

#### MFEC/CSOT/014/2020

July 21st, 2020

Subject: Notification of receiving Tender Offer for Securities 247-4

To: Directors and Managers

The Stock Exchange of Thailand

Attachment: Copy of Tender Offer for Securities in Form 247-4 of MFEC Public Company Limited

MFEC Public Company Limited (the "Company") would like to inform that on July 21<sup>st</sup>, 2020, the Company received a tender offer for securities in Form 247-4 from TIS Inc., the Offeror, with details appearing in the attachment as well.

Please be informed accordingly,

Sincerely Yours,

Sirisak Tirawattanangkul

(Mr. Sirisak Tirawattanangkul)

Chairman

(Translation)

## **Tender Offer for Securities (Form 247-4)**

Of



MFEC Public Company Limited

Ву

**The Offeror** 



TIS Inc.

## **Tender Offer Preparer and Tender Offer Agent**

## **NOMURA**

Capital Nomura Securities Public Company

21 July 2020

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#### Disclaimer

This English translation of the Tender Offer document has been prepared solely for the convenience of foreign shareholders of MFEC Public Company Limited and should not be relied upon as this definitive and official Tender Offer document of the Offeror. The Thai language version of the Tender Offer document is the definitive and official document for the Offeror and shall prevail in all respects in the event of any inconsistency with the English translation.

## **Tender Offer for Securities of MFEC Public Company Limited**

(As specified under this Tender Offer, the offer period is the final period, which will not be extended but the offer price is not the final offer, which may be subject to further changes by the Offeror)

To: All securities holders of MFEC Public Company Limited

We, TIS Inc. (the "**Offeror**" or "**TIS**"), hereby offer to purchase ordinary shares of MFEC Public Company Limited (the "**Company**" or "**MFEC**") via a partial tender offer (the "**Tender Offer**" or the "**Partial Tender Offer**"). The terms and conditions to our offer are detailed below:

#### Part 1

## Significant Elements of the Tender Offer

1. Date of Submission of the Tender Offer

21st July 2020

2. Name of the Offeror

TIS Inc.

#### 3. Name of the Tender Offer Prepare

Capital Nomura Securities Public Company Limited ("CNS" or the "Tender Offer Preparer" or the "Tender Offer Agent")

#### 4. Purpose of the Tender Offer

The Offeror is a leading company in Japanese IT industry with global aspiration. During the past years, it has been expanding its business in ASEAN countries. Particularly in Thai market, the Offeror has been an alliance with MFEC since April 2014, as it believes in the potential of the company as a leader in providing IT solution for Thai enterprises. The alliance between MFEC and the Offeror expands MFEC's businesses in banking IT solutions, payment settlement, IT infrastructure and IT security platform, which are core business strengths of the Offeror. In addition to the MFEC's expansion, the alliance enables the Offeror to increase its footprint in Thailand through MFEC's distribution channel.

As part of business alliances with MFEC, the Offeror has acquired 60.00% stake in PromptNow Co., Ltd. from MFEC and its existing shareholders. PromptNow Co., Ltd. is a former subsidiary of MFEC, focusing on payment settlement technology, and it is currently becoming one of the important overseas subsidiaries of the Offeror. Moreover, the Offeror has shown a strong commitment to Thai market by forming a department within MFEC in order to develop new businesses and expand new client base from Japanese companies operating in Thailand. To further enhance the good relationship between the Offeror and MFEC, the two companies have been implementing various cooperation schemes in a wide range of businesses and continuing to make joint investments for business expansion.

In addition, transformation of MFEC's business is a key to ensure its competitiveness as a leader of the industry with the imminent digital transformation trend in Thailand. In this regard, the Offeror believes that it is mutually beneficial to both MFEC and the Offeror to make the Company become a consolidated subsidiary of the TIS Group; thus, allowing the Company to leverage the Offeror's

business in accelerating its business transformation. According to Japanese Generally Accepted Accounting Principles (JGAAP), Japanese company shall be allowed to consolidate its subsidiary, if it has control in such subsidiary from 40.00% of voting rights or more in accordance with Accounting Standard, paragraph 7.

After the completion of the Partial Tender Offer, the Offeror will continue to support the performance of work by the existing management and there will be no changes of directors, except for the change of the new directors to replace those who retired upon the rotation. The Offeror has intention to nominate its additional representatives to hold director position on the Board of Directors, proportionally to its shareholding percentage in the Company. Such nomination by the Offeror will be done in compliance with the Company's Articles of Association and the relevant provisions prescribed under the Public Limited Companies Act, B.E. 2535, the Securities and Exchange Act, B.E. 2535, and other relevant regulations. Furthermore, the Offeror does not intend to change the Company's business objectives or dividend policy, and also does not have intention to delist the Company's securities from the Stock Exchange of Thailand within the period of 12 months after the completion of this Tender Offer.

## 5. Type and Amount of the Offered Securities

The Offeror hereby intends to purchase only one type of securities, namely the ordinary shares in the Company. As of 21<sup>st</sup> July 2020, the Company has a total of 441,453,555 issued and paid-up ordinary shares in which each ordinary share is equivalent to 1 voting right of the Company.

As of the date of submission of the Tender Offer Form, the Offeror holds 109,921,999 ordinary shares, representing 24.90 percent of the total issued and paid-up ordinary shares of the Company. The Offeror intends to acquire by way of the Partial Tender Offer of no more than 106,390,307 ordinary shares in the Company, representing 24.10 percent of the total issued and paid-up ordinary shares and total voting rights of the Company, on pro-rata basis. After the completion of the Tender Offer, if there are shareholders fully responding to the tendered shares, the Offeror will hold a total of 216,312,306 ordinary shares, representing 49.00 percent of the total issued and paid-up ordinary shares and total voting rights of the Company.

In addition, the Annual General Meeting of the Shareholders of the Company No. 1/2020 held on 27<sup>th</sup> April 2020 has resolved to approve the Offeror to make the Partial Tender Offer for shares in the Company, by a majority vote of 99.9982 percent of the total votes of the shareholders presenting at the meeting and having the right to vote.

#### 6. Tender Offer Price

The offer price of the Company's ordinary shares is THB 5.00 per share (the "Offer Price"). In addition, shareholders who accept the Tender Offer (each an "Offeree"), are subject to payment of a brokerage fee of 0.20 percent of the Offer Price plus value added tax ("VAT") of 7.00 percent of the brokerage fee. Therefore, the net price to be received by an Offeree will be 4.9893 per share.

The Offer Price is:

( ) the final off	er which will not be changed	(subject to the conditions	specified in Clause 87
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(  $\checkmark$  ) not the final offer and the Offeror may change the Offer Price

Pursuant to the Revenue Code of Thailand, unless exempted under the terms of an applicable double tax treaty, if the Offeree is a foreign juristic person not operating any business in Thailand and not residing in a country which has a double tax treaty with Thailand, or residing in a country which is a party to the double tax treaty with Thailand but such treaty does not exempt withholding tax on capital gains from the sale of share in Thailand, such Offeree is subject to a 15.00 percent withholding tax on capital gains on sale of securities, which is a difference between the Offer Price and the original cost where the Offeree paid for the tendered shares. The Offeree must declare the original cost of such tendered shares to the Tender Offer Agent by completing the "Form for Declaration of Cost of Tendered Securities" detailed in Attachment 4 of this form.

In the event that any Offeree fails to declare and submit with proper evidence of such original cost, the Tender Offer Agent will deduct the withholding tax based on calculation from the entire proceed on a total sales amount of MFEC's ordinary shares received by the Offeree.

Note: The Offeree which is a Thai juristic person is responsible for a 3.00 percent withholding tax on the brokerage fee, and must issue a Withholding Tax Certificate to the Tender Offer Agent.

#### 7. Tender Offer Period

The Offeror will purchase the Company's shares over a period of 45 business days commencing from 23<sup>rd</sup> July 2020 to 28<sup>th</sup> September 2020 inclusive (the "**Offer Period**"), during the business hours of the Tender Offer Agent from 9.00 a.m. to 4.00 p.m.

The Offer Period is:

( ✓	)	the final period which will not be extended (subject to the conditions specified in Clause 8)
(	)	not the final period and the Offeror may extend the period

## 8. Conditions of Amendment to the Tender Offer

(	)	No	conditions
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- ( ✓ ) Conditions of amendment to the Tender Offer are as follows:
  - ( ✓ ) The Offeror may reduce the Offer Price or extend the Offer Period in the case of any event that occurs during the Offer Period which causes material damage to the status or assets of the Company.
  - ( ✓ ) The Offeror may change the offer terms or extend the Offer Period to compete with another offeror who has submitted a tender offer for the same securities of the Company during the Offer Period.

#### 9. Conditions for Cancellation of the Tender Offer

The Offeror may cancel the Tender Offer upon the occurrence of one or more of the following events:

- 9.1 any event or action occurring after the submission of the Tender Offer to the Office of the Securities and Exchange Commission (the "SEC") but during the Offer Period which causes or may cause an adverse material effect to the status or the assets of the Company, where such event or action has not resulted solely from the actions of the Offeror or actions for which the Offeror is deemed as responsible for;
- 9.2 any action conducted by the Company after the submission of the Tender Offer to the SEC but during the Offer Period which causes or may cause a significant decrease in the value of the Company's shares; or
- 9.3 any action conducted by the Company as defined in the Notification of the Capital Market Supervisory Board No. TorChor. 14/2554 re: Act or Omission to Act Which is Likely to Affect Tender Offer of Business.

#### 10. Period Which Securities Holders Can Cancel Their Intention to Accept the Tender Offer

The Offeree is able to cancel its acceptance of the Tender Offer at the office of the Tender Offer Agent on any business day between 23<sup>rd</sup> July 2020 and 24<sup>th</sup> August 2020 inclusive, totaling 20 business days from the commencement date of the Offer Period (the "**Tender Offer Cancellation Period**"), during the business hours of the Tender Offer Agent from 9.00 a.m. to 4.00 p.m. If the Offeree wishes to cancel his/her acceptance of the Tender Offer, it must follow the Tender Offer Revocation Procedures as specified in Attachment 3.1

11. Allocation of shares if the Number of Tendered Shares are More or Less than the Number of Offered Shares (Applicable only to the Case of Partial Tender Offer Pursuant to Chapter 5 of the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554)

In the event that the number of ordinary shares tendered by the Offerees exceeds 106,390,307 shares or 24.10 percent of the total issued and paid-up ordinary shares of the Company, the Offeror will purchase only 106,390,307 shares from all Offerees or 24.10 percent of the total issued and paid-up ordinary shares of the Company.

The allocation of shares will be arranged by means of a pro-rata basis as specified in Clause 52 of Chapter 5 of the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554. In other words, the number of shares to be purchased from the Offeree will be calculated from the ratio of the number of shares tendered by each of shareholder over the total number of shares tendered by all of shareholders.

In case the number of pro-rated shares is not in board lots (100 shares) for each Offeree, the Offeror shall round the fraction of the number into board lots (100 shares) as (1) in case the fractioned shares are less than 50 shares, the number of shares shall be rounded down to zero or (2) in case the fractioned shares are more than or equal to 50 shares, the number of shares shall be rounded up to 100 shares. If the total shares after rounding are more than the number of shares to be purchased, the Offeror reserves its right to adjust the number of shares as appropriate.

For the remaining ordinary shares tendered by the Offerees in excess of 106,390,307 shares after being allocated by the aforementioned allocation method, such ordinary shares will be returned in original form in which the Offeree offers to sell by the Tender Offer Agent (please refer to additional information in Clause 2 of Part 4 of this Tender Offer).

If the total number of shares tendered by the shareholders is less than 106,390,307 shares or 24.10 percent of total issued and paid-up ordinary shares of the Company, the Offeror will purchase all shares tendered by them.

#### 12. Source of Funds to Finance the Tender Offer

The aggregated amount of capital required to fund the Tender Offer is THB 531,951,535.00. The source of funds for making this Tender Offer shall originate from the internal cash of the Offeror. In addition, the Offeror has provided the evidence on the availability of capital needed to finance the transaction which can be found in Attachment 8.

CNS, as the Tender Offer Preparer for this transaction, has considered the relevant evidences of source of funds for the Tender Offer, and deems that the Offeror has sufficient capital for making the Tender Offer.

## 13. Name of the Tender Offer Agent

Name	Capital Nomura Securities Public Company Limited
Address	25 Bangkok Insurance Building, 15 <sup>th</sup> – 17 <sup>th</sup> Floor, South Sathorn Road, Sathorn, Bangkok 10120, Thailand
Contact Person	Mr. Chaiyuth Sutthithum or Ms. Arunya Wongwan
Telephone Number	+66 2 081 2702 or +66 2 081 2717
Facsimile Number	+66 2 081 2001
Agent Branches	Please refer to www.nomuradirect.com for addresses and maps

## 14. Payment Date

The Offeror will make payment for tendered securities to the Offerees within 1<sup>st</sup> October 2020 which is the third business day after the last day of the Offer Period, provided that the Acceptance Form along with the supporting documents submitted by the Offeree are correct, complete, and valid, and the transfer of the tendered shares to the Tender Offeror has been completed and is valid.

#### Part 2

## **Information of the Offeror**

## 1. Details of the Offeror

#### 1.1 General Information

Name	TIS Inc.
Address	Sumitomo Fudosan Shinjuku Grand Tower, 17-1, Nishi-shinjuku 8-chome, Shinjuku-ku, Tokyo, 160-0023, Japan
Telephone No.	+81-3-5337-4397
Facsimile No.	+81-3-5337-7555
Company Registration No.	0100-01-134133
Website	www.tis.com
Stock Listing	Tokyo Stock Exchange, First Section (Securities code: 3626)

#### 1.2 Business Information and Other Information

## 1) Nature of Business Operation in Brief

TIS is a Japanese IT services company, incorporated in Higashi-ku, Osaka since April 1971. TIS and its group companies (the "TIS Group") are a comprehensive IT services provider, offering fully-integrated solutions to clients in all operational aspects relating to IT and digital transformation. TIS is currently ranked second in terms of total revenue, comparing among leading Japanese IT services companies.

As of 31st March 2020, the TIS Group consists of 124 companies, including TIS as parent company, 47 subsidiaries, and 76 affiliated companies. The 5 main principle companies of the TIS Group are as follows:

Company Name	Shareholding Ratios	Description of Business
TIS TIS INTEC Group TIS Inc.		TIS provides IT services mainly to credit card companies and businesses from wide range of sectors, including services and manufacturing. TIS was merged with SORUN Corporation and UFIT Co., Ltd. in April 2011 and implemented structural reforms. Subsequently, TIS was merged with IT Holdings Corporation in July 2016 and became operating holding company.
INTEC TIS INTEC Group INTEC Inc.	TIS 100%	INTEC Inc. focuses on services for megabanks and life insurance companies, provides services related to Customer Relationship Management (CRM) for regional banks, and offers a wide selection of services

Company Name	Shareholding Ratios	Description of Business
		to regional public corporations, particularly in the Hokuriku region.
AGREX TIS INTEC Group AGREX Inc.	TIS 100%	AGREX Inc. provides services in Business Process Outsourcing (BPO) field. The company began the global BPO services in October 2013, and became wholly owned subsidiary of the TIS Group in March 2015. TIS Group is in process of restructuring its group to assign AGREX Inc. as main hub for BPO business.
OUALICA クオリカ株式会社  QUALICA Inc.	TIS 80% Komatsu 20% Ltd.	QUALICA Inc. is a former information systems subsidiary of Komatsu. The company focuses on assembly-based manufacturers, mainly those under the Komatsu Group. QUALICA Inc. also expands business within distribution and restaurant sectors along with TIS Group.
AJS TIS INTEC Group	TIS 51% Asahi Kasei 49% Corporation	AJS Inc. is a former information systems subsidiary of Asahi Kasei. The company focuses on provide services for companies under the Asahi Kasei Group.

Source: TIS Inc.

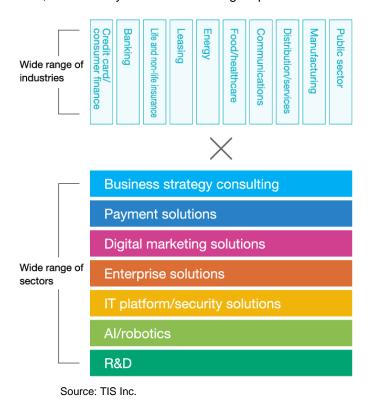
In addition to main principal subsidiaries operating in Japan, the TIS Group has 5 subsidiaries in Thailand in addition to MFEC with the details as below:

Company Name	Shareholding Ratios		Description of Business
TISI (Thailand) Co., Ltd.	TIS J-Will International (Thailand) Co., Ltd. Bangkok MUFG Limited Inter Consulting Co., Ltd.	49% 31% 10% 10%	TISI (Thailand) Co., Ltd. is a holding company of TIS business in Thailand.
I-AGREX Thailand I-AGREX (Thailand) Co., Ltd.	AGREX Inc. Tokiomarine South East Servicing Co., Ltd. Aioi Bangkok Insurance Plc.	85% 9% 6%	I-AGREX (Thailand) Co., Ltd. is a subsidiary of AGREX Inc. for its operation in Thailand. The company provides Business Process Outsourcing (BPO) services and network services focusing on Japanese clients in Thailand.
QUALICA Thailand TIS INTEC Group  QUALICA (Thailand) Co., Ltd.	QUALICA Inc. TISI (Thailand) MHCB Consulting (Thailand) Co., Ltd.	49% 48% 3%	QUALICA (Thailand) Co., Ltd. is an IT service provider engaging in supporting services for oversea business of Komatsu Group.
I AM CONSULTING I AM Consulting Co., Ltd.	TISI (Thailand) TIS Thai individual	51% 49% <1%	I AM Consulting Co., Ltd. is a professional consulting company providing consulting, development, implementation and education services.

Company Name	Shareholding Ratios		Description of Business
			The company offers services related to SAP, OpenText and other IT solution around SAP foundation.
PromptNow Co., Ltd.	TIS TISI (Thailand) MFEC Thai individual	40% 20% 20% 20%	PromptNow Co., Ltd. is a developer of mobile applications for banks, insurance companies and other financial institutions. The main products and services of the company include mobile financial service and Kiosk.

Source: TIS Inc.

Through large network of companies and employees, TIS has wide range of IT-related products and services for clients across various industries. TIS can provide customized services from core systems that support business to applications that provide a competitive edge, as well as platforms that efficiently underpin systems. TIS' products and services have drawn from many years of accumulated experiences and progressive technologies to pinpoint issues and deliver solutions to clients, as economy shifted towards digital platform.



The TIS Group's products and services can be separated into 5 main areas as follows:

## • IT Consulting Services

TIS Group provides consulting services to help clients utilize technology in enhancing their business value. TIS leverages its extensive experiences in the industry to help clients achieve the best outcome for their IT investments. Furthermore, TIS Group

focuses on providing consulting services, powering by reliable and cutting-edge technology, to match clients' strategy and long-term goals in equipping businesses with the most optimal solution. The systems and software under the comprehensive consulting services include Enterprise Resource Planning (ERP), Business Intelligence (BI), Oracle, and SAP.

#### System Integration Services

As a system integration service provider, TIS facilitates clients with one-stop access service to build customized systems, which are tailor-made for client's needs to improve enterprise's efficiency and productivity. TIS offers broad range of system integration services ranging from information system design to system configuration, as well as system operation and maintenance (O&M). Within the TIS Group's network, TIS is able to combine the best IT system, hardware and software across various manufacturers and brands into one cohesive and effective solution for each client. TIS has helped multiple enterprises in building sophisticated management foundations through enterprise resource planning solutions that effectively manage and utilize management resources.

## Outsourcing Services

TIS Group offers outsourcing and cloud services via secured data centers and extensive IT facility platforms. TIS Group provides best in class Business Process Outsourcing (BPO) services for IT-related operations from small to large enterprises. Apart from offering administrative services, such as data entry, call center and service center operation, TIS also provides system operation services ranging from system monitoring service to full-support services, allowing clients to devote their resources to core business activities. In addition, TIS operates a highly specialized IT helpdesk team, which is actively available for 24 hours a day to respond to technical inquiries related to data centers and system maintenance. By operating fully-equipped data centers featured with the latest hardware and software technologies, TIS has been trusted by many clients to handle large-scale valuable information assets.

## IT Platform Configuration Services

TIS offers platform configuration services to corporate clients to build comprehensive networks by combining multiple systems across different platforms. Depending on clients' ecosystem, TIS can offer extensive consultations to assist on planning, procurement, delivery, installation and after-sales service related to server installation to build safe and secure computer networks. TIS Group also provides services on various IT platforms for both mainframes and cloud configuration to deliver cloud services, security services, data centers and network services that gears towards multiple environments, ensuring optimal IT platform to support clients' business.

## • Research & Development to Leading-Edge Technologies

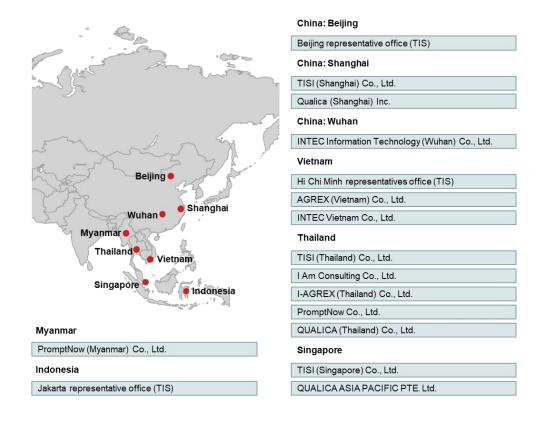
Research & Development (R&D) contribute an important backbone to TIS' culture in delivering top class services. TIS Group is always on quest for searching advanced technologies as well as breakthrough technologies. TIS' R&D platform enables the company to deliver comprehensive systems from upstream to downstream processes covering risk mitigation, implementation, guidance and maintenance. Through its extensive resources, TIS provides advanced solution services using Al and robots to address various issues. The example of solutions ranging from Robotic Process Automation (RPA), which is a tool for streamlining and automating office operations, to develop sophisticated data analytics and build physical autonomous robot. TIS also

pursues joint R&D activities with partners across industry, government and academic lines to create new business opportunities.

Moreover, TIS is considered as one of the leading pioneers in Japanese payment solution. The company has been emphasizing on accelerating business development in financial technology, particularly in payment settlement area. Leveraging extensive experience of payment ecosystem, TIS Group has a strong competitive advantage in payment services, which is reflected by its revenue from payment services of JPY 22.5 billion in fiscal 2020.

Furthermore, TIS has launched PAYCIERGE as a flagship digital payment platform of TIS Group in 2014. PAYCIERGE offers a reliable system and secured methods for payment solutions to meet various customers' needs in Japan. It provides the payment settlement services and merchant payment gateway to process online transactions from prepaid card, debit card and credit card, QR code payment service and digital wallet service. Such services support growing needs of businesses for their expansion, as well as protects consumers' vital payment information, allowing seamless transaction settlement. As a leading Japanese payment solution provider, TIS has also announced its "Beyond Payment" initiative, taking on challenge in payment solution, to support Japan "Society 5.0" policy in digital transformation.

Beyond Japan, TIS Group is ambitious in becoming a leading global player by focusing on international expansion. TIS Group is poised to bring its services to international clients, while continuing to support Japanese companies in IT aspects to expand their business globally. From TIS Group's perspective, Southeast Asia and China have been particularly important markets outside of Japan. TIS Group always seeks to strengthen its local presence by establishing and expanding offices in key regions. To transform into global leading player, TIS Group continues to direct its effort in providing top-quality, highly reliable and efficient global IT services.



The TIS Group history in brief details as below.

: Toyo Information Systems Co., Ltd. was incorporated in Higashi-ku, Osaka to operate software development services
: Head office building was established in Suita, Osaka (which is currently Osaka Data Center), and started operate full-scale data center services and online services
: Toyo Information Systems Co., Ltd. was listed on Second Section of the Osaka Securities Exchange
: Toyo Information Systems (USA) Co., Ltd. was established in California, United States (which is currently TIS Ventures, Inc.)
: Toyo Information Systems Co., Ltd. was listed on Second Section of the Tokyo Stock Exchange
: The listed stocks reclassified to First Section of the Tokyo Stock Exchange and First Section of the Osaka Securities Exchange
: Komatsu Soft Ltd. was consolidated into its subsidiary (which is currently QUALICA Inc., a computer software company)
: Toyo Information Systems Co., Ltd. changed its name to TIS Inc.
: AGREX Inc., a leading Business Process Outsourcing (BPO) service company, was consolidated into its subsidiary
: TISI (Shanghai) Co., Ltd., a system and outsourcing provider, was established
: UFIT Co., Ltd., a computer processing and data preparation provider, was consolidated into its subsidiary
: Asahi Kasei Information Systems Co., Ltd. was consolidated into its subsidiary (which is currently AJS Inc. who operates system development, packaged software and network services)
: The representative office of TIS Inc. was established in Beijing
: IT Holdings Corporation was established as a joint holding company between TIS Inc. and INTEC Holdings, Ltd.
: IT Service Force Inc. was established as a subsidiary to provide shared back-office services for group companies
: Systems Engineering Laboratory Co., Ltd., and TIS Solution Business Co., Ltd., executed management integration to form NEOAXIS Co., Ltd., an enterprise solution provider
: The representative office of TIS Inc. was established in Ho Chi Minh City, and SORUN Corporation, a computer software development company, was consolidated into IT Holdings Corporation 's subsidiary

April, 2011	: TIS Inc., SORUN Corporation and UFIT Co., Ltd., were merged into TIS Inc.
January, 2012	: TISI (Singapore) Pte. Ltd. was established to operate ERP system implementation, system integration and outsourcing services
October, 2013	: The representative office of TIS Inc. was established in Jakarta
November, 2013	: Chuo System Corporation, a leading system integration provider, was consolidated into its subsidiary
June, 2014	: I AM Consulting Co., Ltd., a SAP total solution provider in Thailand, was consolidated into its subsidiary, and IT Holdings Corporation debuted a single logo for all group companies
November, 2014	: TISI (Thailand) Co., Ltd. was established
April, 2016	: Partial transfer of businesses between TIS and INTEC Inc. was conducted
May, 2016	: PromptNow Co., Ltd., a developer of mobile applications for financial institutions in Thailand, was consolidated into its subsidiary
July, 2016	: IT Holdings Corporation and TIS were merged into a holding company under TIS Inc.
April, 2018	: TIS Group launched medium-term management plan for structural transformation implementing from April 2018 to March 2020
January, 2020	: Sequent Software Inc., a mobile payment developer, was consolidated into its subsidiary

## 2) Registered and Paid-up Capital

As of 1<sup>st</sup> April 2020, TIS had a registered and paid-up capital of JPY 10,001 million (approximately THB 3,003 million, calculated based on the exchange rate of JPY 100 to THB 30.0291), consisting of 263,367,294 outstanding shares.

## 3) List of Shareholders

List of Top 10 shareholders of TIS Inc. as of 31st March 2020

Major Shareholders		Number of Shares (Thousands)	Shareholding Ratio (%)
1.	ICHIGO TRUST PTE. LTD.	7,155	8.51
2.	The Master Trust Bank of Japan, Ltd. <sup>1</sup> (Trust Account)	5,371	6.38
3.	Japan Trustee Services Bank, Ltd. <sup>2</sup> (Trust Account)	3,990	4.74

	Major Shareholders	Number of Shares (Thousands)	Shareholding Ratio (%)
4.	Employees' Shareholding Association of TIS INTEC Group	2,197	2.61
5.	Nippon Life Insurance Company	2,073	2.46
6.	MACQUARIE BANK LIMITED DBU AC	2,000	2.38
7.	MUFG Bank, Ltd.	1,654	1.97
8.	The Master Trust Bank of Japan, Ltd. <sup>1</sup> (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account)	1,598	1.90
9.	BNYMSANV RE GCLB RE JP RD LMGC	1,415	1.68
10.	JP MORGAN CHASE BANK 385151	1,396	1.66

Note:

- On April 1, 2020, TIS Inc. effectively executed the stock split at a spilt ratio of 1 to 3; nevertheless the number of share from the above Major Shareholder table are the number of shares before the stock spilt
- TIS Inc. holds 3,660,538 shares of treasury stock (4.17% of the number of shares held against the total number of issued shares) which are excluded from the Major Shareholders table above
- The shareholding ratio is calculated by deducting the number of treasury shares from the total number of issued shares
- 1. A trust company for Mitsubishi UFJ Trust and Banking Corporation, Nippon Life Insurance Company, Meiji Yasuda Life Insurance Company and Norinchukin Trust & Banking Co. Ltd.
- 2. A trust company for JTC Holdings, Ltd.

## 4) List of Board of Directors

List of Directors of TIS as of 1st July 2020

	Name	Position
1.	Toru Kuwano	Chairman and President, Representative Director
2.	Masahiko Adachi	Executive Vice President, Representative Director
3.	Yasushi Okamoto	Director and Executive Vice President
4.	Josaku Yanai	Director and Executive Vice President
5.	Takayuki Kitaoka	Director
6.	Akira Shinkai	Director
7.	Koichi Sano¹	External Director
8.	Fumio Tsuchiya <sup>1</sup>	External Director

Name	Position
9. Naoko Mizukoshi <sup>1</sup>	External Director
10. Tetsuya Asano	Audit & Supervisory Board Member
11. Tatsufumi Matsuoka	Audit & Supervisory Board Member
12. Sadahei Funakoshi <sup>1</sup>	External Audit & Supervisory Board Member
13. Yukio Ono¹	External Audit & Supervisory Board Member
14. Akiko Yamakawa¹	External Audit & Supervisory Board Member

Note:

1. Designated for Independent Director/ Auditor as specified by the Tokyo Stock Exchange in Japan

## 5) Summary of the Financial Status and Performance of the Offeror

	For the Fiscal Year (12-month period)						
Units: JPY Millions	(Apr 1	2018 , 2017 - I, 2018)	FY 2019 FY 20 (Apr 1, 2018 - (Apr 1, 2 Mar 31, 2019) Mar 31,		, 2019 -		
	Separate Financial Statement	Consolidated Financial Statement	Separate Financial Statement	Consolidated Financial Statement	Separate Financial Statement	Consolidate d Financial Statement	
Total Assets	280,803	366,954	292,697	370,657	307,775	382,899	
Total Liabilities	84,210	140,655	92,272	136,248	103,988	134,942	
Total Equity	196,592	226,298	200,424	234,408	203,786	247,957	
- Shareholders' Equity	171,324	193,941	182,788	211,834	192,123	230,962	
- Accumulated other comprehensive income	25,267	27,692	17,635	17,799	11,663	11,348	
- Non-controlling Interests	n/a	4,664	n/a	4,775	n/a	5,646	
Paid-in Capital	10,001	10,001	10,001	10,001	10,001	10,001	
Total Revenues <sup>1</sup>	175,039	409,146	206,388	441,672	212,096	456,395	
Total Expenses <sup>2</sup>	157,593	377,602	180,438	402,894	186,298	411,756	
Income Before Income Taxes	17,446	31,545	25,950	38,778	25,798	44,638	
Net Profit	13,179	21,343	19,167	26,749	19,618	30,367	
Net Profit attributable to:							
- Shareholders' Equity	n/a	20,620	n/a	26,034	n/a	29,411	
- Non-controlling Interest	n/a	723	n/a	715	n/a	956	
Net Profit per share (JYP/share) <sup>3</sup>	n/a	241.44	n/a	307.83	n/a	350.35	

		For th	e Fiscal Year (12-month period)				
Units: JPY Millions	(Apr 1	2018 , 2017 - 1, 2018)	(Apr 1	7 2019 FY 2020 1, 2018 - (Apr 1, 2019 - 31, 2019) Mar 31, 2020)		, 2019 -	
	Separate Financial Statement	Consolidated Financial Statement	Separate Financial Statement	Consolidated Financial Statement	Separate Financial Statement	Consolidate d Financial Statement	
Dividend per share (JPY/share) <sup>3</sup>	n/a	40.00	n/a	70.00	n/a	90.00	
Book value per share (JPY/share) <sup>3</sup>	n/a	2,602.07	n/a	2,719.79	n/a	2,890.27	

Source: TIS Inc. audited separate and consolidated financial statements for the fiscal year ended March 31, 2018, 2019 and 2020

Note:

TIS Group uses Japanese Generally Accounting Standards (JGAAP) for financial reporting; all amounts are rounded down to the nearest million.

- Total revenues comprise of revenue from net sales, interest income, dividend income, rental income from real estate, extraordinary income, and others;
- 2. Total expenses comprise of cost of sales, SG&A expenses, interest expenses, financing expenses, equity in losses of affiliated companies, extraordinary loss, and others
- 3. TIS Inc. announced the Board of Director's resolution to execute the stock split where stocks held by shareholders were split at a ratio of 1 to 3 on an effective date of April 1, 2020. Number of shares outstanding before stock split, or before effective date of April 1, 2020 is 87,789,098 shares, excluding treasury stock held by TIS Inc.

#### 6) Material Encumbrance

As of 31<sup>st</sup> March 2020, the Offeror had material obligations as specified in the consolidated financial statement for the period ended 31<sup>st</sup> March 2020 as follows:

Items	JPY Millions
Short-term borrowings	1,190
Long-term debt	19,793
Lease obligations	2,497
Asset retirement obligations	3,163
Net defined benefit liability	12,654
Total	39,297

#### 7) Information Relating to Criminal Records

- None -

### 8) Pending Legal Disputes

INTEC Inc., a consolidated subsidiary of TIS, is currently in litigation with Mitsubishi Shokuhin Co., Ltd., which filed a claim for compensation in connection with services including systems development provided by INTEC Inc. Amount of compensation demanded is JPY 12,703 million. The date where the complaint was received is December 17, 2018.

## 2. The Tender Offer Preparer Information

Name	Capital Nomura Securities Public Company Limited
Address	25 Bangkok Insurance Building, 15 <sup>th</sup> – 17 <sup>th</sup> Floor, South Sathorn Road, Sathorn, Bangkok 10120, Thailand
Telephone Number	+66 2 638 5000
Facsimile Number	+66 2 285 0978

#### 3. Other Advisor Information

## 3.1 Legal Advisor

Name	Nishimura & Asahi (Thailand) Company Limited
Address	Unit 1607/1, 16 <sup>th</sup> Floor, Athenee Tower, 63 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand
Telephone Number	+66 2 168 8228
Facsimile Number	+66 2 168 8229

- 4. Relationship between the Offeror and the Company, Major Shareholders or Directors of the Company
- 4.1 Summary of Material Information of Any Contract/ Agreement/ Memorandum of Understanding, Entered into by the Offeror or the Related Parties Prior to Making the Tender Offer for the Purpose of Acquiring Shares of the Company, Regardless of Whether or Not Such Contract/ Agreement/ Memorandum of Understanding is Entered for the Tender of Share in the Tender Offer
  - 4.1.1 Letter of Intention Regarding the Partial Tender Offer (the "Intention Letter")

Matter	Summary
Date of the Intention letter	6 March 2020
From	TIS Inc.
То	MFEC Public Company Limited
Summary of key details	TIS Inc. notified its intention to conduct the Partial Tender Offer of MFEC's shares for up to 106,390,307 shares representing 24.10% of the total issued shares of the Company at the price of THB 5.00 per share.
Advisor to the Intention Letter	Nishimura & Asahi (Thailand) Company Limited

- 4.2 Shareholding, Whether Direct or Indirect, by the Offeror or the Persons Authorized to Bind the Offeror (In the Case the Offeror is a Juristic Person) in the Company or Major Shareholders of the Company (In the Case the Major Shareholders of the Company are Juristic Persons)
  - 4.2.1 Shareholding by the Offeror in the Company

As of the date of submission of the Tender Offer Form, TIS holds 109,921,999 ordinary shares, representing 24.90 percent of the total issued and paid-up ordinary shares of the Company.

- 4.2.2 Shareholding by the Offeror in the Major Shareholders of the Company
  - None -
- 4.3 Shareholding, Whether Direct or Indirect, by the Company, Major Shareholders or Directors of the Company in the Offeror (In case the Offeror is a Juristic Person)
  - 4.3.1 Shareholding by the Company in the Offeror
    - None -
  - 4.3.2 Shareholding by the Major Shareholders or Directors of the Company in the Offeror
    - None -
- 4.4 Other Relationships
  - 4.4.1 Common Directorships and/ or Common Management Team Members

As of 1<sup>st</sup> April 2020, the Offeror and the Company have common directors and common management team members as follows:

Name	Position in the Offeror	Position in the Company	
Mr. Kiyotaka Nakamura	Managing Executive Officer	Vice Chairman of the Board of Directors	

# 4.4.2 Related Transactions Between the Offeror and the Company and/or any of its Subsidiaries

As of 31<sup>st</sup> December 2019, there were related party transactions between the Offeror and the Company which was a purchase and sale of goods and services transaction in accordance with the trading condition and the principle of mutual agreement on a normal business basis, details of which are specified below.

Related	Relationship	Type of transaction	Value (THB millions)		Necessity and Reasonableness
Person/ Juristic person		transaction	For year ended 31 <sup>st</sup> Dec 2018	For year ended 31 <sup>st</sup> Dec 2019	Reasonableness
TIS Inc.	TIS is a major shareholder of MFEC, holding 24.90 percent of total issued	Sell goods and services (Professional service)	-	-	MFEC provides program development services. The price is nearly the market price.
	shares, and has Mr. Kiyotaka Nakamura as a common director / management.	Purchase goods and services	0.01	-	MFEC purchases software maintenance services. The price is nearly the market price.

- 5. Other Information for the Securities Holders' Decision Making
- 5.1 Securities Held by the Offeror Prior to Making the Tender Offer and Securities to be Acquired in the Future Under Other Agreements (As of the Submission Date of the Tender Offer)

## **5.1.1 Shares**

Name	Class of Shares	Number of Shares	Percentage in comparison with the total number of outstanding shares	Percentage in comparison with the total voting rights
1. The Offeror	Ordinary shares	109,921,999	24.90	24.90

Name	Class of Shares	Number of Shares	Percentage in comparison with the total number of outstanding shares	Percentage in comparison with the total voting rights
Persons in the same group of the Offeror	-	-	-	-
Related parties under     Section 258 of the     persons under 1. and 2.	-	-	-	-
4. Other agreements resulting in additional acquisition of shares by the persons under 1. to 3.	-	-	-	-
Total		109,921,999	24.90	24.90

#### 5.1.2 Convertible Securities

- None -

## 5.2 Source of funds used by the Offeror for the Tender Offer

The aggregated amount of capital required to fund the Tender Offer is THB 531,951,535.00. The source of funds for making this Tender Offer shall originate from the internal cash of the Offeror. In addition, the Offeror has provided the evidence on the availability of capital needed to finance the transaction, which can be found in Attachment 8.

CNS, as the Tender Offer Preparer for this transaction, has considered the relevant evidences of source of funds for the Tender Offer, and deems that the Offeror has sufficient capital for making the Tender Offer.

## 5.3 Plan to sell shares of the Company

The Offeror has no intention to sell or transfer a significant amount of shares of the Company both currently held and to be acquired from this Tender Offer to any person within 12 months from the end of the Offer Period. However, the Offeror may do so in the case where 1) the Offeror is obliged to comply with the law and regulation in force at that time; 2) the Offeror is required to comply with relevant foreign shareholding restriction of the Company as prescribed in the Company's Articles of Association; or 3) there is an internal change in the shareholding structure or organization structure of the Offeror.

5.4 Other necessary ir	١f	O	rm	at	ic	nc
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- None -

#### Part 3

## **Details of the Company**

#### 1. Details of the Company

#### 1.1 General Information

Name	MFEC Public Company Limited
Address	699 Modernform Tower 27 <sup>th</sup> Floor, Srinakarin Road, Pattanakarn, Suanluang, Bangkok 10250, Thailand
Telephone No.	+66 2 821 7999
Facsimile No.	+66 2 722 8388
Company Registration No.	01075 4600015 6
Website	www.mfec.co.th
Listing Market	The Stock Exchange of Thailand (the "SET")
Sector	Information & Communication Technology

## 1.2 Nature of Business Operation in Brief

MFEC Public Company Limited, established in 1997, is an integrated IT services provider with the current registered and paid-up capital of THB 441,453,555 as of 31<sup>st</sup> December 2019. The Company was listed in the SET on 8<sup>th</sup> October 2003.

MFEC and its subsidiaries provide IT professional services, system integration, and maintenance services for both public and private sectors. The Company focuses on leading large-sized enterprises in each industry with high demand in IT services. Scope of the services are ranging from consultation, development and integration of computer systems and IT network, system installation and examination to maintenance services.

According to Form 56-1 for the fiscal year 2019, MFEC has 9 subsidiaries and 4 associated companies, aligning with the Company's business strategies to enlarge a full coverage services. The detail of its subsidiaries' products and services is summarized as follows:

Subsidiaries	Shareholding Ratio	Main Product/Service	Customer Type
Advance Intelligence     Modernity Co., Ltd.     (AIM) <sup>1</sup>	98.20%	<ul><li>Mobile Products</li><li>Software as a Service</li><li>E-Commerce</li><li>Digital Content</li></ul>	<ul><li>Telecom</li><li>Insurance</li><li>Retail</li><li>Financial Institutions</li><li>Consumers</li></ul>
2. PraIn FinTech Co., Ltd. (PraIn)	71.62%	Payment Gateway     Financial Technology	E-Commerce     Business groups with demand for

Subsidiaries	Shareholding Ratio	Main Product/Service	Customer Type
Former: Modernform Integration Services Co., Ltd. (MIS)		Consulting service and computer system development	Alternative Payment Channel  Middle market  Insurance  Manufacturing/ petrochemical  Service and Transportation  Retail  Consumers
3. M.I.S. Outsourcing Co., Ltd. (MISO)	75.00%	Audit, warranty management, and maintenance of IT infrastructure     IT project management and equipment management     Outsourcing IT outsiders     Professional services and system integration for Cloud and office work     IT professional services and system integration involving IT infrastructure – hardware & software	<ul> <li>Tourism</li> <li>Financial Institutions</li> <li>Transportation</li> <li>Manufacturing</li> <li>Retail</li> <li>Food</li> <li>State agencies/ State enterprises</li> </ul>
4. Business Application Co., Ltd. (BAC)	99.99%	<ul> <li>Business Analytics</li> <li>Cognos BI</li> <li>Cognos TM1</li> <li>SPSS Software</li> <li>Tableau</li> <li>Datawatch</li> </ul>	State agencies/ private enterprises in all industries
5. Motif Technology PCL. (Motif)	99.99%	<ul> <li>Agent Management (iAM)</li> <li>Agent Compensation (iCOM)</li> <li>Agent Leader (iAL)</li> <li>Smart Quotation (iSO)</li> <li>eApplication (eAPP)</li> <li>iClaim</li> <li>Legal Tracking System (iLegal)</li> <li>iCollection</li> <li>Appraisal Collateral (iAppraisal)</li> </ul>	Financial Institutions     Insurance/ Life insurance
6. MSyne Innovations Co., Ltd. Former: SoftPlus Technology Co., Ltd. (SPT)	99.99%	Sell products mainly related to Data, Big Data, Data Lake, and Data Governance with emphasis on Cloudera, Hortonworks, or Informatica primarily	Healthcare     Energy     Financial Institution     Telecommunication

Subsidiaries	Shareholding Ratio	Main Product/Service	Customer Type
		Selling services (Professional Services) installing Big data systems for various organizations  Data Integration  Data Preparation  Data Governance  Data Science  Selling Big Data Maintenance Services to various organizations, providing 24 hour a day service	
7. Hong Son Co., Ltd. (HS) Former: Hong Son Software Co., Ltd. (HS)	99.99%	<ul> <li>Advisory service for work process</li> <li>Customized Software</li> <li>System maintenance &amp; support</li> </ul>	<ul><li>Energy</li><li>Financial Institutions</li><li>Auction</li></ul>
8. Playtorium Solutions Co., Ltd. (PTS)	70.00%	IT professional services and system integration in new technology groups and startups     Recruitment service	<ul> <li>Financial Institutions</li> <li>Insurance/ life insurance</li> <li>Telecom</li> <li>SMEs/ startups</li> </ul>
9. Data Cafe Co., Ltd. (DC)	59.50%	Business advisory and analytics     Accreditation for IT people	<ul><li>Telecom</li><li>Financial Institutions</li><li>Enterprises</li><li>Energy</li></ul>

Source: The Company's form 56-1 for the fiscal year 2019

Note: 1. On 14<sup>th</sup> January 2020, the Extraordinary Shareholders' meeting of Advance Intelligence Modernity Co., Ltd. (AIM) No. 2/2019 has a resolution to dissolve the company.

