

Presentation Material of Financial Results for FY2023 (ended December 31, 2023)

DENTSU SOKEN INC.

February 14, 2024



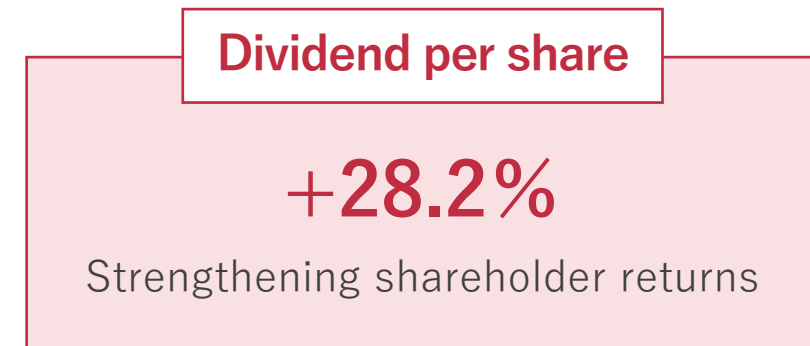
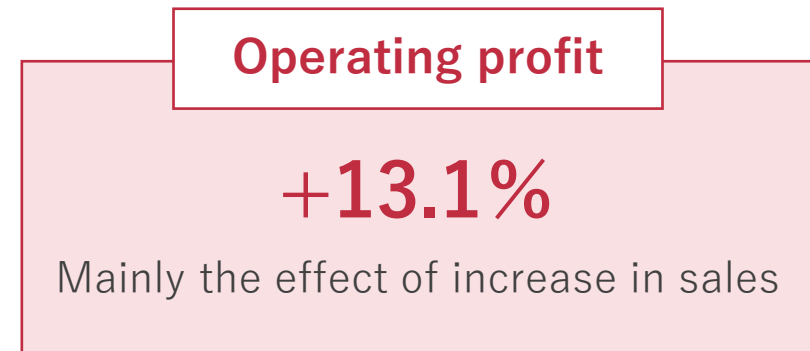
INDEX

- 01** Outline of financial results for FY2023
- 02** Forecasts for FY2024
- 03** Progress of Medium-term Management Plan

- 01 Outline of financial results for FY2023**
- 02 Forecasts for FY2024
- 03 Progress of Medium-term Management Plan

Financial Highlights for FY2023

- Net sales and operating profit reached record highs for the sixth consecutive fiscal year.
- Strengthen shareholder returns based on performance trends and financial conditions.



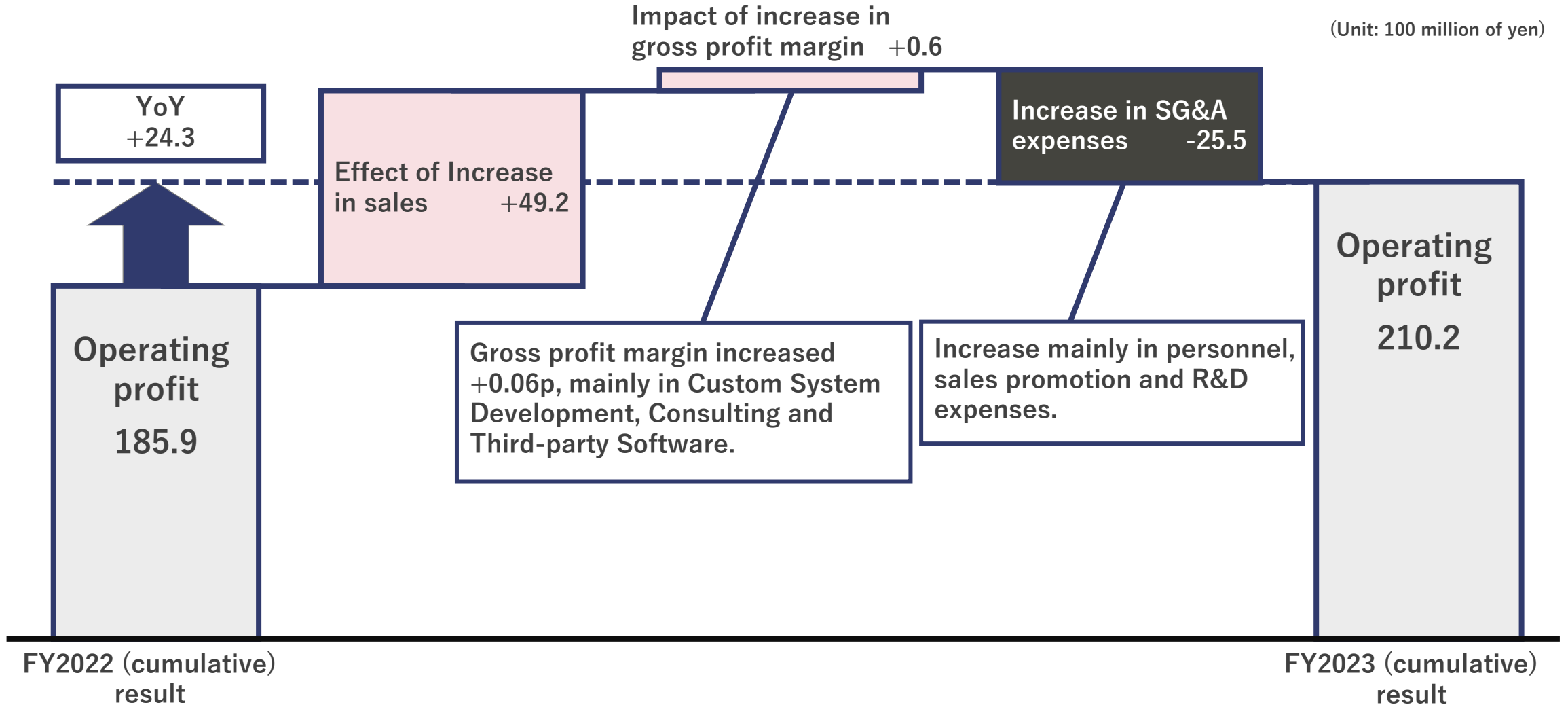
Consolidated Results

(Unit: Millions of yen)

	FY2023 (cumulative)	YoY			vs. Forecasts (announced on July 31, 2023)		
		FY2022 (cumulative)	Variance	% change	Forecasts	Variance	% change
Net sales	142,608	129,054	+13,554	+10.5	140,000	+2,608	+1.9
Gross profit	51,780	46,786	+4,994	+10.7	52,352	-572	-1.1
Gross profit margin (%)	36.3	36.3	+0.0p	-	37.4	-1.1p	-
Selling, general and administrative expenses	30,752	28,196	+2,556	+9.1	31,352	-600	-1.9
Operating profit	21,028	18,590	+2,438	+13.1	21,000	+28	+0.1
Operating margin (%)	14.7	14.4	+0.3p	-	15.0	-0.3p	-
Ordinary profit	21,244	18,354	+2,890	+15.7	21,100	+144	+0.7
Profit attributable to owners of parent	14,663	12,598	+2,065	+16.4	14,700	-37	-0.3
ROE (%)	18.7	18.1	+0.6p	-			
Number of employees* (people)	3,652	3,388	+264	+7.8			

