

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [IFRS]

April 28, 2022

Company Name: SCSK Corporation  
 Securities Code: 9719  
 Stock Exchange Listing: Tokyo Stock Exchange  
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 Scheduled date of the Annual General Meeting of Shareholders: June 23, 2022  
 Scheduled date for dividend payment: June 2, 2022  
 Scheduled date for filing of Securities Report: June 23, 2022  
 Preparation of supplementary information materials on financial results (yes/no): Yes  
 Financial results briefing for institutional investors and analysts (yes/no): Yes

(Amounts of less than ¥1 million are truncated)

### 1. Consolidated Business Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 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	
		%		%		%		%		%		%
FY2021	414,150	4.4	47,555	3.7	48,315	3.8	33,498	-0.1	33,470	0.1	34,945	-13.8
FY2020	396,853	3.0	45,878	14.6	46,557	14.7	33,545	16.2	33,435	16.2	40,552	40.9

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY2021	107.20	107.20	14.1	12.3	11.5
FY2020	107.09	107.09	15.7	12.5	11.6

(Reference) Share of profit of investments accounted for using equity method: FY2021 ¥1,252 million FY2020 ¥997 million

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	Equity attributable to owners of parent per share
				%	Yen
As of March 31, 2022	407,609	247,363	246,921	60.6	790.86
As of March 31, 2021	380,399	227,338	226,874	59.6	726.77

Notes: The company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2021. Equity attributable to owners of parent per share have been calculated assuming the stock split was implemented at the beginning of the previous fiscal year.

#### (3) Consolidated Cash Flows

(Millions of yen unless otherwise stated)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY2021	59,081	-14,927	-32,342	121,251
FY2020	50,219	-20,586	-32,488	108,768

## 2. Dividends

	Dividends per share (Yen)					Total dividends (Millions of yen)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
FY2020	—	65.00	—	70.00	135.00	14,047	42.0%	6.6%
FY2021	—	70.00	—	23.34	—	14,569	43.5%	6.2%
FY2022(Forecast)	—	26.00	—	26.00	52.00		42.7%	

Notes: The company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2021. 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. Without taking into account the implementation of the stock split, the annual dividend per share will be ¥140.00 (¥70.00 at the second quarter-end and ¥70.00 at the fiscal year-end).

## 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	
Full Year	450,000	8.7%	54,000	13.6%	54,700	13.2%	38,000	13.5%	Yen 121.71	

### ※ 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 March 31, 2022	312,545,409 shares
As of March 31, 2021	312,545,409 shares

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

As of March 31, 2022	325,537 shares
As of March 31, 2021	377,181 shares

3) The average number of shares during the period

As of March 31, 2022	312,221,214 shares
As of March 31, 2021	312,229,768 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.

(Reference) Summary of Non-Consolidated Business Results

1. Non-Consolidated Business Results for Fiscal Year 2021 (April 1, 2021 to March 31, 2022)

(1) Non-Consolidated Operating Results

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Net profit	
		%		%		%		%
FY2021	332,153	4.8	39,039	13.7	41,388	13.7	29,195	-7.7
FY2020	316,888	4.0	34,340	2.9	36,396	4.4	31,641	26.4

	Net profit per share	Diluted net profit per share
	Yen	Yen
FY2021	93.53	93.51
FY2020	101.36	101.34

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) Non-Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of March 31, 2022	373,358	234,636	62.8	751.57
As of March 31, 2021	351,734	220,336	62.6	705.75

(Reference) Shareholders' equity: As of March 31, 2022 ¥234,615 million As of March 31, 2021 ¥220,313 million

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

- ※ Financial results reports are exempt from audit 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 "Forecasts for the Fiscal Year Ending March 31, 2023" on page 6.
  - The Company will hold a results briefing for institutional investors and analysts on April 28, 2022. Materials used in the briefing, a transcript of the main questions and answers, and other related information will be published on the Company's website promptly thereafter.

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## 1. Qualitative Information Regarding Operating Results

### (1) Analysis of Operating results

#### Operating Performance and Segment Information

In the fiscal year ended March 31, 2022, the Japanese economy showed signs of a gradual recovery, such as improved business sentiment seen amid COVID-19 vaccine rollouts. Regardless, the volatile global political and economic conditions resulted in economic stagnation.

The Japanese economy is anticipated to continue to see a recovery while social and economic activities return to normal, due in part to the support of ongoing government finance and fiscal measures. However, raw material prices are rising and the monetary easing policies of overseas countries are being revised as a result of Russia's invasion of Ukraine. These factors are having economic repercussions in the form of yen depreciation and ensuing commodity price increases. There is thus a need to carefully monitor these impacts along with the supply limitations resulting from supply chain disruptions.

In this economic environment, IT investment by client companies continues to expand in the IT services market. Investment is expected to accelerate in conjunction with economic recovery going forward as customer's exhibit increasing appetites for IT investment for purposes including growing business operations, by means such as redeveloping systems in response to the swift development of a digital society, and bolstering competitiveness as they explore the new normal. These trends are anticipated to advance amid efforts to ascertain the performance repercussions of rising raw material prices as well as the business impacts of prolonged global supply chain disruption.

Customers in the manufacturing industry exhibited strong demand for IT investment. Targets of this investment demand included digitization as well as the redevelopment of core systems and production management systems for strengthening operating foundations. In the financial industry, IT investment demand continues to show a growth trend due in part to the ongoing presence of projects for reinforcing and expanding overseas operations largely from banks. IT demand is also rising in the communications industry, with specific focuses of this demand including investment for enhancing online and other customer contact points and for bolstering networks.

In addition, demand has been consistent for cloud-based IT services as well as for core system redevelopment projects for addressing software approaching the end of service periods. The backdrop for this demand was characterized by a strong appetite for investment for heightening operational efficiency and productivity and by shortages of in-house IT engineers at client companies. Meanwhile, digitization investment is accelerating in response to the new normal emerging amid the COVID-19 pandemic, as seen in moves to accommodate remote work and other non-face-to-face and contact-free workstyles.

Looking ahead, strategic IT investment, particularly investment for enhancing client contacts points and redeveloping systems in preparation for digital transformations, is expected to continue.

