

**Consolidated Financial Results for the First Quarter
of the fiscal year ending March 31, 2018
(April 1, 2017 - June 30, 2017)
[J-GAAP]**

July 28, 2017

Company Name: SCSK Corporation
 Securities Code: 9719
 Stock Exchange Listing: Tokyo Stock Exchange, 1st Section
 URL: <http://www.scsk.jp>
 Representative: Tooru Tanihara, President and Representative Director
 Inquiries: Kazuyuki Matsunaga
 General Manager, Accounting Control Department TEL: +81-3-5166-2500
 Scheduled date of filing quarterly securities reports August 10, 2017
 Scheduled date for dividend payment: —
 Preparation of supplementary information material on financial results (yes/no): Yes
 Financial results conference for institutional investors and analysts (yes/no): Yes

(Amounts of less than ¥1 million are truncated)

1. Consolidated Business Results for the First Quarter ended June 30, 2017(April 1, 2017 to June 30, 2017)

(1) Consolidated Operating Results

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the previous fiscal year)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|----------------------------------|-----------|-----|------------------|-------|-----------------|-------|---|-------|
| | | % | | % | | % | | % |
| Three months ended June 30, 2017 | 77,219 | 2.5 | 3,889 | -36.5 | 4,455 | -33.8 | 2,844 | -61.0 |
| Three months ended June 30, 2016 | 75,352 | 1.8 | 6,124 | 12.6 | 6,732 | 15.5 | 7,296 | 66.0 |

(Note) Comprehensive income:

First Quarter Ended June 30, 2017: 3,025 million yen (-57.0%) First Quarter Ended June 30, 2016: 7,035 million yen (61.2%)

| | Net profit per share | Diluted net profit per share |
|----------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Three months ended June 30, 2017 | 27.40 | 27.38 |
| Three months ended June 30, 2016 | 70.30 | 70.11 |

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

| | Total assets | Net assets | Equity ratio |
|----------------------|--------------|------------|--------------|
| | | | % |
| As of June 30, 2017 | 364,645 | 171,695 | 45.2 |
| As of March 31, 2017 | 389,537 | 173,674 | 42.8 |

(Reference) Shareholders' equity: As of June 30, 2017 ¥164,834 million As of March 31, 2017 ¥166,897 million

2. Dividends

| | Dividends per share (Yen) | | | | |
|--------------------|---------------------------|--------------------|-------------------|-----------------|-------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| FY 2016 | — | 42.50 | — | 47.50 | 90.00 |
| FY 2017 | — | — | — | — | — |
| FY 2017 (Forecast) | — | 47.50 | — | 47.50 | 95.00 |

(Note) Revisions during this quarter of Dividends forecasts for Fiscal Year 2017: None

3. Consolidated Financial Forecasts for Fiscal Year 2017 (April 1, 2017 to March 31, 2018)

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the corresponding period of the previous fiscal year)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Net profit per share |
|--------------------------------------|-----------|-----|------------------|-----|-----------------|------|---|-------|----------------------|
| | | % | | % | | % | | % | Yen |
| Six months ending September 30, 2017 | 160,000 | 1.6 | 15,000 | 1.9 | 15,500 | -1.8 | 10,000 | -24.7 | 96.33 |
| Full Year | 340,000 | 3.2 | 36,000 | 6.8 | 37,000 | 2.4 | 24,500 | -13.9 | 236.01 |

(Note) Revisions during this quarter of consolidated earnings forecasts for Fiscal Year 2017: None

※ Notes

- (1) Changes in significant subsidiaries during the period : None
- (2) Adoption of specific accounting procedures in preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections
- 1) Changes in accounting policies, changes in accounting standards and other regulations: None
 - 2) Changes in accounting policies due to other reasons: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of prior period financial statements after error corrections: None
- (4) Number of shares issued (Common stock)
- 1) The number of shares issued as of the period-end (including treasury stock)

| | |
|----------------------|--------------------|
| As of June 30, 2017 | 107,986,403 shares |
| As of March 31, 2017 | 107,986,403 shares |
 - 2) The number of shares of treasury stock as of the period-end

| | |
|----------------------|-----------------|
| As of June 30, 2017 | 4,173,927shares |
| As of March 31, 2017 | 4,177,266shares |
 - 3) The average number of shares during the period

| | |
|---------------------|--------------------|
| As of June 30, 2017 | 103,810,013 shares |
| As of June 30, 2016 | 103,799,697 shares |

*Notification regarding the auditing process

- This financial report is not within the scope of the auditing process as prescribed by the Financial Instruments and Exchange Act. Therefore, and as of the time of disclosure, the auditing process of this financial report has not been completed.

