

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [IFRS]

April 26, 2024

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 20, 2024
 Scheduled date for dividend payment: June 3, 2024 Scheduled date of filing securities: June 20, 2024
 Preparation of supplementary information material on financial results (yes/no): Yes
 Financial results conference for institutional investors and analysts (yes/no): Yes

(Amounts of less than ¥1 million are truncated)

1. Consolidated Business Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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 profit	
		%		%		%		%		%		%
FY2023	480,307	7.7	57,004	11.0	57,459	7.7	40,584	8.7	40,461	8.5	47,008	18.9
FY2022	445,912	7.7	51,361	8.0	53,336	10.4	37,337	11.5	37,301	11.4	39,542	13.2

	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	%		%		%		%
FY2023	129.51		129.51		14.1		12.7		11.9	
FY2022	119.44		119.44		14.4		12.7		11.5	

(Reference) Share of profit of investments accounted for using equity method: FY2023 ¥1,394 million FY2022 ¥913 million

(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, 2024	471,400	302,910	302,254	64.1	967.36
As of March 31, 2023	435,469	272,403	271,909	62.4	870.56

(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
FY2023	67,900	-19,898	-25,881	144,360
FY2022	43,592	-14,950	-29,074	121,425

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			
FY2022	—	26.00	—	26.00	52.00	16,239	43.5	6.3
FY2023	—	28.00	—	32.00	60.00	18,745	46.3	6.5
FY2024(Forecast)	—	34.00	—	34.00	68.00		47.7	

3. Consolidated Financial Forecasts for Fiscal Year 2024 (April 1, 2024 to March 31, 2025)

(Millions of yen unless otherwise stated)

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

	Net sales		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
		%		%		%		%	Yen
Full Year	510,000	6.2	62,000	8.8	63,000	9.6	44,500	10.0	142.42

※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, 2024	312,783,158 shares
As of March 31, 2023	312,665,639 shares

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

As of March 31, 2024	359,375 shares
As of March 31, 2023	365,414 shares

3) The average number of shares during the period

As of March 31, 2024	312,425,017 shares
As of March 31, 2023	312,309,327 shares

(Reference) Summary of Non-Consolidated Business Results

1. Non-Consolidated Business Results for Fiscal Year 2023 (April 1, 2023 to March 31, 2024)

(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	
		%		%		%		%
FY2023	381,911	7.4	46,417	12.1	49,158	10.4	34,782	16.1
FY2022	355,610	7.1	41,400	6.0	44,530	7.6	29,953	2.6

	Net profit per share	Diluted net profit per share
	Yen	Yen
FY2023	111.34	111.33
FY2022	95.92	95.91

(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, 2024	402,099	266,730	66.3	853.71
As of March 31, 2023	382,354	249,703	65.3	799.51

(Reference) Shareholders' equity: As of March 31, 2024 ¥266,717 million As of March 31, 2023 ¥249,686 million

- ※ Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.
- ※ Proper use of earnings forecasts, and other special matters
 - The financial forecasts contained in this document are based on the information currently available and certain assumptions deemed reasonable. Actual results may vary from these forecasts for various reasons. With regard to the assumptions on which financial forecasts are based and other explanatory notes in connection with the use of financial forecasts, please refer to “Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2025” on page 6.
 - The Company will hold the results meeting for institutional investors and analysts on April 26, 2024. Materials used in the briefing, a transcript of the main questions and answers, and other related information will be published on the Company’s website promptly thereafter.

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1. Qualitative Information Regarding Operating Results

(1) Analysis of Operating Results

In the fiscal year period ended March 31, 2024, the domestic economy felt the impacts of the rising commodity prices that stemmed from increases in energy and raw material prices as well as the foreign exchange trends that were shaped by interest rate fluctuations. Nevertheless, a modest recovery trend continued in the domestic economy as economic activity in Japan picked up.

The Japanese economy is anticipated to see the continuation of this modest recovery trend due in part to the benefits of government measures implemented amid improvements in the job market and in wages. However, caution is required with regard to the risk of downturns in the Japanese economy following downturns overseas given the concern pertaining to the impacts of the global monetary tightening trend and the future of the Chinese economy. We also must be wary of the potential impacts of rising commodity prices, conditions in the Middle East, and fluctuations in financial and capital markets.

In this economic environment, the IT services market continues to enjoy an upward trend in IT investment seen across a wide range of industries driven by a strong appetite for IT investment for growing businesses and bolstering competitiveness. Meanwhile, ongoing growth in demand for IT investment is expected, even amid concern for economic downturns overseas. Specific targets of demand will include transitioning from existing systems to cloud systems to accommodate the increasingly digital society.

Demand for IT investment pertaining to digitalization continues to increase among customers in the manufacturing industry. Outlets for this investment demand include strategic investments for redeveloping core systems and strengthening operating foundations. In the financial industry, demand was strong for investment for the purposes of bolstering overseas operations and developing fraud and money laundering detection and prevention systems. As for the distribution industry, IT investment demand was up for core system development and business enhancement applications.

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

In the fiscal year ended March 31, 2024, net sales increased 7.7% year on year, to ¥480,307 million, as result of higher sales of systems development services stemming from ongoing growth in IT investment demand as well as strong performance in the system maintenance and operation / services segment.

Operating profit rose 11.0% year on year, to ¥57,004 million, due to sales growth and improved profitability. These factors offset the rise in personnel expenses that followed the increase in base salaries, higher recruitment expenses, and the rise in expenses associated with sales activities. Profit attributable to owners of the parent, meanwhile, increased 8.5%, to ¥40,461 million.