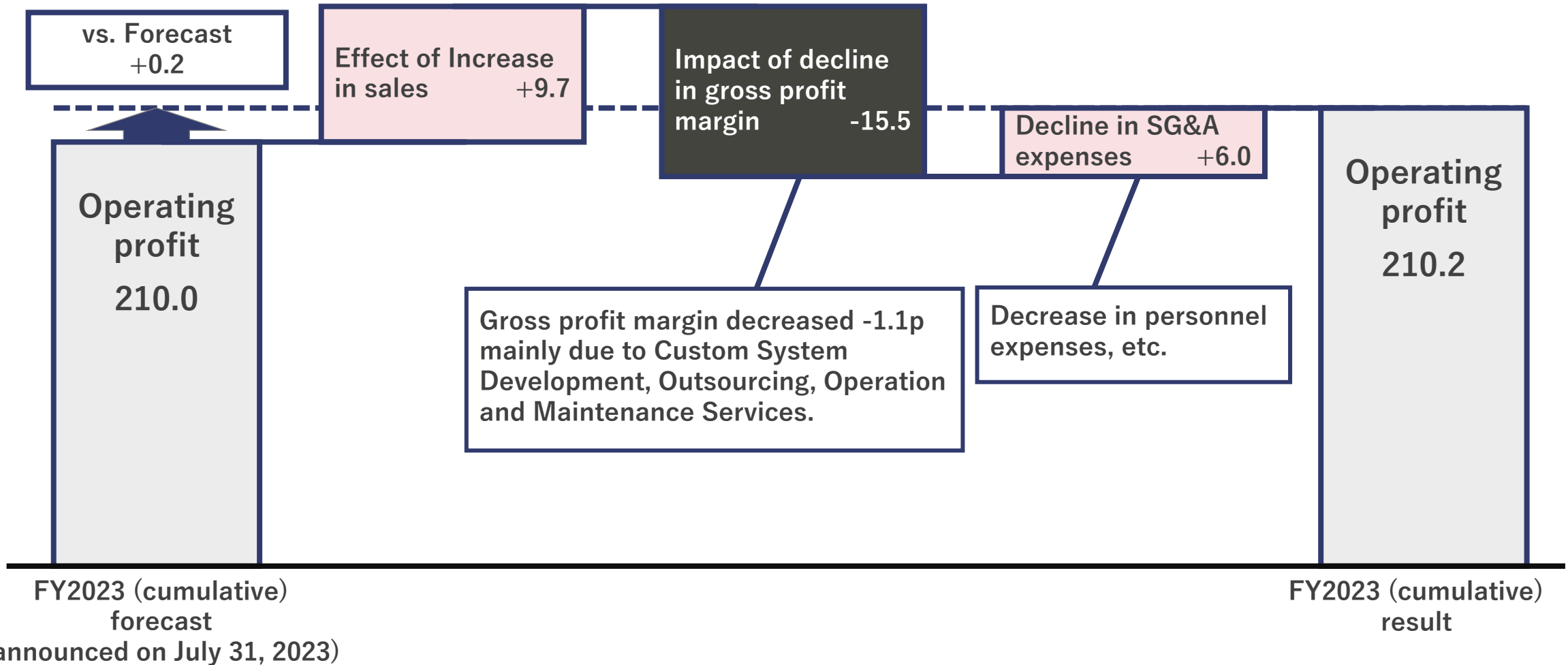
* at the end of the fiscal year

Factors for Increase/Decrease in Operating Profit (YoY)



Factors for Increase/Decrease in Operating Profit (vs. Forecast)

(Unit: 100 million of yen)



Net Sales and Operating Profit by Reportable Segment

(Unit: Millions of yen)

		FY2023 (cumulative)	YoY		Overview	vs. Forecasts (announced on July 31, 2023)	
			Variance	% change		Variance	% change
Financial Solutions	Net sales	30,598	+2,473	+8.8	Net sales and operating profit increased due to the expansion of the sales and implementation of In-house Software in the core banking area centered on accounting and the customer contact reform area, mainly to the banking industry.	+1,098	+3.7
	Operating profit	3,498	+1,887	+117.1		-	-
	%	11.4	+5.7p	-		-	-
Business Solutions	Net sales	23,107	+4,499	+24.2	Net sales and operating profit increased due to the expansion of the sales and implementation of four key solutions, POSITIVE, STRAVIS, Ci*X, CCH Tagetik mainly in the trading and the manufacturing industry.	+1,207	+5.5
	Operating profit	5,770	+1,066	+22.7		-	-
	%	25.0	-0.3p	-		-	-
Manufacturing Solutions	Net sales	41,118	+4,665	+12.8	Net sales and operating profit increased due to expansion of consulting services, 3D CAD "NX", PLM solution "Teamcenter", conceptual design solution "iQUAVIS", etc., mainly in transportation equipment and machinery industries.	+1,718	+4.4
	Operating profit	5,106	+927	+22.2		-	-
	%	12.4	+0.9p	-		-	-
Communication IT	Net sales	47,784	+1,917	+4.2	Net sales increased due to an expansion of projects for the implementation of SAP solutions, mainly in the manufacturing industry. Operating profit decreased due to a lower profitability of custom system development, outsourcing and operation & maintenance services, etc.	-1,416	-2.9
	Operating profit	6,652	-1,443	-17.8		-	-
	%	13.9	-3.7p	-		-	-

Ref.) Consolidated Results for the 4Q (Oct.-Dec.) of FY2023

Consolidated Results

(Unit: Millions of yen)

	4Q of FY2023 (Oct.-Dec.)	YoY		
		4Q of FY2023	Variance	% change
Net sales	37,340	35,245	+2,095	+5.9
Gross profit	13,921	12,768	+1,153	+9.0
%	37.3	36.2	+1.1p	-
Selling, general and administrative expenses	8,444	8,364	+80	+1.0
Operating profit	5,477	4,403	+1,074	+24.4
%	14.7	12.5	+2.2p	-

Reportable Segment

(Unit: Millions of yen)

		4Q of FY2023 (Oct.-Dec.)	YoY	
			Variance	% change
Financial Solutions	Net sales	8,015	+601	+8.1
	Operating profit	921	+843	+1,080.8
	%	11.5	+10.4p	-
Business Solutions	Net sales	5,641	+547	+10.7
	Operating profit	1,198	+160	+15.4
	%	21.2	+0.8p	-
Manufacturing Solutions	Net sales	11,298	+1,374	+13.8
	Operating profit	1,646	+609	+58.7
	%	14.6	+4.2p	-
Communication IT	Net sales	12,386	-426	-3.3
	Operating profit	1,710	-539	-24.0
	%	13.8	-3.8p	-

Net Sales by Service Category and Dentsu Group

(Unit: Millions of yen)

Service category	FY2023 (cumulative)	YoY		vs. Initial forecasts (announced on July 31, 2023)	
		Variance	% change	Variance	% change
Consulting Services	8,611	+1,193	+16.1	+31	+0.4
Custom System Development	30,913	-2,194	-6.6	-2,093	-6.3
In-house Software	30,237	+5,430	+21.9	+2,096	+7.4
Third-party Software	48,184	+7,885	+19.6	+1,813	+3.9
Outsourcing, Operation and Maintenance Services	17,108	+1,056	+6.6	+26	+0.2
IT Equipment Sales and Others	7,553	+184	+2.5	+736	+10.8

Counterparty	FY2023 (cumulative)	YoY	
		Variance	% change
Dentsu Group Inc. and it's subsidiaries	22,691	-1,390	-5.8

Net Sales by Industry

(Unit: Millions of yen)

Industry		FY2023 (cumulative)		YoY	
		Net sales	Composition ratio (%)	Variance	% change
Financial	Banks	22,035	15.5	+2,433	+12.4
	Other financial institutions	7,301	5.1	-894	-10.9
	Financial	29,337	20.6	+1,540	+5.5
Manufacturing	Transportation equipment	22,566	15.8	+4,110	+22.3
	Electric appliances Precision instruments	15,117	10.7	+1,970	+15.0
	Machinery	10,620	7.4	+2,147	+25.3
	Other products	11,857	8.3	-19	-0.2
Manufacturing	60,161	42.2	+8,209	+15.8	
Services and public offices		40,687	28.5	+2,028	+5.2
Distributions and others		12,421	8.7	+1,776	+16.7

Consolidated Balance Sheets

(Unit: Millions of yen)

