

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 – Sep 30, 2022) [IFRS]

October 31, 2022

Company Name: SCSK Corporation
 Securities Code: 9719
 Stock Exchange Listing: Tokyo Stock Exchange
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 Scheduled date of filing quarterly securities reports: November 11, 2022
 Scheduled date for dividend payment: December 1, 2022
 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 Second Quarter ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	%		%		%		%		%		%	
Six months ended Sept. 30, 2022	213,099	6.5	22,515	-0.3	23,439	2.5	16,240	2.8	16,226	2.8	17,149	3.9
Six months ended Sept. 30, 2021	200,025	5.4	22,590	6.5	22,857	6.1	15,801	5.9	15,784	6.2	16,501	6.1

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended Sept. 30, 2022	51.96		51.96	
Six months ended Sept. 30, 2021	50.55		50.55	

Notes: The company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2021. Basic earnings per share and Diluted earnings per share have been calculated assuming the stock split was implemented at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of Sept. 30, 2022	401,749	257,818	257,347	64.1%
As of March 31, 2022	407,609	247,363	246,921	60.6%

2. Dividends

	Dividends per share (Yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
FY2021	—	70.00	—	23.34	—
FY2022	—	26.00			
FY2022 (Forecasts)			—	26.00	52.00

Notes: 1. Revisions during this quarter of dividends forecasts for Fiscal Year 2022: None

2. The company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2021. The second quarter-end dividends per share of FY2021 is presented the amount prior to the stock split. The annual dividends per share of FY2021 is not presented because the amounts cannot be simply combined due to the implementation of the stock split.

3. Consolidated Financial Forecasts for Fiscal Year 2022 (April 1, 2022 to March 31, 2023)

(Millions of yen unless otherwise stated)

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

	Net sales		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share	
	%		%		%		%		Yen	
Full Year	450,000	8.7	54,000	13.6	54,700	13.2	38,000	13.5	121.71	

Notes: Revisions during this quarter of consolidated earnings forecasts for Fiscal Year 2022: None

※Notes

- (1) Changes in significant subsidiaries during the period : None
- (2) Changes in accounting policies and changes in accounting estimates
 - 1) Changes in accounting policies as required by IFRS standards: None
 - 2) Changes in accounting policies due to other reasons: None
 - 3) Changes in accounting estimates: None

(3) Number of shares issued (Common stock)

- 1) The number of shares issued as of the period-end (including treasury stock)

As of September 30, 2022	312,665,639 shares
As of March 31, 2022	312,545,409 shares

- 2) The number of shares of treasury stock as of the period-end

As of September 30, 2022	326,152 shares
As of March 31, 2022	325,537 shares

- 3) The average number of shares during the period

As of September 30, 2022	312,279,953 shares
As of September 30, 2021	312,222,179 shares

Notes: The company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2021. Number of shares issued (Common stock) has been calculated assuming the stock split was implemented at the beginning of the previous fiscal year.

- ※ Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.
- ※ Proper use of earnings forecasts, and other special matters
 - 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 “Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2023” on page 3.
 - The Company will hold a results briefing for institutional investors and analysts on October 31, 2022. Materials used in the briefing, a transcript of the main questions and answers, and other related information will be published on the Company’s website promptly thereafter.

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1. Qualitative Information Regarding Operating Results for the Six-month Period Ended September 30, 2022

(1) Analysis of Operating Results

In the six-month period ended September 30, 2022, the global economy was impacted by the rising resource prices resulted from the situation in Ukraine as well as by the rapid yen depreciation that followed from massive interest rate increases instituted overseas to combat inflation. Meanwhile, economic activity in Japan picked up as society transitioned to a new phase of coexistence with COVID-19, resulting in improvements in corporate performance and otherwise contributing to a gradual recovery in the domestic economy.

