as increased geopolitical risks stemming from the Russia's invasion of Ukraine, rising raw material prices, semiconductor shortages, soaring crude oil prices and yen depreciation due to the difference in interest rates between Japan and the U.S., the outlook for the Japanese economy remains uncertain.

Now that new work styles including remote working are taking root in the wake of the spread of COVID-19, ransomware and other types of cyber-attacks are becoming more intense, which creates greater demand for products and services as cybersecurity measures. Under these circumstances, in the Information Infrastructure Business, the Company's core business, we see strong demand continuing for cloud-based security measure products. Orders are also steadily growing for integrated security monitoring services provided by the Company, proving that its value-added strategies are bearing fruits.

In the Application Services Business, in the Medical field, the Company worked to expand users of PHR (Personal Health Record) services for individual customers and accelerate the business of AI-based medical image diagnostic support service. With the aim of further speeding up this initiative, the Company made PSP Corporation, which had been a competitor of NOBORI Ltd., a consolidated subsidiary of the Company, in the medical imaging management system (PACS) market, into a subsidiary. The Company also announced on January 21, 2022 that it would merge these two subsidiaries on April 1, 2022. Furthermore, with the aim of accelerating the introduction of AI to front-line clinical practice, the Company announced that it would establish M3 AI, Inc. as a joint venture of post-merger PSP Corporation and M3, Inc. on April 1, 2022.

In the CRM field, there were concerns about the delay of booking in the first half of the year, which were then recovered in the second half of the year and achieved the initial booking plan for the full year. Demand for testing tools used to ensure quality of embedded software for the in-vehicle field, etc. and enterprise systems, remained robust as well.

The Company and five of its group companies plan relocation and aggregation of head office functions in December 2022. In the nine months ended December 31, 2021, impairment losses of approximately ¥180 million on non-financial assets, including those subject to asset retirement obligations for the current offices, were recorded as "other expenses" under IFRS, instead of "extraordinary losses" under Japanese GAAP. In the fourth quarter, as restoration costs for the current offices, including those of the group companies, expenses and reserves related to headquarters relocation of approximately ¥265 million were additionally recorded as "other expenses" under IFRS. As a result, the Company reported a decrease in operating profit, but the decrease is not linked to the operating results of the normal course of business.

With a mission statement of being "the IT professional group who create a better future," the Company announced the new Medium-term Management Plan "BEYOND THE NEW NORMAL" on May 10, 2021. In the future, as "digital" is built into every corner of society and digital transformation (DX), which reforms business models using digital technology, advances rapidly, the Company sees this rapid shift to digitization and the dramatic restructuring of industry as a new growth opportunity and aims to contribute to the creation of a sustainable society by providing services to solve social issues. The spread of COVID-19 has prompted us to shift to a new mode of life called the "New Normal." In the new Medium-term Management Plan, we will accelerate businesses oriented toward domains that will be essential to society, incorporating an SDG perspective with an eye on the new society to come after the "New Normal."

The new Medium-term Management Plan "BEYOND THE NEW NORMAL" states seven key strategies to be achieved while carrying on with the core business strategies of the previous Medium-term Management Plan "GO BEYOND 3.0."

- ■ The core business strategies (continued)
  - ･ Strategic and accelerated promotion of cloud-related businesses
  - ･ Pursuit of security and safety
- ■ The seven key strategies
  1) Expanding portfolio of products and services
  2) Accelerated servicization (increasing service ratio)
  3) Utilization of data (including use of AI)
  4) Diverse alliances/M&A (Expansion of existing business, Creation of new business)
  5) Expanding business in the overseas market
  6) Creation of synergies by strengthening group collaboration
  7) Human resource development/Organizational development (including promotion of diversity)

Our Group implemented the following initiatives in accordance with the above business strategies.