* Cautionary statement concerning appropriate use of financial forecasts and other explanatory notes

- The financial forecasts contained in this document are based on the information currently available and certain assumptions deemed reasonable. Actual results may vary from these forecasts for various reasons. With regard to the assumptions on which financial forecasts are based and other explanatory notes in connection with the use of financial forecasts, please refer to “Qualitative information of Consolidated Financial Forecast for the fiscal year ending March 31, 2018” on page 3.
- SCSK will hold a results briefing for institutional investors and analysts on July 28, 2017. Materials used in the briefing, a transcript of the main questions and answers, and other related information will be published on SCSK’s website promptly thereafter.

Contents

| | |
|--|----|
| 1. Qualitative information regarding operating results for the quarter ended June 30, 2017 | 2 |
| (1) Analysis of operating results | 2 |
| (2) Summary of financial position | 3 |
| (3) Forecasts for the fiscal year ending March 31, 2018 | 3 |
| 2. Consolidated quarterly financial statements | 5 |
| (1) Consolidated quarterly balance sheets | 5 |
| (2) Consolidated quarterly statements of income and comprehensive income | 7 |
| (3) Consolidated quarterly statements of cash flows | 9 |
| (4) Notes regarding consolidated financial results for the first quarter ended June 30, 2016 | 11 |
| (Notes regarding the premise of a going concern) | 11 |
| (Notes concerning significant changes in shareholder's equity) | 11 |
| (Segment information) | 12 |

1. Qualitative information regarding operating results for the three-month period ended June 30, 2017

(1) Analysis of operating results

In the three-month period ended June 30, 2017, the Japanese economy continued to display the moderate recovery trend that began in the previous fiscal year. This trend was supported in part by the economic stimulus measures implemented by the Japanese government as well as by the monetary easing measures and interest rate policies instituted by the Bank of Japan.

Specifically, corporate earnings are growing and business sentiment is improving as production activities and exports pick up. In addition, we are witnessing improvements in the job market. These factors led us to judge that the economy was displaying an overall trend toward recovery.

Our outlook for the economy is that, in the midst of ongoing improvements in the job market and in wages and the benefits of various government measures, the gradual recovery trend will continue. However, a persistent sense of uncertainty is plaguing the global political and economic climate. Prominent concerns include the state of government affairs under the current administration in the United States, geopolitical risks in the Middle East and East Asia, issues surrounding the United Kingdom's decision to leave the European Union, the threat of economic downturn in Asian and other emerging and resource-rich countries, and risk of fluctuations in financial capital markets. Accordingly, scrutiny is imperative in judging economic trends for the purpose of making management decisions going forward.

In this environment, the IT services market experienced robust system upgrade demand from customer companies for productivity and efficiency improvement purposes, including for the implementation of working style reforms.

At the same time, strategic IT investment demand for reinforcing strategic businesses or securing a competitive edge is also rising. In this manner, there was a general upward trend in overall IT investment demand.

In the manufacturing industry, there is currently a solid deal flow for measures for achieving compatibility with the Internet of Things (IoT), which is anticipated to enter into a full-fledged proliferation period, as well as for strategic globalization initiatives; verification services for pre-market products, which are growing ever more sophisticated; and business process outsourcing (BPO) services related to products and services.

In distribution, service, and other industries, strategic IT investment and IT services demand is on the rise, particularly among customer companies engaging in consumer businesses. This demand was largely associated with investment related to e-commerce, customer relationship management (CRM), and big data analysis for the purposes of enhancing digital marketing initiatives and facilitating omni-channel retailing.

In the financial industry, we are witnessing a strong increase in systems development and other IT investment demand for boosting competitiveness primarily among customers in the banking and insurance sectors. Specific investment target include the development of systems for the application of FinTech, artificial intelligence (AI), or other new IT technologies and the realization of more sophisticated settlement systems.

In addition, demand for various cloud-based IT services has been on the rise in IaaS, PaaS, and other IT infrastructure sectors against a backdrop of a strong appetite among customer companies for investment to heighten operational efficiency and to compensate for shortages of IT employees at these companies. A similar increase was seen in demand for IT services in the operational system field, although here it was limited to certain sectors.