The Company strongly believes in the business transformation to cope with dynamic markets, rapid technological change, and variety of customer's needs. MFEC has continually transformed its business model to capture the trend of information technology. The current products and services of MFEC are categorized under 4 main business groups consisting of the following:

## 1) Hybrid Infrastructure Services

#### - Cloud Solution Services

MFEC is an all-in-one Cloud service provider who provides consultation, configuration, implementation, maintenance and after-sale services in relation to Cloud technologies. The Company offers numerous designed Cloud Solutions to client's organizations to solve all kinds of business challenges. MFEC's Cloud Solution Services team has multi-talented Cloud specialists on every type and platform of Cloud technologies. As the System Integrator business leader, its core design philosophy is based on "Design for Operation" to offer the effective business solution and to match with the client's business. The product

under this Cloud Solution Services are Virtual Route Planning platform by using the map of Thailand to help clients collect and analyze receivers' behavior for their logistic planning.

## - Information Security

Information Security focuses on technical examination and prevention by using information technology on a full complete scale. Additionally, the Company has reinforced the security system to ensure a safer way to gain access to an organization's data. With the highly skilled IT personnel from different fields, MFEC is keen on providing wide range of security services towards Network Security, Data Security, Endpoint Security, Security Assessment, Cloud Security, and application development.

#### - System Infrastructure

System Infrastructure offers the services to respond the fast-changing businesses' needs, and also help reduce IT development costs. In addition, it increases the capability of infrastructure extension in terms of scalability, flexibility, and efficiency. System Infrastructure team not only provides consulting and designing services related to infrastructure system, data backup and recovery services, and end-user management service, but also help manage the organization's data center.

#### Network

MFEC has a Professional Team (Certified Engineer) which is capable of providing the full range of services to customers. The scope of services provided by the Company are consulting, designing, planning, and installing networks. Additionally, MFEC also provides training and after-sale service with 24 hours a day support. Furthermore, MFEC is the Cisco Advanced Architecture Specialization in 5 main areas, consisting of Enterprise Networks, Security, Collaboration, Data Center and Service Provider. MFEC has potential and readiness in all areas for every organization.

## IT Operation Managed Services

IT Operation Managed Services offer the support services, including outsource and managing services by providing engineering team on customer's sites and off-site service with supporting team, and IT infrastructure installation and maintenance to customers in Bangkok and other provinces in Thailand. In addition, MFEC also provides services in relation to Microsoft Products such as Windows Server, Office 365, Microsoft EMS (AIP / RMS / Intune) and SharePoint.

#### 2) Enterprise Solution

## - Digital Information Services

Digital Information Services help client gain access to data analytics technology for business optimization. MFEC has an established Digital Information Service team that has experience and expertise to provide data analytics solution. The services provided by Digital Information Service team are separated in 4 main areas.

#### Database Solutions Services

Database Solution Services provide consultation on database solution in On-Premise or Cloud platform for application development in RDBMS and NoSQL format.

## - Big Data Solution Services

MFEC provides Big Data analysis services in analyzing enterprise data and provides data insights to increase competency of business.

#### Analytics and Business Intelligent

MFEC is equipped with data scientist team to provide services related to data analytics including data mining, machine learning, sentiment analytic, social listening insight and predictive analytic.

#### Application Infrastructure Services

MFEC provides Middleware solution for On-Premise or Cloud platform to develop system for Web application, Message Services, Integration Services or Service Oriented Architecture.

#### Business Service Management

MFEC's Business Service Management unit provides enterprise IT solution for client to increase its efficiency in driving its business. MFEC has an experienced team to advice, develop, and support its extended large enterprise customer based in various industry, including Banking, Telecom, Insurance, Enterprise and Government. Main solutions of Business Service Management consist of Monitoring, IT Service Management, IT Automation and Robotic, and Customer Engagement.

#### Business Solution

MFEC's Business Solution team provides professional service, focusing on technology to provide high-level business solution in Financial Solution, Digital Process Automation, Enterprise Content Management and Customer Relationship Management (CRM) with market leading products

#### Internet of Things

MFEC offers services related to Internet of Things (IoT) technology for industrial manufacturer, which utilizes technology to control machinery and equipment. IoT technology enables manufacturer to transfer the information from machinery to data center, which simultaneously transmitting valuable data to mobile phone, computer and monitor. The continued integrated operation of various systems, including Sensor Hardware Platform and Mobile Application, allows the manufacturer to take immediate action on real-time data.

#### 3) Digital Delivery

MFEC provides application development services by assigning professional personnel to cover all aspects of SDLC (Software Development Life Cycle) ranging from strategy assessment, user experience design, solution design, solution delivery to support and maintenance service. By committing to deliver professional services, the Company ensures that clients will satisfy with the offered services, including website development, mobile solution, Blockchain, Ecommerce, API Gateway, and Bio Metric Identification.

## 4) Transformation

## Research & development (R&D)

R&D is the key factor in deriving a new innovation and in improving existing products and services. The R&D team is keen on monitoring and studying new technology, as well as developing new knowledge and skills, to enhance and maintain the competitiveness of the Company.

#### M-Lab

M-Lab was established by the Company to develop new application and to understand new technology. M-Lab offers an advantage for MFEC to better equipped for rapid change in technology from disruptive technology era. M-Lab's developmental frameworks separated into 2 main formats

#### Chatbot

MFEC has its own internally developed chatbot platform framework. Such framework understanding enables M-Lab team to serve client in building robust enterprise platform and user interface for further development.

## Application Development

MFEC's technology stack allows the Company to extend its capability to develop application. The extended capability in application development leads to increasing accuracy and agility to develop, perform testing and deliver the project.

#### Venture Lab

Venture Lab is a center of knowledge for innovation which supports research and development assignment, as well as conducts business planning for customers using a comprehensive process system. The role of Venture Lab consists of understanding the pain point of the business, solving and testing the problem, creating a commercial business model, and building Go-To-Market strategies.

## 1.3 Summary of the Financial Status and Performance of the Company

	For the Fiscal Year Ended December 31,						For the Three-Month Period Ended March 31,	
Units: THB Millions	20	)17	2	018	2	019	2019	2020
	Separate Financial Statement	Consolidated Financial Statement	Separate Financial Statement	Consolidated Financial Statement	Separate Financial Statement	Consolidated Financial Statement	Consolidated Financial Statement	Consolidated Financial Statement
Total Assets	3,056	3,370	3,107	3,330	3,449	3,670	3,075	3,651
Total Liabilities	1,177	1,383	1,425	1,598	1,642	1,813	1,317	1,734
Total Equity	1,880	1,987	1,682	1,732	1,807	1,857	1,758	1,917
- Shareholders' Equity	1,880	1,975	1,682	1,708	1,807	1,832	1,734	1,892
- Non-controlling Interests	n/a	12	n/a	24	n/a	25	24	25
Registered and Paid-up Capital	441	441	441	441	441	441	441	441

	Ended Decen	nber 31,	For the Three-Month Period Ended March					
Units: THB Millions	20	017	2	018	2019		2019	2020
	Separate Financial Statement	Consolidated Financial Statement	Separate Financial Statement	Consolidated Financial Statement	Separate Financial Statement	Consolidated Financial Statement	Consolidated Financial Statement	Consolidated Financial Statement
Total Incomes <sup>1</sup>	2,611	3,017	2,961	3,392	3,360	3,729	709	922
Total Expenses <sup>2</sup>	2,444	2,822	3,034	3,531	3,095	3,450	675	849
Income Before Income Tax <sup>3</sup>	167	191	(73)	(147)	266	281	33	74
Net Profit	141	156	(83)	(165)	224	228	26	58
Net Profit attributable to:								
- Shareholders' Equity	141	154	(83)	(166)	224	225	26	58
<ul><li>Non-controlling Interest</li></ul>	n/a	2	n/a	1	n/a	3	0	0
Net Profit per share (THB/share)	0.32	0.35	(0.19)	(0.38)	0.51	0.51	0.06	0.13
Dividend per share (THB/share)	n/a	0.25	n/a	0.20	n/a	0.35	n/a	n/a
Book value per share (THB/share)	4.26	4.47	3.81	3.87	4.09	4.15	3.93	4.29

Source: MFEC's audited separate and consolidated financial statements for the fiscal year ended December 31, 2017, 2018 and 2019 and reviewed consolidated financial statement for the three-month period ended March 31, 2019 and 2020

Note: Shareholders can access to the financial statements through MFEC's website, the SEC's website (www.sec.or.th) and the SET's website (www.set.or.th)

- 1. Total incomes comprise of sales and service income, dividend income and other income.
- 2. Total expenses comprise of cost of sales and services, selling and administrative expenses, management benefit expenses, finance costs, and other expenses.
- 3. Income before income tax includes share of profit (loss) of associates.

## 1.4 Shareholding Structure of the Company

## 1.) Shareholding Structure Before Making the Partial Tender Offer

List of top 10 shareholders of the Company on the latest shareholders register as at 5<sup>th</sup> May 2020 details as below:

	Shareholders	Number of Shares	Percentage in comparison with total issued shares and total voting rights of the Company (%)	
1.	TIS Inc.	109,921,999	24.90	
2.	Mr. Siriwat Vongjarukorn	16,495,559	3.74	
3.	Mr. Sirisak Thirawattanangkul	12,926,013	2.93	

Shareholders	Number of Shares	Percentage in comparison with total issued shares and total voting rights of the Company (%)
4. Mr. Prasert Foongvanich	10,966,013	2.48
5. Modernform Group Public Company Limited	8,200,000	1.86
6. Mr. Naiyapong Kongboonma	7,962,500	1.80
7. Mr. Ramade Silapapom	7,675,353	1.74
8. Mr. Jalthong Patamapongs	7,127,100	1.61
9. Mrs. Wilai Klongwithi	6,895,951	1.56
10. Mr. Sitthichai Wongpattaraworakul	6,203,900	1.41
11. Other shareholders	247,079,165	55.97
Total	441,453,553	100.00

Source: The Stock Exchange of Thailand

## 2.) Expected Shareholding Structure After Making the Partial Tender Offer

In the event that there are shareholders fully responding to the tendered shares, the anticipated shareholding structure of the Company after the completion of the Tender Offer will be as follows:

Shareholders	Number of Shares	Percentage in comparison with total issued shares and total voting rights of the Company (%)
1. TIS Inc.	216,312,306	49.00
2. Other shareholders	225,141,247	51.00
Total	441,453,553	100.00

# 1.5 List of the Board of Directors According to the Latest List of Directors of the Company as of 27<sup>th</sup> April 2020 and the Expected List of Directors After Making the Tender Offer

## 1.) The Board of Directors Prior to Making the Partial Tender Offer as of 27th April 2020

Name	Position
Mr. Sirisak Tirawattanangkul	Chairman
2. Mr. Kiyotaka Nakamura	Vice Chairman / Director of Nomination and Remuneration Committee

	Name	Position	
3.	Mr. Siriwat Vongjarukorn	Director / Chief Executive Officer / Director of Nomination and Remuneration Committee	
4.	Mr. Thanakorn Charlee	Director / Executive Director / Director of Risk Management and Corporate Governance Committee	
5.	Mr. Anan Leetrakul	Independent Director / Chairman of Nomination and Remuneration Committee	
6.	Mr. Suchart Thammapitagkul	Independent Director / Chairman of Audit Committee	
7.	Prof. Dr. Uthai Tanlamai	Independent Director / Director of Audit Committee / Chairman of Risk Management and Corporate Governance Committee	
8.	Ass. Prof. Dr. Kamales Santivejkul	Independent Director / Director of Audit Committee / Director of Risk Management and Corporate Governance Committee / Director of Nomination and Remuneration Committee	
9.	Dr. Charn Tharawas	Independent Director / Director of Nomination and Remuneration Committee / Director of Risk Management and Corporate Governance Committee	

Source: MFEC's Resolution of the Annual General Meeting of Shareholders 2020 dated 27th April 2020

#### 2.) The Board of Directors After Making the Partial Tender Offer

After the completion of the Tender Offer, the Offeror plans to nominate its additional representatives to hold director position on the board of directors, proportionally to its shareholding percentage in the Company after the completion of the Partial Tender Offer. Such nomination by the Offeror will be conducted by means of replacing those who retired upon the rotation and will be performed in compliance with the Company's Articles of Association and the relevant provisions prescribed under the Public Limited Companies Act, B.E. 2535, the Securities and Exchange Act, B.E. 2535, and other relevant regulations.

# 1.6 The Highest and Lowest Price of the Company's Shares in Each Quarter Over the Past Three Years

Year	Period	Price (THB per share)	
Teal		Highest Price	Lowest Price
2017	Jan - Mar	6.15	5.30
	Apr - Jun	5.80	5.05
	Jul - Sep	5.25	4.94
	Oct - Dec	5.35	4.78

Voor	Davied	Price (THB per share)		per share)
Year Period	Period	Highest Price	Lowest Price	
2018	Jan - Mar	4.92	4.50	
	Apr - Jun	4.70	4.04	
	Jul - Sep	4.10	3.30	
	Oct - Dec	3.50	2.72	
2019	Jan - Mar	3.80	2.74	
	Apr - Jun	3.86	3.26	
	Jul - Sep	4.22	3.32	
	Oct - Dec	3.48	2.94	
2020	Jan - Mar	4.56	3.08	
	Apr - Jun	4.88	4.20	
	Jul - Sep	4.48	4.30	

Source: The Stock Exchange of Thailand as of 10th July 2020

#### 2. Business Plan after the Tender Offer

#### 2.1 Company Status

Within the period of 12 months after the completion of the Tender Offer, the Offeror has no intention to delist the Company's ordinary share from the SET, unless the Offeror is required to do so by applicable laws and regulation effective at that time.

## 2.2 Policies and Plans of Business Operation

Upon the success of the Partial Tender Offer, the Offeror has no intention to make any material change to business objectives, business plan, investment/divestment plan and financial restructuring of the Company. In addition, the Offeror does not intend to change corporate governance and management policy, including organization structure, staff management, and recruitment plan within the period of 12 months after the completion of the Tender Offer.

In addition to the continuing operation under the existing business policy of the Company, the Offeror will consider plan to further integrate its strength and competitiveness with the Company after the completion of the Tender Offer to further expand the Company's growth. Nevertheless, a concrete plan shall be carefully discussed and evaluated between management teams of the Offeror and the Company after the Tender Offer is completed. With respect to integration, the Offeror has considered to expand MFEC's business by leveraging TIS' knowledge on IT system, especially in relation to finance and payment areas which are the core business strength of both the Offeror and the Company. Additionally, the Offeror is expecting to provide MFEC a further collaboration by utilizing technology and innovation from the Offeror's alliances such as Grab, SQREEM and R3.

Furthermore, after the completion of the Tender Offer, the Offeror will continue to support the performance of work by the existing management and there will be no changes of directors, except for the change of the new directors to replace those who retired upon the rotation. The Offeror has intention to nominate its additional representatives to hold director position on the board of directors, proportionally to its shareholding percentage in the Company after the completion of the Partial Tender Offer. Such nomination by the Offeror will be conducted by means of replacing those who retired upon the rotation and will be performed in compliance with the Company's Articles of Association and the relevant provisions prescribed under the Public Limited Companies Act, B.E. 2535, the Securities and Exchange Act, B.E. 2535, and other relevant regulations.

However, in the event that there are material changes in the Company's financial position, business operation, or any changes necessary to be done occurring within a period of 12 months after completion of the Tender Offer, the Offeror may consider a revision and adjustment of the business policy of MFEC in order to make it become more appropriate for business operation and financial position of the Company and to avoid potential event that may negatively affect the Company's operation. The Offeror shall seek approval from the Board of Directors and/or the shareholders or any kind of necessary approval in accordance with applicable laws, rules and regulations.

Additionally, the Offeror has no intention to change the Company's dividend policy within the period of 12 months after the completion of the Tender Offer.

## 2.3 Related Party Transactions

#### 1.) Pre-Tender Offer

Currently, the Company has established policies and procedures in relation to related party transactions to comply with the rules, regulations, or requirements of the SET and the SEC. The Company also follows guidelines to prevent any conflict of interests between the Company, its subsidiaries, associate companies and/or any potential conflict persons. Prior to the Tender Offer, the Company had related party transactions with the Offeror, whereby these transactions are involved in the normal business nature as mentioned in Part 2 Clause 4.4.2 of the Tender Offer. The description of the transactions is summarized as below:

Company	Relationship	Description
TIS	A major shareholder of the Company	The Company has received software maintenance services for E-mail security from TIS.
		The transaction was conducted under normal business operation at market price.
AJS Inc.	A subsidiary of the Offeror	The Company has provided a Project Management Office (PMO) supporting services for AJS Inc. to assist on its global project and data migration.
		The transaction was conducted under normal business operation and at market price.

#### 2.) Post-Tender Offer

Within the period of 12 months after the completion of the Tender Offer, the Offeror has no intention to materially change the policy in relation to related party transactions of the Company regarding type and value of existing related party transactions and wishes to continue such existing related party transactions where terms and conditions shall be constituted based on arm's length basis.

After completion of the Tender Offer, further collaboration between the Offeror and the Company shall be carefully discussed and evaluated by both companies' managements. In the case that the Offeror will enter into a related party transaction with the Company in the future, the Offeror and the Company shall consider to ensure that there would not be any special terms or preference among the Company, its subsidiaries, associate companies, major shareholders and/or any potential conflict persons. Furthermore, the Audit Committee shall consider, review, approve and comment on appropriateness and necessity of each transactions, which could lead to any conflicts of interest before proposing to Board of Directors or shareholders' meeting (as the case may be) for further approval.

#### Part 4

## **Additional Details of the Tender Offer**

#### 1. Tender Offer Acceptance Procedure

To accept the Tender Offer, shareholder who intends to offer their Securities of the Company for the Tender Offer must comply with the following procedures:

- 1.1 Read "Tender Offer Acceptance Procedures" enclosed in Attachment 1.1 for Ordinary Shares and Attachment 2.1 for NVDR and completely fill in and clearly sign the "Tender Offer Acceptance Form for Holders of Ordinary Shares" enclosed in Attachment 1.2 or "Tender Offer Acceptance Form for Holders of NVDR" enclosed in Attachment 2.2 (the "Acceptance Form"), as the case may be.
- 1.2 Enclose the following supporting documents:
  - 1.2.1 If shares are held in certificate form

All of share certificate(s) must be endorsed with the signature of the Offeree in the column labeled "Signature of the Transferor" at the back of each share certificate. Submit the endorsed share certificate(s) along with 3 copies of documents stated in Clause 1.2.4, whichever the case may be. And the Offeree must completely fill in and clearly sign the "Application for Withdrawing from the participant account" in Attachment 7. The Offeree's signatures endorsed at the back of the share certificate and in all supporting documents must be identical.

The Tender Offer Agent requests for the Offeree's cooperation to submit the Acceptance Form as in Clause 1.1 at least two days prior to the final day of the Tender Offer Period, because the Tender Offer Agent needs to further verify and deposit the share certificate with the Thailand Securities Depository Company Limited ("**TSD**"), the registrar. If in any case the share certificate is rejected by TSD, the Tender Offer Agent will notify the Offeree to collect such share certificate.

- In case of name, title, or surname discrepancy between that appears on the share certificate and that appears on the Identification Card, the Civil Servant Identification Card, the State Enterprise Official Identification Card or the Passport, the Offeree has to fill in the "Amending Securities Holder Records" of TSD (as in Attachment 5) to be submitted with a copy of evidence of such correction issued by the government authority, certified as true copy. The new information must conform to the Identification Card, the Civil Servant Identification Card, the State Enterprise Official Identification Card or the Passport.
- In case of the Offeree is a trustee, the Offeree has to submit a copy of the court order evidencing the appointment of the trustee issued not more than 12 months from the submission date of the Acceptance Form, a certificate confirming the termination of the case, a copy of death certificate, a copy of Identification Card of the trustee, and a copy of house registration of the trustee, certified as true copies, together with the share certificate endorsed by the trustee.
- For the case that the Offeree is a minor child, the father and mother must endorse the share certificate and attach copies of their Identification Cards and copies of house registration of father, mother, and minor child, certified as true copies.

 In the event that the Offeree lost his/her share certificate, the Offeree must contact TSD and request for an issuance of new share certificate, in order to tender the Offeree's shares to the Tender Offer Agent. As the process of issuing new share certificate may take up to 2 weeks, the Offeree should contact TSD at least 2 weeks before the end of the Offer Period.

Note: In the case that the tendered Securities are held as share certificate, the Acceptance Form will be completed if and only if any share certificate is verified by TSD. If the certificate is rejected by TSD, the Tender Offer Agent will notify the Offeree to collect the rejected the share certificate.

1.2.2 If shares are held in scripless form and deposited with the TSD

The Offeree must contact the broker with whom he/she has deposited the tendered shares to express the will to tender the shares, attach documents stated in Clause 1.2.4, and have the broker transfer the said tendered shares to the following accounts:

For Local Securities

Account name: บริษัทหลักทรัพย์ โนมูระ พัฒนสิน จำกัด (มหาชน) เพื่อการทำคำ

เสนอซื้อหลักทรัพย์

Account Number: 014-00000237-2

For Foreign Securities

Account name: Capital Nomura Securities Public Co., Ltd. for Tender Offer

Account Number: 014-000000237-2

The Offeree can submit the Acceptance Form together with the supporting documents to the broker of the Offeree and such broker will deliver the Acceptance Form to the Tender Offer Agent.

In case of shares deposited with TSD, under the issuer account no. 600, the Offeree must complete and sign, accurately and clearly, and submit the form "Securities Transfer to/from Issuer Account with Participant" ("TSD-403") enclosed in Attachment 6, together with 1 set of identification documents of securities holder, according to the type of person indicating in page 2 of TSD-403, in addition to the Tender Offer Acceptance Form with 1 set of related documents as stated under in Section 1.2.4 in order to transfer tendered scripless shares into the following account of the Tender Offer Agent:

For Local Securities

Account name: บริษัทหลักทรัพย์ โนมูระ พัฒนสิน จำกัด (มหาชน) เพื่อการทำคำ

เสนอซื้อหลักทรัพย์

Account Number: 014-00000237-2

For Foreign Securities

Account name: Capital Nomura Securities Public Co., Ltd. for Tender Offer

Account Number: 014-000000237-2

The Offeree shall send the Tender Offer Acceptance Form with 1 set of related documents as stated under in Section 1.2.3 and TSD-403 with 1 set of related documents to be submitted for securities transfer to/from the issuer account with participant, indicating in page 2 of TSD-403, to the Tender Offer Agent.

The Tender Offer Agent shall send TSD-403 with its supporting documents to TSD for verification and transfer Offeree's securities from the issuer account to the account of Tender Offer Agent. In order for the Offeree to sell the shares within the Offer Period, the Offeree, whose shares are deposited in the issuer account no. 600, shall submit the Tender Offer Acceptance Form along with TSD-403 and their enclosed documents within 24 September 2020 or at least 2 business days prior to the last day of the Offer Period to provide sufficient time for the Tender Offer Agent to verify and process the securities transfer with the TSD who the security registrar is. If TSD-403 is rejected from TSD, the Tender Offeror and/or the Tender Offer Agent reserve the right to refuse the Tender Offer Acceptance Form of the Offeree.

The Offeree may also choose to submit the Acceptance Form via an Online System, as mentioned in Clause 1.3.2.2, should he or she wish to do so.

#### 1.2.3 In case of NVDR

The Offeree must contact the broker with whom he/she has deposited the NVDR to express his/her will to tender the shares, attach documents stated in Clause 1.2.4 and have the broker transfer the said tendered shares to the following accounts:

For NVDR holders:

Account name: Capital Nomura Securities Public Co., Ltd. for Tender Offer

Account Number: 014-000000237-2

The Tender Offer Agent requests for the Offeree's cooperation to submit the Acceptance Form and evidence of transferring NVDR, as specified in Clause 1.1, at least 2 business days prior to the final day of the Tender Offer Period, unless the Tender Offer Period is extended which the Offeror will notify accordingly, as the Tender Offer Agent has to transfer the ordinary shares and NVRD to Thai NVDR Co., Ltd. in order to proceed with the acceptance procedure.

#### 1.2.4 Supporting documents

In the case that the Offeree is:

#### (a) Thai Individual

A certified copy of the valid Identification Card or Civil Servant Identification Card or State Enterprise Employee Card is required (in case of Civil Servant Identification or State Enterprise Employee Card, a certified copy of the House Registration with the page the Offeree's name appears on the copy or any official document with the 13-digit national identification number). (In the case of minors, the parents' consent (father and mother) is required along with the certified copy of the valid Identification Card of the parents and a certified copy of the House Registration with the page the names of the parents and minor appears on the copy)

#### (b) Foreign Individual

A certified true copy of a valid Alien Certificate or Passport in which the signature has to be identical with that signed in every document pertaining the person's expression to tender the securities.

#### (c) Thai Juristic Person

A copy of an affidavit issued by the Ministry of Commerce not more than six months prior to the final day of the Tender Offer Period, certified as true copy by authorized signatory(ies) of the juristic person, together with company seal (if any); and a certified true copy of a valid Identification Card, Civil Servant Identification Card, or State Enterprise Employee Card of the authorized signatory(ies); in case of a Civil Servant Identification or State Enterprise Employee Card, a certified true copy of his/her house registration with the 13-digit national identification number is also required. In case the authorized signatory(ies) is a foreigner, a certified true copy of his/her Alien Certificate or Passport is required as stated in Clause 1.2.4 (a) or (b), as the case may be.

Note: Tender Offeree, who is a Thai juristic person, shall withhold tax of 3 percent of the fee with respect to the offering for sale of the shares and must issue a withholding tax deduction certificate to the Tender Offer Agent.

#### (d) Foreign Juristic Person

A copy of a certificate of incorporation, memorandum of association, and an affidavit, issued by the officer of the juristic person or the government authority of the country in which the juristic person is located, certifying the name of the juristic person, the authorized directors, the location of the head office and power or conditions of signing authorization and issued not more than 12 months prior to the last day of the Tender Offer Period, all of which are certified as true copy by authorized signatory(ies) of the juristic person, together with company seal (if any) and;

A certified true copy of a valid Identification Card, Civil Servant Identification Card, or State Enterprise Employee Card of the authorized signatory(ies); in case of a Civil Servant Identification or State Enterprise Employee Card, a certified true copy of his/her house registration with the 13-digit national identification number is also required. In case the authorized signatory(ies) is a foreigner, a certified copy of valid Alien Certificate or Passport of the person who certified the aforementioned documents is required.

All documents must be certified by the Notary Public or any other authorized organization of the country in which the documents are made or certified, and the signature and seal of the Notary Public or any other authorized organization shall be certified by an official of the Royal Thai Embassy or of the Thai Consulate in the country in which the documents are prepared or certified, all of which must be within 12 months prior to the last day of the Tender Offer Period.

(e) For Foreign juristic person not carrying on business in Thailand and residing in the country that does not have double tax treaty with Thailand or residing in the country that has double tax treaty with Thailand, but such treaty was not exempted from withholding tax on capital gain from the sale of shares in Thailand

The Offeree is required to declare the cost basis of tendered shares for withholding tax purposes by completing the "Form for Declaration of Cost of Tendered Securities" as the Attachment 4 together with evidence that demonstrates the cost basis. If the Offeree failed to declare the cost basis or failed to submit the evidence that demonstrates the cost basis, the amount of withholding tax will be calculated based on the offered price multiplied by the number of tendered securities of the Company or tendered NVDR in its entirely.

1.2.5 In the case the Offeree is unable to submit the Acceptance Form in person:

Please attach a "Power of Attorney for Tender Offer Acceptance" as stated in Attachment 1.3 and Attachment 2.3 for NVDR affixed with stamp duty Baht 10 or 30 (Baht 10 for an authorized transaction or Baht 30 for multiple authorized transactions as the case may be), together with a certified true copy of document of the authorized representative and the Offeree as stated in Clause 1.2.4, whichever the case maybe.

1.2.6 Other documents that the Offeror and/or the Tender Offer Agent may require. Should there be any questions regarding the acceptance procedures, please contact Operations Department of Capital Nomura Securities Public Company Limited by at the following address:

Mr. Chaiyuth Sutthithum / Ms. Aranya Wongwan

**Operations Department** 

Capital Nomura Securities Public Company Limited

25 Bangkok Insurance Building, 15th – 17th Floor, South Sathorn Road

Thungmahamek, Sathorn, Bangkok 10120

Tel. 02-081-2717 / 02-081-2702

- 1.3 Submission of the Acceptance Form with the following documents
  - 1.3.1 In case of Securities in certificate form

Submit the complete Acceptance Form, together with the document stated in Clause 1.2 at the Tender Offer Agent Head Office between 23<sup>rd</sup> July 2020 and 28<sup>th</sup> September 2020 from 9:00 a.m. to 4:00 p.m. in every business day of the Tender Offer Period, The Offeree must submit the documents by the final day of the Tender Offer Period, but it is recommended that the Offeree submit the documents at least 2 business days prior to the final day of the Tender Offer Period because the Tender Offer Agent needs to verify and deposit the share certificate with TSD, the registrar. If such share certificate is rejected by TSD, the Tender Offer Agent shall inform the Offeree to collect the rejected share certificate. The Offeree can submit the documents to the Tender Offer Agent at the following address:

Mr. Chaiyuth Sutthithum / Ms. Aranya Wongwan

**Operations Department** 

Capital Nomura Securities Public Company Limited

25 Bangkok Insurance Building, 15th – 17th Floor, South Sathorn Road

Thungmahamek, Sathorn, Bangkok 10120

Tel. 02-081-2717 / 02-081-2702

# In addition, the Tender Offer Agent will not accept any documents submitted by mail.

In the case that the Offeree holds shares in scrip form, the Acceptance Form will be completed if and only if any share certificate is verified by TSD. If the share certificates are rejected from TSD, the Offeror and/or through the Tender Offer Agent reserves the right to refuse the Offeree's Tender Offer Acceptance Form. The Tender Offer Agent will notify the Offeree to collect the share certificate.

1.3.2 In case of Securities in scripless form

The Offeree may choose to submit the Acceptance Form through two methods:

- 1.3.2.1 In case that the Offeree holds Securities in scripless form and deposited with TSD, the Offeree's broker with which the Offeree deposited the shares shall collect and submit the Acceptance Form and the required documents to the Tender Offer Agent at the address as prescribed in Clause 1.3.1 during the period specified by each broker so that such broker can submit all documents to the Tender Offer Agent within the Tender Offer Period.
- 1.3.2.2 Only an ordinary Offeree who has a trading, investment, and/or another type of account with a brokerage company will be able to accept of the Tender Offer online. Nevertheless, the Offeree must also pass all KYC/CDD processes and must have previously submitted a suitability test and all FATCA documents with the brokerage company, in concordance to the SET, SEC, AMRO, and other relevant regulations. The copy of the identification card, the alien identification or the passport is not required.

Steps to Tender Offer online are as follows:

- 1. Access www.nomuradirect.com website. Click the top of the page "ตอบรับคำ เสนอซื้อหลักทรัพย์ บริษัท เอ็ม เอฟ อี ซี จำกัด (มหาชน) ("MFEC")"
- 2. Filled in the Offeree's information in accordance with registrar's database

#### **Information Checklist**

- 1) Name and Last name
- National ID Number (for Thai citizens) & Passport Number for Foreign Individuals
- 3) Broker Number
- 4) Date of Birth (DD-MM-YYYY)

The Offeree must fill in the aforementioned information in accordance to the information presented in the database

- 3. Access the page "Tender Offer Acceptance Form" and fill in information as required:
  - Number of tendered shares
  - Specify the Payment method with certified true copies of 1st page of deposit passbook or current account statement which identified name and account number

or

the copy of account number which is used to pay ATS with the securities company to fax number +66 2 285 0594-5, +66 2 285 0963 or email to cns.operation@th.nomura.com

- Fill in the Email Address and the contact number
- Confirm
- The Offeree notifies the offeree's broker in which the offeree deposited the shares to transfer the securities to Capital Nomura Securities Public Company Limited.
- 5. The Tender Offer Agent will confirm the information with the securities company to transfer the securities and confirm the bank account number. The securities company of the Offeree has to transfer the securities in the amount stated in the tender offer acceptance form and the securities company has to confirm and provide the bank account details in a written form to the tender offer agent in case the offeree wishes to receive the payment by using the bank account provided with the securities company (ATS)

Enter www.nomuradirect.com
and fill in all necessary
information to confirm the
Tender Offer Acceptance Form

Notify the offeree's broker in which the offeree deposited the shares to transfer the securities and confirm the bank account

The tender offer agent confirms the information of the offeree with the securities company

#### 1.3.3 In case of NVDR

The Offeree must proceed in accordance with the "Tender Offer Acceptance Procedure for NVDR" as specified in Attachment 2.1. For NVDR, there is a process of converting an NVDR to a scripless common share and the Tender Offer Agent cannot accept the tendered NVDR, if the tendered NVDR is not converted to a scripless common share within the Offer Period, in order that the Offeree can sell the shares within the Offer Period, the Offeree should submit the Tender Offer Acceptance Form together with supporting documents to the securities firm that the Offeree has a brokerage account with within 24 September 2020 or at least two business days prior to the final day of the Offer Period to provide sufficient time for conversion of an NVDR to scripless common share.

- 1.4 In case that the share is under pledge or encumbrance, the Offeree has to procure the release/discharge of the share before submission of the Tender Offer Acceptance Form as stated in section 1.1 to 1.3.
- 1.5 In the case that the Offeree does not comply with the Tender Offer Acceptance Procedure or failed to submit the complete document that lead to problem, impediment, or restraint to the

procedure, the Tender Offer Agent hereby reserves the right to change the Tender Offer Acceptance Procedure as appropriate in order to fairly facilitate the Offeree.

#### 2. Purchase Procedures

The Offeror intends to acquire all ordinary shares of the Company that are tendered by the Offerees in this Tender Offer, except for in the case of cancellation of the Tender Offer as specified in the condition in Part 1 Clause 9. Furthermore, in the case where there are shareholders of the Company tendering shares in excess of 106,390,307 shares or 24.10 percent of the total issued and paid-up ordinary shares of the Company, the Offeror will acquire only 106,390,307 shares from all Offerees or 24.10 percent of the total issued and paid-up ordinary shares of the Company by means of a pro-rata basis as mentioned in Part 1 Clause 11.

For the remaining ordinary shares tendered by the Offerees in excess of 106,390,307 shares after being allocated, such ordinary shares shall be returned in original form in which the Offeree offers to sell by the Tender Offer Agent by means of as follows:

#### 2.1 In the case of returning by share certificate

Tender Offer Agent will return share certificate to the Offeree within 30 business days from the last day of the Tender Offer Period. The Offeree can collect the share certificate at the Tender Offer Agent office, as specified in Clause 1.3.1.

In addition, the Offeree must comply with the procedure determined by the Tender Offer Agent and also must be responsible for all the expenses incurred in relation to the return of securities in certificate form. The process to issue the share certificate will require approximately 14 days.

#### 2.2 In the case of returning by Scripless Share or NVDR

The Offeree will have to pay a share transfer fee at a rate of Baht 100 and the Tender Offer Agent will transfer the shares or NDVR through TSD to the Offeree's broker account as specified in Acceptance Form within the payment date, which is 1st October 2020.

#### 3. Settlement and Payment Procedures

After the Tender Offer Agent completely receives the Acceptance Form and all required documents as stated in Clause 1.1 and Clause 1.2, the Tender Offer Agent will make payment for the offered Securities to the Offeree by one of the following methods:

3.1 Automatic transfer to an account with the Bank Account at (1) Bangkok Bank Plc. (2) Bank of Ayudhya Plc. (3) Siam Commercial Bank Plc. (4) Krungthai Bank Plc. (5) Kasikorn Bank Plc. (6) TMB Bank Plc. (7) United Overseas Bank (Thai) Plc. (8) Thanachart Bank Plc. (9) TISCO Bank Plc. (10) CIMB Thai Bank Plc. (11) Land and Houses Bank Plc.

The Offeree shall inform the bank account information to be used to receive the payment of sales of shares. The account must be a saving or current account, which is able to execute transactions via auto transfer system. The name of the account holder must be the same as that of the Offeree stated in the Acceptance Form. The Offeree must enclose a copy of a savings account bank book or a statement of current account, as the case may be, certified as true copy.

Or

the securities company of the Offeree that confirms the ATS bank account details to the Tender Offer Agent in a written form.

The Offeree will receive payment via bank transfer by 4.00 p.m. on 1<sup>st</sup> October 2020, which is the third business day after the last day of the Offer Period. In the case that the Tender Offer Agent cannot transfer the payment to the Offeree's account due to any reason, the Tender Offer Agent reserves the right to make payment by cheque, in which the Tender Offer Agent will inform the Offeree to collect the cheque or deliver by registered mail as the case may be as detailed in Clause 3.2. For convenience, it is recommended that the Offeree selects the payment method via bank transfer. No transfer fee or any other service will be charged.

#### 3.2 Payment by Cheque

The Tender Offer Agent will make payment to the Offeree by a cheque issued by Bangkok Bank Public Company Limited, Silom Branch. A clearing period of approximately 15 days will normally be required for the Offeree residing outside of Bangkok. The Offeree can select one of two methods of payment, as follows:

#### (a) Collect the cheque in-person

The Offeree can collect the cheque made in the name of "A/C Payee Only" on 1<sup>st</sup> October 2020 from 9.00 a.m. onwards during business day and the hours of 9:00 a.m. till 4:00 p.m. only at the Head Office of the Tender Offer Agent, as stated in Clause 1.3.1.

In the case where Offeree wishes to appoint another person to collect the cheque on the Offeree's behalf, such person shall present a power of attorney to the Tender Offer Agent affixed with a Baht 30 stamp duty and a certified true copy of each of the documents set out in Clause 1.2.4 on the date of the collection. If the cheque is not collected within 14 business days following the payment date or on 1st October 2020, the Tender Offer Agent will send the cheque to the Offeree via registered mail to the address specified in the Acceptance Form afterward.

#### (b) Cheque via registered mail to the address specified in the Acceptance Form

If the Offeree wishes to receive payment via registered mail, the Tender Offer Agent will send the cheque to the Offeree via registered mail to the address specified in the Acceptance Form. The Offeree may receive the cheque after the third business day counting from the final day of the Tender Offer Period or 1st October 2020.

In the case of tendered Securities in certificate form, the Tender Offer Agent will make payment to the Offeree only after such share certificates have been verified and deposited with TSD. If TSD rejects the share certificates, the Tender Offer Agent will not make or be obliged to make any payment to the Offeree and will notify the Offeree to collect all submitted documents from the Tender Offer Agent at the address stated in Clause 1.3.1.

#### 4. Right of Securities Holders Who Have Expressed their Intention to Tender Securities

If the Offeror does not cancel its Tender Offer based on conditions stipulated herein, the Offeree who has submitted the Acceptance Form as prescribed in this Tender Offer and who has not cancelled his/her intention to sell the securities will receive payment according to payment method

stated in clause 3 on the third business day after the final day of the Tender Offer Period, which will be on 1st October 2020.

If any event occurs, which results in changes of the Tender Offer Price as stated in Part 1 Clause 6 and Clause 8, the Offeror will carry out the following procedures:

- (1) In the case of reduction of the tender offer price upon the occurrence of any event as outlined in Part 1 Clause 8, the Offeror will pay the decreased price to all Offerees except for the securities that the Offeree has expressed his/her intention to tender prior to the announcement of the amendment by the Offeror that are irrevocable. The Offeror shall pay for such securities in full.
- (2) In the case that the Tender Offer Price is increased, the Offeror will make payment at the increased Tender Offer Price to every Offeree who has tendered his/her Securities.

#### 5. Conditions for Cancellation of the Intention to Accept the Tender Offer

For the Offeree who wishes to cancel the tender of Securities, the Offeree can proceed as follows:

5.1 The final day to cancel an intention to tender shares

The Offeree can cancel his/her intention to tender Securities at any time during the Tender Offer Period which is from 23<sup>rd</sup> July 2020 to 24<sup>th</sup> August 2020, totaling 20 business days inclusive during the hours of 9.00 a.m. to 4.00 p.m.

#### 5.2 Revocation Procedures

The Offeree who intends to cancel their tender of Securities must comply with the **Tender Offer Revocation Procedures** in **Attachment 3.1** as follows:

- 5.2.1 Cancellation of the acceptance can be made through the online portal without the submission of any documents and/or forms. However, this option is only available for Offerees who have accepted the Tender Offer through online portal.
- 5.2.2 Completely fill in and clearly sign the **Tender Offer Revocation Form** (the "Revocation Form") in **Attachment 3.2**
- 5.2.3 Enclosed the following documents:
  - 5.2.3.1 Evidence of the receipt of share certificate or transfer instruction in respect to the transfer of scripless share or the transfer of NVDR and the Acceptance Form
  - 5.2.3.2 In case the Offeree is:

#### (a) Thai Individual

A certified true copy of a valid Identification Card, Civil Servant Identification Card or State Enterprise Employee Card (in case of a Civil Servant Identification Card or State Enterprise Employee Card, a certified true copy of the house registration is also required)

#### (b) Foreign Individual

A certified true copy of his/her valid Alien Certificate or Passport. The signature affixed to the certified true copy of this document must be the same as the signature shown in all other supporting documents for the Tender Offer acceptance.

#### (c) Thai Juristic Person

A copy of an affidavit issued by the Ministry of Commerce not more than 6 months prior to the final day of the Offer Period, certified as true copy by authorized signatory(ies) of the juristic person, together with company seal (if any); and

A certified true copy of a valid Identification Card, Civil Servant Identification Card, or State Enterprise Employee Card of the authorized signatory(ies); in case of a Civil Servant Identification or State Enterprise Employee Card, a certified true copy of his/her house registration is also required. In case the authorized signatory(ies) is a foreigner, a certified true copy of his/her Alien Certificate or Passport is required as stated in Clause 5.2.3.2 (b).

#### (d) Foreign Juristic Person

A copy of a certificate of incorporation, memorandum of association, and an affidavit, issued by the officer of the juristic person or the government authority of the country in which the juristic person is located, certifying the name of the juristic person, the authorized directors, the location of the head office and power or conditions of signing authorization and issued not more than 12 months prior to the submission date of the Revocation Form, all of which are certified as true copy by authorized signatory(ies) of the juristic person, together with document of authorized persons certified as true copy as stated in Clause 5.2.3.2 (a) or (b), as the case may be.

All documents must be certified by the Notary Public or any other authorized organization of the country in which the documents are made or certified, and the signature and seal of the Notary Public or any other authorized organization shall be certified by an official of the Thai Embassy or Consulate in the country in which the documents are prepared or certified, all of which must be within 12 months prior to the final day of the Offer Period. All copies must be clear and legible, and the signature must be the same as the signature signed on all documents related.

#### In case that the Offeree is represented by an authorized representative

Submit the **Power of Attorney for Revocation of Tender Offer** appointing the authorized representative attached hereto as **Attachment 3.3** affixed with a Baht 30 stamp duty and a certified true copy of each of the document set out in Clause 5.2.3.2 of the authorized person and the authorized representative.

5.3 Submit the completed "**Revocation Form**" together with the required documents, at the office of the Tender Offer Agent as detail mentioned in Clause 1.3.1, within the given period.

The Offeror and the Tender Offer Agent will not accept any documents in connection with the revocation of intention to tender submitted by mail.

- 5.4 After receiving a completed Revocation Form and the required documents as stated in Clause 5.2, within the specified period, the Tender Offer Agent will proceed as follows:
  - Return in share certificates: The Tender Offer Agent will return the share certificates to the
    Offeree or the authorized representative on the business day following the submission date
    of the Revocation Form. Where the Offeree or the authorized representative can collect the
    share certificates at the Tender Offer Agent office, details areas specified in Clause 1.3.1
  - Return in scripless form (for transferring shares to the Offeree's broker account): The
    Offeree will have to pay a share transfer fee at a rate of Baht 100 and the Tender Offer
    Agent will transfer the shares through TSD to the Offeree's broker account as specified in
    the Revocation Form on the business day following the submission date of the Revocation
    Form.

Note: An Offeree making cancellation shall receive Securities only in the form of share certificate/scripless, in which such Securities were tendered and cannot request for a change in the form of Securities.

 The Offeree who intended to tender NVDR, the Offeree will receive the NVDR through TSD from Thai NVDR Co., Ltd. after revocation.

