

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

January 31, 2023

Company Name: SCSK Corporation
 Securities Code: 9719
 Stock Exchange Listing: Tokyo Stock Exchange
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 Scheduled date of filing quarterly securities reports: February 10, 2023
 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 Third Quarter ended December 31, 2022 (April 1, 2022 to December 31, 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	
	%		%		%		%		%		%	
Nine months ended Dec. 31, 2022	323,024	6.7	35,180	1.2	36,858	4.8	25,508	5.1	25,494	5.1	26,078	4.4
Nine months ended Dec. 31, 2021	302,754	4.1	34,774	2.3	35,156	2.1	24,278	1.8	24,257	2.0	24,980	3.1

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Dec. 31, 2022	81.63		81.63	
Nine months ended Dec. 31, 2021	77.69		77.69	

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 Dec. 31, 2022	394,724	258,783	258,311	65.4
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	445,000	7.4	52,000	9.3	54,000	11.8	37,500	12.0	120.06

Notes: Revisions during this quarter of consolidated earnings forecasts for Fiscal Year 2022: Yes

※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 December 31, 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 December 31, 2022	326,902 shares
As of March 31, 2022	325,537 shares

- 3) The average number of shares during the period

As of December 31, 2022	312,299,726 shares
As of December 31, 2021	312,221,598 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 4.
- The Company will hold a results briefing for institutional investors and analysts on January 31, 2023. 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 Nine-month Period Ended December 31, 2022

(1) Analysis of Operating Results

In the nine-month period ended December 31, 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 social activity was resumed amid the COVID-19 pandemic, 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 impacts of fluctuations in financial and capital markets, the potential prolongation of the situation in Ukraine, and supply restrictions resulted from supply chain disruptions.

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. Specific targets of demand will include transitioning from existing systems to cloud systems to accommodate the increasingly digital society.

Demand for IT investment continues to increase among customers in the manufacturing industry. Outlets for this investment demand include strategic investments and the redevelopment of core systems. In the financial industry, demand was strong for IT investment for the purpose of digitalizing international systems and developing money laundering and illegal transaction detection and prevention systems for banks. As for the distribution industry, IT investment demand was up for core system development and operating foundation reinforcement 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 nine-month period ended December 31, 2022, net sales increased 6.7%, to ¥323,024 million, as a result of higher sales in all three segments, which are Systems Development, System Maintenance and Operation / Services, and Packaged Software / Hardware Sales segments. This sales growth was driven by strong systems development demand, needs related to maintenance and operation services, and higher sales of network equipment.

Operating profit increased 1.2% year on year, to ¥35,180 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 detractors included higher expenses associated with business investments, such as the initially anticipated depreciation of newly established data centers and amortization of the in-house-developed ERP package ProActive C4 that was released last year, and expenses related to television commercial broadcasting aimed at enhancing corporate brand value. Other detractors included unprofitable projects. Profit attributable to owners of parent, meanwhile, increased 5.1%, to ¥25,494 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 December 31, 2022, decreased ¥7,231 million compared to March 31, 2022, to ¥114,020 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 ¥30,441 million (decreased ¥17,323 million in comparison to the same period of the previous fiscal year).

The main cash inflow factors were profit before tax of ¥36,858 million, depreciation and amortization of ¥15,360 million, and a decrease in trade and other receivables of ¥13,375 million. The main cash outflow factors were an increase in contract assets of ¥8,939 million, a decrease in employee benefits of ¥3,483 million, and payment for income taxes of ¥18,478 million.

(Cash flow from investing activities)

Net cash used in investing activities was ¥11,819 million (increased ¥562 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 ¥8,257 million, and purchase of intangible assets of ¥3,348 million.

(Cash flow from financing activities)

Net cash used in financing activities was ¥26,829 million (increased ¥3,180 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 ¥6,736 million, dividend payments of ¥7,286 million (¥23.34 per share) for the year-end dividend of the fiscal year ended March 31, 2022, and dividend payments of ¥8,119 million (¥26.00 per share) for the interim dividend of the fiscal year ending March 31, 2023.