In the fiscal year ended March 31, 2022, net sales increased 4.4% year on year, to ¥414,150 million. This increase was a result of higher sales in the Systems Development, System Maintenance and Operation / Services, and Packaged Software / Hardware Sales segments achieved amid growth in systems development demand among manufacturers; higher IT investment demand among banks, securities companies, and other financial industry customers; and rises in systems development demand among communications industry customers. Other factors included network equipment sales to communications industry customers and large-scale hardware sales to automotive companies and academic research institutions.

Gross profit rose as a result of higher net sales and increased productivity stemming from efforts to improve operational quality. Selling, general and administrative (SG&A) expenses were up due to business investments in line with the core strategies of SCSK's medium-term management plan. Regardless, operating profit increased

3.7% year on year, to ¥47,555 million, because of the higher net sales and improvements in productivity.

Profit attributable to owners of parent increased 0.1% year on year, to ¥33,470 million, as a result of the decrease in corporate income taxes associated with tax exemptions for wage increases applied in the previous fiscal year.

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 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.

Performance by segment was as follows. Net sales represents the amount of sales to outside customers.

(Millions of yen)

	Previous fiscal year		Fiscal year under review		Comparison with previous fiscal year	
	(April 1, 2020-March 31 2021)		(April 1, 2021-March 31 2022)			
	Net sales	Segment Profit	Net sales	Segment Profit	Net sales	Segment Profit
Industrial IT Business	132,249	16,214	135,768	16,676	3,519	462
Financial IT Business	52,768	6,243	56,526	6,653	3,757	410
IT Business Solutions	54,783	5,583	56,872	5,559	2,089	-24
IT Platform Solutions	77,444	10,904	83,969	11,884	6,525	980
IT Management Service	56,728	6,983	58,477	7,412	1,749	429
Others	22,886	1,936	22,713	1,599	-173	-336
Adjusted total	-7	-1,987	-177	-2,232	-170	-245
Total	396,853	45,878	414,150	47,555	17,297	1,677

(Industrial IT Business)

Despite the conclusion of development projects for the gas industry, net sales increased 2.7% year on year, to ¥135,768 million, and segment profit grew 2.9%, to ¥16,676 million. Factors behind this outcome included higher systems development sales to the automotive and communications industries as well as increased sales of verification services.

(Financial IT Business)

Net sales were up 7.1% year on year, to ¥56,526 million, following a rise in the number of systems development projects for banks and securities industries, and segment profit rose 6.6%, to ¥6,653 million.

(IT Business Solutions)

Despite the conclusion of development projects for the distribution industry, net sales were up 3.8% year on year,

to ¥56,872 million, due to the firm performance of business process outsourcing (BPO) operations and core systems development projects. Segment profit down -0.4%, to ¥5,559 million, due to the investment related expenses for expanding contact center business bases that continued to be incurred from the first half of the fiscal year forward.

(IT Platform Solutions)

Net sales were up 8.4% year on year, to ¥83,969 million, and segment profit grew 9.0%, to ¥11,884 million, due to the higher sales of network equipment to the communications industry and increased sales of large-scale hardware products to the automotive industry and academic research institutions.

(IT Management Service)

Net sales were up 3.1% year on year, to ¥58,477 million, and segment profit grew 6.2%, to ¥7,412 million primarily due the growth of the data center business in response to demand for cloud services.

(Others)

Net sales were down -0.8% year on year, to ¥22,713 million, as a result of segment changes following a Group reorganization and segment profit fell -17.4%, to ¥1,599 million, due to expenses incurred in relation to the merging of subsidiaries that formed SCSK Minori Solutions Corporation.

Sales in the Company's service-based sales segments, namely Systems Development, System Maintenance and Operation / Services, and Packaged Software / Hardware Sales, were as follows.

(Millions of yen unless otherwise stated)

	Previous fiscal year		Fiscal year under review		Comparison with previous fiscal year	
	(April 1, 2020-March 31 2021)		(April 1, 2021-March 31 2022)			
	Amount	Share (%)	Amount	Share(%)	Amount	Change (%)
Systems Development	163,090	41.1	167,967	40.6	4,876	3.0
System Maintenance and Operation / Services	152,518	38.4	162,407	39.2	9,888	6.5
Packaged Software / Hardware Sales	81,243	20.5	83,776	20.2	2,532	3.1
Total	396,853	100.0	414,150	100.0	17,297	4.4

In Systems Development, net sales increased 3.0% year on year, to ¥167,967 million. This increase was seen as a result of the contributions of core systems development projects and production management system redevelopment projects for reinforcing operating foundations and the IT investment for strengthening customer contact points seen amid consistently strong IT investment demand from communications and manufacturing industry customers as well as from banking industry customers.

In System Maintenance and Operation / Services, net sales increased 6.5% year on year, to ¥162,407 million. Sales were up because of the steady performance in BPO operations stemming from higher contact center demand witnessed amongst the shift toward contact-free, non-face-to-face operations. Another beneficial factor was increases in the sales of data center business, management services, and verification services.

In Packaged Software / Hardware Sales, net sales increased 3.1% year on year, to ¥83,776 million, due to the higher sales of large-scale hardware products to the automotive industry and academic research institutions and increased sales of network equipment to the communications industry.

**(2) Summary of Financial Position**

(Assets)

Assets as of March 31, 2022, were ¥407,609 million, an increase of 7.2% or ¥27,209 million compared to March 31, 2021, as increases in cash and cash equivalents; property, plant and equipment; and right-of-use assets outweighed a decrease in contract assets.

(Liabilities)

Liabilities as of March 31, 2022, were ¥160,245 million, an increase of 4.7% or ¥7,184 million compared to March 31, 2021, as increases in income taxes payable outweighed a decrease in repayment of interest-bearing debt.

(Equity)

Total equity as of March 31, 2022, was ¥247,363 million, an increase of 8.8% or ¥20,025 million compared to March 31, 2021.

**(3) Overview of Cash Flows**

Cash and cash equivalents (“cash”) as of March 31, 2022, increased ¥12,483 million compared to March 31, 2021, to ¥121,251 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 ¥59,081 million (increased ¥8,861 million in comparison to the previous fiscal year).

The main cash inflow factors were profit before tax of ¥48,315 million, depreciation and amortization of ¥19,881 million, a decrease in contract assets of ¥3,136 million, and an increase in trade and other payables of ¥2,832 million. The main cash outflow factors were an increase in trade and other payables of ¥4,220 million, an increase in inventories of ¥1,414 million, and payment for income taxes of ¥6,674 million.