## 6. Procedures for Returning the Securities to the Offerees in case of Cancellation of the Tender Offer

In case that the Tender Offer is cancelled due to conditions specified in Part 1 Clause 9, the Offeror shall inform the SEC and send the letter notifying the cancellation of the Tender Offer and the reason of cancellation to the SET, the Target and the Target's shareholders, whose names appear on the most recent shareholder list. The Offeror shall send such documents within the next business day after the last business day the SEC could inform disagreement on the cancellation of the Tender Offer (within 3 business days after the SEC is notified). The Tender Offer Agent will proceed as follows:

#### 6.1 In the Case for Share Certificates:

In the case of Cancellation of the Tender Offer, the Offeror will provide the Tender Offer Agent to return the Share Certificate to the Offeree. The Share Certificate can be received at the address below from 9.00 a.m. to 4.00 p.m. on the business day following the submission date of the Revocation Form. The Offeree must follow the procedures specified by the Tender Offer Agent. The Offeree must be responsible for all the expenses incurred in relation to the return of securities in certificate form. The period of returning stock certificate takes at least 14 days.

Mr. Chaiyuth Sutthithum / Ms. Aranya Wongwan

**Operations Department** 

Capital Nomura Securities Public Company Limited

25 Bangkok Insurance Building, 15th - 17th Floor, South Sathorn Road

Thungmahamek, Sathorn, Bangkok 10120

Tel. 02-081-2717 / 02-081-2702

#### 6.2 In the Case for Scripless Shares and NVDR:

The Tender Offer Agent will transfer the shares through TSD system to the Offeree's broker account as specified in the Tender Acceptance Form within the next business day after the Offerors announce the cancellation of the Tender Offer.

Note: An Offeree shall receive Securities only in the form of share certificate/scripless, in which such Securities were tendered and cannot request for a change in the form of Securities. For the Offeree who intended to tender NVDR, the Offeree will receive the NVDR through TSD from Thai NVDR Co., Ltd. after revocation.

#### 7. Determination of the Offer Price

7.1 Method of Offer Price determination

The Offer Price of ordinary shares at THB 5.00 per share is the price which has been taken into consideration several valuation methodologies and premiums. The premiums are considered by benchmarking the volume weighted average market price (the "VWAP") of the Company's share during the period of 7 - 15 business days prior to 6<sup>th</sup> March 2020, the date on which the Board of Directors of the Company resolved to propose a partial tender offer from the Offeror to shareholders' meeting. The Offer Price provides approximately 46.06 – 47.31 percent premium over the VWAP of THB 3.39 - 3.42 per share. In addition, the premiums are also incorporated the VWAP during 90 business days before Board of Directors' meeting date. As such, the Offer Price is 52.36 percent over the VWAP during such period of THB 3.28 per share.

- 7.2 The highest price paid for such shares by the Offeror or related person under Section 258, during the period of 90 days prior to the date on which this Tender Offer is submitted to the SEC
  - None -
- 8. Acquisition of Shares Prior to Making the Tender Offer (Application only to the Case of Partial Tender Offer Pursuant to Chapter 5 of the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554)
  - None -

#### Part 5

#### **Certification of the Information**

We hereb	y certify	that
----------	-----------	------

- (1) We truly intend to conduct this Tender Offer;
- (2) The Offer Price on this occasion complies with the provisions in the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554;
- (3) We truly intend to proceed in compliance with the plans as specified in this Tender Offer; and
- (4) The statements set forth in this Tender Offer are complete and accurate without information that may be misleading and no concealment is made on any material information that should be disclosed.

TI	IS I	ln	C.
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(Signature) - Masahiko Adachi -

(Masahiko Adachi)

Representative Director, Executive Vice President

**The Offeror** 

#### Certification of Information by the Tender Offer Preparer

We, as the preparer of the Tender Offer, have duly performed duties as prescribed in the SEC Notification governing the approval of financial advisors and scope of work, and hereby certify that in the process of such duties:

- (1) We have reviewed and considered such information of the Offeror to the extent that we are confident that such information relating to the Offeror as disclosed in the tender offer is complete and accurate with no misleading content in any material respect; nor does it conceal any material information which should be disclosed:
- (2) We have reviewed the financial evidence and are of the view that the Offeror is actually capable of proceeding with the foregoing Tender Offer;
- (3) We have reviewed the business management policy and plan, as stated in Clause 2 in Part 3 regarding the Information of the Company, and are of the view that:
  - a. The Offeror is capable of implementing such business management policy and plan;
  - b. The assumptions used in the drafting of the business management policy and plan are justifiably formulated; and
  - c. The description of the impacts on the business and risks which may affect the business and the securities holders is clear and sufficient.
- (4) Based on the information and evidence of acquisition of securities of the Company by the Offeror or any related party specified in Section 258 of the Offeror, during the period of 90 days prior to the date on which the Tender Offer is submitted, and the Tender Offer Price as reviewed by us, there is no doubt that the Offer Price on this occasion has not complied with the provisions under the Notification of Capital Market Supervisory Board No. TorChor. 12/2554; and
- (5) We have reviewed the completeness and correctness of other information contained in this Tender Offer with due care and are of the view that such information is complete and accurate without misleading information in any material aspect, and no concealment is made on any material information that should be disclosed.

#### Tender Offer Preparer: Capital Nomura Securities Public Company Limited

(Signature) - Suthep Peetakanont -	(Signature) <i>- Katsuya Imanishi -</i>
(Suthep Peetakanont)	(Katsuya Imanishi)
Chairman of the Board of Directors and Chairman of the Board of Executive Director	President

## **Attachment 1**

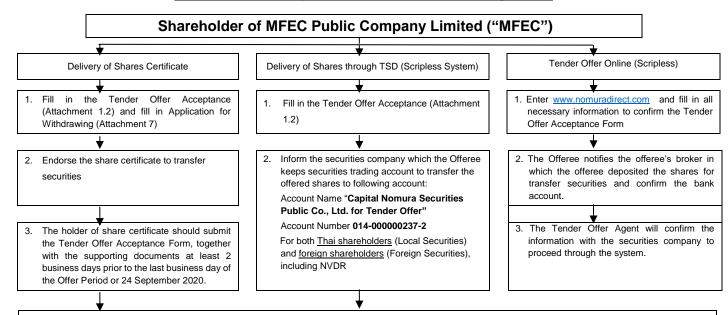
## **Tender Offer Acceptance Procedures and Forms for Holders of Ordinary Shares**

Attachment 1.1	Tender Offer Acceptance	<b>Procedures</b>
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Attachment 1.2 Tender Offer Acceptance Form for Holders of Ordinary Shares

Attachment 1.3 Power of Attorney for Tender Offer Acceptance

#### **Tender Offer Acceptance Procedures - Ordinary Share**



4. Enclose the following supporting documents with certified as true copy, as the case may be: (In case of shares held in certificate form, an additional set of identify documents is required.)

#### 1) Thai Individual

- A certified true copy of a valid Identification Card, or
- A certified true copy of a valid Civil Servant Identification Card or State Enterprise Employee Card. In case of the card does not state the Identification Card no., a certified true copy of house registration is also required.

In case of title, name, or surname discrepancy between that appears on the security certificate and that appears on the identification card, the Offeree has to fill in the "Request Form for Rectifying Items in the Security Holder Record" of the TSD, to be submitted with a copy of evidence of such change issued by the government authority.

#### 2) Foreign Individual

- A certified true copy of a valid Passport or Alien Certificate.

#### 3) Thai Juristic Person

- 3.1) A copy of the Company Affidavit, issued by the Ministry of Commerce no longer than 6 months prior to the final day of the Tender Offer Period, together with company seal (if any) and certified true copy by authorized director(s)
- 3.2) A copy of documents as specified in 1) or 2), as the case may be, of the authorized director who certified true copy of document in 3.1) above

#### 4) Foreign Juristic Person

- 4.1) A copy of Certificate of Incorporation and an Affidavit issued by the officer of the juristic person or the government authority of the country in which the juristic person is established, certifying the name of the juristic person, the name of the authorized signatory, the location of the head office and conditions of signing authorization (issued no longer than 6 months prior to the last day of the Tender Offer Period), certified true copy by the authorized directors of the juristic person together with company seal (if any)
- 4.2) A copy of documents as specified in 1) or 2), as the case may be, of the authorized director who certified true copy of document in 4.1) above

Document in 4.1) and 4.2) must be certified by the notary public officer and the Royal Thai Embassy or the Royal Thai consulate in the country where the documents are prepared and all documents which are issued no longer than 6 months prior to the last day of the Tender Offer Period

In case of the Offeree is a foreign juristic person not conducting business in Thailand and is domiciled in a country that does not have a double taxation treaty with Thailand or is domiciled in a country that has a double taxation treaty with Thailand but such treaty does not exempt any withholding tax on capital gain on sales of securities in Thailand, the Offeree has to declare cost basis of securities by submitting the Form for Declaration of Cost of Tendered securities attached (Attachment 4) with the evidence of such cost.

If the said form is not submitted or proper evidence of the cost basis is not attached with the said form, the tender offer agent will deduct withholding tax by multiplying on total value of shares tendered (the tender offer price of Baht 5.00 per share multiply by the number of MFEC shares tendered by the Offeree).

#### In case of security holder's authorized representative

- 1. Power of Attorney affixed with Baht 10 or 30 stamp duty (as the case may be) (Attachment 1.3)
- 2. Certified true copy of identification documents of security holder and the attorney-in-fact as specified above

5. Kindly submit all documents to:

Khun Chaiyuth Sutthithum or Khun Aranya Wongwan

Operations Department, Capital Nomura Securities Public Company Limited

25 Bangkok Insurance Building, 15th-17th Floor, South Sathorn Road, Sathorn, Bangkok 10120 Tel: 02-081-2702, 02-081-2717

Or send to your broker that you have the trading account and deposited the security to compile the necessary documents before submitting them to Capital Nomura Securities Public Company Limited

"All share certificate holders, please submit the Tender Offer Acceptance at least 2 business day before the last tender offer date"

"The Tender Offer Agent will not accept documents sent by mail"

Ten	der Offer Ac	ceptance Form of	of ordinary share of M	FEC Public Compa	any Limited ("MF	EC")
To: The Tender O	fferor and Capita	l Nomura Securities Pub	olic Company Limited (the "Tend	der Offer Agent")	No	
Contact Address (tha	at can be reach v	ia mail) / In case you are	Nationalitye not Thai nationality and do no	t have Thai address, pleas	se fill current foreign add	dress
			Sub			
			Postal Code			
			Occupation			
Please specify type	of seller of ordina	ry shares of MFFC:				
☐ Natural Person o		•	vant ID Card / State Enterprise	Card No		
☐ Natural Person o	•		port ID No.			
☐ Juristic Person o	-		ation No.			
	•	ed person of Company			Type of business	
☐ Juristic Person o			nent No.		Type of husiness	
	•	ed person of Company			Type of buomede	
			 in Thailand Certificate of Incorp	oration No	Type of husiness	
		ed person of Company		oration ivo.	Type of business	
			(			
-		•	e of 0.20% of Tender Offer Price A total value of THB		·	•
document, except fo	r the cancellation	according to the terms	and the share sale is irrevocabe and conditions stated in the Teurs of 9.00 a.m. to 4.00 p.m.	•		
			any Limited as my/our proxy to		shares, arrange the pay	ment procedures and
		-			L TOD'	
⊔ In c	ase of "Share C		•	oless Share" (Transfer th	irougn (USD)	Number of
Securities Hole	der's Name	Share Certificate No.	TSD Participant No. (Broker No.)	Transfer Slip No.	Transfer Date	Securities
					Total	
securities by aligning In case of certific Company Limiter In case of scriple	y with the original rate(s): Please iss d ss: Please depos	form of securities offere sue certificate(s) in my/c	ns as specified in the Tender O ed as follows. our name. I/We will collect such or securities trading account at ( have maintained my/our accour	certificate(s) by myself/ou	rselves at Capital Nomu	ura Securities Public
Payment Method						
	it to my/our accou	unt 🗆 1. BBL 🗆 2. BAY	☐ 3. SCB ☐ 4. KTB ☐ 5. KBA	NK 🗆 6. TMB 🗆 7. UOB 🛭	3 8. TBANK □ 9. TISCO	)
□ 10. CIMB □ 1	1. LH BANK					
			nt			
(The account name this form)	must be the same	e as the Offeree's name	shown on this form. Please atta	ach a copy of the saving a	ccount book or current a	account statement with
☐ I/We will collect		ue in person. the above address by r	egistered mail			
	·	<u> </u>				
			00 or more, please identify the			
In case where the su	ibscriber is a nati ibscriber is a iuri	ural person □ for the O	fferee □ for another (please sp scriber □ for another (please sp	ecity) pecify)		
*Beneficial Owner m	eans a natural pe	rson who ultimately own	is or controls a customer or has	control over relationship b	etween a customer and	the financial institution
or a person on whos	e behalf a transa	ction is being conducte	d, including those persons who	exercise ultimate effectiv	e control over a juristic	person.
Co., Ltd. for Tender	Offer" account r	number <b>014-000000237</b>	ository certificate(s) and/or trans -2 and proof of identity in respe ation / Confirmation Letter (for j	ct of the Offeree / the auth	orized person of Compa	any or proof registered
			e legal and beneficial owner(s) on I/we sell such shares offered			
Signature Proxy Signature Offeree						
Si		)	ПОЛУ	· ·	)	10166
	,	,	T			¬
	F	Receiver	Initial		Verify	
			·	<u></u>		

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Receipt of Share Certificate(s) / Transfer Slip at	nd Tender Acceptance Form	
Date	Receipt no.	
Capital Nomura Securities Public Company Limited, as the Tender Offer Agent, has Company Limited together with		
☐ Share certificate(s) totalingshares ☐ Transfer slip thro	ough TSD totaling	shares
from (Mr./Mrs./Miss/Others/Company)  The Offeree has chosen the following payment  □ Transfer payment through □ 1. BBL □ 2. BAY □ 3. SCB □ 4. KTB □ 5. KBANK □ 6. □ 11. LH BANK (Same as account above)  □ Collect payment cheque in person  □ Receive cheque payment by registered mail		
	Signature	
	Date -	

For more information please contact; Khun Chaiyuth Sutthithum or Khun Aranya Wongwan, Operations Department, Capital Nomura Securities Public Company Limited 25 Bangkok Insurance Building, 15<sup>th</sup>-17<sup>th</sup> Floor, South Sathorn Road, Sathorn, Bangkok 10120 Tel: 02-081-2702, 02-081-2717

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Stamp Duty\* 10 Baht or 30 Baht

## **POWER OF ATTORNEY**

## For Tender Offer Acceptance - Ordinary Shares

			Made at	
			Date	
I / We			Age	
			_ID Card No. / Passport No	
Resides at (add	dress that can be reached by mail	)		
			Zip/Postal Code	
Country	hold(s)		shares of MFEC Public Company Lin	nited ("MFEC")
hereby authoriz	re (Mr. / Miss / Mrs.)		Age	
Nationality		ID Ca	rd No. / Passport No.	
Resides at (add	dress that can be reached by ma	ail) / In c	ase you are not Thai nationality and do	not have Thai
			Zip/Postal Code	
			ication Card $\square$ same as above $\square$ different	
(Please specify	')			
☐ Collect the	e proceeds from the sales of shar	es of MF	Public Company Limited through the Tend EC Public Company Limited aken by myself/ourselves in every respec	
		Sign	()	Grantor
		Sign	()	Attorney-in-fact
		Sign	()	Witness
		Sign	()	Witness

#### Note:

- A power of attorney executed with 10-THB stamp duty affixed in case of authorizing to perform the submission of Tender
  Offer Acceptance Form for of the Ordinary Shares or receiving a cheque for the payment of ordinary shares only, or 30THB stamp duty affixed in case of authorizing to perform both the submission of Tender Offer Acceptance Form of the
  Ordinary Shares and receiving a cheque for the payment of ordinary shares
- 2. The grantor is required to attach the following documents with certified true copies of the authorized representatives(s):
  - a. Certified true copies of ID card (Thai Individual) or
  - b. Certified true copies of Company Registration and Company Certification (Thai Juristic Person) or
  - c. Certified true copies of passport or alien certificate (Foreign Individual)
- 3. The attorney-in-fact is required to attach the following documents with certified true copies of the authorized representatives(s):
  - a. Certified true copies of ID card (Thai Individual) or
  - b. Certified true copies of Company Registration and Company Certification (Thai Juristic Person) or
  - c. Certified true copies of passport or alien certificate (Foreign Individual)
- 4. In case that the grantor and/or attorney-in-fact is foreign juristic person the true copies of corporate affidavit, certificate of Incorporation, passport or alien certificate must be certified by the notary public officer and Thai embassy or Thai consulate in the country where the documents were prepared not more than six months prior to the last day of the Offer Period.

## **Attachment 2**

# Tender Offer Acceptance Procedures and Forms for Holders of Non-Voting Depository Receipt ("NVDR")

Attachment 2.1	Tender Offer Acceptance Procedures for NVDR
Attachment 2.2	Tender Offer Acceptance Form for Holders of NVDR
Attachment 2.3	Power of Attorney for Tender Offer Acceptance for NVDR

## **Tender Offer Acceptance Procedures - NVDR**

#### **NVDR Holders of MFEC Public Company Limited ("MFEC")**

1. Fill in the Tender Offer Acceptance Form for NVDR (Attachment 2.2)

2. Inform the securities company which the Offeree keeps securities trading account to transfer the Scripless NVDR units to following account "Capital Nomura Securities Public Co., Ltd. for Tender Offer" Account Number 014-000000237-2

3. Enclose the evidence of transferring NVDR as specified in Attachment 2.2

4. Enclose the following supporting documents with certified as true copy, as the case may be:

#### 1) Thai Individual

- A certified true copy of a valid Identification Card or
- A certified true copy of a valid Civil Servant Identification Card or State Enterprise Employee Card. In case of the card does not state the Identification
   Card no., a certified true copy of house registration is also required.

In case of title, name, or surname discrepancy between that appears on the security certificate and that appears on the identification card, the Offeree has to fill in the "Request Form for Rectifying Items in the Security Holder Record" of the TSD, to be submitted with a copy of evidence of such change issued by the government authority.

#### 2) Foreign Individual

A certificate true copy of a valid Passport or Alien Certificate.

#### 3) Thai Juristic Person

- 3.1) A copy of the Company Affidavit, issued by the Ministry of Commerce no longer than 6 months prior to the submission date of Tender Offer Acceptance for NVDRs, together with company seal (if any) and certified true copy by authorized director(s)
- 3.2) A copy of documents as specified in 1) or 2), as the case may be, of the authorized director who certified true copy of document in 3.1) above

#### 4) Foreign Juristic Person

- 4.1) A copy of Certificate of Incorporation and an Affidavit issued by the officer of the juristic person or the government authority of the country in which the juristic person is established, certifying the name of the juristic person, the name of the authorized signatory, the location of the head office and conditions of signing authorization (issued no longer than 6 months prior to the submission date of Tender Offer Acceptance for NVDRs), certified true copy by the authorized directors of the juristic person together with company seal (if any)
- 4.2) A copy of documents as specified in 1) or 2), as the case may be, of the authorized director who certified true copy of document in 4.1) above

Document in 4.1) and 4.2) must be certified by the notary public officer and the Royal Thai Embassy or the Royal Thai consulate in the country where the documents are prepared and all documents which are issued no longer than 6 months prior to the submission date of Tender Offer Acceptance for NVDRs

In case of the Offeree is a foreign juristic person not conducting business in Thailand and is domiciled in a country that does not have a double taxation treaty with Thailand or is domiciled in a country that has a double taxation treaty with Thailand but such treaty does not exempt any withholding tax on capital gain on sales of shares in Thailand, the Offeree has to declare cost basis of shares by submitting the Form for Declaration of Cost of Tendered securities attached (Attachment 4) with the evidence of such cost together with check, cashier check, draft or transfer slip for withholding tax on capital gain on sales of shares.

If the said form is not submitted or proper evidence of the cost basis is not attached with the said form, the tender offer agent will deduct withholding tax by multiplying on total value of shares tendered (the tender offer price of Baht 5.00 per share multiply by the number of MFEC shares tendered by the Offeree).

#### In case of security holder's authorized representative

- 1. Power of Attorney affixed with Baht 10 or 30 stamp duty (as the case may be) (Attachment 2.3)
- 2. Certified true copy of identification documents of security holder and the attorney-in-fact as specified above

5. Kindly Submit all documents to:

Khun Chaiyuth Sutthithum or Khun Aranya Wongwan

Operations Department, Capital Nomura Securities Public Company Limited

25 Bangkok Insurance Building, 15th-17th Floor, South Sathorn Road, Sathorn, Bangkok 10120 Tel: 02-081-2702, 02-081-2717

Or send to your broker that you have the trading account and deposited the security to compile the necessary documents before submitting them to Capital Nomura Securities Public Company Limited

All NVDR holders, please submit the Tender Offer Acceptance Form at least 2 business day before the last tender offer date

The tender offer agent will not accept documents sent by mail

٦	Tender Offer A	cceptance For	m for NVDRs	of MFEC Public	Company L	.imited ("MFEC")	
To: The Tender Of	feror and Capital No	omura Securities Pu	ublic Company Lii	mited (the "Tender Of	ffer Agent")	No	
I/We (Mr. /Mrs. /Mis	ss /Company)		Natio	nality	Date of Birth	Gen	der
Contact Address (tl	hat can be reach via	a mail) / In case you	u are not Thai nat	ionality and do not ha	ave Thai address	s, please fill current fore District	eign address
						ntact Telephone	
						s on Identification Card	
Please specify type							
☐ Natural Person			ervant ID Card / S	tate Enterprise Card	No.		
□ Natural Person	of Alien Nationality						
☐ Juristic Person	•	Company Regist	ration No.			Type of busine	
						Type of busine	SS
Name – Surnan	ne of the authorized	I person of Compar	ly		dia Na	Time of hypina	
				ertificate of incorpora		Type of busines	SS
							· (TIID 5 00
per share (NVDRs)	. I/We acknowledge	e that the sale is sub	oject to a commiss	sion fee of 0.20% of T	ender Offer Price	ry share of MFEC at the and VAT at the rate of the first second of THB	f 7% of commission
Tender Offer docur	ment, except for the	cancellation accord	ding to the terms		in the Tender O	to the terms and condi ffer. The last day for the	
				d as my/our proxy to o my/our acceptance		nd deliver NVDRs, arr ffer.	ange the payment
				ripless NVDR			
TSD Partici (Broker		TSD Slip	No.	Transfer Da	ate	Number of N	/DRs
					Total NVDR		
		ender Offer per cond ne original form of s		d in the Tender Offer	document, I/we	allow the Tender Offer	Agent to return
Payment Method							
		nt 🗆 1. BBL 🗆 2. F	3AY □ 3. SCB □	4. KTB □ 5. KBANK	□ 6. TMB □ 7.	UOB □ 8. TBANK □ 9.	TISCO
☐ 10. CIMB ☐		Type of Accou	ınt	Acco	unt No		
						e saving account book	or current account
statement with this						9	
□ I/We will collect		•					
☐ Please send pa	syment cheque to th	ie above address b	y registered mail.				
In case where the a	amount of payment	is equal to THB 10	0,000 or more, p	lease identify the Ben	neficial Owner* a	ccordingly:	
In case where the s	subscriber is a natu	ral person □ for the	e Offeree □ for ar	nother (please specify	γ)		
				nother (please specif			
		•				onship between a custo exercise ultimate effecti	
juristic person.	or a person on who	oc benan a transac	Mon to being cond	adoted, morading thes	ie personie wno c	oxeroide ditimate circoti	ve control ever a
· · · · · · · · · · · · · · · · · · ·							
-						gh TSD for account of ct of the Offeree / the a	
						_etter (for juristic perso	
Tender Offer Accep	-		,	3		, , , , , , , , , , , , , , , , , , ,	,
-	cumbrance, liability		_			ered for sale are free f s beneficial owner(s) th	
Signature			Proxy	Signatur	e		. Offeree
	(		.)		(	)	
	Rec	eiver	T .		_	11 11	
				Initial		Verify	

Tender Offer Acceptance Form Attachment 2.2 For Holders of NVDRs

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Attachment 2.2
For Holders of NVDRs

Tender Offer Acceptance Form

Transfer of Scripless NVDRs and Tender C	ffer Acceptance Form Receipt
Date	Receipt no
Capital Nomura Securities Public Company Limited, as the Tender Offer Agent, ha for NVDRs of MFEC Public Company Limited together with	s received transfer scripless NVDR and Tender Offer Acceptance From
☐ Share certificate(s) totalingshares ☐ Transfer sli	o through TSD totalingshares
from (Mr./Mrs./Miss/Others/Company)  The Offeree has chosen the following payment  The Offeree has chosen the following payment  □ Transfer payment through □ 1. BBL □ 2. BAY □ 3. SCB □ 4. KTB □ 5. KBANK □ 11. LH BANK (Same as account above)  □ Collect payment cheque in person  □ Receive cheque payment by registered mail	
	SignatureTender Offer Agent
	Date

For more information please contact; Khun Chaiyuth Sutthithum or Khun Arunya Wongwan, Operations Department, Capital Nomura Securities Public Company Limited 25 Bangkok Insurance Building, 15th-17th Floor, South Sathorn Road, Sathorn, Bangkok 10120 Tel: 02-081-2702, 02-081-2717

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## **POWER OF ATTORNEY**

For Tender Offer Acceptance - NVDR

Stamp Duty\* 10 Baht or 30 Baht

		Made at	
		Date	
I/We		Age	<del>)</del>
		rthID Card No. / Passport No	
		d by mail)	
		Zip/Postal Code	
Country	hold(s)	units of NVDRs of MFEC Public Compa	any Limited ("MFEC")
hereby authoriz	ze (Mr. / Miss / Mrs.)	Age	
Nationality		ID Card No. / Passport No.	
Resides at (ad	dress that can be reach	ned by mail) / In case you are not Thai nationality a	and do not have Tha
address, please	e fill current foreign addre	ess	
		Zip/Postal Code	
		Address on Identification Card $\square$ same as above $\square$	
to act as my/ou	ir attorney to		
☐ Sell, trans	sfer, and deliver such sec	curities of MFEC Public Company Limited through the	e Tender Offer Agent
☐ Collect the	e proceeds from the sale	es of shares of MFEC Public Company Limited	
Any act taken b	by my/our attorney shall b	be deemed to be taken by myself/ourselves in every	respect.
		Sign	Grantor
		(	
		\	/
		Sign	Attorney-in-fact
		(	
		Sign	Witness
		(	)
		Sign	Witness
		(	)

#### Note:

- A power of attorney executed with 10-THB stamp duty affixed in case of authorizing to perform the submission of Tender Offer Acceptance Form for of the Ordinary Shares or receiving a cheque for the payment of ordinary shares only, or 30-THB stamp duty affixed in case of authorizing to perform both the submission of Tender Offer Acceptance Form of the Ordinary Shares and receiving a cheque for the payment of ordinary shares
- 2. The grantor is required to attach the following documents with certified true copies of the authorized representatives(s):
  - a. Certified true copies of ID card (Thai Individual) or
  - b. Certified true copies of Company Registration and Company Certification (Thai Juristic Person) or
  - c. Certified true copies of passport or alien certificate (Foreign Individual)
- 3. The attorney-in-fact is required to attach the following documents with certified true copies of the authorized representatives(s):
  - a. Certified true copies of ID card (Thai Individual) or
  - b. Certified true copies of Company Registration and Company Certification (Thai Juristic Person) or
  - c. Certified true copies of passport or alien certificate (Foreign Individual)
- 4. In case that the grantor and/or attorney-in-fact is foreign juristic person the true copies of corporate affidavit, certificate of Incorporation, passport or alien certificate must be certified by the notary public officer and Thai embassy or Thai consulate in the country where the documents were prepared not more than six months prior to the last day of the Offer Period.

## **Attachment 3**

## **Tender Offer Revocation Procedures and Forms**

Attachment 3.1	Tender Offer Revocation Procedures
Attachment 3.2	Tender Offer Revocation Form
Attachment 3.3	Power of Attorney for Revocation of Tender Offer

#### **Tender Offer Revocation Procedures**

## **Shareholders of MFEC Public Company Limited ("MFEC")**

 Complete the Tender Offer Revocation Form for Securities (Attachment 3.2) and enclose receipt of Share Certificate(s) / Transfer Slip and Tender Offer Acceptance Form for Securities of MFEC Public Company Limited. Enclose cash for securities transfer fee of Baht 100 per transfer

2. Enclose the following supporting documents with certified as true copy, as the case may be:

#### 1) Thai Individual

- 1.1) A certified true copy of a valid Identification Card or
- 1.2) A certified true copy of a valid Civil Servant Identification Card or State Enterprise Employee Card. In case of the card does not state the Identification Card no., a certified true copy of house registration is also required.

#### 2) Foreign Individual

2.1) A certified true copy of a valid Passport or Alien Certificate.

#### 3) Thai Juristic Person

- 3.1) A copy of the Company Affidavit, issued by the Ministry of Commerce no longer than 6 months prior to the final day of the Tender Offer Period, together with company seal (if any) and certified true copy by authorized director(s)
- 3.2) A copy of documents as specified in 1) or 2), as the case may be, of the authorized director who certified true copy of document in 3.1) above

#### 4) Foreign Juristic Person

- 4.1) A copy of Certificate of Incorporation and an Affidavit issued by the officer of the juristic person or the government authority of the country in which the juristic person is established, certifying the name of the juristic person, the name of the authorized signatory, the location of the head office and conditions of signing authorization (issued no longer than 6 months prior to the last day of the Tender Offer Period), certified true copy by the authorized directors of the juristic person together with company seal (if any)
- 4.2) A copy of documents as specified in 1) or 2), as the case may be, of the authorized director who certified true copy of document in 4.1) above

Document in 4.1) and 4.2) must be certified by the notary public officer and the Royal Thai Embassy or the Royal Thai consulate in the country where the documents are prepared and all documents which are issued no longer than 6 months prior to the last day of the Tender Offer Period

#### In case of security holder's authorized representative

- 1. Power of Attorney affixed with Baht 10 or 30 stamp duty (as the case may be) (Attachment 3.3)
- 2. Certified true copy of identification documents of security holder and the attorney-in-fact as specified above

Note: An Offeree making cancellation shall receive Securities only in the form of share certificate/scripless, in which such Securities were tendered and cannot request for a change in the form of Securities.

3. Kindly submit all documents to:

Khun Chaiyuth Sutthithum or Khun Aranya Wongwan
Operations Department, Capital Nomura Securities Public Company Limited
25 Bangkok Insurance Building, 15<sup>th</sup>-17<sup>th</sup> Floor, South Sathorn Road, Sathorn, Bangkok 10120
Tel: 02-081-2707, 02-081-2717

The Tender Offer Agent will not accept documents sent by mail

	Tender Offer Revocation Form of MFE	EC Public Company Limite	d ("MFEC")						
To: The Tender Offeror and Capital Nomura Securities Public Company Limited (the "Tender Offer Agent") No.									
I/W	e (Mr. /Mrs. /Miss /Company)	Nationality	Date of Birth						
Contact Address (that can be reach via mail) / In case you are not Thai nationality and do not have Thai address, please fill current foreign address  Country  Postal Code									
	ephone Email								
(Ple	ease specify)								
Hereby revoke the intention to sell the securities of MFEC, subject to the terms and conditions stated in the Tender Offer documents.									
	Ordinary Shares	Amount	Shares						
	Non-Voting Depository Receipt ("NVDR")	Amount	Units						
I/We submitted the Tender Offer Acceptance Form for securities of MFEC of the Tender Offeror on (date)  Acceptance Form No.									
I/We agree to receive the returned ordinary shares or NVDR of MFEC by having either one of the following actions taken:									
	Scripless or NVDR by transferring of returned securities via Thailand Se	ecurities Depository Company Limi	ited ("TSD") to Participant Name (name of						
	broker)Participant No		to deposit those securities with						
	TSD for Trading Account Name	Trading Account No.							
	Share Certificate by returning securities in certificate form which will be Securities Public Company Limited after the day I/We submitted the T certificate from)								
I/We have enclosed fees of Baht 100 per item for transfer of securities									
Capital Nomura Securities Public Company Limited will transfer the securities to trading account or available for collection certificate within the business									
day after the Offeree or its attorney submitted Tender Offer Revocation Form.									
I/We hereby agree to accept all terms and conditions stated in the Tender Offer									
		Sign	Offeree or Attorney-in-fact						
		(	)						
		Date							
<b>&gt;&lt;</b> -									
Receipt of Tender Offer Revocation Form									
Dat	θ	Rec	eipt no						
Ca	pital Nomura Securities Public Company Limited as the tender Offer Agen	nt has received Tender Offer Revoc	cation Form of securities of MFEC for:						
	Ordinary Shares	Amount							
	Non-Voting Depository Receipt ("NVDR")	Amount							
_	n (Mr./Mrs./Ms./Company)								
	Share Certificate by returning securities in certificate form at Capital Nomura Securities Public Company Limited (For the case where the tendered shares are in certificate from)								
	Scripless or NVDR by transferring of returned securities via Thailand Securities Depository Company Limited ("TSD") to Participant Name (name of the control								
	broker) Participant No. Trading Account Name Trading A								
		Sign	Agent Authorizer						

For more information please contact; Khun Chaiyuth Sutthithum or Khun Aranya Wongwan, Operations Department, Capital Nomura Securities Public Company Limited 25 Bangkok Insurance Building, 15<sup>th</sup>-17<sup>th</sup> Floor, South Sathorn Road, Sathorn, Bangkok 10120 Tel: 02-081-2707, 02-081-2717

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Stamp Duty\* 10 baht or 30 Bath

# **POWER OF ATTORNEY**For Revocation of Tender Offer

			Made at				
			Date				
I / We	Age						
	Date of Birth						
Resides at (add	ress that can be reached by	mail)					
			Zip/Postal Code				
Country	hold(s)	shares/NVDRs	shares/NVDRs of MFEC Public Company Limited				
("MFEC") hereb	y authorize (Mr. / Miss / Mrs.	)			Age		
Nationality	nalityID Card No. / Passport No.						
Resides at (add	dress that can be reached b	y mail) / In ca	se you are not Tha	ai nationality and do	not have Thai		
	fill current foreign address_						
Country	Addr	ess on Identific	cation Card $\square$ sam	e as above 🏻 differ	ent from above		
(Please specify)	)						
authorized to do completion.	r attorney to revoke the Ten o and execute all such other y my/our attorney shall be de	matter in conn	nection with the afor	re mentioned on my	behalf until the		
· ··· <b>,</b> · · · · · · · · · · · · · · · · · · ·	,,						
		Sign			Grantor		
			(	)			
		Sign			Attorney-in-fact		
			(	)			
		Sign			Witness		
			(	)			
		Sign			Witness		
			(	)			

#### Note:

- A power of attorney executed with 10-THB stamp duty affixed in case of authorizing to perform the submission of Tender Offer Acceptance Form for of the Ordinary Shares or receiving a cheque for the payment of ordinary shares only, or 30-THB stamp duty affixed in case of authorizing to perform both the submission of Tender Offer Acceptance Form of the Ordinary Shares and receiving a cheque for the payment of ordinary shares
- 2. The grantor is required to attach the following documents with certified true copies of the authorized representatives(s):
  - a. Certified true copies of ID card (Thai Individual) or
  - b. Certified true copies of Company Registration and Company Certification (Thai Juristic Person) or
  - c. Certified true copies of passport or alien certificate (Foreign Individual)
- 3. The attorney-in-fact is required to attach the following documents with certified true copies of the authorized representatives(s):
  - a. Certified true copies of ID card (Thai Individual) or
  - b. Certified true copies of Company Registration and Company Certification (Thai Juristic Person) or
  - c. Certified true copies of passport or alien certificate (Foreign Individual)
- 4. In case that the grantor and/or attorney-in-fact is foreign juristic person the true copies of corporate affidavit, certificate of Incorporation, passport or alien certificate must be certified by the notary public officer and Thai embassy or Thai consulate in the country where the documents were prepared not more than six months prior to the last day of the Offer Period.



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### Form for Declaration of Cost of Tendered Securities (For Foreign Juristic Person who is not exempted from withholding tax)

			Date	
To: Capital Nomura Securities	Public Company Limited (the "Tend	ler O	ffer Agent")	
We			Nationality	Id like to declare the cost
	ublic Company Limited ("MFEC"), v			
Share certificate no. / Transfer slip no.	Name of securities holders as appeared in the Registration		No. of ordinary share or No. of NVDR units	Cost of share (Baht)
	Т	otal		
We hereby, attached			a total of	copy(ies),
as evidence(s) of cost for withhou	olding tax calculation.			
I/We hereby certify that	the above statements are true.			
	Sign			Offeree Offeree
	(			)

Note: Foreign Juristic Person has to declare cost of shares by submitting the Form for Declaration of Cost of Tendered Securities with the evidence of such cost. If this form is submitted with proper evidence of the cost basis, only the Offeree's gain on the sale (if any) will be subject to withholding tax. If the form is not submitted or proper evidence of the cost basis is not attached with the form, the withholding tax will be imposed on the entire proceeds of the sale instead of the capital gains.



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**TSD-301** 

### Amending securities holder records



	national I.D. card/p	passport/company Registration no					
ereby request the Thailand Securities	Depository Co., Ltd. ("TSD") amend the follow	ring information pertaining to myself.					
Type of information	Previous information	Amended information					
Honorific (Mr./Mrs./Miss)	>	>					
☐ First_name - last name	>	>					
☐ For general contacts	>	>					
Address for sending proxy form	☐ Use the amended address as above						
and the meeting invitation to	☐ Specify the address*						
shareholders (Principal address)							
In case of holding shares as at the date	*To be affective for selecting Principal addre	ess, your specified address must be the same as the address					
of XM book closing	which you previously registered with TSD or						
☐ Postal code	>	>					
Home/Office telephone No.	>	>					
☐ Mobile phone/Fax No.	>	>					
□ email address	>	<u> </u>					
This email address is used for getting	,						
the result of amendment from TSD							
Other	>	>					
T-   # #	-in	In and fine the original state of the state					
		least five working days prior to such date. If the securities					
holder has deposited the securities in o	question with his/her broker/custodian, the securiti	ies holder should contact that broker/custodian.					
holder has deposited the securities in o	question with his/her broker/custodian, the securitit be able to receive documents and must not be a	ies holder should contact that broker/custodian.					
holder has deposited the securities in of the given above mailing address must I/ We hereby certify that the aforem	question with his/her broker/custodian, the securiti t be able to receive documents and must not be a mentioned statements are complete and true. Shou	ies holder should contact that broker/custodian. a post office number.					
holder has deposited the securities in of the given above mailing address must I/ We hereby certify that the aforem	question with his/her broker/custodian, the securiti t be able to receive documents and must not be a mentioned statements are complete and true. Shou	ies holder should contact that broker/custodian.  a post office number.  uld TSD incur any direct or indirect damage, obligation or					
holder has deposited the securities in of the given above mailing address must I/ We hereby certify that the aforem	question with his/her broker/custodian, the securiti t be able to receive documents and must not be a mentioned statements are complete and true. Shou	ies holder should contact that broker/custodian.  a post office number.  uld TSD incur any direct or indirect damage, obligation or  ole and shall unconditionally compensate TSD in full.					
holder has deposited the securities in one of the given above mailing address must have leading that the aforement of the securities in th	question with his/her broker/custodian, the securition to be able to receive documents and must not be a mentioned statements are complete and true. Show the statements are specifically responsible to the statements are specifically responsible.	ies holder should contact that broker/custodian.  a post office number.  uld TSD incur any direct or indirect damage, obligation or					
holder has deposited the securities in one of the given above mailing address must be aforemented by the first of the security of the securities in one of the given above mailing address must be aforemented by the securities of	question with his/her broker/custodian, the securition to be able to receive documents and must not be a mentioned statements are complete and true. Show the statements are specifically responsible to the statements are specifically responsible.	ies holder should contact that broker/custodian.  a post office number.  uld TSD incur any direct or indirect damage, obligation or  ole and shall unconditionally compensate TSD in full.  Please turn page over for list of required documents					
holder has deposited the securities in one of the given above mailing address must be aftered by the first that the aforest expense due to complying with my recommendation.	question with his/her broker/custodian, the securition to be able to receive documents and must not be a mentioned statements are complete and true. Show the complete and true are specified in the complete and true are complete and true. Show the complete and true are complete and true. Show the complete and true are complete and true. Show the complete are complete and true are complete and true. Show the complete are complete and true are complete and true.	ies holder should contact that broker/custodian.  a post office number.  uld TSD incur any direct or indirect damage, obligation or  ole and shall unconditionally compensate TSD in full.  Please turn page over for list of required documents					
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holder has deposited the securities in one of the given above mailing address must be with the aforest like the security that the aforest expense due to complying with my red signature	question with his/her broker/custodian, the securiti t be able to receive documents and must not be a mentioned statements are complete and true. Shot quest as given above, I/we shall be fully responsible Securities holder) Phone no ase sign as both the securities holder and theas my/our represent	ies holder should contact that broker/custodian.  a post office number.  uld TSD incur any direct or indirect damage, obligation or ole and shall unconditionally compensate TSD in full.  Please turn page over for list of required documents  e grantor.)  tative, with full authority to file this application.  Revenue					
holder has deposited the securities in one of the given above mailing address must be with the aforest separate of the given above mailing address must be with the aforest separate of the given by the	question with his/her broker/custodian, the securities to be able to receive documents and must not be a mentioned statements are complete and true. Show quest as given above, I/we shall be fully responsible. Securities holder	pies holder should contact that broker/custodian.  a post office number.  uld TSD incur any direct or indirect damage, obligation or one one and shall unconditionally compensate TSD in full.  Please turn page over for list of required documents e grantor.)					
holder has deposited the securities in one of the given above mailing address must be let with the aforest expense due to complying with my reduce the second security of the	question with his/her broker/custodian, the securitient be able to receive documents and must not be a mentioned statements are complete and true. Show quest as given above, I/we shall be fully responsible.	pies holder should contact that broker/custodian.  a post office number.  uld TSD incur any direct or indirect damage, obligation or one and shall unconditionally compensate TSD in full.  Please turn page over for list of required documents  e grantor.)  tative, with full authority to file this application.  Grantee  Stamp  ) Phone no.					
holder has deposited the securities in one of the given above mailing address must be lifted by the hereby certify that the aforement of the expense due to complying with my recommendation.  Signature	question with his/her broker/custodian, the securitient be able to receive documents and must not be a mentioned statements are complete and true. Show quest as given above, I/we shall be fully responsible.	ries holder should contact that broker/custodian.  a post office number.  uld TSD incur any direct or indirect damage, obligation or one and shall unconditionally compensate TSD in full.  Please turn page over for list of required documents  e grantor.)  tative, with full authority to file this application.  Grantee  Stamp					

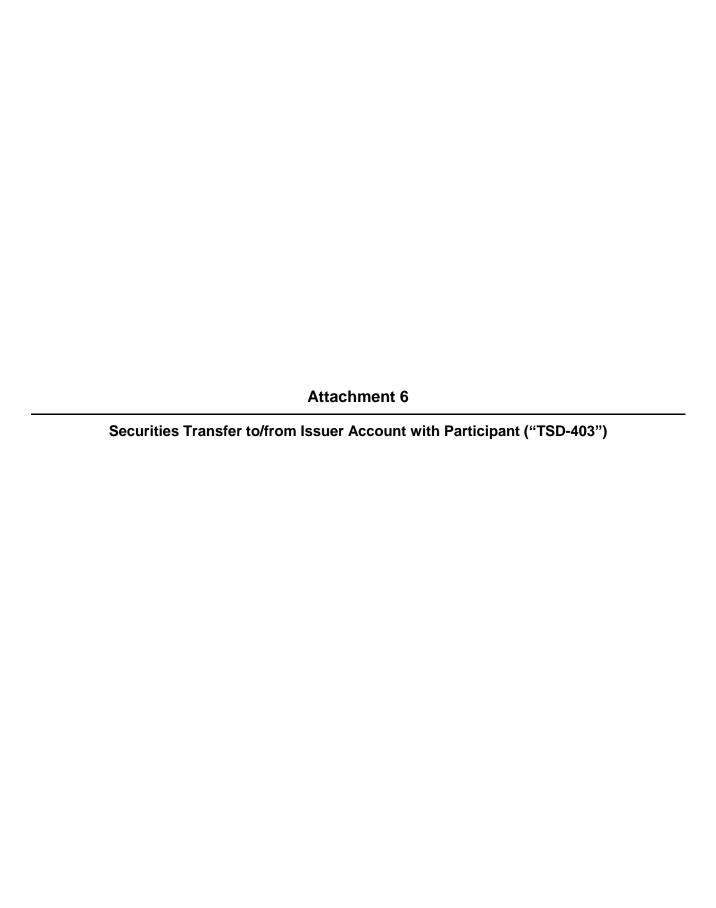


### Documents to be submitted for amending securities holder records

- 1. Application for amending securities holder records signed by securities holder.
- 2. If requesting a change name/ surname, please attach the original share certificate and a copy of the certificate showing a change of name or surname or marriage or divorce certificate as the case may be.
- 3. Identification documents, according to the type of person. In case of other individuals, please contact SET Contact Center as shown at the bottom of the form.

