

Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2024 (April 1, 2023 – December 31, 2023) [IFRS]

January 31, 2024

Company Name: SCSK Corporation
 Securities Code: 9719
 Stock Exchange Listing: Tokyo Stock Exchange
 URL: <https://www.scsk.jp>
 Representative: Takaaki Touma, Representative Director and President
 Inquiries: Hiroyuki Motojima, General Manager, Accounting Dept. TEL: +81-3-5166-2500
 Scheduled date of filing quarterly securities reports: February 13, 2024
 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, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the previous fiscal year)

(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 profit	
	%		%		%		%		%		%	
Nine months ended Dec. 31, 2023	351,363	8.8	40,988	16.5	40,936	11.1	28,417	11.4	28,335	11.1	29,596	13.5
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

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended Dec. 31, 2023	90.70		90.70	
Nine months ended Dec. 31, 2022	81.63		81.63	

(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, 2023	438,165	285,460	284,846	65.0
As of March 31, 2023	435,469	272,403	271,909	62.4

2. Dividends

	Dividends per share (Yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
FY2022	—	26.00	—	26.00	52.00
FY2023	—	28.00	—	—	—
FY2023 (Forecasts)	—	—	—	30.00	58.00

Notes: Revisions during this quarter of dividend forecasts for Fiscal Year 2023: Yes

3. Consolidated Financial Forecasts for Fiscal Year 2023 (April 1, 2023 to March 31, 2024)

(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	475,000	6.5	56,500	10.0	57,000	6.9	39,500	5.9	126.42

Notes: Revisions during this quarter of consolidated earnings forecasts for Fiscal Year 2023: No

※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 Dec. 31, 2023	312,783,158 shares
As of March 31, 2023	312,665,639 shares

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

As of Dec. 31, 2023	368,402 shares
As of March 31, 2023	365,414 shares

- 3) The average number of shares during the period

As of Dec. 31, 2023	312,415,818 shares
As of Dec. 31, 2022	312,299,726 shares

- ※ 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, 2024” on page 4.
- The Company will hold a results briefing for institutional investors and analysts on January 31, 2024. 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.

Contents

1. Qualitative Information Regarding Operating Results for the Six-month Period Ended December 31, 2023	2
(1) Analysis of Operating Results.....	2
(2) Summary of Financial Position	3
(3) Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2024.....	4
2. Condensed Quarterly Consolidated Financial Statements.....	5
(1) Condensed Quarterly Consolidated Statements of Financial Position.....	5
(2) Condensed Quarterly Consolidated Statements of Income and Comprehensive Income.....	7
(3) Condensed Quarterly Consolidated Statements of Changes in Equity.....	9
(4) Condensed Quarterly Consolidated Statements of Cash Flows.....	10
(5) Notes to Condensed Quarterly Consolidated Financial Statements.....	11
(Notes to Going Concern Assumptions)	11
(Notes Concerning the Significant Changes in Shareholder's Equity).....	11
(Segment Information)	12
(Significant Subsequent Events).....	15

1. Qualitative Information Regarding Operating Results for the Nine-month Period Ended December 31, 2023

(1) Analysis of Operating Results

In the nine-month period ended December 31, 2023, the domestic economy felt the impacts of the foreign exchange trends that were shaped by the expectation that the United States will curtail its monetary tightening measures. The economy was also impacted by the rising commodity prices that stemmed from soaring resource prices. Nevertheless, a modest recovery trend continued in the domestic economy as economic activity in Japan picked up.

The Japanese economy is anticipated to see the continuation of this modest recovery trend due in part to the benefits of fiscal, financial, and other government measures since amid improvements in the job market and in wages. However, caution is required with regard to future economic trends in light of the risk of downturns in the Japanese economy as a result of overseas trends given the concern pertaining to the impacts of the deterioration of conditions in the Middle East, foreign exchange rate fluctuation risks, and the future of the Chinese economy.

In this economic environment, the IT services market continues to enjoy an upward trend in IT investment seen across a wide range of industries driven by a strong appetite for IT investment for growing businesses and bolstering competitiveness. Meanwhile, ongoing growth in demand for IT investment is expected, even amid concern for economic downturns overseas. 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 for strengthening operating foundations and the redevelopment of core systems. In the financial industry, demand was strong for investment for the purpose of developing fraud and money laundering detection and prevention systems. As for the distribution industry, IT investment demand was up for core system development 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.