(Cash flow from investing activities)

Net cash used in investing activities was ¥14,927 million (increased ¥5,659 million in comparison to the previous fiscal year).

The main cash outflow factors were payment for purchase of property, plant and equipment of ¥10,157 million, and purchase of intangible assets of ¥3,927 million.

(Cash flow from financing activities)

Net cash used in financing activities was ¥32,342 million (increased ¥145 million in comparison to the previous fiscal year).

The main cash inflow factor was proceeds from long-term debt of ¥11,500 million. The main cash outflow factors were repayments of loans and redemption of bonds of ¥25,100 million, repayments of lease liabilities of ¥9,086 million, dividend payments of ¥7,283 million (¥70.0 per share) for the year-end dividend of the fiscal year ended March 31, 2021, and dividend payments of ¥7,283 million (¥70.0 per share) for the interim dividend of the fiscal year ended March 31, 2022.

With respect to cash flows in the fiscal year ending March 31, 2023, the Company forecasts an increase in operating cash flow based on the expansion of business earnings through the implementation of strategies delineated in the Company’s medium-term management plan. As for cash outflows, the Company plans to conduct ongoing investments for the expansion of strategic businesses and capital investment for the enhancement of the Company’s earnings base while also directing funds to debt repayment, bond redemption, and dividend payments.



**(4) Forecasts for the Fiscal Year Ending March 31, 2023**

In the fiscal year ending March 31, 2023, the global economy will remain in a state of disarray due to the geopolitical risks stemming from Russia’s invasion of Ukraine. In Japan, the outlook is still concerning with regard to potential economic changes following rapid yen appreciation and rising commodity prices as well as supply restrictions. Nevertheless, a continuous upward trend is expected to be seen in IT investment demand, even as investments become more selective and focused on specific areas, as result of the ongoing advancement of the digitization trend. The fiscal year ending March 31, 2023, will be the final year of SCSK’s medium-term management plan. In this year, SCSK will continue to conduct business investments targeting future growth while also seeking to accelerate growth by enhancing the digital transformation support it provides to customers and ramping up efforts to cater to demand for IT investment for strengthening operating foundations.

Against this backdrop, the Company forecasts net sales of ¥450,000 million, an increase of 8.7% year on year, operating profit of ¥54,000 million, an increase of 13.6%, and profit attributable to owners of parent of ¥38,000 million, an increase of 13.5%, for the fiscal year ending March 31, 2023.

	Forecasts
Net sales	¥450,000 million
Operating profit	¥54,000 million
Profit before tax	¥54,700 million
Profit attributable to owners of parent	¥38,000 million

The above forecasts are based on economic trends and the market environment as of the day these statements were issued. For various reasons, actual results may differ from the forecasts, and the forecasts may be subject to revision.

**(5) Basic Policy for Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2022, and the Fiscal Year Ending March 31, 2023**

In determining dividends, the Company aims to increase returns to shareholders in conjunction with improved consolidated financial results. As part of this process, the Company gives comprehensive consideration to its financial position, earnings trends, dividend payout ratio, and reserves for future business investment.

The Company pays dividends twice a year from its surplus: an interim dividend and a year-end dividend. Decisions regarding interim and year-end dividends are made by the Board of Directors.

The Company regards the acquisition of treasury shares as one means of returning profits to shareholders, and it will consider any such acquisitions while taking into account share price trends, the aforementioned matters considered when determining dividends, and the shareholder returns to be made via dividend payments.

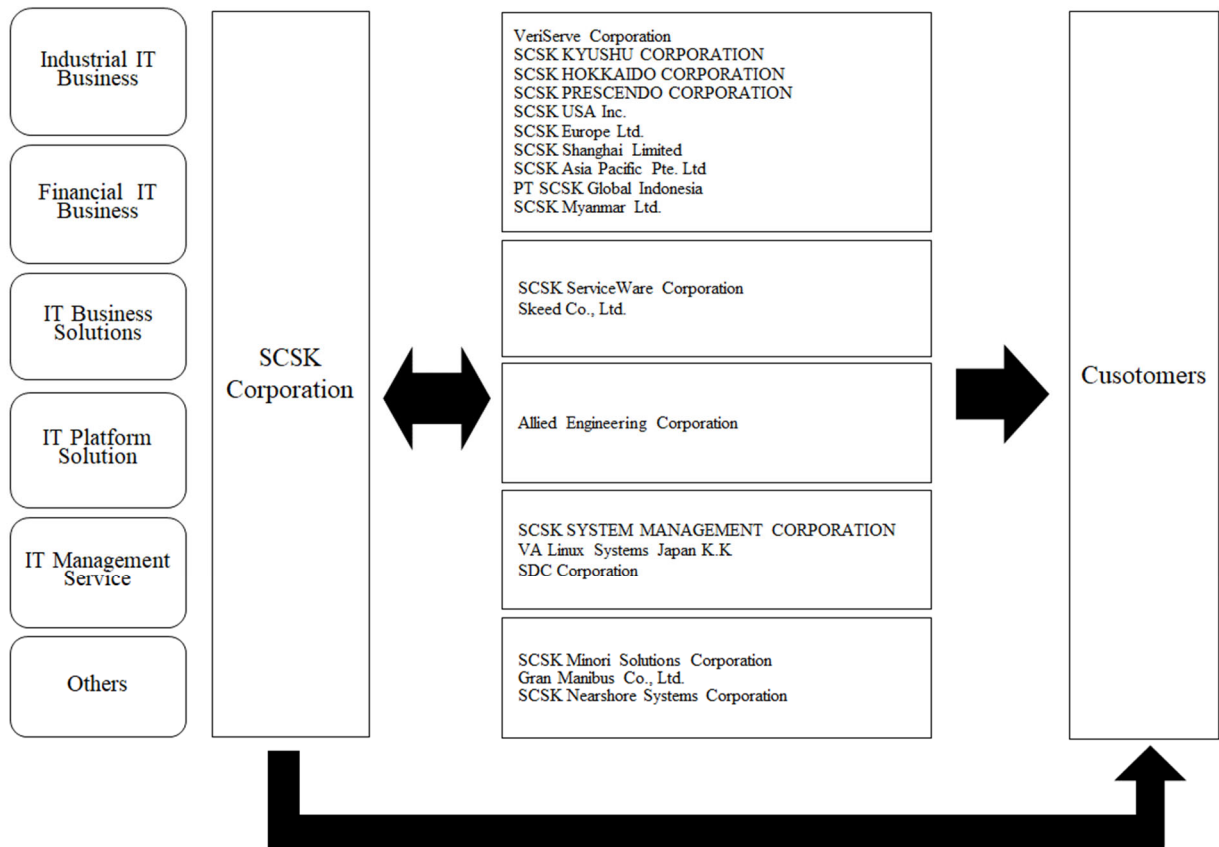
For the fiscal year ended March 31, 2022, the Company will issue year-end dividend of ¥23.34 per share. This figure reflects the three-for-one stock split of the Company’s common shares of stock that was conducted with an effective date of October 1, 2021. Combined with the previously issued interim dividend of ¥70.00 per share (pre-stock split), this year-end dividend will make for a total dividend of ¥46.67 per share when calculated assuming the stock split was conducted on April 1, 2021 (¥140.00 per share when calculated excluding the effects of the stock split).