Type of person	Documents to support request to change name/ surname	Documents for other types of requests
Individual person	1. By Self-contact	- A copy of the person's Thai national
- Thai Nationality	- The original of the person's Thai national I.D. card.	I.D. card, certified true with an original
	2. By Person authorized	signature.
	- The original and a copy of the person's Thai national I.D. card, certified true with an original	
	signature.	
	* If the original of the person's Thai national I.D. card cannot be shown, please attach the	
	original of the document issued by the sub-district or district office to use instead of the original	
	Thai national I.D. card, certified within the past 90 days, as the case may be.	
	3. By Registered mail	
	- A copy of the person's Thai national I.D. card, certified true with an original signature.	
Individual person	- The original and a copy of the signatory's alien identity card or passport, certified true with an	- A copy of the signatory's alien identity
- Other Nationalities	original signature.	card or passport, certified true with
	$^{\star}$ If the original passport cannot be shown or the documents are being submitted by registered mail,	an original signature.
	- The copy of the passport has to been certified by a notary public, and both the copy and notary	
	public stamp certified by the Thai embassy or consulate within the past 12 months before being	
	submitted to TSD.	
Juristic person	1. A copy of the juristic person certificate issued by the Ministry of Commerce within the past 12 mon	ths, with the original signatures
- Thai Nationality	of directors authorized to represent the company or their representatives, following the company's	s conditions.
	2. A copy of the national I.D. card/alien identity card/passport of directors who are authorized to repre-	esent the company, certified true
	with original signatures.	
Juristic person	1. A copy of the company's registration certificate issued by the regulating government agency.	
	2. A copy of the juristic person's affidavit of incorporation showing directors authorized to bind the con	mpany and conditions relating thereto,
- Other Nationalities	showing the company's headquarters location and authority of the signatory. This affidavit must be	issued by an authorized official of the
	juristic person or the government agency having jurisdiction over the juristic person.	
	3. A copy of the passport or other official identity document of each authorized director signing this do	ocument, certified true with an original
	signature.	
	All documents for "Other Nationalities" above, must have been :	
	(1) The notary public or any competent authority in the country where such documents were prepared	d or certified correct, shall certify
	the signature of the person who prepared such documents, or who certified the accuracy of such	documents.
	(2) An official of the Thai Embassy or Thai Consulate in the country where such documents were pre	pared or certified correct,
	shall certify the signature and the seal of the notary public or any other authority which performed	the act under (1).
	(3) Certified within the past 12 months before being submitted to TSD.	
	(4) Translated into English if necessary.	





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TSD-403

## Securities transfer to/from issuer account with participant



For official use only

Please turn page over for list of required documents 🔖	complete and true. Should TSD incur any direct or indirect damage, obligation or expense due to complying with my request as given above. I/We shall be fully responsible and shall unconditionally compensate TSD in full.	participant no.	From broker or custodian to TSD		0		ω		Phone no		SignatureSecurities Holder					Customer account no.			• Customer account name			• Broker or custodian name	<b>币</b>	From issuer account to broker/custodian account	for a total ofshares/units amount in letters	I/Wewould like to transfer securities of mutual fund or company_	
Signature	lest as given above. I/We shall be fully responsible and shall unconditionally compensa	have verified all documents and evidence submitted for the issuer's securities transfer and certify that the aforementioned statements are		Signature	consent.		and/or Government agencies that have the legal power to request such information.  I/We agree to notify and provide relevant documents to TSD within 30 days after any change in circumstances that causes	In addition, I/We acknowledge that TSD may appear in this document disclosure to the organization having agreement with TSD	Passive NFFE is an entity who eitner, has earned passive income equal to or more than 50% of total gross income, or neid asset that generate passive income equal to or more than 50% of total asset, in the preceding fiscal calendar year	3. a Passive NFFE (If "yes", Please complete form W8-BEN-E)	Its GIIN Number is	(Please specify ○PFFI, ○RDCFFI)	2. Financial institution under the definition of FATCA	(If "yes", Please complete form W-9)	Juristic Person  1. U.S. entity, registered or has been incorporated in the U.S.	3. Permanent Resident in U.S.	2. U.S. dual nationality	1. Born in the U.S./U.S.Citizen	Individual Person	Mailing address	Nationality Mobile PhoneE-mail	National I.D. card/Passport/Company Registration No	Information on securities holder:	O From broker/custodian account to issuer account	shares/units. The s	mutual fund or company	
Authorized person	te TSD in full.	the aforementioned statements are		Securities holder		uested for additional document/information/	er any change in circumstances that causes	the organization having agreement with TSD	n 50% or total gross income, or neid asset that al calendar year	☐ Yes ☐ No		]	☐ Yes ☐ No		☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No		Postal code	<u>=</u>				shares/units. The securities are being transferred	Checker	Transaction no.



# Documents to be submitted for securities transfer to/from the issuer account

- Application for securities transfer to/from the issuer account signed by securities holder.
- Ņ Identification documents of the securities holder, according to the type of person. In case of other individuals, please contact SET Contact Center as shown at the bottom of the form.

Type of person	ninony lance an inoli / O) laiciph cantinoac for entailing
Individual Person	- A copy of the person's Thai national I.D. Card, certified true with an original signature.
- Thai Nationality	
Individual Person	- A copy of the signatory's alien identity card or passport, certified true with an original signature.
- Other Nationalities	
Juristic Person	1. A copy of the juristic person certificate issued by the Ministry of Commerce within the past 12 months, with the original signatures of directors authorized to represent the company or their
- Thai Nationality	representatives, following the company's conditions.
	2. A copy of the national I.D. card/alien identity card/passport of directors who are authorized to represent the company, certified true with original signatures.
Juristic Person	1. A copy of the company's registration certificate issued by the regulating government agency.
- Other Nationalities	2. A copy of the juristic person's affidavit of incorporation showing directors authorized to bind the company and conditions relating thereto, showing the company's headquarters location and authority
	of the signatory. This affidavit must be issued by an authorized official of the juristic person or the government agency having jurisdiction over the juristic person.
	3. A copy of the passport or other official identity document of each authorized director signing this document, certified true with an original signature.
	All documents for "Other Nationalities" above, must have been:
	(1) The notary public or any competent authority in the country where such documents were prepared or certified correct, shall certify the signature of the person who prepared such documents, or who
	certified the accuracy of such documents.
	(2) An official of the Thai Embassy or Thai Consulate in the country where such documents were prepared or certified correct, shall certify the signature and the seal of the notary public or any other
	authority which performed the act under (1).
	(3) Certified within the past 12 months before being submitted to TSD.
	(4) Translated into English if necessary.



### (หน้านี้เว้นว่างโดยเจตนา) (This page is intentionally left blank)



## แบบคำขอถอนหลักทรัพย์ จากบัญชีสมาชิกผู้ฝากหลักทรัพย์

Application for Withdrawing from the participant account

	ผู้ตรวจรับ (Checker)	วันที่ (Date)เลขที่รายการ (Transaction No.)	สาหรับเจาหนาที่ (For official use only)
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Sigr	<b>9</b>	จำกัด ออก ศูนย์รับฝาก application				กรณีหลักทรั In case of uni	จำนวนหลักท Number of se	Home Phone	โทรศัพท์ป้	Address	■ พื่อยู่สำหรั	(Identification	Name of owner of securities ■ เลขบัตรประจำตัวประช	ม่ ชื่อเจ้าของหลักทรัพย์.	ชื่อหลักทรัพย์ Securities Name ชื่อผู้ถือหลักทรัพ Name of securiti
Signature	ลงชื่อ	โบหลักทรัพย์ให้ าหลักทรัพย์ฯ จำ and should the	ข้าพเจ้า ปริษัท			พย์ประเภทหน่า : trusts, please ii	รัพย์พิขอให้ออ curities to be iss	Ю	โทรศัพท์ป้าน		บการจัดส่งเอก	า Number /Com	of securities <sub>C</sub> จำตัวประชาช	าทรัพย์	ชื่อหลักทรัพย์ Securities Name ชื่อผู้ถือหลักทรัพย์ บริษัท ศูนย์รับฝาก Name of securities holder TSD Account
		แก่เจ้าของหลักทรัพย์ตามที่ระบุไว้ในคำร้องนี้ หา กัก จนครบถ้าน I We Securities depositor, he ere be any damages resulting from such issuan				กรณีหลักทรัพย์ประเภทหน่วยลงทุน โปรดระบุเงื่อนไขการหักภาษี ณ ที่จ่าย In case of unit trusts, please indicate the condition of withholding tax:	จำนวนหลักทรัพย์ที่ขอให้ออกใบหลักทรัพย์ Number of securities to be issued new securities certificates	Office Phone	โทรศัพท์ที่ทำงาน		ที่อยู่สำหรับการจัดสงเอกสาร	(Identification Number /Company Registration No	lame of owner of securities (ตัวบรรจง) (print) เลขบัตรประจำตัวประชาชม/เลขทะเบียนบริษัท		ชื่อหลักทรัพย์ Securities Name ชื่อผู้ถือหลักทรัพย์ บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด บัญชี Name of securities holder TSD Account
Authority	프로	จำกัด ขอกใบหลักทรัพย์ให้แก่เจ้าของหลักทรัพย์ตามที่ระบุไว้ในคำร้องนี้ หากจะพึ่งมีหรือก่อให้เกิดความเสียหายใด ขึ้นแก่บริษัท ศูนย์รับฝากหลักทรัพย์ฯ จำกัด ไม่ว่าด้วยประการใด ๆ ซ้ ศูนย์รับฝากหลักทรัพย์ฯ จำกัด จนครบถ้วน I We Securities depositor, hereby certifies that the aforementioned statement is true. In case the TSD issues the certificate (s) to the ownor application and should there be any damages resulting from such issuance of certificate(s), I/We shall be held responsible and prepared to compensate the TSD for all the damages	สมาชิกผู้ฝากเลขที่	Signature	회소설 연	าย 🗌 หักภาษี ณ ที่จ่าย 🔲 ไม่หักภาษี ณ ที่จ่าย 🗋 Withholding tax 🔲 Non-withholding tax	ำรุ้น / หม่วย ตัวอักษร shares/unit Amount of Share in letters	Mobile Phone	โทรศัพท์เคลื่อนที่			Nationality			บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด เพื่อผู้ฝาก ☐ บริษัท ศูนย์รับฝากหลักทรัพย์ (ประเทศไทย) จำกัด เพื่อผู้ฝาก ☐ THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITOR
ority	ผู้มีอำนาจลงนาม	ริษัท ศูนย์รับฝากหลักทรัพย์ฯ จำกั : is true. In case the TSD issues th le and prepared to compensate th	ขอรับรองว่าฆ้อความ			ณ ที่จ่าย ding tax	are in letters	Fax.	โทรสาร			Occupation	: :		<u> </u>
		จำกัด ขอกใบหลักทรัพย์ให้แก่เจ้าของหลักทรัพย์ตามที่ระบุไว้ในคำร้องนี้ หากจะพึ่งมีหรือก่อให้เกิดความเสียหายใด ขึ้นแก่บริษัท ศูนย์รับฝากหลักทรัพย์ฯ จำกัด ไม่ว่าด้วยประการใด ๆ ข้าพเจ้าขอรับผิดชอบและชดใช้ให้แก่บริษัท ศูนย์รับฝากหลักทรัพย์ฯ จำกัด จนครบถ้วน I /We Securities depositor, hereby certifies that the aforementioned statement is true. In case the TSD issues the certificate (s) to the owner of securities an specified in this application and should there be any damages resulting from such issuance of certificate(s), I/We shall be held responsible and prepared to compensate the TSD for all the damages	ขอรับรองว่าข้อความที่กล่าวข้างต้นเป็นความจริง อนึ่งในการที่บริษัท ศูนย์รับผ่ากหลักทรัพย์ฯ	Securitie				E-mail Address	2 H 2 2 5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Postal Code	รหัสไปรษณีย์	Tax Payer Identification Number	อาชีพคาประจำตัวผู้เสียภาษีอากร		ชื่อย่อหลักทรัพย์ Securities symbol . OR DEPOSITOR
		ใช้ให้แก่บริษัท in this	ากหลักทรัพย์ฯ	Securities owner	าหลักทรัพย์		หุ้น / หน่วย shares/unit								



# เอกสารประกอบการขอถอนใบหลักทรัพย์ จากบัญชีสมาชิกผู้ฝากหลักทรัพย์

Document Submitted for Withdrawing from the participant account

## เอกสารแสดงตนของผู้ถือหลักทรัพย์ (Identification documents of shareholder)

## กรณีผู้ถือหลักทรัพย์เป็นบุคคลธรรมดา (For Individual Persons)

### สัญชาติไทย (Thai Nationality) :

สำเนาบัตรประจำตัวประชาชน ที่ได้ลงลายมือชื่อรับรองลำเนาถูกต้องโดยเจ้าของบัตร (A copy of l.D. card certified true with his/her original signature.)

### สัญชาติอื่นที่มิใช่สัญชาติไทย (Other Nationalities) :

สำเนาใบต่างด้าว หรือสำเนาหนังสือเดินทาง ลงลายมือชื่อรับรองสำเนาถูกต้องโดยเจ้าของบัตร (A copy of the signatory's alien identity card or a copy of his/her passport, certified true with his/her original signature.

### กรณีผู้ถือหลักทรัพย์เป็นนิติบุคคล (For Juristic Persons)

### ลญชาติเทีย (Thai Nationality) :

- ลำเนาหนังสือรับรองจากกระทรวงพาณิชย์ ที่ออกให้ไม่เกิน1 ปี ลงลายมือชื่อรับรองความถูกต้องโดยกรรมการผู้มีอำนาจลงนามแทนนิติบุคคล (A copy of juristic person certificate issued by the Ministry of Commerce not exceeding one year with original signature of authorized directors who represent the company.)
- 2. สำเนาบัตรประชาชน ของกรรมการผู้มีอำนาจลงนามผูกพันผิติบุคคล ที่ได้ลงลายมือชื่อรับรองความถูกต้องโดยเจ้าของบัตร (A copy I.D. card of authorized directors who represent the company with original signature.)

### สัญชาติอื่นที่มิใช่สัญชาติไทย (Other Nationalities) :

- สำเนาหนังสือรับรองการจดทะเบียนบริษัทที่ออกโดยหน่วยงานราชการของประเทศที่นิติบุคคลนั้นมีภูมิลำเนา (A copy of Company's registration certificate issued by government sector.)
- 2. สำเนาหนังสือรับรองที่ออกโดยเจ้าหน้าที่ของนิติบุคคลนั้นหรือหน่วยงานราชการของประเทศที่นิติบุคคลนั้นมีภูมิลำเนา ซึ่งรับรองชื่อผู้มีอำนาจลงลายมือชื่อผูกพันนิติบุคคล อำนาจหรือเงื่อนไข authority of the country of origin with original signature, name of an authorized person representing juristic persons, headquarter's location and authority of signatory.) ในการลงลายมือชื่อผูกพันนิติบุคคลและที่ดังสำนักงานแห่งใหญ่ (A copy of juristic person registration certificate and a juristic person authorization certificate issued by an officer of juristic persons or by an
- สำเนาบัตรประจำตัวประชาชน หรือใบต่างด้าวหรือหนังสือเดินทางของผู้มีอำนาจลงลายมือชื่อผูกพันนิติบุคคลที่ได้ลงลายมือชื่อรับรองความถูกต้องโดยเจ้าของบัตร (A copy of alier identity card or passport of an authority of juristic persons with original signature.)
- 💠 เอกสารตามข้อ 1-3 ที่เป็นเอกสารซึ่งได้จัดทำหรือรับรองความถูกต้องในต่างประเทศ จะต้องดำเนินการ ดังต่อไปนี้ (Documentation No.1-3)
- ให้เจ้าหน้าที่ Notary Public หรือหน่วยงานอื่นใดที่มีอำนาจในประเทศที่เอกสารดังกล่าวได้จัดทำหรือรับรองความถูกต้องทำการรับรองลายมือชื่อผู้จัดทำหรือผู้ให้คำรับรอง ความถูกติองของเอกสารดังกล่าว (With an authorization of notary public officer in the country from which the above documentation was made.)
- ให้เจ้าหน้าที่ของสถานทูตไทยหรือกงสุลไทยในประเทศที่เอกสารดังกล่าวได้จัดทำหรือรับรองความถูกต้องทำการรับรองลายมือชื่อและตราประทับของเจ้าหน้าที่ Notary Public หรือหน่วยงานอื่นใด ที่ได้ดำเนินการตาม ก) (With an authorization of Thai Embassy or Consul of Thailand in the country at which signatory certificate and notary public stamp were made.
- 🔷 การรับรองเอกสารข้างต้นต้องรับรองไม่เกิน 1 ปี จนถึงวันที่ยืนต่อนายทะเบียน (All documentation above must have been certified within one year from the time when submitted to the registrar.)



### (หน้านี้เว้นว่างโดยเจตนา) (This page is intentionally left blank)

Date: 1 3 July 2020

Re: Confirmation for Financial Support in Acquisition of 106,390,307 ordinary shares in MFEC Public

Company Limited

Attn: Secretary General of the Office of the Securities and Exchange Commission

Enclosure: Account Balance Certificate of TIS Inc.

Reference is made to the partial tender offer (the "PTO") to be made by TIS Inc. (the "Offeror" or "TIS") for the acquisition of 106,390,307 ordinary shares of MFEC Public Company Limited ("MFEC"). In this matter, the Offeror is required to present the source of fund to pay for shares to be acquired from the PTO in an aggregate amount of up to THB 531,951,535.00.

As at 31th March 2020, TIS had total assets of JPY 382,899 million, cash and cash equivalents of JPY 55,175 million, and total equity of JPY 247,957 million. For the fiscal year ended 31th March 2020, TIS recorded a net profit of JPY 30,367 million.

Accordingly, TIS as the Offeror has provided the proof of fund issued by MUFG Bank, Ltd. as enclosed to certify that we have sufficient amount of available cash reserve and/or source of fund for the PTO and will fully support the fund to meet our obligations under the PTO.

Yours faithfully,

TIS Inc.

Name: Masahiko Adachi

Title: Representative Director, Executive Vice President

### **ACCOUNT BALANCE CERTIFICATE**

Date

29/June/2020

Day/Month/Year

This is the

1st copy of

duplicate(s) issued.

To:TIS Inc.

WE HE	REBY CERTIFY THAT THE BALAN	NCE OF YOUR ACCOUNT(S) WITH US AT THE CLOSE OF BUSIN	ESS
ON	25/June/2020	_is as follows.	

1 DAGE

n-to-ora (-enter-Senting and propriet public and a color (-en-	The man Assertance and the science of the second	Calana and a calana	PAGE
KIND OF DEPOSIT	ACCOUNT No.	BALANCE	REMARKS
ORDINARY DEPOSIT	1317500	¥11,519,638,008	equivalent to THB3,244,968,452.95(@JPY 3.55)
BLANK HEREUNDER			
			10.10
41311A-L-			
	1		

- ◆AMOUNT AMENDED IS INVALID.
- ●THE AMOUNTS REFLECT THE FINAL BALANCE OF THE LEDGER ON THE DATE OF CERTIFICATION AND MAY INCLUDE BILLS OR CHECKS FOR COLLECTION.
- ●OVERDRAFT AGREEMENT INCLUDES THE BALANCE OF THE CARD LOAN(OVERDRAFT TYPE) OF ORDINARY ACCOUNTS.
- ●IF YOUR REQUEST IS TO SHOW THE BALANCE OF EACH ACCOUNT ON THE CERTIFICATE, THE ACCOUNT NUMBER IS NOTED IN THE ACCOUNT NUMBER FIELD.



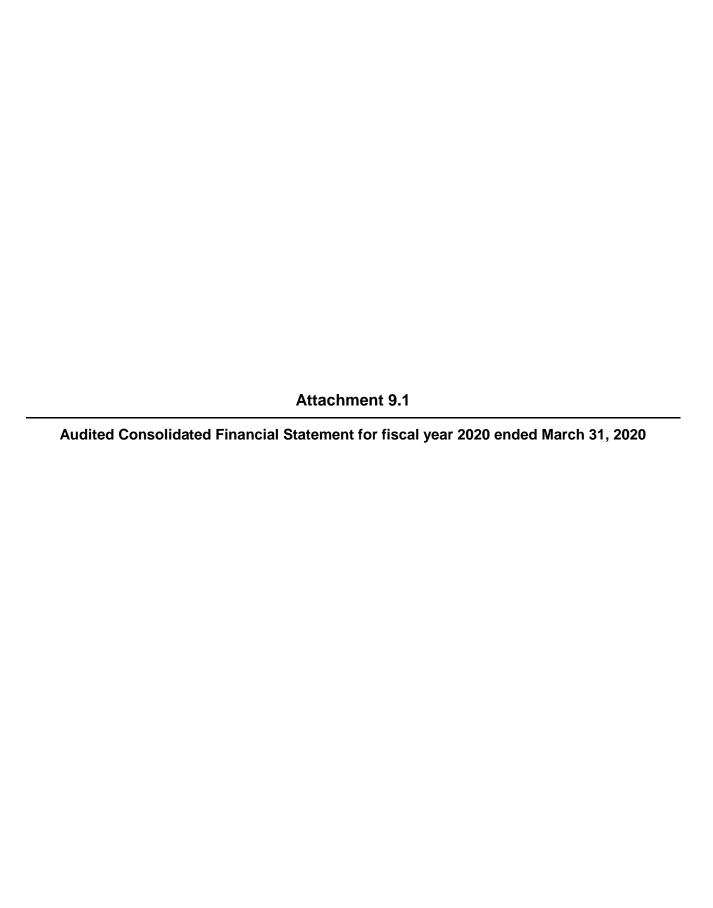
**Head Office** 

senior manager

### Attachment 9

### Separate and Consolidated Financial Statements of TIS Inc.

Attachment 9.1	Audited Consolidated Financial Statement for fiscal year 2020 ended March 31, 2020
Attachment 9.2	Audited Separate Financial Statement for fiscal year 2020 ended March 31, 2020
Attachment 9.3	Audited Consolidated Financial Statement for fiscal year 2019 ended March 31, 2019
Attachment 9.4	Audited Separate Financial Statement for fiscal year 2019 ended





### Consolidated Financial Results for the Fiscal Year ended March 31, 2020

(April 1, 2019 through March 31, 2020) (Prepared pursuant to Japanese GAAP)

All financial information has been prepared in accord with accounting principles generally accepted in Japan. This is a partial English translation of the original Japanese-language document. All information pertains to consolidated results unless otherwise noted. Information on the basis of presentation of consolidated financial statements does not appear in this translation.

May 12, 2020

Company name: TIS Inc.

Stock exchange listings: The First Section of the Tokyo Stock Exchange

Stock code: 3626

URL: http://www.tis.com/

Representative: Toru Kuwano, Chairman and President

Contact: Takashi Nakamura, Department Manager of Finance & Accounting Dept., Corporate

Planning SBU.

Phone: +81 3-5337-4569

Scheduled dates

Annual general shareholders' meeting: June 24, 2020 Filing of statutory financial report: June 25, 2020 Commencement of dividend payments: June 25, 2020

Supplementary materials to the full-year results: Available

Full-year results presentation held: Yes (targeted at institutional investors and analysts)

Figures in millions of yen are rounded down to the nearest million

### 1. Consolidated Results for the Fiscal Year ended March 31, 2020 (FY2020) (April 1, 2019 – March 31, 2020)

(1) Consolidated Financial Results

_		
D	indicate year-over-year changes	
Percentages	indicale vear-over-vear changes	

	Net sales		Operating inco	ome	Recurring pr	ofit	Net income attributable to owners of the parent company		
	millions of yen	millions of yen %		%	millions of yen	millions of yen %		%	
FY2020	443,717	5.5	44,839	17.9	46,070	19.3	29,411	13.0	
FY2019	420,769	3.7	38,043	16.2	38,603	17.7	26,034	26.3	

 $Note: Comprehensive income: FY 2020: 23,911 \ million \ yen (42.2\%); \quad FY 2019: 16,814 \ million \ yen (-50.0\%)$ 

	Net income per share – basic	Net income per share – diluted	Return on shareholders' equity	Ratio of recurring profit to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY2020	350.35	-	12.5	12.2	10.1
FY2019	307.83	-	11.5	10.5	9.0

For reference:

Equity in earnings (losses) of affiliated companies: FY2020: 50 million yen; FY2019: (293) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
End-FY2020	382,899	247,957	63.3	2,890.27
End-FY2019	370,657	234,408	62.0	2,719.79

For reference: Total equity: End of FY2020: 242,310 million yen End of FY2019: 229,633 million yen

### (3) Consolidated Cash Flows

<u>`</u>				
	Cash flows from	Cash flows from	Cash flows from	Cash and cash equivalents
	operating activities	investing activities	financing activities	at the end of the period
	millions of yen	millions of yen	millions of yen	millions of yen
FY2020	38,569	(26,437)	(14,544)	54,684
FY2019	37,558	(1,213)	(16,773)	57,083

<sup>\*</sup>Total equity = Shareholders' equity plus total accumulated other comprehensive income

### 2. Cash Dividends for Shareholders of Common Stock

	Cash dividends per share					Total		Dividends
Record date or period	End-Q1	End-Q2	End-Q3	Year-end	Total	dividends paid (full year)	Payout ratio (consolidated)	paid to net assets (consolidated)
	yen	yen	yen	yen	yen	millions of yen	%	%
FY2019	-	20.00	-	50.00	70.00	5,941	22.7	2.6
FY2020	-	30.00	-	60.00	90.00	7,571	25.7	3.2
FY2021 (forecast)	-	11.00	1	24.00	35.00		29.7	

### Notes

- (1) Total dividends paid includes dividends (27 million yen for FY2019, 21 million yen for FY2020) paid to TIS INTEC Group Employees' Shareholding Association Trust and dividends (5 million yen for FY2019, 7 million yen for FY2020) paid to Board Incentive Plan (BIP) Trust. Payout ratio is obtained by dividing the total dividends by net income attributable to owners of the parent company.
- (2) The Company carried out a three-for-one common stock split on April 1, 2020, but the dividends for FY2019 and FY2020 above are the dividends paid prior to said stock split. Note that the interim and year-end dividends for FY2021 (forecast) reflect the impact of the stock split.

### 3. Forecast of Consolidated Results for FY2021 (April 1, 2020 – March 31, 2021)

Percentages indicate year-over-year changes

	Net sale	s	Operating income		Recurring profit		Net Income attributable to owners of the parent company		Net income per share – basic
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
First half of FY2021 (six months ending Sep. 30, 2020)	-	-	-	-	-	-	-	-	-
Full FY2021 (year ending Mar. 31, 2021)	440,000	-0.8	44,000	-1.9	44,000	-4.5	29,500	0.3	117.95

### Notes:

- (1) As it is currently not possible to reasonably predict when the novel coronavirus outbreak will come to an end, it is difficult to calculate forecast figures with a high degree of certainty. Therefore, the Forecast of Consolidated Results for FY2021 includes only the Full FY2021 figures, and these have been calculated based on the assumption that the impact of novel coronavirus outbreak will begin to come to an end during the second quarter and that economic activity will gradually recover, with normalization of the TIS INTEC Group's operating environment from the third quarter. Note that the forecast of consolidated results may be revised depending on when the novel coronavirus outbreak comes to an end.
- (2) The Company carried out a three-for-one common stock split on April 1, 2020. The impact of said stock split is reflected in "Net income per share basic" presented in the Forecast of Consolidated Results for FY2021. For reference, net income per share basic without taking into account the effect of this stock split would be 353.86 yen.

### **XNotes**

(1) Material reclassifications of subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): Yes

Additions: 1 (Sequent Software Inc.) Exclusions: 1 (Tianjin Xiangming Technology Co., Ltd.)

- (2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
  - 1) Changes in accordance with amendments to accounting standards, etc.: None
  - 2) Changes other than noted in 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (3) Common stock issued

1) Issued shares as of period-end (including treasury stock):

End-FY2020 (March 31, 2020): 87,789,098 shares End-FY2019 (March 31, 2019): 87,789,098 shares

2) Treasury stock as of period-end:

End-FY2020 (March 31, 2020): 3,952,316 shares End-FY2019 (March 31, 2019): 3,358,468 shares

3) Average number of shares (during the fiscal year):

FY2020 (ended March 31, 2020): 83,948,457 shares FY2019 (ended March 31, 2019): 84,574,660 shares

### Notes:

- (1) Treasury stock includes the number of the Company's own shares held by TIS INTEC Group Employees' Shareholding Association Trust and the Board Incentive Plan (BIP) Trust.
- (2) The Company carried out a three-for-one common stock split on April 1, 2020, but the number of common stock shares issued as of end-FY2019 and end-FY2020 represent the number of shares prior to the stock split.

### **Audit Status**

Financial reports are not subject to review procedures to be conducted by certified public accountants or an audit firm.

### Caution on Forward-Looking Statements and Other Important Matters

At a Board of Directors' Meeting held on May 12, 2020, TIS Inc. (TIS) resolved to acquire its own (treasury) shares in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of said Act. Accordingly, "Net income per share – basic" in the Forecast of Consolidated Results for FY2021 has been presented taking into account the effect of this acquisition of treasury shares.

This report contains forward-looking statements that reflect TIS's plans and expectations based on information available to TIS at the time of preparation and on certain other information TIS believes to be reasonable. These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, refer to "(4) Outlook for fiscal 2021" in the "1. Results of Operations" section on page 9 in the Accompanying Materials.

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### 1. Results of Operations

### (1) Analysis of Consolidated Operating Results

In fiscal 2020 (April 1, 2019 - March 31, 2020), the Japanese economy continued a moderate recovery through the first three quarters, but with the impact of the novel coronavirus outbreak in the fourth quarter the economy began to rapidly deteriorate and the future outlook is also now uncertain.

The business environment surrounding the IT services industry, to which the TIS INTEC Group ("the Group") belongs, was robust during the fiscal year under review, with the Bank of Japan's Short-term Economic Surveys of Enterprises in Japan conducted during the period each showing year-on-year increases in company software investment plans (all manufacturing & financial institutions), reflecting a strong trend for increased IT investment by companies aiming to realize their business strategies through the aggressive application of digital technologies. However, the novel coronavirus outbreak toward the end of the fiscal year led some companies to curtail investments in response to deteriorating business conditions.

In this environment, in order to build the foundation from which the Group will work to realize its Group Vision 2026, the Group promoted various measures to achieve a speedy structural transformation and raise corporate value under the current medium-term management plan (2018–2020).

Consolidated net sales for the Group in the fiscal year increased 5.5% year on year to \(\frac{\pma}{4}443,717\) million. Operating income rose 17.9% to \(\frac{\pma}{4}44,839\) million, recurring profit increased 19.3% to \(\frac{\pma}{4}6,070\) million, and net income attributable to owners of the parent company rose 13.0% to \(\frac{\pma}{2}29,411\) million.

The increase in consolidated net sales was driven by the Group's ability to accurately grasp the IT investment needs of its customers in areas where IT investment is growing. The increase in operating income reflects the higher sales and improvements in the gross profit ratio, which rose 1.4 percentage points year-on-year to 23.9%, boosting gross profit and offsetting an increase in selling, general and administrative expenses primarily related to expenditures targeted at strengthening the Group's efforts to achieve structural reforms and to build stronger brand value. The operating income ratio improved 1.1 percentage points to 10.1%. The increases in recurring profit and net income attributable to owners of the parent company mainly reflect the growth in operating income.

Fiscal 2020 results also include extraordinary income of \$\pm\$10,696 million and extraordinary losses totaling \$\pm\$12,128 million. The extraordinary income, as reported in our September 10, 2019 press release "Booking of Gain on Sale of Investment Securities (Extraordinary Income)", came mainly from a \$\pm\$5,445 million extraordinary gain on sale of investment securities and a \$\pm\$3,178 million gain on sales of fixed assets as part of a reduction and consolidation of property and equipment. The extraordinary losses include two main components. First is a \$\pm\$4,112 million charge related to the Group's efforts to create next-generation offices, which resulted in expenses for the transfer and consolidation of Group offices in the Tokyo area (provision for office restructuring cost) and an impairment loss on the reorganization of some existing offices. Second is an impairment loss of \$\pm\$2,254 million related to the amortization of goodwill arising from the acquisition of a new subsidiary, as reported in our January 21, 2020 press release "Notice regarding Acquisition of Stock in Sequent Software Inc. and Subsequent Change to Subsidiary Status".

Segment results for fiscal 2020 are as follows. The sales figures for each segment include inter-segment sales.

### 1) Service IT Business

This segment comprises Group businesses providing knowledge intensive IT services that leverage the Group's service and industry know-how to create universalized, template-oriented solutions for its customers (includes default configuration and ERP).

Segment sales in fiscal 2020 totaled ¥125,518 million, up 6.7% year on year, but operating income decreased 3.8% to ¥8,198 million. Sales increased mainly owing to the expansion of settlement-related

business. The decline in operating income was largely due to an increase in forward-looking investment to strengthen the business and to the posting of losses related to strategy revisions targeted at further expansion of our platform business. As a result, the segment's operating income ratio decreased 0.7 percentage points year on year to 6.5%.

### 2) BPO

This segment comprises businesses that leverage the Group's extensive service and IT know-how to deliver business process outsourcing (BPO) services, including marketing and sales services and office and contract operations.

Segment sales totaled \(\frac{4}{3}\)3,699 million, 7.0% less than in fiscal 2019, but operating income expanded 42.2% to \(\frac{4}{2}\),622 million. The growth in operating income despite the decline in sales resulted from initiatives aimed at enhancing profitability, and reflected the large impact from the transfer of all the equity shares of certain consolidated subsidiaries to non-Group companies in the previous fiscal year in line with management's policy of concentrating on core businesses. As a result, the operating income ratio improved 2.7 percentage points to 7.8%.

### 3) Financial IT Business

This segment comprises businesses that leverage business and operating know-how specific to the financial sector to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

Segment sales totaled ¥114,472 million, up 7.6% year on year, and operating income increased 16.7% to ¥14,936 million. Sales and income increased due to the growth in IT investment by core clients, despite the reactionary drop after the conclusion of some large-scale system development projects, and the operating income ratio improved 1.0 percentage points to 13.0%.

The know-how utilized in services provided to specific clients was moved from the Industrial IT Business to the Financial IT Business. In conjunction with this change, transactions with these clients are recorded under the Financial IT Business in fiscal 2020, whereas such transactions were recorded under the Industrial IT Business in the previous fiscal year. This change contributed to the increases in sales and profits in this segment.

### 4) Industrial IT Business

This segment's businesses leverage business and operating know-how specific to non-finance industries to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

Segment sales totaled ¥202,701 million, up 6.9% year on year, and operating income expanded 29.7% to ¥19,159 million. The increases in sales and profits were driven by expanding IT investment by clients in a wide range of sectors, including energy-related sectors and core clients in manufacturing-related sectors. The operating income ratio rose 1.7 percentage points to 9.5%.

The know-how utilized in services provided to specific clients was moved from the Industrial IT Business to the Financial IT Business. In conjunction with this change, transactions with these clients are recorded under the Financial IT Business in fiscal 2020, whereas such transactions were recorded under the Industrial IT Business in the previous fiscal year. This change had a negative impact on sales and profits in this segment.

### 5) Other

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

Segment sales declined 2.0% year on year to ¥8,806 million, and operating income fell 3.0% to ¥932 million. The operating income ratio slipped 0.1 percentage points to 10.6%. These results primarily reflect the absorption merger of IT Service Force Inc., a wholly owned subsidiary responsible for the

TIS INTEC Group's shared services, and inclusion of that business's results in the Other segment from the second quarter of the fiscal 2019.

As noted above, the Group has been implementing a medium-term management plan (2018 – 2020) from the start of fiscal 2019. This plan will build the foundation from which the Group will work to realize its Group Vision 2026. By striving to fulfill the new plan's five basic policies—"Sustainable profit growth", "Emphasis on employee self-fulfillment", "Concentrate on core businesses"; "Shift to prior investment style of business development", and "Expand global business"—we aim to achieve a speedy structural transformation and raise corporate value.

In fiscal 2020, the second year of the current medium-term management plan (2018 - 2020), the Group energetically implemented various measures in line with the following Group management policies.

Group Management Policies for Fiscal 2020

- 1) Robust prior investment to fuel business expansion and structural transformation
- 2) Promote measures and review business portfolio with view toward higher profitability
- 3) Promote growth strategy aimed at becoming a top-class IT group in the ASEAN region
- 4) Boost motivation and take human resource management to a higher level
- 5) Realize enhanced management practices and higher efficiency

The major initiatives taken in fiscal 2020 are presented below. The successful implementation of these initiatives enabled the Group to achieve the target levels for the medium-term plan's four key business indicators (strategic business domain ratio, operating income, operating income ratio, and ROE) a year ahead of plan. For details, please see 3. Management Policy (2) Key Business Indicators on page 20.

Robust prior investment to fuel business expansion and structural transformation
 The Group aims to shift towards business that anticipates the needs of customers from the perspective

of social issues and will carry out investment with an emphasis on the Group's growth and areas of strength, targeting the growth of service-style business, which is positioned as a growth engine.

In the payment services domain, where we expect changes in the market environment due to the shift to cashless services to lead to new IT investments, we are leveraging the insight and know-how cultivated over many years to expand a service-type business under our PAYCIERGE total-brand payment solution.

As a part of this, we are moving forward with preparations to launch the Credit Card Processing Service, a new service that fully leverages the technologies and expertise cultivated through our credit-card core operations system. The new service will enable customers to improve competitiveness and reduce costs by using a system that optimally balances the merits of shared data with customers' proprietary data.

In preparation for the expected emergence of a variety of new services due to the advance of the cashless economy and IoT (the Internet of Things), we have launched and promoted the Digital Wallet Service as a new payment-related service-type businesses that integrates services for various payment methods and consumer interfaces, including physical stores, e-commerce, and online apps, into one app. We provided the Digital Wallet Service in support of the creation of the payment app TOYOTA Wallet launched in November 2019 by Toyota Motor Corporation, Toyota Financial Services Corporation, and Toyota Finance Corporation. TOYOTA Wallet is a smartphone app that can be used with multiple payment methods, including electronic money, QR codes, and barcodes. In January 2020, the Company decided to acquire Sequent Software Inc., a US fintech company with tokenization technology, a key technology for securing payment and card information in the Digital Wallet Service. Sequent Software is now a consolidated subsidiary. Tokenization-related business is expected to expand globally with the spread, for example, of IoT payments utilizing next-generation

5G networks. Making Sequent a consolidated subsidiary has enabled us to bring its industry-leading technologies into the Group, thus accelerating the expansion of the Digital Wallet Service and supporting our development of IoT payments.

In response to the progress of new technologies such as FinTech, IoT, and AI, as well as industry trends, we are proactively embracing open innovation and are accelerating partnerships with start-up companies. This includes our investment in investment in U.S. venture capital fund Sozo Ventures II-S.

As part of our preparations for future business development, we added "Electronic settlement agency and business relating to transfer of funds" as a new purpose in Article 2 of our Articles of Incorporation and are also participating in demonstration tests for potential new businesses, such as a MaaS (Mobility as a Service) demonstration test to promote tourism in the Yaeyama Islands of Okinawa Prefecture by creating an interconnected transportation network comprising buses, taxis, and inter-island ships. The Yaeyama Islands MaaS demonstration test, which began in November 2019, has been selected by Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) as a "Pioneering Model Project" among the "Projects for the Promotion of New Mobility Services" being carried out to pave the way for nationwide application.

2) Promote measures and review business portfolio with view toward higher profitability Targeting further strengthening of our business competitiveness, we are continuing our efforts to eliminate unprofitable projects and promote reforms aimed at further improving the profitability of enhancement areas. These efforts have steadily contributed to improvement in the Group's gross profit margin, which in fiscal 2020 increased 1.4 percentage points year on year to 23.9% despite the impact of losses booked in relation to the revision of strategies aimed at further reinforcing the Group's platform business.

In the Cloud & Security field, we entered into a business alliance with LAC Co., Ltd., which possesses industry-leading insight in the security field. Together, our companies plan to introduce a next-generation-type cloud and security service platform that will quickly realize "security by design." In addition, during fiscal 2020, as we work to further strengthen our platform businesses (such as cloud, security, data center, and network-related businesses), we are aiming to achieve further growth and further enhance our competitiveness by pursuing optimization through business strategy promotion units established within the Company, with focus on such growth areas as "Cloud & Security", by consolidating the Group's various platform service brands under the EINS WAVE brand. As part of this effort, the Company transferred the EDI (Electronic Data Interchange) business to its wholly owned subsidiary INTEC, Inc. through an absorption-type company split in April 2020. Consolidating the EDI business under INTEC will contribute to the ongoing effort to achieve optimal management of the entire Group. In addition to advancing Group restructuring, the transfer will strengthen the competitiveness of the EDI business and contribute to its expansion, thus helping to raise the overall value of the Group.

In February 2020, we agreed to acquire shares in a new company to be created by spinning off the IT business of Chiyoda System Technologies Corporation, a wholly owned subsidiary of Chiyoda Corporation. The new company will become a consolidated subsidiary of the Group in October 2020. Going forward, the Group and Chiyoda Corporation will form a strategic partnership to facilitate the Chiyoda Group's digital transformation and leverage the accumulated knowhow of the new company to provide IT solutions.

3) Promote growth strategy aimed at becoming a top-class IT group in the ASEAN region

The Group is pursuing an overseas business strategy aimed at becoming a top-class IT group in the

ASEAN region and is aggressively expanding its business domains through capital and business
alliances and other forms of cooperation with leading companies from the perspective of channels

(office networks and client bases) and technology in key business domains, namely payment settlement, banking and enterprise resource planning (ERP).

From the channel perspective, in March 2020 we decided to make a consolidated subsidiary of our Thailand equity-method affiliate MFEC Public Company Limited ("MFEC"), by increasing our shareholdings through a tender offer in conformance with the Securities and Exchange Law of Thailand and local laws and regulations. MFEC is a leading provider of IT solutions to enterprises in Thailand. Our high evaluation of MFEC's strong presence in the Thai market and its high service quality led to the signing of a capital and business alliance agreement with MFEC in April 2014. Since then, the two companies have deepened their mutual understanding, which has led to efforts by the Group to strengthen the relationship through joint schemes across a wide range of pursuits and through additional investment. Turning MFEC into a consolidated subsidiary enables the Group to accelerate the restructuring of MFEC's business and expansion of the Group's overseas operations, which will help raise the Group's corporate value. From the technology perspective, we entered into a capital and business tie-up with Singapore-based SQREEM Technologies PTE. LTD. as part of efforts to acquire state-of-the-art technologies and deploy these in global markets. SQREEM is one of the world's largest behavioral pattern data aggregators. It is enjoying rapid growth in the fields of digital marketing and data analytics using proprietary AI technologies based on massive data collection. Leveraging SQREEM's advanced AI technologies and the Group's business insight cultivated in various industries, including financial services and manufacturing, the Group aims to become a leader in AI-based data analytics in Japan and the ASEAN region. Another technologyrelated move, which complements the abovementioned consolidation of Sequent Software Inc., was our decision to make Shanghai-based CardInfoLink, which has extensive experience in such areas as QR code settlement solutions, an equity-method affiliate.

We also invested US\$150 million (approximately ¥16.5 billion) in Grab Holdings Inc. ("Grab"; head office: Singapore), the provider of Southeast Asia's leading super app, entering into a capital alliance aimed at forming a strategic partnership. We plan to use this new alliance with Grab, the largest digital payments platform in Southeast Asia, to accelerate the achievement of our aim of developing optimal payments solutions and services for global markets. We will strengthen our alliance with Grab with the aim of expanding cooperation in the financial and settlement business domains in Southeast Asia. In addition, the two companies will collaborate on enhancing the digital payment infrastructure in Southeast Asia and Japan to enhance the convenience of cashless payment options, such as GrabPay. We will also collaborate on developing new payment technologies.

### 4) Boost motivation and take human resource management to a higher level

TIS aims to be a company where employees are highly motivated. To achieve the growth of each member of our diverse group of employees as well as the sustainable growth of the Company, we are implementing various "workstyle reforms" and "health management" measures.

