

**Consolidated Financial Results for the First Quarter
of the fiscal year ending March 31, 2021
(April 1, 2020 - June 30, 2020)
[IFRS]**

July 31, 2020

Company Name: SCSK Corporation
 Securities Code: 9719
 Stock Exchange Listing: Tokyo Stock Exchange, 1st Section
 URL: <http://www.scsk.jp>
 Representative: Tooru Tanihara, Representative Director, President and Chief Operating Officer
 Inquiries: Masahiro Seki
 General Manager, Accounting Control Department TEL: +81-3-5166-2500
 Scheduled date of filing quarterly securities reports August 13, 2020
 Scheduled date for dividend payment: —
 Preparation of supplementary information material on financial results (yes/no): Yes
 Financial results conference for institutional investors and analysts (yes/no): Yes

(Amounts of less than ¥1 million are truncated)

1. Consolidated Business Results for the First Quarter ended June 30, 2020(April 1, 2020 to June 30, 2020)

(1) Consolidated Operating Results

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the previous fiscal year)

| | Net sales | | Operating profit | | Profit before tax | | Profit | | Profit attributable to owners of parent | | Total comprehensive income | |
|----------------------------------|-----------|-----|------------------|------|-------------------|------|--------|------|---|------|----------------------------|------|
| | | % | | % | | % | | % | | % | | % |
| Three months ended June 30, 2020 | 94,356 | 3.3 | 10,279 | 22.2 | 10,474 | 20.2 | 7,281 | 19.2 | 7,260 | 19.0 | 7,584 | 18.2 |
| Three months ended June 30, 2019 | 91,331 | — | 8,412 | — | 8,712 | — | 6,110 | — | 6,101 | — | 6,414 | — |

| | Basic earnings per share | Diluted earnings per share |
|----------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Three months ended June 30, 2020 | 69.76 | 69.76 |
| Three months ended June 30, 2019 | 58.62 | 58.62 |

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

| | Total assets | Total equity | Total equity attributable to owners of parent | Equity attributable to owners of parent ratio |
|----------------------|--------------|--------------|---|---|
| | | | | % |
| As of June 30, 2020 | 338,931 | 201,208 | 200,828 | 59.3 |
| As of March 31, 2020 | 362,241 | 200,405 | 200,047 | 55.2 |

2. Dividends

| | Dividends per share (Yen) | | | | |
|---------------------|---------------------------|--------------------|-------------------|-----------------|--------|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| FY 2019 | — | 65.00 | — | 65.00 | 130.00 |
| FY 2020 | — | — | — | — | — |
| FY 2020 (Forecasts) | — | 65.00 | — | 65.00 | 130.00 |

(Note) Revisions during this quarter of Dividends forecasts for Fiscal Year 2020: None

3. Consolidated Financial Forecasts for Fiscal Year 2020 (April 1, 2020 to March 31, 2021)

(Millions of yen unless otherwise stated)

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

| | Net sales | | Operating profit | | Profit before tax | | Profit attributable to owners of parent | | Basic earnings per share | |
|-----------|-----------|---|------------------|---|-------------------|---|---|---|--------------------------|--------|
| | | % | | % | | % | | % | | Yen |
| Full Year | 380,000 | — | 41,000 | — | 41,700 | — | 29,000 | — | — | 278.64 |

(Note) Revisions during this quarter of consolidated earnings forecasts for Fiscal Year 2020: None

※ Notes

- (1) Changes in significant subsidiaries during the period : None
 (2) Changes in accounting policies and changes in accounting estimates
 1) Changes in accounting policies as required by IFRS standards: Yes
 2) Changes in accounting policies due to other reasons: None
 3) Changes in accounting estimates: None

(4) Number of shares issued (Common stock)

- 1) The number of shares issued as of the period-end (including treasury stock)

| | |
|----------------------|--------------------|
| As of June 30, 2020 | 104,181,803 shares |
| As of March 31, 2020 | 104,181,803 shares |

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

| | |
|----------------------|----------------|
| As of June 30, 2020 | 128,348 shares |
| As of March 31, 2020 | 128,562 shares |

- 3) The average number of shares during the period

| | |
|---------------------|--------------------|
| As of June 30, 2020 | 104,077,515 shares |
| As of June 30, 2019 | 104,079,507 shares |

*Notification regarding the auditing process

- This financial report is not within the scope of the auditing process as prescribed by the Financial Instruments and Exchange Act.

* Cautionary statement concerning appropriate use of financial forecasts and other explanatory notes

- Effective April 1, 2020, the Company has adopted International Financial Reporting Standards (IFRS). Accordingly, financial results figures from the transition date forward and from the fiscal year ended March 31, 2020, reflect IFRS standards. Information on the differences between financial results figures as calculated based on IFRS standards and those calculated based on the previously employed Japanese generally accepted accounting principles (J-GAAP) can be found in “(First year of IFRS application)” in “(5) Notes regarding consolidated financial results for the three-month period ended June 30, 2020” under “2. Consolidated financial statements.”
- The financial forecasts contained in this document are based on the information currently available and certain assumptions deemed reasonable. Actual results may vary from these forecasts for various reasons. With regard to the assumptions on which financial forecasts are based and other explanatory notes in connection with the use of financial forecasts, please refer to “Consolidated Financial Forecast for the fiscal year ending March 31, 2021” on page 3.
- SCSK will hold a results briefing for institutional investors and analysts on July 31, 2020. Materials used in the briefing, a transcript of the main questions and answers, and other related information will be published on SCSK’s website promptly thereafter.