For the fiscal year ending March 31, 2023, we intend to issue an annual dividend of ¥52.00 per share (interim dividend of ¥26.00 and year-end dividend of ¥26.00) based on the Company’s financial base and anticipated increases in earnings capacity. This amount will represent an increase of ¥5.33 per share, making for an ordinary annual dividend of ¥52.00 per share and effectively for the 11th consecutive year of higher dividends.

**2. Overview of the Group**

The SCSK Group consists of SCSK, 23 consolidated subsidiaries, and 3 equity-method associates and offers business service in IT consulting, Systems development, verification service, IT infrastructure construction, IT management, IT hardware / software sales and BPO through collaboration among business segments in Industrial IT Business, Financial IT Business, IT Business Solutions, IT Platform Solution, IT Management Service, and Others. SCSK’s parent company, Sumitomo Corporation, is a major client.

SCSK Group’s business segments and major subsidiaries and associates are as in the chart below.



- (Notes)
1. In each segment, the Company and its Group companies engage in business directly with clients, while conducting business that complements intra-Group functions.
  2. Primarily consolidated subsidiaries are shown in the above chart.

### 3. Management Policies

#### (1) Operating Environment and Tasks to Be Addressed

The permeation of IT and digital technologies throughout society has an impact on business activities and lifestyles, and this trend has only gained speed amid the COVID-19 pandemic. Digital technologies are now employed to make use of data in all facets of our lives. Meanwhile, various companies are engaging in cross-industry collaboration to ensure their survival as companies are now expected to restructure their business models in conjunction with industry structure changes.

In the domestic IT services market, qualitative changes are being seen in corporate IT strategies and investment trends as cloud services become more common and the digitization and digital transformation trends accelerate. These changes are creating an even more intimate relationship between business and IT. Meanwhile, the effective utilization of digital technologies is becoming an important factor to achieving a new normal in which economic activities can continue while at the same time preventing the spread of COVID-19.

It can also be expected that competition to recruit IT personnel will intensify, with clients being involved in this competition, as the type of human resources desired for providing IT services changes from problem solving-oriented personnel to value creation-oriented personnel. In addition, clients are projected to increasingly seek in-house options for their IT service needs in response to the expanded provision of integrated and shared cross-industry services to be seen in conjunction with the acceleration of digital transformations at clients.

Achieving sustainable growth amid this rapidly changing and uncertain operating environment will require companies to address the fundamental changes to society from a longer-term perspective. Based on this perspective, companies will need to help resolve various pertinent social issues through their business activities while working to create new value. Accordingly, the SCSK Group has defined material issues to share the areas it should prioritize when addressing social issues during the course of practicing sustainability management based on its corporate philosophy of “Create Our Future of Dreams.” Together with these material issues, Grand Design, the Group’s vision for 2030, and our medium-term management plan, the first-step roadmap for achieving this vision, were announced in April 2020.

#### <Material Issues>

Based on the SCSK Group’s business and strengths and its role in society, we have defined three material issues for achieving sustainable business growth with society (innovating for a brighter society, building trust for a safe and secure society, and creating an inclusive society) and four material issues for building a foundation supporting sustainable growth (making global environmental contributions, utilizing a diverse team of professionals, creating a sustainable value chain, and practicing transparent governance).

#### <Grand Design 2030>

Positioning the corporate philosophy and material issues as the SCSK Group’s purpose, the Group will pursue its vision of becoming a co-creative IT company in 2030 with the goal of achieving sustainable development together with society.

This undertaking will see the Group expanding the creation of value for clients and society through its core IT services businesses and advancing self-driven social value creation initiatives as it seeks to grow together with clients and society. Through these efforts, we aim to achieve net sales of ¥1 trillion in 2030.

## (2) Progress of the Medium-Term Management Plan

As the first step toward accomplishing its vision of becoming a co-creative IT company in 2030, the SCSK Group will advance three core strategies (core business innovation, commercialization of DX, 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 a co-creation-oriented corporate culture) over the three-year period beginning with the fiscal year ended March 31, 2021, and thereby expand its business on a global scale.

At the same time, SCSK will maintain a proactive stance toward investment in target areas, aiming to conduct a total of ¥100.0 billion worth of growth investments over the three-year period of the medium-term management plan.

The SCSK Group will pursue the management targets of net sales of ¥500.0 billion or more, an operating profit margin of between 10.0% and 12.0%, and return on equity of 15.0% or more (return on invested capital is to be maintained at the level of between 10.0% and 12.0% over the period of the medium-term management plan) with the goal of improving corporate value through ongoing business growth and the ambitious pursuit of new pinnacles of growth.

### (i) Core Business Innovation

In addition to continuing to enhance and expand its core businesses, the SCSK Group will need to offer strong support to clients in resolving various issues as an IT service provider if it is to achieve ongoing growth moving forward. These issues include legacy system issues, such as the so-called "2025 Digital Cliff," which refers to the issues that will occur when many of the engineers that developed companies' current legacy systems retire. Other issues include the inability to coordinate and utilize data through individual system optimization as well as engineer shortages. To this end, the SCSK Group will pursue innovation in its core businesses from the following two perspectives in order to enhance business processes and client contact points and thereby secure a competitive edge that allows the Group to address client needs.

