



Consolidated Financial Report for the Second Quarter of Fiscal Year Ending March 31, 2023 [IFRS]

November 1, 2022

BIPROGY Inc.

Stock Listing:	Tokyo Stock Exchange, Prime Market
Stock Code:	8056
URL:	https://www.biprogy.com/e/
Representative:	Akiyoshi Hiraoka, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	November 11, 2022
Scheduled Starting Date for Dividend Payment:	December 2, 2022
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors, analysts and the press)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for FY2023 Q2(from April 1, 2022 to September 30, 2022)

(1) Consolidated Results of Operations

(Percentage below represents increase (decrease) from previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2023 Q2	154,782	6.1	13,648	5.3	14,885	7.1	10,112	7.9	8,692	(17.6)
FY2022 Q2	145,914	0.6	12,956	9.7	13,905	18.6	9,373	17.0	10,554	18.3

(Note) Adjusted operating profit FY2023 Q2 : 13,598 Million Yen (5.9%) FY2022 Q2 : 12,841 Million Yen (8.6%)

Adjusted operating profit is the result obtained after deducting cost of sales and selling, general and administrative expenses from revenue.

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2023 Q2	100.65	100.35
FY2022 Q2	93.36	93.05

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of Yen	Millions of Yen	Millions of Yen	%
FY2023 Q2	255,653	134,228	132,663	51.9%
FY2022	268,647	130,674	128,917	48.0%

2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	35.00	—	50.00	85.00
FY2023	—	40.00	—	—	—
FY2023 (Forecast)	—	—	—	40.00	80.00

(Note) Revisions to the latest forecast of dividends: No

3. Consolidated Earnings Forecast for FY2023(from April 1, 2022 to March 31, 2023)

(Percentage below represents increase (decrease) from previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2023	330,000	3.9	29,000	5.7	29,000	(1.9)	20,000	(2.4)	199.16

(Note1) Revisions to the latest forecast of consolidated earnings: No

(Note2) Adjusted operating profit (Full Year) 29,000 Million Yen (8.7%)

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and restatement of corrections

1. Changes in accounting policies as required by IFRS : No

2. Other changes in accounting policies: No

3. Changes in accounting estimates: No

(3) Number of shares outstanding (common stock) (shares)

1. Number of shares outstanding (including treasury shares)	FY2023 Q2	109,663,524	FY2022	109,663,524
2. Number of shares of treasury stock	FY2023 Q2	9,173,981	FY2022	9,218,006
3. Average number of shares outstanding (during the period)	FY2023 Q2	100,468,714	FY2022 Q2	100,409,648

* This consolidated financial report is not subject to quarterly review procedures.

* Comments regarding appropriate usage of earnings forecast, and other special notes

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

(Appendix)

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1. Results of Business Operations and Financial Conditions

(1) Analysis of Business Operations

The Japanese economy began to gradually pick up during the six-month period of the fiscal year ending March 2023, as reflected in continuing normalization in economic and social activities due to COVID-19 containment measures gathering traction. However, there are factors to make the economy remain uncertain, such as lingering Ukraine crises as well as soaring prices of raw materials and a drastic depreciation of the yen.

We have seen a good appetite for digital transformation (DX) investment in the domestic information services market. However, we are aware of domestic economic trends becoming increasingly uncertain, and thus we need to remain watchful about the situations

In this environment, the Nihon Unisys changed its trade name to BIPROGY Inc. in April 2022 with the vision of transforming into a company that creates social value. The Company has worked on initiatives as indicated in the Management Policies (2021-2023). The Management Policies were established by the Group with an eye towards a new stage where the Group will enable a sustained growth of the entire corporate value through creating social value pursuant to the “Purpose^{Note 1}” and the “Vision 2030^{Note 2}” that the Group established anew.

The company group has had opportunities to be exposed to confidential information and private information of many customers through working on business activities. A serious incident occurred on June 21, 2022. An employee of our second-tier subcontracting company lost USB flash drives that contained encrypted personal information for temporary special benefits to local resident-tax-exempt households.

The USB flash drives were found on June 24, 2022.

We have been confirming facts such as those about personal information leakage or non-leakage and performing causal analyses through efforts of investigation and deliberation in cooperation with the organizations concerned.