Looking at the Company's operating results for the period under review, consolidated net sales increased 2.5% year on year to ¥77,219 million, following a rise in sales of system maintenance and operation services as well as higher systems sales seen primarily among customers in the distribution industry and the communications industry.

Despite the higher net sales, operating profit decreased 36.5% year on year to ¥3,889 million. This outcome was in part due to factors that had been initially anticipated, including higher business investment expenses in strategic businesses and service-oriented businesses, increases in marketing expenses, and the impacts of rebounds from orders recorded in the three-month period ended June 30, 2016. Among other factors were upfront expenses associated with a new systems development order, which we anticipate to be earned in the form of revenues during the second quarter or later in the fiscal year, as well as the impacts of certain unprofitable projects.

Ordinary profit was down 33.8 % year on year to ¥4,455 billion, as a result of the decrease in operating profit. Meanwhile, profit attributable to owners of parent declined 61.0% to ¥2,844 billion, due to the rebound from the tax benefits recorded in the three-month period ended June 30, 2016, as a result of a change in accounting standards. This factor had been anticipated.

The Medium-Term Management Plan launched in fiscal year ended March 31, 2016, delineates three core strategies for its five-year period. We are, first, to “shift to service-oriented businesses;” second, to “promote strategic businesses that capture the changing times;” and third, to “enter into the second stage of global business expansion.” We are aggressively moving forward with measures based on these core strategies to achieve the plan’s goals.

In the fiscal year ending March 31, 2018, we will continue to steadily execute appropriate business investments for advancing these core strategies while also focusing on strengthening our management base and improving profitability, most notably by boosting operational quality and increasing productivity. Furthermore, we will capture the currently robust IT investment demand to heighten our earnings capacity while reinforcing earnings foundations by improving the productivity and operational quality of all of our businesses, not only systems development but also maintenance and operation services and system sales.

(2) Summary of financial position

Cash and cash equivalents (“cash”) as of June 30, 2017 decreased ¥18,125 million compared to March 31, 2017 to ¥105,809 million. The increase or decrease in each cash flow type and the main factors for such changes are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities was ¥9,212 million.

The main cash inflow factors were profit before income taxes of ¥4,446 million, depreciation of ¥2,390 million and ¥14,663 million increase in funds stemming from a decrease in accounts receivable. The main cash outflow factors were a decrease in accounts payable of ¥4,133 million, an increase in inventories of ¥3,524 million, and a decrease of ¥4,846 million in funds due to an increase in guarantee deposits.

(Cash flow from investing activities)

Net cash used in investing activities was ¥2,077 million.

The main cash outflow factors were payment for the acquisition of property, plant and equipment of ¥927 million, and acquisition of intangible assets of ¥852 million.

(Cash flow from financing activities)

Net cash used in financing activities was ¥25,187 million.

The main cash outflow factors were repayment of long-term loans of ¥10,000 million, redemption of corporate bonds of ¥10,000 million and dividend payments of ¥4,941 million (¥47.5 per share) for the year-end dividend of the fiscal year ended March 31, 2017.

(3) Qualitative Information of Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2018

Performance in the three-month period ended June 30, 2017, was heavily impacted by the upfront expenses associated with a specific new systems development order. However, we anticipate that these expenses will be earned in the form of revenues in the 2nd quarter or later in the fiscal year. If the impacts of this order are excluded, performance in the three-month period ended June 30, 2017, was in line with the Company’s forecasts.

Accordingly, the Company has chosen not to revise the forecasts for the six-month period ending September 30, 2017, and the fiscal year ending March 31, 2018, that were announced on April 28, 2017.

* Characteristics of the Company’s quarterly operating results

It is common for companies in Japan to have fiscal years that begin on April 1 and end on March 31 of the following year. For this reason, system introductions and inspections tend to be concentrated in September and March (the midpoint and end of each fiscal year). Excluding sales covered by time and materials contract, the Company primarily records sales on a receipt-and-inspection basis. Accordingly, performance fluctuates by season, with sales and income tending to be concentrated in the second and fourth quarter of each fiscal year.