#### 1. *Monozukuri* Innovations

The SCSK Group will advance initiatives to achieve massive increases in service productivity, quality, and flexibility and thereby heighten responsiveness to business changes, diversify services models, and optimize systems of engagement and systems of record. SCSK's newly developed S-Cred+ (Smart Co-work on Relationship, Engineering and Design Plus) *Monozukuri* innovation platform, which was released in April 2021, will be central to these initiatives.

#### 2. Subdivision Innovations\*

Subdivisions are a major characteristic and strength of the SCSK Group with its focus on frontline operations. The Group aims to transform subdivisions from full-time support organizations to value-co-creating organizations that support client business and IT strategies.

To this end, the Group will enhance client contact points by positioning service managers, who will be responsible for gaining a deeper understanding of client's strategies and needs, and highly skilled engineers, who will swiftly deliver the ideal services needed to respond to business changes, on client premises on a full-time basis.

Subdivisions will coordinate with SCSK bases to further the Group's evolution toward the next stage of co-creation with clients.

\* Subdivisions are full-time IT support organizations located at clients' places of business.

### (ii) Commercialization of DX

Recent progress in digital technologies has stimulated a rise in demand for IT investment aimed at improving

the efficiency of conventional operations as well as in aggressive IT investment for capitalizing on the progress in digital technologies to boost competitiveness or to undertake business model transformations. Furthermore, digital technologies have triggered a rise in cross-industry, inter-company co-creation that goes beyond conventional frameworks to create new businesses and services. Viewing these market changes as opportunities for further growth, the SCSK Group will act as the driver behind its business as it seeks to develop operations that co-create new value for society while leveraging the strengths of its core business.

The SCSK Group's approach toward the commercialization of DX will be focused on co-creation with clients, cross industry co-creation targeting specific industries, and global co-creation with Sumitomo Corporation. For this approach, the Group has identified the four priority fields of mobility, financial service platforms, healthcare, and customer experiences, and efforts are being made to develop value-generating businesses by addressing social issues in these fields. Moreover, the Global Digital Solution and Innovation Business Group was established in April 2021 to accelerate these initiatives by focusing on and specializing in the creation of new businesses. Dedicated organizations have also been established in relation to the healthcare and customer experience fields.

### Mobility

SCSK boasts a robust track record of developing automotive software systems for Japanese automobile manufacturers and suppliers. Leveraging this track record, we were among the first to begin model-based development, a development approach that contributes to improved quality and efficiency, and we have continued to steadily grow our business since. In addition, in October 2015, we commenced sales of QINeS BSW, a proprietarily developed, domestically produced basic software for automotive applications that features a real-time operating system and is compliant with the AUTOSAR, a standardized architecture for automotive software. We also began providing system development support services at this time. The automotive software system development and verification expertise and experience accumulated through this process is being combined with services in the connected car and telematics business to develop digital transformation operations in the mobility as a service field.

### Financial Service Platforms

SCSK is developing a Japanese turnkey asset management program (TAMP) business aimed at building and operating business support platforms that are equally applicable to any financial institution. These platforms will be provided to independent financial advisors, which are projected to increase in number over the medium to long term in response to rising demand for specialized wealth management advisory services that support the portfolio building and management efforts of general users. The platforms will also be supplied to the financial instruments and service intermediary market, which is expected to see participation from life insurance companies, insurance agents, and regional banks. We launched this business in August 2021, and offering advisory solutions to IFA operators as the first step.

In addition, the SCSK Group launched its Efukuri Asset Building Lounge platform service for building assets through one's work in April 2022. This service is designed to respond to needs arising amid the increased interest in social welfare programs as well as in saving for old age. Such needs include the need for companies to support the asset building efforts of employees and otherwise provide welfare benefits that help employees live richer lives. Another such need is that of employees seeking to formulate their own life plans that include old age through precise financial simulations.

### Healthcare

The SCSK Group is advancing the Dr2GO project as an initiative for promoting the digital transformation of healthcare institutions in order to reform healthcare practitioner workstyles and streamline regional healthcare systems. Released in 2020, the Dr2GO communication functions were developed to provide a framework for efficient communication in team healthcare settings as part of our efforts to reform healthcare practitioner

workstyles. At the same time, we are taking steps to alleviate the overconcentration of patients at hospitals offering cutting-edge healthcare services, an issue impeding regional healthcare coordination, by introducing Dr2GO regional healthcare coordination functions at multiple local hospitals in order to facilitate the digital transformation of regional healthcare systems.

#### Customer Experience

SCSK has been offering altcircle, a service specially designed to enhance customer contact points in the manner required in the era of digital transformations, since December 2020. Through altcircle, we provide one-stop service for consulting, systems, operation support, and outsourcing related to customer contact points, including such venues as customer attraction, customer service, and sales activities. In addition, the Company concluded a basic agreement regarding a business alliance with MICROAD, INC., in May 2021. We have since embarked on joint digital transformation support business initiatives that utilize data analysis technologies to provide the services required in the current era of omni channel retailing. Moreover, the PrimeAgent artificial intelligence-powered chatbot service was launched in September 2021. This service can be used to guide smooth resolutions of user issues via seamless coordination between automated responses and responses by staff through digital contact points like social media and websites. By swiftly delivering services finely tuned to create the ultimate customer experience, SCSK will help clients shift to digital technologies and expand customer-oriented businesses.

#### (iii) Investment in People

The SCSK Group's greatest asset and the driver behind its growth is its people. The Group will therefore be proactively investing in people, with a particular focus on enhancing, diversifying, and expanding human resources, in order to accelerate business growth. The SCSK Group is also working to bolster its domestic staff by actively expanding recruitment outside of major urban centers. A major aim of these efforts will be to invigorate rural economies by creating employment opportunities, encouraging employees to relocate to rural regions, and fostering IT staff.

#### <Managerial Foundation Reinforcement Measures>

The SCSK Group will move forward with the augmentation of comprehensive Group capabilities, the promotion of management that fully exercises our employees' potential, and the fostering of a co-creation-oriented corporate culture as managerial foundation reinforcement measures to facilitate the advancement of the aforementioned three core strategies.