◇ Information Infrastructure Business

First quarter ended June 30, 2021

- CROSS HEAD launched a remote support service for transitioning to the cloud version of Cybozu's Office.
- CROSS HEAD launched a plugin that links the workflow functions of Cybozu's Garoon with kintone.
- Awarded the "Best Distributor of the Year" from McAfee Co., Ltd.
- Started sales of Vectra AI "Cognito Platform," a next-generation network AI security product that visualizes potential threats in networks and achieves early detection by utilizing AI.

Second quarter ended September 30, 2021

- Started linking "Votiro," a file sanitization solution, with "m-FILTER," an email security product.
- CROSS HEAD began offering the "Cybozu Office Cloud Migration Pack," which remotely supports migration to the cloud version of the Cybozu Office.
- Okinawa Cross Head Co., Ltd. launched Remote Browser powered by Ericom Shield Cloud.
- Received Channel Services Delivery Excellence Award from Dell Technologies.
- Okinawa Cross Head Co., Ltd. launched "STEC on Chromebook," a one-stop service that supports remote work from software to hardware.

Third quarter ended December 31, 2021

- Entered into a sales partnership agreement with Marubeni Network Solutions Inc. to market "Appgate SDP," a next-generation secure access solution.
- Commenced the provision of autonomous AI-driven endpoint security "SentinelOne": XDR that ensures business continuity and TCO reduction with AI and automation

Fourth quarter ended March 31, 2022

- CROSS HEAD commenced the provision of a plug-in that uploads incoming emails onto kintone.
- Received the 2021 JAPAN Distribution Partner of the Year from Palo Alto Networks, Inc.
- Added "Cortex(R) XDR Pro per TB" to the products supported by "TPS" that provides integrated security monitoring and incident response services.
- Okinawa Cross Head commenced the provision of "Secure Workspace Solutions" that addresses security issues with remote working.

- Received the MVP Partner of the Year 2021 from TANIUM.

◇ Application Services Business

First quarter ended June 30, 2021

- Medical field: NOBORI Ltd. started linking its PHR application developed in-house with MCI Screen® provided by MILLENNIA Corporation.
- CRM field: Started linking CRM system for call centers "FastHelp5" with RevComm's voice analysis AI telephone service "MiiTel."
- Software Quality Assurance field: Started sales of solutions for establishing software development infrastructure, which support CI/CD, software configuration management, and cloud infrastructure construction.
- Software Quality Assurance field: Launched a cloud version of test case management tool "TestRail."
- CASAREAL, Inc. participated in the business partner program of NPO LPI-Japan.

Second quarter ended September 30, 2021

- CRM field: Entered into a capital and business alliance with WISESIGHT (THAILAND) CO., LTD., the largest social data analysis cloud provider in Thailand, accelerating the expansion of CRM solutions business in the ASEAN region.
- CRM field: Began linking "FastHelp5," a CRM system for call centers, with "BlueBean," a cloud-based call center system of SOFTSU Co., Ltd.
- Software Quality Assurance field: Began providing software testing support and verification services.
- Business Solution field: Received certification as a Google for Education Build partner.

Third quarter ended December 31, 2021

- Business Solution field: Began offering a new product of the Apreccia series, "Market-based Loan Management System," to respond to the abolition of LIBOR.
- Business Solution field: Signed a reseller partner agreement for "tsumugino" with SYNNEX Japan Corporation.
- Business Solution field: "tsumugino", a cloud service for educational institutions, won the second prize of the ASPIC IoT / AI / Cloud Award 2021.
- CASAREAL, Inc. formed an alliance with CTC TECHNOLOGY Corporation to jointly develop and sell a human resource development program in the cloud-native and DevOps fields.

Fourth quarter ended March 31, 2022

- CASAREAL, Inc. entered into an open partnership agreement of with GitLab Inc. in the U.S. and started selling GitLab licenses and providing Git-related support services.
- CASAREAL, Inc. started offering training courses on secure coding using Kubernetes.
- "tsumugino," a cloud service for educational institutions, obtained APPLIC compliance and interoperability-verified certification (Orange Mark).

