



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

February 1, 2023

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:	February 10, 2023
Scheduled Starting Date for Dividend Payment:	—
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for FY2023 Q3(from April 1, 2022 to December 31, 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 Q3	229,976	5.6	19,633	4.5	19,952	(0.9)	13,570	(0.5)	13,235	(9.8)
FY2022 Q3	217,842	(0.1)	18,790	7.1	20,132	15.2	13,641	14.6	14,678	6.8

(Note) Adjusted operating profit FY2023 Q3 : 19,282 Million Yen (3.5%) FY2022 Q3 : 18,629 Million Yen (6.9%)

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 Q3	135.06	134.66
FY2022 Q3	135.85	135.40

(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 Q3	254,400	134,751	133,163	52.3%
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 Q3	109,663,524	FY2022	109,663,524
2. Number of shares of treasury stock	FY2023 Q3	9,173,586	FY2022	9,218,006
3. Average number of shares outstanding (during the period)	FY2023 Q3	100,475,046	FY2022 Q3	100,416,438

* 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)

Contents

1. Results of Business Operations and Financial Conditions	2
(1) Analysis of Business Operations	2
(2) Analysis of Financial Conditions	5
(3) Comments on the Consolidated Earnings Forecasts and Other Forecasts	5
2. Condensed Consolidated Financial Statements and Significant Notes	6
(1) Condensed Consolidated Statements of Financial Position	6
(2) Condensed Consolidated Statements of Profit or Loss and Comprehensive Income	8
(3) Condensed Consolidated Statements of Changes in Equity	10
(4) Condensed Consolidated Statements of Cash Flows	12
(5) Notes about Condensed Consolidated Financial Statements	14
(Notes on Going Concern Assumption)	14
(Segment Information)	14

1. Results of Business Operations and Financial Conditions

■Re. Our responses to USB flash drives lost on June 21, 2022

We caused significant anxieties and concerns due to a material incident of losing USB flash drives that contained personal details in June 2022. We hereby extend our heartfelt apologies to our stakeholders.

Due to the significant of this issue, we established a Third-Party Investigation Committee composed of external experts on July 1, 2022. We entrusted the Committee to verify actual situations of this incident and other similar dealings and conduct causal analyses from the total objective viewpoints, as well as make proposals of improvement measures. We received an investigation report from the Committee on December 12, 2022.

We have accepted the investigation results with sincerity. We will completely implement measures to prevent recurrence including those described in the proposal. We will continuously implement security measures and strengthen efforts to manage and supervise subcontractors.

We submitted our improvement reports on November 30, 2022 in response to legal guidance issued from the Personal Information Protection Commission on September 21, 2022.

We will work on strengthening governance for the entire group about handling appropriately personal information in order to prevent a recurrence of this incident in the future and enable the use of our group services with peace of mind.

Furthermore, we will improve our arrangements for information management and operations of the arrangements and repeatedly provide thorough training and guidance for all executives and employees of our group and subcontractors. We are prepared to do our utmost efforts to prevent the issue from occurring again and regain trust in us.

(1) Analysis of Business Operations

For the nine-month period of the fiscal year ending March 2023, we implemented COVID-19 containment measures. As a result, we saw furthermore normalization of economic and social activities as reflected in the Japanese economy gradually showing signs of improvement.

However, we have seen the economy remaining uncertain, partly due to lingering Ukraine crises, soaring prices of raw materials and drastic foreign exchange fluctuations as well as COVID-19 infection statuses in China.

Although we have been aware of a good appetite for digital transformation (DX) investment in the domestic information services market, we are concerned with the Japanese economy remaining uncertain. We need to be continuously careful 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.

In light of our business landscape, we saw system services provided through digital transformation (DX) projects and sales of software products relating to workstyle reforms take the lead in driving up revenue. As a result, we posted an increase in profit compared with the same quarter of the fiscal year under review.

An increase in selling, general and administrative expenses partly due to renewing internal core systems was compensated for by gross profit driven up as a result of the revenue increase. Thus, operating profit and adjusted operating profit increased on a year-over-year basis.