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

With respect to the outlook for the current fiscal year, the Company has revised the consolidated financial forecasts for the fiscal year ending March 31, 2023, which was announced on April 28, 2022, as follows.

(Revisions to consolidated financial forecasts for the fiscal year ending March 31, 2023)

(Millions of yen unless otherwise stated)

	Net sales	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecasts (A)	450,000	54,000	54,700	38,000	121.71 Yen
Revised forecasts (B)	445,000	52,000	54,000	37,500	120.06 Yen
Change (B-A)	-5,000	-2,000	-700	-500	-1.65 Yen
Change (%)	-1.1	-3.7	-1.3	-1.3	-1.4
(Reference) Actual consolidated results for the previous fiscal year (Fiscal year ended March 31, 2022)	414,150	47,555	48,315	33,470	107.20 Yen

In terms of net sales, there were delays in the start-up of large-scale system development projects in the first quarter due to the extension of lead times and the impact of opportunity losses from unprofitable projects. Considering this, the Company revised the previous forecast by ¥5,000 million to ¥445,000 million.

In terms of operating profit, in addition to the decrease in net sales, there was an increase in personnel for business expansion, and an increase in recruitment expenses for strengthening human resources. As a result, the Company revised the previous forecast by ¥2,000 million to ¥52,000 million.

Profit attributable to owners of parent was revised by ¥500 million to ¥37,500 million due to the impact of valuation gains recorded on investment securities held and other factors.

*The figures in this release are calculated based on the information available as of the date of this release. Actual results disclosed in the future might be different from the forecasted figures above for various reasons.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of Yen)

	As of Mar. 31, 2022	As of Dec. 31, 2022
Assets		
Current assets		
Cash and cash equivalents	121,251	114,020
Trade and other receivables	74,259	61,148
Contract assets	10,104	19,059
Inventories	9,125	10,867
Other financial assets	1,082	893
Income taxes receivable	0	242
Other current assets	14,231	14,662
Total current assets	230,055	220,893
Non-current assets		
Property, plant and equipment	71,853	72,411
Right-of-use assets	41,434	37,446
Goodwill and intangible assets	26,495	26,872
Investments accounted for using equity method	10,177	11,016
Other receivables	8,012	7,804
Other financial assets	8,280	8,796
Deferred tax assets	3,249	408
Other non-current assets	8,050	9,075
Total non-current assets	177,553	173,830
Total assets	407,609	394,724

(Millions of Yen)

	As of Mar. 31, 2022	As of Dec. 31, 2022
Liabilities		
Current liabilities		
Trade and other payables	32,628	31,779
Contract liabilities	14,037	15,269
Liabilities for employee benefits	10,540	7,346
Bonds and borrowings	16,996	21,942
Lease liabilities	9,164	8,809
Other financial liabilities	297	—
Income taxes payable	10,917	999
Provisions	278	214
Other current liabilities	6,313	3,939
Total current liabilities	101,175	90,302
Non-current liabilities		
Bonds and borrowings	19,462	9,780
Lease liabilities	33,348	29,343
Other payables	169	164
Liabilities for employee benefits	1,956	2,104
Provisions	4,061	4,164
Other non-current liabilities	70	81
Total non-current liabilities	59,069	45,639
Total liabilities	160,245	135,941
Equity		
Share capital	21,152	21,285
Share premium	—	132
Retained earnings	223,300	233,389
Treasury shares	-293	-296
Other components of equity	2,761	3,801
Total equity attributable to owners of parent	246,921	258,311
Non-controlling interests	442	471
Total equity	247,363	258,783
Total liabilities and equity	407,609	394,724

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

Condensed Quarterly Consolidated Statements of Income

Nine-month period ended December 31, 2021 and 2022

(Millions of Yen)

