

Note) This is an English translation of summarized consolidated financial results prepared for readers' convenience. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.



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

August 3, 2022

### BIPROGY Inc.

Stock Listing:	Tokyo Stock Exchange, Prime Market
Stock Code:	8056
URL:	<a href="https://www.biprogy.com/e/">https://www.biprogy.com/e/</a>
Representative:	Akiyoshi Hiraoka, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	August 12, 2022
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 Q1(from April 1, 2022 to June 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	%
<b>FY2023 Q1</b>	70,517	4.3	4,778	0.5	5,828	13.3	3,919	11.4	2,172	(41.3)
<b>FY2022 Q1</b>	67,619	(0.4)	4,756	6.6	5,145	12.2	3,516	11.7	3,697	7.5

(Note) Adjusted operating profit FY2023 Q1 : 4,764 Million Yen (1.5%) FY2022 Q1 : 4,693 Million Yen (5.1%)

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
<b>FY2023 Q1</b>	39.02	38.90
<b>FY2022 Q1</b>	35.03	34.91

#### (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	%
<b>FY2023 Q1</b>	248,757	127,640	126,104	50.7%
<b>FY2022</b>	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
<b>FY2022</b>	—	35.00	—	50.00	85.00
<b>FY2023</b>	—				
<b>FY2023 (Forecast)</b>		40.00	—	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
<b>FY2023</b>	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 Q1	109,663,524	FY2022	109,663,524
FY2023 Q1	9,201,956	FY2022	9,218,006
FY2023 Q1	100,453,093	FY2022 Q1	100,394,205

2. Number of shares of treasury stock

3. Average number of shares outstanding (during the period)

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

\*Comment 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

As COVID-19 containment measures have promoted a gradual normalization of economic and social activities during the three-month period of the first quarter of the fiscal year ending March 2023, the Japanese economy is expected to pick up from now on. However, the economy remains uncertain due to long-lasting Ukraine crises and a rise in raw materials costs as well as an ongoing semiconductor shortage.

We have seen a good appetite for digital transformation (DX) investment in the domestic information services market. However, some companies are concerned with a rapid depreciation of the yen. 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<sup>Note 1)</sup>” and the “Vision 2030<sup>Note 2)</sup>” 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 of a customer.

In light of the critical nature of this issue, we established on July 1, 2022 a third-party investigation committee through which we will conduct factual investigations into, verifications about and casual analyses about the issue including the factor of re-entrustment from the viewpoint of ensured objectivity, implement improvement measures on the basis of the foregoing, and fulfill our accountability obligations for our stakeholders. The independent panel comprises three external experts who have no interest in the Company. The company group will fully cooperate with the third-party investigation committee in the investigation and verification and will make sincere responses.

The Company takes seriously the occurrence of this incident. We will improve the information management system and operations, provide training to and guidance for subcontracting companies as well as all executives and employees of the company group.

Our business landscape is that revenue was driven by robust system services projects related to digital transformation (DX). As a result, revenue increased in comparison with the same quarter of the previous fiscal year.

Operating profit remained unchanged on a year-over-year basis despite an increase in selling, general, and administrative expenses for the purpose of internal DX promotion.

Orders and order backlogs increased in comparison with the same quarter of the previous fiscal year, attributable to system services booming on the basis of a high level of project quantity. We have seen a keen appetite in DX investments in every business sector. We will enhance sales activities and ensure order intake with an eye on achieving our full-year targets.

The Company has worked on increasing business ecosystems<sup>®</sup> 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 the “COCOMFY<sup>®</sup>” service to help regional financial institutions take into consideration regional characteristics and create branch offices fit for local areas. The service is designed to improve experience value at branch offices for customers visiting there and employees working there and streamline business operations at branch offices. We received inquiries about the service before launching it. Several customers have already planned to use the service.

Furthermore, we launched the “Data Use Platform” where data and information held by regional financial institutions can be collected, integrated, analyzed and used. It is a platform for enabling data analyses needed for regional financial institutions to enable data-driven management.

Further, the platform will be used for developing employees capable of data-driven detection of issues at customers and providing data-informed solutions to them. We support enabling value-added services in banking<sup>Note 3</sup> with the aim of creating sustainable and digitalized local communities and solving issues that may be encountered.