Orders and order backlogs both increased on a year-over-year basis, as a result of system services / outsourcing projects for financial institutions and retailers becoming steadily accumulated. We will continuously strengthen our sales activities in order to ensure orders with the aim of achieving our full-year targets.

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 a full-scale launch of “OptBAE[®]” ^{Note 3}, joint-use core-banking service for regional financial institutions.

Seven shinkin banks decided to use the OptBAE services following four predecessors. OptBAE will sequentially provide production services in the future.

OptBAE is a digital service to help financial institutions reduce environmental impacts and optimize costs, and furthermore regional economies to achieve sustainable growth.

In addition, we will train and develop computer literate employees having a good command of digital technologies through study meetings and other types of opportunities that we provide in order to develop IT personnel at our user community dedicated for financial institutions.

We will develop a platform through which we can afford to serve regional financial institutions in the future as we do.

Our “For Society” initiatives are mainly exemplified by our efforts to work on carbon-neutral/decarbonized society pursuant to the “BIPROGY (Nihon Unisys) Group Long-Term Environmental Vision 2050” ^{Note 5} established in 2020.

The Company launched the SaaS-type Environmental Value Management Service in November 2022, conducive to optimal management of non-fossil fuel certificates and environmental value. Users of the service will be able to optimize the purchase and management of non-fossil fuel certificates, decrease workloads and costs about their following “carbon-offset” ^{Note 5} procedures, and even obtain opportunities of launching and expanding intermediary businesses of dealing in non-fossil fuel certificates.

Furthermore, the Company executed a business alliance agreement with Asuene Inc. about dealing in Asuzero[®] in December 2022. The cloud service provided by Asuene Inc. can visualize CO₂ emission at users and help them reduce and report on it. The Company and Asuene Inc. have provided a total support for companies attempting to neutralize carbon emissions in business through integrated services of Asuzero and the Environmental Value Management Service, with the aim of contributing to a decarbonized society.

We have provided services to reform supply chains with an aim to optimize shop operations impacted by labor shortage and reduce food loss & waste. Our services have helped logistics/distribution companies and retailers make efforts about workstyle reforms and to achieve zero emissions.

Furthermore, the Company is on the team that submitted a proposal about a joint demonstration experiment to the Ministry of Economy, Trade and Industry (METI) under the theme of showcasing effective implementation and usage of automatic devices at logistics/distribution facilities of an entire supply chain ^{Note 6}. The proposal by eight member companies was adopted in October 2022.

We will conduct the demonstration experiment conducive to enabling environments fit for implementing robots (robot-friendly environments). At the same time, we will work on improving profitability and enabling a sustainable growth of logistics/distribution sectors through the initiatives of optimizing supply chain and logistics/distribution operations.

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.

Our group has worked on creating environments where a diverse group of employees can give full play to their abilities under the banner “Develop and strengthen human resources to create a new future and promote diversity and inclusion” as part of the material issues ^{Note 7}.

The attempts are exemplified in promoting a talent management system that we created. It is based upon “HR Architecture[®]” ^{Note 9}, pursuant to ROLES ^{Note 8}. We have promoted key measures of employing and developing employees who can lead key business areas such as DX and business production, strengthening coordination between business strategies and workforce strategies, and promoting career self-reliance and re-skilling.

In addition, we have promoted our efforts to support women working for our group through specialized female outpatient care arrangements that enable female employees to consult female doctors about a wide variety of poor health conditions such as those caused by sicknesses peculiar to women since November 2022.

The Group was recognized for the initiatives in November 2022 by a voluntary organization, “work with Pride”, that aims to create workplaces where sexual minorities (such as LGBTQ) can work comfortably. We were awarded a Gold Prize, the highest award in the PRIDE Directory 2022, again in the previous fiscal year.

