Transcript of results briefing

Consolidated Financial Results for 1st Quarter of Fiscal Year Ending March 2021

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■ Greeting

Greetings, my name is Yasuhiko Oka, and I am a senior executive officer of SCSK Corporation.

■ Contents (slide1)

The agenda for today's presentation can be seen in the contents section on slide 1. I will be discussing the Company's consolidated financial results in the three-month period ended June 30, 2020. At the end, I would also like to touch on the medium-term management plan announced on April 28, 2020.

This presentation is scheduled to take around 30 minutes.

■ Summary of Financial Results（PL/Incoming Orders/Backlog）(slide2)

Please look at slide 2, which displays consolidated performance highlights for the three-month period ended June 30, 2020.

Net sales was ¥94.3 billion, up 3.3% year on year.
Gross profit was ¥24.0 billion, up 9.0%.
Operating was ¥10.2 billion, up 22.2%.
Profit attributable to owners of parent was ¥7.2 billion, up 19.0%. The operating profit margin was 10.9%.

As the Company has chosen to adopt International Financial Reporting Standards (IFRS), figures for the three-month period ended June 30, 2019, previously calculated under JGAAP standards, have been restated to reflect IFRS standards. As a result, the JGAAP net sales figure of ¥90.9 billion was translated to an IFRS net sales figure of ¥91.3 billion and JGAAP operating profit of ¥7.8 billion became IFRS operating profit of ¥8.4 billion. I will explain the major adjustments that resulted in these differences later on.

To summarize the three-month period ended June 30, 2020, the global COVID-19 pandemic created a number of difficult conditions. Nevertheless, everyone at the SCSK Group banded together to capitalize on the benefits of the outstanding order backlog resulted from the robust IT demand that was seen up to the previous fiscal year, and we were thereby able to secure increases in sales and profit.

I would now like to offer a brief explanation on our performance in this period while referencing the overview provided on slide 2.

Net sales were negatively impacted by the circumstances surrounding the shift to new models in network equipment sales to communication industry customers, a factor that had been initially anticipated.

However, we were able to achieve sales increases in nearly all segments thanks to the substantial order backlog that remained outstanding on March 31, 2020.

Factors behind these increases included our ability to carry out work with no significant impediments, even amid the global COVID-19 pandemic, by capitalizing on the productivity of remote working and other working styles. In addition, only a minimal negative impact was felt from the trend toward customers shifting to in-house options for their IT services in subdivision operations, which entail positioning employees on customer premise on a full-time basis.

In addition, the approximately ¥3.7 billion in net sales of Minori Solutions Co., Ltd., which was consolidated in the fourth quarter of the fiscal year ended March 31, 2020, was included in consolidated net sales.

Gross profit was affected by the additional profit from sales increases, including those associated with Minori Solutions, and by unprofitable projects.

In addition, a boost of nearly ¥1.2 billion to gross profit came from the change in the accounting method for bonuses paid based on contributions to corporate performance. In previous fiscal years, the expenses associated with these bonus payments would be recorded in June, the month in which these bonuses are paid. In the three-month period ended June 30, 2020, however, these bonuses were paid from a provision recorded on March 31, 2020, and no expenses were incurred as a result.

Selling, general and administrative (SG&A) expenses increased by more than ¥0.1 billion. This increase was due to the combined impact of a myriad of factors. Specifically, factors increasing expenses included higher personnel expenses due to a rise in new employees, growth in business investments, the incorporation of the expenses of Minori Solutions, and the amortization expenses pertaining to intangible assets incurred through the acquisition of Minori Solutions. Meanwhile, factors decreasing expenses included a reduction of nearly ¥0.6 billion associated with the paying of performance bonuses from a provision recorded on March 31, 2020, as well as decreases in entertainment, travel, and other expenses resulted from the global COVID-19 pandemic.

Due to these factors, operating profit was up 22% year on year, to ¥10.2 billion.

Incoming orders and order backlog included ¥2.5 billion in incoming orders and ¥3.9 billion in order backlog associated with the newly consolidated Minori Solutions.

Moving on, incoming orders declined 4.4% year on year, to ¥83.7 billion.

Approximately ¥5.0 billion of this decline can be attributed to the initially anticipated decrease in sales of network equipment to the telecommunications industry and the absence of previously recorded large-scale system sales orders.