As a result of the above, consolidated revenue during the year ended March 31, 2022 was ¥36,513 million, a year-on-year increase of ¥5,585 million (18.1%), achieving a record high. Gross profit amounted to ¥12,456 million, a year-on-year increase of ¥1,238 million (11.0%). Selling, general and administrative expenses were ¥8,269 million, a year-on-year increase of ¥630 million (8.2%), due to increases in personnel expense and in selling and administrative expenses including the active investment in the educational field as a new business. In addition, in the nine months ended December 31, 2021, impairment losses of approximately ¥180 million on non-financial assets, including those subject to asset retirement obligations for the current offices, were recorded as "other expenses" under IFRS, instead of "extraordinary losses" under Japanese GAAP. In the fourth quarter, as restoration costs for the current offices, including those of the group companies, expenses and reserves related to headquarters relocation of approximately ¥265 million were additionally recorded as “other expenses” under IFRS. As a result, operating profit came to ¥3,734 million, a year-on-year increase of ¥150 million (4.2%).

Consequently, profit before tax was ¥3,718 million, a year-on-year increase of ¥311 million (9.2%), and profit attributable to owners of parent was ¥2,371 million, a year-on-year increase of ¥70 million (3.0%).

Results by operating segment were as follows:

(1) Information Infrastructure Business

Results of the Information Infrastructure Business for the fiscal year ended March 31, 2022 were strong thanks to abundant order backlog accumulated in the previous fiscal year and orders for new projects. Orders for cloud-based security products in subscription-based billing model are also expanding. The sales in western Japan remained strong as in the previous fiscal year. Booking, revenue and operating profit for the year on a consolidated basis overachieved the initial budget planned at the beginning of the year, with all the indicators exceeding those of the previous fiscal year in which a special demand occurred due to COVID-19. By product, a new generation of security measure products, including “SASE (Secure Access Service Edge),” “CASB (Cloud Access Security Broker),” “Cyber Hygiene” and “SDP (Software Defined Perimeter)” are also attracting attention with an increase in adoption. As security operation is becoming more complex, demand for operation and monitoring services increased, resulting in the acquisition of new customers for integrated security operation and monitoring services and expansion in orders and revenue. Storage products for the media and entertainment industries also performed well.

At CROSS HEAD, both revenue and operating profit were in line with the plan. Orders for infrastructure development projects are heading toward recovery, but delayed delivery of network equipment due to shortage of semiconductors caused some development projects with major SI companies to be postponed.

At Okinawa Cross Head Co., Ltd., operating profit was much higher than planned as its own product services remained strong.

As a result, revenue of the business amounted to ¥24,711 million, a year-on-year increase of ¥3,768 million (18.0%), achieving a record high. Operating profit amounted to ¥3,054 million, a year-on-year increase of ¥313 million (11.4%).

(2) Application Services Business

As with the Information Infrastructure Business, results of the Application Services Business for the fiscal year ended March 31, 2022 were solid thanks to abundant order backlog accumulated in the previous fiscal year and orders for new projects.

In the Medical field, orders for “NOBORI,” a cloud service for Medical information offered by NOBORI Ltd., our Medical-related consolidated subsidiary, have remained strong, and the cumulative number of contracting facilities increased. In addition, service contracts with existing users have been renewed without exception. Meanwhile, upfront investments are continuing in projects such as the development of PHR (Personal Health Record) services targeted at consumers (patients) and the joint development of medical image diagnostic support systems in conjunction with AI venture companies and doctors, and they have achieved strong results. The consolidation of PSP Corporation in February also brought in additional results and contributed to expanding the scale of the Medical field business.

Ichigo LLC, our Medical-related consolidated subsidiary, remained strong as well, overachieving the plan for the fiscal year under review.

With respect to safety management systems for medical radiation, the Ministerial Order Partially Amending the Enforcement Regulations on the Medical Care Act was already enforced. However, supervisory bodies have made little progress on audits due to the pandemic, and medical institutions’ investment appetite for installation of radiation dose management systems is not as high as anticipated. As a result, at A-Line Co., Ltd., orders received were somewhat sluggish, while sales and profit were roughly in line with the plan as its business is subscription-based.