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. OptBAE : acronym for Optimizing cost structure and as a Business Assist Engine, joint use core-banking service on the basis of open “full-banking” system technologies
4. 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”
5. Carbon offset : attempt to reduce emissions of greenhouse gas (carbon dioxide) through the use of environmental value (endorsed by non-fossil fuel certificates), in order to compensate for emissions made elsewhere
6. The Ministry of Economy, Trade and Industry (METI) publicly asked for proposals under the theme of showcasing effective implementation and usage of automatic devices at logistics/distribution facilities of an entire supply chain in the fiscal year of 2022.
7. Please see our website : <https://www.biprogy.com/sustainability/> about the material issues.
8. ROLES : roles taken in order to perform business missions. It refers to a set of definitions of roles to be taken in order to perform duties as well as skills and competencies to be needed accordingly. It is a concept to visualize types, qualities and quantities of human capital.
9. HR Architecture : a framework to oversee the entire picture of measures about developing and managing human capital as well as building careers from the medium and long-term viewpoints based upon ROLES.
10. PRIDE Directory : the nation’s first performance index to assess efforts about sexual minorities such as LGBT at work sites.
11. Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

For the nine-month period of the fiscal year ending March 2023, we posted revenue of ¥229,976 million, up by ¥12,133 million or 5.6% 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 compensated for 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 ¥19,633 million, an increase of ¥843 million (up by 4.5%) in comparison with the same period of the previous fiscal year. Profit attributable to owners of parent was ¥13,570 million down by ¥71 million or 0.5 % on a year-over-year basis. This was attributable to a decrease in finance income mainly due to posting a decrease in the gains on valuation of investments in funds.

Adjusted operating profit that is used by the Company group as an index for managing performance was ¥19,282 million, up by ¥653 million or 3.5% 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 nine-month period of the fiscal year under review, partly due to a decrease in trade receivables, total assets were ¥ 254,400 million, a decrease of ¥ 14,246 million compared with the end of the previous fiscal year.

Liabilities were ¥ 119,648 million, a ¥18,323 million decrease from the end of the previous fiscal year, partly due to a decrease in trade payables.

Equity was ¥ 134,751 million. Ratio of equity attributable to owners of parent to total assets was 52.3%, up by 4.3 pts. from the end of the previous fiscal year.

[2] Cash Flow Situations

Cash and cash equivalents at the end of the nine-month period of the fiscal year under review were ¥40,416 million, a decrease of ¥8,286 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 ¥20,145 million (a decrease of ¥1,977 million in proceeds compared with the same period of the previous fiscal year).

This reflects proceeds of ¥19,952 million in profit before income taxes, the elements of increasing the proceeds and the elements of decreasing the proceeds.

The factors increasing proceeds include ¥12,000 million in depreciation and amortization, non-cash expenses, as well as a decrease of ¥24,303 million in trade and other receivables.

The factors decreasing the proceeds include an increase of ¥6,629 million in inventories and a decrease of ¥6,611 million in trade and other payables.

(Cash flows from investing activities)

Net cash spent in investing activities was ¥12,770 million (an increase of ¥4,432 million in expenditures compared with the same period of the previous period).

This includes: expenditures of ¥1,913 million as a result of purchasing property, plant and equipment such as computers for business activities; expenditures of ¥9,234 million due to the acquisitions of intangible assets such as the investments in software for outsourcing; and, expenditures of ¥2,440 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 ¥15,797million (an increase of ¥772 million in expenditures from the same period of the previous fiscal year). This expenditure includes ¥6,470 million repayments of lease liabilities and dividends payment of ¥9,031 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 Q3
	(As of March 31, 2022)	(As of December 31, 2022)
Assets		
Current assets		
Cash and cash equivalents	48,703	40,416
Trade and other receivables	80,249	56,018
Contract assets	6,467	11,708
Inventories	9,550	16,181
Other financial assets	666	677
Other current assets	12,419	16,170
Total current assets	158,056	141,172
Non-current assets		
Property, plant and equipment	11,479	11,282
Right-of-use assets	19,888	15,791
Goodwill	1,589	2,041
Intangible assets	21,722	26,364
Investments accounted for using equity method	2,855	3,816
Other financial assets	42,293	42,623
Deferred tax assets	3,222	3,477
Retirement benefit asset	1,623	1,632
Other non-current assets	5,916	6,198
Total non-current assets	110,590	113,227
Total assets	268,647	254,400