In light of the critical nature of this issue, we established a third-party investigation committee on July 1, 2022. Upon receiving reports from the third-party investigation committee, we will promptly deliberate upon and implement recurrence prevention measures pursuant to the reports.

Also, the Personal Information Protection Commission provided guidance based on law to the Company on September 21, 2022.

We take seriously the guidance by the Commission, and will strive with all our strength to regain trust in us through our strenuous efforts to prevent recurrence of the incident. We will work on strengthening governance through the entirety of our Group, improve information management arrangements and operations and follow through again the procedures for educating and guiding subcontractors as well as all executives and employees about properly handling personal information.

Our business landscape shows that strong system services mainly about digital transformation (DX) projects drove up revenue. Revenue increased in comparison with the same quarter of the previous fiscal year.

Despite an increase in selling, general and administrative expenses as a result of renewing internal core systems, gross profit was pushed up by the enhanced revenue and profitability. Operating profit, adjusted operating profit and profit all increased on a year-over-year basis.

System services and outsourcing orders steadily accumulated. As a result, orders increased in comparison with the same quarter of the previous fiscal year.

The Company has worked on increasing business ecosystems[®] for our medium and long-term growth from the two viewpoints: the ‘For Customers’ perspective to promote digital transformation conducive to sustained growth of customers and the ‘For Society’ perspective to promote solutions for social issues in cooperation with customers and partners of various business sectors and industries.

Our “For Customers” initiatives are exemplified by launching “BankVision[®] on Azure” to serve the Kiyo Bank, Ltd. in October. The full-banking system operating on a public cloud is part of our efforts to enable DX and streamline business management resources at financial institutions and transform banking businesses. We will continuously accompany banks with an eye on helping banks transform themselves into financial institutions capable of providing value-added services conducive to customers and revitalizing regional economies.

Another example is our initiative to boost the convenience about digital money through “doreca[®]”, digital money charging platform service that we provide. “Rakuten Pay[®]” agreed with us in cooperating with our service in September 2022, following “au PAY[®]” and “WebMoney Prepaid Card[®]” in June 2022. These collaborations enable consumers to receive directly via digital money reimbursed expenses and insurance money paid from companies served by “doreca”.

Our “For Society” initiatives are exemplified by a joint enterprise operated by five companies including us for developing a regional microgrid implementation plan for Tottori City under the aegis of the Agency for Natural Resources and Energy. A regional microgrid enables regions to generate and consume locally renewable energies through the use of a distributed energy system existing in areas of certain size. It is expected to play a role in enhancing regional resilience.

We will import knowledge and expertise about distributed energy usage that we garnered through creating various types of energy management systems into this business. Working on the business will help us contribute to regional revitalization by promoting de-carbonization and resilience and a circular economy in regions.

We established V-Drive Technologies, Inc. in July 2022. The new subsidiary provides DIVP[®] ^{Note 3} services, platform services about evaluating safety of automated driving systems. We aim to launch our global business mainly in European nations by promoting our efforts to have the technology accepted as a global standard in mutual cooperation with the DIVP Consortium operated by all Japanese participants converging industry-academia-government wisdoms.

Our Group will avail itself of accumulated technological capabilities that it gained from having developed CAD/CAM systems since 1960’s, and support efforts to establish self-driving systems safety evaluation platforms that engage in enabling efficient developments of and fostering social acceptability for automated driving systems. We aim at a society where safe and secure mobility is ensured for everyone.

We will establish the position unique to our group in light of three social impacts of resilience, regenerative, and zero emissions through the initiatives. We will create new markets as a provider of “Digital Commons[®]” with an eye on creating a sustainable society.

We have been strengthening our efforts to work on environmental management under the banner of the “BIPROGY (Nihon Unisys) Group Long-Term Environmental Vision 2050^{Note 5}”

Our Group specifically described materiality of environmental area, and has been encouraging efforts to provide environment friendly services that promote carbon neutrality and a circular economy as well as cooperate and collaborate with stakeholders towards achieving a carbon-free society.

The efforts include our endorsing the “GX (Green Transformation) League Basic Concept” as published by the Ministry of Economy, Trade and Industry and participating in discussions on detailed designs towards implementing the GX League and verification activities.