In the CRM field, new inquiries increased steadily thanks to enhanced competitiveness from entry of the next-generation products and functionally enhanced FAQ systems into the market, business collaborations with a major system integrator and telemarketing vendor, expanding demand for cloud services, improved name recognition, and the expansion of business performance. However, as timing of orders delayed due to customers taking longer time in decision-making, revenue and operating profit fell short of the initial plan. From the second half of the year onward, delays in order recovered and achieved the booking in the initial plan as of the fiscal year-end, causing revenue and operating profit to recover. The Company entered into a capital and business alliance with WISESIGHT (THAILAND) CO., LTD., the largest social data analysis cloud provider in Thailand. With this alliance as a stepping stone, we will accelerate business development in the ASEAN market.

In the Software Quality Assurance field, there were effects of the slowdown of investment in the manufacturing industry due to the spread of COVID-19 in the previous fiscal year, but since the beginning of the fiscal year under review, investment in this field has been heading toward recovery. With the further application of IT in automobiles, there is strong demand for improvement in the quality of embedded software in the manufacturing industry, etc., which develops in-vehicle software, and orders continued to be favorable. However, as orders are increasing for subscription-based licenses, growth in revenue and operating profit is relatively moderate, because sales are deferred over the term of contracts.

In the Business Solutions field, orders for system development projects were robust for public academic institutions, one of our existing customers. In the field of risk management for financial institutions, we are steadily capturing demand for projects in response to the LIBOR transition. Profitability also improved from the second half of the fiscal year, recovered losses incurred by an unprofitable project in the first half of the year and achieved the operating profit plan at the end of the fiscal year.

Information Design Architecture Yamazaki Co., Ltd. recorded both revenue and operating profit in line with the plan. CASAREAL, Inc. has been negatively affected in the provision of face-to-face trainings due to the spread of COVID-19. Meanwhile, contracted development sections and consulting services specializing in cloud-related technologies were strong, achieving both revenue and operating profit higher than planned.

In the new education services, our school communication platform has been adopted by famous private advanced schools and small public schools. We also won the second prize in the ASPIC IoT-AI-Cloud Award 2021. To start up the business swiftly, we continue active investments in line with the plan, strengthening sales and marketing activities intensively.

As a result, revenue of the business amounted to ¥11,802 million, a year-on-year increase of ¥1,817 million (18.2%), posting a record high. Operating profit amounted to ¥679 million, a year-on-year decrease of ¥162 million (19.3%). The principal factors included active investment in the new field of education services, as well as delays in orders due to customers taking longer time in decision-making in the CRM field.

(2) Overview of Consolidated Financial Position for the Fiscal Year under Review

(Overview of Consolidated Financial Position for the Fiscal Year under Review)

Current assets increased ¥11,097 million (35.6%) from March 31, 2021 to ¥42,267 million as of March 31, 2022. The principal factor in this change was an increase of ¥4,142 million in advance payments to suppliers. Non-current assets stood at ¥10,236 million, an increase of ¥1,410 million (16.0%) from March 31, 2021. The principal factor in this change was a ¥730 million increase in deferred tax assets. As a result, total assets amounted to ¥52,503 million, an increase of ¥12,507 million (31.3%) from March 31, 2021.

Current liabilities stood at ¥27,989 million, an increase of ¥9,087 million (48.1%) from March 31, 2021. The principal factor in this change was an increase of ¥6,284 million in contract liabilities. Non-current liabilities stood at ¥4,311 million, a ¥427 million (9.0%) decrease from March 31, 2021. The principal factor in this change was a ¥926 million decrease in lease liabilities. As a result, total liabilities amounted to ¥32,301 million, an increase of ¥8,660 million (36.6%) from March 31, 2021.