The global COVID-19 pandemic is forcing us to conduct sales primarily in a contact-free, non-face-to-face manner and that is thus causing delays in the execution of customers' IT investment decisions. Nonetheless, there were very few cases in which we were unable to receive orders with regard to customers that we began approaching before the end of the prior fiscal year and to the next phases of projects currently underway.

Meanwhile, order backlog rose 2.1%, to ¥136.5 billion, when excluding the negative impacts associated with system sales.

■ Comparison by Sales Segment（Sales/Incoming Orders/Backlog）(slide3)
Systems Development

Moving on, please look at slide 3, which displays performance by sales segment.

In the Systems Development segment, net sales increased 3.5%, to ¥38.6 billion. This increase was achieved thanks to higher demand for strategic business IT investment by automobile manufacturers and for IT investments for boosting competitiveness, a rise in core systems redevelopment projects for electrical machinery manufacturers, and the incorporation of the sales of Minori Solutions. These factors offset a temporary decrease of ¥1.0 billion in net sales through adjustments made in conjunction with the adoption of IFRS as well as the rebound from previous recorded orders from the telecommunications and power industries.

Incoming orders were up 3.9% year on year, to ¥38.5 billion. Although we felt the impacts of the rebound from previously recorded large-scale orders from the securities industry, an overall increase in orders was achieved by concluding contracts with regard to subsequent phases for core systems redevelopment projects that were previously underway.

Order backlog rose 4.8% year on year, to ¥36.2 billion. The impacts of the rebound from previously recorded large-scale orders from the securities industry also affected order backlog, but the overall backlog grew due to the acquisition of orders for core systems redevelopment projects and the receipt of large-scale orders from the non-life insurance industries at the end of the previous fiscal year.

■ Comparison by Sales Segment（Sales/Incoming Orders/Backlog）(slide4)
System Maintenance and Operation/Services

Please turn now to slide 4.

Net sales in the System Maintenance and Operation / Services segment increased 7.4% year on year, to ¥36.8 billion, due the strong performance of data center businesses and business process outsourcing (BPO) businesses pertaining to products and services as a result of customers shifting toward remote work and other trends.

Incoming orders were up year on year as the increase in BPO business orders outweighed the decrease in orders from the communications and distribution industries. Order backlog, meanwhile, rose 3.6%, to ¥86.3 billion, due to same increase in BPO business orders that buoyed incoming orders as well as the benefits of data center business orders received in the fourth quarter of the fiscal year ended March 31, 2020.

■ Comparison by Sales Segment（Sales/Incoming Orders/Backlog）(slide5)
Packaged Software/Hardware Sales

We will look next at the Packaged Software / Hardware Sales segment on slide 5.

Net sales decreased 4.1% year on year, to ¥18.8 billion. Although sales of hardware for academic research institutions was up, this increase was outweighed by impacts of the shift to next-generation models for certain products in sales of network equipment to the communications industry I explained earlier as well as the rebound from previously recorded large-scale hardware sales to automobile manufacturers.

Incoming orders decreased 25.9% year on year, to ¥15.1 billion, as the conditions that impacted sales of network equipment to the communications industry also affected orders and because of a decrease in orders for hardware from academic research institutions.

Order backlog was down 11.7% year on year, to ¥13.9 billion, due to declines in the sales of network equipment.

With this, I conclude this explanation of performance by sales segment.

■ Sales Comparison by Customer Industry (slide6)

We will next look at sales by customer industry.

In the three-month period ended June 30, 2020, sales were up in all customer industries with the exception of the communications and transportation industries. Sales to the communications and transportation industries decreased as a result of the aforementioned impacts of the shift to next-generation models for certain products in sales of network equipment to the communications industry.

I would now like to take a moment to explain the reasons behind the increase in sales to the manufacturers, financial institutions, and the service industry.

Sales to manufacturers rose ¥1.8 billion year on year. This sales growth was a result of increases in systems development projects and verification services for pre-market products conducted in response to strategic IT investment demand from automobile manufacturers and strong system upgrade demand from food producer and electrical machinery manufacturers. These favorable factors contributed to performance despite the delays in customer investment decisions and other factors resulted from concern for performance amid the global COVID-19 pandemic.

Sales to financial institutions rose as a result of systems upgrade projects for the banking industry coupled with sales of storage devices to this industry and sales of hardware to the credit and leasing industries.