In addition, our efforts is also exemplified by UNIADDEX, Ltd. of our Group working on a resource circulation digital platform demonstration project. The project was adopted as a model project by Bureau of Environment, Tokyo Metropolitan Government in September 2022.

Furthermore, the Group is keen on providing environmentally friendly products and services throughout the entire value chain. We aim to enable a broad range of environmental contributions through our implementing businesses for society and customers.

The group as a whole is studious in achieving its goals set forth in the Management Policies (2021-2023). We aim to continue communications with various stakeholders, continuously increase our corporate value and promote business with sustainability kept in mind.

(Notes)

1. Please see our website : https://www.biprogy.com/e/about/purpose_principles.html about the Purpose.
2. Please see our website : https://www.biprogy.com/e/about/management_policy.html about the Vision2030.
3. DIVP: Acronym for Driving Intelligence Validation Platform, virtual platform for safety evaluation capable of producing simulation models highly identical to various types of actual phenomena in a wide range of actual traffic environments
4. CAD/CAM : Acronym of Computer Aided Design/Computer Aided Manufacturing, referring to designing and manufacturing on the basis of computer technologies
5. Please see our website: https://biprogy.disclosure.site/ja/themes/118?response_id=280#280 about the “BIPROGY (Nihon Unisys) Group Long-Term Environmental Vision 2050”
6. Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

For the first six-month period of the fiscal year ending March 2023, we posted revenue of ¥154,782 million, up by ¥8,867 million or 6.1% compared with the same period of the previous fiscal year. The increase is attributable to a continued strength of system services.

Gross profit was pushed up by the enhanced revenue and profitability of system services. This outweighed impacts of an increase in selling, general and administrative costs spent for investing in own-company mechanization efforts of renewing our internal core systems. As a result, operating profit was ¥13,648 million, an increase of ¥691 million (up by 5.3%) in comparison with the same period of the previous fiscal year.

Profit attributable to owners of parent was ¥10,112 million up by ¥738 million or 7.9% on a year-over-year basis. This was attributable to an increase in finance income pushed up mainly by posting gains on valuation of investments in funds.

Adjusted operating profit that is used by the Company group as an index for managing performance was ¥13,598 million, up by ¥ 756 million or 5.9% on a year-over-year basis.

(*) Adjusted operating profit is the result obtained after deducting cost of sales and selling, general and administrative expenses from revenue.

(2) Analysis of Financial Condition

[1] Assets, Liabilities and Equity Situations

In the first half of the fiscal year under review, partly due to a decrease in trade receivables, total assets were ¥ 255,653 million, a decrease of ¥ 12,993 million compared with the end of the previous fiscal year.

Liabilities were ¥ 121,425 million, a ¥16,547 million decrease from the end of the previous fiscal year, partly due to a decrease in trade payables.

Equity was ¥ 134,228 million. Ratio of equity attributable to owners of parent to total assets was 51.9%, up by 3.9 pts. from the end of the previous fiscal year.

[2] Cash Flow Situations

Cash and cash equivalents at the end of the first half of the fiscal year under review were ¥ 45,161 million, a decrease of ¥ 3,541 million compared with the end of the previous fiscal year. The cash flow situations and relevant factors are stated below.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥ 15,118million (an increase of ¥ 3,313 million in proceeds compared with the same period of the previous fiscal year).

This reflects proceeds of ¥14,885 million in profit before income taxes, the elements of increasing the proceeds and the elements of decreasing the proceeds. The factors increasing proceeds include ¥8,032 million in depreciation and amortization, non-cash expenses, as well as a decrease of ¥ 19,496million in trade and other receivables. The factors decreasing the proceeds include a decrease of ¥6,837 million in trade and other payables.

(Cash flows from investing activities)

Net cash spent in investing activities was ¥9,154 million (an increase of ¥ 3,560 million in expenditures compared with the same period of the previous period).

This includes: expenditures of ¥1,203 million as a result of purchasing property, plant and equipment such as computers for business activities; expenditures of ¥ 6,367 million due to the acquisitions of intangible assets such as the investments in software for outsourcing; and, expenditures of ¥1,547 million by making investments in funds as well as acquiring investment securities mainly for the purpose of operating a CVC (corporate venture capital) fund through our subsidiary.