As a part of this effort, in April 2019, we launched several new human resources-related programs, including "teleworkers" (employees who mainly work remotely on a full-day basis), as well as a "work-interval system" and a "smart-work allowance". With these and other measures, we are creating an environment that considers employees' health and makes diverse working styles possible. The Company is constantly working to improve conditions for its employees by, for example, reducing overtime, increasing the annual vacation usage rate, and introducing various work-related systems. We have obtained "Kurumin" certification from the Ministry of Health, Labor and Welfare for four consecutive years and recently were awarded the "Platinum Kurumin" certification granted to "Kurumin" certified companies deemed to be making the greatest efforts to introduce and promote the use of systems that support and encourage employees balancing child-rearing and work. In addition, in April we introduced a "re-employment system" for employees who have reached the mandatory retirement age of 65. Under this system, re-employed personnel will be able to work until 70 and receive the same treatment as younger regular employees, including personnel evaluations and

working systems. In line with our aim of being a highly rewarding company for employees, we will continue to provide an environment in which motivated employees can fully demonstrate their abilities and play an active role, regardless of their age.

In addition, TIS and INTEC Inc. were selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for inclusion in the 2020 Certified Health & Productivity Management Outstanding Organizations (White 500), the second straight year in which the TIS Group's two core units have been included in this list. Aiming to be a Group where employees can pursue their tasks with vitality, we will continue to promote measures that help realize our three main "health management" policies of "healthy body and mind", "enhanced job satisfaction", and "greater vitality", and thereby enhance the quality of life of each and every employee of the Group.

### 5) Realize enhanced management practices and higher efficiency

In January 2019, we announced a new Group basic philosophy, "OUR PHILOSOPHY," which provides the common values that will serve as the basis for all activities of the entire Group. The Group is energetically holding training sessions on "OUR PHILOSOPHY" to ensure widespread awareness among all officers and employees in the Group as a basis for carrying out our corporate activities with confidence and conviction under unified, group-wide management. In addition, we are strengthening our corporate sustainability initiatives. As part of this effort, we established policies targeting the environment, sustainable procurement, and diversity and inclusion.

Also, to realize more sophisticated Group management, we are continuing the "G20" project to enhance headquarters functions. As part of this, the project to build a new core Group system moved forward on schedule toward its planned launch in April 2020. We also made steady progress toward establishment of a future framework for promoting Group-wide shared services, including the designation of target operations and the setting of deployment schedules. The new core Group system and framework for promoting shared services both kicked off as scheduled in April 2020 and are now helping us to further advance Group management with a sense of unity.

As part of our efforts to strengthen the management foundation that supports the enhancement of corporate value, we are also bolstering our strategic branding activities with the aim of expanding business opportunities, improving our personnel recruitment capabilities, and raising employees' pride in their work. Based on this policy, since the third quarter of fiscal 2020 and continuing into fiscal 2021, we have been making concentrated investments based on a communication plan designed to enhance brand awareness as rapidly as possible. As part of this communication plan, TV commercials were aired, mainly in the Tokyo, Nagoya and Osaka areas, in February and March 2020.

Meanwhile, to further facilitate the promotion of the Group's work-style reforms and foster greater communication within the Group, we decided to move and consolidate Group offices in the Tokyo area to a new base in Toyosu to be opened in fiscal 2021. This move will create a double-core office structure in the Tokyo area, with the business functions of TIS Inc. and Intec Inc. brought together in the new Toyosu office and both companies' head-office functions housed in the Nishi-Shinjuku office. This consolidation of Group offices in the Tokyo area will strengthen the sense of unity with which we conduct our business and enable us to accelerate the structural transformation that is a goal of our medium-term plan as well as strengthen corporate governance. This consolidation of Group offices also facilitates asset downsizing, including the decision to sell some existing offices.

In addition to the above initiatives and in line with the Group's policy of flexibly managing its capital positon to enable flexible responses to its operating environment while continuing to enhance shareholder returns and capital efficiency, we carried out a share buyback from May to July 2019, resulting in the acquisition of 749,800 shares at a total acquisition cost of \(\frac{\dagger}{4}\)4,139 million.

### (2) Analysis of Financial Condition

Consolidated total assets as of March 31, 2020, amounted to \(\frac{4}{3}82,899\) million (up 3.3% versus March 31, 2019). Current assets totaled \(\frac{4}{1}81,543\) million (up 3.0%), while fixed assets were at \(\frac{4}{2}01,356\) million (up 3.6%). On the liabilities side, current liabilities amounted to \(\frac{4}{8}8,479\) million (down 2.9%) and non-current liabilities were at \(\frac{4}{4}6,462\) million (up 3.0%). Net assets therefore came to \(\frac{4}{2}247,957\) million (up 5.8%).

### (3) Cash flow

Cash and cash equivalents ("cash") totaled ¥54,684 million as of March 31, 2020, down ¥2,399 million from March 31, 2019.

Contributions to cash flow were as follows.

(Cash flow from operating activities)

Operating activities generated net cash of  $\$38,\!569$  million. This mainly reflects income before income taxes of  $\$44,\!638$  million and the positive cash flow effect of  $\$12,\!020$  million in depreciation. These inflows were partially offset by the negative cash flow effect of  $\$15,\!207$  million in income taxes paid.

(Cash flow from investing activities)

Investing activities used net cash of ¥26,437 million. An inflow of ¥14,863 million in proceeds from sales of property and equipment was offset by outflows of ¥28,587 million for acquisitions of investment securities and ¥9,997 million for acquisitions of intangible assets.

(Cash flow from financing activities)

Financing activities used net cash of \$14,544 million. A cash inflow of \$3,500 million in proceeds from long-term debt was outweighed by outflows of \$7,185 million for repayments of long-term debt, \$6,767 million for dividends paid, and \$4,153 million for the purchase of treasury stock.

For reference: Cash flow indicators

	Fiscal	Fiscal
	2019	2020
Equity ratio (%)	62.0	63.3
Equity ratio based on market capitalization (%)	119.4	117.4
Ratio of interest-bearing debt to cash flow (years)	0.7	0.6
Interest-coverage ratio (times)	117.0	155.4

Equity ratio: Total equity / Total assets

Equity ratio based on market capitalization: Market capitalization / Total assets Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

Interest-coverage ratio: Cash flow / Interest paid

- 1. All indicators were calculated using consolidated financial statement data.
- 2. Market capitalization is based on the number of shares issued and outstanding, excluding treasury stock. Treasury shares deducted from the number of shares issued to determine number of shares used to calculate market capitalization include the Company's shares held by TIS INTEC Group Employees' Shareholding Association Trust and the Board Incentive Plan (BIP) Trust.
- 3. Cash flow from operating activities is used as the cash flow variable.
- 4. "Interest-bearing debt" is all debt on the consolidated balance sheet on which interest is payable.

### (4) Outlook for Fiscal 2021

The outlook for the TIS Intec Group's business environment is extremely uncertain, especially considering the continued need to keep in mind the impact from the spread of the novel coronavirus. As for the IT services industry, to which the TIS INTEC Group belongs, corporations' software investment is expected to be somewhat resilient, as indicated by the 1.4% year-on-year increase in company software investment plans (all manufacturing & financial institutions) revealed by the Bank of Japan's most recent (March 2020) Short-term Economic Survey of Enterprises in Japan. That said, at this point in time there is no telling what the future holds.

Given the current situation, we have established the following Group management policies for fiscal 2021, the final year of the Group's medium-term management plan (2018-2020), and will energetically implement various measures to ensure steady progress toward the plan's goals and the achievement of sustainable growth. In addition, we will closely monitor changes in the external environment, such as changes in industrial structure and societal issues, and make every effort to seize new business growth opportunities by anticipating customer needs.

<Group Management Policies for Fiscal 2021>

- 1. Realize a safe and secure work environment and operational efficiency that will enable us to overcome sudden changes in the environment and strengthen Group-wide management
- 2. Continue to make aggressive forward-looking investments to create social value and strengthen our ability to provide value amid digitalization trends while maintaining financial soundness
- 3. Promote measures to establish a stable profit base while continuing to review our business portfolio
- 4. Promote a growth strategy aimed at becoming a top-class IT group in the ASEAN region
- 5. Enhance employee job satisfaction and promote the growth of our highly-diversified human resources to drive our shift to service-oriented business and digitalization business.

The consolidated earnings forecast for the year ending March 31, 2021 is as follows. Given the uncertain timing of an end to the spread of the novel coronavirus, it is difficult to make forecasts with a high degree of certainty. The consolidated forecast for the year ending March 31, 2021 (fiscal 2021) presented here assumes that the spread of the novel coronavirus will be brought under control in the second quarter of the fiscal year, enabling economic activity to gradually recover and the Group's business environment to return to more normal conditions from the third quarter. This forecast is therefore subject to change depending on the when the spread of novel coronavirus will come to an end.

Given this difficult operating environment, we expect net sales in fiscal 2021 to fall below the previous year's level. While we also expect operating income to be less than in fiscal 2020, management policy will continue to emphasize profitability while sustaining investment in future growth. Accordingly, we will continue to implement productivity enhancement measures and strengthen cost controls in an effort to maintain profitability at the fiscal 2020 level, on a continuing business basis that excludes the impact from newly consolidated subsidiaries. More specifically, we will endeavor to maintain the 10% operating income margin achieved in fiscal 2020.

Net sales	¥440,000 million	-0.8% year on year
Operating income	¥44,000 million	-1.9% year on year
Recurring profit	¥44,000 million	-4.5% year on year
Net income attributable to owners of the	¥29,500 million	+0.3% year on year
parent company		

### (5) Basic Policy on Profit Distribution and Dividends for Fiscal 2020 and Fiscal 2021

1) Basic policy on profit distribution

The Company regards the return of profits to shareholders as a key management decision and has adopted a basic policy of maintaining sufficient internal reserves required for business growth from a medium- to long-term management perspective, while continually paying a stable dividend in consideration of its consolidated financial results.

Based on this policy, during the current three-year medium-term management plan in effect from fiscal 2019 through fiscal 2021, the Company seeks to optimize its capital structure and improve capital efficiency by balancing its promotion of growth investments with securing financial soundness and strengthening shareholder returns. The Company's basic policy regarding shareholder returns aims to raise the total payout, including share buybacks, from 35% to 40% and achieve a dividend payout ratio of 30% in the final year of the plan through stable dividend growth.

### 2) Fiscal 2020 dividends from retained earnings

With regard to the distribution of retained earnings for fiscal 2020, the Company plans to pay a year-end dividend of ¥60 per share, ¥10 more than the initial plan of ¥50, as earnings also came in above plan. As a result, the annual dividend for fiscal 2020, including the interim dividend, will be ¥90. Including the ¥4,139 million buyback of 749,800 shares of the Company, the fiscal 2020 total shareholder return ratio comes to 39.8%.

### 3) Fiscal 2021 dividends from retained earnings

Based on the basic policy's targeted total return ratio of 40% and dividend payout ratio of 30%, in fiscal 2021 the Company plans to pay an annual dividend of ¥35 per share, including an interim dividend of ¥11 per share, and conduct share buybacks worth approximately ¥3,030 million.

Note that the Company carried out a three-for-one stock split for ordinary stock held by shareholders who were listed or recorded in the final register of shareholders on the date of record on March 31, 2020. The ¥30 per share annual dividend is equivalent to a ¥90 per-share dividend based on the number of shares before the stock split.

### (6) Business and Other Risks

The following are the main risks deemed to have the potential to have a significant impact on the business results, financial condition, and cash flow (hereinafter referred to collectively as "business results, etc.") of the TIS INTEC Group. The Group defines "risk" as "any factor that may hinder the achievement of the management philosophy, goals, and strategies of the Company and the Group by causing economic loss; the interruption, stagnation, or suspension of business operations; and/or damage to the Company's credit or brand image. In addition, the Group-wide risks are classified into strategic risks, financial risks, hazard risks, and operational risks according to the Group's rules on risk management.

Using the Group's risk management evaluation method, all risks are comprehensively evaluated from the viewpoint of occurrence frequency and degree of damage caused. However, the nature and degree of the impact that each risk will have on the Company's business results, etc. will vary depending on the nature of each risk event, the likelihood that the risk will emerge, and the timing of that emergence. Since more specific explanations of each risk are difficult, detailed descriptions of the potential damage to the Company's business results, etc. have been omitted.

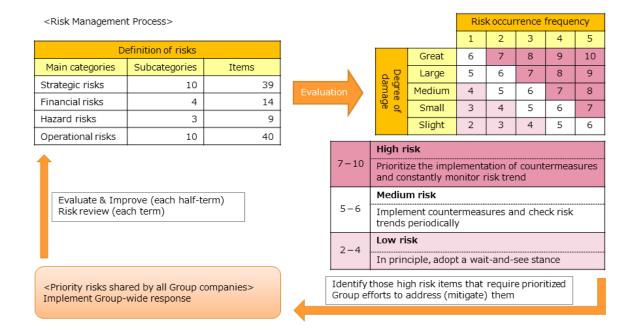
All forward-looking statements in this document are based on information available to the Company as of May 12, 2020.

The Company has established rules for risk management to ensure an accurate understanding of the risks facing the Group and prevent losses from occurring. In accordance with these rules, we have appointed an executive to oversee risk management of the entire Group. In addition, a risk management department has been established to prepare a risk management system. In addition, we have established a risk management policy for the entire group and regularly check the implementation status of measures to control risk. When

a group company becomes exposed to a serious risk, a task force is set up and appropriate measures are taken to minimize damage.

The risk management system falls under the jurisdiction of the Group Internal Control Committee, which promotes various measures to maintain and improve Group-wide internal controls according to a basic policy and various regulations regarding the internal control system. The Committee then monitors the implementation of those measures and the operational status of the internal control system and reports its findings to the Board of Directors. Based on its reports to the Board of Directors, initiatives are being implemented to strengthen and improve the Group-wide internal control system.

The Group Internal Control Committee examines the risks faced by the Group twice a year, confirming issues related to those risks and evaluating the status of reform measures.



### 1) Strategic risks

### a. Human resources

Human resources are the Group's most important management resource, and its business activities are significantly influenced by its ability to secure and develop superior individuals capable of providing specialized, high value-added services to clients. The Group's business and business results may therefore be negatively affected if the Group cannot secure and develop superior human resources according to its plans.

The Group therefore, with the aim of enhancing workstyle reform and job satisfaction, strives to secure talented human resources by providing a corporate culture, HR systems, and an office environment in which a diverse group of people can thrive. Additionally, the Group focuses on human resources training by providing support for acquiring certifications, systemizing its training program, and creating plans and targets for the number of training days.

### b. Technological innovation

In the information services industry to which the Group belongs, providers must respond quickly to advances in information technology and to changing market needs that parallel these advances. In this environment, the Company's business and business results may be negatively affected if we lose our competitive advantage and become unable to provide the high-quality services that our customers have come to expect because we fail to take appropriate measures or let our technologies and knowhow become obsolete.

The Group is therefore strengthening its ability to meet customer expectations by constantly conducting research into information technologies as well as production and development technologies, selecting from a broad technology portfolio the core technologies that will enable us to sustain and improve our development competitiveness, advancing R&D and deploying the results, and constantly carrying out enhancement and innovation activities.

### c. Price competition, intensification of competition

In the information services industry to which the Group belongs, competition among businesses is intense. In addition, there are increasing numbers of new entrants from other industries who could further increase price competition. If this price competition intensifies more than expected, it could impact the Group's business and business results, etc.

The Group is therefore responding by constantly analyzing the business environment to better grasp customer needs, offering higher value-added services and taking other measures to differentiate itself from competitors, and improving productivity by curbing unprofitable projects and engaging in enhancement and innovation activities.

### d. Investments

The Group invests in companies in Japan and overseas, including venture companies, to establish capital and business alliances mainly for the purpose of business expansion and acquisition of cutting-edge technologies. It also makes investments in large IT facilities, such as data centers that support the development of its outsourcing and cloud service businesses that operate 24 hours a day, 365 days a year (including continued capital investments to fund initial construction and the stable operation of existing facilities), and in software needed to promote service-based business. Unanticipated changes in the business environment may result in investments failing to yield the expected result or return or make assets obsolete. In such cases, the Group's business and business results, etc. may be impacted.

Accordingly, all investment decisions are made after thorough examination of the business plan by either the Board of Directors, the CVC Investment Committee, or the Investment Committee, depending on the investment project, and the progress of the business plan is periodically confirmed after investments have been made. We also keep abreast of such progress by dispatching directors to our larger capital investment partners.

### e. Overseas business

As part of our growth strategy, the Group is pursuing growth in overseas markets, with a focus on ASEAN. Overseas business may be impacted by various factors, including global economic and foreign exchange trends, legal regulations on investment and competition, local business practices, and labor-management relations. If one of these factors manifests itself in an unanticipated manner, it may impact the Group's business and business results, etc.

With regards to risk management of overseas business therefore, the Group is improving the management structure by ensuring coordination between overseas Group companies and business sites and corporate management organizations in Japan in order to maintain an accurate understanding of local conditions and consult on ways to implement rapid countermeasures.

### 2) Financial risks

### a. Owned securities

The Group buys and holds the equity shares of suppliers and other business partners in cases where it deems such investments will enable it to establish stable alliances and cooperative relations that lead to new business opportunities and will support the sustainable growth of the Group and enhance its medium- and long-term corporate value. The Group also invests in bonds as part of its short-term surplus fund management operations. However, the Group's business and business results, etc. may

be impacted if sharp fluctuations in the market prices of these marketable securities or deterioration in management conditions of issuing entities requires the posting of accounting losses or other similar measures.

Accordingly, the Group carefully confirms the reliability of these securities by thoroughly examining issuers' financial condition, business results trends, credit ratings, and other relevant indicators. In addition, the Group regularly reviews the suitability of its securities holdings and divests as soon as possible if continued holding is deemed to lack meaningfulness.

#### 3) Hazard risks

#### a. Pandemics (the global spread of infectious and communicable diseases)

The Group's business relies heavily upon its human resources, its most important management resource. A pandemic may therefore affect the Group's businesses and business results, etc. if it sharply constricts the productive activities of our employees and those of our business partners.

During the current novel coronavirus pandemic, we are making every effort to properly ascertain the responses of the World Health Organization (WHO), the Japanese government, and other relevant authorities, and are taking action to strengthen hygiene at our offices, data centers, and other work sites, based on the Group's business continuity plan. We also are refraining from sending employees to work in areas heavily stricken by infections. In addition, we are establishing a work environment that facilitates working from home.

#### b. Natural disasters and accidents

The Group uses data centers and other large IT facilities to perform its outsourcing business and provide cloud services. A large natural disaster or resultant longer-than-anticipated power outage that interrupts the smooth operation of data centers could affect the Group's business and business results, etc.

In accordance with the Group's business continuity plan therefore, we are preparing various equipment environments that will facilitate our data centers' response to all manner of disasters. In addition, we have been closing older data centers and focusing on the development of state-of-the-art data centers with seismic-isolation structures, robust disaster-mitigation equipment, emergency power generators, fuel storage equipment, and other highly reliable electric power equipment as well as contracts for prioritized power supply.

#### 4) Operational risks

#### a. System development

Outsourced development and maintenance of various information systems for client companies is one of the Group's core businesses. As system development becomes more sophisticated, complex, and subject to tighter time constraints, larger-than-expected costs may be incurred if additional work is required to secure the planned level of quality or if a project cannot be completed on schedule. These increased costs and the possibility of customer claims for loss compensation could impact the Group's business and business results, etc.

The Group has therefore developed its own original "Trinity" quality management system based on the ISO9001 standard. Using this system, we are continually enhancing quality management and raising productivity by using dedicated organizations to thoroughly screen business proposals and review projects at each stage of development. In addition, we have established the Group Quality Executive Meeting to lead our efforts to improve quality and promote production innovation measures throughout the Group while also enhancing management and technological capabilities by strengthening training programs for each employee rank.

Meanwhile, some systems development tasks are being outsourced to domestic and overseas business partners in order to secure production capacity, raise productivity, utilize technical capabilities and for other reasons. If the productivity or quality do not meet expectations, smooth

project management may not be realized and the Group's business and business results, etc. may be impacted.

We therefore seek to secure superior business partners in Japan and overseas. That effort includes regular meetings with our partners so that we fully understand their situation and are able to build strong relationships.

#### b. System operation

The Group uses data centers and other large IT facilities to provide its outsourcing business and cloud services. If system problems arise due to human error or equipment malfunctions during system operation and the Group is unable to provide services at the level agreed upon with the client, the Group's business and business results, etc. may be impacted.

We have therefore developed a system maintenance/operation framework based on ITIL (Information Technology Infrastructure Library) practices and are using this framework to direct our constant efforts to improve system operation quality and to establish and strengthen measures for early detection and confirmation of system failures and measures to reduce and prevent the occurrence of failures.

#### c. Information security

Through its wide-ranging business activities on behalf of clients, from system development to operation, the Group is in a position to learn of various types of confidential information, including personal information held by clients and information about their systems' technologies, etc. If such confidential information were to be leaked or manipulated due to a computer virus, unauthorized access, or other reason, the Group's business and business results, etc. could be impacted by claims for damages from client companies and by a loss of trust in the Group's services.

The Group has therefore established an information management system based on its Information Security Policy. The system is contributing to appropriate information management while also assisting our efforts to raise awareness through employee education and training programs. In addition, we apply the Group's information security promotion guidelines to guide our checks and evaluation of the levels of information security management across the entire group, as well as subsequent promotion of improvement measures. When an information security breach does occur, we take responsibility and establish an investigative committee to look into the cause, implement countermeasures, and prevent recurrence. To protect personal information, we have established an information management system based on Japan's Act on the Protection of Personal Information and regulations on the handling of Individual Numbers and information about specific individuals. We are also conducting education and training programs for employees to thoroughly raise their awareness of the importance of protecting personal information. These efforts are contributing to more appropriate handling of personal information, including stronger management of client information. TIS and other Group companies have obtained Information Security Management System (ISMS) certification and the JIPDEC's PrivacyMark.

#### d. Legal systems, compliance

The Group conducts its various business activities in compliance with laws and regulations in Japan and other countries. If the Group were to contravene a law or regulation, or a new law or regulation were introduced, the Group's business and business results, etc. could be affected.

The Group therefore has established a compliance structure based on its Basic Direction on CSR and Group Compliance Declaration and endeavors to conduct its business activities fairly and in compliance with all laws. In accordance with the Group's compliance regulations, important compliance issues for the entire Group are discussed, measures to prevent recurrence are decided, and the status of the implementation of these measures is then monitored in an effort to ensure their adoption throughout the Group. One such measure is the tightening of regulations on contracted work

and temporary staffing, an important issue for the Group because of the transactional nature of the IT services industry. We are working on dedicated risk management system and the creation of group guidelines and independent inspection checklists that will contribute to the appropriate operation of the system. In addition, to prevent illegal activities and detect and correct them at an early stage, we have introduced a whistle-blowing system and established a reporting and consultation desk—another measure to raise awareness of legal compliance throughout the Group.

#### e. Intellectual property rights

The Group's business activities entail the use of technologies, licenses, business models and various trademarks that may be subject to intellectual property rights. Accordingly, the Group takes great care to ensure that it does not infringe the intellectual property rights of third parties. Nonetheless, if the Group were to infringe another company's intellectual property right, it could be presented with an injunction to cease the use of the intellectual property concerned and a claim for damages. In such a case, the Group's business and business results, etc. could be impacted.

To prevent such an event, the Group is strengthening its framework for preventing violations of intellectual property rights and is conducting education and training programs to raise employees' awareness of this issue. Meanwhile, the Group also regards its own intellectual property as an important management resource and takes all necessary means to protect this valuable resource.

#### 2. Status of the Group

The Group consists primarily of TIS Inc. (the parent company), 40 consolidated subsidiaries, and 82 affiliated companies accounted for under the equity method. The Group's core activities comprise the provision of outsourcing and cloud services, software development, and solution services, all of which are related to digitalization investment. The Group also engages in businesses connected with these core activities, such as consulting services. The Group also provides other services, such as management services.

The positioning of the Group's businesses and those of its consolidated subsidiaries and equity-method affiliates in reportable segments are as shown below. As the core unit of the Group, TIS is developing its business in three main business segments—Service IT Business, Financial IT Business, and Industrial IT business.

#### (1) Service IT Business

This segment comprises businesses providing knowledge-intensive IT services that leverage TIS's service and industry know-how to create universalized, template-oriented solutions for its customers.

(Main consolidated subsidiaries)

INTEC Inc., AGREX INC., QUALICA Inc., TIS System Service Inc.; ,Sequent Software Inc.

#### (2) BPO

This segment comprises businesses that leverage the Group's extensive service menu and IT know-how to deliver business process outsourcing (BPO) services, including marketing and sales services and office and contract operations.

(Main consolidated subsidiaries)

AGREX Inc.

#### (3) Financial IT Business

This segment comprises businesses that leverage business and operating know-how specific to the financial sector to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

(Main consolidated subsidiaries)

INTEC Inc., AGREX Inc., TIS Solution Link Inc., TIS System Service Inc.

#### (4) Industrial IT Business

This segment comprises businesses that leverage business and operating know-how specific to non-finance industries to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

(Main consolidated subsidiaries)

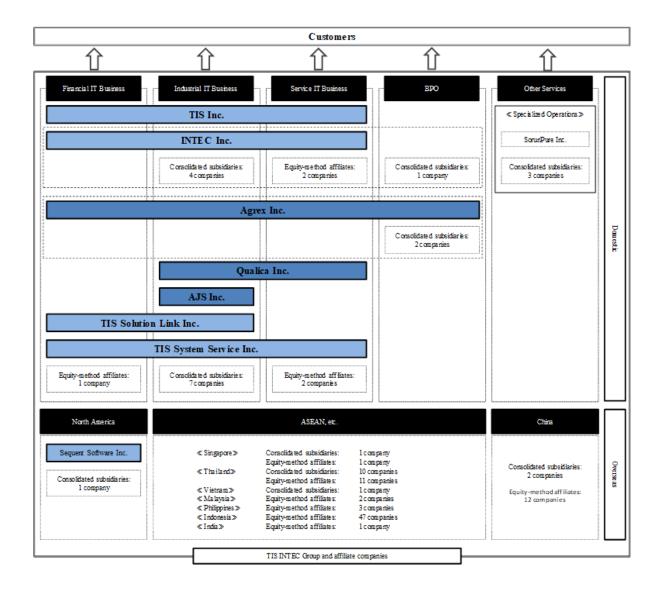
INTEC Inc., AGREX Inc., QUALICA Inc., AJS Inc., TIS Solution Link Inc., TIS System Service Inc.

#### (5) Other

The Other segment includes subsidiaries and other Group companies that are engaged in businesses not included in the above segments, such as management services.

(Main consolidated subsidiaries)

Sorun Pure Inc.



#### 3. Management Policy

#### (1) Basic Management Policy

(Basic philosophy)

The Group has established and disclosed "OUR PHILOSOPHY" as a new Group basic philosophy outlining the common values shared across the entire TIS INTEC Group. "OUR PHILOSOPHY" clearly and broadly delineates the thinking and ideals that TIS INTEC Group highly values in its group's management, corporate activities, and constituent members. This new basic philosophy provides the axis around which the Group's entire business revolves. The TIS INTEC Group aims to fulfill its role in broader society: "To fill the future—still essentially a blank canvas—with vibrant colors as a mover using digital technology".

In May 2017, the Group also formulated a Group Vision that sets forth the corporate image the Group seeks to achieve over the next 10 years. This Vision is shared by all the members of the TIS INTEC Group, and each employee puts the Vision into practice in their daily work activities as a way of realizing the TIS INTEC Group ideals and further raising corporate value.

#### (Group Vision)

#### 1. Ideal corporate image

"Create Exciting Future" represents the Group's common values. Based on these values, the Group leverages next-generation technologies and know-how to make business innovations and create new markets. It is an honor to be a strategic partner to customers, and the Group repays this trust by aiming to be a true innovator that continually brings about change in existing industries and markets and creates new markets.

#### 2. Strategic domains

In order to realize our ideal corporate image, the Group has defined the following as our four strategic domains.

Strategic partnership business	As partners to world-class companies in their respective industries, we will jointly plan and promote business strategies and play a
	central role in their business by leveraging our industry insight and our unmatched business expertise.
IT offering service	We will combine our Group's accumulated know-how and broad range of leading-edge technologies to create and rapidly deploy IT solutions and services that anticipate the future needs of our customers.
Business function service	We will combine the Group's accumulated expertise in industries and business processes and utilize cutting-edge technologies to anticipate the business function needs within our customers' value chains and offer them as services.
Frontier Market Creation Business	We will leverage our Group's technologies, business know-how, and customer base to create entirely new markets and business models responsive to the emerging needs of society and industry, promoting these as our own new business ventures.

TIS INTEC Group is also strengthening its efforts in the area of corporate sustainability in order to enhance its medium- and long-term corporate value. This includes efforts to deepen the Group's recognition that one of the original purposes of a company is to use its business activities to solve social issues and make a contribution to sustainable social development. Reflecting the basic philosophy behind those efforts, TIS became a signatory to the UN Global Compact in July 2018 and identified four important themes and materiality (important issues) that reflect social trends, stakeholder expectations, the Group's

own characteristics, and the importance of growth. Through its materiality-related initiatives, the Group is contributing to the achievement of the UN's social development goals (SDGs).

In addition, the Group is promoting management that emphasizes the fulfillment of corporate social responsibility (CSR) based on the Group's Basic Direction on CSR, which declares the Group's commitment to cultivate a vibrant corporate culture that encourages the companies and individuals under the Group's umbrella to work toward higher goals and embrace new challenges, to be honest and fair in business pursuits based on respect for the law and high moral standards, and to fulfill social obligations.

#### (2) Key Business Indicators

Amid dramatic business environment changes, such as the trend toward more complex and larger-scale systems, the rise of service-oriented approaches, ongoing globalization, and rapidly advancing technology innovation, the TIS INTEC Group, a leading IT services group, endeavors to play an integral role in creating a prosperous future for society.

To guide its efforts to achieve "Sustainable profit growth", an "Emphasis on employee self-fulfillment", and "Constant transformation, with sense of speed"—the basic policies of the current medium-term management plan (2018–2020)—the Company has established key business indicators and set targets for each to be achieved in fiscal 2021, the final year of the current plan, ending March 31, 2021. The Company's fiscal 2020 results substantially exceeded the targets for all four of the key business indicators in the medium-term management plan (2018–2020), achieving the plan's numerical goals one year ahead of schedule.

Medium-term management plan Key business indicators	Fiscal 2019		Fiscal	Fiscal 2021	
	Plan	Result	Plan (Note 1)	Result	Plan's target (Note 2)
Strategic business domain ratio	40%	42%	45%	50%	50%
Operating income	¥35.0 billion	¥38.0 billion	¥42.0 billion	¥44.8 billion	¥43.0 billion
Operating income ratio	8.5%	9.0%	9.6%	10.1%	10%
ROE	10.2%	11.5%	12.1%	12.5%	12%

Note 1: Fiscal 2020 plan figures are the figures for the revised plan announced with first-half results in November 2019.

Note 2: Fiscal 2021 plan targets are the targets established when the medium-term management plan (2018-2020) was formulated.

#### (3) Medium- to Long-term Management Strategies

The Group has established the following Group management policies for fiscal 2021, the final year of the current medium-term management plan (2018–2020). The Group will continue to implement various measures to achieve the goals of the medium-term plan and enhance its corporate value.

Medium-term management plan (2018–2020)	Group management policies for fiscal 2021
Basic policies	
Sustainable profit growth	Robust prior investment to fuel business expansion and structural transformation
Emphasis on employee self-fulfillment	Promote measures and review business portfolio with view toward higher profitability
Constant transformation, with sense of speed	Promote growth strategy aimed at becoming a top-class IT group in the ASEAN region
	Boost motivation and take human resource management to higher level
	Realize enhanced management practices and higher efficiency

In accordance with the its management policy, the Group will continue to make efforts to achieve higher profitability, including expanding business by accurately grasping customers' IT needs and improving

productivity by reducing unprofitable projects, while also carrying out robust prior investment to achieve structural transformation.

#### (4) Issues Requiring a Response

To continue raising the value provided to customers and realize its Group Vision for 2026, "Create Exciting Future", the Group will expand business in its four strategic domains while working to achieve structural transformation. The challenges that must be addressed while also resolutely moving forward with structural transformation are (1) strengthen the Group's ability to provide value in the digital age, (2) expand global business, (3) enhance Group management, and (4) promote the diversification and enhancement of the Group's human resources. In addition, the Group's responses to these four challenges must be carried out with due precautions required in an environment clouded by the uncertainties presented by the spread of the novel coronavirus.

#### 1. Strengthen the Group's ability to provide value in the digital age

With the number of businesses working on digitalization of society and lifestyles increasing rapidly and our customers proactively integrating new technologies into their businesses and creating new businesses, the TS INTEC Group will strengthen its value proposition to customers as their partner in the digitalization process.

In the settlement business, a defining feature of the Group, the growing number of businesses working on digitalization of society and lifestyles is increasing the need for digital payments and wider customer contact points in many business sectors.

We will use credit SaaS (Software as a Service), the core of the Group's processing service, to meet the growing demand for comprehensive processing services, including finance functions. We will also continue our efforts to expand our business to cover all aspects of digitalized payments, including digital accounts, mobile wallets, service coordination, security, and data utilization.

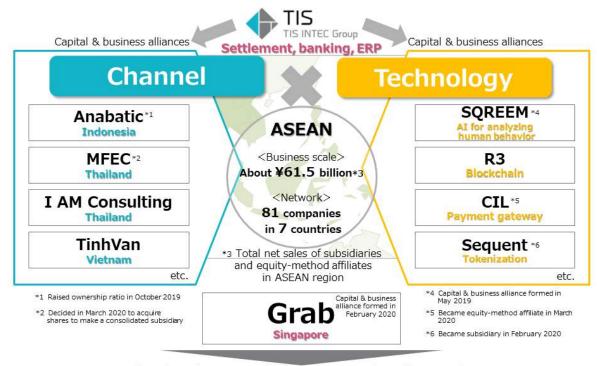
This effort will not be limited to the settlement business. We will also contribute to the creation of a society made more convenient by digitalization by supporting Japan's super city concept for regions and cities and providing settlement platforms in the MaaS (Mobility as a Service) domain, such as the TOYOTA Wallet service supported by TIS. The Group is currently involved in the super city project in Fukushima Prefecture's Aizuwakamatsu City, providing support for the city's efforts to promote cashless payments, greater use of AI and robotics, and IT solutions in the healthcare field. Going forward, we will expand our efforts in this area to other regions and cities.

#### TIS processing Player needs Societal trends Beyond Payment service Digital transformation Cashless vision Society 5.0 Digital accounts (DX) of settlements Revision of finance-related itics Use of digital accounts that High degree of · Entry by issuers of laws offer prepaid, instant debit, convergence between member cards who Society 5.0 and after-purchase payment real & digital spaces have achieved a services certain scale and now Human-centered society Economy want to expand that resolves societal Mobile wallets financial income Sharing problems and promotes Market entrants who Payment service using economy advancement of need to secure smartphones settlement services Subscriptions customers, reduce payment fees, and generate financial Service coordination Society Tackle new business Speedy coordination with Digitalized **Players wanting** areas as well as in-company and external lifestyles systems/services settlement business to realize DX Work-style **Beyond Payment** reform Telecommunications Security (((p))) Super Technol **Smartphone** Responding to latest security technology diffusion City lф Internet **Data utilization** security Public MaaS Retailers Use of payment data Transport technology

#### 2. Expand global business

To establish a strong position in the ASEAN market, which has grown dramatically in recent years, we have been forming capital and business partnerships with leading IT companies in the region. To further our progress toward achieving our goal of being a top-class ASEAN IT business group, we recently decided to make a consolidated subsidiary of our Thailand equity-method affiliate MFEC Public Company Limited, by increasing our shareholdings through a tender offer in conformance with the Securities and Exchange Law of Thailand and other local laws and regulations. Making the company a consolidated subsidiary will facilitate the creation of yet more business synergies and help us to enhance our competitiveness and expand business in the settlement, banking, and ERP domains that we have designated as priority areas.

We will continue to use capital and business tie-ups to strengthen our relationships with the most influential platformers in Southeast Asia and together promote investment in new payment methods, as we aim to grow our settlement business by providing optimal payment services to the global market.



#### Joint development of platform services leveraging the comprehensive strengths generated by alliances

#### 3. Promote the diversification and enhancement of the Group's human resources

Regarding "human resources diversification and enhancement," the Group is striving to raise motivation even further by establishing work systems and corporate cultures which prioritize emphasis on employee self-fulfillment and enable a diverse range of human resources to thrive. The Company has formulated the "TIS Human Resources Manifesto" outlining its measures to realize a workplace spirit and work environments that enable employees to achieve self-fulfillment through their work and generate better work results. This initiative includes the introduction of a new employment policy that extends the mandatory retirement age to 65, with no changes in the employee's treatment after 60. The efforts also led to the Group being selected for a second straight year by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi for inclusion among the 2020 Certified Health & Productivity Management Outstanding Organizations (White 500) (large enterprise category), which recognizes enterprises that include the health management of employees among their strategic initiatives. The Group was also included among METI's New Diversity Management Selection 100 companies.

To further accelerate the Group's structural transformation, the highly-diversified human resources that are driving our transformation to digitalized services will need to be flexible and constantly create change and unprecedented value. Given the intense competition for talented IT human resources, the Group continues to strengthen its recruitment and training activities, strengthen relationships with partners, and continuously secure human resources, including diversity and inclusion policies focused on promoting active participation by women, health management, and workstyle reforms. Through such measures, we will continue to enhance the value exchange between employees and Group companies.

#### 4. Enhancement of Group management

The Group has carried out structural reforms in conjunction with its transition to an operating holding company structure. These reforms include the creation of "OUR PHILOSOPHY" as the Group's basic philosophy outlining the common values shared across the entire TIS INTEC Group as well as the Group Vision. Other measures have included the promotion of awareness activities, an increase in the number

and diversity of independent outside directors and other measures to secure diversity, the establishment of a Nomination Committee and a Compensation Committee for directors, and the establishment and consolidation of internal control systems and unification of management under the Group Internal Control Committee.

With the spread of the novel coronavirus adding to the uncertainties in its operating environment, to strengthen its ability to provide value in the digital age and expand global business, the Group must continue its growth-oriented investments, including investing in software to create new services as well as in human resources, R&D, M&A and capital partnerships, all the while firmly maintaining financial soundness. The Group will also endeavor to further enhance investment management in order to improve investment efficiency and obtain appropriate returns above the cost of capital. In addition, to establish long-term relationships as a strategic partner to customers and further accelerate the shift to services, the Group will solidify the stability of its business base by strengthening business management and transitioning to a recurring revenue model profit structure.

With the awareness of the need for a safe, secure and sustainable society on the rise, the TIS Intec Group will strengthen ESG management from the standpoint of long-term risks and opportunities. In addition, as a corporate group that supports social infrastructure, we will continuously work to contribute to the solving of societal issues through our business activities.

In addition, with regard to the "G20" headquarters function enhancement project, which is aimed at improving the efficiency of head office functions through the integration of core group systems, the new system was launched on schedule in April 2020. Going forward, we will continue to consolidate Group operations and make them more efficient as we promote the further enhancement of Group management.

#### 4. Basic Policy on Selecting Accounting Standards

The TIS INTEC Group uses Japanese accounting standards for financial reporting. The Group continues to review the possibility of optional application of International Financial Reporting Standards (IFRS).