	As of Dec. 31, 2023	As of Dec. 31, 2022	Variance	Main factors for increase/decrease
Total current assets	114,813	103,099	+11,714	Increase in trade receivables and contract assets (+5,060) Increase in deposits paid(+3,560) Increase in advance payments to suppliers (+2,296)
Total non-current assets	18,520	18,793	-273	Decrease in deferred tax assets (-279)
Total assets	133,333	121,892	+11,441	
Total current liabilities	47,622	45,687	+1,935	Increase in contract liabilities (+1,576) Increase in accrued consumption taxes (+478)
Total non-current liabilities	2,739	2,333	+406	Increase in long-term lease liabilities (+189) Increase in deferred tax liabilities (+110)
Total liabilities	50,362	48,021	+2,341	
Total net assets	82,971	73,871	+9,100	Increase in retained earnings (+8,863)
Total liabilities and net assets	133,333	121,892	+11,441	

Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2023 (cumulative)	Main factors	YoY	
			FY2022 (cumulative)	Variance
Cash flows from operating activities	13,046	Profit before income taxes (20,951) Depreciation (3,200) Increase in contract liabilities (1,416) Income taxes paid (-5,693) Increase in trade receivables and contract assets (-4,932) Increase in advance payments to suppliers (-2,251)	11,914	+1,132
Cash flows from investing activities	-2,359	Purchase of intangible assets (-2,194)	-3,132	+773
Cash flows from financing activities	-6,702	Dividends paid (-5,799)	-5,419	-1,283
Effect of exchange rate change on cash and cash equivalents	225		194	+31
Net increase (decrease) in cash and cash equivalents	4,210		3,556	+654
Cash and cash equivalents at the beginning of period	53,305		49,748	+3,557
Cash and cash equivalents at the end of period	57,515		53,305	+4,210

Orders Received and Order Backlog

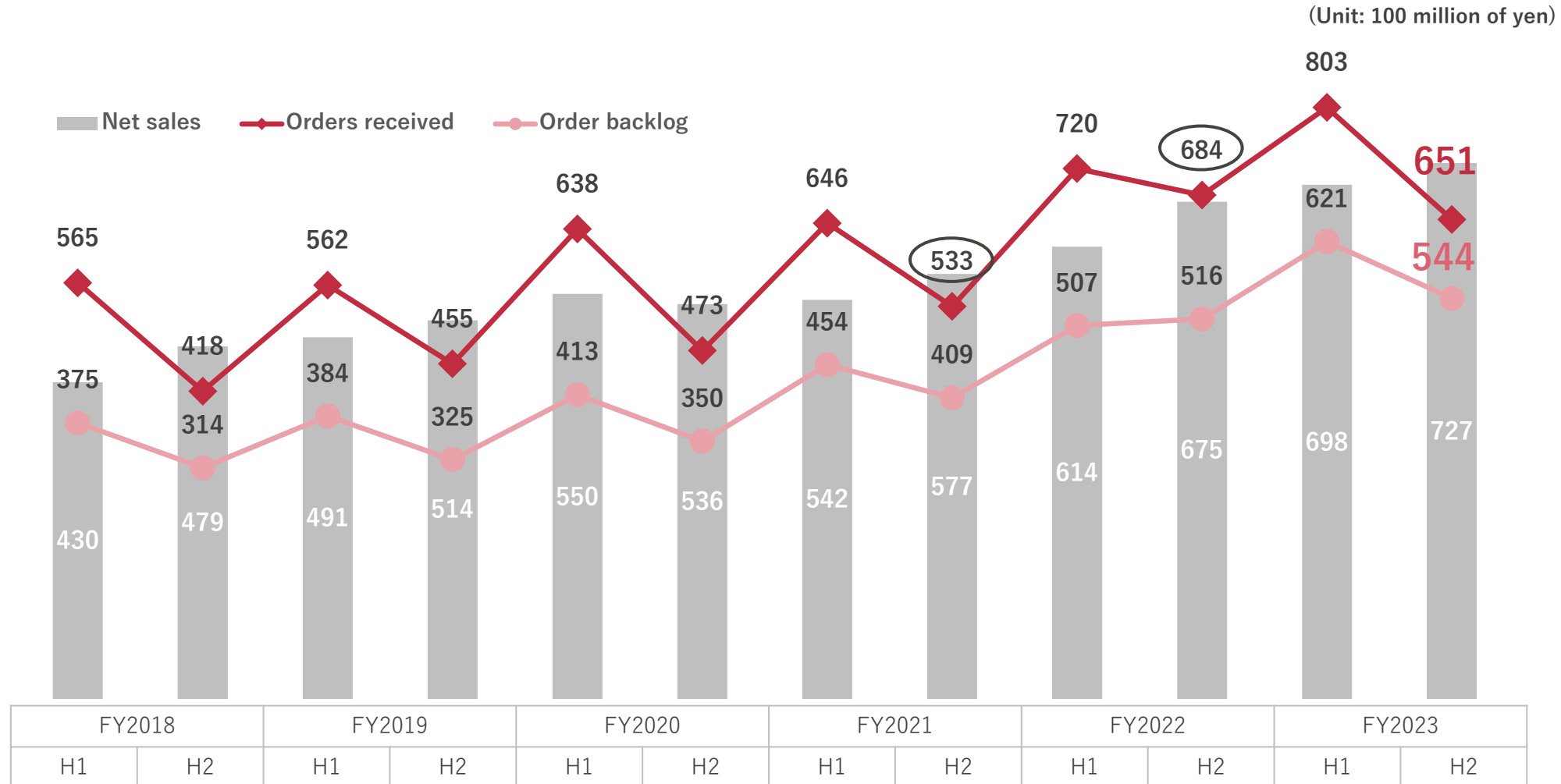
- Orders received for the year were at a record, despite a reactionary decline in the 4Q due to the receipt of several large orders in the 4Q of the previous fiscal year.

(Unit: Millions of yen)

		Orders received				Order backlog	
		4Q of FY2023 (Oct.-Dec.)	YoY % change	FY2023 (cumulative)	YoY % change	FY2023 (As of Dec. 31)	YoY % change
Total		32,485	-16.6	145,445	+3.5	54,486	+5.5
Reportable segment	Financial Solutions	7,439	+1.0	31,066	+8.9	8,250	+6.0
	Business Solutions	5,228	-43.2	20,863	-11.7	7,988	-21.9
	Manufacturing Solutions	9,321	-13.6	46,130	+17.5	23,114	+26.1
	Communication IT	10,496	-9.4	47,385	-3.6	15,132	-1.2
Service category	Consulting Services	2,525	+20.2	9,004	+17.9	1,379	+40.0
	Custom System Development	7,075	-16.4	29,141	-13.2	5,186	-25.5
	In-house Software	7,458	-34.6	28,310	-6.8	10,771	-15.2
	Third-party Software	10,123	-12.4	53,424	+21.4	27,389	+23.7
	Outsourcing, Operation and Maintenance Services	3,829	+10.8	17,854	+2.7	4,256	+21.3
	IT Equipment Sales and Others	1,472	-25.5	7,709	+1.9	5,502	+2.9

Transition of Orders Received and Order Backlog

- Orders in the second half declined YoY due to a reactionary drop but were up 22% from the second half of the year two years ago, maintaining the pace of growth.



Year-End Dividend for FY2023

- Strengthen shareholder returns in light of performance trends and current financial and investment conditions.
- Increased year-end dividend from 47 yen to 56 yen per share and dividend payout ratio from 40.3% to 44.4%.

	Interim dividend	Year-end dividend	Total	Dividend payout ratio
FY2022	33 yen	45 yen	78 yen	40.3%
FY2023	44 yen	47→ 56 yen	91→ 100 yen	40.3%→44.4%

*Change from dividend forecast revision announced on July 31, 2023

- 01 Outline of financial results for FY2023
- 02 Forecasts for FY2024**
- 03 Progress of Medium-term Management Plan

Note:

Forecasts of business results in this document are based on judgments and assumptions made in light of industry trends, customer conditions, and other information currently available, and are not intended as a guarantee that they will be achieved. Actual results may differ from these forecasts due to uncertainties inherent in forecasts, changes in internal and external conditions, and other factors.