(Cash flows from financing activities)

Net cash spent in the financing activities was ¥9,635million (an increase of ¥698 million in expenditures from the same period of the previous fiscal year). This expenditure includes ¥4,324 million repayments of lease liabilities and dividends payment of ¥5,020 million.

(3) Comments on the Consolidated Earnings Forecasts and Other Forecasts

The performance forecast on a consolidated basis has not been revised since it was announced on May 6, 2022.

2. Condensed Consolidated Financial Statements and Significant Notes

(1) Condensed Consolidated Statements of Financial Position

(Millions of Yen)

	FY2022	FY2023 Q2
	(As of March 31, 2022)	(As of September 30, 2022)
Assets		
Current assets		
Cash and cash equivalents	48,703	45,161
Trade and other receivables	80,249	60,816
Contract assets	6,467	11,015
Inventories	9,550	10,148
Other financial assets	666	751
Other current assets	12,419	15,586
Total current assets	158,056	143,481
Non-current assets		
Property, plant and equipment	11,479	11,251
Right-of-use assets	19,888	17,428
Goodwill	1,589	2,003
Intangible assets	21,722	24,999
Investments accounted for using equity method	2,855	3,199
Other financial assets	42,293	42,111
Deferred tax assets	3,222	3,507
Retirement benefit asset	1,623	1,629
Other non-current assets	5,916	6,041
Total non-current assets	110,590	112,171
Total assets	268,647	255,653

(Millions of Yen)

	FY2022	FY2023 Q2
	(As of March 31, 2022)	(As of September 30, 2022)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	29,771	23,022
Contract liabilities	19,959	23,355
Borrowings	6,275	5,925
Lease liabilities	8,033	7,437
Other financial liabilities	2,203	2,194
Income taxes payable	6,039	2,771
Provisions	161	105
Other current liabilities	25,704	18,719
Total current liabilities	98,148	83,530
Non-current liabilities		
Borrowings	14,575	14,925
Lease liabilities	12,967	11,182
Other financial liabilities	389	336
Retirement benefit liability	9,945	9,437
Provisions	1,652	1,653
Deferred tax liabilities	262	336
Other non-current liabilities	30	22
Total non-current liabilities	39,823	37,894
Total liabilities	137,972	121,425
Equity		
Share capital	5,483	5,483
Capital surplus	14,944	14,962
Treasury shares	(13,400)	(13,332)
Other components of equity	8,290	6,858
Retained earnings	113,599	118,691
Total equity attributable to owners of parent	128,917	132,663
Non-controlling interests	1,757	1,564
Total equity	130,674	134,228
Total liabilities and equity	268,647	255,653

(2) Condensed Consolidated Statements of Profit or Loss and Comprehensive Income

(Condensed Consolidated Statements of Profit or Loss)

(Millions of Yen)

	FY2022 Q2 (Six months ended September 30, 2021)	FY2023 Q2 (Six months ended September 30, 2022)
Revenue	145,914	154,782
Cost of sales	106,914	113,359
Gross profit	39,000	41,422
Selling, general and administrative expenses	26,158	27,824
Share of profit (loss) of investments accounted for using equity method	0	192
Other income	171	56
Other expenses	57	199
Operating profit	12,956	13,648
Finance income	1,044	1,321
Finance costs	96	84
Profit before tax	13,905	14,885
Income tax expense	4,416	4,782
Profit	9,488	10,103
Profit attributable to		
Owners of parent	9,373	10,112
Non-controlling interests	114	(8)
Profit	9,488	10,103
Earnings per share		
Basic earnings per share (Yen)	93.36	100.65
Diluted earnings per share (Yen)	93.05	100.35

(Condensed Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2022 Q2 (Six months ended September 30, 2021)	FY2023 Q2 (Six months ended September 30, 2022)
Profit	9,488	10,103
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	992	(1,730)
Share of other comprehensive income of investments accounted for using equity method	(0)	-
Total of items that will not be reclassified to profit or loss	992	(1,730)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	73	322
Share of other comprehensive income of investments accounted for using equity method	-	(3)
Total of items that may be reclassified to profit or loss	73	319
Other comprehensive income, net of tax	1,066	(1,411)
Comprehensive income	10,554	8,692
Comprehensive income attributable to		
Owners of parent	10,435	8,697
Non-controlling interests	119	(5)
Comprehensive income	10,554	8,692