In the pursuit of further growth, the SCSK Group will be promoting sustainability management as a growth strategy. Positioning its corporate philosophy and materiality items as the Group's purpose, the SCSK Group will pursue its vision of becoming a Co-Creative IT Company in 2030 with the goal of achieving sustainable development together with society. To this end, we have defined the policies of "Reorganization of business areas and redevelopment of business models to continue providing new value to customers and society" and "Maximization of the market value of all employees based on the recognition that the growth of employees drives the growth of the Company" in the Medium-Term Management Plan. Dramatic improvements to comprehensive corporate value will be pursued based on these policies.

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

(Millions of yen)

	Previous fiscal year		Fiscal year under review		Comparison with previous fiscal year	
	(April 1, 2022- March 31, 2023)		(April 1, 2023- March 31, 2024)			
	Net sales	Segment Profit	Net sales	Segment Profit	Net sales	Segment Profit
Industrial IT Business	143,128	18,834	162,424	21,989	19,296	3,155
Financial IT Business	59,995	6,905	64,170	7,517	4,175	611
IT Business Solutions	66,535	6,992	73,832	5,842	7,296	-1,150
IT Platform Solutions	88,453	12,900	87,742	12,571	-710	-329
IT Management Service	61,471	7,353	65,190	9,942	3,719	2,589
Others	26,313	1,366	26,652	1,815	339	449
Adjusted total	14	-2,991	294	-2,674	280	316
Total	445,912	51,361	480,307	57,004	34,395	5,642

(Industrial IT Business)

Net sales increased 13.5% year on year, to ¥162,424 million, and segment profit grew 16.8%, to ¥21,989 million. This growth was driven by higher core systems redevelopment sales to the distribution industry along with increases in investment demand among a wide range of industries, particularly with regard to development projects for the communications industry as well as for automobile, electric machinery, and other manufacturing industries.

(Financial IT Business)

Net sales were up 7.0% year on year, to ¥64,170 million, following rises in anti-money laundering service sales to the banking, credit/ leasing companies as well as increases in systems development orders for securities companies. Segment profit similarly rose 8.9%, to ¥7,517 million, due to the benefits of the higher sales coupled with the absence of the loss-making projects recorded in the previous fiscal year.

(IT Business Solutions)

Net sales were up 11.0% year on year, to ¥73,832 million. This outcome was a result of the segment's ability to cater to core systems development demand primarily from manufacturing and distribution industry customers, the strong growth of ProActive products, and the benefits of newly acquired business process outsourcing (BPO) companies. Segment profit, meanwhile, declined 16.4%, to ¥5,842 million, due to the impacts ongoing staff reskilling measures, which are being implemented in line with the strategies of the Medium-Term Management Plan, as well as a reduction in BPO orders from the public sector.

(IT Platform Solutions)

Net sales were down 0.8% year on year, to ¥87,742 million, and segment profit declined 2.6%, to ¥12,571 million, due to a reduction in sales of network equipment to specific communications industry customers. The overall decline in performance was lessened by the benefits of strong sales of network security products together with increases in sales of hardware to manufacturing industry customers and academic research institutions.

(IT Management Service)

Net sales were up 6.1% year on year, to ¥65,190 million, as a result of consistent demand associated with transitioning to cloud systems and redeveloping existing systems to use cloud infrastructure and higher management service revenue from financial industry and other customers. Segment profit rose 35.2%, to ¥9,942 million, following the dissipation of the impacts of the higher electricity bills that affected performance in the six-month period ended September 30, 2022, due to an inability to transfer these impacts to customers. Another factor behind the higher profit was an increase in inter-segment sales following rises in platform development projects for customers of the Industrial IT Business and Financial IT Business segments.

(Others)

Net sales were up 1.3% year on year, to ¥26,652 million, and segment profit rose 32.9%, to ¥1,815 million.

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, 2022- March 31, 2023)		(April 1, 2023- March 31, 2024)			
	Amount	Share (%)	Amount	Share (%)	Amount	Change (%)
Systems Development	180,433	40.5	202,799	42.2	22,366	12.4
System Maintenance and Operation / Services	175,638	39.4	188,340	39.2	12,702	7.2
Packaged Software / Hardware Sales	89,841	20.1	89,168	18.6	-672	-0.7
Total	445,912	100.0	480,307	100.0	34,395	7.7

In Systems Development, net sales increased 12.4% year on year, to ¥202,799 million. This increase was seen as a result of rises in core systems development orders from distribution industry customers and in systems development orders from manufacturing and financial industry customers.

In System Maintenance and Operation / Services, net sales increased 7.2% year on year, to ¥188,340 million, following growth in sales of management services and verification services.

In Packaged Software / Hardware Sales, net sales decreased 0.7% year on year, to ¥89,168 million, due to a reduction in network equipment sales to certain communications industry customers.

(2) Summary of Financial Position

(Assets)

Assets as of March 31, 2024, were ¥471,400 million, an increase of 8.3% or ¥35,930 million compared to March 31, 2023, as increases in cash and cash equivalents and goodwill and intangible assets.

(Liabilities)

Liabilities as of March 31, 2024, were ¥168,489 million, an increase of 3.3% or ¥5,423 million compared to March 31, 2023, as increases in liabilities for employee benefits outweighed a decrease in lease liabilities.

(Equity)

Total equity as of March 31, 2024, was ¥302,910 million, an increase of 11.2% or ¥30,507 million compared to March 31, 2023.

(3) Overview of Cash Flows

Cash and cash equivalents (“cash”) as of March 31, 2024, increased ¥22,934 million compared to March 31, 2023, to ¥144,360 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 ¥67,900 million (increased ¥24,307 million in comparison to the same period of the previous fiscal year).