The Company was selected as Noteworthy DX Company <sup>Note 4</sup> 2022 for our efforts to create new solutions through co-creation initiatives with companies in various business sectors and industries and provide solutions for issues at customers. We will continuously promote the “For Customers” initiatives conducive to sustained growth of customers.

Our “For Society” initiatives are exemplified by the “KIINNOX<sup>®</sup>” project that we launched in November 2021 with the aim of promoting distribution and use of domestic timber through collaborations among businesses of various areas. Green Digital & Innovation Inc. of our group launched a business of selling office furniture as well as wooden interior finishing materials with the project intention in mind. The aim is to vitalize domestic timber distributions and create ecological and sustainable office environments. Thus, we will contribute to a decarbonized society.

Furthermore, the Company launched a full-scale operation of a distributed intercompany data distribution platform “Dot to Dot<sup>®</sup>” to realize compatibility between using personal data and protecting personal information and to promote co-creation initiatives among companies. Users of this service will be able to enjoy original services optimized for themselves if they agree to providing their personal data to companies.

We will continue to take on challenges that we face as we endeavor to enable a better future through our contributing to creating co-creative interindustry communities among companies and connecting among people and towns.

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<sup>®</sup> with an eye on creating a sustainable society.

Other aspects of our initiatives are exemplified by listing as part of Materiality <sup>Note 5</sup> encouraging employees to become capable of creating a new future and developing diversity & inclusion. Accordingly, we have been developing systems and arrangements to enable a wide variety of employees to play active roles.

The company group gave its endorsement of “Business for Marriage Equality (BME)”, a campaign for marriage equality (same-sex marriage legislation), as part of the endeavors. We will be conducive to Sustainable Development Goal 5 “Gender Equality” and Sustainable Development Goal 10 “Reduced Inequalities” in our implementing business activities with a strong commitment to respect for human rights kept in mind.

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](https://www.biprogy.com/e/about/purpose_principles.html)
2. Please see our website : [https://www.biprogy.com/e/about/management\\_policy.html](https://www.biprogy.com/e/about/management_policy.html)
3. Value-added services in banking  
This refers to providing high value-added services promptly to regional businesses and consumers through efforts to provide non-face-to-face services via advancing engagement channels as well as consulting services furthermore optimized for individual customers by analyzing and using collected and accumulated data.
4. Noteworthy DX Companies  
Companies that implement noteworthy attempts of positive impacts specifically on corporate value, amongst those that are always bold in taking on challenges and reforming business models and business management
5. Please see our website : <https://biprogy.disclosure.site/ja/themes/95>
6. Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

For the first three-month period of the fiscal year ending March 2023, we posted revenue of ¥70,517 million, up by ¥2,898 million or 4.3% compared with the same period of the previous fiscal year. The increase is attributable to a continued strength of system services.

Operating profit of ¥4,778 million (up by 0.5%) remained at the same level of the first quarter of the previous fiscal year. This was due to factors: an increase in gross profit driven by an increase in system services revenue and an improved system services profitability; and, an increase in selling, general and administrative costs such as own-company mechanization investment costs for renovating our core systems.

Profit attributable to owners of parent was ¥3,919 million up by ¥402 million or 11.4% 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 ¥4,764 million, up by ¥70.0 million or 1.5% 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 first quarter of the fiscal year under review, partly due to a decrease in trade receivables, total assets were ¥248,757 million, a decrease of ¥19,889 million compared with the end of the previous fiscal year.

Liabilities were ¥121,117 million, a ¥16,855 million decrease from the end of the previous fiscal year, partly due to a decrease in trade payables.

Equity was ¥127,640 million. Ratio of equity attributable to owners of parent to total assets was 50.7%, up by 2.7 pts. from the end of the previous fiscal year.

### [2] Cash Flow Situations

Cash and cash equivalents at the end of the first quarter of the fiscal year under review were ¥49,949 million, an increase of ¥1,245 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 ¥12,897 million (an increase of ¥542 million in proceeds compared with the same period of the previous fiscal year).

This reflects proceeds of ¥5,828 million in profit before income taxes, the elements of increasing the proceeds and the elements of decreasing the proceeds. The factors increasing proceeds include ¥4,055 million in depreciation and amortization, non-cash expenses, as well as a decrease of ¥31,233 million in trade and other receivables. The factors decreasing the proceeds include a decrease of ¥10,485 million in trade and other payables.