(3) Condensed Consolidated Statements of Changes in Equity
FY2022 Q2 (Six months ended September 30, 2021)

(Millions of Yen)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Financial assets measured at fair value through other comprehensive income	Share acquisition rights	Share of other comprehensive income of investments accounted for using equity method
As of April 1, 2021	5,483	14,901	(13,475)	6,132	518	0
Profit						
Other comprehensive income				992		(0)
Comprehensive income	-	-	-	992	-	(0)
Dividends of surplus						
Purchase of treasury shares			(0)			
Disposal of treasury shares		2	17		(19)	
Share-based payment transactions		50	37			
Loss of control of subsidiaries						
Changes in ownership interest in subsidiaries		(3)				
Transfer from other components of equity to retained earnings				(53)		
Other						
Total transactions with owners	-	49	54	(53)	(19)	-
As of September 30, 2021	5,483	14,950	(13,420)	7,072	499	0

	Equity attributable to owners of parent					
	Other components of equity					
	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
As of April 1, 2021	(34)	6,618	98,744	112,271	1,715	113,986
Profit			9,373	9,373	114	9,488
Other comprehensive income	68	1,061		1,061	4	1,066
Comprehensive income	68	1,061	9,373	10,435	119	10,554
Dividends of surplus			(3,513)	(3,513)	(110)	(3,624)
Purchase of treasury shares				(0)		(0)
Disposal of treasury shares		(19)		0		0
Share-based payment transactions				88		88
Loss of control of subsidiaries					(166)	(166)
Changes in ownership interest in subsidiaries				(3)	133	130
Transfer from other components of equity to retained earnings		(53)	53			-
Other			(5)	(5)		(5)
Total transactions with owners	-	(72)	(3,466)	(3,435)	(142)	(3,578)
As of September 30, 2021	34	7,607	104,651	119,271	1,691	120,963

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Financial assets measured at fair value through other comprehensive income	Share acquisition rights	Share of other comprehensive income of investments accounted for using equity method
As of April 1, 2022	5,483	14,944	(13,400)	7,698	485	3
Profit						
Other comprehensive income				(1,730)		(3)
Comprehensive income	-	-	-	(1,730)	-	(3)
Dividends of surplus						
Purchase of treasury shares			(0)			
Disposal of treasury shares		(9)	27		(18)	
Share-based payment transactions		37	40			
Changes in ownership interest in subsidiaries		(9)				
Transfer from other components of equity to retained earnings				0		
Other						
Total transactions with owners	-	17	68	0	(18)	-
As of September 30, 2022	5,483	14,962	(13,332)	5,968	467	0

	Equity attributable to owners of parent					
	Other components of equity					
	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
As of April 1, 2022	104	8,290	113,599	128,917	1,757	130,674
Profit			10,112	10,112	(8)	10,103
Other comprehensive income	318	(1,414)		(1,414)	3	(1,411)
Comprehensive income	318	(1,414)	10,112	8,697	(5)	8,692
Dividends of surplus			(5,022)	(5,022)	(145)	(5,167)
Purchase of treasury shares				(0)		(0)
Disposal of treasury shares		(18)		0		0
Share-based payment transactions				78		78
Changes in ownership interest in subsidiaries				(9)	(42)	(52)
Transfer from other components of equity to retained earnings		0	(0)			-
Other			3	3		3
Total transactions with owners	-	(17)	(5,019)	(4,950)	(187)	(5,138)
As of September 30, 2022	422	6,858	118,691	132,663	1,564	134,228

(4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2022 Q2	FY2023 Q2
	(Six months ended September 30, 2021)	(Six months ended September 30, 2022)
Cash flows from operating activities		
Profit before tax	13,905	14,885
Depreciation and amortization	8,361	8,032
Impairment losses	-	58
Interest and dividend income	(241)	(257)
Interest expenses	83	74
Share of loss (profit) of investments accounted for using equity method	(0)	(192)
Decrease (increase) in trade and other receivables	15,146	19,496
Decrease (increase) in contract assets	(5,210)	(4,548)
Decrease (increase) in inventories	(1,409)	(597)
Increase (decrease) in trade and other payables	(7,042)	(6,837)
Increase (decrease) in contract liabilities	3,240	3,362
Increase or decrease in retirement benefit asset or liability	(515)	(514)
Other	(8,281)	(10,974)
Subtotal	18,036	21,987
Interest and dividends received	242	258
Interest paid	(84)	(74)
Income taxes paid	(6,388)	(7,052)
Net cash provided by (used in) operating activities	11,805	15,118
Cash flows from investing activities		
Purchase of property, plant and equipment	(989)	(1,203)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(3,653)	(6,367)
Purchase of investment securities	(1,172)	(1,547)
Proceeds from sale of investment securities	109	2
Decrease from loss of control of subsidiaries	(480)	-
Other	593	(38)
Net cash provided by (used in) investing activities	(5,594)	(9,154)