The main cash inflow factors were profit before tax of ¥57,459 million, depreciation and amortization of ¥21,433 million, and a decrease in inventories of ¥1,809 million. The main cash outflow factors were an increase in trade and other receivables of ¥1,622 million, share of profit of investments accounted for using equity method of ¥1,394 million, and income taxes paid of ¥16,155 million.

(Cash flow from investing activities)

Net cash used in investing activities was ¥19,898 million (decreased ¥4,948 million in comparison to the same period of the previous fiscal year).

The main cash inflow factors were proceeds from sales and redemptions of other financial assets of ¥32,177 million.

The main cash outflow factors were payment for purchase of other financial assets of ¥36,273 million, purchase of property, plant and equipment of ¥4,602 million, purchase of intangible assets of ¥4,991 million, and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥5,042 million.

(Cash flow from financing activities)

Net cash used in financing activities was ¥25,881 million (increased ¥3,193 million in comparison to the same period of the previous fiscal year).

The main cash inflow factor was proceeds from long-term debt of ¥11,500 million and proceeds from issuance of bonds of ¥9,950 million. The main cash outflow factors were repayments of loans and redemption of bonds of ¥21,950 million, repayments of lease liabilities of ¥8,453 million, dividend payments of ¥8,119 million (¥26.00 per share) for the year-end dividend of the fiscal year ended March 31, 2023, and dividend payments of ¥8,747 million (¥28.00 per share) for the interim dividend of the fiscal year ended March 31, 2024.

With respect to cash flows in the fiscal year ending March 31, 2025, 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 and dividend payments.

(4) Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2025

In the fiscal year ending March 31, 2025, an opaque outlook will be faced considering factors including the risk of downturns in the Japanese economy following downturns overseas given the concern pertaining to the impacts of the global monetary tightening trend and the future of the Chinese economy. Other sources of uncertainty include the potential economic impacts of fluctuations in financial and capital markets and the prolongation of rises in commodity prices. Nevertheless, IT investment demand is expected to continue to be brisk given the ongoing spread of digital transformation.

The fiscal year ending March 31, 2025, will be the second year of SCSK's current Medium-Term Management Plan. In this year, SCSK will continue to conduct business investments targeting future growth while also seeking to accelerate growth through an ongoing and redoubled effort to cater to customers' IT investment demand by strengthening operating foundations and enhancing the digitalization support it provides to customers. Meanwhile, SCSK will take steps to heighten employee compensation amid rising commodity prices and increased competition to secure IT human resources.

Against this backdrop, the Company forecasts net sales of ¥510,000 million, an increase of 6.2% year on year, operating profit of ¥62,000 million, an increase of 8.8%, and profit attributable to owners of parent of ¥44,500 million, an increase of 10.0%, for the fiscal year ending March 31, 2025.

	Forecasts
Net sales	¥510,000 million
Operating profit	¥62,000 million
Profit before tax	¥63,000 million
Profit attributable to owners of parent	¥44,500 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, 2024, and the Fiscal Year Ending March 31, 2025

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.

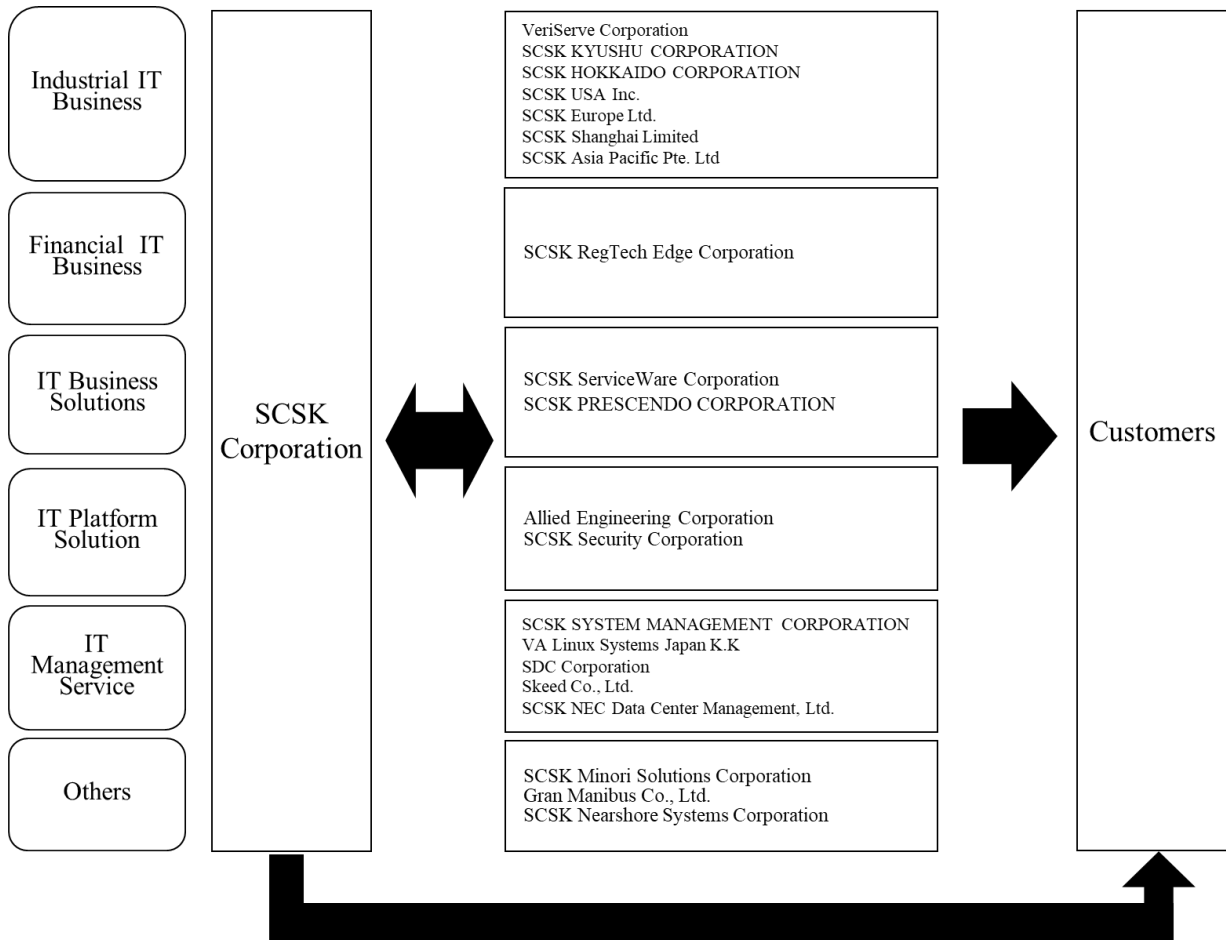
For the fiscal year ended March 31, 2024, considering that the profit attributable to the parent company shareholders for the current fiscal year has exceeded our forecasts, the Company have decided to increase the year-end dividend per share by ¥2.00 from the previously announced forecast, resulting in ¥32.00 per share. Consequently, the annual dividend, including the interim dividend, will amount to ¥60.00 per share.