#### (Cash flows from investing activities)

Net cash spent in investing activities was ¥4,290 million (an increase of ¥906 million in expenditures compared with the same period of the previous period).

This includes: expenditures of ¥384 million as a result of purchasing property, plant and equipment such as computers for business activities; expenditures of ¥2,560 million due to the acquisitions of intangible assets such as the investments in software for outsourcing; and, expenditures of ¥809 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 ¥7,419 million (an increase of ¥1,336 million in expenditures from the same period of the previous fiscal year). This includes dividends payment of ¥4,955 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 (As of March 31, 2022)	FY2023 Q1 (As of June 30, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	48,703	49,949
Trade and other receivables	80,249	49,047
Contract assets	6,467	9,970
Inventories	9,550	12,548
Other financial assets	666	679
Other current assets	12,419	16,256
<b>Total current assets</b>	<b>158,056</b>	<b>138,453</b>
<b>Non-current assets</b>		
Property, plant and equipment	11,479	11,145
Right-of-use assets	19,888	18,442
Goodwill	1,589	1,903
Intangible assets	21,722	22,835
Investments accounted for using equity method	2,855	3,709
Other financial assets	42,293	41,081
Deferred tax assets	3,222	3,384
Retirement benefit asset	1,623	1,626
Other non-current assets	5,916	6,175
<b>Total non-current assets</b>	<b>110,590</b>	<b>110,304</b>
<b>Total assets</b>	<b>268,647</b>	<b>248,757</b>

Millions of Yen

	FY2022 (As of March 31, 2022)	FY2023 Q1 (As of June 30, 2022)
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	29,771	19,308
Contract liabilities	19,959	26,762
Borrowings	6,275	6,275
Lease liabilities	8,033	7,721
Other financial liabilities	2,203	6,317
Income taxes payable	6,039	233
Provisions	161	56
Other current liabilities	25,704	15,934
<b>Total current liabilities</b>	<b>98,148</b>	<b>82,610</b>
<b>Non-current liabilities</b>		
Borrowings	14,575	14,575
Lease liabilities	12,967	11,856
Other financial liabilities	389	370
Retirement benefit liability	9,945	9,694
Provisions	1,652	1,653
Deferred tax liabilities	262	331
Other non-current liabilities	30	26
<b>Total non-current liabilities</b>	<b>39,823</b>	<b>38,506</b>
<b>Total liabilities</b>	<b>137,972</b>	<b>121,117</b>
<b>Equity</b>		
Share capital	5,483	5,483
Capital surplus	14,944	14,935
Treasury shares	(13,400)	(13,373)
Other components of equity	8,290	6,559
Retained earnings	113,599	112,499
<b>Total equity attributable to owners of parent</b>	<b>128,917</b>	<b>126,104</b>
<b>Non-controlling interests</b>	<b>1,757</b>	<b>1,535</b>
<b>Total equity</b>	<b>130,674</b>	<b>127,640</b>
<b>Total liabilities and equity</b>	<b>268,647</b>	<b>248,757</b>

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

(Condensed Consolidated Statements of Profit or Loss)

Millions of Yen

	FY2022 Q1 (Three months ended June 30, 2021)	FY2023 Q1 (Three months ended June 30, 2022)
<b>Revenue</b>	<b>67,619</b>	<b>70,517</b>
<b>Cost of sales</b>	<b>49,947</b>	<b>52,289</b>
<b>Gross profit</b>	<b>17,671</b>	<b>18,227</b>
<b>Selling, general and administrative expenses</b>	<b>12,977</b>	<b>13,462</b>
<b>Share of profit (loss) of investments accounted for using equity method</b>	<b>(5)</b>	<b>111</b>
<b>Other income</b>	<b>72</b>	<b>26</b>
<b>Other expenses</b>	<b>4</b>	<b>124</b>
<b>Operating profit</b>	<b>4,756</b>	<b>4,778</b>
<b>Finance income</b>	<b>434</b>	<b>1,200</b>
<b>Finance costs</b>	<b>45</b>	<b>149</b>
<b>Profit before tax</b>	<b>5,145</b>	<b>5,828</b>
<b>Income tax expense</b>	<b>1,634</b>	<b>1,947</b>
<b>Profit</b>	<b>3,510</b>	<b>3,881</b>
<b>Profit attributable to</b>		
Owners of parent	3,516	3,919
Non-controlling interests	(5)	(37)
<b>Profit</b>	<b>3,510</b>	<b>3,881</b>
<b>Earnings per share</b>		
Basic earnings per share (Yen)	35.03	39.02
Diluted earnings per share (Yen)	34.91	38.90