Total equity was ¥20,202 million, up ¥3,847 million (23.5%) from March 31, 2021. The principal factor in this change was an increase of ¥1,698 million in retained earnings. As a result, the ratio of equity attributable to owners of parent to total assets was 32.4%.

(Basic Principle of Profit Distribution and Dividends for Current and Next Period)

As part of its efforts to increase shareholder value, the Company positions the return of profits to shareholders as an important management task. The basic principle of profit distribution is to make decisions by comprehensively determining the balance between returns to shareholders and maintaining sufficient internal reserves. The basic principle of the dividend policy is to have a consolidated payout ratio of at least 20% of the fiscal year’s earnings. Based on these policies, for the fiscal year ended March 31, 2022, it was resolved at the Board of Directors meeting held on September 28, 2021 that the Company will pay an interim dividend of ¥7 per share, and it was resolved at the Board of Directors meeting held on May 10, 2021 that the Company will pay a year-end dividend of ¥12 per share (for an annual dividend of ¥19 per share). However, for the fiscal year under review, the Company will pay an interim dividend of ¥7 per share, and it was resolved at the Board of Directors meeting held on April 28, 2022 that the Company will pay a year-end dividend of ¥13 per share, for an annual dividend of ¥20 per share.

In the fiscal year ending March 31, 2023, the Company plans to pay an interim dividend of ¥7 per share, and a year-end dividend of ¥14 per share, for an annual dividend of ¥21 per share.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review amounted to ¥18,155 million, an increase of ¥3,521 million (24.1%) from March 31, 2021. Cash flows in each area of activity for the fiscal year under review are as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities for the fiscal year under review was ¥5,283 million, a year-on-year increase of ¥1,766 million (50.2%). This was primarily due to an increase in contract liabilities.

(Cash Flows from Investing Activities)

Net cash provided by investing activities for the fiscal year under review was ¥195 million, a year-on-year increase of ¥1,037 million (-%). This was primarily due to proceeds from purchase of shares of subsidiaries.

(Cash Flows from Financing Activities)

Net cash used in financing activities for the fiscal year under review was an expenditure of ¥1,959 million, a year-on-year increase of ¥169 million (9.5%). This was primarily due to dividends paid.

(Reference) Trends in Cash Flow Indicators

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Ratio of equity attributable to owners of parent to total assets (%)	37.1	32.4
Ratio of equity attributable to owners of parent to total assets based on fair value (%)	195.4	162.5
Ratio of interest-bearing liabilities to cash flows (%)	51.2	25.6
Interest coverage ratio (times)	198.8	413.2

Ratio of equity attributable to owners of parent to total assets: Equity attributable to owners of parent / Total assets

Ratio of equity attributable to owners of parent to total assets based on fair value: Total market value of shares / Total assets

Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities / Cash flows

Interest coverage ratio: Cash flows / Interest payments

(Note 1) Calculations were based on financial data on a consolidated basis.

(Note 2) The total market value of shares is calculated based on the number of outstanding shares without the treasury shares.

(Note 3) Cash flows refer to cash flows from operating activities.

(Note 4) Interest-bearing liabilities include all liabilities recorded on the consolidated statement of financial position for which interest is paid.

(4) Future Outlook

(Outlook for the Next Fiscal Year)

During the fiscal year under review (the fiscal year ended March 31, 2022), the first year of the new Medium-Term Management Plan, "BEYOND THE NEW NORMAL" announced on May 10, 2021, both revenue and operating profit exceeded the planned figures, hitting new record highs for booking, revenue and operating profit. The results were due to net growth of the existing businesses of the Group as a whole, along with the contribution of the performance of PSP Corporation that was consolidated in February 2022.

In addition to the quantitative achievements as shown above, the Company focused its efforts on measures in line with the key strategies under the new Medium-Term Management Plan. One such example is the relocation and aggregation of the head office functions planned by the Company and five of its group companies in December 2022. With this aggregation of the head office functions, the Company pursues "Creation of synergies by strengthening group collaboration," one of the key strategies under the Medium-Term Management Plan, thereby striving to implement the Plan steadily and achieve sustainable growth.