### 1. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

Items	As of March 31, 2019 millions of yen	As of March 31, 2020 millions of yen	
Assets	minions of yen	minions of yen	
Current assets			
Cash and deposits	57,591	55,175	
Notes and accounts receivable	88,121	97,386	
Lease receivables and lease investment assets	4,122	4,679	
Marketable securities	100	100	
Merchandise and finished goods	5,043	4,052	
Work in process	4,064	3,155	
Raw materials and supplies	234	268	
Other current assets	17,331	17,188	
Allowance for doubtful accounts	(377)	(462)	
Total current assets	176,231	181,543	
Fixed assets			
Property and equipment			
Buildings and structures, net	38,001	29,053	
Machinery and equipment, net	8,124	7,092	
Land	18,399	9,690	
Leased assets, net	2,523	1,773	
Other property and equipment, net	6,073	6,431	
Total property and equipment	73,123	54,041	
Intangible assets			
Software	12,542	14,940	
Software in progress	6,635	7,946	
Goodwill	371	244	
Other intangible assets	965	1,001	
Total intangible assets	20,514	24,133	
Investments and other assets			
Investment securities	67,719	79,111	
Net defined benefit asset	5,134	3,433	
Deferred tax assets	10,013	13,539	
Other assets	18,017	27,437	
Allowance for doubtful accounts	(96)	(342)	
Total investments and other assets	100,788	123,181	
Total fixed assets	194,426	201,356	
Total assets	370,657	382,899	

Items	As of March 31, 2019	As of March 31, 2020
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	23,338	23,387
Short-term borrowings	6,285	1,190
Income taxes payable	9,299	8,788
Accrued bonuses to directors and employees	13,935	15,148
Provision for loss on order received	581	438
Provision for loss on liquidation of subsidiaries and	2,248	_
associates	2,270	_
Provision for office restructuring cost	-	1,553
Other allowances	219	66
Other current liabilities	35,218	37,905
Total current liabilities	91,126	88,479
Non-current liabilities		
Long-term debt	18,498	19,793
Lease obligations	3,238	2,497
Deferred tax liabilities	58	16
Deferred tax liabilities from revaluation of land	272	272
Accrued retirement benefits to directors	56	5
Provision for office restructuring cost	-	432
Other allowances	406	216
Net defined benefit liability	12,497	12,654
Asset retirement obligations	4,103	3,163
Other non-current liabilities	5,989	7,408
Total non-current liabilities	45,121	46,462
Total liabilities	136,248	134,942
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	82,945	82,950
Retained earnings	130,703	153,347
Less treasury stock, at cost	(11,816)	(15,336)
Total shareholders' equity	211,834	230,962
Accumulated other comprehensive income	211,031	250,702
Net unrealized gains on other securities	22,701	16,785
Revaluation reserve for land	(2,672)	(2,672)
Foreign currency translation adjustments	(257)	157
Remeasurements of defined benefit plans	(1,972)	(2,922)
Total accumulated other comprehensive income	17,799	11,348
Non-controlling interests	4,775	5,646
Total net assets	234,408	247,957
Total liabilities and net assets	370,657	382,899
Total natifices and net assets	370,037	302,077

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

**Consolidated Statements of Income** 

Items	FY 2019	FY 2020
	millions of yen	millions of yen
Net sales	420,769	443,717
Cost of sales	325,985	337,820
Gross profit	94,784	105,896
Selling, general and administrative expenses	56,740	61,057
Operating income	38,043	44,839
Non-operating income		
Interest income	196	259
Dividend income	1,043	885
Equity in profit of affiliated companies	=	50
Other	611	786
Total non-operating income	1,852	1,982
Non-operating expense		
Interest expenses	327	233
Financing expenses	250	130
Equity in losses of affiliated companies	293	-
Other	422	386
Total non-operating expenses	1,293	751
Recurring profit	38,603	46,070
Extraordinary income	·	
Gain on sales of fixed assets	913	3,178
Gain on sales of investment securities	17,829	6,927
Other	308	590
Total extraordinary income	19,051	10,696
Extraordinary loss	- ,	,
Impairment loss	1,654	7,343
Data center transfer cost	8,800	-
Loss on liquidation of subsidiaries and associates	2,248	_
Provision for office restructuring cost	-	1,985
Other	6,172	2,799
Total extraordinary loss	18,876	12,128
Income before income taxes	38,778	44,638
Income taxes: current	13,414	15,250
Income taxes: deferred	(1,385)	(979)
Total income taxes	12,029	14,270
Net income	26,749	30,367
Net income attributable to non-controlling interests	715	956
Net income attributable to owners of the parent company	26,034	29,411
recome autoutable to owners of the parent company	20,037	27,411

**Consolidated Statements of Comprehensive Income** 

Items	FY 2019	FY 2020	
nems	millions of yen	millions of yen	
Net income	26,749	30,367	
Other comprehensive income			
Net unrealized gains on other securities	(9,206)	(5,896)	
Revaluation reserve for land	(296)	· -	
Foreign currency translation adjustments	(312)	20	
Remeasurements of defined benefit plans	13	(945)	
Share of other comprehensive income of equity- method affiliates	(132)	365	
Total other comprehensive income	(9,935)	(6,456)	
Comprehensive income	16,814	23,911	
(Composition)			
Comprehensive income attributable to owners of the parent company	16,141	22,960	
Comprehensive income attributable to non-controlling interests	672	950	

## (3) Consolidated Statements of Changes in Net Assets FY 2019 (April 1, 2018 through March 31, 2019)

	Shareholders' Equity						
	Common stock	Additional paid- in capital	Retained earnings	Treasury stock	Total shareholders' equity		
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen		
Balance at beginning of fiscal year	10,001	83,384	108,298	(7,742)	193,941		
Changes during the fiscal year							
Dividends from surplus			(3,925)		(3,925)		
Net income attributable to owners of the parent company			26,034		26,034		
Acquisition of treasury stock				(4,673)	(4,673)		
Disposal of treasury stock		0		599	599		
Purchase of shares of consolidated subsidiaries		(438)			(438)		
Reversal of revaluation reserve for land			296		296		
Items other than changes in shareholders' equity, net					_		
Net changes during the fiscal year	_	(438)	22,405	(4,074)	17,892		
Balance at end of fiscal year	10,001	82,945	130,703	(11,816)	211,834		

Accumulated other comprehensive income					Ī	1	
	Net unrealized gains on other securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasur- ements of defined benefit plans	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Balance at beginning of fiscal year	31,922	(2,375)	128	(1,983)	27,692	4,664	226,298
Changes during the fiscal year							
Dividends from surplus							(3,925)
Net income attributable to owners of the parent company							26,034
Acquisition of treasury stock							(4,673)
Disposal of treasury stock							599
Purchase of shares of consolidated subsidiaries							(438)
Reversal of revaluation reserve for land							296
Items other than changes in shareholders' equity, net	(9,221)	(296)	(386)	10	(9,893)	110	(9,782)
Net changes during the fiscal year	(9,221)	(296)	(386)	10	(9,893)	110	8,109
Balance at end of fiscal year	22,701	(2,672)	(257)	(1,972)	17,799	4,775	234,408

FY 2020 (April 1, 2019 through March 31, 2020)

	Shareholders' Equity					
	Common stock	Additional paid- in capital	Retained earnings	Treasury stock	Total shareholders' equity	
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	
Balance at beginning of fiscal year	10,001	82,945	130,703	(11,816)	211,834	
Changes during the fiscal year						
Dividends from surplus			(6,767)		(6,767)	
Net income attributable to owners of the parent company			29,411		29,411	
Acquisition of treasury stock				(4,153)	(4,153)	
Disposal of treasury stock		4		633	638	
Items other than changes in shareholders' equity, net					_	
Net changes during the fiscal year	_	4	22,643	(3,520)	19,127	
Balance at end of fiscal year	10,001	82,950	153,347	(15,336)	230,962	

	1		1 .1 1			I	1
	Net unrealized gains on other securities	Revaluation reserve for land	d other compred Foreign currency translation adjustments	Remeasur- ements of defined benefit plans	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Balance at beginning of fiscal year	22,701	(2,672)	(257)	(1,972)	17,799	4,775	234,408
Changes during the fiscal year							
Dividends from surplus							(6,767)
Net income attributable to owners of the parent company							29,411
Acquisition of treasury stock							(4,153)
Disposal of treasury stock							638
Items other than changes in shareholders' equity, net	(5,915)		414	(949)	(6,450)	871	(5,578)
Net changes during the fiscal year	(5,915)	_	414	(949)	(6,450)	871	13,549
Balance at end of fiscal year	16,785	(2,672)	157	(2,922)	11,348	5,646	247,957

(4) Consolidated Statements of Cash Flows

4) Consolidated Statements of Cash Flows	777.0010	777.0000
Items	FY 2019 millions of yen	FY 2020 millions of yen
Cash flows from operating activities	minions of yen	minions of yen
Income before income taxes	38,778	44,638
Depreciation	12,783	12,020
Impairment loss	1,654	7,343
Data center transfer cost	8,800	-
Loss on liquidation of subsidiaries and associates	2,248	-
Provision for office restructuring cost	, <u>-</u>	1,985
(Gain) loss on sale of investment securities	(17,550)	(6,926)
Loss on disposal of fixed assets	289	374
Amortization of goodwill	171	141
Increase (decrease) in accrued bonuses to directors and	886	1,213
employees		
Increase(decrease) in allowance for doubtful accounts	(155)	330
Increase (decrease) in net defined benefit liability	(4,628)	157
Interest and dividend income	(1,240)	(1,145)
Interest expenses	327	233
(Increase) decrease in notes and accounts receivable	4,809	(9,989)
(Increase) decrease in inventories	(227)	1,879
Increase (decrease) in notes and accounts payable	329	35
Increase (decrease) in accrued consumption taxes	682	2,681
Other, net	8,038	(2,232)
Subtotal	55,997	52,740
Interest and dividend income received	1,305	1,284
Interest expenses paid	(321)	(248)
Income taxes paid	(10,623)	(15,207)
Data center transfer cost paid	(8,800)	-
Net cash provided by (used in)operating activities	37,558	38,569
Cash flows from investing activities		
Purchase of marketable securities	(400)	(400)
Proceeds from sale and redemption of marketable securities	404	624
Acquisitions of property and equipment	(6,657)	(6,093)
Proceeds from sales of property and equipment	2,739	14,863
Acquisitions of intangible assets	(8,160)	(9,997)
Acquisitions of investment securities	(8,029)	(28,587)
Proceeds from sale and redemption of investment securities	20,897	8,765
Payment of lease and guarantee deposits	(2,207)	(2,809)
Collection of lease and guarantee deposits	889	322
Purchase of shares of subsidiaries resulting in change in scope	-	(734)
of consolidation	(600)	(2.280)
Other, net	(690)	(2,389) (26,437)
Net cash provided by (used in) investing activities	(1,213)	(20,437)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	(31)	(16)
Proceeds from long-term debt	10,049	3,500
Repayments of long-term debt	(15,173)	(7,185)
Purchase of treasury stock	(4,673)	(4,153)
Proceeds from sales of treasury stock	599	638
Dividends paid	(3,925)	(6,767)
Dividends paid to non-controlling interests	(397)	(460)
Purchase of shares of subsidiaries not resulting in change in	, ,	
scope of consolidation	(639)	(50)
Other, net	(2,582)	(49)
Net cash provided by (used in) financing activities	(16,773)	(14,544)
Effect of exchange rate changes on cash and cash equivalents	(44)	13
Net increase (decrease) in cash and cash equivalents	19,526	(2,399)
Cash and cash equivalents at beginning of year	37,545	57,083
Increase in cash and cash equivalents resulting from merger	11	<i>51</i> ,005
Cash and cash equivalents at end of year	57,083	54,684
Cash and cash equivalents at end of year	51,005	54,004

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

(Notes on the Going-concern Assumption)
Not applicable

#### (Additional Information)

(Announcement of Commencement of Tender Offer)

The Board of Directors at TIS Inc. (hereafter, "TIS" and "the Company") resolved on this date that the Company would acquire shares in MFEC Public Company Limited (hereafter, "MFEC") through a tender offer (hereafter, "the Tender Offer"), in accordance with the securities exchange law and local laws of Thailand.

MFEC is currently a TIS affiliate accounted for by the equity method. Details are provided below.

Note that the Tender Offer does not fall under tender offers described in Article 27 Paragraph 2-1 of Japan's Financial Instruments and Exchange Law.

#### 1. Reason for Acquisition of Stock and Tender Offer

The TIS INTEC Group seeks to realize sustained corporate growth and higher corporate value, guided by the slogan "Transformation to 2020 — Achieving structural transformation as a corporate family and taking the lead in finding solutions to social issues" that underpins Medium-Term Management Plan (2018-2020). Various measures are being pursued toward this destination. As part of this journey, TIS is pursuing an overseas business strategy aimed at becoming a top-class IT group in the ASEAN region and is driving robust expansion of business domains through capital and business alliances and other forms of cooperation with leading companies from the perspective of channels—that is, office networks and client bases—and technology in select business domains, namely, payment settlement, banking and enterprise resource planning.

MFEC, listed on the Thai stock exchange, is a leading provider of IT solutions to enterprises in Thailand. To TIS management, MFEC earned top marks for its high profile in Thailand, the service quality inherent in the solutions it provides to its clients, and its extensive, well-balanced client base. This solid reputation in the market led TIS to sign a capital and business alliance agreement with MFEC in April 2014. In the time since then, the two companies have deepened their understanding of each other, which has underpinned TIS' efforts to strengthen their relationship through the creation of joint schemes across a wide range of pursuits as well as additional investment.

At this time, turning MFEC into a consolidated subsidiary, accelerating business restructuring at MFEC, and expanding the scale of the TIS INTEC Group's overseas operations hold major significance in forming a top-class IT group in the ASEAN region. Management sees the Tender Offer approach contributing to enhanced corporate value of the TIS INTEC Group and thus decided to acquire additional shares in MFEC and turn it into a consolidated subsidiary.

#### 2. Overview of the Tender Offer

(1)	Tender offeror	TIS Inc.
(2)	Target company	MFEC Public Company Limited
(3)	Tender offer period	To be determined Note: The tender offer will be implemented after permission is granted by Thailand's Securities and Exchange Commission.
(4)	Class of shares for tender offer	Common stock
(5)	Tender offer price	5.0 Thai baht (¥16.70) per share of common stock Note: The tender offer price will be based on the company's stock price level and take various factors generally into account, including marketability of the stock (such as volume and pricing rate) and the performance forecast for MFEC.
(6)	Capital required for tender offer	532 million Thai baht (¥1,776 million)
(7)	Number of shares to be purchased	106,390,307 shares Note: If the total number of tendered shares is less than the number of shares (106,390,307) that TIS planned to purchase, all tendered shares will be purchased. If the total number of tendered shares exceeds the number of shares (106,390,307) that TIS planned to purchase, the Company will purchase neither the entire amount nor any partial amount of the excess shares, and the transfer of shares and other settlements of the sale and purchase of the tendered shares will be made using the proportional distribution method.
(8)	Change in number of shares as a result of the purchase	Shareholding prior to change 109,921,999 shares (Number of voting rights: 109,921,999) (Percentage of voting rights: 24.90%) Shareholding after change 216,312,306 shares (Number of voting rights: 216,312,306) (Percentage of voting rights: 49.00%)
(9)	Other	The Board of Directors at the target company, MFEC, have expressed agreement to the tender offer.

Notes: 1. Details regarding conditions for this tender offer will be announced in Thailand, in accordance with Thailaws and rules set by Thailand's Securities and Exchange Commission.

- 2. Equity stakes held by foreign shareholders are limited to 49% of total shares in accordance with MFEC's Articles of Incorporation, which take into consideration restrictions on foreign investment under the laws of Thailand. Therefore, the number of acquired shares may change, based on the shareholding ratios of other foreign shareholders when the Tender Offer closes.
- 3. Converted at a rate of 1 Thai baht = \$3.34, the rate prevailing at the end of March 2020

#### 3. Overview of Company Subject to Tender Offer (MFEC Public Company Limited)

(1)	Name	MFEC Public Company Limited
(2)	Address	699 Modernform Tower, Srinakarind Road, Patthanakan Suan Luang,
		Bangkok, Thailand
(3)	Representative	Siriwat Vongjarukorn, Chief Executive Officer
(4)	Business activities	IT services, system integration
(5)	Paid-in capital	441 million Thai baht (¥1,472 million)
(6)	Date of establishment	March 3, 1997

Notes: Converted at a rate of 1 Thai baht = \frac{\pmax}{3}.34, the rate prevailing at the end of March 2020

(Significant Subsequent Events)

(Share buyback)

The Company resolved at a Board of Directors' meeting held on May 12, 2020 to acquire its own (treasury) shares in accordance with the provisions of Article 156 of the Companies Act of Japan as applied pursuant to Paragraph 3, Article 165 of said Act.

(1) Reason for share buyback

To implement flexible capital strategy responsive to changes in the operating environment.

- (2) Details of resolution on share buyback
  - 1) Class of shares to be repurchased

Common shares

2) Total number of shares to be repurchased

2,200,000 shares (upper limit)

3) Total cost of repurchase

3,030 million yen (upper limit)

4) Period for repurchase

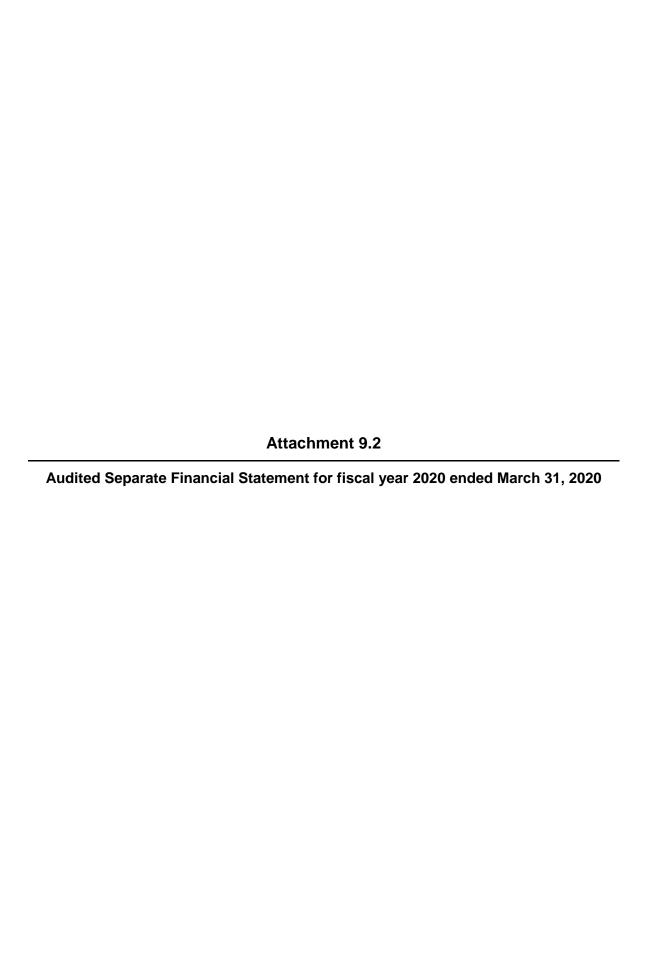
May 13, 2020 through July 31, 2020

5) Method for repurchase

Purchase through the Tokyo Stock Exchange (ToSTNeT-3) and purchase on the Tokyo Stock Exchange

#### 2. Other Information

INTEC Inc., a consolidated subsidiary of the Company, is currently in litigation with Mitsubishi Shokuhin Co., Ltd., which filed a claim for compensation in connection with services including systems development provided by INTEC Inc. (Amount of compensation demanded: 12,703 million yen; date the complaint was received: December 17, 2018).



## (Translation)

## Non-Consolidated Financial Results for the Fiscal Year ended March 31, 2020 (April 1, 2019 through March 31, 2020)

## 1. Non-Consolidated Balance Sheets

. Non consolidated Balance Chects	As of March 31, 2019	As of March 31, 2020		
Items	millions of yen	millions of yen		
Assets				
Current Assets				
Cash and deposits	38,722	28,647		
Notes	340	326		
Accounts receivable	44,836	53,435		
Lease investment assets	23	5		
Merchandise and finished goods	2,769	1,606		
Work in process	626	404		
Prepaid expenses	10,749	10,242		
Short-term loans receivable to subsidiaries and affiliates	3,297	1,862		
Other current assets	831	1,495		
Allowance for doubtful accounts	△ 941	△ 852		
Total current assets	101,256	97,174		
Fixed assets				
Property and equipment				
Buildings	*1 10,394	*1 7,147		
Structures	233	40		
Machinery	*1 3,074	*1 2,833		
Equipment	1,631	1,710		
Land	7,562	3,065		
Leased assets	1,609	1,082		
Construction in progress	3	167		
Total property and equipment	24,509	16,045		
Intangible assets				
Software	6,197	8,391		
Software in progress	4,949	7,359		
Other intangible assets	105	85		
Total intangible assets	11,252	15,836		
Investments and other assets				
Investment securities	48,822	57,997		
Stocks of subsidiaries and affiliates	92,052	94,655		
Investments in capital of subsidiaries and affiliates	216	7,322		
Guarantee deposits	9,485	10,953		
Long-term prepaid expenses	2,894	3,490		
Prepaid pension cost	988	938		
Long-term loans receivable to subsidiaries and affiliates	281	164		
Deferred tax assets	342	3,010		
Other investment and other assets	625	212		
Allowance for doubtful accounts	△ 29	△ 24		
Total investments and other assets	155,679	178,719		

Total fixed assets	191,441	210,601
Total assets	292,697	307,775

Liabilities         millions of yen         millions of yen           Current liabilities         2         11,352         12,28           Short-term borrowings         4,000         32,64           Short-term borrowings from subsidiaries and affiliates         21,017         32,64           Lease obligations         639         52           Accounts payable-other         1,186         79           Accrued expenses         4,112         5,38           Income taxes payable         5,712         2,17           Advances received         869         72           Deposits received         573         64           Unearned revenue         7,369         7,03           Provision for bonuses         5,186         5,80           Provision for loss on order received         289         19           Provision for office restructuring cost         -         1,55           Provision for office restructuring cost         -         1,55           Provision for other         159         6           Asset retirement obligation         -         1,39           Other current liabilities         1,762         2,49           Total current liabilities         2,350         2,15	Home	As of March 31, 2019	As of March 31, 2020	
Current liabilities	Items	millions of yen	millions of yen	
Accounts payable	Liabilities			
Short-term borrowings         4,000           Short-term borrowings from subsidiaries and affiliates         21,017         32,64           Lease obligations         639         52           Accounts payable-other         1,186         79           Accrued expenses         4,112         5,38           Income taxes payable         5,712         2,17           Advances received         869         72           Deposits received         573         64           Unearned revenue         7,369         7,03           Provision for bonuses         5,186         5,80           Provision for loss on order received         289         19           Provision for loss on liquidation of affiliates         1,815           Provision for other         159         6           Asset retirement obligation         -         1,55           Provision for other         159         6           Asset retirement liabilities         1,762         2,49           Other current liabilities         6,6045         73,71           Non-current liabilities         2,350         2,15           Lease obligations         1,249         74           Deferred tax liabilities from revaluation of land         1,065	Current liabilities			
Short-term borrowings from subsidiaries and affiliates         21,017         32,64           Lease obligations         639         52           Accounts payable-other         1,186         79           Accrued expenses         4,1112         5,38           Income taxes payable         5,712         2,17           Advances received         869         72           Deposits received         573         64           Unearned revenue         7,369         7,03           Provision for bonuses         5,186         5,80           Provision for loss on order received         289         19           Provision for loss on liquidation of affiliates         1,815           Provision for office restructuring cost         -         1,55           Provision for other         159         6           Asset retirement obligation         -         1,59           Other current liabilities         1,762         2,49           Total current liabilities         1,762         2,49           Total current liabilities         2,350         2,15           Lease obligations         1,249         74           Lease obligations         1,249         74           Deferred tax liabilities from revaluation	Accounts payable	11,352	12,289	
Lease obligations         639         52           Accounts payable-other         1,186         79           Accrued expenses         4,112         5,38           Income taxes payable         5,712         2,17           Advances received         869         72           Deposits received         573         64           Unearned revenue         7,369         7,03           Provision for bonuses         5,186         5,80           Provision for loss on order received         289         19           Provision for loss on liquidation of affiliates         1,815           Provision for office restructuring cost         -         1,55           Provision for other         159         6           Asset retirement obligation         -         1,762           Other current liabilities         1,762         2,49           Total current liabilities         66,045         73,71           Non-current liabilities         16,265         18,81           Long-term debt         16,265         18,81           Long-term loans payable to subsidiaries and affiliates         2,350         2,15           Lease obligations         1,249         74           Deferred tax liabilities from revaluation	Short-term borrowings	4,000	-	
Accounts payable-other         1,186         79           Accrued expenses         4,112         5,38           Income taxes payable         5,712         2,17           Advances received         869         72           Deposits received         573         64           Unearned revenue         7,369         7,03           Provision for bonuses         5,186         5,80           Provision for loss on order received         289         19           Provision for loss on liquidation of affiliates         1,815           Provision for office restructuring cost         -         1,55           Provision for other         159         6           Asset retirement obligation         -         1,39           Other current liabilities         1,762         2,49           Total current liabilities         1,762         2,49           Non-current liabilities         16,265         18,81           Long-term loans payable to subsidiaries and affiliates         2,350         2,15           Lease obligations         1,249         74           Deferred tax liabilities from revaluation of land         1,065         1,10           Provision for retirement benefits         -         43           <	Short-term borrowings from subsidiaries and affiliates	21,017	32,642	
Accrued expenses Income taxes payable Income taxes payable Advances received Beg9 T2 Deposits received Beg9 T7 Deposits received T7,369 Deposits received T7,369 T7,369 T7,369 Provision for bonuses T7,369 Provision for loss on order received T7,369 Provision for loss on order received T8,365 Provision for loss on liquidation of affiliates Provision for office restructuring cost T1,815 Provision for other T8,365 T9,371 T1,365 T0,371 Non-current liabilities T0,371 Non-current liabilities T0,371 Non-current liabilities T0,371 Non-current liabilities T1,625 T0,371 Non-current liabilities T1,625 T0,371 Deferred tax liabilities T1,249 T4 Deferred tax liabilities from revaluation of land Provision for retirement benefits T1,065 T1,100 Provision for retirement benefits T1,065 T1,100 Provision for other T1,065 T1,100 Provision for other T1,065 T1,100 T1,	Lease obligations	639	526	
Income taxes payable	Accounts payable-other	1,186	795	
Advances received         869         72           Deposits received         573         64           Unearned revenue         7,369         7,03           Provision for bonuses         5,186         5,80           Provision for loss on order received         289         19           Provision for loss on liquidation of affiliates         1,815           Provision for office restructuring cost         -         1,55           Provision for other         159         6           Asset retirement obligation         -         1,39           Other current liabilities         1,762         2,49           Total current liabilities         66,045         73,71           Non-current liabilities         16,265         18,81           Long-term debt         16,265         18,81           Long-term loans payable to subsidiaries and affiliates         2,350         2,15           Lease obligations         1,249         74           Deferred tax liabilities         272         27           Deferred tax liabilities from revaluation of land         1,065         1,10           Provision for other         406         21           Asset retirement obligation         3,185         1,91	Accrued expenses	4,112	5,383	
Deposits received	Income taxes payable	5,712	2,173	
Unearned revenue         7,369         7,03           Provision for bonuses         5,186         5,80           Provision for loss on order received         289         19           Provision for loss on liquidation of affiliates         1,815           Provision for office restructuring cost         -         1,55           Provision for other         159         6           Asset retirement obligation         -         1,39           Other current liabilities         1,762         2,49           Total current liabilities         66,045         73,71           Non-current liabilities         66,045         73,71           Long-term debt         16,265         18,81           Long-term loans payable to subsidiaries and affiliates         2,350         2,15           Lease obligations         1,249         74           Deferred tax liabilities         272         27           Deferred tax liabilities from revaluation of land         1,065         1,10           Provision for other         406         21           Asset retirement obligation         3,185         1,91           Other non-current liabilities         1,432         4,62           Total non-current liabilities         26,227         30,27 <td>Advances received</td> <td>869</td> <td>724</td>	Advances received	869	724	
Provision for bonuses         5,186         5,80           Provision for loss on order received         289         19           Provision for loss on liquidation of affiliates         1,815           Provision for office restructuring cost         -         1,55           Provision for other         159         6           Asset retirement obligation         -         1,39           Other current liabilities         1,762         2,49           Total current liabilities         66,045         73,71           Non-current liabilities         66,045         73,71           Non-current loans payable to subsidiaries and affiliates         2,350         2,15           Lease obligations         1,249         74           Deferred tax liabilities         272         27           Deferred tax liabilities from revaluation of land         1,065         1,10           Provision for retirement benefits         -         43           Provision for other         406         21           Asset retirement obligation         3,185         1,91           Other non-current liabilities         26,227         30,27           Total non-current liabilities         26,227         30,27           Total liabilities         92,272	Deposits received	573	642	
Provision for loss on order received         289         19           Provision for loss on liquidation of affiliates         1,815           Provision for office restructuring cost         -         1,55           Provision for other         159         6           Asset retirement obligation         -         1,39           Other current liabilities         1,762         2,49           Total current liabilities         66,045         73,71           Non-current liabilities         66,045         73,71           Non-current liabilities         16,265         18,81           Long-term debt         16,265         18,81           Long-term loans payable to subsidiaries and affiliates         2,350         2,15           Lease obligations         1,249         74           Deferred tax liabilities         272         27           Deferred tax liabilities from revaluation of land         1,065         1,10           Provision for retirement benefits         -         43           Provision for other         406         21           Asset retirement obligation         3,185         1,91           Other non-current liabilities         26,227         30,27           Total liabilities         92,272         103	Unearned revenue	7,369	7,033	
Provision for loss on liquidation of affiliates         1,815           Provision for office restructuring cost         -         1,55           Provision for other         159         6           Asset retirement obligation         -         1,39           Other current liabilities         1,762         2,49           Total current liabilities         66,045         73,71           Non-current liabilities         66,045         73,71           Non-current liabilities         16,265         18,81           Long-term debt         16,265         18,81           Long-term loans payable to subsidiaries and affiliates         2,350         2,15           Lease obligations         1,249         74           Deferred tax liabilities         272         27           Deferred tax liabilities from revaluation of land         1,065         1,10           Provision for retirement benefits         -         43           Provision for other         406         21           Asset retirement obligation         3,185         1,91           Other non-current liabilities         26,227         30,27           Total liabilities         92,272         103,98           Net assets         Shareholders' equity	Provision for bonuses	5,186	5,804	
Provision for office restructuring cost         -         1,55           Provision for other         159         6           Asset retirement obligation         -         1,39           Other current liabilities         1,762         2,49           Total current liabilities         66,045         73,71           Non-current liabilities         -         16,265         18,81           Long-term debt         16,265         18,81         2,350         2,15           Lease obligations         1,249         74	Provision for loss on order received	289	191	
Provision for other         159         6           Asset retirement obligation         -         1,39           Other current liabilities         1,762         2,49           Total current liabilities         66,045         73,71           Non-current liabilities         -         16,265         18,81           Long-term debt         16,265         18,81         2,350         2,15           Lease obligations         1,249         74 <td< td=""><td>Provision for loss on liquidation of affiliates</td><td>1,815</td><td>-</td></td<>	Provision for loss on liquidation of affiliates	1,815	-	
Asset retirement obligation       -       1,39         Other current liabilities       1,762       2,49         Total current liabilities       66,045       73,71         Non-current liabilities       16,265       18,81         Long-term debt       16,265       18,81         Long-term loans payable to subsidiaries and affiliates       2,350       2,15         Lease obligations       1,249       74         Deferred tax liabilities       272       27         Deferred tax liabilities from revaluation of land       1,065       1,10         Provision for retirement benefits       -       43         Provision for other       406       21         Asset retirement obligation       3,185       1,91         Other non-current liabilities       1,432       4,62         Total non-current liabilities       26,227       30,27         Total liabilities       92,272       103,98         Net assets       Shareholders' equity	Provision for office restructuring cost	-	1,553	
Other current liabilities         1,762         2,49           Total current liabilities         66,045         73,71           Non-current liabilities         16,265         18,81           Long-term debt         16,265         18,81           Long-term loans payable to subsidiaries and affiliates         2,350         2,15           Lease obligations         1,249         74           Deferred tax liabilities         272         27           Deferred tax liabilities from revaluation of land         1,065         1,10           Provision for retirement benefits         -         43           Provision for other         406         21           Asset retirement obligation         3,185         1,91           Other non-current liabilities         1,432         4,62           Total non-current liabilities         26,227         30,27           Total liabilities         92,272         103,98           Net assets         Shareholders' equity	Provision for other	159	66	
Total current liabilities         66,045         73,71           Non-current liabilities         16,265         18,81           Long-term debt         16,265         18,81           Long-term loans payable to subsidiaries and affiliates         2,350         2,15           Lease obligations         1,249         74           Deferred tax liabilities         272         27           Deferred tax liabilities from revaluation of land         1,065         1,10           Provision for retirement benefits         -         43           Provision for other         406         21           Asset retirement obligation         3,185         1,91           Other non-current liabilities         1,432         4,62           Total non-current liabilities         26,227         30,27           Total liabilities         92,272         103,98           Net assets         Shareholders' equity	Asset retirement obligation	-	1,391	
Non-current liabilities  Long-term debt Long-term loans payable to subsidiaries and affiliates Lease obligations Deferred tax liabilities Deferred tax liabilities from revaluation of land Provision for retirement benefits Provision for other Asset retirement obligation Other non-current liabilities Total non-current liabilities Net assets Shareholders' equity	Other current liabilities	1,762	2,495	
Long-term debt Long-term loans payable to subsidiaries and affiliates Lease obligations Deferred tax liabilities Deferred tax liabilities from revaluation of land Provision for retirement benefits Provision for other Asset retirement obligation Other non-current liabilities Total non-current liabilities Shareholders' equity  16,265 18,81 2,350 2,15 2,15 2,15 2,15 2,15 2,15 2,15 2,15	Total current liabilities	66,045	73,713	
Long-term loans payable to subsidiaries and affiliates  Lease obligations  Deferred tax liabilities  Deferred tax liabilities from revaluation of land  Provision for retirement benefits  Provision for other  Asset retirement obligation  Other non-current liabilities  Total non-current liabilities  Shareholders' equity  2,350  2,15  2,15  2,27  27  27  27  27  27  27  43  4,065  1,1065  1,106  21  43  406  21  43  4,62  21  4,62  7,042  7,042  7,043  7,043  7,044  7,045  7,045  7,045  7,047  7,0	Non-current liabilities			
Lease obligations Deferred tax liabilities Deferred tax liabilities Deferred tax liabilities from revaluation of land Provision for retirement benefits Provision for other Asset retirement obligation Other non-current liabilities Total non-current liabilities Total liabilities Net assets Shareholders' equity  74  74  74  74  74  74  74  74  74  7	Long-term debt	16,265	18,813	
Deferred tax liabilities  Deferred tax liabilities from revaluation of land  Provision for retirement benefits  Provision for other  Asset retirement obligation  Other non-current liabilities  Total non-current liabilities  Net assets  Shareholders' equity  272  27  27  27  27  27  27  27  27	Long-term loans payable to subsidiaries and affiliates	2,350	2,150	
Deferred tax liabilities from revaluation of land Provision for retirement benefits Provision for other Asset retirement obligation Other non-current liabilities Total non-current liabilities Total liabilities Shareholders' equity  1,065 1,10 1,10 1,10 1,10 1,10 1,10 1,10 1,1	Lease obligations	1,249	741	
Provision for retirement benefits  Provision for other  Asset retirement obligation  Other non-current liabilities  Total non-current liabilities  Total liabilities  Net assets  Shareholders' equity  - 43  406  21  436  1,91  24,62  1,432  4,62  26,227  30,27  30,27	Deferred tax liabilities	272	272	
Provision for other 406 21 Asset retirement obligation 3,185 1,91 Other non-current liabilities 1,432 4,62 Total non-current liabilities 26,227 30,27 Total liabilities 92,272 103,98 Net assets Shareholders' equity	Deferred tax liabilities from revaluation of land	1,065	1,104	
Asset retirement obligation Other non-current liabilities Total non-current liabilities Total liabilities Total liabilities 92,272 Total liabilities Shareholders' equity	Provision for retirement benefits	-	432	
Other non-current liabilities  Total non-current liabilities  Total liabilities  Total liabilities  92,272  Net assets Shareholders' equity	Provision for other	406	216	
Total non-current liabilities  26,227 30,27  Total liabilities  92,272 103,98  Net assets Shareholders' equity	Asset retirement obligation	3,185	1,916	
Total liabilities 92,272 103,98  Net assets Shareholders' equity	Other non-current liabilities	1,432	4,627	
Net assets Shareholders' equity	Total non-current liabilities	26,227	30,275	
Shareholders' equity	Total liabilities	92,272	103,988	
	Net assets			
Capital stock 10,001 10,000	Shareholders' equity			
l l	Capital stock	10,001	10,001	
Capital surplus	Capital surplus			
Legal Capital surplus 4,111 4,11	Legal Capital surplus	4,111	4,111	
		122,526	122,531	
		126,638	126,643	
Retained earnings				
Other retained earnings	_			

Retained earnings brought forward	57,965	70,815
Total retained earnings	57,965	70,815
Treasury stock	△ 11,816	△ 15,336
Total shareholders' equity	182,788	192,123
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	20,308	14,335
Revaluation reserve for land	△ 2,672	△ 2,672
Total valuation and translation adjustments	17,635	11,663
Total net assets	200,424	203,786
Total liabilities and net assets	292,697	307,775

## 2. Non-Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Itomo	As of March	31, 2019	As of March 31, 2020		
Items	millio	ons of yen	millions of yen		
Sales		181,070		196,661	
Cost of sales		138,598		148,724	
Gross profit		42,472		47,937	
Selling, general and administrative expenses and operating expenses	*2	25,249	*2	28,340	
Operating income		17,222		19,596	
Non-operating revenue					
Interest income		215		286	
Dividends income	*1	6,513	*1	8,180	
Other non-operating revenue		363		469	
Total non-operating revenue		7,092		8,935	
Non-operating expenses					
Interest expenses	*1	287	*1	239	
Financing costs		247		128	
Foreign exchange loss		128		-	
Real estate lease expenses		258		205	
Other non-operating expenses		29		92	
Total non-operating expenses		950		666	
Ordinary income		23,364		27,866	
Extraordinary income					
Gain on sales of investment securities		16,914		6,351	
Other extraordinary income		1,312		148	
Total extraordinary income		18,226		6,500	
Extraordinary loss					
Loss on sales of noncurrent assets		26		1,113	
Loss on Valuation of stocks of subsidiaries and affiliates		-	*3	2,381	
Impairment loss		1,039		1,930	
Datacenter allocation costs	*4	8,800		-	
Loss on liquidation of affiliates	*5	2,752		-	
Provision for office restructuring cost		-	*6	1,985	
Other extraordinary loss		3,022		1,156	

Total extraordinary loss	15,641	8,568
Income before income taxes	25,950	25,798
Income taxes-current	7,780	6,652
Income taxes-deferred	△ 997	△ 472
Total income taxes	6,783	6,180
Net profit	19,167	19,618

## [Details of Cost of sales]

Catagories		Notes	As of March 31,	2019	As of March 31, 2020		
	Categories		millions of yen	%	millions of yen	%	
I	Material costs		14,785	10.7	16,768	11.3	
П	Labor costs		32,119	23.2	33,122	22.3	
III	Subcontract expenses		63,499	45.8	68,766	46.2	
IV	Expenses		28,194	20.3	30,067	20.2	
	Cost of sales		138,598	100.0	148,724	100.0	

Calculating method
Calculating method is job-order cost accounting by project.

# 3. Statement of Changes in Shareholders' Equity As of March 31, 2019

Shareholders' Equity								
		Capital surplus Retaine			Retained	earnings		
(unit: millions of yen)	Capital stock	Legal capital surplus	Other capital surplus	Total Capital Surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	10,001	4,111	122,526	126,638	42,427	42,427	△ 7,742	171,324
Changes during period								
Dividend of surplus					△ 3,925	△ 3,925		△ 3,925
Net profit					19,167	19,167		19,167
Reversal of land revaluation reserve					296	296		296
Purchase of treasury stock							△ 4,673	△ 4,673
Disposition of treasury stock			0	0			599	599
Net Changes of items other than shareholders' equity								
Total changes during period	-	-	0	0	15,537	15,537	△ 4,074	11,463
Ending balance	10,001	4,111	122,526	126,638	57,965	57,965	△ 11,816	182,788

	Valuation ar	Valuation and translation adjustments				
(unit: millions of yen)	Valuation difference on available-for- sale securities	Revaluation reserve for land	Total Valuation and translation adjustments	Total net assets		
Beginning balance	27,643	△ 2,375	25,267	196,592		
Changes during period						
Dividend of surplus				△ 3,925		
Net profit				19,167		
Reversal of land revaluation reserve				296		
Purchase of treasury stock				△ 4,763		
Disposition of treasury stock				599		
Net Changes of items other than shareholders' equity	△ 7,335	△ 296	△ 7,631	△ 7,631		
Total changes during period	△ 7,335	△ 296	△ 7,631	3,831		
Ending balance	20,308	△ 2,672	17,635	200,424		

As of March 31, 2020

A5 01 March 51, 2020									
		Shareholders' Equity							
		Capital surplus			Retained earnings				
(unit: millions of yen)	Capital stock	Legal capital surplus	Other capital surplus	Total Capital Surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity	
Beginning balance	10,001	4,111	122,526	126,638	57,965	57,965	△ 11,816	182,788	
Changes during period									
Dividend of surplus					△ 6,767	△ 6,767		△ 6,767	
Net profit					19,618	19,618		19,618	
Reversal of land revaluation reserve									
Purchase of treasury stock							△ 4,153	△ 4,153	
Disposition of treasury stock			4	4			633	633	
Net Changes of items other than shareholders' equity									
Total changes during period	-	-	4	4	12,850	12,850	△ 3,520	9,334	
Ending balance	10,001	4,111	122,531	126,643	70,815	70,815	△ 15,336	192,123	

	Valuation and translation adjustments				
(unit: millions of yen)	Valuation difference on available-for- sale securities	Revaluation reserve for land	Total Valuation and translation adjustments	Total net assets	
Beginning balance	20,308	△ 2,672	17,635	200,424	
Changes during period					
Dividend of surplus				△ 6,767	
Net profit				19,618	
Reversal of land revaluation reserve					
Purchase of treasury stock				△ 4,153	
Disposition of treasury stock				638	
Net Changes of items other than shareholders' equity	△ 5,972		△ 5,972	△ 5,972	
Total changes during period	△ 5,972	-	△ 5,972	3,362	
Ending balance	14,335	△ 2,672	11,663	203,786	

#### [Notes]

(Important accounting policy)

- Asset evaluation standard and method
  - (1) Securities evaluation criteria and method

Shares of subsidiaries and affiliates

Cost method by moving average method

Other securities

Those with a market price

Market value method based on the market price, etc. at the end of the term

(Valuation differences are processed by the all net asset direct method, and selling costs are

calculated by moving average method.)

Things without market value

Cost method by moving average method

(2) Derivatives evaluation standard and method

Market value method

(3) Inventories evaluation standard and method

Goods and products

First-in first-out method (Values on the balance sheet are subject to the book value reduction

method based on decreased profitability)

Work in progress

Cost method by individual method (Values on the balance sheet are subject to the book value

reduction method based on decreased profitability)

Raw materials and supplies

Last purchase cost method (Values on the balance sheet are subject to the book value reduction method based on decreased profitability)

#### 2. Depreciation method for fixed assets

(1) Tangible fixed assets (excluding lease assets)

Straight-line method

(2) Intangible fixed assets (excluding lease assets)

Software for market sale

The company depreciate amounts calculated by multiplying the software balance by the ratio of current sales to estimated sales, or amounts calculated by straight-line method based on estimated useful life (3 years), whichever is greater.

Software for internal use

The straight-line method based on the internal usable period (5 to 7 years).

(3) Leased assets

The straight-line method is adopted in which the lease period is the useful life and the residual value is zero.

#### 3. Accounting standard for allowance

(1) Allowance for doubtful accounts

In order to prepare for bad debt loss such as accounts receivable-trade and loans, an allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables and the estimated amount of irrecoverable debt based on the recoverability of individual cases for specified receivables such as debt with a possibility of default.

(2) Provision for bonuses

In order to prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees is recorded.

(3) Provision for loss on order received

In order to prepare for future losses on order contracts, when the project is highly likely

to incur future losses at the end of the current fiscal year, and where it is possible to reasonably estimate the amount of such losses, such losses for the following fiscal year or thereafter are recorded.

- (4) Prepaid pension costs and provision for retirement benefits In order to prepare for the payment of the employee pension, the amount is based on projected benefit obligations and pension assets at the end of the fiscal year. Any arithmetic difference is amortized on the straight-line method over a certain number of years (10 and 14 years) within the average remaining service periods of the employees who will receive the benefits. The past service liabilities are expensed on the straightline method over a certain number of years (10 years) within the average remaining service periods of the employees who will receive the benefits.
- (5) Provision for loss on liquidation of affiliates
  Estimated losses are recorded in order to prepare future losses along with entering into an agreement of transfer of affiliate to a company outside the group.
- (6) Provision for office restructuring cost In order to prepare future losses on consolidation of the group business functions the estimated losses are recorded.
- 4. Accounting standard for income and expense

Standard for recording revenue related to build-to-order software

Contracts whose outcome at the end of the consolidate fiscal year under review is deemed certain

The percentage-of-completion (estimates of the percentage of completion made by calculating

the percentage of the cost incurred to the estimated total cost).

Other contracts

The completed-contract method

- 5. Other important matters that are the basis for preparing financial statements
  - (1) Standards for converting assets or liabilities denominated in foreign currencies into Japanese currency

All assets and liabilities denominated in foreign currency are converted into Japanese yen at the spot exchange rates on the date of the account settlement.

- (2) Hedge accounting method
  - ① Hedge accounting method Deferred hedge processing is adopted, in principle. However, for the forwardexchange contracts and currency swaps that fulfill the requirements for the designation method, the allocation method is used.
  - 2 Hedging method and hedged item

Hedging method forward-exchange contracts credits and debts)

Hedged item foreign currency transaction (monetary credits and debts)

foreign currency transaction (monetary credits and debts)

3 Hedging policy

Based on the internal regulation concerning derivative transactions, derivatives are used for the purpose of reducing the risk of foreign exchange fluctuations and the Company does not engage in speculative transactions.

Hedging effectiveness evaluation method The effectiveness of the hedge is judged by comparing the cumulative total of the market fluctuations or the cash flow fluctuations for the hedge coverage, and the market fluctuations or the cash flow fluctuations for the means of hedging. However, when forward-exchange contract and currency swaps denominated in foreign currency on the same date are applied upon conclusion of the contract, post evaluation of effectiveness is omitted since the correlation with subsequent changes in the exchange rates is completely ensured.

(3) Accounting for consumption tax

The net of tax method is adopted for the Consumption Tax treatment.

#### (Changes in disclosure method)

(Profit and Loss Statement)

"Loss on sales of noncurrent assets", which was included in "Other extraordinary loss" of "Extraordinary loss" on the financial statements for the previous year, is shown separately from the current fiscal year, considering the significant monetary impact to the financial statements. Thus, 3,049 million yen, which was classified as "Other extraordinary loss" of "Extraordinary loss" has been reclassified as "Loss on sales of noncurrent assets" at 26 million yen and "Other extraordinary loss" at 3,022 million yen.

#### (Additional Information)

(Transaction delivering the shares of the company to employees through trust)

It is as stated in "Additional Information" in (1) Consolidated Financial Statement in 1 Consolidated Financial Statement in Chapter 5 Financial Situation.

### (Performance-linked stock compensation scheme)

It is as stated in "Additional Information" in (1) Consolidated Financial Statement in 1 Consolidated Financial Statement in Chapter 5 Financial Situation.

#### (Announcement of Commencement of Tender Offer)

It is as stated in "Additional Information" in (1) Consolidated Financial Statement in 1 Consolidated Financial Statement in Chapter 5 Financial Situation.

#### (Balance Sheet)

\*1 Among the assets acquired in the past fiscal year, Reduction entry amount due to a government subsidy is 78 million yen and amounts recorded in balance sheet has removed this reduction entry amount. Its breakdown is Buildings and structures at 76 million yen, and Machinery and Transportation equipment at 2 million yen.

2 Monetary receivables and payables to affiliates (excluded items separately shown)

	As of March 31, 2019	As of March 31, 2020
Short-term monetary receivables	922 million yen	974 million yen
Short-term monetary payables	2,120 million yen	2,125 million yen
Long-term monetary payables	860 million yen	849 million yen

#### (Profit and Loss Statement)

\*1 Transactions with related party

As of March 31, 2019	As of March 31, 2020
24,323 million yen	25,563 million yen
6,206 million yen	8,476 million yen
	24,323 million yen

<sup>\* 2</sup> Among Selling, general and administrative expenses in this fiscal year, the ratio of Selling expenses is 25% in the previous fiscal year and 21% in this fiscal year, and the ratio of General and administrative expenses is 75% in the previous fiscal year and 79% in this fiscal year.