## (Condensed Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2022 Q1 (Three months ended June 30, 2021)	FY2023 Q1 (Three months ended June 30, 2022)
<b>Profit</b>	<b>3,510</b>	<b>3,881</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	112	(1,843)
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	112	(1,843)
<b>Items that may be reclassified to profit or loss</b>		
Exchange differences on translation of foreign operations	74	140
Share of other comprehensive income of investments accounted for using equity method	-	(6)
Total of items that may be reclassified to profit or loss	74	134
Other comprehensive income, net of tax	186	(1,709)
<b>Comprehensive income</b>	<b>3,697</b>	<b>2,172</b>
<b>Comprehensive income attributable to</b>		
Owners of parent	3,698	2,206
Non-controlling interests	(1)	(34)
Comprehensive income	3,697	2,172

(3) Condensed Consolidated Statements of Changes in Equity  
 FY2022 Q1[From April 1, 2021 to June 30, 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
<b>As of April 1, 2021</b>	<b>5,483</b>	<b>14,901</b>	<b>(13,475)</b>	<b>6,132</b>	<b>518</b>	<b>0</b>
Profit						
Other comprehensive income				112		(0)
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112</b>	<b>-</b>	<b>(0)</b>
Dividends of surplus						
Purchase of treasury shares			(0)			
Loss of control of subsidiaries						
Changes in ownership interest in subsidiaries						
Transfer from other components of equity to retained earnings				(9)		
Other						
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>
<b>As of June 30, 2021</b>	<b>5,483</b>	<b>14,901</b>	<b>(13,475)</b>	<b>6,235</b>	<b>518</b>	<b>0</b>

  

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total	Retained earnings			
<b>As of April 1, 2021</b>	<b>(34)</b>	<b>6,618</b>	<b>98,744</b>	<b>112,271</b>	<b>1,715</b>	<b>113,986</b>
Profit			3,516	3,516	(5)	3,510
Other comprehensive income	69	181		181	4	186
<b>Comprehensive income</b>	<b>69</b>	<b>181</b>	<b>3,516</b>	<b>3,698</b>	<b>(1)</b>	<b>3,697</b>
Dividends of surplus			(3,513)	(3,513)	(103)	(3,617)
Purchase of treasury shares				(0)		(0)
Loss of control of subsidiaries					(166)	(166)
Changes in ownership interest in subsidiaries					(38)	(38)
Transfer from other components of equity to retained earnings		(9)	9			-
Other			(5)	(5)		(5)
<b>Total transactions with owners</b>	<b>-</b>	<b>(9)</b>	<b>(3,510)</b>	<b>(3,519)</b>	<b>(308)</b>	<b>(3,828)</b>
<b>As of June 30, 2021</b>	<b>35</b>	<b>6,790</b>	<b>98,750</b>	<b>112,450</b>	<b>1,405</b>	<b>113,856</b>

	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
<b>As of April 1, 2022</b>	<b>5,483</b>	<b>14,944</b>	<b>(13,400)</b>	<b>7,698</b>	<b>485</b>	<b>3</b>
Profit						
Other comprehensive income				(1,843)		(6)
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,843)</b>	<b>-</b>	<b>(6)</b>
Dividends of surplus						
Purchase of treasury shares			(0)			
Disposal of treasury shares		(9)	27		(18)	
Changes in ownership interest in subsidiaries						
Transfer from other components of equity to retained earnings				(0)		
<b>Other</b>						
<b>Total transactions with owners</b>	<b>-</b>	<b>(9)</b>	<b>27</b>	<b>(0)</b>	<b>(18)</b>	<b>-</b>
<b>As of June 30, 2022</b>	<b>5,483</b>	<b>14,935</b>	<b>(13,373)</b>	<b>5,854</b>	<b>467</b>	<b>(3)</b>