Sales to the service industry and other customers were up due to large-scale hardware sales to academic research institutions and increased performance in data center businesses amid the shift to cloud services.

■ Change of Reportable Segment (slide7)

Next, I would like to talk about some changes that have been instituted to the Company's segments.

At SCSK, we have previously disclosed information based on our business segment on the premise that they are essentially the same as our reportable segments. However, we have recently decided to begin disclosing information based on our reportable segments. This decision was a result of examinations of how to better disclose information based on comprehensive consideration of the nature of our major services, customers, and markets.

As shown on this slide, we have consolidated our Manufacturing & Telecommunication Systems Business, Distribution & Media Systems Business, Global System Solutions & Innovation Business, and Mobility Systems segments to form the new Industrial IT Business segment. In addition, the major system sales organizations of the Distribution & Media Systems Business have been consolidated within the IT Platform Solutions segment, a segment that focuses on system sales operations, to form the new IT Platform segment.

Also, the operations of JIEC Co., Ltd., which was a consolidated subsidiary included in the Financial Systems Business segment in the fiscal year ended March 31, 2020, have been distributed among all segments but the IT Platform Solutions segment following the merger and organizational restructuring of this company.

■ Business Performance by Reportable Segment (slide8)

Moving on, I would now like to discuss performance by reportable segment.

Figures in this presentation from the three-month period ended June 30, 2019, have been restated to reflect this change in reportable segment.

Today, I will be focusing specifically on the Industrial IT Business segment, which represents a particularly large portion of total net sales, as well as on the Financial IT Business and IT Platform Solutions segments, which saw decreases in net sales but increases in operating profit.

The previously mentioned change in the timing for recording performance bonuses buoyed operating profit in all segments.

In the Industrial IT Business segment, net sales were up due to increases in systems development sales from the automotive and electrical machinery industries. Operating profit also rose due to higher sales coupled with the benefits of the absence of the unprofitable projects that took place in the previous fiscal year.

The Financial IT Business segment suffered declines in sales and profit following the conclusion of systems development projects for the banking industry. However, a year-on-year increase in operating profit was achieved due to the aforementioned change pertaining to bonus payments.

As for the IT Platform Solutions segment, net sales were down primarily as a result of the shift to next-generation models for certain products in sales of network equipment. However, the impact of this factor on gross profit was relatively small and, combined with the increase in sales of other products, this resulted in a rise in operating profit.

■ Operating Profit Analysis (slide9)

Looking now at slide 9, I would like to offer an explanation of the factors that influenced operating profit.

The rise in net sales boosted operating profit by ¥0.7 billion while the improved gross profit margin raised operating profit by ¥1.2 billion.

In the three month-period ended June 30, 2020, losses from unprofitable projects were nearly ¥0.1 billion. Losses from such projects in the previous equivalent period, were over ¥0.4 billion. This difference lead to a year-on-year increase of more than ¥0.3 billion in operating profit.

Meanwhile, the ¥0.1 billion increase in SG&A expenses was as I explained when talking about overall performance. In addition, the acquisition of Minori Solutions and the finalization of the associated purchase price allocation procedures resulted in the recording of ¥10.4 billion in intangible assets to be amortized over a period of 20 years. In the three-month period ended June 30, 2020, amortization expenses of more than ¥0.1 billion were recorded in relation to these assets.

The combined impact of these factors was a year-on-year increase of approximately ¥1.8 billion in operating profit, which came to ¥10.2 billion, and a rise in the operating profit margin from 9.2% to 10.9%.

■ Quarterly IFRS Recombination of FY2019 (slide10)

Please turn now to slide 10.

In consideration of the Company's voluntary adoption of IFRS from the fiscal year ending March 31, 2021, this slide has been provided to compare figures for the fiscal year ended March 31, 2020, calculated under IFRS standards with those based on the prior JGAAP standards.

Figures for the period from July 1, 2019, to March 31, 2020, have not yet been audited, and are therefore subject to change.

In the three-month period ended June 31, 2019, major IFRS adjustments to operating profit included a reduction in depreciation and amortization following write-downs to the value of real estate to reflect mark-to-market valuation. Another adjustment was the change in the timing of recording payments for taxes on fixed assets. Under JGAAP, these payments were originally scheduled for June 2019, but this changed to the recording of an estimate in March 2020 under IFRS. This factor, however, did not affect full-year performance.