	From Apr. 1, 2021 to Dec. 31, 2021	From Apr. 1, 2022 to Dec. 31, 2022
Net sales	302,754	323,024
Cost of sales	-223,511	-238,785
Gross profit	79,242	84,238
Selling, general and administrative expenses	-44,576	-49,132
Other income	216	200
Other expenses	-106	-126
Operating profit	34,774	35,180
Finance income	91	1,328
Finance costs	-462	-452
Share of profit (loss) of investments accounted for using equity method	752	802
Profit before tax	35,156	36,858
Income tax expense	-10,878	-11,349
Profit	24,278	25,508
Profit attributable to		
Owners of parent	24,257	25,494
Non-controlling interests	20	13
Earnings per share		
Basic earnings per share (Yen)	77.69	81.63
Diluted earnings per share (Yen)	77.69	81.63

Condensed Quarterly Consolidated Statements of Comprehensive Income
 Nine-month period ended December 31, 2021 and 2022

(Millions of Yen)

	From Apr. 1, 2021 to Dec. 31, 2021	From Apr. 1, 2022 to Dec. 31, 2022
Profit	24,278	25,508
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	26	-475
Share of other comprehensive income of investments accounted for using equity method	90	58
Total of items that will not be reclassified to profit or loss	117	-417
Items that may be reclassified to profit or loss		
Cash flow hedges	102	-209
Exchange differences on translation of foreign operations	484	1,188
Share of other comprehensive income of investments accounted for using equity method	-1	8
Total of items that may be reclassified to profit or loss	585	987
Total other comprehensive income, net of tax	702	570
Comprehensive income	24,980	26,078
Comprehensive income attributable to		
Owners of parent	24,959	26,065
Non-controlling interests	20	13

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Nine-month period ended December 31, 2021 (April 1, 2021 - December 31, 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	—	—	24,257	—	—	24,257	20	24,278
Other comprehensive income	—	—	—	—	702	702	—	702
Comprehensive income	—	—	24,257	—	702	24,959	20	24,980
Issuance of new shares	—	—	—	—	—	—	—	—
Dividends of surplus	—	—	-14,567	—	—	-14,567	-50	-14,618
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	-10	—	-10	—	-10
Disposal of treasury shares	—	1	—	0	—	1	—	1
Transfer from retained earnings to capital surplus	—	-1	1	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	0	—	-0	—	—	—
Transfer to non-financial assets	—	—	—	—	-219	-219	—	-219
Total transactions with owners	—	—	-14,566	-10	-219	-14,796	-50	-14,847
Balance at Dec. 31, 2021	21,152	—	213,583	-296	2,597	237,038	434	237,472

Nine-month period ended December 31, 2022 (April 1, 2022 - December 31, 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	—	—	25,494	—	—	25,494	13	25,508
Other comprehensive income	—	—	—	—	570	570	—	570
Comprehensive income	—	—	25,494	—	570	26,065	13	26,078
Issuance of new shares	132	132	—	—	—	264	—	264
Dividends of surplus	—	—	-15,405	—	—	-15,405	-59	-15,465
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	75	75
Purchase of treasury shares	—	—	—	-3	—	-3	—	-3
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	—	—	—	—	468	468	—	468
Total transactions with owners	132	132	-15,405	-3	468	-14,675	15	-14,659
Balance at Dec. 31, 2022	21,285	132	233,389	-296	3,801	258,311	471	258,783