The Japanese economy is anticipated to show a recovery trend amid ongoing support from fiscal and financial measures as economic and social activities return to normal. However, there is a risk that downward pressure might be placed on the Japanese economy as a result of sluggish conditions overseas seen against a backdrop of global monetary tightening. In addition, caution is required with regard to rises in raw material prices stemming from the potential prolongation of the situation in Ukraine, supply restrictions resulted from supply chain disruptions, and the impacts of fluctuations in financial and capital markets.

In this economic environment, the IT services market continues to enjoy an upward trend in IT investment. Ongoing growth in demand for IT investment is expected amid conservative outlooks for business sentiment due to global rises in commodity prices and protracted supply chain disruptions. This demand will be driven by a strong appetite for IT investment for growing businesses and bolstering competitiveness seen among a wide range of industries. Targets of this demand will include transitioning from existing systems to cloud systems to accommodate the increasingly digital society.

Demand for IT investment is increasing among customers in the manufacturing industry. Outlets for this investment demand included digitalization and strategic investments for strengthening operating foundations as well as the redevelopment of core systems. In the financial industry, demand was firm for IT investment for the purpose of digitalizing the international systems of banks. As for the communications industry, IT investment demand was up for network augmentation applications.

In addition, consistent demand is being seen for cloud IT services along with continuous investment demand for redeveloping core systems to address the ends of software service periods. This demand is being driven by a robust appetite for improvements in operational efficiency and productivity. This situation is expected to generate ongoing demand for systems redevelopment and strategic IT investment demand prefaced on digital transformation.

In the six-month period ended September 30, 2022, net sales increased 6.5%, to ¥213,099 million, as a result of higher sales in the Systems Development, System Maintenance and Operation / Services, and Packaged Software / Hardware Sales segments. This sales growth was driven by systems development demand from the manufacturing industry and higher sales of network equipment to the communications industry.

Operating profit declined 0.3% year on year, to ¥22,515 million. This outcome was a result of detractors from profit being counterbalanced by the benefits of increased sales and higher profit margins centered on systems development. Such initially anticipated detractors including depreciation of newly established data centers and amortization of the in-house-developed ERP package ProActive C4 that was released last year, higher expenses associated with business investments, and expenses related to television commercial broadcasting aimed at enhancing corporate brand value. In addition to this, there was some impact from unprofitable projects. Profit attributable to owners of the parent, meanwhile, increased 2.8%, to ¥16,226 million, as a result of valuation gains on investment securities.

In the pursuit of further growth, the SCSK Group will be promoting sustainability management as a growth

strategy. Positioning its corporate philosophy and materiality items as the Group's purpose, the SCSK Group will pursue its vision of becoming a co-creative IT company in 2030 with the goal of achieving sustainable development together with society. In its new medium-term management plan, the Group has defined three core strategies—core business innovation, commercialization of DX (digital transformations), and investment in people—and three managerial foundation reinforcement measures—augmentation of comprehensive Group capabilities, promotion of management that fully exercises our employees' potential, and fostering of co-creation-oriented corporate culture. These core strategies and managerial foundation reinforcement measures will be advanced to grow the Group's business on a global scale and move it toward the realization of its vision.

(2) Summary of Financial Position

Cash and cash equivalents ("cash") as of September 30, 2022, decreased ¥2,996 million compared to March 31, 2022, to ¥118,255 million. The changes in each type of cash flow and the main factors for such changes are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities was ¥21,537 million (decreased ¥13,827 million in comparison to the same period of the previous fiscal year).

The main cash inflow factors were profit before tax of ¥23,439 million, depreciation and amortization of ¥10,282 million, and a decrease in trade and other receivables of ¥10,662 million. The main cash outflow factors were a decrease in trade and other payables of ¥3,959 million, an increase in contract assets of ¥5,848 million, and payment for income taxes of ¥11,431 million.

(Cash flow from investing activities)

Net cash used in investing activities was ¥9,061 million (increased ¥631 million in comparison to the same period of the previous fiscal year).

The main cash outflow factors were payment for purchase of property, plant and equipment of ¥7,175 million, and purchase of intangible assets of ¥2,276 million.