For the fiscal year ending March 31, 2025, we intend to issue an annual dividend of ¥68.00 per share (interim dividend of ¥34.00 and year-end dividend of ¥34.00) based on the Company's financial base and anticipated increases in earnings capacity. This amount will represent the 13th consecutive year of higher dividends. The decision to issue dividend payments in this amount was made based on the policy of enhancing shareholder returns in order to achieve the target of dividend payout ratio of 50% set for the fiscal year ending March 31, 2026, in the Medium-Term Management Plan.

2. Overview of the Group

The SCSK Group consists of SCSK, thirty consolidated subsidiaries, and four 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 domestic IT services market is witnessing a qualitative change in the IT strategies and investments of companies that is resulting in a more intimate relationship between business and IT. Examples of this change include the rapid advancement of generative AI, blockchain, cloud computing, and mobile technologies. This change is also manifesting in forms such as the rising importance of data utilization as data analysis technologies evolve as well as increases in data leakage, cyberattacks, and other security risks.

Against this backdrop, IT services companies will need to constantly embrace new technologies, continuously improve the quality of their products and services, and create innovative new products and services. The industry finds itself in a time of uncertainty as the operating environment changes at an increasingly rapid pace, making it difficult to project future trends. Achieving ongoing growth in these uncertain times will require companies to undergo self-transformation by reorganizing their business areas and redeveloping their business models.

In light of this changing environment, 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.” In line with these material issues, we established Grand Design 2030, the Group’s vision for 2030. In addition, we announced Medium-Term Management Plan (FY2023-FY2025), the second phase roadmap for achieving this vision, in April 2023.

<Material Issues>

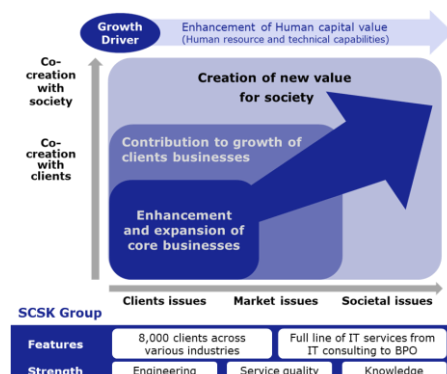
The following seven material issues have been defined based on the SCSK Group’s businesses, strengths, and role in society.

- | | |
|--|--|
| • Achieving sustainable business growth with society | • Foundation supporting sustainable growth |
| • Innovating for a Brighter Society | • Global Environmental Contributions |
| • Building Trust for a Safe and Secure Society | • Diverse Team of Professionals |
| • Creating an Inclusive Society | • Sustainable Value Chain |
| | • Transparent Governance |

<Grand Design 2030>

Grand Design 2030 defines the goal of SCSK as to become a Co-Creative IT Company in 2030 by creating businesses that contribute to the resolution of social issues together with customers and partners.

In order to accomplish this goal, we will realize dramatic improvements in comprehensive corporate value, which we define as corporate value that encompasses economic value as well as non-financial factors such as social value and human capital value, in order to heighten our essential corporate strength. We have also put forth the target of net sales of ¥1 trillion in order to grow SCSK into a first-class company that leads the resolution of social issues based on the creation of value that is not bound by tradition or past standards. Medium-Term Management Plan (FY2023-FY2025) details the concrete steps we will take toward these ends.