With a view to realizing "Diverse alliances・M&A" and "Utilization of data (Including use of AI)," which are also the key strategies in the Medium-Term Management Plan, we made PSP Corporation, which had been a competitor of NOBORI Ltd. in the Medical field, into a consolidated subsidiary in February 2022. Following this acquisition, we merged these two companies in April 1, 2022 to establish (New) PSP Corporation. On the same day, with the aim of accelerating the introduction of AI to front-line clinical practice, we established M3 AI, Inc. as a joint venture of (New) PSP Corporation and M3, Inc. In addition, toward "Expanding business in the overseas market," the Company entered into a capital and business alliance with WISESIGHT (THAILAND) CO., LTD., the largest social data analysis cloud provider in Thailand.

In the fiscal year ending March 31, 2023, which is the second year of the new Medium-Term Management Plan, "BEYOND THE NEW NORMAL," we continue accelerating net growth of the existing businesses of the Group as a whole, while strategically developing the business of (New) PSP Corporation established on April 1, 2022. More specifically, we will focus our efforts on post-merger integration (PMI) of the said company which holds 400 employees. In parallel with this, we will actively promote a cloud shift of medical image management systems (PACS) used by contracting facilities of former PSP Corporation. Although shifting to a stock-type business will cause a temporary decline in sales and operating profit, the Company plans to make the move as a management decision with an eye to the future.

In the Information Infrastructure Business, in response to the cloud era, the Company aims not only to prevent cyber-attacks on conventional IT infrastructure (corporate networks and the like), but also to expand next-generation network security-related products and services that can provide protection in more expansive cloud and virtualized environments. With the spread of cloud services and social media, coupled with a larger number of smartphone users, the amount of communication traffic over the Internet is increasing rapidly, and amid the rise of threats related to information security, we expect the positive attitude of data center operators, cloud service operators and general corporations towards capital investments in information infrastructure to continue. By pre-empting trends of cutting-edge network and security-related technologies, actively searching for new potential products, and combining them with each of the Company's in-house services, the Company will advance its differentiation from its competitors.

Today, security technologies themselves are moving to the cloud, and the advancement of endpoint prevention and detection technologies is accelerating. Cybersecurity measures are engaged in a game of cat and mouse with the threat of cyber-attacks, which are becoming more advanced and sophisticated. Companies must continuously invest in detection and monitoring, and increasingly advanced threats must be handled by personnel with greater expertise. As these expertise requirements are showing the limits of what companies can handle in-house, we will not only sell security devices and services for defending against cyber-attacks, but also actively invest in the development of high value-added products such as managed services. We will accelerate business cooperation with consolidated subsidiaries in this segment, and work on improving the ability to comprehensively provide services covering the entire life cycle of an information infrastructure.

Cybersecurity measures are becoming increasingly important for the protection of the information assets of companies, national governments, and local municipalities. Cybersecurity measures are already elements of national and corporate strategies, and both the private and public sectors are working to accelerate cybersecurity. Investing in the prevention and detection of cyber-attacks is now part of national security, and one of the management responsibilities of companies. The cybersecurity measures market is expected to continue to steadily grow.

Accordingly, revenue of the above segment are expected to amount to ¥27.5 billion.

With regards to the Application Services Business, in each of the Medical field, the CRM field, the Business Solutions field, the Software Quality Assurance field, and the educational field, we will promote the acceleration of cloud services (SaaS). As software is increasingly being developed internally by client companies, some technology resources that have been responsible for contracted development for customers will be shifted to “proprietary in-house service development (best practice cloud services)” and “expansion of existing cloud services that increase in-house added value.”