Earnings Forecasts for FY2024

- Net sales are targeted at 153 billion yen, exceeding the initial target of the medium-term management plan.
- Operating profit is targeted at 22.5 billion yen, as per the revised target, after taking into account an increase in salary levels.
- Operating margin is expected to remain flat year on year - below the revised target of 15%, mainly due to increased investment in human resources.

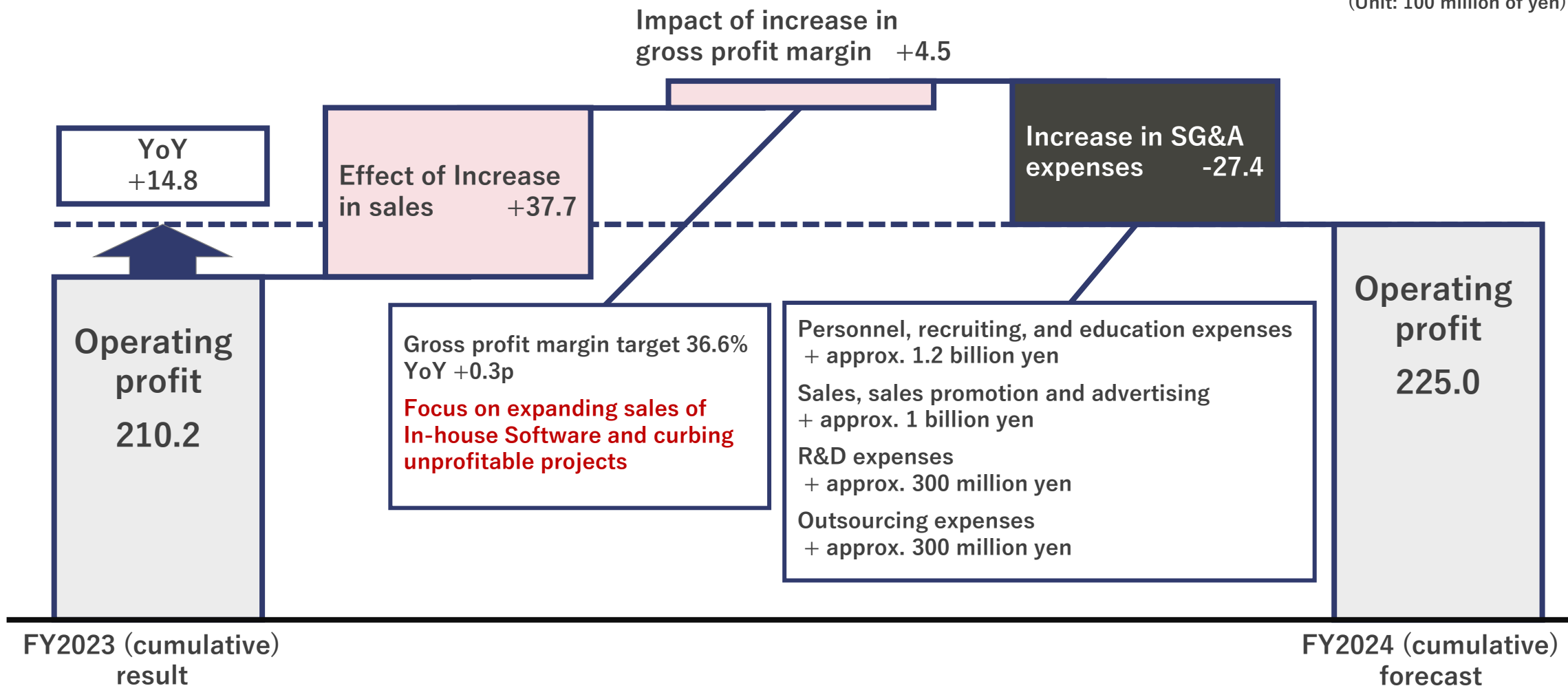
(Unit: Millions of yen)

	FY2024 (cumulative)	YoY			Target of the medium-term management plan (announced on July 31, 2023)
		FY2023 (cumulative)	Variance	% change	
Net sales	153,000	142,608	+10,392	+7.3	150,000
Operating profit	22,500	21,028	+1,472	+7.0	22,500
Operating margin(%)	14.7	14.7	-0.0p	-	15.0
Ordinary profit	22,500	21,244	+1,256	+5.9	
Profit attributable to owners of parent	15,700	14,663	+1,037	+7.1	
Number of employees* (people)	4,000	3,652	+348	+9.5	

* at the end of the fiscal year

Factors for Increase/Decrease in Operating Profit for FY2024

(Unit: 100 million of yen)



Net Sales Forecasts by Reportable Segment/Service Category for FY2024

Net Sales by Reportable Segment

(Unit: Millions of yen)

	FY2024 (cumulative)	FY2023 (cumulative)	YoY	
			Variance	% change
Financial Solutions	33,000	30,598	+2,402	+7.9
Business Solutions	25,000	23,107	+1,893	+8.2
Manufacturing Solutions	45,000	41,118	+3,882	+9.4
Communication IT	50,000	47,784	+2,216	+4.6

Net Sales by Service Category

(Unit: Millions of yen)

	FY2024 (cumulative)	FY2023 (cumulative)	YoY	
			Variance	% change
Consulting Services	9,500	8,611	+889	+10.3
Custom System Development	32,000	30,913	+1,087	+3.5
In-house Software	34,000	30,237	+3,763	+12.4
Third-party Software	53,000	48,184	+4,816	+10.0
Outsourcing, Operation and Maintenance Services	17,000	17,108	-108	-0.6
IT Equipment Sales and Others	7,500	7,553	-53	-0.7

Earnings Forecasts for the First Half of FY2024

(Unit: Millions of yen)

	First half of FY2024 (Jan. - Jun.)	First half of FY2023	YoY		Ratio to full year (%)
			Variance	% change	
Net sales	74,000	69,849	+4,151	+5.9	48.4
Operating profit	11,000	10,652	+348	+3.3	48.9
Operating margin (%)	14.9	15.3	-0.4p	-	-
Ordinary profit	11,000	10,785	+215	+2.0	48.9
Profit attributable to owners of parent	7,700	7,446	+254	+3.4	49.0

Net Sales Forecasts by Reportable Segment/Service Category for the First Half of FY2024

Net Sales by Reportable Segment

(Unit: Millions of yen)

	First half of FY2024 (Jan. - Jun.)	First half of FY2023	YoY	
			Variance	% change
Financial Solutions	16,000	14,721	+1,279	+8.7
Business Solutions	12,300	11,653	+647	+5.6
Manufacturing Solutions	21,700	19,795	+1,905	+9.6
Communication IT	24,000	23,678	+322	+1.4