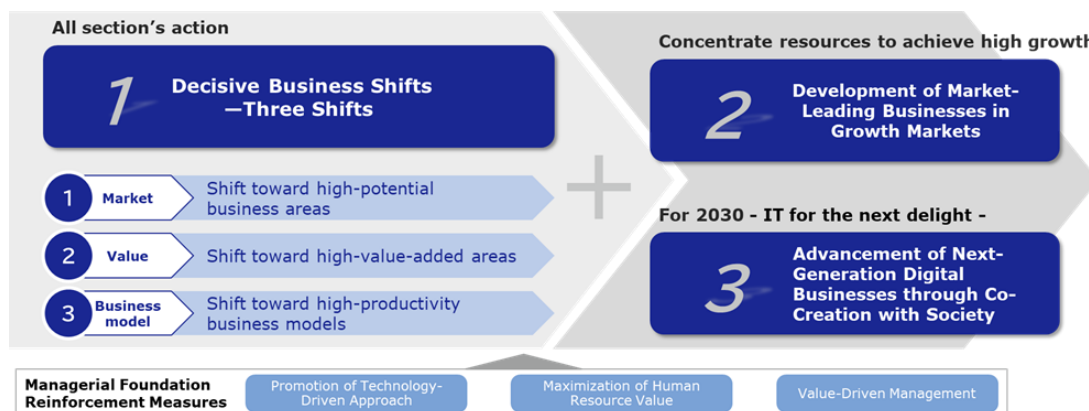
<Medium-Term Management Plan>

Medium-Term Management Plan (FY2023-FY2025) is positioned as the second phase of the plan toward the realization of Grand Design 2030. In addition to reorganizing our business areas and redeveloping our business models and actively engaging with areas that provide Group-generated new value, we will shift to a more highly profitable, productive business model. We will also strive to maximize each employee's market value by fostering a work environment in which employees can fully demonstrate their abilities and by selecting and building business fields and business models. Specific efforts to promote these initiatives are summarized in our Group core strategies.

Group Core Strategy

Pursue dramatic improvements in comprehensive corporate value through:

- Reorganization of business areas and redevelopment of business models to continue providing new value to customers and society
- Maximization of the market value of all employees based on the recognition that the growth of employees drives the growth of SCSK Group



Core Strategy 1: Decisive Business Shifts -Three Shifts

- (1) Shift toward high-potential business areas
- (2) Shift toward high-value-added areas
- (3) Shift toward high-productivity business models

Core Strategy 2: Development of Market-Leading Businesses in Growth Markets

Core Strategy 3: Advancement of Next-Generation Digital Businesses through Co-Creation with Society

Managerial Foundation Reinforcement Measures

- (1) Promotion of Technology-Driven Approach
- (2) Maximization of Human Resource Value
- (3) Advocacy of Value-Driven Management

Growth investment

Aggressive investment of ¥100 billion over three years

KPI

Financial Targets

Aiming at high profit growth by reorganizing of business areas and redeveloping of business models for sustainable growth

<FY2025>

- Operating profit ¥65,000 million
- Operating profit margin 12.5%
- ROE 14%

Shareholder returns

<FY2025>

- Dividend payout ratio 50%

(2) Progress of the Medium-Term Management Plan

We have positioned Medium-Term Management Plan (FY2023-FY2025) as the second phase toward becoming a Co-Creative IT Company in 2030. Under this plan, we will promote the following three core strategies and three managerial foundation reinforcement measures in order to contribute to the profitability and performance of the core strategies implemented in the first phase (the fiscal years ending March 31, 2021–2023).

Core Strategy 1: Decisive Business Shifts –Three Shifts

- Business areas will be reorganized and business models will be redeveloped to adapt to operating environment changes and achieve sustainable growth.
- Improvements of profitability will be pursued as we seek to generate growth potential and funds to fuel investments oriented toward future sustainable growth.

【Initiatives Based on Core Strategy 1】

i. Shift Toward High-Potential Business Areas

SCSK will identify high-potential business areas on an individual-organization basis in order to shift staff toward areas with high growth potential on a Companywide basis (manufacturing, mobility, security, etc.) and reskill individuals accordingly based on a selection and concentration approach. We are also implementing our Digital Skill Standards training program in order to heighten our capacity to operate in high-potential business areas on a Companywide level.

ii. Shift Toward High-Value-Added Areas

SCSK is shifting toward upstream systems development areas while recruiting and cultivating the sophisticated engineers needed for upstream processes. Meanwhile, steady progress is being made in promoting the adoption of transaction and offering prices that match the value we provide.

iii. Shift Toward High-Productivity Business Models

Assessing the applicability of generative AI has been defined as a Companywide priority. With the goal of improving development productivity through the use of generative AI technologies, we are evaluating the potential for these technologies to be used in processes ranging from condition definition to system operation, sales support, planning, and analysis.

Core Strategy 2: Development of Market-Leading Businesses in Growth Markets

- The SCSK Group will pursue high growth while contributing to market growth by exercising its strengths in growing markets and technology areas related to cloud and digital technologies.
- Resources will be reallocated in a manner that is not within resources of current organization, advanced technologies will be utilized in an organization-wide manner, and the Company will constantly seek out new target businesses.

Core Strategy 3: Advancement of Next-Generation Digital Businesses through Co-Creation with Society

- By leveraging on our core business insight, we will lead the creation of completely new, next-generation digital business and of new value for society.
- New business possibilities will constantly be explored in areas based on the SCSK Group's material issues.

【Initiatives Based on Core Strategies 2 and 3】

- In the financial area, dedicated anti-money laundering company SCSK RegTech Edge Corporation was the first company to receive approval to engage in foreign exchange transaction analysis businesses under

the Act to Partially Amend the Payment Services Act and Other Related Acts to Establish a Stable and Efficient Payment Services System instituted in Japan in June 2022. Inheriting SCSK Corporation's operations in this area, SCSK RegTech Edge is tasked with the accumulation of insight and the provision of sophisticated services through a dedicated organization in order to respond to the increasingly sinister methods of criminal organizations based on the financial crime prevention insight and experience the Company has amassed over the years. Our BankSavior series of financial crime prevention solutions will be a core pillar of this undertaking.

- In the security area, we established SCSK Security Corporation as a dedicated cybersecurity company. Having since commenced operations, this security specialist company is helping customers resolve their cybersecurity issues through the provision of both products and services.

Managerial Foundation Reinforcement Measures

“Promotion of Technology-Driven Approach”

SCSK Group will create new value and cultivate businesses by acquiring advanced technologies and expand the number of advanced engineers to implement in society. At the same time, we will further promote development of intellectual property accumulated over many years of business know-how and copyrighted works, enhance intellectual property value by promoting the use of intellectual property to resolve customer issues at all customer fronts, and strengthen the promotion of open innovation, such as collaboration with venture companies through fund investments and other means.