In the Medical field, “NOBORI,” the cloud service for Medical information launched by the Group ahead of other companies, has won an overwhelming share of the cloud-based PACS (medical imaging management system) market, and leads this market today. Going forward, in addition to the management of Medical images data, the Company and its partners plan to expand and enhance “NOBORI” into a new cloud service, namely “NOBORI PAL,” a cloud platform for Medical information services. We are expanding the AI platform business that provides medical image diagnostic support to accelerate the utilization of accumulated medical data through M3 AI, Inc., a joint venture with M3, Inc. We also strive for the full-scale proliferation of PHR services targeting Medical institutions as well as consumers (patients) to make the business profitable.

In the CRM field, the Company offers contact center CRM solutions supporting traditional means of communication such as telephone and email, as well as a variety of other channels including social media. We will contribute to the improved operational efficiency of contact centers using such leading-edge technologies as AI-powered chat bots. As this field moves progressively to the cloud, we are also expanding its businesses targeting local government agencies with public opinion research work as well as the private sector. In addition, using a capital and business alliance signed with WISESIGHT (THAILAND) CO., LTD., the largest social data analysis cloud provider in Thailand, as a stepping stone, we will work to expand our customer base in the rapidly developing ASEAN region (especially Thailand and Indonesia), promoting business globalization.

In the Software Quality Assurance field, through the spread of M2M (Machine to Machine: communication between devices) and IoT where various devices are interlinked through the Internet, improving the quality of embedded software has become an extremely important issue in society. It is becoming increasingly necessary to meet international standards for functional safety in various fields such as Medical equipment, automobiles, railways and electronic devices. Besides accurately capturing demand for quality enhancement and functional safety of embedded software, we will respond to the software quality improvement needs of the corporate internal information system field, as it becomes more complex and larger in scale. The Company will also devote efforts to supplying development support tools that support DevOps and OSS. We are also promoting the provision of cloud-based services in this field.

In the Business Solutions field, we are using the technical capabilities we have developed through our conventional contracted development business for specific customers, to create cloud services that systematize best practices in new fields. The Japanese government’s GIGA School Program is rapidly advancing the digitization of the education field. The government’s educational curriculum was revised for the first time in 10 years to call for “proactive, interactive and authentic learning” (active learning) and “learning optimized to the individual.” Achieving these objectives will require a new communication platform and school affairs support cloud services completely different from conventional thinking. In order to respond to these changes in the market and new needs, the Company will be active in expanding sales of the tsumugino cloud service it developed. We will also work to utilize our expertise in academic fields and financial-engineering technology to expand our business in the field of risk management for financial institutions.

Consolidated subsidiaries in this segment will seek to expand their businesses in their respective fields of specialization, while pursuing synergy with non-consolidated businesses.

Accordingly, revenue of the above segment are expected to amount to ¥15.5 billion.

As a result, revenue of ¥43.0 billion, operating profit of ¥4.0 billion, and profit attributable to owners of parent of ¥2.54 billion are expected for the next fiscal year.

The financial results forecast uses accounting figures based on the International Financial Reporting Standards (IFRS).

(Results of previous Medium-Term Management Plan “BEYOND THE NEW NORMAL”)

The results for the targets in the final year of the plan are as follows:

(millions of yen)

Consolidated Fiscal Year	Indicators	Information Infrastructure Business	Application Services Business	Total
Targets for fiscal year ended March 31, 2022	Revenue	23,000	10,000	33,000
	Operating profit	3,000	700	3,700
Results for fiscal year ended March 31, 2022	Revenue	24,700	11,800	36,500
	Operating profit	3,050	680	3,730
Targets for fiscal year ending March 31, 2023	Revenue	27,500	15,500	43,000
	Operating profit	3,250	750	4,000
Targets for fiscal year ending March 31, 2024	Revenue	29,000	17,000	46,000
	Operating profit	3,600	1,500	5,100

Note: Targets for revenue and operating profit for the fiscal years ending March 31, 2023 and 2024 have been both changed from the targets announced on May 10, 2021 due to the establishment of (New) PSP Corporation as a result of the merger of NOBORI Ltd. and PSP Corporation.