In the nine-month period ended December 31, 2023, net sales increased 8.8% year on year, to ¥351,363 million, as result of higher sales of systems development services stemming from ongoing growth in IT investment demand as well as strong performance in the System Maintenance and Operation / Services segment.

Operating profit rose 16.5% year on year, to ¥40,988 million, due to sales growth and improved profitability. These factors offset the rise in personnel expenses that followed the increase in base salaries instituted in July 2023, higher recruitment expenses, the resumption of sales activities, and the impacts of loss-making projects. Profit attributable to owners of the parent, meanwhile, increased 11.1%, to ¥28,335 million.

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. To this end, we have defined the policies of "Reorganization of business areas and redevelopment of business models to continue providing new value to customers and society" and "Maximization of the market value of all employees based on the recognition that the growth of employees drives the growth of the Company" in the medium-term management plan. Dramatic improvements to comprehensive corporate value will be pursued based on these policies.

(2) Summary of Financial Position

Cash and cash equivalents (“cash”) as of December 31, 2023, increased ¥9,367 million compared to March 31, 2023, to ¥130,793 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 ¥47,686 million (increased ¥17,244 million in comparison to the same period of the previous fiscal year).

The main cash inflow factors were profit before tax of ¥40,936 million, depreciation and amortization of ¥15,921 million, and a decrease in trade and other receivables of ¥16,361 million. The main cash outflow factors were an increase in contract assets of ¥6,266 million, a decrease in employee benefits of ¥3,784 million, and payment for income taxes of ¥16,104 million.

(Cash flow from investing activities)

Net cash used in investing activities was ¥15,562 million (decreased ¥3,743 million in comparison to the same period of the previous fiscal year).

The main cash inflow factor was proceeds from sales and redemptions of other financial assets of ¥16,755 million. The main cash outflow factors were payment for purchase of property, plant and equipment of ¥2,451 million, a decrease due to purchase of intangible assets of ¥3,042 million, a decrease due to purchase of other financial assets ¥20,840 million, and a decrease due to purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥4,996 million.

(Cash flow from financing activities)

Net cash used in financing activities was ¥23,647 million (increased ¥3,182 million in comparison to the same period of the previous fiscal year).

The main cash inflow factors were proceeds from long-term debt ¥11,500 million, and proceeds from issuance of bonds ¥9,950 million.

The main cash outflow factors were payments for repayments of loans and redemption of bonds ¥21,950 million, repayments of lease liabilities of ¥6,220 million, and dividend payments of ¥8,119 million (¥26.00 per share) for the year-end dividend of the fiscal year ended March 31, 2023, and of ¥8,747 million (¥28.00 per share) for the interim dividend for the fiscal year ending March 31, 2024.

(3) Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2024

Performance in the nine-month period ended December 31, 2023, was within the scope of the Company's expectations. Accordingly, the Company has chosen not to revise the consolidated financial forecasts for the fiscal year ending March 31, 2024, that were announced on October 27, 2023.

With regard to the return of profits to shareholders, SCSK aims to provide dividends in line with improvements in consolidated business results, while comprehensively taking into account financial position, earnings trends, the dividend payout ratio, and the need to maintain sufficient internal reserves for future business investments.

Based on the aforementioned policy as well as full-year consolidated financial forecasts, the Company has revised the forecast for year-end dividend payments for the fiscal year ending March 31, 2024, that was announced on April 28, 2023. The revised forecast calls for year-end dividend payments of ¥30 per share, an increase of ¥2 over the prior forecast. When combined with the interim dividend payment, the revised dividend forecast will make for full-year dividend payments ¥58 per share and a consolidated dividend payment ratio of 45.9%.

Note: Dividend payments forecasts are forward-looking statements based on information available as of the date of financial results announcement. Actual dividend payments may differ from forecasts for various reasons.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of Yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023
Assets		
Current assets		
Cash and cash equivalents	121,425	130,793
Trade and other receivables	82,909	67,546
Contract assets	14,411	20,691
Inventories	9,748	9,255
Other financial assets	199	5,010
Income taxes receivable	42	343
Other current assets	15,360	14,451
Total current assets	244,099	248,091
Non-current assets		
Property, plant and equipment	75,212	72,119
Right-of-use assets	45,781	42,968
Goodwill and intangible assets	26,984	32,362
Investments accounted for using equity method	11,252	12,977
Other receivables	8,094	9,057
Other financial assets	10,692	8,593
Deferred tax assets	2,118	—
Other non-current assets	11,232	11,995
Total non-current assets	191,370	190,073
Total assets	435,469	438,165