(Millions of Yen)

	FY2022	FY2023 Q3
	(As of March 31, 2022)	(As of December 31, 2022)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	29,771	23,243
Contract liabilities	19,959	22,386
Borrowings	6,275	5,925
Lease liabilities	8,033	6,954
Other financial liabilities	2,203	3,943
Income taxes payable	6,039	2,299
Provisions	161	108
Other current liabilities	25,704	18,421
Total current liabilities	98,148	83,282
Non-current liabilities		
Borrowings	14,575	14,925
Lease liabilities	12,967	9,979
Other financial liabilities	389	311
Retirement benefit liability	9,945	9,184
Provisions	1,652	1,715
Deferred tax liabilities	262	230
Other non-current liabilities	30	19
Total non-current liabilities	39,823	36,366
Total liabilities	137,972	119,648
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	7,394
Retained earnings	113,599	118,655
Total equity attributable to owners of parent	128,917	133,163
Non-controlling interests	1,757	1,587
Total equity	130,674	134,751
Total liabilities and equity	268,647	254,400

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

(Condensed Consolidated Statements of Profit or Loss)

(Millions of Yen)

	FY2022 Q3 (Nine months ended December 31, 2021)	FY2023 Q3 (Nine months ended December 31, 2022)
Revenue	217,842	229,976
Cost of sales	159,483	168,319
Gross profit	58,359	61,656
Selling, general and administrative expenses	39,729	42,373
Share of profit (loss) of investments accounted for using equity method	31	381
Other income	236	131
Other expenses	107	162
Operating profit	18,790	19,633
Finance income	1,477	742
Finance costs	134	423
Profit before tax	20,132	19,952
Income tax expense	6,394	6,368
Profit	13,737	13,584
Profit attributable to		
Owners of parent	13,641	13,570
Non-controlling interests	96	14
Profit	13,737	13,584
Earnings per share		
Basic earnings per share (Yen)	135.85	135.06
Diluted earnings per share (Yen)	135.40	134.66

(Condensed Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2022 Q3 (Nine months ended December 31, 2021)	FY2023 Q3 (Nine months ended December 31, 2022)
Profit	13,737	13,584
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	861	(695)
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	861	(695)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	79	346
Share of other comprehensive income of investments accounted for using equity method	-	(0)
Total of items that may be reclassified to profit or loss	79	346
Other comprehensive income, net of tax	940	(349)
Comprehensive income	14,678	13,235
Comprehensive income attributable to		
Owners of parent	14,576	13,217
Non-controlling interests	101	17
Comprehensive income	14,678	13,235

(3) Condensed Consolidated Statements of Changes in Equity
FY2022 Q3 (Nine months ended December 31, 2021)

(Millions of Yen)

	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, 2021	5,483	14,901	(13,475)	6,132	518	0
Profit						
Other comprehensive income				861		(0)
Comprehensive income	-	-	-	861	-	(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 December 31, 2021	5,483	14,950	(13,420)	6,940	498	0

	Equity attributable to owners of parent					
	Other components of equity				Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total	Retained earnings	Total		
As of April 1, 2021	(34)	6,618	98,744	112,271	1,715	113,986
Profit			13,641	13,641	96	13,737
Other comprehensive income	74	935		935	4	940
Comprehensive income	74	935	13,641	14,576	101	14,678
Dividends of surplus			(7,028)	(7,028)	(110)	(7,139)
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	-	(73)	(6,981)	(6,950)	(142)	(7,093)
As of December 31, 2021	39	7,480	105,404	119,897	1,673	121,571

	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 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
Profit					
Other comprehensive income				(695)	(0)
Comprehensive income	-	-	-	(695)	(0)
Dividends of surplus					
Purchase of treasury shares			(0)		
Disposal of treasury shares		(9)	28		(18)
Share-based payment transactions		37	40		
Changes in ownership interest in subsidiaries		(9)			
Transfer from other components of equity to retained earnings				(525)	
Other					
Total transactions with owners	-	17	68	(525)	(18)
As of December 31, 2022	5,483	14,962	(13,332)	6,477	466