As one facet of these efforts, wholly owned subsidiary Minori Solutions Co., Ltd., absorbed WinTechnology Corporation and CSI SOLUTIONS Corporation on October 1, 2021, to form SCSK Minori Solutions Corporation. This business combination was undertaken with the goal of exploring new markets through Group reorganizations. On the same date, Minori Solutions' operations in Kyushu were transferred to SCSK KYUSHU CORPORATION. The SCSK Group's target client base is medium-sized companies with room to grow. Going forward, such companies are expected to exhibit increased demand for IT investment aimed at commencing full-fledged IT utilization for digitization, workstyle reform, and crisis management purposes and at transforming business models to accommodate trends during and after the global COVID-19 pandemic. The various assets, resources, and insight accumulated in this market will be utilized to roll out initiatives for expanding related businesses and to contribute to the healthy development of this market, which is imperative to the ongoing growth of the Japanese economy.

Furthermore, the SCSK Group's Okinawa Center was established in Urasoe City, Okinawa Prefecture on October 26, 2021, to assist in growing the Group's business while creating employment and co-creation opportunities in Okinawa Prefecture. The Okinawa Center is equipped with state-of-the-art facilities for providing a safe, secure, and comfortable working environment while also incorporating SCSK's industry-leading

workstyle reform practices. With this environment, we hope to promote workstyle reforms and offer employment opportunities in Okinawa Prefecture in accordance with our health and productivity management philosophy, which is based on the belief that we can only provide the best services that make our customers happy and impressed if our employees are mentally and physically healthy, take pride in their work, and can deliver their best performance.

#### **4. Basic Policy on the Selection of Accounting Standards**

Effective April 1, 2020, the Company adopted International Financial Reporting Standards (IFRS). This decision was made for the purpose of improving the international comparability of the Company's financial information in capital markets and enhancing administrative management and governance.

## 5. Consolidated Financial Statements

### (1) Consolidated Statements of Financial Position

(Millions of yen)

	As of Mar. 31, 2021	As of Mar. 31, 2022
Assets		
Current assets		
Cash and cash equivalents	108,768	121,251
Trade and other receivables	69,855	74,259
Contract assets	13,224	10,104
Inventories	7,710	9,125
Other financial assets	220	1,082
Income taxes receivable	56	0
Other current assets	12,686	14,231
Total current assets	212,524	230,055
Non-current assets		
Property, plant and equipment	67,345	71,853
Right-of-use assets	39,353	41,434
Goodwill and intangible assets	26,389	26,495
Investments accounted for using equity method	8,805	10,177
Other receivables	8,581	8,012
Other financial assets	8,835	8,280
Deferred tax assets	3,432	3,249
Other non-current assets	5,131	8,050
Total non-current assets	167,875	177,553
Total assets	380,399	407,609



(Millions of yen)

	As of Mar. 31, 2021	As of Mar. 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	29,465	32,628
Contract liabilities	14,589	14,037
Liabilities for employee benefits	10,985	10,540
Bonds and borrowings	25,092	16,996
Lease liabilities	8,872	9,164
Other financial liabilities	—	297
Income taxes payable	3,091	10,917
Provisions	429	278
Other current liabilities	5,293	6,313
<b>Total current liabilities</b>	<b>97,820</b>	<b>101,175</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	19,963	19,462
Lease liabilities	31,714	33,348
Other payables	203	169
Liabilities for employee benefits	7	1,956
Provisions	3,279	4,061
Other non-current liabilities	70	70
<b>Total non-current liabilities</b>	<b>55,240</b>	<b>59,069</b>
<b>Total liabilities</b>	<b>153,060</b>	<b>160,245</b>
<b>Equity</b>		
Share capital	21,152	21,152
Retained earnings	203,893	223,300
Treasury shares	-285	-293
Other components of equity	2,114	2,761
<b>Total equity attributable to owners of parent</b>	<b>226,874</b>	<b>246,921</b>
Non-controlling interests	464	442
<b>Total equity</b>	<b>227,338</b>	<b>247,363</b>
<b>Total liabilities and equity</b>	<b>380,399</b>	<b>407,609</b>

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

Consolidated Statements of Income

(Millions of Yen)

	From Apr. 1, 2020 to Mar. 31, 2021	From Apr. 1, 2021 to Mar. 31, 2022
Net sales	396,853	414,150
Cost of sales	-293,884	-305,962
Gross profit	102,969	108,187
Selling, general and administrative expenses	-57,168	-60,780
Other income	205	315
Other expenses	-128	-167
Operating profit	45,878	47,555
Finance income	160	94
Finance costs	-478	-587
Share of profit (loss) of investments accounted for using equity method	997	1,252
Profit before tax	46,557	48,315
Income tax expense	-13,011	-14,816
Profit	33,545	33,498
Profit attributable to		
Owners of parent	33,435	33,470
Non-controlling interests	110	28
Earnings per share		
Basic earnings per share (Yen)	107.09	107.20
Diluted earnings per share (Yen)	107.09	107.20

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	From Apr. 1, 2020 to Mar. 31, 2021	From Apr. 1, 2021 to Mar. 31, 2022
Profit	33,545	33,498
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	6,167	469
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	445	77
Share of other comprehensive income of investments accounted for using equity method	325	12
Total of items that will not be reclassified to profit or loss	6,938	558
Items that may be reclassified to profit or loss		
Cash flow hedges	143	-13
Exchange differences on translation of foreign operations	-53	892
Share of other comprehensive income of investments accounted for using equity method	-23	9
Total of items that may be reclassified to profit or loss	67	888
Total other comprehensive income, net of tax	7,006	1,447
Comprehensive income	40,552	34,945
Comprehensive income attributable to		
Owners of parent	40,442	34,917
Non-controlling interests	109	28

**(3) Consolidated Statements of Changes in Equity**

Previous fiscal year (April 1, 2020- March 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 April 1, 2020	21,152	—	177,828	-281	1,347	200,047	358	200,405
Profit	—	—	33,435	—	—	33,435	110	33,545
Other comprehensive income	—	—	—	—	7,007	7,007	-1	7,006
Comprehensive income	—	—	33,435	—	7,007	40,442	109	40,552
Dividends of surplus	—	—	-13,526	—	—	-13,526	-54	-13,581
Changes in ownership interest in subsidiaries	—	-9	—	—	—	-9	50	40
Purchase of treasury shares	—	—	—	-17	—	-17	—	-17
Disposal of treasury shares	—	-4	—	13	—	8	—	8
Transfer from retained earnings to capital surplus	—	14	-14	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	6,170	—	-6,170	—	—	—
Transfer to non-financial assets	—	—	—	—	-69	-69	—	-69
Total transactions with owners	—	—	-7,371	-4	-6,239	-13,615	-3	-13,619
Balance at March 31, 2021	21,152	—	203,893	-285	2,114	226,874	464	227,338