■ Impact of COVID-19 Pandemic (slide11)

We will look next a slide 11.

I would now like to take a moment to talk about how SCSK is being impacted by the global COVID-19 pandemic.

The major impacts are as shown on this slide. External impacts included sluggish economic activity due to supply chain disruptions stemming from the pandemic, which resulted in low appetites for investment among companies.

Meanwhile, the pandemic sparked the acceleration of new business models centered on remote work.

As for internal conditions, at the onset of the pandemic, we were quick to shift to remote working, with the safety and security of our employees and their families as our top priority. As a result, we were able to achieve a remote working rate of approximately 60% among employees stationed on customer premises, a rate that exceeded our expectations.

As for orders, while we cannot deny that we were affected by delays in investment decisions by companies, there has been no significant impact as of this point in time.

Furthermore, SCSK has previously been advancing proactive working style reforms. Having these foundations in place, we will look to transform our working styles to allow for more flexible responses to the changing times.

Following the cancellation of Japan’s state of emergency declaration, the previously delayed investment plans of customers have been moving on to the execution phase. Given the aforementioned external trends and internal factors at the Company, we recognize that changes in demand trends associated with new business models as well as initiatives for strengthening contact points will be areas of focus for all companies amid the global COVID-19 pandemic. The new medium-term management plan launched in the fiscal year ending March 31, 2021, puts forth the core strategies of core business innovation and commercialization of digital transformations. The current environment presents a prime opportunity to advance these strategies.

However, we cannot let down our guard as the operating environment is currently plagued by concern regarding a potential second wave of COVID-19 infections, and investment trends remain opaque.

■ Consolidated Financial Forecasts (slide12)

Moving on, I would like to discuss our performance forecasts.

In the three-month period ended June 30, 2020, we were able to achieve increases in sales and profit, despite the concern regarding the global COVID-19 pandemic, as a result of outstanding contracts acquired thanks to the strong trends in investment seen prior to the pandemic.

We feel lucky to have been able to start second quarter of the fiscal year with an order backlog that exceeds that seen on June 30, 2019. However, we cannot deny the opaqueness in the operating environment as a result of the factors I explained when discussing the impacts of the global COVID-19 pandemic. Accordingly, we have chosen not to revise the previously release forecasts of net sales of ¥380.0 billion, operating profit of ¥41.0 billion, and profit attributable to owners of parent of ¥29.0 billion. Prompt notification will be provided if any changes are made to these forecasts.

■ Medium-Term Management Plan - Core Strategies - (slide13)

Next, I will be offering an explanation of our new medium-term management plan.

President Tanihara already spoke a bit about this plan at the financial results briefing for the fiscal year ended March 31, 2020. Today, I would like to focus a little more on the core strategies of the plan.

The previously high level of large-scale, conventional-model projects is decreasing, and we are witnessing qualitative changes to IT investment trends, as indicated by the acceleration of digital transformations stimulated by the emergence of cloud and other cutting-edge technologies. Changes have also been seen at customer companies, which have been increasingly employing their own IT engineers to swift toward in-house options for their IT needs, triggering their own digital transformations. The new medium-term management plan was forged out of this background and indicates our dedication toward addressing these changes.

Meanwhile, we are faced with a crisis at SCSK out of recognition of the limits of our traditional business model. At the same time, however, we recognize that a change in perspective can reveal limitless potential. We therefore see massive opportunities to be capitalized on by advancing our new medium-term management plan amid the unforeseen COVID-19 pandemic, which is creating an environment in which companies are pressed to fundamentally transform their businesses.

If we place this new chapter into the narrative that dates back to our founding, we will see that the fiscal years ended March 31, 2013 to 2015, represented a chapter about integration; the fiscal years ended March 31, 2016 to 2020, were a describing a turning point; and this new chapter will be about our transformation.

SCSK aims to grow into a company capable of generating net sales of ¥1 trillion in the fiscal year ending March 31, 2031. Our first step in growing SCSK into such a company will be to use the next three years as a period for solidifying the core businesses that will serve as the foundations for these efforts. While building this foundation, we will develop co-creation services with customers that will be the cornerstone of digital transformations, the pillar that will support next-generation businesses.

The first of our core strategies is core business innovation. This strategy calls on us to heighten SCSK's potential and secure a competitive edge by innovating business processes and customer contact points in order to enhance and expand core businesses.