“Maximization of Human Resource Value”

SCSK Group Medium-Term Management Plan (FY2023–FY2025) defines the policy of “Maximization of the market value of all employees based on the recognition that the growth of employees drives the growth of the SCSK Group.” In implementing this policy, we aim to facilitate contributions from diverse employees by promoting diversity and inclusion as well as well-being and health and productivity management. We will also seek to lay the appropriate foundations through the improvement of our human resource portfolio based on business strategy and compensation and remuneration systems.

“Advocation of Value-Driven Management”

The SCSK Group is promoting Value-Driven Management based on the fact that fostering mutual understanding between employees and the Company (including leaders, senior management as such) can drive the creation of new value to degrees that could not be realized by a single individual or company.

【Initiatives Based on Managerial Foundation Reinforcement Measures】

- SCSK established an AI center of excellence along with SCSK AI Integration Lab as dedicated strategic AI organizations in order to accelerate efforts to apply AI to its business and to support customers in adopting AI. These organizations will actively contribute to the digital transformation of customers and society by utilizing the technologies accumulated through the course of providing value to customers as well as AI and other advanced technologies the SCSK Group will acquire or cultivate from a forward-looking perspective.
- SCSK is engaged in the ongoing improvement and acquisition of human capital. The Company has also defined a human resource portfolio that is linked to its business strategies, based on which it is cultivating advanced digital technology engineers and professionals with sophisticated digital skills and providing such individuals with opportunities to exercise their skills. Furthermore, we have developed our proprietary SCSK Well-Being Score system to gauge the important indicator of employee well-being. This system will be used to track well-being-related metrics and drive an improvement cycle with the goal of making SCSK an even more comfortable company to work for.

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. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of Yen)

	As of Mar. 31, 2023	As of Mar. 31, 2024
Assets		
Current assets		
Cash and cash equivalents	121,425	144,360
Trade and other receivables	82,909	85,512
Contract assets	14,411	14,979
Inventories	9,748	7,939
Other financial assets	199	5,010
Income taxes receivable	42	0
Other current assets	15,360	15,033
Total current assets	244,099	272,834
Non-current assets		
Property, plant and equipment	75,212	71,665
Right-of-use assets	45,781	42,250
Goodwill and intangible assets	26,984	32,495
Investments accounted for using equity method	11,252	13,662
Other receivables	8,094	9,121
Other financial assets	10,692	9,053
Deferred tax assets	2,118	624
Other non-current assets	11,232	19,691
Total non-current assets	191,370	198,565
Total assets	435,469	471,400

(Millions of Yen)

	As of Mar. 31, 2023	As of Mar. 31, 2024
Liabilities		
Current liabilities		
Trade and other payables	34,826	36,232
Contract liabilities	15,388	17,029
Liabilities for employee benefits	10,889	13,058
Bonds and borrowings	21,945	11,875
Lease liabilities	10,773	9,154
Other financial liabilities	63	25
Income taxes payable	8,079	9,601
Provisions	406	734
Other current liabilities	5,994	7,823
Total current liabilities	108,367	105,535
Non-current liabilities		
Bonds and borrowings	9,782	19,370
Lease liabilities	35,415	33,570
Other payables	174	177
Liabilities for employee benefits	1,982	2,078
Provisions	7,334	7,332
Deferred tax liabilities	—	425
Other non-current liabilities	10	—
Total non-current liabilities	54,699	62,954
Total liabilities	163,066	168,489
Equity		
Share capital	21,285	21,420
Capital surplus	122	162
Retained earnings	246,812	275,551
Treasury shares	-286	-284
Other components of equity	3,976	5,404
Total equity attributable to owners of parent	271,909	302,254
Non-controlling interests	493	655
Total equity	272,403	302,910
Total liabilities and equity	435,469	471,400

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

Condensed Quarterly Consolidated Statements of Income

(Millions of Yen)

	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024
Net sales	445,912	480,307
Cost of sales	-328,232	-352,336
Gross profit	117,679	127,971
Selling, general and administrative expenses	-66,491	-70,940
Other income	461	656
Other expenses	-288	-682
Operating profit	51,361	57,004
Finance income	1,651	615
Finance costs	-589	-1,554
Share of profit (loss) of investments accounted for using equity method	913	1,394
Profit before tax	53,336	57,459
Income tax expense	-15,999	-16,874
Profit	37,337	40,584
Profit attributable to		
Owners of parent	37,301	40,461
Non-controlling interests	35	123
Earnings per share		
Basic earnings per share (Yen)	119.44	129.51
Diluted earnings per share (Yen)	119.44	129.51

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of Yen)

	From Apr. 1, 2022 to March 31, 2023	From Apr. 1, 2023 to March 31, 2024
Profit	37,337	40,584
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurement of the defined benefit liability (asset)	1,566	4,943
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	211	-387
Share of other comprehensive income of investments accounted for using equity method	73	762
Total of items that will not be reclassified to profit or loss	1,852	5,318
Items that may be reclassified to profit or loss		
Cash flow hedges	-467	-120
Exchange differences on translation of foreign operations	793	1,187
Share of other comprehensive income of investments accounted for using equity method	27	38
Total of items that may be reclassified to profit or loss	353	1,105
Total other comprehensive income, net of tax	2,205	6,423
Comprehensive income	39,542	47,008
Comprehensive income attributable to		
Owners of parent	39,507	46,885
Non-controlling interests	35	123

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Previous fiscal year (April 1, 2022 - March 31, 2023)