Fiscal year under review (April 1, 2021 to March 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 April 1, 2021	21,152	—	203,893	-285	2,114	226,874	464	227,338
Profit	—	—	33,470	—	—	33,470	28	33,498
Other comprehensive income	—	—	—	—	1,447	1,447	—	1,447
Comprehensive income	—	—	33,470	—	1,447	34,917	28	34,945
Dividends of surplus	—	—	-14,567	—	—	-14,567	-50	-14,618
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	-11	—	-11	—	-11
Disposal of treasury shares	—	-2	—	4	—	2	—	2
Transfer from retained earnings to capital surplus	—	2	-2	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	507	—	-507	—	—	—
Transfer to non-financial assets	—	—	—	—	-292	-292	—	-292
Total transactions with owners	—	—	-14,062	-7	-800	-14,870	-50	-14,920
Balance at March 31, 2022	21,152	—	223,300	-293	2,761	246,921	442	247,363

**(4) Consolidated Statements of Cash Flows**

(Millions of Yen)

	From Apr. 1, 2020 to Mar. 31, 2021	From Apr. 1, 2021 to Mar. 31, 2022
Cash flows from operating activities		
Profit before tax	46,557	48,315
Depreciation and amortization	18,433	19,881
Impairment losses (reversal of impairment losses)	—	147
Finance income	-160	-94
Finance costs	478	587
Share of loss (profit) of investments accounted for using equity method	-997	-1,252
Decrease (increase) in trade and other receivables	-3,211	-4,220
Decrease (increase) in contract assets	539	3,136
Decrease (increase) in inventories	2,348	-1,414
Increase (decrease) in trade and other payables	-3,049	2,832
Increase (decrease) in contract liabilities	1,974	-554
Increase (decrease) in employee benefits	-1,132	-996
Increase (decrease) in provisions	-452	202
Other	-3,389	-691
Subtotal	57,939	65,877
Interest and dividends received	395	384
Interest paid	-431	-506
Income taxes refund (paid)	-7,684	-6,674
Net cash provided by (used in) operating activities	50,219	59,081
Cash flows from investing activities		
Purchase of property, plant and equipment	-12,710	-10,157
Proceeds from sale of property, plant and equipment	68	8
Purchase of intangible assets	-4,554	-3,927
Proceeds from sale of intangible assets	9	73
Investments in equity-accounted investees	-553	-296
Purchase of other financial assets	-2,350	-683
Proceeds from sales and redemptions of other financial assets	313	268
Other	-808	-213
Net cash provided by (used in) investing activities	-20,586	-14,927
Cash flows from financing activities		
Repayments of loans and redemption of bonds	-25,900	-25,100
Proceeds from long-term debt	15,600	11,500
Proceeds from issuance of bonds	—	4,972
Repayments of lease liabilities	-8,590	-9,086
Dividends paid	-13,526	-14,567
Dividends paid to non-controlling interests	-54	-50
Other	-16	-9
Net cash provided by (used in) financing activities	-32,488	-32,342
Effect of exchange rate changes on cash and cash equivalents	-71	672
Net increase (decrease) in cash and cash equivalents	-2,927	12,483
Cash and cash equivalents at beginning of period	111,695	108,768
Cash and cash equivalents at end of period	108,768	121,251

**(5) Notes to Consolidated Financial Statements**  
**(Notes to Going Concern Assumptions)**

Not applicable

**(Significant Items for the Preparation of Consolidated Financial Statements)**

1. Scope of Consolidation

- (1) 23 consolidated subsidiaries
- (2) Major consolidated subsidiaries
  - SCSK ServiceWare Corporation
  - VeriServe Corporation
  - SCSK Minori Solutions Corporation
  - SCSK KYUSHU CORPORATION
  - SCSK HOKKAIDO CORPORATION
  - SCSK PRESCENDO CORPORATION
  - SCSK USA inc.
  - SCSK Europe Ltd.
  - SCSK Shanghai Limited.
  - SCSK Asia Pacific Pte. Ltd.
  - PT SCSK GLOBAL INDONESIA
  - SCSK Myanmar Ltd.
  - Skeed Co., Ltd.
  - SCSK SYSTEM MANAGEMENT CORPORATION
  - VA Linux Systems Japan K.K
  - SDC Corporation
  - Allied Engineering Corporation
  - Gran Manibus Co., Ltd.
  - SCSK Nearshore Systems Corporation

During the third quarter of the fiscal year ended December 31, 2021, CSI SOLUTIONS Corporation and WinTechnology Corporation were excluded from the scope of consolidation as a result of the merger in which Minori Solutions Co., Ltd. (renamed SCSK Minori Solutions Corporation) became the surviving entity.

2. Investments accounted for using equity method

- (1) The number of associates accounted for using the equity method: 3
- (2) Major associates
  - ARGO GRAPHICS Inc.
  - Diamond Head Co., Ltd.,

## (Segment Information)

### 1. Summary of reportable segments

#### (1) Method for designation of reportable segments

The Company's business segments are the units of the Company for which separate financial information can be obtained and which are subject to regular discussion by the Board of Directors with regard to the allocation of management resources and the evaluation of performance. The Company formulates comprehensive domestic and overseas strategies for the products and services it handles in accordance with the characteristics of its client industries and IT services, and conducts its business activities.

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 Solution, IT Management Service, and Others. These segments are arranged by product and service category based on the Company's business units.

Multiple business segments have been consolidated into a single reportable segment in cases in which the applicable business segments share similarities with regard to each of the following characteristics: (1) products and services, (2) production processes, (3) clients for products and services, (4) product or service supply methods, and (5) regulatory environment. The business of the Company's reportable segments are as follows.

#### (1) Industrial IT Business

This segment provides various IT solutions such as core systems, manufacturing management systems, information management systems, supply chain management (SCM) systems, customer relationship management (CRM) systems, and e-commerce (EC) systems through Systems Development and System Maintenance and Operation/Services which based on our experience and knowhow that we have cultivated over many years. The clients of this business are primarily companies in the manufacturing, communications, utilities, distribution, services, and media industries.