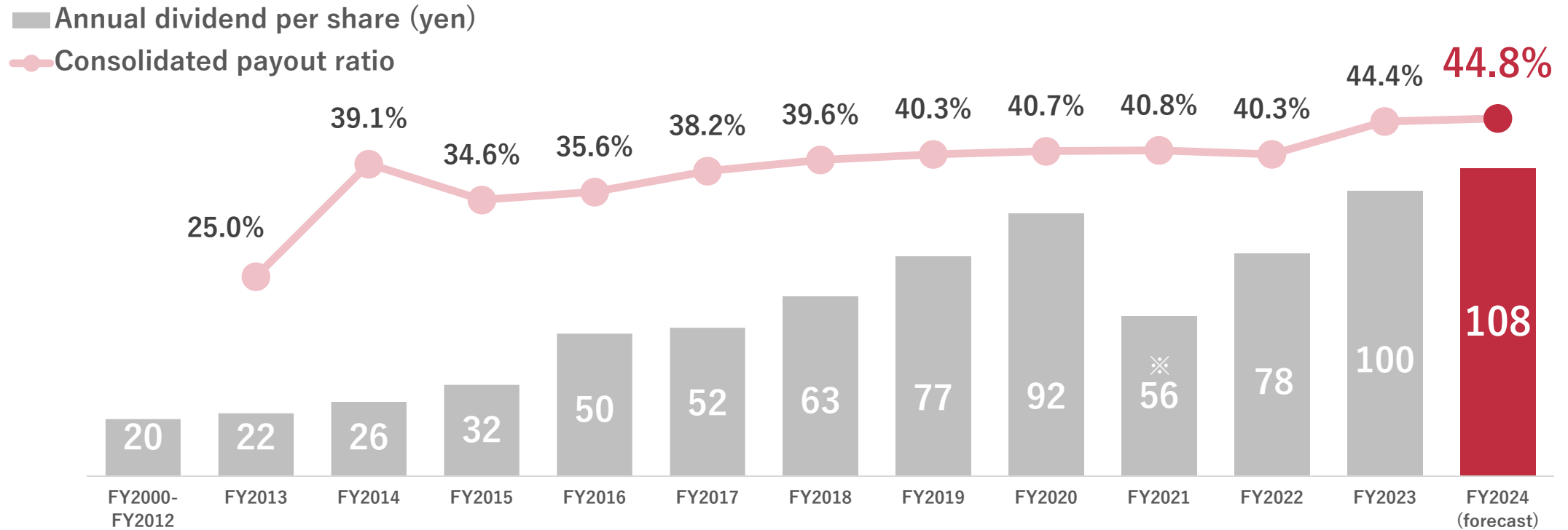
Net Sales by Service Category

(Unit: Millions of yen)

	First half of FY2024 (Jan. - Jun.)	First half of FY2023	YoY	
			Variance	% change
Consulting Services	4,600	3,999	+601	+15.0
Custom System Development	16,000	15,738	+262	+1.7
In-house Software	16,400	15,054	+1,346	+8.9
Third-party Software	25,300	23,059	+2,241	+9.7
Outsourcing, Operation and Maintenance Services	8,000	8,216	-216	-2.6
IT Equipment Sales and Others	3,700	3,780	-80	-2.1

Dividend Forecast for FY2023

- Plans to pay **an annual dividend of ¥108 per share and a payout ratio of 44.8%** in 2024, aiming to increase the dividend for the 12th consecutive year.



*Two-for-one stock split in FY2021.

INDEX

- 01 Outline of financial results for FY2023
- 02 Forecasts for FY2024
- 03 Progress of Medium-term Management Plan**

Medium-term Management Plan (2022-2024)

Medium-term Management Plan (2022-2024) —Strategic Framework—

DENTSU SOKEN X(Cross) Innovation 2024

While accelerating growth through deepening X Innovation, we will build a new foundation for the DENTSU SOKEN Group focused on our long-term goal for 2030

Priority Measures

- | | | | |
|---|--|--|---|
| 1 | Business Domain Expansion
<i>Hiraku</i> | 1 Accelerate existing core business growth
2 Strength and establish customer contact reform business
3 Strength and establish corporate and social transformation business | |
| | 2 | New Capability Acquisition
<i>Tsukuru</i> | 4 Strengthen human resources
5 Strengthen consulting
6 Strengthen cutting-edge technology |
| | | 3 | Earnings Model Innovation
<i>Kasegu</i> |
| 4 | Management Foundation Innovation
<i>Sasaeru</i> | | 9 Promote sustainability management
10 Innovate management foundation |

Quantitative Targets

	FY2024 Medium-term Targets	2021-2024 CAGR
Net sales	¥150.0 billion	10.2%
Operating profit	¥22.5 billion ※	18.0%
Operating margin	15% ※	
ROE	18% ※	

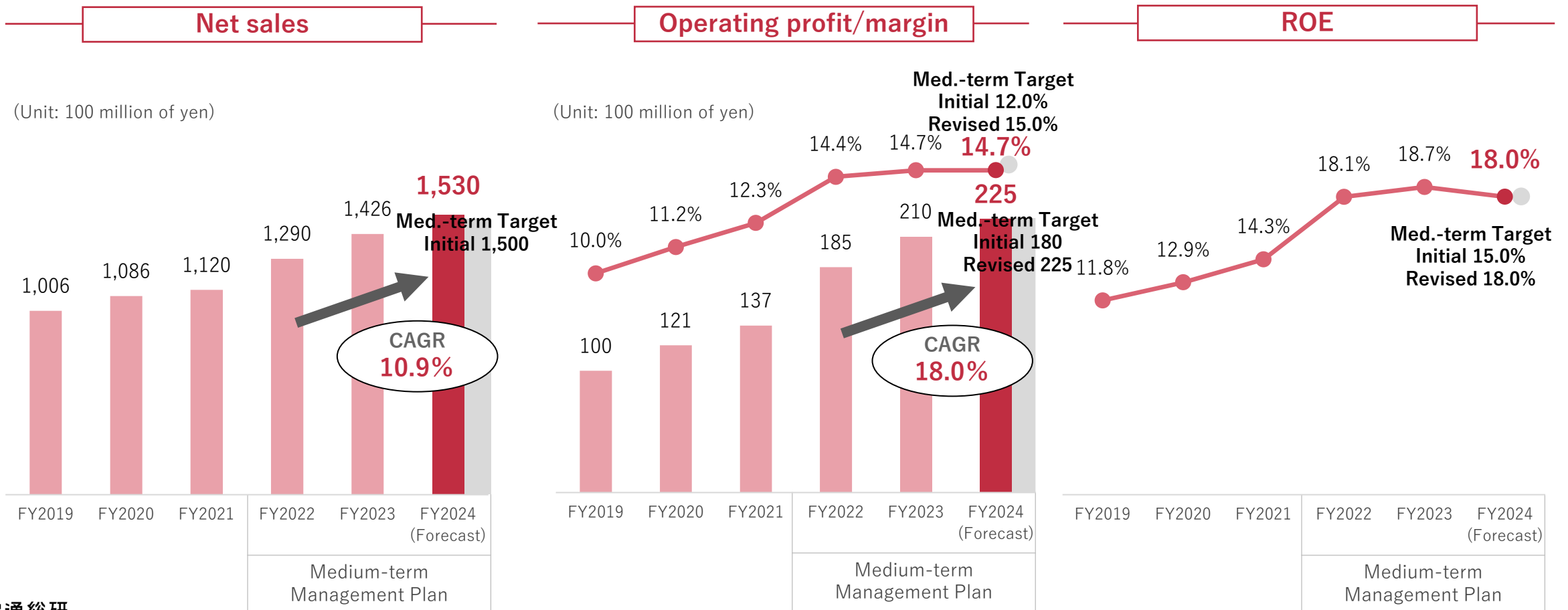
Growth Investments

Human resources	4,200 employees (consolidated basis, as of Dec. 31, 2024)
Technology	¥17.0 billion (3-year cumulative)
Financing/M&A	¥10.0 billion or more (3-year cumulative)

* Quantitative targets were revised on July 31, 2023

Progress in Medium-term Management Plan 1. Overview

- Both net sales and operating profit are expected to exceed the plan, maintaining a double-digit growth pace.
- Operating margin was slightly below the revised target, but this was mainly due to investment in human resources.
- ROE is expected to achieve the revised target.



Progress in Medium-term Management Plan 2. Reportable Segment

- Financial Solutions, Business Solutions, and Manufacturing Solutions are expected to exceed the medium-term target, while Communication IT is expected to fall short of the mid-term target mainly due to the peak out for the Dentsu Group.

(Unit: 100 million of yen)

	Medium-term target for FY2024	Net sales forecast for FY2024	Variance
Financial Solutions	310	330	+20
Business Solutions	220	250	+30
Manufacturing Solutions	420	450	+30
Communication IT	550	500	<u>-50</u>

Progress in Medium-term Management Plan Investments

Human resources

Further strengthen recruitment through rebranding and personnel system reform measures, etc.

4,000 people

(Forecast as of December 31, 2024)

Technology

Toward the Next Medium-term Management Plan, strengthen investment in In-house Software.