(Cash flow from financing activities)

Net cash used in financing activities was ¥16,543 million (decreased ¥6,043 million in comparison to the same period of the previous fiscal year).

The main cash inflow factor was proceeds from long-term debt of ¥12,250 million. The main cash outflow factors were repayments of loans and redemption of bonds of ¥17,000 million, repayments of lease liabilities of ¥4,522 million, dividend payments of ¥7,286 million (¥23.34 per share) for the year-end dividend of the fiscal year ended March 31, 2022.

(3) Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2023

Performance in the six-month period ended September 30, 2022, was within the scope of the Company's initial forecast. Accordingly, the Company has chosen not to revise the full-year consolidated financial results forecasts for the fiscal year ending March 31, 2023, announced on April 28, 2022.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of Yen)

	As of Mar. 31, 2022	As of Sept. 30, 2022
Assets		
Current assets		
Cash and cash equivalents	121,251	118,255
Trade and other receivables	74,259	63,896
Contract assets	10,104	15,986
Inventories	9,125	8,966
Other financial assets	1,082	912
Income taxes receivable	0	16
Other current assets	14,231	16,990
Total current assets	230,055	225,025
Non-current assets		
Property, plant and equipment	71,853	73,256
Right-of-use assets	41,434	38,899
Goodwill and intangible assets	26,495	26,862
Investments accounted for using equity method	10,177	10,925
Other receivables	8,012	7,837
Other financial assets	8,280	7,930
Deferred tax assets	3,249	2,537
Other non-current assets	8,050	8,475
Total non-current assets	177,553	176,724
Total assets	407,609	401,749

(Millions of Yen)

	As of Mar. 31, 2022	As of Sept. 30, 2022
Liabilities		
Current liabilities		
Trade and other payables	32,628	28,023
Contract liabilities	14,037	17,715
Liabilities for employee benefits	10,540	9,987
Bonds and borrowings	16,996	21,490
Lease liabilities	9,164	9,031
Other financial liabilities	297	—
Income taxes payable	10,917	5,596
Provisions	278	80
Other current liabilities	6,313	4,715
Total current liabilities	101,175	96,640
Non-current liabilities		
Bonds and borrowings	19,462	10,229
Lease liabilities	33,348	30,651
Other payables	169	166
Liabilities for employee benefits	1,956	2,056
Provisions	4,061	4,104
Other non-current liabilities	70	82
Total non-current liabilities	59,069	47,291
Total liabilities	160,245	143,931
Equity		
Share capital	21,152	21,285
Share premium	—	132
Retained earnings	223,300	232,241
Treasury shares	-293	-294
Other components of equity	2,761	3,983
Total equity attributable to owners of parent	246,921	257,347
Non-controlling interests	442	471
Total equity	247,363	257,818
Total liabilities and equity	407,609	401,749

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

Condensed Quarterly Consolidated Statements of Income

Six-month period ended September 30, 2021 and 2022

(Millions of Yen)

	From Apr. 1, 2021 to Sept. 30, 2021	From Apr. 1, 2022 to Sept. 30, 2022
Net sales	200,025	213,099
Cost of sales	-148,041	-157,875
Gross profit	51,983	55,224
Selling, general and administrative expenses	-29,458	-32,709
Other income	132	128
Other expenses	-67	-128
Operating profit	22,590	22,515
Finance income	52	703
Finance costs	-353	-323
Share of profit (loss) of investments accounted for using equity method	568	544
Profit before tax	22,857	23,439
Income tax expense	-7,055	-7,199
Profit	15,801	16,240
Profit attributable to		
Owners of parent	15,784	16,226
Non-controlling interests	17	13
Earnings per share		
Basic earnings per share (Yen)	50.55	51.96
Diluted earnings per share (Yen)	50.55	51.96

Condensed Quarterly Consolidated Statements of Comprehensive Income
Six-month period ended September 30, 2021 and 2022