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	From Apr. 1, 2021 to Dec. 31, 2021	From Apr. 1, 2022 to Dec. 31, 2022
Cash flows from operating activities		
Profit before tax	35,156	36,858
Depreciation and amortization	14,915	15,360
Finance income	-91	-1,328
Finance costs	462	452
Share of loss (profit) of investments accounted for using equity method	-752	-802
Decrease (increase) in trade and other receivables	13,539	13,375
Decrease (increase) in contract assets	-1,509	-8,939
Decrease (increase) in inventories	-737	-1,741
Increase (decrease) in trade and other payables	-580	374
Increase (decrease) in contract liabilities	-97	1,013
Increase (decrease) in employee benefits	-5,332	-3,483
Increase (decrease) in provisions	-34	-71
Other	-488	-2,211
Subtotal	54,450	48,857
Interest and dividends received	372	487
Interest paid	-387	-424
Income taxes refund (paid)	-6,670	-18,478
Net cash provided by (used in) operating activities	47,765	30,441
Cash flows from investing activities		
Purchase of property, plant and equipment	-9,069	-8,257
Proceeds from sale of property, plant and equipment	4	0
Purchase of intangible assets	-2,857	-3,348
Investments in equity-accounted investees	-292	-204
Purchase of other financial assets	-167	-323
Proceeds from sales and redemptions of other financial assets	268	557
Other	-268	-242
Net cash provided by (used in) investing activities	-12,382	-11,819
Cash flows from financing activities		
Repayments of loans and redemption of bonds	-25,100	-17,000
Proceeds from long-term debt	11,500	12,250
Proceeds from issuance of bonds	4,972	—
Repayments of lease liabilities	-6,755	-6,736
Capital contribution from non-controlling interests	—	75
Dividends paid	-14,567	-15,406
Dividends paid to non-controlling interests	-50	-59
Other	-9	48
Net cash provided by (used in) financing activities	-30,010	-26,829
Effect of exchange rate changes on cash and cash equivalents	391	975
Net increase (decrease) in cash and cash equivalents	5,763	-7,231
Cash and cash equivalents at beginning of period	108,768	121,251
Cash and cash equivalents at end of period	114,532	114,020

(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 ending 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., and SCSK Automotive H&S Corporation were established on April 1, 2022, and November 1, 2022, respectively. These companies have been included in the scope of consolidation and are contained within the IT Management Service segment and Industrial IT Business segment, respectively.

Segment information for the nine-month period ended Dec. 31, 2021, has been restated to reflect this change in reportable segments.

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

Nine-month period ended December 31, 2021 (April 1, 2021 - December 31, 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	97,460	41,788	46,757	58,620	41,470	16,497	302,595	158	302,754
Inter segment sales (Note1)	7,996	495	4,598	4,723	13,267	8,048	39,129	-39,129	—
Total	105,456	42,284	51,356	63,343	54,738	24,545	341,725	-38,971	302,754
Operating profit (loss)	12,184	5,409	4,428	8,142	5,097	1,060	36,323	-1,548	34,774
							Finance income		91
							Finance costs		-462
							Share of profit (loss) of investments accounted for using equity method		752
							Profit before tax		35,156

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

2. The amount of ¥158 million for sales to external customers includes adjustment to reflect net sales to be conformity with IFRS. The ¥1,548 million reduction to operating profit is comprised of ¥2,000 million in general corporate expenses that have not been allocated to the reportable segments and ¥451 million adjustment to reflect net sales as defined by IFRS.

Nine-month period ended December 31, 2022 (April 1, 2022 - December 31, 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	107,479	43,626	50,903	62,446	41,926	16,550	322,932	91	323,024
Inter segment sales (Note1)	8,895	628	4,623	6,064	15,905	9,636	45,753	-45,753	—
Total	116,375	44,254	55,526	68,510	57,832	26,186	368,686	-45,662	323,024
Operating profit (loss)	13,077	5,908	5,141	8,555	4,257	677	37,618	-2,438	35,180
							Finance income		1,328
							Finance costs		-452
							Share of profit (loss) of investments accounted for using equity method		802
							Profit before tax		36,858

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

2. The amount of ¥91 million for sales to external customers includes adjustment to reflect net sales to be conformity with IFRS. The ¥2,438 million reduction to operating profit is comprised of ¥3,067 million in general corporate expenses that have not been allocated to the reportable segments and ¥628 million adjustment to reflect net sales as defined by IFRS.

(Significant Subsequent Events)

No subsequent events to report.