11.6 billion yen

(Three-year cumulative forecast)

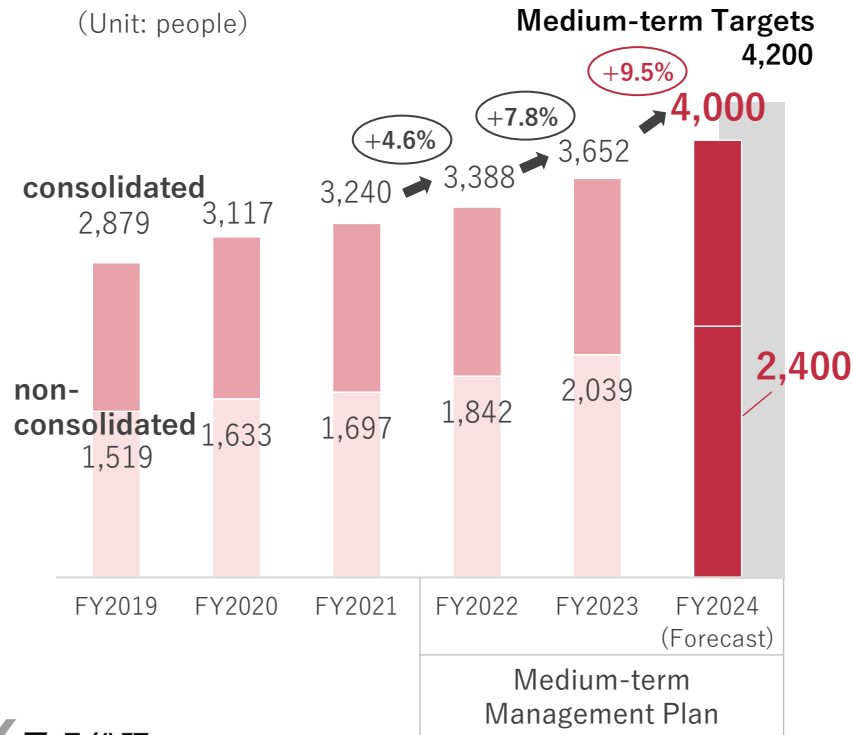
Financing and M&A

No M&A results at this time, only minority investments.

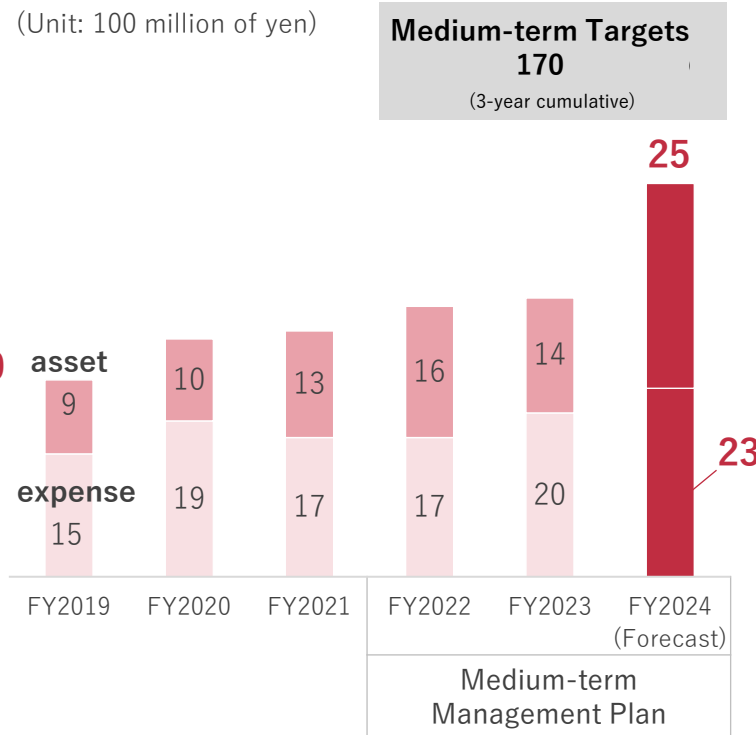
800 million yen

(Total investment for the two years)

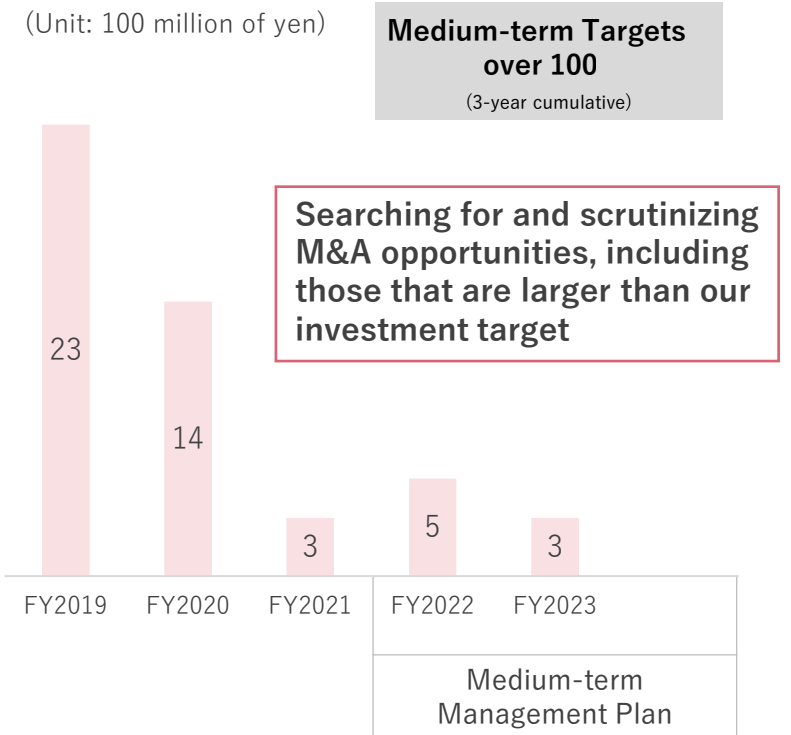
(Unit: people)



(Unit: 100 million of yen)



(Unit: 100 million of yen)



Progress on Priority Measures

A Business Domain Expansion (*Hiraku*)

- Strengthen approach to large clients
- Expand business in the area of customer contact reform
- Expand business in the area of social innovation support

FY2023 results

- Support for Digital Garden City National Concept grant applications: 14 municipalities
- **Provision of the city OS solution "CIVILIOS": 7 municipalities**

B New Capability Acquisition (*Tsukuru*)

- Strengthen human resources - enhance recruitment, improve employee treatment
- Strengthen and expand consulting and think tank functions
- Development of generative AI solutions

FY2023 results

- ChatGPT environment construction for municipalities "minnect AI assist"
- **ChatGPT solution "Know Narrator"**

C Earnings Model Innovation (*Kasegu*)

- Continued investment in POSITIVE, Ci*X, and iQUAVIS enhancements
- Strengthen partner network

FY2023 results

- Manufacturing DX: Fujitsu, DIPRO
- Smart factory: JEMS
- Engineering: AVL, eXmotion
- MBSE / MBD: IDAJ
- **POSITIVE: CTC**

D Management Foundation Innovation (*Sasaeru*)

- Change of trade name and branding enhancement
- Renewal of management structure
- Strengthening of sustainability initiatives

FY2023 results

- Newly included in FTSE4Good Index Series, FTSE Blossom Japan Index, and MSCI Japan Empowering Women (WIN) Select Index
- **Issued "Integrated Report 2023"**

Measures for FY2024 1. Reform management structure

- Announced a renewal of the management team to accelerate a generational change in management and the implementation of the Group's growth strategy.