(Millions of Yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on Apr. 1, 2022	21,152	—	223,300	-293	2,761	246,921	442	247,363
Profit	—	—	37,301	—	—	37,301	35	37,337
Other comprehensive income	—	—	—	—	2,205	2,205	—	2,205
Comprehensive income	—	—	37,301	—	2,205	39,507	35	39,542
Issuance of new shares	132	132	—	—	—	264	—	264
Dividends of surplus	—	—	-15,405	—	—	-15,405	-59	-15,465
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	75	75
Purchase of treasury shares	—	—	—	-3	—	-3	—	-3
Disposal of treasury shares	—	-9	—	10	—	0	—	0
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	1,616	—	△1,616	—	—	—
Transfer to non-financial assets	—	—	—	—	624	624	—	624
Total transactions with owners	132	122	-13,789	6	-991	-14,519	15	-14,503
Balance on Dec. 31, 2023	21,285	122	246,812	-286	3,976	271,909	493	272,403

Fiscal year under review (April 1, 2023 - March 31, 2024)

(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 on Apr. 1, 2023	21,285	122	246,812	-286	3,976	271,909	493	272,403
Profit	—	—	40,461	—	—	40,461	123	40,584
Other comprehensive income	—	—	—	—	6,423	6,423	—	6,423
Comprehensive income	—	—	40,461	—	6,423	46,885	123	47,008
Issuance of new shares	135	135	—	—	—	270	—	270
Dividends of surplus	—	—	-16,867	—	—	-16,867	-51	-16,919
Changes in ownership interest in subsidiaries	—	-91	—	—	—	-91	91	-0
Purchase of treasury shares	—	—	—	-5	—	-5	—	-5
Disposal of treasury shares	—	-6	—	7	—	0	—	0
Transfer to capital surplus from retained earnings	—	3	-3	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	5,147	—	-5,147	—	—	—
Transfer to non-financial assets	—	—	—	—	152	152	—	152
Total transactions with owners	135	40	-11,723	2	-4,995	-16,540	39	-16,500
Balance on Dec. 31, 2024	21,420	162	275,551	-284	5,404	302,254	655	302,910

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	From Apr. 1, 2022 to Mar. 31, 2023	From Apr. 1, 2023 to Mar. 31, 2024
Cash flows from operating activities		
Profit before tax	53,336	57,459
Depreciation and amortization	20,629	21,433
Impairment losses (or reversals)	44	213
Finance income	-1,651	-615
Finance costs	589	1,554
Share of loss (profit) of investments accounted for using equity method	-913	-1,394
Decrease (increase) in trade and other receivables	-8,477	-1,622
Decrease (increase) in contract assets	-4,286	-542
Decrease (increase) in inventories	-622	1,809
Increase (decrease) in trade and other payables	3,010	478
Increase (decrease) in contract liabilities	1,136	1,769
Increase (decrease) in employee benefits	-8	1,292
Increase (decrease) in provisions	145	221
Other	-889	1,922
Subtotal	62,042	83,979
Interest and dividends received	559	744
Interest paid	-558	-667
Income taxes refund (paid)	-18,450	-16,155
Net cash provided by (used in) operating activities	43,592	67,900
Cash flows from investing activities		
Purchase of property, plant and equipment	-9,681	-4,602
Proceeds from sale of property, plant and equipment	0	98
Purchase of intangible assets	-4,630	-4,991
Proceeds from sale of intangible assets	44	—
Investments in equity accounted investees	-203	-361
Purchase of other financial assets	-1,264	-36,273
Proceeds from sales and redemptions of other financial assets	1,352	32,177
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-5,042
Other	-568	-903
Net cash provided by (used in) investing activities	-14,950	-19,898
Cash flows from financing activities		
Payments for repayments of loans and redemption of bonds	-17,000	-21,950
Proceeds from long-term debt	12,250	11,500
Proceeds from issuance of bonds	—	9,950
Repayments of lease liabilities	-8,998	-8,453
Capital contribution from non-controlling interests	75	—
Dividends paid	-15,406	-16,867
Dividends paid to non-controlling interests	-59	-51
Other	65	-9
Net cash provided by (used in) financing activities	-29,074	-25,881
Effect of exchange rate changes on cash and cash equivalents	605	814
Net increase (decrease) in cash and cash equivalents	173	22,934
Cash and cash equivalents at beginning of period	121,251	121,425
Cash and cash equivalents at end of period	121,425	144,360

(5) Notes to Condensed Consolidated Financial Statements

(Notes to Going Concern Assumptions)

No applicable items.

(Significant Items for the Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

- (1) Thirty consolidated subsidiaries
- (2) Major consolidated subsidiaries
SCSK ServiceWare Corporation
VeriServe Corporation
SCSK Minori Solutions Corporation
SCSK KYUSHU CORPORATION
SCSK HOKKAIDO CORPORATION
SCSK RegTech Edge Corporation
Skeed Co., Ltd.
SCSK SYSTEM MANAGEMENT CORPORATION
VA Linux Systems Japan K.K
SDC Corporation
SCSK NEC Data Center Management, Ltd.
SCSK Security Corporation
Allied Engineering Corporation
SCSK Automotive H&S Corporation
SCSK PRESCENDO CORPORATION
Gran Manibus Co., Ltd.
SCSK USA inc.
SCSK Europe Ltd.
SCSK Shanghai Limited.
SCSK Asia Pacific Pte. Ltd.
PT SCSK GLOBAL INDONESIA
SCSK Myanmar Ltd.
SCSK Nearshore Systems Corporation

SCSK RegTech EDGE Corporation (former company name: SCSK AML Countermeasure Business Preparation Corporation, Ltd.) and VeriServe Hakodate Corporation have been included in the scope of consolidation since the first quarter of the fiscal year ended March 31, 2024, following their establishment.