(Millions of Yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023
Liabilities		
Current liabilities		
Trade and other payables	34,826	33,852
Contract liabilities	15,388	17,530
Liabilities for employee benefits	10,889	7,771
Bonds and borrowings	21,945	11,781
Lease liabilities	10,773	9,156
Other financial liabilities	63	41
Income taxes payable	8,079	2,816
Provisions	406	955
Other current liabilities	5,994	5,299
Total current liabilities	108,367	89,205
Non-current liabilities		
Bonds and borrowings	9,782	19,460
Lease liabilities	35,415	34,256
Other payables	174	168
Liabilities for employee benefits	1,982	2,061
Provisions	7,334	7,325
Deferred tax liabilities	—	225
Other non-current liabilities	10	—
Total non-current liabilities	54,699	63,498
Total liabilities	163,066	152,704
Equity		
Share capital	21,285	21,420
Capital surplus	122	166
Retained earnings	246,812	258,485
Treasury shares	-286	-291
Other components of equity	3,976	5,065
Total equity attributable to owners of parent	271,909	284,846
Non-controlling interests	493	614
Total equity	272,403	285,460
Total liabilities and equity	435,469	438,165

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

Condensed Quarterly Consolidated Statements of Income

Nine-month period ended December 31, 2022 and 2023

(Millions of Yen)

	From Apr. 1, 2022 to Dec. 31, 2022	From Apr. 1, 2023 to Dec. 31, 2023
Net sales	323,024	351,363
Cost of sales	-238,785	-258,656
Gross profit	84,238	92,707
Selling, general and administrative expenses	-49,132	-51,698
Other income	200	393
Other expenses	-126	-413
Operating profit	35,180	40,988
Finance income	1,328	521
Finance costs	-452	-1,580
Share of profit (loss) of investments accounted for using equity method	802	1,007
Profit before tax	36,858	40,936
Income tax expense	-11,349	-12,518
Profit	25,508	28,417
Profit attributable to		
Owners of parent	25,494	28,335
Non-controlling interests	13	81
Earnings per share		
Basic earnings per share (Yen)	81.63	90.70
Diluted earnings per share (Yen)	81.63	90.70

Condensed Quarterly Consolidated Statements of Comprehensive Income
Nine-month period ended December 31, 2022 and 2023

(Millions of Yen)

	From Apr. 1, 2022 to Dec. 31, 2022	From Apr. 1, 2023 to Dec. 31, 2023
Profit	25,508	28,417
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	-475	-420
Share of other comprehensive income of investments accounted for using equity method	58	557
Total of items that will not be reclassified to profit or loss	-417	137
Items that may be reclassified to profit or loss		
Cash flow hedges	-209	-109
Exchange differences on translation of foreign operations	1,188	1,110
Share of other comprehensive income of investments accounted for using equity method	8	41
Total of items that may be reclassified to profit or loss	987	1,041
Total other comprehensive income, net of tax	570	1,178
Comprehensive income	26,078	29,596
Comprehensive income attributable to		
Owners of parent	26,065	29,514
Non-controlling interests	13	81

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

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 to capital surplus from retained earnings	—	—	—	—	—	—	—	—
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

Nine-month period ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(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, 2023	21,285	122	246,812	-286	3,976	271,909	493	272,403
Profit	—	—	28,335	—	—	28,335	81	28,417
Other comprehensive income	—	—	—	—	1,178	1,178	—	1,178
Comprehensive income	—	—	28,335	—	1,178	29,514	81	29,596
Issuance of new shares	135	135	—	—	—	270	—	270
Dividends of surplus	—	—	-16,867	—	—	-16,867	-51	-16,919
Changes in ownership interest in subsidiaries	—	-91	—	—	—	-91	91	-0
Purchase of treasury shares	—	—	—	-4	—	-4	—	-4
Disposal of treasury shares	—	-0	—	0	—	0	—	0
Transfer to capital surplus from retained earnings	—	0	-0	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	204	—	-204	—	—	—
Transfer to non-financial assets	—	—	—	—	114	114	—	114
Total transactions with owners	135	43	-16,663	-4	-89	-16,578	39	-16,539
Balance at Dec. 31, 2023	21,420	166	258,485	-291	5,065	284,846	614	285,460