3. Consolidated Quarterly Financial Statements
 (1) Consolidated Quarterly Balance Sheets

(Unit: Millions of Yen)

| | As of Mar. 31, 2017 | As of Jun. 30, 2017 |
|--|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 27,363 | 20,704 |
| Notes and accounts receivable - trade | 65,764 | 51,098 |
| Operational investment securities | 6,056 | 4,957 |
| Merchandise and finished goods | 6,779 | 9,788 |
| Work in process | 341 | 857 |
| Raw materials and supplies | 50 | 50 |
| Deposits paid | 98,171 | 86,705 |
| Guarantee deposits | 45,359 | 50,204 |
| Other | 22,466 | 24,624 |
| Allowance for doubtful accounts | -47 | -33 |
| Total current assets | 272,306 | 248,957 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 34,863 | 34,454 |
| Land | 19,821 | 19,821 |
| Other, net | 13,862 | 13,878 |
| Total property, plant and equipment | 68,546 | 68,154 |
| Intangible assets | | |
| Goodwill | 133 | 116 |
| Other | 11,691 | 11,467 |
| Total intangible assets | 11,825 | 11,584 |
| Investments and other assets | | |
| Investment securities | 9,564 | 10,129 |
| Other | 27,417 | 25,944 |
| Allowance for doubtful accounts | -124 | -124 |
| Total investments and other assets | 36,857 | 35,949 |
| Total non-current assets | 117,230 | 115,688 |
| Total assets | 389,537 | 364,645 |

(Unit: Millions of Yen)

| | As of Mar. 31, 2017 | As of Jun. 30, 2017 |
|---|---------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 21,362 | 17,233 |
| Short-term loans payable | 10,000 | 10,000 |
| Current portion of bonds | 15,000 | 5,000 |
| Current portion of long-term loans payable | 10,000 | — |
| Income taxes payable | 2,262 | 357 |
| Provision for bonuses | 6,418 | 1,917 |
| Provision for directors' bonuses | 195 | 15 |
| Provision for loss on construction contracts | 50 | 263 |
| Deposits received of prepaid cards | 91,828 | 92,666 |
| Other | 26,802 | 33,701 |
| Total current liabilities | 183,919 | 161,155 |
| Non-current liabilities | | |
| Bonds payable | 20,000 | 20,000 |
| Long-term loans payable | 5,000 | 5,000 |
| Provision for directors' retirement benefits | 20 | 20 |
| Net defined benefit liability | 2,359 | 2,131 |
| Asset retirement obligations | 2,278 | 2,363 |
| Other | 2,284 | 2,278 |
| Total non-current liabilities | 31,943 | 31,794 |
| Total liabilities | 215,862 | 192,950 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 21,152 | 21,152 |
| Capital surplus | 3,047 | 3,047 |
| Retained earnings | 151,722 | 149,625 |
| Treasury shares | -8,425 | -8,421 |
| Total shareholders' equity | 167,497 | 165,403 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,308 | 2,451 |
| Deferred gains or losses on hedges | -5 | 1 |
| Foreign currency translation adjustment | -73 | -153 |
| Remeasurements of defined benefit plans | -2,829 | -2,868 |
| Total accumulated other comprehensive income | -599 | -568 |
| Subscription rights to shares | 70 | 70 |
| Non-controlling interests | 6,706 | 6,790 |
| Total net assets | 173,674 | 171,695 |
| Total liabilities and net assets | 389,537 | 364,645 |

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

(Unit: Millions of Yen)

| | From Apr. 1, 2016 to Jun. 30, 2016 | From Apr. 1, 2017 to Jun. 30, 2017 |
|---|---------------------------------------|---------------------------------------|
| Net sales | 75,352 | 77,219 |
| Cost of sales | 57,141 | 60,395 |
| Gross profit | 18,211 | 16,824 |
| Selling, general and administrative expenses | 12,086 | 12,934 |
| Operating profit | 6,124 | 3,889 |
| Non-operating income | | |
| Interest income | 20 | 17 |
| Dividend income | 31 | 39 |
| Share of profit of entities accounted for using equity method | 133 | 133 |
| Hoard profit of prepaid card | 361 | 391 |
| Other | 121 | 48 |
| Total non-operating income | 668 | 629 |
| Non-operating expenses | | |
| Interest expenses | 41 | 36 |
| Loss on sales of investment securities | — | 0 |
| Other | 19 | 27 |
| Total non-operating expenses | 61 | 63 |
| Ordinary profit | 6,732 | 4,455 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 11 | 0 |
| Gain on sales of investment securities | 2 | — |
| Total extraordinary income | 14 | 0 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 2 | 6 |
| Loss on sales of non-current assets | 1 | 2 |
| Total extraordinary losses | 3 | 9 |
| Profit before income taxes | 6,743 | 4,446 |
| Income taxes - current | 134 | 124 |
| Income taxes - deferred | -861 | 1,328 |
| Total income taxes | -726 | 1,453 |
| Profit | 7,469 | 2,993 |
| Profit attributable to non-controlling interests | 173 | 148 |
| Profit attributable to owners of parent | 7,296 | 2,844 |