DX Report: Overcoming of '2025 Digital Cliff' Involving IT Systems and Full-fledged Development of Efforts for DX, released by the Ministry of Economy, Trade and Industry, highlights measures for seeking solutions to and supporting the resolution of the delays in data coordination and utilization by Japanese companies that stem from issues facing many such companies. These issues include the increasing obsoleteness, black box nature, and rising costs of legacy systems and engineer shortages resulted from the shrinking workforce.

■ Core Strategies 1: Core Business Innovation - Monozukuri innovations (slide14)

With regard to our core business innovation initiatives, I will start by explaining the *Monozukuri* innovations that are part of our efforts to innovate business processes.

Under the previous medium-term management plan, we introduced SmartEpisode Plus (SE$^+$), a standard platform for project management and systems development processes, and deployed this platform throughout the Company. The utilization of standardized processes through SE$^+$ enabled us to manage projects in a manner that ensured consistent quality and thereby contributed to improvements in the quality of systems development.

In addition, we made use of standardized components, automation tools, and modules through the S-Cred+ (Smart Co-work on Relationship, Engineering and Design Plus) platform to realize low-code no-code development, accumulation and utilization of intellectual properties, automation of infrastructure building and operation, and standardization of development, maintenance, and operation. We were thereby able to improve productivity and eliminate the need for personnel specializing in specific systems.

Low-code no-code development refers to the process of combining pre-verified portions of code as opposed to writing development code from scratch. This approach enables us to promote intellectual property-driven development that utilizes the code portions that have been accumulated within the Company.

Low-code no-code development allows for shortened implementation lead times and makes it possible to focus on monitoring prototypes (tracking condition definitions) and communicating with customers during the condition defining process, thereby contributing to improved system quality. Furthermore, as we do not have to write code, we are able to pinpoint the areas requiring maintenance while preventing systems from becoming black boxes or obsolete legacy systems or requiring attention from personnel specializing in specific systems.

By embracing this approach, we expect to be able to swiftly provide higher-quality services to customer companies while improving development productivity and quality and reducing development risks.

■ Core Strategies 1: Core Business Innovation - Subdivision Innovations (slide15)

Next, I would like to talk about our subdivision innovation initiatives for innovating the subdivision that serve as customer contact points. These initiatives are aimed at further solidifying the strength of SCSK born out of the trusting relationships with customers it has fostered over periods of years.

Specifically, we have defined three strategies for these initiatives. The shared aim of these strategies is to transform our prior business model, which was focused on providing business support to respond to customers' system needs, into a co-creative model that assists customers' business and IT strategies.

The first strategy is to strengthen customer contact points through the deployment of service managers and highly skilled engineers to address customer strategies and needs. The second strategy is to promote *Monozukuri* innovations in subdivisions that optimize customers' systems of records by improving the efficiency and productivity of processes through the utilization of SCSK intellectual properties (SmartEpisode Plus, S-Cred+, etc.). The third strategy is to innovate working styles in order to utilize remote environments, provide integrated IT services, and cultivate and create resources that can be adapted in response to technological innovation and new business models.

Through these three strategies, we will transform subdivisions into venues for addressing needs and resolving issues through close coordination with customers while creating new value.

■ Core Strategies 2: Commercialization of DX (slide16)

The next core strategy of the medium-term management plan to look at is the commercialization of digital transformations. Under this strategy, we will become the main proponents behind businesses in order to develop operations and provide services that co-create new social and economic value.

We have adopted a broad definition of digital transformations that includes supporting customers in transforming their businesses (digital transformation support) and pursuing the systems of record field optimization customers need to transform their businesses (digital transformation foundations). Through these two approaches, we will look to innovate and enhance our core business in order to support customers' digital transformations while heightening our own productivity.

Furthermore, the innovation of core businesses achieved through the first core strategy will make is possible for us to speed new businesses created through digital transformations on to the phase of safe and reliable operation during the process of stabilizing and operating these new businesses. In other words, we see a need to develop our business through a two-pronged approach consisting of both of these strategies. (The engine driving this progress will be our human resources.)

The medium-term management plan also defines priority fields in which we can exercise SCSK's strengths to make the contributions to the resolution of social issues expected of us and in which we can engage in global-scale co-creation with customers, partners, and Sumitomo Corporation.

The four priority fields are the mobility field, the financial service platform field, the healthcare field, and the customer experience field.