	Equity attributable to owners of parent				
	Other components of equity		Retained earnings	Total	Non-controlling interests
	Exchange differences on translation of foreign operations	Total			
As of April 1, 2022	104	8,290	113,599	128,917	1,757
Profit			13,570	13,570	14
Other comprehensive income	343	(352)		(352)	3
Comprehensive income	343	(352)	13,570	13,217	17
Dividends of surplus			(9,041)	(9,041)	(145)
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)
Transfer from other components of equity to retained earnings		(525)	525		-
Other			3	3	3
Total transactions with owners	-	(543)	(8,513)	(8,970)	(187)
As of December 31, 2022	447	7,394	118,655	133,163	1,587

(4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2022 Q3 (Nine months ended December 31, 2021)	FY2023 Q3 (Nine months ended December 31, 2022)
Cash flows from operating activities		
Profit before tax	20,132	19,952
Depreciation and amortization	12,469	12,000
Impairment losses	-	88
Interest and dividend income	(345)	(385)
Interest expenses	122	109
Share of loss (profit) of investments accounted for using equity method	(31)	(381)
Decrease (increase) in trade and other receivables	19,432	24,303
Decrease (increase) in contract assets	(5,405)	(5,240)
Decrease (increase) in inventories	(4,613)	(6,629)
Increase (decrease) in trade and other payables	(8,077)	(6,611)
Increase (decrease) in contract liabilities	3,170	2,398
Increase or decrease in retirement benefit asset or liability	(763)	(769)
Other	(6,975)	(8,672)
Subtotal	29,115	30,163
Interest and dividends received	346	386
Interest paid	(111)	(98)
Income taxes paid	(7,226)	(10,306)
Net cash provided by (used in) operating activities	22,123	20,145
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,242)	(1,913)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(5,708)	(9,234)
Purchase of investment securities	(1,929)	(2,440)
Proceeds from sale of investment securities	109	1,228
Decrease from loss of control of subsidiaries	(480)	-
Purchase of investments accounted for using equity method	-	(499)
Other	912	86
Net cash provided by (used in) investing activities	(8,338)	(12,770)

(Millions of Yen)

	FY2022 Q3	FY2023 Q3
	(Nine months ended December 31, 2021)	(Nine months ended December 31, 2022)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	350
Repayments of long-term borrowings	(1,525)	(350)
Repayments of lease liabilities	(6,612)	(6,470)
Dividends paid	(7,019)	(9,031)
Dividends paid to non-controlling interests	(110)	(145)
Other	242	(151)
Net cash provided by (used in) financing activities	(15,025)	(15,797)
Effect of exchange rate changes on cash and cash equivalents	36	137
Net increase (decrease) in cash and cash equivalents	(1,204)	(8,286)
Cash and cash equivalents at beginning of period	46,281	48,703
Cash and cash equivalents at end of period	45,076	40,416

- (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 Q3 (Nine months ended December 31, 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	72,393	38,223	47,087	20,395	32,653	210,754	7,088	217,842	-	217,842
Segment profits (Note 4)	22,230	12,263	13,627	2,862	5,799	56,784	1,575	58,359	(39,729)	18,629
Share of profit (loss) of investments accounted for using equity method										31
Other income										236
Other expense										107
Operating profit										18,790
Finance income										1,477
Finance costs										134
Profit before tax										20,132

(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 Q3 (Nine months ended December 31, 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	80,806	38,713	48,018	23,143	32,206	222,888	7,088	229,976	-	229,976
Segment profits (Note 4)	27,749	12,253	12,904	2,179	4,995	60,082	1,574	61,656	(42,373)	19,282
Share of profit (loss) of investments accounted for using equity method										381
Other income										131
Other expense										162
Operating profit										19,633
Finance income										742
Finance costs										423
Profit before tax										19,952

(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.