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	From Apr. 1, 2022 to Dec. 31, 2022	From Apr. 1, 2023 to Dec. 31, 2023
Cash flows from operating activities		
Profit before tax	36,858	40,936
Depreciation and amortization	15,360	15,921
Finance income	-1,328	-521
Finance costs	452	1,580
Share of loss (profit) of investments accounted for using equity method	-802	-1,007
Decrease (increase) in trade and other receivables	13,375	16,361
Decrease (increase) in contract assets	-8,939	-6,266
Decrease (increase) in inventories	-1,741	493
Increase (decrease) in trade and other payables	374	-2,928
Increase (decrease) in contract liabilities	1,013	2,273
Increase (decrease) in employee benefits	-3,483	-3,784
Increase (decrease) in provisions	-71	460
Other	-2,211	106
Subtotal	48,857	63,625
Interest and dividends received	487	653
Interest paid	-424	-488
Income taxes refund (paid)	-18,478	-16,104
Net cash provided by (used in) operating activities	30,441	47,686
Cash flows from investing activities		
Purchase of property, plant and equipment	-8,257	-2,451
Proceeds from sale of property, plant and equipment	0	98
Purchase of intangible assets	-3,348	-3,042
Investments in equity accounted investees	-204	-358
Purchase of other financial assets	-323	-20,840
Proceeds from sales and redemptions of other financial assets	557	16,755
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-4,996
Other	-242	-727
Net cash provided by (used in) investing activities	-11,819	-15,562
Cash flows from financing activities		
Payments for repayments of loans and redemption of bonds	-17,000	-21,950
Proceeds from long-term debt	12,250	11,500
Proceeds from issuance of bonds	—	9,950
Repayments of lease liabilities	-6,736	-6,220
Capital contribution from non-controlling interests	75	—
Dividends paid	-15,406	-16,867
Dividends paid to non-controlling interests	-59	-51
Other	48	-8
Net cash provided by (used in) financing activities	-26,829	-23,647
Effect of exchange rate changes on cash and cash equivalents	975	891
Net increase (decrease) in cash and cash equivalents	-7,231	9,367
Cash and cash equivalents at beginning of period	121,251	121,425
Cash and cash equivalents at end of period	114,020	130,793

(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 introduction and development of ERP such as ProActive, an in-house developed ERP (integrated core operations) packaging, and SAP and Oracle, and AMO (Application Management Outsourcing) to support the entire life cycle from maintenance to operation. We also provide a wide range of IT solutions, including EC service and contact center service. In addition, we provide BPO services that are unique to IT companies, combining manpower support operations 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, 2023 and the fiscal year ending March 31, 2024.

2. Reorganization of reportable segments, etc.

From the first quarter of consolidated fiscal year ending March 31, 2024, in conjunction with the partial revision of the internal organization, the method for classifying reportable segments has been revised.

SCSK RegTech Edge Corporation (former company name: AML Countermeasure Business Preparation Corporation, Ltd.) was established on June 15, 2023, SCSK Security Corporation was established on August 1, 2023, and have been included in the scope of consolidation and classified into the Financial IT Business segment and IT Platform Solutions respectively.

Segment information for the nine-month period ended December 31, 2022, 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, 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	102,968	44,093	49,179	62,443	45,450	18,797	322,932	91	323,024
Inter segment sales (Note1)	8,865	628	3,811	6,064	17,011	9,598	45,978	-45,978	—
Total	111,833	44,722	52,990	68,507	62,461	28,396	368,911	-45,887	323,024
Operating profit	12,623	6,019	4,893	8,596	4,972	490	37,594	-2,414	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 ¥2,414 million reduction to operating profit is comprised of in general corporate expenses that have not been allocated to the reportable segments.

Nine-month period ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(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	119,781	47,654	55,023	60,788	48,585	19,129	350,963	400	351,363
Inter segment sales (Note1)	7,862	432	4,667	6,989	21,327	11,831	53,110	-53,110	—
Total	127,643	48,087	59,691	67,777	69,912	30,960	404,073	-52,709	351,363
Operating profit	16,143	5,805	4,542	7,660	7,852	965	42,969	-1,980	40,988
							Finance income		521
							Finance costs		-1,580
							Share of profit (loss) of investments accounted for using equity method		1,007
							Profit before tax		40,936

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

2. The amount of ¥400 million for sales to external customers includes adjustment to reflect net sales to be conformity with IFRS. The ¥1,980 million reduction to operating profit is comprised of in general corporate expenses that have not been allocated to the reportable segments.

(Significant Subsequent Events)

No applicable items.