➤ Change of Representative Director (scheduled for March 22, 2024)

President and Representative Director
CEO & COO
Hirohisa Iwamoto



Date of Birth
July 13, 1971

Education
March 1995 Graduated from Faculty of Science and Technology, Sophia University

Career Summary
April 1995 Joined the Company
January 2018 Executive Officer
January 2019 Senior Executive Officer, General Manager of the Manufacturing Industry Business Operations
January 2020 Senior Executive Officer, Deputy Segment Director of the Manufacturing Solutions Segment and General Manager of the Manufacturing Industry Business Operations
January 2021 Managing Executive Officer, Segment Director of the Manufacturing Solutions Segment and General Manager of the Manufacturing Industry Business Operations
January 2022 Managing Executive Officer, and in charge of the Manufacturing Solutions Segment and the Communications IT Segment
January 2023 Senior Managing Director, Head of our Business (current position)

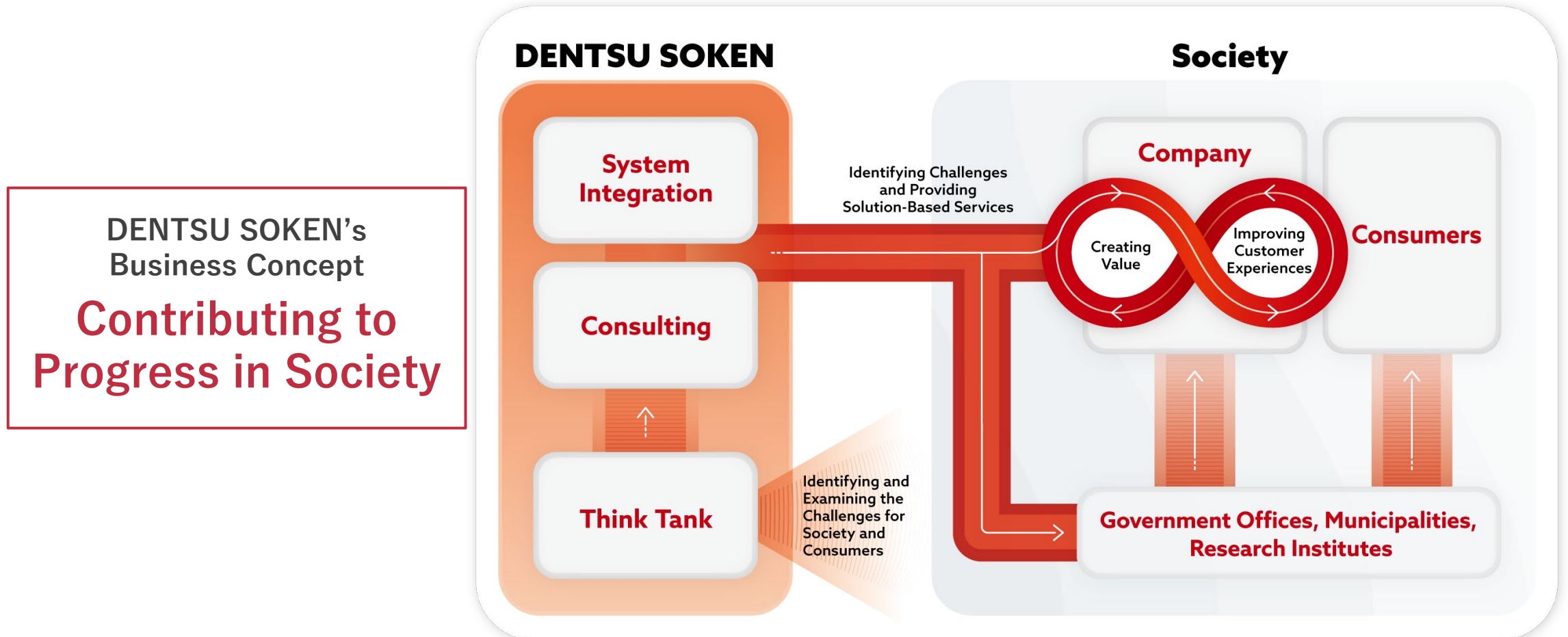
*Scheduled to assume office following a resolution at the 49th General Meeting of Shareholders scheduled to be held on March 22, 2024, and a resolution at the Board of Directors to be held on the same day.

➤ Appointment of Executive Officers and Fellows (January 1, 2024)

Appointed 17 Executive Officers and 4 Fellows,
including 2 Executive Officers and 1 Fellow, the first women in the Company.

Measures for FY2024 2. Reform organizational structure

- Building an organization to realize our business concept of "Contributing to Progress in Society."
 - Established Consulting Division and Innovation for Society Division (think tank function).
 - Established Project Creation Office to control project promotion and resource allocation at the company-wide level.



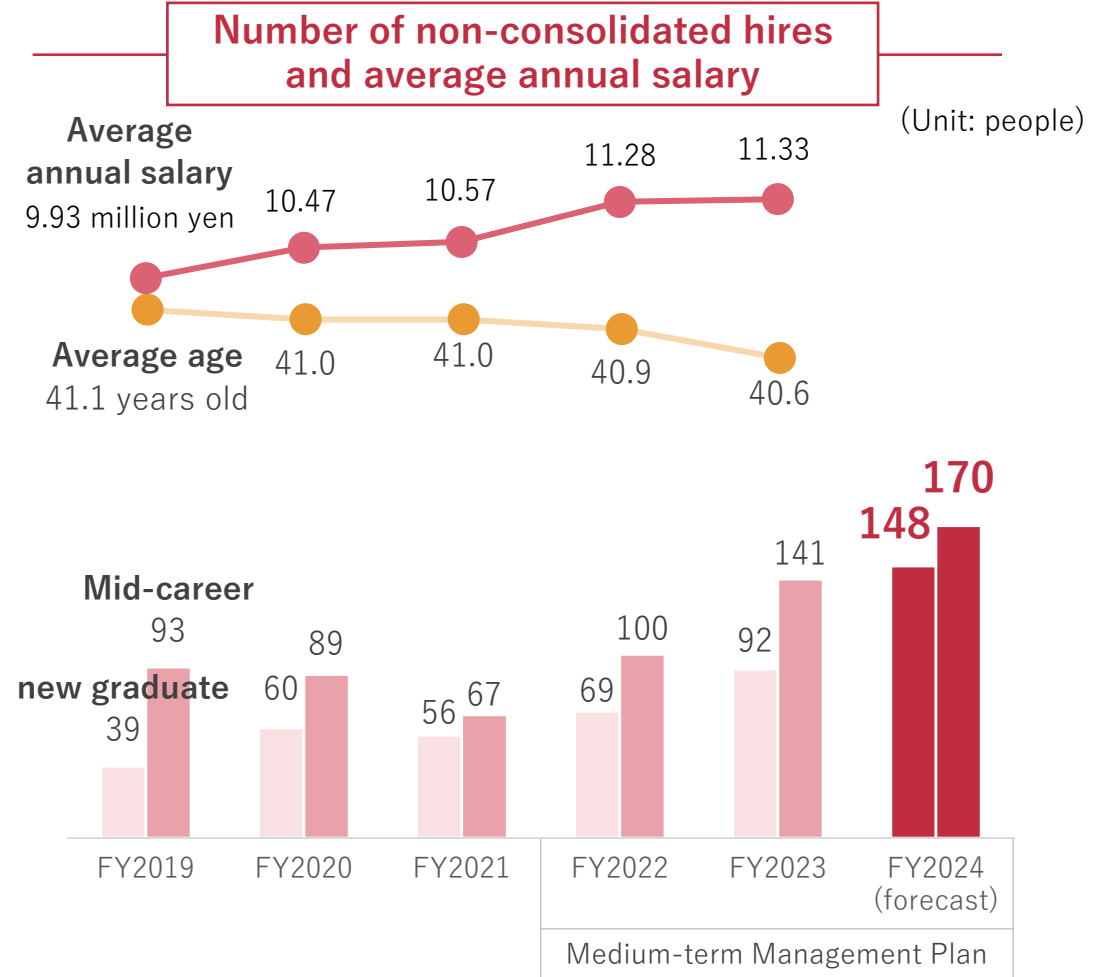
Measures for FY2024 3. Strengthen investment in human resources

- Revision of non-consolidated personnel system from January 2024 to strengthen investment in employees, the most important management resources.