And this segment also supplies the automotive industry and other clients 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 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 safe 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 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, for enterprise resources planning (ERP) and CRM products, such as our internally developed ProActive ERP package, SAP, and Oracle offerings as well as Salesforce. In addition, this segment offers the type of business process outsourcing services that only an IT company can. These services merge support performed by human hands with IT.

#### (4) IT Platform Solutions

This segment draws on solid technical capabilities and know-how 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

The Company 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.

None of others segment met the quantitative thresholds for reportable segments in the fiscal year ended March 31, 2021 and 2022.

**2. Reorganization of reportable segments, etc.**

In conjunction with the merger of Minori Solutions Co., Ltd., CSI SOLUTIONS Corporation, and WinTechnology Corporation conducted with an effective date of October 1, 2021, the operations of CSI SOLUTIONS, which were previously included in the IT Platform Solutions segment, and the operations of WinTechnology, which were previously included in the IT Management Service segment, have been transferred to the Others segment, which houses SCSK Minori Solutions Corporation.

In addition, the operations of Minori Solutions in Kyushu were transferred to SCSK KYUSHU CORPORATION via an absorption-type company split effective October 1, 2021, and these operations have thus been transferred from the Others segment to the Industrial IT Business segment.

Segment information for the fiscal year ended March 31, 2021, has been restated to reflect this change.



### 3. Information on sales, income (loss), assets, and other items by reportable segment

For the fiscal year ended March 31, 2021(April 1, 2020 – March 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	132,249	52,768	54,783	77,444	56,728	22,886	396,861	-7	396,853
Inter-segment sales (Note1)	10,223	739	5,523	6,722	16,275	8,942	48,426	-48,426	—
Total	142,472	53,507	60,306	84,167	73,004	31,829	445,287	-48,434	396,853
Operating profit (loss)	16,214	6,243	5,583	10,904	6,983	1,936	47,865	-1,987	45,878
								Finance income	160
								Finance costs	-478
								Share of profit (loss) of investments accounted for using equity method	997
								Profit before tax	46,557

(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		
Segment assets	50,575	15,535	17,797	40,624	66,413	25,531	216,478	163,921	380,399
Other items									
Depreciation and amortization	2,310	56	778	745	4,491	1,264	9,646	8,787	18,433
Impairment losses on nonfinancial assets	—	—	—	—	—	—	—	—	—
Investment in equity method associates	1,058	—	—	7,747	—	—	8,805	—	8,805
Capital expenditure	2,784	158	2,294	621	10,038	817	16,714	22,258	38,972

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

2. Adjustments are as follows:

- (1) Adjustments to sales to external customers includes adjustment to reflect net sales to be in conformity with IFRS. Operating profit (loss) is comprised of (¥2,916) million in general corporate expenses that have not been allocated to the reportable segments and an ¥929 million adjustment to reflect net sales as defined by IFRS.
- (2) Adjustments to segment assets are corporate assets, etc. that are not allocated to each reportable segment.
- (3) Adjustments to depreciation and amortization are depreciation and amortization related to corporate assets.
- (4) Adjustments to capital expenditures represent capital expenditures related to corporate assets such as the head office building.

For the fiscal year ended March 31, 2022(April 1, 2021 – March 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	135,768	56,526	56,872	83,969	58,477	22,713	414,328	-177	414,150
Inter segment sales (Note1)	10,480	666	6,021	6,558	17,734	11,118	52,579	-52,579	—
Total	146,248	57,193	62,894	90,527	76,211	33,831	466,907	-52,756	414,150
Operating profit (loss)	16,676	6,653	5,559	11,884	7,412	1,599	49,787	-2,232	47,555
							Finance income		94
							Finance costs		-587
							Share of profit (loss) of investments accounted for using equity method		1,252
							Profit before tax		48,315

(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		
Segment assets	50,682	14,931	21,419	44,243	73,470	24,556	229,304	178,305	407,609
Other items									
Depreciation and amortization	2,224	67	1,143	724	4,593	1,185	9,938	9,942	19,881
Impairment losses on nonfinancial assets	147	—	—	—	—	—	147	—	147
Investment in equity method associates	1,668	—	—	8,508	—	—	10,177	—	10,177
Capital expenditure	1,234	226	2,740	659	7,480	1,069	13,410	12,298	25,708

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

2. Adjustments are as follows:

- (1) Adjustments to sales to external customers includes adjustment to reflect net sales to be in conformity with IFRS. Operating profit (loss) is comprised of (¥3,152) million in general corporate expenses that have not been allocated to the reportable segments and ¥920 million adjustment to reflect net sales as defined by IFRS.
- (2) Adjustments to segment assets are corporate assets, etc. that are not allocated to each reportable segment.
- (3) Adjustments to depreciation and amortization are depreciation and amortization related to corporate assets.
- (4) Adjustments to capital expenditures represent capital expenditures related to corporate assets such as the buildings.

**(Per Share Information)**

Basic earnings per share attributable to owners of the company and diluted earnings per share are calculated on the following basis.

		Fiscal Year 2020 (April 1, 2020 - March 31, 2021)	Fiscal Year 2021 (April 1, 2021 - March 31, 2022)
Basis of calculating basic earnings per share			
Profit attributable to owners of parent	(Millions of yen)	33,435	33,470
Profit not attributable to owners of parent	(Millions of yen)	—	—
Profit to calculate basic earnings per share	(Millions of yen)	33,435	33,470
Average number of shares during the period	(Shares)	312,229,768	312,221,214
Basic earnings per share	(Yen)	107.09	107.20
Basis of calculating diluted earnings per share			
Profit to calculate basic earnings per share	(Millions of yen)	33,435	33,470
Adjustment	(Millions of yen)	—	—
Profit to calculate diluted earnings per share	(Millions of yen)	33,435	33,470
Average number of shares during the period	(Shares)	312,229,768	312,221,214
Increased number of shares due to subscription rights to shares	(Shares)	—	—
Average number of diluted shares outstanding during the period	(Shares)	312,229,768	312,221,214
Diluted earnings per share	(Yen)	107.09	107.20

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.

**(Significant Subsequent Events)**

Not applicable