(Millions of Yen)

	FY2022 Q2	FY2023 Q2
	(Six months ended September 30, 2021)	(Six months ended September 30, 2022)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	350
Repayments of long-term borrowings	(1,140)	(350)
Repayments of lease liabilities	(4,424)	(4,324)
Dividends paid	(3,512)	(5,020)
Dividends paid to non-controlling interests	(103)	(135)
Other	242	(155)
Net cash provided by (used in) financing activities	(8,937)	(9,635)
Effect of exchange rate changes on cash and cash equivalents	31	129
Net increase (decrease) in cash and cash equivalents	(2,694)	(3,541)
Cash and cash equivalents at beginning of period	46,281	48,703
Cash and cash equivalents at end of period	43,586	45,161

- (5) Notes about Condensed Consolidated Financial Statements
(Notes on Going Concern Assumption)
None applicable

(Segment Information)

(1) Overview of reportable segments

The reportable segments of the Company are those among the constituent units of the Company for which separate financial statements can be obtained and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

By fully harnessing the collective capabilities of the Group, the Company provides comprehensive IT solution services, from identifying customers' management issues to providing solutions to them.

The Company's operations therefore consist of segments composed of products and services that constitute our IT solution services.

We have five reportable segments: System Services, Support Services, Outsourcing, Software, and Hardware.

Details of the reportable segments are as follows:

- System Services: Software contract development business, system engineer services, and consulting
- Support Services: Software and hardware maintenance, installation support and related services
- Outsourcing: System operation by contract, and related services
- Software: Provision of software based on software license agreements
- Hardware: Provision of hardware partly based on equipment sales agreements

(2) Information about performance by reportable segment
FY2022 Q2 (from April 1, 2021 to September 30, 2021)

(Millions of Yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated financial statements
	System Services	Support Services	Out sourcing	Software	Hardware	Total				
Revenue	47,119	25,496	31,240	15,421	21,867	141,144	4,770	145,914	-	145,914
Segment profits (Note 3)	14,369	8,167	9,146	2,422	3,793	37,898	1,101	39,000	(26,158)	12,841
Share of profit (loss) of investments accounted for using equity method										0
Other income										171
Other expense										57
Operating profit										12,956
Finance income										1,044
Finance costs										96
Profit before tax										13,905

(Notes)

1. The Other category is a business segment that is not included in the reportable segments. It includes network services and installation.
2. The adjustment for Segment profits represents the selling, general and administrative expenses that have not been distributed to each reportable segment.
3. Segment profits represent adjusted operating profits which are obtained by deducting cost of sales and selling, general and administrative expenses from revenue.

FY2023 Q2 (from April 1, 2022 to September 30, 2022)

(Millions of Yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated financial statements
	System Services	Support Services	Out sourcing	Software	Hardware	Total				
Revenue	52,458	25,583	31,855	17,857	22,161	149,915	4,866	154,782	-	154,782
Segment profits (Note 3)	18,267	8,248	8,708	1,726	3,386	40,337	1,084	41,422	(27,824)	13,598
Share of profit (loss) of investments accounted for using equity method										192
Other income										56
Other expense										199
Operating profit										13,648
Finance income										1,321
Finance costs										84
Profit before tax										14,885

(Notes)

1. The Other category is a business segment that is not included in the reportable segments. It includes network services and installation.
2. The adjustment for Segment profits represents the selling, general and administrative expenses that have not been distributed to each reportable segment.
3. Segment profits represent adjusted operating profits which are obtained by deducting cost of sales and selling, general and administrative expenses from revenue.