Consolidated Quarterly Statements of Comprehensive Income

(Unit: Millions of Yen)

| | From Apr. 1, 2016 to Jun. 30, 2016 | From Apr. 1, 2017 to Jun. 30, 2017 |
|--|---------------------------------------|---------------------------------------|
| Profit | 7,469 | 2,993 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | -28 | 147 |
| Deferred gains or losses on hedges | -52 | 6 |
| Foreign currency translation adjustment | -336 | -79 |
| Remeasurements of defined benefit plans, net of tax | 40 | -42 |
| Share of other comprehensive income of entities accounted for using equity method | -56 | 0 |
| Total other comprehensive income | -434 | 32 |
| Comprehensive income | 7,035 | 3,025 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 6,849 | 2,874 |
| Comprehensive income attributable to non-controlling interests | 186 | 150 |

(3) Consolidated Quarterly Statements of Cash Flows

(Unit: Millions of Yen)

| | From Apr. 1, 2016 to Jun. 30, 2016 | From Apr. 1, 2017 to Jun. 30, 2017 |
|--|---------------------------------------|---------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 6,743 | 4,446 |
| Depreciation | 2,095 | 2,390 |
| Amortization of goodwill | 26 | 17 |
| Increase (decrease) in allowance for doubtful accounts | -3 | -14 |
| Increase (decrease) in net defined benefit liability | -1,090 | -228 |
| Decrease (increase) in net defined benefit asset | 0 | -0 |
| Loss on retirement of non-current assets | 2 | 6 |
| Loss (gain) on sales of non-current assets | -10 | 2 |
| Loss (gain) on sales of investment securities | -2 | 0 |
| Share of (profit) loss of entities accounted for using equity method | -133 | -133 |
| Interest and dividend income | -52 | -56 |
| Interest expenses paid on loans and bonds | 41 | 36 |
| Loss (gain) on investments in partnership | -0 | -14 |
| Decrease (increase) in investment securities for sale | 974 | 1,077 |
| Decrease (increase) in notes and accounts receivable - trade | 10,983 | 14,663 |
| Decrease (increase) in inventories | -2,173 | -3,524 |
| Decrease (increase) in guarantee deposits | -3,996 | -4,846 |
| Increase (decrease) in notes and accounts payable - trade | -5,067 | -4,133 |
| Increase (decrease) in deposits received of prepaid cards | 1,316 | 837 |
| Other, net | -1,201 | -443 |
| Subtotal | 8,453 | 10,084 |
| Interest and dividend income received | 135 | 142 |
| Interest expenses paid | -55 | -60 |
| Income taxes (paid) refund | -2,880 | -952 |
| Net cash provided by (used in) operating activities | 5,651 | 9,212 |

(Unit: Millions of Yen)

| | From Apr. 1, 2016 to Jun. 30, 2016 | From Apr. 1, 2017 to Jun. 30, 2017 |
|---|---------------------------------------|---------------------------------------|
| Cash flows from investing activities | | |
| Proceeds from sales and redemption of securities | 700 | — |
| Purchase of property, plant and equipment | -2,090 | -927 |
| Proceeds from sales of property, plant and equipment | 982 | 2 |
| Purchase of intangible assets | -779 | -852 |
| Purchase of investment securities | -0 | -300 |
| Proceeds from sales and redemption of investment securities | 35 | 26 |
| Collection of short-term loans receivable | 1 | 1 |
| Proceeds from withdrawal of investments in partnership | 4 | — |
| Payments for lease and guarantee deposits | -40 | -149 |
| Proceeds from collection of lease and guarantee deposits | 86 | 138 |
| Other, net | -148 | -17 |
| Net cash provided by (used in) investing activities | -1,247 | -2,077 |
| Cash flows from financing activities | | |
| Repayments of long-term loans payable | — | -10,000 |
| Redemption of bonds | — | -10,000 |
| Repayments of lease obligations | -198 | -175 |
| Purchase of treasury shares | -2 | -4 |
| Proceeds from sales of treasury shares | 0 | — |
| Cash dividends paid | -4,160 | -4,941 |
| Dividends paid to non-controlling interests | -70 | -66 |
| Net cash provided by (used in) financing activities | -4,430 | -25,187 |
| Effect of exchange rate change on cash and cash equivalents | -258 | -73 |
| Net increase (decrease) in cash and cash equivalents | -284 | -18,125 |
| Cash and cash equivalents at beginning of period | 98,445 | 123,935 |
| Cash and cash equivalents at end of period | 98,160 | 105,809 |

(4) Notes regarding Consolidated Financial Results for the First Quarter ended June 30, 2016

(Notes regarding the Premise of a Going Concern)

No applicable items.