(Millions of Yen)

	From Apr. 1, 2021 to Sept. 30, 2021	From Apr. 1, 2022 to Sept. 30, 2022
Profit	15,801	16,240
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	108	-681
Share of other comprehensive income of investments accounted for using equity method	112	139
Total of items that will not be reclassified to profit or loss	221	-541
Items that may be reclassified to profit or loss		
Cash flow hedges	95	-55
Exchange differences on translation of foreign operations	378	1,462
Share of other comprehensive income of investments accounted for using equity method	3	42
Total of items that may be reclassified to profit or loss	478	1,450
Total other comprehensive income, net of tax	699	908
Comprehensive income	16,501	17,149
Comprehensive income attributable to		
Owners of parent	16,484	17,135
Non-controlling interests	17	13

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Six-month period ended September 30, 2021 (April 1, 2021 - September 30, 2021)

(Millions of Yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at Apr. 1, 2021	21,152	—	203,893	-285	2,114	226,874	464	227,338
Profit	—	—	15,784	—	—	15,784	17	15,801
Other comprehensive income	—	—	—	—	699	699	—	699
Comprehensive income	—	—	15,784	—	699	16,484	17	16,501
Issuance of new shares	—	—	—	—	—	—	—	—
Dividends of surplus	—	—	-7,283	—	—	-7,283	-50	-7,334
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	-8	—	-8	—	-8
Disposal of treasury shares	—	0	—	0	—	0	—	0
Transfer from retained earnings to capital surplus	—	-0	0	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	-9	—	9	—	—	—
Transfer to non-financial assets	—	—	—	—	-146	-146	—	-146
Total transactions with owners	—	—	-7,293	-8	-136	-7,437	-50	-7,488
Balance at Sept. 30, 2021	21,152	—	212,383	-293	2,677	235,920	430	236,351

Six-month period ended September 30, 2022 (April 1, 2022 - September 30, 2022)

(Millions of Yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at Apr. 1, 2022	21,152	—	223,300	-293	2,761	246,921	442	247,363
Profit	—	—	16,226	—	—	16,226	13	16,240
Other comprehensive income	—	—	—	—	908	908	—	908
Comprehensive income	—	—	16,226	—	908	17,135	13	17,149
Issuance of new shares	132	132	—	—	—	264	—	264
Dividends of surplus	—	—	-7,286	—	—	-7,286	-59	-7,345
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	75	75
Purchase of treasury shares	—	—	—	-1	—	-1	—	-1
Disposal of treasury shares	—	0	—	0	—	0	—	0
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	-0	—	0	—	—	—
Transfer to non-financial assets	—	—	—	—	312	312	—	312
Total transactions with owners	132	132	-7,286	-1	312	-6,710	15	-6,694
Balance at Sept. 30, 2022	21,285	132	232,241	-294	3,983	257,347	471	257,818

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	From Apr. 1, 2021 to Sept. 30, 2021	From Apr. 1, 2022 to Sept. 30, 2022
Cash flows from operating activities		
Profit before tax	22,857	23,439
Depreciation and amortization	9,977	10,282
Finance income	-52	-703
Finance costs	353	323
Share of loss (profit) of investments accounted for using equity method	-568	-544
Decrease (increase) in trade and other receivables	14,292	10,662
Decrease (increase) in contract assets	-1,396	-5,848
Decrease (increase) in inventories	331	158
Increase (decrease) in trade and other payables	-4,555	-3,959
Increase (decrease) in contract liabilities	2,886	3,672
Increase (decrease) in employee benefits	-2,533	-659
Increase (decrease) in provisions	-45	-223
Other	-2,737	-3,696
Subtotal	38,810	32,905
Interest and dividends received	198	254
Interest paid	-269	-190
Income taxes refund (paid)	-3,374	-11,431
Net cash provided by (used in) operating activities	35,365	21,537
Cash flows from investing activities		
Purchase of property, plant and equipment	-7,484	-7,175
Proceeds from sale of property, plant and equipment	3	0
Purchase of intangible assets	-1,974	-2,276
Investments in equity-accounted investees	-124	—
Purchase of other financial assets	-60	-95
Proceeds from sales and redemptions of other financial assets	133	401
Other	-186	85
Net cash provided by (used in) investing activities	-9,693	-9,061
Cash flows from financing activities		
Repayments of loans and redemption of bonds	-15,100	-17,000
Proceeds from long-term debt	11,500	12,250
Proceeds from issuance of bonds	4,972	—
Repayments of lease liabilities	-4,530	-4,522
Capital contribution from non-controlling interests	—	75
Dividends paid	-7,283	-7,286
Dividends paid to non-controlling interests	-50	-59
Other	-7	-1
Net cash provided by (used in) financing activities	-10,500	-16,543
Effect of exchange rate changes on cash and cash equivalents	325	1,070
Net increase (decrease) in cash and cash equivalents	15,497	-2,996
Cash and cash equivalents at beginning of period	108,768	121,251
Cash and cash equivalents at end of period	124,266	118,255