Inet Support Inc. has been included in the scope of consolidation the first quarter of the fiscal year ended March 31, 2024, following its acquisition.

SCSK Security Corporation has been included in the scope of consolidation since the second quarter of the fiscal year ended March 31, 2024, following its establishment.

Intersection Corporation has been included in the scope of consolidation since the fourth quarter of the fiscal year ended March 31, 2024, following its acquisition.

2. Investments accounted for using equity method

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

Presidio SCSK Digital Fund II has been included in the scope of equity method application the second quarter of the fiscal year ended March 31, 2024, following investment.

(Segment Information)

1. Summary of reportable segments

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

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

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

(1) Industrial IT Business

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

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

(2) Financial IT Business

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

(3) IT Business Solutions

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

(4) IT Platform Solutions

This segment draws on solid technical capabilities and knowhow to leverage computer-aided design (CAD), computer aided engineering (CAE), and other advanced technologies in the fields of IT infrastructure and manufacturing. In this way, the IT Platform Solutions provides services and products that accurately address the needs of clients and offers flexible support for a wide range of client businesses.

(5) IT Management Service

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

(6) Others

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

The Others businesses did not meet the quantitative thresholds for reportable segments both in the fiscal year ended March 31, 2023 and the fiscal year ending March 31, 2024.

2. Reorganization of reportable segments, etc.

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

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

Segment information for the fiscal year ended March 31, 2023, has been restated to reflect this change in reportable segments.

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

For the fiscal year ended March 31, 2023(April 1, 2022 – March 31, 2023)

(Millions of Yen)

	Reportable Segment							Adjustments (Note2)	Amount recorded in consolidated financial statements
	Industrial IT Business	Financial IT Business	IT Business Solutions	IT Platform Solutions	IT Management Service	Others	Total		
Net sales									
Sales to external customers	143,128	59,995	66,535	88,453	61,471	26,313	445,897	14	445,912
Inter segment sales (Note1)	11,261	864	5,306	8,323	23,651	13,214	62,622	-62,622	—
Total	154,390	60,859	71,842	96,777	85,123	39,527	508,520	-62,608	445,912
Operating profit	18,834	6,905	6,992	12,900	7,353	1,366	54,353	-2,991	51,361
							Finance income		1,651
							Finance costs		-589
							Share of profit (loss) of investments accounted for using equity method		913
							Profit before tax		53,336

(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	58,735	19,070	25,781	42,499	79,139	28,188	253,414	182,055	435,469
Other items									
Depreciation and amortization	2,214	187	1,668	734	5,352	912	11,070	9,558	20,629
Impairment losses on nonfinancial assets	42	—	—	—	—	1	44	—	44
Investment in equity method associates	1,059	—	770	9,422	—	—	11,252	—	11,252
Capital expenditure	1,065	572	2,165	1,003	7,113	483	12,404	13,803	26,208

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) The sales to external customers of ¥14 million are part of the adjustment amounts for revenue recognition to be in conformity with IFRS. The adjustments to operating profit of -¥2,991 million includes corporate expenses that have not been allocated to each reportable segment.
- (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 building.

For the fiscal year ended March 31, 2024(April 1, 2023 – March 31, 2024)

(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	162,424	64,170	73,832	87,742	65,190	26,652	480,013	294	480,307
Inter segment sales (Note1)	11,866	564	6,556	9,669	29,341	16,129	74,127	-74,127	—
Total	174,291	64,735	80,388	97,411	94,532	42,781	554,140	-73,832	480,307
Operating profit	21,989	7,517	5,842	12,571	9,942	1,815	59,679	-2,674	57,004
							Finance income		615
							Finance costs		-1,554
							Share of profit (loss) of investments accounted for using equity method		1,394
							Profit before tax		57,459

(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	62,154	19,255	33,164	44,039	74,801	28,245	261,661	209,738	471,400
Other items									
Depreciation and amortization	1,922	278	2,026	752	5,548	941	11,470	9,963	21,433
Impairment losses on nonfinancial assets	—	205	—	—	—	7	213	—	213
Investment in equity method associates	1,509	—	896	11,256	—	—	13,662	—	13,662
Capital expenditure	2,968	421	2,584	858	1,656	352	8,842	5,914	14,757

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) The sales to external customers of ¥294 million are part of the adjustment amounts for revenue recognition to be in conformity with IFRS. The adjustments to operating profit of -¥2,674 million includes corporate expenses that have not been allocated to each reportable segment.
- (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 building.

(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 2022 (April 1, 2022 - March 31, 2023)	Fiscal Year 2023 (April 1, 2023 - March 31, 2024)
Basis of calculating basic earnings per share			
Profit attributable to owners of parent	(Millions of yen)	37,301	40,461
Profit not attributable to owners of parent	(Millions of yen)	—	—
Profit to calculate basic earnings per share	(Millions of yen)	37,301	40,461
Average number of shares during the period	(Shares)	312,309,327	312,425,017
Basic earnings per share	(Yen)	119.44	129.51
Basis of calculating diluted earnings per share			
Profit to calculate basic earnings per share	(Millions of yen)	37,301	40,461
Adjustment	(Millions of yen)	—	—
Profit to calculate diluted earnings per share	(Millions of yen)	37,301	40,461
Average number of shares during the period	(Shares)	312,309,327	312,425,017
Increased number of shares due to subscription rights to shares	(Shares)	—	—
Average number of diluted shares outstanding during the period	(Shares)	312,309,327	312,425,017
Diluted earnings per share	(Yen)	119.44	129.51

(Significant Subsequent Events)

No applicable items.