(Notes concerning significant changes in shareholders' equity)

No applicable items.

(Segment Information)

I. First quarter of fiscal year ended March 31, 2017 (April 1, 2016 to June 30, 2016)

Information on Sales, Segment profit (loss) by Reportable Segment

(Unit: Millions of Yen)

| | Manufacturing Systems Business | Telecommunication Systems Business | Distribution Systems Business | Financial Systems Business | Business Solutions | Business Services | IT Platform Solutions | Prepaid Card Business |
|-------------------------------------|--------------------------------|------------------------------------|-------------------------------|----------------------------|--------------------|-------------------|-----------------------|-----------------------|
| Sales | | | | | | | | |
| (1) Outside customers | 9,530 | 6,306 | 10,894 | 16,976 | 5,795 | 10,145 | 14,685 | 826 |
| (2) Intersegment sales or transfers | 976 | 211 | 1,803 | 184 | 704 | 562 | 1,500 | 0 |
| Total | 10,507 | 6,518 | 12,698 | 17,160 | 6,499 | 10,707 | 16,185 | 827 |
| Segment profit (loss) | 835 | 1,018 | 1,328 | 1,925 | 214 | 567 | 624 | 111 |

| | Others | Total | Adjustments (Note 1) | Amounts Reported in the Consolidated Financial Statements (Note 2) |
|-------------------------------------|--------|--------|----------------------|--|
| Sales | | | | |
| (1) Outside customers | 192 | 75,352 | — | 75,352 |
| (2) Intersegment sales or transfers | 683 | 6,626 | -6,626 | — |
| Total | 875 | 81,979 | -6,626 | 75,352 |
| Segment profit (loss) | -9 | 6,616 | -491 | 6,124 |

Notes: Adjustments are as follows:

1. The adjustment loss of ¥491 million to segment profit (loss) represent general corporate expenses that have not been allocated to the reportable segments.
2. Segment profit (loss) has been reconciled to operating profit in the consolidated income statement.

II. First quarter of fiscal year ending March 31, 2018 (April 1, 2017 to June 30, 2017)

1) Information on Sales, Segment profit (loss) by Reportable Segment

(Unit: Millions of Yen)

| | Manufacturing Systems Business | Telecommunication Systems Business | Distribution Systems Business | Financial Systems Business | Business Solutions | Business Services | IT Platform Solutions | Prepaid Card Business |
|-------------------------------------|--------------------------------|------------------------------------|-------------------------------|----------------------------|--------------------|-------------------|-----------------------|-----------------------|
| Sales | | | | | | | | |
| (1) Outside customers | 9,265 | 6,403 | 11,098 | 16,778 | 6,053 | 10,418 | 16,112 | 898 |
| (2) Intersegment sales or transfers | 727 | 255 | 3,257 | 352 | 1,025 | 482 | 1,337 | 0 |
| Total | 9,992 | 6,659 | 14,356 | 17,130 | 7,078 | 10,900 | 17,450 | 899 |
| Segment profit (loss) | 318 | 990 | 940 | 583 | 61 | 393 | 1,018 | 101 |

| | Others | Total | Adjustments (Note 1) | Amounts Reported in the Consolidated Financial Statements (Note 2) |
|-------------------------------------|--------|--------|----------------------|--|
| Sales | | | | |
| (1) Outside customers | 190 | 77,219 | — | 77,219 |
| (2) Intersegment sales or transfers | 800 | 8,239 | -8,239 | — |
| Total | 991 | 85,459 | -8,239 | 77,219 |
| Segment profit (loss) | -19 | 4,388 | -498 | 3,889 |

Notes: Adjustments are as follows:

1. The adjustment loss of ¥498 million to segment profit (loss) represent general corporate expenses that have not been allocated to the reportable segments.
2. Segment profit (loss) has been reconciled to operating profit in the consolidated income statement.

2) Changes in reporting segments

The Company has changed part of its organization during the fiscal year under review, and has made amendment of the previous year's data in External Sales and Segment profit by Reportable Segment to enable a fair comparison with this year's data under realigned reportable segments.