Major expenses of Selling, general and administrative expenses are as follows:

	As of March 31, 2019	As of March 31, 2020
Salaries and allowances	8,162 million yen	9,086 million yen
Bonuses Provisions for bonuses	1,446 million yen 1,659 million yen	1,774 million yen 1,961 million yen
Outsourcing costs Depreciation expenses Provision of allowance for doubtful accounts	2,430 million yen 412 million yen 4 million yen	3,471 million yen 485 million yen △18 million yen

<sup>\*3</sup> Loss on valuation of stocks of subsidiaries and affiliates

Shares of the subsidiary company that which company owns has been reflected write-down due to significant decline of the actual value of the shares

#### \*4 Datacenter allocation costs

The company partially bore Datacenter allocation costs of the client by executing as the original schedule of the old datacenter closure based on the judgement that it was necessary in order to avoid reduction of future income by incurring additional cost from postponing timing of closure since it was found that the allocation costs for a particular client which large scale of utilization.

#### \*5 Loss of liquidation of affiliates

Loss of liquidation of affiliates has been recorded along with entering into an agreement of transfer of affiliate to a company outside the group. The main factor is estimated losses for the future along with liquidation of the affiliates.

#### \*6 Provision for office restructuring cost

Provision for office restructuring cost has been recorded in order to prepare future losses on consolidation of the group business functions.

#### (Securities)

Shares of the subsidiaries and the affiliates

As of March 31, 2019

715 OF WIGHTOFF 01, 2015					
Categories	Amounts on Profit and Loss Statements Market Values				Difference
	millions of yen	millions of yen	millions of yen		
Shares of subsidiaries and affiliates	5,996	5,246	△ 749		
Total	5,996	5,246	△ 749		

(Notes) Amounts on Profit and Loss Statements of the shares of the subsidiaries and affiliates which do not have market prices and seem to be extremely difficult to comprehend current values.

Categories	Amounts on Profit and Loss
	Statements
	millions of yen
Shares of subsidiaries	84,875
Shares of affiliates	1,180

These items are not included in Shares of the subsidiaries and affiliates because it does not have market prices and seem to be extremely difficult to comprehend current values.

As of March 31, 2020

100111011011011			
Categories	Amounts on Profit and	Market Values	Difference
	Loss Statements		
	millions of yen	millions of yen	millions of yen
Shares of subsidiaries and affiliates	8,023	6,489	△ 1,534
Total	8,023	6,489	△ 1,534

(Notes) Amounts on Profit and Loss Statements of the shares of the subsidiaries and affiliates which do not have market prices and seem to be extremely difficult to comprehend current values.

Categories	Amounts on Profit and Loss
_	Statements
	millions of yen
Shares of subsidiaries	85,454
Shares of affiliates	1,177

These items are not included in Shares of the subsidiaries and affiliates because it does not have market prices and seem to be extremely difficult to comprehend current values.

#### (Tax effect accounting)

1. Details of causes for deferred tax assets and deferred tax liabilities

1. Details of causes for deferred tax assets and defer	As of March 31, 2019	As of March 31, 2020
		·
	millions of yen	millions of yen
Deferred tax asset		
Income tax payable	440	296
Loss on valuation of stocks of subsidiaries and affiliates	2,002	2,353
Loss on valuation of investment securities	1,034	893
Provision for bonuses	1,587	1,777
Provision for loss on order received	88	58
Retirement benedict obligation	405	413
Asset retirement obligation	1,564	1,334
Accrued expenses, currently not deductible	222	247
Allowance for doubtful accounts	288	261
Impairment loss	4,019	3,894
Excess depreciation	316	535
Other deferred tax asset	1,858	2,582
Sub total-deferred tax asset	13,830	14,649
Valuation allowance	△ 3,927	△ 4,646
Total deferred tax asset	9,903	10,002
Deferred tax liability		
Prepaid pension asset	△ 430	△ 396
Removal costs corresponding to asset retirement obligations	△ 444	△ 106
Valuation difference on available-for-sale securities	△ 8,684	△ 6,489
Total deferred tax liability	△ 9,560	△ 6,992
Net deferred tax asset	342	3,010

2. Details of major items that were the causes of the difference, where there was a significant difference between statutory effective tax rate and the burden rate of corporate tax, etc., after

applying tax effect accounting

	As of March 31, 2019	As of March 31, 2020
	%	%
Effective income tax rate	30.6	30.6
(Adjustment)		
Exclusion from the gross profits of entertainment expenses	0.3	0.2
Exclusion from the gross profits of dividends income received	△ 7.0	△ 8.9
Gain on extinguishment of tie-in shares	0.1	0.1
Downward revision of deferred tax assets due to change in tax rate	3.6	2.8
Valuation allowance	△ 0.9	△ 1.4
Other	△ 0.6	0.6
Corporate tax burden rate after the application of tax effect accounting	26.1	24.0

### (Business combination)

It is as stated in "Business combination" in (1) Consolidated Financial Statement in 1 Consolidated Financial Statement in Chapter 5 Financial Situation.

### (Important subsequent events)

It is as stated in "Important subsequent events" in (1) Consolidated Financial Statement in 1 Consolidated Financial Statement in Chapter 5 Financial Situation.

# 4. Supplementary statements [Statements of tangible assets]

Classification	Type of asset	Balance at beginning of current year	Increase in current year	Decrease in current year	Depreciation in current year	Balance at end of current year	Accumulated depreciation
Property and equipment	Buildings	10,394	1,387	3,468 (208)	1,166	7,147	26,091
	Structures	233	44	218 (0)	19	40	159
	Machinery	3,074	804	79 (17)	965	2,833	6,636
	Equipment	1,631	681	118 (0)	483	1,710	3,722
	Land	7,562	-	4,497 (568)	-	3,065	-
	Leased assets	1,609	18	-	546	1,082	1,655
	Construction in progress	3	164	-	-	167	-
	Total	24,509	3,101	8,382 (793)	3,182	16,045	38,265
Intangible assets	Software	6,197	5,690	1,152 (1,135)	2,343	8,391	9,241
	Software in progress Other	4,949	2,514	104	-	7,359	-
	intangible assets	105	-	-	19	85	248
	Total	11,252	8,204	1,257 (1,135)	2,363	15,836	9,489

(Notes) Figures in () of Decrease in the current year is the amount of impairment loss.

## [Statements of allowance and provisions]

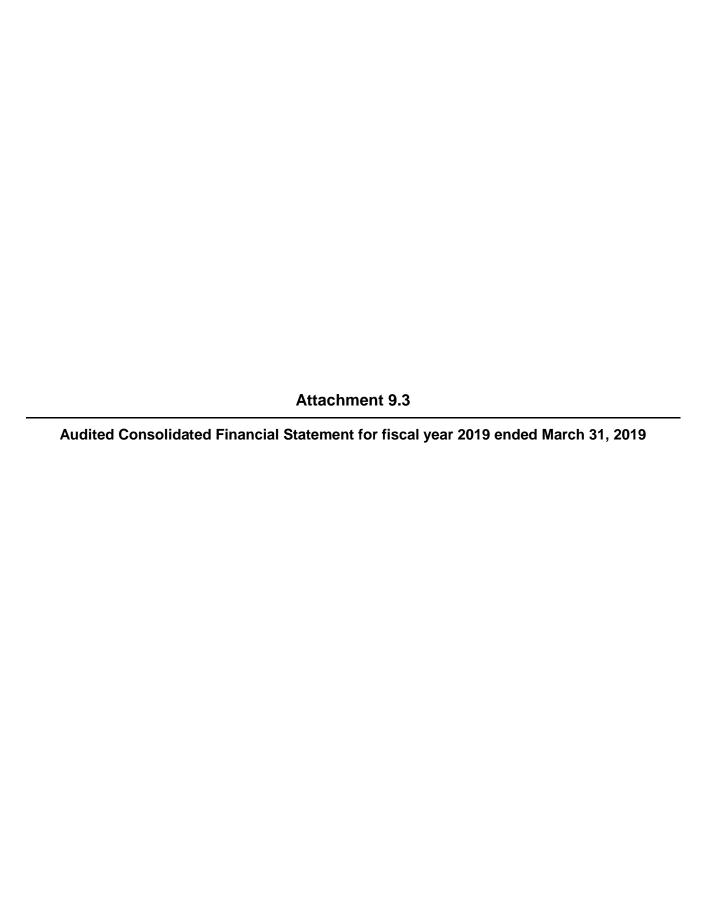
Item	Balance at beginning of current year	Increase in current year	Decrease in current year	Balance at end of current year
Allowance for doubtful accounts	970	692	785	876
Provision for bonuses	5,186	5,804	5,186	5,804
Provision for loss on order received	289	191	289	191
Provision for loss on liquidation of affiliates	1,815	-	1,815	-
Provision for office restructuring cost	-	1,985	-	1,985
Provision for other	565	181	464	282

## (2) [Major assets and liabilities]

It is omitted since consolidated financial statements have been prepared.

## (3) [Other]

There is no relevant information.





#### Consolidated Financial Results for the Fiscal Year ended March 31, 2019

(April 1, 2018 through March 31, 2019) (Prepared pursuant to Japanese GAAP)

All financial information has been prepared in accord with accounting principles generally accepted in Japan.

This is a partial English translation of the original Japanese-language document. All information pertains to consolidated results unless otherwise noted. Information on the basis of presentation of consolidated financial statements does not appear in this translation.

May 13, 2019

Company name: TIS Inc.

Stock exchange listings: The First Section of the Tokyo Stock Exchange

Stock code: 3626

URL: http://www.tis.com/

Representative: Toru Kuwano, Chairman and President

Contact: Takashi Nakamura, Department Manager of Finance & Accounting Dept., Corporate

Planning SBU.

Phone: +81 3-5337-4569

Scheduled dates

Annual general shareholders' meeting: June 25, 2019
Filing of statutory financial report: June 26, 2019
Commencement of dividend payments: June 26, 2019

Supplementary materials to the full-year results: Available

Full-year results presentation held: Yes (targeted at institutional investors and analysts)

Figures in millions of yen are rounded down to the nearest million

# 1. Consolidated Results for the Fiscal Year ended March 31, 2019 (FY2019) (April 1, 2018 – March 31, 2019)

#### (1) Consolidated Financial Results

Percentages	indicate v	year-over-yea	r changes

	Net sales		Operating income		Recurring pr	rofit	Net income attrib to owners of the	
							company	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2019	420,769	3.7	38,043	16.2	38,603	17.7	26,034	26.3
FY2018	405,648	3.1	32,743	21.2	32,795	21.0	20,620	26.5

Note: Comprehensive income: FY2019: 16,814 million yen (-50.0%); FY2018: 33,619 million yen (40.3%)

	Net income per share – basic	Net income per share – diluted	Return on shareholders' equity	Ratio of recurring profit to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY2019	307.83	-	11.5	10.5	9.0
FY2018	241.44	-	9.9	9.3	8.1

For reference:

Equity in earnings (losses) of affiliated companies: FY2019: (293) million yen; FY2018: (805)million yen

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
End-FY2019	370,657	234,408	62.0	2,719.79
End-FY2018	366,954	226,298	60.4	2,602.07

For reference: Total equity: End of FY2019: 229,633 million yen End of FY2018: 221,634 million yen

#### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	millions of yen	millions of yen	millions of yen	millions of yen
FY2019	37,558	(1,213)	(16,773)	57,083
FY2018	36,386	(14,202)	(10,543)	37,545

<sup>\*</sup>Total equity = Shareholders' equity plus total accumulated other comprehensive income

#### 2. Cash Dividends for Shareholders of Common Stock

		Cash dividends per share						Dividends
Record date or period	End-Q1	End-Q2	End-Q3	Year-end	Total	dividends paid (full year)	Payout ratio (consolidated)	paid to net assets (consolidated)
	yen	yen	yen	yen	yen	millions of yen	%	%
FY2018	_	14.00	_	26.00	40.00	3,420	16.6	1.6
FY2019	-	20.00	-	50.00	70.00	5,941	22.8	2.6
FY2020 (forecast)	-	30.00	-	50.00	80.00		24.8	

Note: Total dividends paid includes dividends (13 million yen for FY2018, 27 million yen for FY2019) paid to TIS INTEC Group Employees' Shareholding Association Trust and dividends (nil for FY2018, 5 million yen for FY2019) paid to Board Incentive Plan (BIP) Trust. Payout ratio is obtained by dividing the total dividends by net income attributable to owners of the parent company.

## 3. Forecast of Consolidated Results for FY2020 (April 1, 2019 – March 31, 2020)

Percentages indicate year-over-year changes

	Net sales		Operating income		1 0		1 0		Recurring p	Recurring profit		me e to f the npany	Net income per share – basic
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen				
First half of FY2020 (six months ending Sep. 30, 2019)	205,200	1.1	16,500	6.2	16,750	5.8	11,150	4.3	133.35				
Full FY2020 (year ending Mar. 31, 2020)	425,000	1.0	40,000	5.1	40,500	4.9	27,100	4.1	324.10				

# **XNotes**

- (1) Material reclassifications of subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
  - 1) Changes in accordance with amendments to accounting standards, etc.: None
  - 2) Changes other than noted in 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (3) Common stock issued

1) Issued shares as of period-end (including treasury stock):

End-FY2019 (March 31, 2019): 87,789,098 shares End-FY2018 (March 31, 2018): 87,789,098 shares

2) Treasury stock as of period-end:

End-FY2019 (March 31, 2019): 3,358,468 shares End-FY2018 (March 31, 2018): 2,613,034 shares

3) Average number of shares (during the fiscal year):

FY2019 (ended March 31, 2019): 84,574,660 shares FY2018 (ended March 31, 2018): 85,406,766 shares

Note: Treasury stock includes the number of the Company's own shares held by TIS INTEC Group Employees' Shareholding Association Trust and the Board Incentive Plan (BIP) Trust.

#### **Audit Status**

Financial reports are not subject to review procedures to be conducted by certified public accountants or an audit firm.

## Caution on Forward-Looking Statements and Other Important Matters

At a Board of Directors' Meeting held on May 13, 2019, TIS Inc. (TIS) resolved to acquire its own (treasury) shares in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of said Act. Accordingly, "Net income per share – basic" in the Forecast of Consolidated Results for FY2020 has been presented taking into account the effect of this acquisition of treasury shares.

This report contains forward-looking statements that reflect TIS's plans and expectations based on information available to TIS at the time of preparation and on certain other information TIS believes to be reasonable. These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, refer to "(4) Outlook for fiscal 2020" in the "1. Results of Operations" section on page 7 in the Accompanying Materials.

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#### 1. Results of Operations

#### (1) Analysis of Consolidated Operating Results

In fiscal 2019 (April 1, 2018 ~ March 31, 2019), the Japanese economy continued a moderate recovery owing to improvements in corporate earnings and employment conditions.

The business environment surrounding the IT services industry, to which the TIS INTEC Group ("the Group") belongs, was robust during the fiscal year. The Bank of Japan's Short-term Economic Survey of Enterprises in Japan demonstrated year-on-year increases in software investment plans (all manufacturing & financial institutions) in each of the quarterly surveys conducted during the year, reflecting a strong trend for increased IT investment by companies embracing digital management and aiming to realize their business strategies through the aggressive application of IT.

Under these circumstances, the TIS INTEC Group promoted various measures to achieve a speedy structural transformation and raise corporate value under a new three-year medium-term management plan launched at the start of the current fiscal year. The new three-year plan will build the foundation from which the Group will work to realize its Group Vision 2026.

Consolidated net sales for the Group in the fiscal year increased 3.7% year on year to \(\frac{\text{\$\text{\$\text{\$\text{420,769}}}}{49}\) million. Operating income rose 16.2% to \(\frac{\text{\$\exitit{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\

Consolidated net sales grew year on year as the Group accurately grasped the IT investment needs of its customers in areas where IT investment is growing. The increase in operating income reflects the higher sales and improvements in the gross profit ratio, which rose 1.7 percentage points year-on-year to 22.5%, boosting gross profit and offsetting an increase in selling, general and administrative expenses primarily related to expenditures targeted at strengthening the Group's efforts to achieve structural reforms. The operating income ratio improved 0.9 percentage points to 9.0%. The growth in recurring profit primarily reflects the increase in operating income. The year-on-year growth in net income attributable to owners of the parent company reflects the positive flow from the above factors and an improvement in net extraordinary income/loss. The consolidated results for fiscal 2019 include extraordinary income of \mathbf{1}19,051 million and extraordinary losses totaling \mathbf{1}18,876 million. The main components of these two figures are a \mathbf{1}17,829 million extraordinary gain on the sale of investment securities and extraordinary expenses of \mathbf{2}8,800 million related to data center migration and \mathbf{2}2,935 million related to the sale and disposal of a subsidiary.

In August 2018, TIS Inc. was selected as a constituent stock of the JPX-Nikkei Index 400, which is composed of "companies with high appeal for investors, which meet requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives."

Segment results for the period are as follows. Following changes to the Group's management structure for the purpose of accelerating the ongoing structural transformation, reporting business segments have been realigned and changed, effective from the start of the first quarter of fiscal 2019. The sales figures for each segment include inter-segment sales. Year-on-year percent changes are based on calculations of previous-year results that reflect the new segmentation.

#### 1) Service IT Business

This segment comprises Group businesses providing knowledge intensive IT services that leverage TIS's service and industry know-how to create universalized, template-oriented solutions for its customers (includes default configuration and ERP).

Segment sales in fiscal 2019 totaled ¥117,617 million, up 16.9% year on year, and operating income increased 4.7% to ¥8,519 million. Expansion of settlement-related business and strong demand for ERP updates contributed to strong sales growth, which offset spending on forward-looking investment to strengthen the business, thus enabling the segment to post growth in sales and profits. The segment's operating income ratio was 7.2%, 0.8 percentage points below the ratio in fiscal 2018. The decline primarily reflects increased spending related to forward-looking investments targeted at strengthening the business.

#### 2) BPC

This segment comprises businesses that leverage the Group's extensive service menu and IT know-how to deliver business process outsourcing (BPO) services, including marketing and sales services and office and contract operations.

Segment sales totaled \(\frac{4}{36}\),231 million, 5.3% less than in fiscal 2018, but operating income rose 12.6% to

¥1,843 million. Sales were generally stable, but year-on-year sales declined owing to the large impact from the transfer of all the equity shares of certain Group companies to non-Group companies in line with management's policy of concentrating on core businesses. Meanwhile, the increase in operating income reflects the BPO business's initiatives to improve profitability, such as its successful effort to improve transaction margins. As a result, the segment's operating income ratio improved 0.8 percentage point to 5.1%.

#### 3) Financial IT Business

This segment comprises businesses that leverage business and operating know-how specific to the financial sector to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

Segment sales totaled \(\frac{\text{\$\text{\$\text{\$\text{\$4}}}}{12.9\%}\) to \(\frac{\text{\$\text{\$\text{\$\text{\$\$\text{\$\text{\$\$\text{\$\text{\$\$}}}}}}{12.9\%}\) to \(\frac{\text{\$\text{\$\text{\$\$\text{\$\$\text{\$\$\text{\$\text{\$\$\text{\$\$\text{\$\$\text{\$\$\text{\$\$\text{\$\$\text{\$\$\text{\$\text{\$\$\text{

#### 4) Industrial IT Business

This segment's businesses leverage business and operating know-how specific to non-finance industries to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

Segment sales totaled ¥189,595 million, up 7.4% year on year, and operating income expanded 28.4% to ¥14,777 million. The increases in sales and profits were driven by expanding IT investment by customers in energy-related sectors and a wide range of other industrial sectors. As a result, the segment's operating income ratio rose by 1.3 percentage points to 7.8%.

#### 5) Other

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

Segment sales declined 16.0% year on year to \(\frac{4}{8}\),982 million, and operating income fell 4.8% to \(\frac{4}{9}\)61 million. The operating income ratio, however, improved by 1.3 percentage points to 10.7%. These results primarily reflect the absorption merger of IT Service Force Inc., a wholly owned subsidiary responsible for the TIS INTEC Group's shared services, and inclusion of that business' results in the Other segment from the second quarter of the fiscal 2019.

As noted above, the TIS INTEC Group embarked on a new three-year medium-term management plan from the start of fiscal 2019. The new plan will build the foundation from which the Group will work to realize its Group Vision 2026. By striving to fulfill the new plan's five basic policies—"Sustainable profit growth", "Emphasis on employee self-fulfillment", "Concentrate on core businesses"; "Shift to prior investment style of business development", and "Expand global business"—we aim to achieve a speedy structural transformation and raise corporate value.

In fiscal 2019, the first year of the new medium-term management plan, the Group energetically implemented various measures in line with Group management policies for the plan's initial year.

Medium-term management plan (2018 -2020)	Group management policies for fiscal 2019
Basic policies	
	Charge forward on switch to service-style business
Sustainable profit growth	<ul> <li>Robust prior investment to create new services</li> </ul>
Emphasis on employee self-fulfillment	Added-value and productivity improvements in domains of expertise
Constant transformation, with sense of speed	<ul> <li>Promote growth strategy aimed at becoming a top-class</li> <li>IT group in the ASEAN region</li> </ul>
	Boost motivation and reinforce human resource
	management

The major initiatives taken in fiscal 2019 are presented below.

#### 1) Charge forward on switch to service-style business

During fiscal 2019, we strengthened our cloud and security business when we launched the new Platform Square brand, which is based on the concept of providing one-stop added-value services by combining our Cloud & Security solutions with our Consulting & Managed Services. The new Platform Square brand brings together our specialists in cloud and security-related solutions and various other fields. In addition to strengthened staff numbers, the new brand brings together a wide range of solutions, from services consulting to managed services, which we are now using to accelerate business expansion, including the creation of new services.

A key initiative in the settlement-related business domain was our cooperation with MUFG Bank to develop a "token requester agency service," which is also being offered to other mobile digital wallet operators. This service uses TIS technology to securely store tokenized settlement ID information on the full range of devices that might be used to make payments, including smartphones, wearable devices, and IoT-capable equipment. We will be working with MUFG Bank to develop services that leverage MUFG Bank's expertise in payment operations and TIS's expertise in the construction and operation of payment IT infrastructure. Through such services, we aim to provide the security infrastructure that will ensure peace of mind for those using a diverse range of IoT devices to make online payments. In another cooperative venture aimed at making payments in Japan easier for foreigners visiting the country, we are working with Sumitomo Mitsui Card Company, Limited., to adapt our QRxDrive settlement service so that it can be used with the UnionPay QR code payment service provided by China's UnionPay International, a leader in cross-border QR code settlement services. As Japan's first IT processing service operator, in addition to our QRxDRIVE payment app TIS will be providing a QR payment gateway service that is based on an application programming interface (API) that enables our service to be used with POS terminals, self-service checkout terminals and other payment devices.

#### 2) Robust prior investment to create new services

As part of our efforts to acquire state-of-the-art technology and enter the global market, we established a capital and business tie-up with R3 HoldCo LLC, a US-based technology startup that has established one of the world's leading brands in distributed ledger technology (DLT), a blockchain-related technology for corporate users. In addition, to promote business development of robot integration (the linking of robotics and ICT technologies) in the enterprise domain, we made an additional investment in SEQSENSE Inc., a startup company engaged in the development of autonomous mobile robots that we have previously been involved with through seed investments from our corporate venture capital system and other connections. In line with our efforts to promote open innovation through corporate venture capital, we have been making investments through an AI-specialized corporate venture capital framework we established in fiscal 2019 to speed up decision-making and facilitate closer collaboration with startup companies in the AI field, where the remarkable pace of technological advance is attracting keen attention from companies in all fields. In addition, we started the TIS Co-Creation Innovation Consortium to foster business collaborations between large corporations and startup companies and are accelerating our efforts toward the early realization of an innovation ecosystem.

We also established a group laboratory at a WeWork community work space with the aim of strengthening our research and analysis functions as well as information sharing and collaboration by bringing together R&D departments from the entire TIS INTEC Group. We hope that providing a venue for greater collaboration among Group R&D staff will facilitate the transition from the research stage to commercialization and lead to the realization of a business creation ecosystem.

### 3) Added-value and productivity improvements in domains of expertise

During fiscal 2019, our preparations to launch CreditCube+ were advanced by the start of several projects with potential first users. CreditCube+ is a next-generation card processing service that fully leverages the technologies and expertise cultivated through our CreditCube credit-card core operations system. The new system will enable customers to improve competitiveness and reduce costs by using a system that optimally balances the merits of shared data with customers' proprietary data. In addition, we joined five other companies participating in a test run of the use of electronic payment service Alipay directly on ticket gates of the Yui Rail monorail line operated by Okinawa Urban Monorail, Inc. The test was part of TIS's effort to contribute to solutions that make travel in Japan easier for foreign visitors and create new opportunities for

business expansion through the construction and operation of settlement centers that handle customer payments for merchants and acquirers.

Group company INTEC Inc. continued its efforts to develop new high-value-added services. In fiscal 2019, INTEC succeeded in cloudifying its integrated CRM solution F3 (F Cube) which leverages the company's years of experience providing services for regional banks. INTEC also developed and began offering new optional services, such as an anti-money laundering system and an automated loan screening service.

During the period, we continued our efforts to eliminate unprofitable projects and promote enhancement reforms aimed at further improving profitability. The success of these efforts is evident in the steady rise in the Group's gross profit margin.

#### 4) Promote growth strategy aimed at becoming a top-class IT group in the ASEAN region

As part of our effort to accelerate the development of our global business by strengthening relationships and promoting collaborations with overseas companies through capital and business tie-ups, we strengthened our partnership with our Indonesian equity-method affiliate PT Anabatic Technologies Tbk, by purchasing convertible bonds with stock acquisition rights issued by the company. To help Anabatic achieve further growth by accelerating the development of new businesses, such as settlement services using QR codes and blockchains, we are working on the establishment of Group-led cooperative schemes with R3 HoldCo LLC, with which we entered into a capital and business alliance tie-up as noted above, and with Shanghai-based CardInfoLink, which has extensive experience in such areas as the provision of QR code settlement solutions. We strengthened our ties to another equity-method affiliate in the ASEAN region when we acquired additional shares and increased our equity stake in MFEC Public Company Limited, a leading provider of enterprise IT solutions in Thailand.

We have also entered into a new capital and business tie-up with TinhVan Technologies JSC, a major IT firm in Vietnam, with which we will work to develop the settlement business in Vietnam, starting with a QR settlement service.

#### 5) Boost motivation and reinforce human resource management

In fiscal 2019, we continued our efforts on the human resources front to promote the growth of each member of our diverse group of employees as well as the sustainable growth of the Company by implementing various "workstyle reform" and "health management" measures. For example, in April 2018 we established a new Human Resources SBU, which has since issued a personnel manifesto. We also publicly proclaimed our plans to make TIS a company where employees are highly motivated. The manifesto presents the new Human Resources SBU's three-point mission and various measures being taken to fulfill the mission's objectives in the areas of "evaluation, treatment, and remuneration", "workstyle reform, health management, and diversity" and "hiring, training, and assignment". We also resolved to introduce, as part of these reforms, a new employment policy that extends the mandatory retirement age to 65, with no changes in the employee's treatment after 60, meaning that basic salary and bonus remain based on job function and personnel evaluations. The group-wide effort to promote health management led to the recognition of the Group's two core units, TIS and INTEC Inc., being selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi for inclusion in the 2019 Certified Health & Productivity Management Outstanding Organizations - White 500 (large enterprise category), which recognizes enterprises that view the management of employee health from a business management standpoint and approach it as a strategic initiative. We are also pleased to announce that our promotion of telework to create an employment environment that enables employees to choose when and where they perform the tasks required by their jobs has been recognized by the Ministry of Internal Affairs and Communications, which included TIS among its "top hundred telework pioneers"—as a company advancing the introduction and utilization of teleworking.

Also in fiscal 2019, as part of our efforts to optimize our Group's organizational structure and the review of our business portfolio from a profitability perspective, we sold all the equity shares of two domestic BPO consolidated subsidiaries (AC MEDICAL INC. and Koushin INC.). We also signed an agreement to transfer our entire equity stake in Tianjin TIS Hi-tech Information System Service Co., Ltd., a consolidated subsidiary in China, to a non-Group company.

During fiscal 2019 we also launched cross-group projects centered on TIS and INTEC to promote

enhancement and greater efficiency of headquarters functions and are now considering multifaceted approaches to realize these goals. As part of this effort, the Company absorbed group company IT Service Force Inc., which was responsible for the shared services of the TIS INTEC Group, and consolidated its functions with existing Group headquarter functions. In line with the Group's policy of flexibly managing its capital position to enable flexible responses to its operating environment while continuing to enhance shareholder returns and capital efficiency, we carried out a share buyback from May to July 2018, resulting in the acquisition of 809,100 shares at a total acquisition cost of ¥4,209 million.

In January 2019, we announced a new Group basic philosophy, "OUR PHILOSOPHY." With "OUR PHILOSOPHY" providing the common values that will serve as the axis for all the activities of the entire TIS INTEC Group, we aim to be "A mover that utilizes digital technology to help to paint a brighter future" by carrying out our corporate activities with confidence and conviction.

#### (2) Analysis of Financial Condition

Consolidated total assets as of March 31, 2019, amounted to \(\frac{4}{3}70,657\) million (up 1.0% versus March 31, 2018). Current assets totaled \(\frac{4}{1}76,231\) million (up 8.7%), while fixed assets were at \(\frac{4}{1}94,426\) million (down 5.1%). On the liabilities side, current liabilities amounted to \(\frac{4}{9}1,126\) million (up 12.1%) and non-current liabilities \(\frac{4}{4}45,121\) million (down 24.0%). Net assets therefore came to \(\frac{4}{2}234,408\) million (up 3.6%).

#### (3) Cash Flow

Cash and cash equivalents ("cash") totaled ¥57,083 million as of March 31, 2019, up ¥19,538 million from March 31, 2018.

Contributions to cash flow were as follows.

#### (Cash flow from operating activities)

Operating activities generated net cash of \$37,558 million. This mainly reflects income before income taxes of \$38,778 million and the positive cash flow effect of \$12,783 million in depreciation and a \$4,809 million decrease in notes and accounts receivable. These inflows were partially offset by the negative cash flow effect of a \$17,550 million gain on the sale of investment securities.

#### (Cash flow from investing activities)

Investing activities used net cash of \$1,213 million. An inflow of \$20,897 million in proceeds from sale and redemption of marketable securities was offset by outflows of \$6,657 million for acquisitions of property and equipment, \$8,029 million for acquisitions of investment securities, and \$8,160 million for acquisitions of intangible assets.

#### (Cash flow from financing activities)

Financing activities used net cash of \$16,773 million. A cash inflow of \$10,049 million in proceeds from long-term debt was outweighed by outflows of \$15,173 million for repayments of long-term debt, \$3,925 million for dividends paid, and \$4,673 million for the purchase of treasury stock.

#### For reference: Cash flow indicators

	Fiscal 2018	Fiscal 2019
Equity ratio (%)	60.4	62.0
Equity ratio based on market capitalization (%)	97.7	119.4
Ratio of interest-bearing debt to cash flow (years)	1.1	0.7
Interest-coverage ratio (times)	115.0	117.0

Equity ratio: Total equity / Total assets

Equity ratio based on market capitalization: Market capitalization / Total assets Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow Interest-coverage ratio: Cash flow / Interest paid

1. All indicators were calculated using consolidated financial statement data.

- 2. Market capitalization is based on the number of shares issued and outstanding, excluding treasury stock. Treasury shares deducted from the number of shares issued to determine number of shares used to calculate market capitalization include the Company's shares held by TIS INTEC Group Employees' Shareholding Association Trust and the Board Incentive Plan (BIP) Trust.
- 3. Cash flow from operating activities is used as the cash flow variable.
- 4. "Interest-bearing debt" is all debt on the consolidated balance sheet on which interest is payable.

#### (4) Outlook for Fiscal 2020

The Japanese economy is expected to continue its moderate recovery, but it will be necessary to monitor the impact of uncertainties clouding the outlook, including uncertainties in overseas economies, such as trade friction-related developments, and fluctuations in financial markets.

The business environment surrounding the IT services industry, to which the TIS INTEC Group belongs, is expected to be favorable in fiscal 2020. The Bank of Japan's Short-term Economic Survey of Enterprises in Japan (March 2019) showed a 5.7% year-on-year increase in company software investment plans (all manufacturing & financial institutions), reflecting a strong trend for increased IT investment by companies embracing digital management and aiming to realize their business strategies through the aggressive application of IT.

Given these circumstances, we have established the following Group management policies for fiscal 2020 and will energetically implement various measures to ensure steady progress toward the goals of our medium-term management plan for fiscal 2019-2021.

Medium-term management plan (2018 -2020)	Group management policies for fiscal 2020
Basic policies	
	• Robust prior investment to fuel business expansion and
Sustainable profit growth	structural transformation
	<ul> <li>Promote measures and review business portfolio with</li> </ul>
Emphasis on employee self-fulfillment	view toward higher profitability
	<ul> <li>Promote growth strategy aimed at becoming a top-</li> </ul>
Constant transformation, with sense of speed	class IT group in ASEAN region
	Boost motivation and take human resource
	management to higher level
	Realize enhanced management practices and higher
	efficiency

The consolidated earnings forecast for the year ending March 31, 2020 is as follows. Based on the favorable business environment, the Group plans to continue measures to expand business and raise profitability by accurately grasping the IT investment needs of customers. Through these measures, the Group plans to absorb higher costs for active investments to promote structural transformations, and both sales and profits are expected to increase year on year.

Net sales	¥425,000 million	+1.0% year on year
Operating income	¥40,000 million	+5.1% year on year
Recurring profit	¥40,500 million	+4.9% year on year
Net income attributable to owners of the parent	¥27,100 million	+4.1% year on year
company		

Note: The above performance forecast reflects the Company's plans and expectations based on information available to the Company at the time of preparation and on certain other information the Company believes to be reasonable. They are not guarantees of future performance. Actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

#### (5) Basic Policy on Profit Distribution and Dividends for Fiscal 2019 and Fiscal 2020

1) Basic policy on profit distribution

The Company regards the return of profits to shareholders as a key management issue and has adopted a basic policy of maintaining sufficient internal reserves required for business growth from a medium- to long-term management perspective, while continually paying a stable dividend based on consideration of its consolidated financial results.

Based on this policy, during the current three-year medium-term management plan in effect from fiscal 2019 through fiscal 2021, the Company seeks to optimize its capital structure and improve capital efficiency by balancing its promotion of growth investments with securing financial soundness and strengthening shareholder returns. The Company's basic policy regarding shareholder returns aims to raise the total payout, including share buybacks, from 35% to 40% and achieve a dividend payout ratio of 30% in the final year of the plan through stable dividend growth.

#### 2) Fiscal 2019 dividends from retained earnings

With regard to the distribution of retained earnings for fiscal 2019, the Company plans to pay a year-end dividend of ¥50 per share, ¥10 more than the initial plan of ¥40, as earnings also came in above plan. As a result, the annual dividend for fiscal 2019, including the interim dividend, will be ¥70.

Including the ¥4,209 million buyback of 809,100 shares of the Company, the fiscal 2019 total shareholder return ratio comes to 39.3%.

#### 3) Fiscal 2020 dividends from retained earnings

Based on the basic policy's targeted total return ratio of 40%, in fiscal 2020 the Company plans to pay an annual dividend of ¥80 per share, including an interim dividend of ¥30 per share, and conduct share buybacks worth approximately ¥4,140 million.

#### (6) Business and Other Risks

The following are the risks with the potential to have a significant impact on the business (business results and financial condition) of the TIS INTEC Group. All forward-looking statements in this document are based on information available to the Company as of May 13, 2019.

#### 1) Price competition, intensified competition

Competition among businesses is intense in the information services industry. Competition from new entrants from other industries is progressing, and as a result, price competition may intensify. The Group is offering higher value-added services and taking other measures to differentiate itself from competitors, while raising productivity. If price competition intensifies more than expected, however, it may impact the Group's business and business results.

#### 2) Legal systems, compliance

The Group conducts its various business activities in compliance with laws and regulations in and outside Japan. In conducting these activities, the Group has established a compliance structure based on the Group's Basic Direction on CSR and thoroughly complies with all laws. If the Group were to contravene the law, or a new law or regulation were introduced, it may impact the Group's business and business results.

#### 3) Overseas business

As part of its growth strategy, the Group is pursuing growth in overseas markets, with a focus on ASEAN. The overseas business may be impacted by various factors, including global economic and foreign exchange trends, legal regulations on investment and competition, business practices, and labor-related issues. Regarding risk management of overseas business, the Group is improving the management structure by ensuring coordination between overseas Group companies and business sites and corporate management organizations in Japan in order to maintain an accurate understanding of local conditions and consult on ways to implement rapid response measures. If an unanticipated risk emerged, however, it may impact the Group's business and business results.

#### 4) System development

The Group performs development and outsourced development of various client company information systems. In conducting its business, the Group uses quality management systems to continually enhance quality management and raise productivity by thoroughly screening business proposals by dedicated organizations and reviewing projects at each stage of development. At the same time, the Group strives to

improve management and technological capabilities by enhancing training programs for each rank of employee. Additionally, the Group Production Innovation Committee is used to thoroughly implement quality improvement and production innovation initiatives throughout the Group. However, as system development becomes more sophisticated, complex and subject to tighter time constraints, larger-than-expected costs may be incurred for additional work to complete projects in response to changing customer requirements and other issues which make it difficult for the Group to achieve the planned level of quality or complete a project within its development schedule. Furthermore, in developing systems, parts of projects are typically outsourced to many different companies in order to ensure production capacity, raise productivity, and utilize technical capabilities and for other reasons. The Group strives to secure with superior partner companies in and outside Japan. There is the possibility, however, that productivity and quality fail to meet expectations, impacting the Group's ability to achieve smooth project management and raising the risk of customer claims for loss compensation. In this event, the Group's business and business results may be impacted.

## 5) System operation

The Group uses large-scale IT facilities such as data centers to provide outsourcing 24 hours a day, 365 days a year, cloud services, and other services. The Group expends a large amount of capital to operate these businesses, from initial capital investments to ongoing capital investments, to ensure stable facility maintenance and operation. The Group manages the progress of business plans to ensure a return on capital. However, if the operational status of these facilities declined significantly due to a larger-than-expected decline in demand, it may negatively impact the Group's business results. Furthermore, in the system operation business, the Group continually improves operational quality based on quality management systems. However, if system problems arose due to human error or equipment malfunctions during operation and the Group were unable to provide services at a level agreed upon with the client or when changes in conditions for clients' use of data centers or other services are greater than had been assumed, the Group's business and business results may be impacted.

#### 6) Investments

The Group makes investments in companies in and outside Japan, including venture companies, with the purpose of expanding business and acquiring new technologies, while also making software investments to develop new services. In making decisions, the Group appropriately reviews investments based on business plans. After investments are made, the Group conducts regular reviews of the progress in business plan achievement. However, in the event of unanticipated changes in the business environment, investments may not yield results as planned, and the Group's business and business results may be impacted.

#### 7) Information security

From system development to operation, the Group is in a position to learn of various types of confidential information in the conduct of its business, including personal information held by clients and clients' technological system information. Although the Group strives to manage information appropriately based on the TIS INTEC Group Information Security Policy, in the event that confidential information was leaked or manipulated due to a computer virus, unauthorized access, or other reason, the Group's business and business results may be impacted by claims for damages from client companies or the loss of trust.

#### 8) Human resources

The Group's business relies heavily on human resources and is greatly affected by its ability to secure and develop superior human resources who can offer specialized, high added value to clients. The Group strives to secure talented human resources by providing a corporate culture, human resource systems, and an office environment in which a diverse group of people can thrive. Additionally, the Group strives to develop human resources by providing support for acquiring certifications, systemizing its training program, and creating plans and targets for the number of training days. However, the Group's business and business results may be impacted in the event the Group cannot secure and develop superior human resources according to its plans.

#### 9) Technological innovation

In the information services industry, companies must rapidly respond to progress in information technologies and the accompanying changes in market needs. The Group continually conducts research into information technologies and production as well as development technologies, and is strengthening its

ability to conduct this research. The Group's business and business results may be impacted, however, in the event it is unable to appropriately respond to rapid progress in innovation over a broad realm of technologies.

#### 10) Intellectual property

To execute its business, the Group applies for and acquires patents for necessary technologies and business models as well as registers various trademarks in and outside Japan. The Group continually takes precautions to ensure that it does not infringe the intellectual property rights of third parties during the execution of its business activities. The Group may, however, be subject to claims for damages in the event that it infringes the intellectual property rights of another company. In any circumstance in which the Group infringes the rights of a third party, the Group's business and business results may be impacted.

#### 11) Natural disasters and accidents

The Group uses data centers and other large-scale IT facilities to perform its outsourcing business and provide cloud services. The data centers use various kinds of equipment to deal with disasters and accidents. Despite these measures, a longer-than-expected power blackout, large-scale natural disaster, international conflict, act of terrorism or major crime, or other such events that impede the smooth operation of the data centers may affect the Group's business and business results.

#### 12) Owned securities

To support the sustainable growth of the Group and enhance its medium- and long-term corporate value, the Group owns shares in other companies as a means of building long and stable relations with business partners and promoting sales activities. The Group also invests in bonds as part of its fund management operations. The Group adequately confirms the reliability of these securities by determining the issuers' financial condition, business results, and credit rating, and by using other indicators. In the event of significant fluctuations in stock markets, however, the Group's business and business results may be impacted from the recognition of financial losses.

#### 2. Status of the Group

The Group consists primarily of TIS Inc. (the parent company), 40 consolidated subsidiaries, and 67 affiliated companies accounted for under the equity method. The Group's core activities comprise the provision of outsourcing and cloud services, software development, and solution services, all of which are related to digitalization investment, and the Group also engages in businesses connected with these core activities such as consulting services. The Group also provides other services, such as real estate rental and management services.

The positioning of the Group's businesses and those of its consolidated subsidiaries and equity-method affiliates in reportable segments are as shown below. As the core unit of the Group, TIS is developing its business in three main business segments—Service IT Business, Financial IT Business, and Industrial IT Business.

#### (1) Service IT Business

This segment comprises businesses providing knowledge-intensive IT services that leverage TIS's service and industry know-how to create universalized, template-oriented solutions for its customers.

(Main consolidated subsidiaries)

INTEC Inc., AGREX INC., QUALICA Inc., TIS System Service Inc.

#### (2) BPC

This segment comprises businesses that leverage the Group's extensive service menu and IT know-how to deliver business process outsourcing (BPO) services, including marketing and sales services and office and contract operations.

(Main consolidated subsidiaries)

AGREX INC.

#### (3) Financial IT Business

This segment comprises businesses that leverage business and operating know-how specific to the financial sector to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

(Main consolidated subsidiaries)

INTEC Inc., AGREX INC., TIS Solution Link Inc., TIS System Service Inc.

#### (4) Industrial IT Business

This segment comprises businesses that leverage business and operating know-how specific to non-finance industries to raise the value-added of clients' operations, expand their use of IT, and provide support to operations using IT.

(Main consolidated subsidiaries)

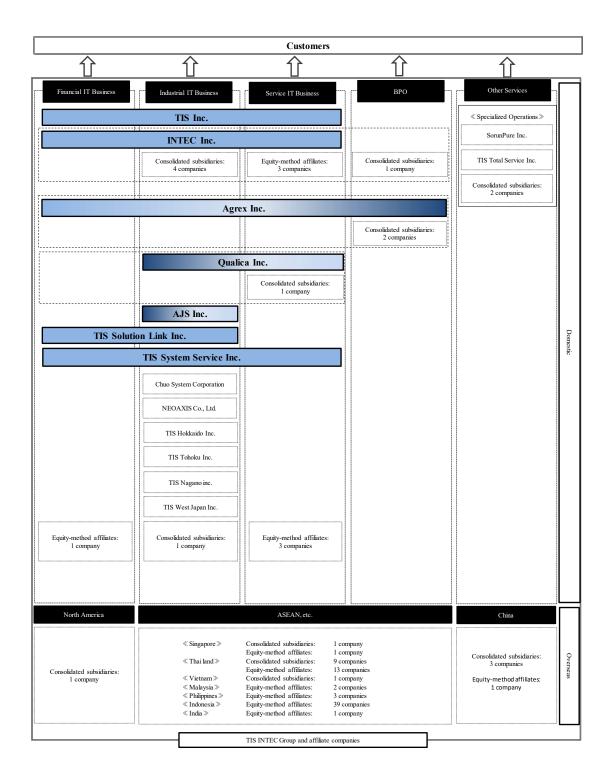
INTEC Inc.; AGREX INC.; QUALICA Inc.; AJS Inc.; TIS Solution Link Inc.; TIS System Service Inc.; Chuo System Corporation; NEOAXIS Co., Ltd.; TIS Hokkaido Inc.; TIS Tohoku Inc.; TIS Nagano Inc.; TIS West Japan Inc.

#### (5) Other

The Other segment includes subsidiaries and other Group companies that are engaged in businesses not included in the above segments, such as real estate rental and management services.