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

No applicable items.

(Notes Concerning the Significant Changes in Shareholder's Equity)

No applicable items.

(Segment Information)

1. Summary of reportable segments

The Group's operating segments are the components of the Group for which discrete financial information is available and which are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance. The Company formulates comprehensive domestic and overseas strategies pertaining to the products and services it offers according to the characteristics of client industries and IT service business areas, and develops businesses in accordance with these strategies.

Based on these business activities, the Company has defined the following six reportable segments: Industrial IT Business, Financial IT Business, IT Business Solutions, IT Platform Solutions, IT Management Service, and Others.

The Company determines its reportable segments by aggregating multiple operating segments into a single operating segment in cases in which the applicable operating segments share similarities with regard to each of the following economic characteristics: (a) the nature of the products and services, (b) the nature of the production processes, (c) the type or class of customer for their products and services, (d) the methods used to distribute their products or provide their services; and if applicable, (e) the nature of the regulatory environment. The business activities of the Company's reportable segments are as follows:

(1) Industrial IT Business

This segment provides various IT solutions through systems development and maintenance and operation services for core systems, manufacturing management systems, information management systems, supply chain management (SCM) systems, customer relationship management (CRM) systems and other systems. This segment's services leverage the experience and knowhow that we have cultivated over many years. The clients of this segment are primarily companies in the manufacturing, communications, energy, distribution, service, and media industries.

Moreover, this reportable segment supplies the automotive industry with a wide range of solutions for automobile electronic control units on a global basis. These solutions include the development of embedded software through a model-based development approach, proprietary SCSK middleware (QINeS-BSW), software assessments, and process improvement measures.

(2) Financial IT Business

This segment engages in systems development, maintenance, and operation services for financial institutions. As professionals that understand financial operations and possess a strong track record of creating sophisticated financial systems, members of this segment's staff support secure and efficient management and help clients implement their financial business strategies. The segment provides these services primarily to financial institutions, such as banks and trust banks as well as insurance, securities, lease, and credit companies.

(3) IT Business Solutions

This segment provides a wide range of IT solutions. These solutions include e-commerce (EC) services, contact center services as well as application management outsourcing (AMO) services that cover the entire system lifecycle, from development and installation to maintenance and operation services, for enterprise resources planning (ERP) and CRM products, such as the segment's internally developed ProActive ERP package, SAP, and Oracle offerings as well as Salesforce. In addition, this segment offers the type of business process outsourcing (BPO) services that only an IT company can provide. These services merge support performed by human hands with IT.

(4) IT Platform Solutions

This segment draws on solid technical capabilities and knowhow to leverage computer-aided design (CAD), computer aided engineering (CAE), and other advanced technologies in the fields of IT infrastructure

and manufacturing. In this way, the IT Platform Solutions provides services and products that accurately address the needs of clients and offers flexible support for a wide range of client businesses.