Average increase of 10.7%
Maximum increase of 12.0%
 in base salary.

*Starting salary for new graduates will also be increased by 30,000 yen.

Consultant Positions
 established newly.



Measures for FY2024 4. Formulate next medium-term management plan

- Consideration of major organizational restructuring to build a structure to realize Vision 2030
 - Further focus on priority customers, promotion of cross-selling across segments, etc.
- Targeting net sales of over 200 billion yen
 - Further specify and implement strategies in areas that will capture external growth.



Appendix Commitment to Sustainability No.1

- ISiD Integrated Report 2023, our first integrated report, issued on November 30, 2023.



Introduction

- 04 Editing Policy
- 05 ISiD History
- 07 At a Glance

Value Creation

- 10 Top Message
- 15 Value Creation Process
- 16 DENTSU SOKEN Business Concept
- 17 DENTSU SOKEN Strengths

Strategy

- 19 Long-Term Management Vision
- 21 Medium-Term Management Plan
- 22 Message from a Director
- 23 Business Strategy

Sustainability

- 30 Sustainability Management
- 31 Material Issues
- 32 Environment
- 36 Social
- 42 Governance
Messages from Independent
Outside Directors


Data

- 53 Financial Highlights
- 55 Non-Financial Highlights
- 57 Company Information/Investor
Information
- 58 External Evaluations

<https://pdf.irpocket.com/C4812/cXIT/jf08/TrTd.pdf>

Appendix Commitment to Sustainability No.2

- Evaluation

<p>Index</p>	<p> JPX-NIKKEI 400</p> <p> JPX PRIME 150</p> <p> FTSE4Good</p> <p> FTSE Blossom Japan Index</p> <p> FTSE Blossom Japan Sector Relative Index</p> <p>MSCI Japan Empowering Women (WIN) Select Index</p> <p>Morningstar Japan ex-REIT Gender Diversity Tilt Index</p> <p>S&P/JPX Carbon Efficient Index</p>
<p>Certification</p>	<p> Great Place To Work Certified SEP 2023-SEP 2024 JAPAN</p> <p> 女性が活躍しています!</p> <p> プラチナくるみん 子育てをサポートしています</p> <p> 仕事と介護の両立支援</p> <p>「Great Place To Work」</p> <p>「Eru-boshi」</p> <p>「Platinum Kurumin」</p> <p>「Tomonin」</p>

*For more information on the index and certification, please visit our website at <https://www.dentsusoken.com/english/sustainability/evaluation.html>

Appendix Consolidated Financial Results

(Unit: Millions of yen)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	73,970	78,267	56,771	79,783	83,423	91,024	100,679	108,679	112,085	129,054	142,608
YoY	101.7%	105.8%	72.5%	140.5%	104.6%	109.1%	110.6%	107.9%	103.1%	115.1%	110.5%
Gross profit	22,571	22,364	16,843	26,127	25,708	30,123	33,390	37,472	40,016	46,786	51,780
Gross profit margin	30.5%	28.6%	29.7%	32.7%	30.8%	33.1%	33.2%	34.5%	35.7%	36.3%	36.3%
Selling, general and administrative expenses	18,261	17,886	14,721	19,638	20,219	21,884	23,315	25,282	26,280	28,196	30,752
SG&A ratio	24.7%	22.9%	25.9%	24.6%	24.2%	24.0%	23.2%	23.3%	23.4%	21.8%	21.6%
Operating profit	4,309	4,478	2,122	6,488	5,489	8,239	10,075	12,189	13,736	18,590	21,028
Operating margin	5.8%	5.7%	3.7%	8.1%	6.6%	9.1%	10.0%	11.2%	12.3%	14.4%	14.7%
Ordinary profit	4,766	4,966	2,526	6,704	5,642	8,197	9,648	11,502	13,224	18,354	21,244
Profit attributable to owners of parent	2,871	2,166	3,015	4,580	4,438	5,187	6,226	7,362	8,944	12,598	14,663
ROE	7.5%	5.5%	7.3%	10.5%	9.6%	10.5%	11.8%	12.9%	14.3%	18.1%	18.7%
Number of employees at the end of the fiscal year	2,426	2,502	2,559	2,635	2,716	2,783	2,879	3,117	3,240	3,388	3,652

Appendix Net Sales and Operating Profit by Reportable Segment

(Unit: Millions of yen)

		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Financial Solutions	Net sales	22,262	24,086	17,851	22,037	21,413	23,242	24,622	23,888	25,176	28,125	30,598
	Operating profit	1,813	1,447	1,441	2,110	1,821	1,794	1,542	1,411	1,494	1,611	3,498
	Operating margin	8.1%	6.0%	8.1%	9.6%	8.5%	7.7%	6.3%	5.9%	5.9%	5.7%	11.4%
Business Solutions	Net sales	12,736	14,934	11,177	16,965	17,033	16,810	19,289	22,100	14,958	18,608	23,107
	Operating profit			-30	1,666	-169	701	1,741	2,760	2,655	4,704	5,770
	Operating margin			—	9.8%	—	4.2%	9.0%	12.5%	17.7%	25.3%	25.0%
Manufacturing Solutions	Net sales	20,259	21,766	15,588	23,872	25,530	29,252	30,027	30,511	32,031	36,453	41,118
	Operating profit			-619	692	1,359	2,228	2,103	2,357	2,847	4,179	5,106
	Operating margin			—	2.9%	5.3%	7.6%	7.0%	7.7%	8.9%	11.5%	12.4%
Communication IT	Net sales	18,712	17,480	12,152	16,908	19,445	21,718	26,739	32,179	39,919	45,867	47,784
	Operating profit	3,097	2,483	1,331	2,018	2,477	3,515	4,688	5,659	6,738	8,095	6,652
	Operating margin	16.6%	14.2%	11.0%	11.9%	12.7%	16.2%	17.5%	17.6%	16.9%	17.6%	13.9%

* FY2015 and later are disclosed in the above four segments. For FY2014 and FY2013, only net sales have been reclassified into the above segments.

* From FY2021, the Enterprise IT division, which is engaged in the development and implementation of mission-critical systems, was transferred from the Business Solutions segment to the Communication IT segment.

Appendix Net Sales by Service Category

(Unit: Millions of yen)

		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Consulting Services	Net sales	3,136	3,860	3,350	5,426	5,515	6,818	6,819	5,975	7,200	7,418	8,611
	Composition	4.2%	4.9%	5.9%	6.8%	6.6%	7.5%	6.8%	5.5%	6.4%	5.8%	6.0%
Custom System Development	Net sales	23,891	23,072	16,658	21,622	22,473	24,188	29,153	28,147	29,245	33,107	30,913
	Composition	32.3%	29.5%	29.3%	27.1%	26.9%	26.6%	29.0%	25.9%	26.1%	25.7%	21.7%
In-house Software	Net sales	11,009	13,438	10,366	14,796	14,752	15,070	17,126	20,549	22,089	24,807	30,237
	Composition	14.9%	17.2%	18.3%	18.5%	17.7%	16.6%	17.0%	18.9%	19.7%	19.2%	21.2%
Third-party Software	Net sales	22,258	22,728	16,578	23,850	25,077	27,261	29,945	33,325	33,767	40,299	48,184
	Composition	30.1%	29.0%	29.2%	29.9%	30.1%	29.9%	29.7%	30.7%	30.1%	31.2%	33.8%
Outsourcing, Operation and Maintenance Services	Net sales	6,855	7,541	5,256	8,015	8,587	9,555	9,524	12,462	12,085	16,052	17,108
	Composition	9.3%	9.6%	9.3%	10.1%	10.3%	10.5%	9.5%	11.5%	10.8%	12.4%	12.0%
IT Equipment Sales and Others	Net sales	6,818	7,625	4,561	6,071	7,017	8,130	8,110	8,219	7,696	7,369	7,553
	Composition	9.2%	9.8%	8.0%	7.6%	8.4%	8.9%	8.0%	7.5%	6.9%	5.7%	5.3%



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