(Main consolidated subsidiaries)

Sorun Pure Inc., TIS Total Service Inc.



#### 3. Management Policy

#### (1) Basic Management Policy

(Basic philosophy)

The Group has established and disclosed "OUR PHILOSOPHY" as a new Group basic philosophy outlining the common values shared across the entire TIS INTEC Group. "OUR PHILOSOPHY" clearly and broadly delineates the thinking and ideals that TIS INTEC Group highly values in its group's management, corporate activities, and constituent members including directors and employees. This new basic philosophy provides the axis around which the Group's entire business revolves. The TIS INTEC Group aims to fulfill its role in the broader society as "A mover that utilizes digital technology to help to paint a brighter future."

In May 2017, the Group also formulated a Group Vision that sets forth the corporate image the Group seeks to achieve over the next 10 years. This Vision is shared by all the members of the TIS INTEC Group, and each employee puts the Vision into practice in their daily work activities as a way of realizing the TIS INTEC Group ideals and further raising corporate value.

#### (Group Vision)

#### 1. Ideal corporate image

"Create Exciting Future" represents the Group's common values. Based on these values, the Group leverages next-generation technologies and know-how to make business innovations and create new markets. It is an honor to be a strategic partner to customers, and the Group repays this trust by aiming to be a true innovator which continually brings about change in existing industries and markets and creates new markets.

#### 2. Strategic domains

In order to realize our ideal corporate image, the Group has defined the following as our four strategic domains.

Strategic partnership business	As partners to world-class companies in their respective industries, we will jointly plan and promote business strategies and play a central role in their business by leveraging our industry insight and our unmatched business expertise.
IT offering service	We will combine our Group's accumulated know-how and broad range of leading-edge technologies to create and rapidly deploy IT solutions and services that anticipate the future needs of our customers.
Business function service	We will combine the Group's accumulated expertise in industries and business processes and utilize cutting-edge technologies to anticipate the business function needs within our customers' value chains and offer them as services.
Frontier Market Creation Business	We will leverage our Group's technologies, business know-how, and customer base to create entirely new markets and business models responsive to the emerging needs of society and industry, promoting these as our own new business ventures.

TIS INTEC Group is also strengthening its efforts in the area of corporate sustainability in order to enhance its medium- and long-term corporate value. This includes efforts to deepen the Group's recognition that one of the original purposes of a company is to use its business activities to solve social issues and contribute to sustainable social development. Reflecting the basic philosophy behind those efforts, TIS became a signatory to the UN Global Compact in July 2018 and identified four important themes and materiality (important issues) that reflect social trends, stakeholder expectations, the Group's own characteristics and the importance of growth. Through its materiality-related initiatives, the Group is contributing to the achievement of the UN's social development goals (SDGs).

In addition, the Group is promoting management that emphasizes the fulfillment of corporate social responsibility (CSR) based on the Group's Basic Direction on CSR, which declares the Group's commitment

to cultivate a vibrant corporate culture that encourages the companies and individuals under the Group's umbrella to work toward higher goals and embrace new challenges, to be honest and fair in business pursuits based on respect for the law and high moral standards, and to fulfill social obligations.

#### (2) Key Business Indicators

The Group has established a strategic business domain ratio of 50%, operating income of ¥43.0 billion, an operating income ratio of 10%, and ROE of 12% as its targeted business indicators for the medium-term management plan (from fiscal 2019 through fiscal 2021).

#### (3) Medium- to Long-term Management Strategies

Amid dramatic business environment changes, such as the trend toward more complex and larger-scale systems, the rise of service-oriented approaches, ongoing globalization, and rapidly advancing technology innovation, the TIS INTEC Group, a leading IT services group, endeavors to play an integral role in creating a prosperous future for society.

To guide its efforts to achieve "Sustainable profit growth", an "Emphasis on employee self-fulfillment", and "Constant transformation, with a sense of speed"—the basic policies of the current medium-term management plan (fiscal 2019–2021)—the Company has established key business indicators and set targets for each to be achieved in fiscal 2021, the final year of the current plan, ending March 31, 2021. The Company substantially exceeded all of the yearly targets for these indicators in the plan's first year, fiscal 2019.

Medium-term management plan Key business indicators	Fiscal 2021	Fiscal 2019	
	Plan's target	Plan's target	Result
Strategic business domain ratio	50%	40%	42%
Operating income	¥43,000 million	¥35,000 million	¥38,000 million
Operating income ratio	10%	8.5%	9.0%
ROE	12%	10.2%	11.5%

Note: The plan's targets for fiscal 2021 were set when the medium-term management plan (fiscal 2019–2021) was formulated.

#### (4) Issues Requiring a Response

Regarding key issues facing the TIS INTEC Group, the Group is striving to achieve its Group Vision for 2026, "Create Exciting Future," and further raise corporate value by implementing structural transformation with a sense of urgency and expanding business in the four strategic domains.

The Group views structural transformation as imperative to its success, and it has set the two targets of "Sustainable profit growth" and "Emphasis on employee self-fulfillment." "Constant transformation, with a sense of speed" will be critical to achieving these two targets. More specifically, the Group will implement various measures based on the management policies of "concentrate on core businesses," "shift to prior investment style of business development" and "expand global business."

Regarding "concentrate on core businesses," the Group will promote various measures to bolster fields of expertise in such traditional areas of strength as system integration and IT services, along with critical and priority customer business. To further raise the profitability of existing businesses, the Group Production Innovation Committee is promoting various measures to evolve the Group's strengths through increasing added value and carrying out productivity reforms including minimizing unprofitable projects and implementing enhancement and innovation activities to raise maintenance and development productivity. In addition, assuming a business environment shaped by insufficient human resources in Japan due to future nationwide population declines, the Group is accelerating the structural transformation to a business model that does not rely on increases in staffing. We also continue to revise our business portfolio from a profitability perspective.

In regard to "shift to prior investment style of business development," the Group aims to transform its own business structures to prioritize speed and flexibility, enabling a shift towards business which

anticipates the needs of customers from the perspective of social issues. Specifically, the Group is promoting business creation by furthering leading edge research on AI, IoT, and robots being conducted at its research facilities, while deepening coordination between Group-backed ventures and the Group's business to maximize know-how. The Group will also seek to create business based on the concept of connecting customers to each other and connecting customers to society in order to accelerate the growth of all partners.

In regard to "expand global business," the Group has accelerated the establishment of capital and business partnerships with leading IT companies in ASEAN in order to acquire new business in a region which has shown particularly dramatic expansion in recent years. The Group will strive to extend its traditional strengths in settlement, banking, and ERP into global strengths as it aims to be a top-class ASEAN IT business group. In addition, the Group is enhancing the solutions it provides for clients in Japan and ASEAN markets by actively forming partnerships with leading IT companies in Europe, the United States, China and other regions.

To robustly support the achievement of these policies, the Group will continue to promote "human resources enhancement" and "management enhancement."

Regarding "human resources enhancement," the Group is striving to raise motivation even further by establishing work systems and corporate cultures which prioritize emphasis on employee self-fulfillment and enable a diverse range of human resources to thrive. The Group recognizes that raising the motivation of its employees is the most important means for achieving sustainable growth. The Company has formulated the "TIS Human Resources SBU Manifesto" outlining its measures to realize a workplace spirit and work environments that enable employees to achieve self-fulfillment through their work and generate better work results based on the Human Resources SBU's We are steadily implementing these measures, which include the introduction of a new employment policy that extends the mandatory retirement age to 65, with no changes in the employee's treatment after 60. The efforts have led to the Group's two core companies being selected by the Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi for inclusion among the 2019 Certified Health & Productivity Management Outstanding Organizations (large enterprise category), which recognizes enterprises that include the health management of employees among their strategic initiatives. We will continue to aggressively promote "workstyle reform" and "health management" measures and endeavor to create the systems and workplace environment that facilitate the growth of each of our employees as well as the sustainable growth of the Company.

Regarding "management enhancement," the Group has carried out structural reforms in conjunction with its transition to an operating holding company structure. These reforms include the creation of "OUR PHILOSOPHY" as the Group's basic philosophy outlining the common values shared across the entire TIS INTEC Group as well as the Group Vision. Other measures have included the promotion of awareness activities, an increase in the number and diversity independent outside directors, the establishment of a Nomination Committee and a Compensation Committee for directors, and the establishment and consolidation of internal control systems and unification of management under the Group Internal Control Committee. In addition, we are carrying out the headquarters function enhancement project "G20", which seeks to improve the efficiency of head office functions through the integration of core group systems and other measures targeted at achieving more sophisticated Group management.

In consideration of the above management issues, the Group has established the three-year medium-term management plan from fiscal 2018 with the slogan "Transformation to 2020: Unifying as a Group and achieving structural reforms to become a leader in solving society's issues," and the following targets for key business indicators: A strategic business domain ratio of 50%, operating income of \(\frac{\pmathbf{4}}{4}3.0\) billion, an operating income ratio of 10%, and ROE of 12%. The Company substantially exceeded all of the yearly targets for these indicators in the plan's first year, fiscal 2019. Going forward, the Group will vigorously implement various initiatives to realize structural transformation with a sense of urgency and further raise the Group's corporate value to serve as a stepping stone for achieving the Group Vision for 2026.

# 4. Basic Policy on Selecting Accounting Standards

The TIS INTEC Group uses Japanese accounting standards for financial reporting. The Group will continue to review the possibility of optional application of International Financial Reporting Standards (IFRS).

# **5. Consolidated Financial Statements**

# (1) Consolidated Balance Sheets

Items	As of March 31, 2018 millions of yen	As of March 31, 2019 millions of yen
Assets	minions of yen	minions of yen
Current assets		
Cash and deposits	38,032	57,591
Notes and accounts receivable	94,438	88,121
Lease receivables and lease investment assets	4,747	4,122
Marketable securities	100	100
Merchandise and finished goods	3,526	5,043
Work in process	5,432	4,064
Raw materials and supplies	263	234
Other current assets	15,884	17,331
Allowance for doubtful accounts	(360)	(377)
Total current assets	162,064	176,231
Fixed assets		
Property and equipment		
Buildings and structures, net	39,990	38,001
Machinery and equipment, net	7,547	8,124
Land	19,373	18,399
Leased assets, net	2,952	2,523
Other property and equipment, net	5,815	6,073
Total property and equipment	75,680	73,123
Intangible assets		
Software	12,506	12,542
Software in progress	4,359	6,635
Goodwill	707	371
Other intangible assets	1,341	965
Total intangible assets	18,915	20,514
Investments and other assets		
Investment securities	78,766	67,719
Net defined benefit asset	5,610	5,134
Deferred tax assets	8,958	10,013
Other assets	17,230	18,017
Allowance for doubtful accounts	(271)	(96)
Total investments and other assets	110,293	100,788
Total fixed assets	204,889	194,426
Total assets	366,954	370,657

Items	As of March 31, 2018	As of March 31, 2019
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	23,246	23,338
Short-term borrowings	4,460	6,285
Income taxes payable	6,139	9,299
Accrued bonuses to directors and employees	13,184	13,935
Provision for loss on order received	1,075	581
Provision for loss on liquidation of subsidiaries and		2,248
associates	_	2,246
Other allowances	72	219
Other current liabilities	33,131	35,218
Total current liabilities	81,310	91,126
Non-current liabilities		
Long-term debt	25,482	18,498
Lease obligations	3,997	3,238
Deferred tax liabilities	3,925	58
Deferred tax liabilities from revaluation of land	403	272
Accrued retirement benefits to directors	65	56
Other allowances	650	406
Net defined benefit liability	17,296	12,497
Asset retirement obligations	3,471	4,103
Other non-current liabilities	4,051	5,989
Total non-current liabilities	59,344	45,121
Total liabilities	140,655	136,248
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	83,384	82,945
Retained earnings	108,298	130,703
Less treasury stock, at cost	(7,742)	(11,816)
Total shareholders' equity	193,941	211,834
Accumulated other comprehensive income	,	,
Net unrealized gains on other securities	31,922	22,701
Revaluation reserve for land	(2,375)	(2,672)
Foreign currency translation adjustments	128	(257)
Remeasurements of defined benefit plans	(1,983)	(1,972)
Total accumulated other comprehensive income	27,692	17,799
Non-controlling interests	4,664	4,775
Total net assets	226,298	234,408
Total liabilities and net assets	366,954	370,657

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

**Consolidated Statements of Income** 

Items	FY 2018	FY 2019
	millions of yen	millions of yen
Net sales	405,648	420,769
Cost of sales	321,286	325,985
Gross profit	84,362	94,784
Selling, general and administrative expenses	51,618	56,740
Operating income	32,743	38,043
Non-operating income		
Interest income	28	196
Dividend income	1,047	1,043
Rental income from real estate	210	78
Other	598	533
Total non-operating income	1,885	1,852
Non-operating expense		
Interest expenses	330	327
Financing expenses	58	250
Equity in losses of affiliated companies	805	293
Other	640	422
Total non-operating expenses	1,834	1,293
Recurring profit	32,795	38,603
Extraordinary income		
Gain on sales of fixed assets	517	913
Gain on sales of investment securities	881	17,829
Gain on sales of investments in capital	208	2
Other	7	306
Total extraordinary income	1,613	19,051
Extraordinary loss	,	· · · · · · · · · · · · · · · · · · ·
Impairment loss	1,845	1,654
Data center transfer cost	_	8,800
Loss on liquidation of subsidiaries and associates	_	2,248
Other	1,018	6,172
Total extraordinary loss	2,864	18,876
Income before income taxes	31,545	38,778
Income taxes: current	10,115	13,414
Income taxes: deferred	85	(1,385)
Total income taxes	10,201	12,029
Net income	21,343	26,749
Net income attributable to non-controlling interests	723	715
Net income attributable to owners of the parent company	20,620	26,034
ivet income authorizable to owners of the parent company	20,020	20,034

**Consolidated Statements of Comprehensive Income** 

Consolidated Statements of Comprehensive income		
Items	FY 2018	FY 2019
Items	millions of yen	millions of yen
Net income	21,343	26,749
Other comprehensive income		
Net unrealized gains on other securities	11,470	(9,206)
Revaluation reserve for land	_	(296)
Foreign currency translation adjustments	146	(312)
Remeasurements of defined benefit plans	655	13
Share of other comprehensive income of equity- method affiliates	3	(132)
Total other comprehensive income	12,276	(9,935)
Comprehensive income	33,619	16,814
(Composition)		
Comprehensive income attributable to owners of the parent company	32,795	16,141
Comprehensive income attributable to non-controlling interests	824	672

# (3) Consolidated Statements of Changes in Net Assets FY 2018 (April 1, 2017 through March 31, 2018)

			Shareholders' Equity		
	Common stock	Additional paid- in capital	Retained earnings	Treasury stock	Total shareholders' equity
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Balance at beginning of fiscal year	10,001	82,918	90,846	(4,230)	179,535
Changes during the fiscal year					
Dividends from surplus			(3,258)		(3,258)
Net income attributable to owners of the parent company			20,620		20,620
Acquisition of treasury stock				(4,914)	(4,914)
Disposal of treasury stock		641		1,403	2,045
Purchase of shares of consolidated subsidiaries		(175)			(175)
Increase (decrease) resulting from merger of consolidated subsidiary and unconsolidated subsidiary			90		90
Items other than changes in shareholders' equity, net					
Net changes during the fiscal year		465	17,452	(3,511)	14,406
Balance at end of fiscal year	10,001	83,384	108,298	(7,742)	193,941

	Accumulated other comprehensive income						
	Net unrealized gains on other securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasur- ements of defined benefit plans	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Balance at beginning of fiscal year	20,478	(2,375)	51	(2,636)	15,517	4,149	199,202
Changes during the fiscal year							
Dividends from surplus							(3,258)
Net income attributable to owners of the parent company							20,620
Acquisition of treasury stock							(4,914)
Disposal of treasury stock							2,045
Purchase of shares of consolidated subsidiaries							(175)
Increase (decrease) resulting from merger of consolidated subsidiary and unconsolidated subsidiary							90
Items other than changes in shareholders' equity, net	11,444	_	77	653	12,174	515	12,690
Net changes during the fiscal year	11,444	_	77	653	12,174	515	27,096
Balance at end of fiscal year	31,922	(2,375)	128	(1,983)	27,692	4,664	226,298

FY 2019 (April 1, 2018 through March 31, 2019)

	Shareholders' Equity				
	Common stock	Additional paid- in capital	Retained earnings	Treasury stock	Total shareholders' equity
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Balance at beginning of fiscal year	10,001	83,384	108,298	(7,742)	193,941
Changes during the fiscal year					
Dividends from surplus			(3,925)		(3,925)
Net income attributable to owners of the parent company			26,034		26,034
Acquisition of treasury stock				(4,673)	(4,673)
Disposal of treasury stock		0		599	599
Purchase of shares of consolidated subsidiaries		(438)			(438)
Reversal of revaluation reserve for land			296		296
Items other than changes in shareholders' equity, net		-			_
Net changes during the fiscal year	_	(438)	22,405	(4,074)	17,892
Balance at end of fiscal year	10,001	82,945	130,703	(11,816)	211,834

Accumulated other comprehensive income				I			
	Net unrealized gains on other securities	Revaluation reserve for land	Foreign currency translation adjustments	Remeasur- ements of defined benefit plans	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen	millions of yen
Balance at beginning of fiscal year	31,922	(2,375)	128	(1,983)	27,692	4,664	226,298
Changes during the fiscal year							
Dividends from surplus							(3,925)
Net income attributable to owners of the parent company							26,034
Acquisition of treasury stock							(4,673)
Disposal of treasury stock							599
Purchase of shares of consolidated subsidiaries							(438)
Reversal of revaluation reserve for land							296
Items other than changes in shareholders' equity, net	(9,221)	(296)	(386)	10	(9,893)	110	(9,782)
Net changes during the fiscal year	(9,221)	(296)	(386)	10	(9,893)	110	8,109
Balance at end of fiscal year	22,701	(2,672)	(257)	(1,972)	17,799	4,775	234,408

(4) Consolidated Statements of Cash Flows

(4) Consolidated Statements of Cash Flows	FY 2018	FY 2019
Items	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes	31,545	38,778
Depreciation	12,572	12,783
Impairment loss	1,845	1,654
Data center transfer cost	_	8,800
Loss on liquidation of subsidiaries and associates	_	2,248
(Gain) loss on sale of investment securities	(881)	(17,550)
Loss on disposal of fixed assets	156	289
Amortization of goodwill	171	171
Increase (decrease) in accrued bonuses to directors and	779	1,637
employees		•
Increase(decrease) in allowance for doubtful accounts	251	(155)
Increase (decrease) in net defined benefit liability	416	(4,628)
Interest and dividend income	(1,076)	(1,240) 327
Interest expenses (Increase) decrease in notes and accounts receivable	(1,616)	4,809
(Increase) decrease in inventories	(109)	(227)
Increase (decrease) in notes and accounts payable	(900)	329
Increase (decrease) in accrued consumption taxes	99	682
Other, net	1,019	7,287
Subtotal	44,603	55,997
Interest and dividend income received	1,253	1,305
Interest expenses paid	(316)	(321)
Income taxes paid	(9,154)	(10,623)
Data center transfer cost paid		(8,800)
Net cash provided by (used in)operating activities	36,386	37,558
	Í	,
Cash flows from investing activities		
Purchase of marketable securities	(400)	(400)
Proceeds from sale and redemption of marketable securities	400	404
Acquisitions of property and equipment	(10,017)	(6,657)
Proceeds from sales of property and equipment	3,202	2,739
Acquisitions of intangible assets	(6,447)	(8,160)
Acquisitions of investment securities	(1,553)	(8,029)
Proceeds from sale and redemption of investment securities	3,579	20,897
Payment of lease and guarantee deposits Collection of lease and guarantee deposits	(594) 296	(2,207) 889
Purchase of shares of subsidiaries resulting in change in scope		009
of consolidation	(32)	-
Other, net	(2,635)	(690)
Net cash provided by (used in) investing activities	(14,202)	(1,213)
	(- 1,-1-)	(-,)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	37	(31)
Proceeds from long-term debt	14,117	10,049
Repayments of long-term debt	(16,559)	(15,173)
Purchase of treasury stock	(4,914)	(4,673)
Proceeds from sales of treasury stock	2,045	599
Dividends paid	(3,258)	(3,925)
Dividends paid to non-controlling interests	(286)	(397)
Purchase of shares of subsidiaries not resulting in change in	(193)	(639)
scope of consolidation	, , ,	•
Other, net	(1,530)	(2,582)
Net cash provided by (used in) financing activities	(10,543)	(16,773)
Effect of exchange rate changes on cash and cash equivalents	51	(44)
Net increase (decrease) in cash and cash equivalents	11,692	19,526
Cash and cash equivalents at beginning of year	25,730 122	37,545 11
Increase in cash and cash equivalents resulting from merger  Cash and cash equivalents at end of year	37,545	57,083
Cash and Cash Equivalents at the Of year	37,343	37,003

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

(Notes on the Going-concern Assumption) Not applicable

#### (Additional Information)

(Transaction involving delivery of the Company's own shares to employees, etc. through a trust)

The Company has delivered treasury shares through the trust account of the TIS INTEC Group Employees' Shareholding Association ("Employees' Shareholding Association").

#### (1) Overview of the transaction

The Company has established a trust whose beneficiaries are employees who belong to the Employees' Shareholding Association and who meet certain requirements. The trust has acquired in advance, through third-party allotment, a number of treasury shares of the Company equivalent to the number of treasury shares likely to be purchased by the Employees' Shareholding Association over a three-year period from March 2018. The trust subsequently began selling these shares on a certain day each month to the Employees' Shareholding Association. If, at the time of the termination of the trust, there is any trust fund revenue resulting from an increase in share price, employees who are beneficiaries of the trust shall be allocated sums in proportion to the size of their respective contributions. If there is a loss on the sale of shares due to a decrease in share price leading to a trust fund debt, the Company shall reimburse the bank in one lump sum in accordance with the loan agreement, meaning therefore that employees will not incur any additional costs.

(2) Treasury shares remaining in the possession of the trust

Treasury shares remaining in the possession of the trust are recorded as "Less treasury stock, at cost" under "Net assets" at the trust's book value (exclusive of ancillary expenses).

There were 365,000 treasury shares remaining in the possession of the trust at the end of the fiscal year under review with a book value of \(\frac{1}{4}\)46 million.

(3) Book value of borrowings recorded in accordance with the adoption of the gross accounting method As of March 31, 2019, the book value of borrowings recognized in accordance with the gross accounting method was  $\pm 1,265$  million.

#### (Subsequent Events)

(Share buyback)

At the Board of Directors' meeting held on May 13, 2019, based on the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the Act, the Company made a resolution on repurchase of its own shares.

(1) Reason for share buyback

To implement flexible capital strategy responding to changes in the operating environment.

- (2) Details of resolution on share buyback
  - 1) Class of shares to be repurchased: common shares
  - 2) Total number of shares to be repurchased: 1,000,000 shares (upper limit)
  - 3) Total cost of repurchase: 4,140 million yen (upper limit)
  - 4) Period for repurchase: May 14, 2019 through July 31, 2019
  - 5) Method for repurchase: Purchase on the Tokyo Stock Exchange

#### 6. Other Information

INTEC Inc., a consolidated subsidiary of the Company, is currently in litigation with Mitsubishi Shokuhin Co., Ltd., which filed a claim for compensation in connection with services including systems development provided by INTEC Inc. (Amount of compensation demanded: 12,703 million yen; date the complaint was received: December 17, 2018).



# (Translation)

# Non-Consolidated Financial Results for the Fiscal Year ended March 31, 2019

(April 1, 2018 through March 31, 2019)

# 1. Non-Consolidated Balance Sheets

lia-ma	As of March 31, 2018	As of March 31, 2019	
Items	millions of yen	millions of yen	
Assets			
Current Assets			
Cash and deposits	16,132	38,722	
Notes	169	340	
Accounts receivable	48,988	44,836	
Lease investment assets	40	23	
Merchandise and finished goods	1,430	2,769	
Work in process	2,563	626	
Prepaid expenses	9,152	10,749	
Short-term loans receivable to subsidiaries and affiliates	3,700	3,297	
Other current assets	679	831	
Allowance for doubtful accounts	△ 1,021	△ 941	
Total current assets	81,835	101,256	
Fixed assets			
Property and equipment			
Buildings	*1 12,259	*1 10,394	
Structures	250	233	
Machinery	*1 2,852	*1 2,074	
Equipment	1,564	1,631	
Land	8,361	7,562	
Leased assets	1,738	1,609	
Construction in progress	21	3	
Total property and equipment	27,049	24,509	
Intangible assets			
Software	6,196	6,197	
Software in progress	3,199	4,949	
Other intangible assets	211	105	
Total intangible assets	9,607	11,252	
Investments and other assets			
Investment securities	56,700	48,822	
Stocks of subsidiaries and affiliates	91,846	92,052	
Investments in capital of subsidiaries and affiliates	543	216	
Guarantee deposits	7,926	9,485	
Long-term prepaid expenses	1,689	2,894	
Prepaid pension cost	1,067	988	
Long-term loans receivable to subsidiaries and affiliates	155	281	
Deferred tax assets	-	342	
Other investment and other assets	2,417	625	

Allowance for doubtful accounts	△ 35	△ 29
Total investments and other assets	162,311	155,679
Total fixed assets	198,968	191,441
Total assets	280,803	292,697

	As of March 31, 2018	As of March 31, 2019
Items	millions of yen	millions of yen
Liabilities	, .	, .
Current liabilities		
Accounts payable-trade	10,984	11,352
Short-term borrowings	666	4,000
Short-term borrowings from subsidiaries and affiliates	15,446	21,017
Lease obligations	683	639
Accounts payable-other	531	1,186
Accrued expenses	4,257	4,112
Income taxes payable	2,788	5,712
Advances received	623	869
Deposits received	571	573
Unearned revenue	6,692	7,369
Provision for bonuses	4,720	5,186
Provision for loss on order received	497	289
Provision for loss on liquidation of affiliates	-	1,815
Provision for others	72	159
Other current liabilities	785	1,762
Total current liabilities	49,321	66,045
Non-current liabilities		
Long-term debt	21,045	16,265
Long-term loans payable to subsidiaries and affiliates	2,400	2,350
Lease obligations	1,399	1,249
Deferred tax liabilities	3,611	-
Deferred tax liabilities from revaluation of land	403	272
Provision for retirement benefits	1,059	1,065
Provision for others	650	406
Asset retirement obligation	3,072	3,185
Other non-current liabilities	1,246	1,432
Total non-current liabilities	34,889	26,227
Total liabilities	84,210	92,272
Net assets		
Shareholders' equity		
Capital stock	10,001	10,001
Capital surplus		
Legal capital surplus	4,111	4,111
Other capital surplus	122,526	122,526
Total capital surplus	126,638	126,638
Retained earnings		
Other retained earnings		

Retained earnings brought forward	42,427	57,965
Total retained earnings	42,427	57,965
Treasury stock	△ 7,742	△ 11,816
Total shareholders' equity	171,324	182,788
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	27,643	20,308
Revaluation reserve for land	△ 2,375	△ 2,672
Total valuation and translation adjustments	25,267	17,635
Total net assets	196,592	200,424
Total liabilities and net assets	280,803	292,697

# 2. Non-Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Itama	As of March 3	31, 2018	As of March 31, 2019	
Items	millio	ns of yen	millio	ns of yen
Sales		168,654		181,070
Cost of sales		132,949		138,598
Gross profit		35,705		42,472
Selling, general and administrative expenses and operating expenses	*2	21,655	*2	25,249
Operating income		14,049		17,222
Non-operating revenue				
Interest income	*1	50	*1	215
Dividends income	*1	5,411	*1	6,513
Other non-operating revenue		80		363
Total non-operating revenue		5,542		7,092
Non-operating expenses				
Interest expenses	*1	237	*1	287
Financing costs		53		247
Foreign exchange loss		-		128
Real estate lease expenses		-		258
Provision of allowance for doubtful accounts		166		-
Other non-operating expenses		19		29
Total non-operating expenses		476		950
Ordinary income		19,115		23,364
Extraordinary income				
Gain on sales of investment securities		838		16,914
Other extraordinary income		5		1,312
Total extraordinary income		843		18,226
Extraordinary loss				
Loss on Valuation of stocks of subsidiaries and affiliates	*3	592		-
Impairment loss		1,460		1,039
Datacenter allocation costs		-	*4	8,800
Loss on liquidation of affiliates		-	*5	2,752
Other extraordinary loss		460		3,049
Total extraordinary loss		2,513		15,641

Income before income taxes	17,446	25,950
Income taxes-current	4,264	7,780
Income taxes-deferred	2	△ 997
Total income taxes	4,267	6,783
Net profit	13,179	19,167

# [Details of Cost of sales]

	Cotogorios	Notes	As of March 31,	2018	As of March 31,	2019
	Categories	No.	millions of yen	%	millions of yen	%
I	Material costs		17,317	13.0	14,785	10.7
П	Labor costs		31,612	23.8	32,119	23.2
III	Subcontract expenses		60,391	45.4	63,499	45.8
IV	Expenses		23,628	17.8	28,194	20.3
	Cost of sales		132,949	100.0	138,598	100.0

# Calculating method

Calculating method is job-order cost accounting by project.

# 3. Statement of Changes in Shareholders' Equity

As of March 31, 2018

	Shareholders' Equity							
		Capital surplus		Retained	earnings			
(unit: millions of yen)	Capital stock	Legal capital surplus	Other capital surplus	Total Capital Surplus	Other retained earnings Retaine d earnings brought forward	Total retained earnings	Treasury stock	Total shareholders ' equity
Beginning balance	10,001	4,111	121,885	125,996	35,547	32,547	△ 4,230	164,314
Changes during period								
Dividend of surplus					△ 3,258	△ 3,258		△ 3,258
Net profit					13,179	13,179		13,179
Decline by separate company demerger					△ 40	△ 40		△ 40
Reversal of land revaluation reserve								
Purchase of treasury stock							△ 4,914	△ 4,914
Disposition of treasury stock			641	641			1,403	2,045
Net Changes of items other than shareholders' equity								
Total changes during period	-	-	641	641	9,879	9,879	△ 3,511	7,010
Ending balance	10,001	4,111	122,526	126,638	42,427	42,427	△ 7,742	171,324

	Valuation ar	Valuation and translation adjustments				
(unit: millions of yen)	Valuation difference on available-for- sale securities	Revaluation reserve for land	Total Valuation and translation adjustments	Total net assets		
Beginning balance	18,658	△ 2,375	16,282	180,597		
Changes during period						
Dividend of surplus				△ 3,258		
Net profit				13,179		
Decline by separate company demerger				△ 40		
Reversal of land revaluation reserve						
Purchase of treasury stock				△ 4,914		
Disposition of treasury stock				2,045		
Net Changes of items other than shareholders' equity	8,985	-	8,985	8,985		
Total changes during period	8,985	-	8,985	15,995		
Ending balance	27,643	△ 2,375	25,267	196,592		

# As of March 31, 2019

·		Shareholders' Equity							
		Capital surplus Retained earnings							
(unit: millions of yen)	Capital stock	Legal capital surplus	Other capital surplus	Total Capital Surplus	Other retained earnings Retaine d earnings brought forward	Total retained earnings	Treasury stock	Total shareholders ' equity	
Beginning balance	10,001	4,111	122,526	126,638	42,427	42,427	△ 7,742	171,324	
Changes during period									
Dividend of surplus					△ 3,925	△ 3,925		△ 3,925	
Net profit					19,167	19,167		19,167	
Reversal of land revaluation reserve					296	296		296	
Purchase of treasury stock							△ 4,673	△ 4,673	
Disposition of treasury stock			0	0			599	599	
Net Changes of items other than shareholders' equity									
Total changes during period	-	-	0	0	15,537	15,537	△ 4,074	11,463	
Ending balance	10,001	4,111	122,526	126,638	57,965	57,965	△ 11,816	182,788	

	Valuation ar	nd translation ad		
(unit: millions of yen)	Valuation difference on available-for- sale securities	Revaluation reserve for land	Total Valuation and translation adjustments	Total net assets
Beginning balance	27,643	△ 2,375	25,267	196,592
Changes during period				
Dividend of surplus				△ 3,925
Net profit				199,167
Reversal of land revaluation reserve				296
Purchase of treasury stock				△ 4,763
Disposition of treasury stock				599
Net Changes of items other than shareholders' equity	△ 7,335	△ 296	△ 7,631	△ 7,631
Total changes during period	△ 7,335	△ 296	△ 7,631	3,831
Ending balance	20,308	△ 2,672	17,635	200,424

# (Notes)

(Important accounting policy)

- Asset evaluation standard and method
  - (1) Securities evaluation criteria and method

Shares of subsidiaries and affiliates

Cost method by moving average method

Other securities

Those with a market price

Market value method based on the market price, etc. at the end of the term (Valuation differences are processed by the all net asset direct method, and selling

costs are

calculated by moving average method.)

Things without market value

Cost method by moving average method

(2) Derivatives evaluation standard and method

Market value method

(3) Inventories evaluation standard and method

Goods and products

First-in first-out method (Values on the balance sheet are subject to the book value reduction

method based on decreased profitability)

Work in progress

Cost method by individual method (Values on the balance sheet are subject to the book value

reduction method based on decreased profitability)

Raw materials and supplies

Last purchase cost method (Values on the balance sheet are subject to the book value reduction method based on decreased profitability)

- 2. Depreciation method for fixed assets
  - (1) Tangible fixed assets (excluding lease assets)

Straight-line method

(2) Intangible fixed assets

Software for market sale

The company depreciate amounts calculated by multiplying the software balance by the ratio of current sales to estimated sales, or amounts calculated by straight-line method based on estimated useful life (3 years), whichever is greater.

Software for internal use

The straight-line method based on the internal usable period (5 to 7 years).

(3) Leased assets

The straight-line method is adopted in which the lease period is the useful life and the residual value is zero.

## 3. Accounting standard for allowance

(1) Allowance for doubtful accounts

In order to prepare for bad debt loss such as accounts receivable-trade and loans, an allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables and the estimated amount of irrecoverable debt based on the recoverability of individual cases for specified receivables such as debt with a possibility of default.

(2) Provision for bonuses

In order to prepare for the payment of employee bonuses, an amount corresponding to the current portion of estimated bonus payments to employees is recorded.

- (3) Provision for loss on order received
  - In order to prepare for future losses on order contracts, when the project is highly likely to incur future losses at the end of the current fiscal year, and where it is possible to reasonably estimate the amount of such losses, such losses for the following fiscal year or thereafter are recorded.
- (4) Prepaid pension costs and provision for retirement benefits In order to prepare for the payment of the employee pension, the amount is based on projected benefit obligations and pension assets at the end of the fiscal year. Any arithmetic difference is amortized on the straight-line method over a certain number of years (10 and 14 years) within the average remaining service periods of the employees who will receive the benefits. The past service liabilities are expensed on the straightline method over a certain number of years (10 and 14 years) within the average remaining service periods of the employees who will receive the benefits.
- (5) Provision for loss on liquidation of affiliates Estimated losses are recorded in order to prepare future losses along with entering into an agreement of transfer of affiliate to a company outside the group.
- 4. Accounting standard for income and expense

Standard for recording revenue related to build-to-order software

Contracts whose outcome at the end of the consolidate fiscal year under review is deemed certain

The percentage-of-completion (estimates of the percentage of completion made by calculating

the percentage of the cost incurred to the estimated total cost).

Other contracts

The completed-contract method

- 5. Other important matters that are the basis for preparing financial statements
  - (1) Standards for converting assets or liabilities denominated in foreign currencies into Japanese currency

All assets and liabilities denominated in foreign currency are converted into Japanese

yen at the spot exchange rates on the date of the account settlement.

- (2) Hedge accounting method
  - ① Hedge accounting method Deferred hedge processing is adopted, in principle. However, for the forwardexchange contracts and currency swaps that fulfill the requirements for the designation method, the allocation method is used.
  - 2 Hedging method and hedged item

Hedging method
forward-exchange contracts
credits and debts)

currency swaps
foreign currency transaction (monetary credits and debts)

foreign currency transaction (monetary credits and debts)

- 3 Hedging policy
  - Based on the internal regulation concerning derivative transactions, derivatives are used for the purpose of reducing the risk of foreign exchange fluctuations and the Company does not engage in speculative transactions.
- 4 Hedging effectiveness evaluation method The effectiveness of the hedge is judged by comparing the cumulative total of the market fluctuations or the cash flow fluctuations for the hedge coverage, and the market fluctuations or the cash flow fluctuations for the means of hedging. However, when forward-exchange contract and currency swaps denominated in foreign currency on the same date are applied upon conclusion of the contract, post evaluation of effectiveness is omitted since the correlation with subsequent changes in the exchange rates is completely ensured.
- (3) Accounting for consumption tax

The net of tax method is adopted for the Consumption Tax treatment.

(Changes in disclosure method)

(Profit and Loss Statement)

"Financing costs", which was included in "Commission fees" of "Non-operating expenses" on the financial statements for the previous year, is shown separately from the current fiscal year, considering the significant monetary impact to the financial statements. Along with that, "Commission fees" of "Non-operating expenses" on the financial statement for the previous year was of little importance in monetary terms, and therefore, it has been included among "Other non-current liabilities. To reflect this change in description, the reclassification of accounts has been made for the balance sheet for the previous fiscal year. Thus, 67 million yen, which was classified as "Commission fees" and 5 million yen, which was classified as "Other non-operating expenses" on the profit and loss statement for the previous fiscal year, have been reclassified as "Financing costs" at 53 million yen and "Other non-operating expenses" at 19 million yen.

(Changes along with application of partial revision of "Accounting Standard on Tax Effect Accounting")

Partial revision of "Accounting Standard on Tax Effect Accounting (Corporate Accounting Standard No. 28, February 16, 2018) has been applied from the beginning of this fiscal year. Deferred tax assets has been shown in Investment and other assets, and Deferred tax liabilities has been shown in Non-current liabilities. Also, Notes for tax effect accounting has been changed. Thus, 2,448 million yen, which was classified as "Deferred tax assets" of "Current Assets" on the financial statements of the previous fiscal year, has been "Deferred tax liabilities" of "Non-current liabilities" at 3,611 million yen by offsetting by "Deferred tax liabilities" of "Non-current liabilities" at 6,060 million yen. Therefore, Total assets has been decreased 2,448 million yen as compared with before changes.

# (Additional Information)

(Transaction delivering the shares of the company to employees through trust)

It is as stated in "Additional Information" in (1) Consolidated Financial Statement in 1 Consolidated Financial Statement in Chapter 5 Financial Situation.

(Performance-linked stock compensation scheme)

It is as stated in "Additional Information" in (1) Consolidated Financial Statement in 1 Consolidated Financial Statement in Chapter 5 Financial Situation.

# (Balance Sheet)

\*1 Among the assets acquired in the past fiscal year, Reduction entry amount due to a government subsidy is 78 million yen and amounts recorded in balance sheet has removed this reduction entry amount. Its breakdown is Buildings and structures at 76 million yen, and Machinery and Transportation equipment at 2 million yen.

## \*2 Monetary receivables and payables to affiliates (excluded items separately shown)

	As of March 31, 2018	As of March 31, 2019
Short-term monetary receivables	521 million yen	922 million yen
Short-term monetary payables	2,115 million yen	2,120 million yen
Long-term monetary payables	814 million yen	860 million yen

## (Profit and Loss Statement)

# \*1 Transactions with related party

· · ·	As of March 31, 2018	As of March 31, 2019
Amounts from transactions other than ordinary sales transactions	4,509 million yen	6,206 million yen

<sup>\* 2</sup> Among Selling, general and administrative expenses in this fiscal year, the ratio of Selling expenses is 25% and the ratio of General and administrative expenses is 75%.

## Major expenses of Selling, general and administrative expenses are as follows:

	As of March 31, 2018	As of March 31, 2019
Salaries and allowances	7,390 million yen	8,162 million yen
Bonuses Provisions for bonuses	1,239 million yen 1,424 million yen	1,446 million yen 1,659 million yen
Outsourcing costs Depreciation expenses Provision of allowance for doubtful accounts	2,419 million yen 361 million yen △ 2 million yen	2,430 million yen 412 million yen 4 million yen

### \*3 Loss on valuation of stocks of subsidiaries and affiliates

As of March 31, 2018

Shares of the subsidiary company that which company owns has been reflected write-down due to significant decline of the actual value of the shares

#### \*4 Datacenter allocation costs

As of March 31, 2019

The company partially bore Datacenter allocation costs of the client by executing as the original schedule of the old datacenter closure based on the judgement that it was necessary in order to avoid reduction of future income by incurring additional cost from postponing timing of closure since it was found that the allocation costs for a particular client which large scale of utilization.

# \*5 Loss of liquidation of affiliates

As of March 31, 2019

Loss of liquidation of affiliates has been recorded along with entering into an agreement of transfer of affiliate to a company outside the group. The main factor is estimated losses for the future along with liquidation of the affiliates.

#### (Securities)

Shares of the subsidiaries and affiliates, the amounts of the shares of the affiliated companies recorded on the balance sheet for the previous fiscal year was 92,401 million yen, are not shown because these items do not have market prices and seem to be extremely difficult to comprehend current values.

As of March 31, 2018

Categories	Amounts on Profit and Loss Statements	Market Values	Difference
	millions of yen	millions of yen	millions of yen
Shares of subsidiaries and affiliates	5,447	4,405	△ 1,042
Total	5,447	4,405	△ 1,042

(Notes) Amounts on Profit and Loss Statements of the shares of the subsidiaries and affiliates which do not have market prices and seem to be extremely difficult to comprehend current values.

Categories	Amounts on Profit and Loss Statements
	millions of yen
Shares of subsidiaries	85,459
Shares of affiliates	940

These items are not included in Shares of the subsidiaries and affiliates because it does not have market prices and seem to be extremely difficult to comprehend current values.

# As of March 31, 2019

Categories	Amounts on Profit and Loss Statements	Market Values	Difference
	millions of yen	millions of yen	millions of yen
Shares of subsidiaries and affiliates	5,996	5,246	△ 749
Total	5,996	5,246	△ 749

(Notes) Amounts on Profit and Loss Statements of the shares of the subsidiaries and affiliates which do not have market prices and seem to be extremely difficult to comprehend current values.

Categories	Amounts on Profit and Loss
_	Statements
	millions of yen
Shares of subsidiaries	85,875
Shares of affiliates	1,180

These items are not included in Shares of the subsidiaries and affiliates because it does not have market prices and seem to be extremely difficult to comprehend current values.

# (Tax effect accounting)

# 1. Details of causes for deferred tax assets and deferred tax liabilities

	As of March 31, 2018	As of March 31, 2019
	millions of yen	millions of yen
Deferred tax asset		
Income tax payable	283	440
Loss on valuation of stocks of subsidiaries and affiliates	1,570	2,002
Loss on valuation of investment securities	785	1,034
Provision for bonuses	1,445	1,587
Provision for loss on order received	152	88
Retirement benedict obligation	411	405
Asset retirement obligation	1,444	1,564
Accrued expenses, currently not deductible	201	222
Allowance for doubtful accounts	313	288
Impairment loss	4,356	4,019
Excess depreciation	474	316
Other deferred tax asset	794	1,858
Subtotal-deferred tax asset	12,232	13,830
Valuation allowance	△ 2,995	△ 3,927
Total deferred tax asset	9,236	9,903
Deferred tax liability		
Prepaid pension asset	△ 530	△ 430
Removal costs corresponding to asset retirement obligations	△ 417	△ 444
Valuation difference on available-for-sale securities	△ 11,901	△ 8,684
Total deferred tax liability	△ 12,848	△ 9,560
Net deferred tax asset	△ 3,611	342

2. Details of major items that were the causes of the difference, where there was a significant difference between statutory effective tax rate and the burden rate of corporate tax, etc., after applying tax effect accounting

	As of March 31, 2018	As of March 31, 2019
	%	%
Effective income tax rate	30.9	30.6
(Adjustment)		
Exclusion from the gross profits of entertainment expenses	0.2	0.3
Exclusion from the gross profits of dividends income received	△ 8.1	△ 7.0
Gain on extinguishment of tie-in shares	0.2	0.1
Inhabitant tax on per capita basis	0.1	-
Downward revision of deferred tax assets due to change in tax rate	0.9	3.6
Valuation allowance	-	△ 0.9
Other	0.3	△ 0.6
Corporate tax burden rate after the application of tax effect accounting	24.5	26.1

(Business combination)

No applicable.

(Important subsequent events)

It is as stated in "Important subsequent events" in (1) Consolidated Financial Statement in 1 Consolidated Financial Statement in Chapter 5 Financial Situation.