Going forward, we will continue to increase and revise these fields as deemed necessary to heighten our ability to create new businesses.

I would like to offer a little more detail on our initiatives in two of the priority areas for the commercialization of digital transformations—the mobility field and the healthcare field—while touching on some concrete projects, but I sadly cannot go too far in depth.

In the mobility field, there is a need for safe, reliable, and sustainable transportation systems. In response to this need, we will leverage our track record in embedded automotive software development, verification services, and artificial intelligence (AI)-powered solutions (SCSK Neural Network toolkit, etc.) to branch out from the provision of shared connected car platforms to the areas of telematics and mobility as a service (MaaS).

One specific initiative on this front is the development of an algorithm for detecting traffic accidents designed to help install telematics throughout society. This algorithm uses telematics data on driving and collision behavior together with a proprietary SCSK AI capable of swiftly developing learning models.

In our original AI-powered solutions, we are investigating methods of deploying solutions for use under various circumstances. Looking ahead, we intend to expand the scope of telematics data utilization in these solutions through means such as enhancing services, transforming expertise into intellectual properties, and introducing solutions into overseas markets.

Meanwhile, we are engaged in initiatives for realizing a more connected society by utilizing automotive data to ensure safe and reliable transportation, improve the efficiency of vehicle operation, and enhance vehicle maintenance services and by taking part in other co-creative ventures with the relevant industries.

We will prioritize initiatives in this area from the perspective of the movement of people and commodities. These priorities will be set while examining the relationship between mobility and other various areas of the value chain (spanning from production to distribution and consumption) while investigating possibilities for society during and after the MaaS trend from the perspectives of lives and cities.

In the healthcare field, issues faced include the need to alleviate disparities in the quality of healthcare and to lower healthcare costs through appropriate dosing. In addressing these issues, SCSK will call upon its track record of providing a wide range of solutions (MR2GO, DR2GO, CHOIS, Pharmacy-Scope, etc.) as well as maintenance, operation, and other services to pharmaceutical manufacturers and wholesalers, pharmacies, and healthcare institutions. Utilizing this track record, we will link individuals with healthcare field companies through data in order to supply services that contribute to the enhancement and improved efficiency of healthcare as well as to preventative medicine and health management.

Today, I would like to talk about our support services for healthcare professionals. We plan to utilize an information browsing tool for healthcare professionals, that includes such features as a function for online chat between such professionals, to acquire data on the information collection activities of healthcare professionals. This data will be supplied to pharmaceutical companies for use in marketing. In addition, we intend to offer services that allow for surveys on the healthcare content and drugs provided by pharmaceutical companies to be posted and viewed.

At the moment, the global COVID-19 pandemic is posing an obstacle to communication between medical representatives and healthcare professions. Accordingly, we want to enhance the venues for communication available to such individuals.

SCSK is also looking into the possibility of providing a patient engagement platform that will link patients, healthcare institutions, and pharmaceutical companies. This platform will entail supplying patients with applications through which they can record their daily status so that this information can be viewed by healthcare institutions.

■ Core Strategies 3: Investment in People (slide17)

The last core strategy to touch on is investment in people. To reiterate, the core strategies of core business innovation and commercialization of digital transformations represent our two-pronged approach for developing our business. As it is human resources that will drive these core strategies, investment in people has a particularly important position among the core strategies of the medium-term management plan. Our people are our greatest asset, and investment in these people is of the utmost importance. Over this coming three-year transformation period, we will aggressively invest in the sophistication, diversification, and expansion of human resources to accelerate business growth.

We are also proactively reforming our human resource systems and measures to ensure that every member of the SCSK Group is able to feel motivated in their work and is capable of tackling the challenge of transformation with courage and flexibility.

■ Management Targets (IFRS) (slide18)

Lastly, the management targets of the medium-term management plan are as shown on this slide.

We are currently targeting net sales of ¥500.0 billion or more, an operating profit margin of between 10% and 12%, and return on equity of 15% or more in the fiscal year ending March 31, 2023, three years from now. These targets are to be achieved through the effective implementation of the core strategies I just explained as we proceed to build the foundations for growing SCSK into a company that can generate net sales of ¥1 trillion in the fiscal year ending March 31, 2031.

This concludes my presentation. SCSK looks forward to your support and encouragement going forward.

We greatly appreciate you taking the time to join us today.