(5) IT Management Service

This segment develops solutions-oriented netXDC data centers, which boast robust facilities and high-level security, to provide clients with proposal-based outsourcing services that address their management issues pertaining to operating cost reductions, infrastructure integration and optimization, governance enhancement, and business risk mitigation. The segment also supplies cloud infrastructure and offers its on-site SE support management services 24 hours a day, 365 days a year.

(6) Others

This segment performs remote development (nearshore development) and provides other services out of Group companies that leverage the characteristics of its regional bases and the software development, system operation and management, system equipment sales, and consulting services it provides for a wide range of industries and business models.

The Others businesses did not meet the quantitative thresholds for reportable segments both in the fiscal year ended March 31, 2022 and the fiscal year ended March 31, 2023.

2. Restatement of reportable segments, etc.

In conjunction with the partial revision of the internal organization, the method for classifying reportable segments has been revised.

In addition, SCSK NEC Data Center Management, Ltd. was established on April 1, 2022, and has been included in the scope of consolidation and classified into the IT Management Service segment.

Segment information for the six-month period ended Sept 30, 2021, has been restated to reflect this change in reportable segments.

3. Profits, Losses, and Other Information Pertaining to Reportable Segments

Six-month period ended September 30, 2021 (April 1, 2021 - September 30, 2021)

(Millions of Yen)

	Reportable Segment							Adjustments (Note2)	Amount recorded in consolidated financial statements
	Industrial IT Business	Financial IT Business	IT Business Solutions	IT Platform Solutions	IT Management Service	Others	Total		
Net sales									
Sales to external customers	64,338	27,853	30,927	38,440	27,672	11,092	200,325	-300	200,025
Inter segment sales (Note1)	5,121	331	2,962	3,229	8,922	5,262	25,828	-25,828	—
Total	69,459	28,184	33,890	41,670	36,594	16,355	226,154	-26,129	200,025
Operating profit (loss)	8,055	3,656	2,751	5,214	3,366	736	23,780	-1,190	22,590
							Finance income		52
							Finance costs		-353
							Share of profit (loss) of investments accounted for using equity method		568
							Profit before tax		22,857

Notes: 1. Amounts for inter-segment transactions are decided based on price negotiations made with reference to market prices.

2. The amount of ¥300 million reduction for sales to external customers includes adjustment to reflect net sales to be conformity with IFRS. The ¥1,190 million reduction to operating profit is comprised of ¥1,498 million in general corporate expenses that have not been allocated to the reportable segments and ¥307 million adjustment to reflect net sales as defined by IFRS.

Six-month period ended September 30, 2022 (April 1, 2022 - September 30, 2022)

(Millions of Yen)

	Reportable Segment							Adjustments (Note2)	Amount recorded in consolidated financial statements
	Industrial IT Business	Financial IT Business	IT Business Solutions	IT Platform Solutions	IT Management Service	Others	Total		
Net Sales									
Sales to external customers	70,292	28,785	33,119	42,152	27,655	10,989	212,995	104	213,099
Inter segment sales (Note1)	5,726	356	2,982	3,872	10,321	6,381	29,641	-29,641	—
Total	76,019	29,141	36,101	46,025	37,977	17,371	242,636	-29,536	213,099
Operating profit (loss)	8,233	3,957	3,128	5,871	2,512	271	23,974	-1,459	22,515
							Finance income		703
							Finance costs		-323
							Share of profit (loss) of investments accounted for using equity method		544
							Profit before tax		23,439

Notes: 1. Amounts for inter-segment transactions are decided based on price negotiations made with reference to market prices.

2. The amount of ¥104 million for sales to external customers includes adjustment to reflect net sales to be conformity with IFRS. The ¥1,459 million reduction to operating profit is comprised of ¥1,865 million in general corporate expenses that have not been allocated to the reportable segments and ¥406 million adjustment to reflect net sales as defined by IFRS.

(Significant Subsequent Events)

No subsequent events to report.