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total	Retained earnings			
<b>As of April 1, 2022</b>	<b>104</b>	<b>8,290</b>	<b>113,599</b>	<b>128,917</b>	<b>1,757</b>	<b>130,674</b>
Profit			3,919	3,919	(37)	3,881
Other comprehensive income	137	(1,712)		(1,712)	3	(1,709)
<b>Comprehensive income</b>	<b>137</b>	<b>(1,712)</b>	<b>3,919</b>	<b>2,206</b>	<b>(34)</b>	<b>2,172</b>
Dividends of surplus			(5,022)	(5,022)	(135)	(5,157)
Purchase of treasury shares				(0)		(0)
Disposal of treasury shares		(18)		0		0
Changes in ownership interest in subsidiaries					(52)	(52)
Transfer from other components of equity to retained earnings		(0)	0			-
Other			3	3		3
<b>Total transactions with owners</b>	<b>-</b>	<b>(18)</b>	<b>(5,018)</b>	<b>(5,018)</b>	<b>(187)</b>	<b>(5,206)</b>
<b>As of June 30, 2022</b>	<b>241</b>	<b>6,559</b>	<b>112,499</b>	<b>126,104</b>	<b>1,535</b>	<b>127,640</b>

## (4) Condensed Consolidated Statements of Cash Flows

Millions of Yen

	FY2022 Q1 (Three months ended June 30, 2021)	FY2023 Q1 (Three months ended June 30, 2022)
<b>Cash flows from operating activities</b>		
Profit before tax	5,145	5,828
Depreciation and amortization	4,158	4,055
Impairment losses	-	58
Interest and dividend income	(235)	(253)
Interest expenses	42	37
Share of loss (profit) of investments accounted for using equity method	5	(111)
Decrease (increase) in trade and other receivables	26,674	31,233
Decrease (increase) in contract assets	(2,809)	(3,503)
Decrease (increase) in inventories	(1,302)	(2,997)
Increase (decrease) in trade and other payables	(11,066)	(10,485)
Increase (decrease) in contract liabilities	5,654	6,789
Increase or decrease in retirement benefit asset or liability	(257)	(254)
Other	(7,573)	(10,728)
<b>Subtotal</b>	<b>18,435</b>	<b>19,669</b>
Interest and dividends received	237	254
Interest paid	(30)	(26)
Income taxes paid	(6,286)	(7,000)
<b>Net cash provided by (used in) operating activities</b>	<b>12,354</b>	<b>12,897</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(595)	(384)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(1,859)	(2,560)
Purchase of investment securities	(828)	(809)
Proceeds from sale of investment securities	35	0
Decrease from loss of control over subsidiaries	(480)	-
Purchase of investments accounted for using equity method	-	(544)
Other	344	7
<b>Net cash provided by (used in) investing activities</b>	<b>(3,383)</b>	<b>(4,290)</b>

Millions of Yen

	FY2022 Q1 (Three months ended June 30, 2021)	FY2023 Q1 (Three months ended June 30, 2022)
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(385)	-
Repayments of lease liabilities	(2,207)	(2,173)
Dividends paid	(3,460)	(4,955)
Dividends paid to non-controlling interests	(103)	(135)
Other	73	(154)
<b>Net cash provided by (used in) financing activities</b>	<b>(6,083)</b>	<b>(7,419)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>30</b>	<b>57</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,918</b>	<b>1,245</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>46,281</b>	<b>48,703</b>
<b>Cash and cash equivalents at end of period</b>	<b>49,199</b>	<b>49,949</b>

- (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 Q1 (from April 1, 2021 to June 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	20,408	12,544	16,001	7,050	9,450	65,455	2,163	67,619	-	67,619
Segment profits (Note 3)	6,033	3,964	5,026	767	1,417	17,209	462	17,671	(12,977)	4,793
Share of profit (loss) of investments accounted for using equity method										(5)
Other income										72
Other expense										4
Operating profit										4,756
Finance income										434
Finance costs										45
Profit before tax										5,145

(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 Q1 (from April 1, 2022 to June 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	24,455	12,329	15,679	8,063	7,627	68,154	2,362	70,517	-	70,517
Segment profits (Note 3)	8,514	3,890	4,156	136	967	17,665	562	18,227	(13,462)	4,764
Share of profit (loss) of investments accounted for using equity method										111
Other income										26
Other expense										124
Operating profit										4,778
Finance income										1,200
Finance costs										149
Profit before tax										5,828

(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.