Contents

| | |
|---|----|
| 1. Qualitative information regarding operating results for the three-month ended June 30, 2020 | 2 |
| (1) Analysis of operating results | 2 |
| (2) Summary of financial position | 3 |
| (3) Consolidated Financial Forecasts for the fiscal year ending March 31, 2021 | 3 |
| 2. Consolidated quarterly financial statements | 4 |
| (1) Condensed quarterly consolidated statement of financial position | 4 |
| (2) Consolidated quarterly statements of income and comprehensive income | 6 |
| (3) Consolidated Statement of changes in equity | 8 |
| (4) Consolidated quarterly statements of cash flows | 9 |
| (5) Notes regarding consolidated financial results for the three month period ended June 30, 2020 | 10 |
| (Notes regarding the premise of a going concern) | 10 |
| (Notes concerning significant changes in shareholder's equity) | 10 |
| (Segment information) | 11 |
| (First year of IFRS application) | 14 |

1. Qualitative information regarding operating results for the three-month period ended June 30, 2020

(1) Analysis of operating results

In the three-month period ended June 30, 2020, the Japanese economy was thought to be bottoming out for a period. The global COVID-19 pandemic continued to create an incredibly challenging operating environment, resulting in a deteriorating job market and poor corporate earnings centered on the manufacturing industry. Meanwhile, there was anticipation that the alleviation of the state of emergency declaration in Japan would stimulate a recovery in consumer spending. However, it can be expected that a significant amount of time will be required for a full-fledged recovery in economic activities amid concern for a potential second wave in COVID-19 pandemic.

The Japanese economy is anticipated to see recovery from the incredibly difficult conditions experienced previously as a phased resumption of economic activities takes place in tandem with measures for preventing the spread of COVID-19. However, there is a need for careful monitoring of the trends surrounding the pandemic in Japan and overseas along with scrutiny when judging economic trends for the purpose of making management decisions going forward.

In this environment, the IT services market saw disparity between trends in IT investment based on type, as indicated by delays in decisions and postponements of certain IT investments by manufacturing industry customers, amid the difficult economic conditions that stemmed from the global COVID-19 pandemic.

In the manufacturing industry, despite the presence of demand from the automotive industry for strategic business investment and investments in boosting business competitiveness, there is concern for potential downward pressure on IT investment going forward due to revisions to investment projects and transitions toward in-house options in response to the faltering performance of customers.

In the financial industry, demand for IT investment for the reinforcement and expansion of overseas operations and other methods of augmenting and growing operations is expected to be relatively resilient to downward pressure. In addition, demand for various cloud-based IT services has been consistent in IT infrastructure sectors against a backdrop of a strong appetite among these companies for investment to heighten operational efficiency and productivity and shortages of in-house IT engineers at customer companies. In addition, continuous demand was seen for investment in redevelopment of core systems to address software approaching the end of service periods.

In the three-month period ended June 30, 2020, net sales in the three-month period ended June 30, 2020, increased 3.3% year on year, to ¥94,356 million. Despite the impacts of the global COVID-19 pandemic, there were no significant obstacles to operations. SCSK proceeded to fulfill the contracts acquired amid the bearish investment trend seen in the fiscal year ended March 31, 2020, and the newly consolidated Minori Solutions Co., Ltd., contributed to performance. In addition, there were increases in systems development, maintenance, operation, and service sales, which offset the minimal decrease in system sales resulted from lower network equipment sales to communications industry customers.

Operating profit was up 22.2% year on year, to ¥10,279 million, due to the higher net sales, lower unprofitable projects, and the effect of recording additional performance bonus payment expenses in the fiscal year ended March 31, 2020.

Profit attributable to owners of parent increased 19.0% year on year, to ¥7,260 million, as a result the rise in operating profit.

In the pursuit of further growth, the SCSK Group will be promoting sustainability management as a growth strategy. Positioning its corporate philosophy and materiality items as the Group's purpose, the SCSK Group will pursue its vision of becoming a co-creative IT company in 2030 with the goal of achieving sustainable development together with society. In its new medium-term management plan, the Group has defined three core strategies—core business innovation, commercialization of digital transformations, and investment in people—and three managerial foundation reinforcement measures—augmentation of comprehensive Group capabilities, promotion of management that fully exercises our employees' potential, and fostering of co-creation-oriented corporate culture. These core

strategies and managerial foundation reinforcement measures will be advanced to grow the Group's business on a global scale and move it toward the realization of its vision.

(2) Summary of financial position

Cash and cash equivalents ("cash") as of June 30, 2020 decreased ¥10,954 million compared to March 31, 2020 to ¥100,740 million. The increase or decrease in each cash flow type and the main factors for such changes are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities was ¥13,544 million.

The main cash inflow factors were profit before tax of ¥10,474 million, depreciation and amortization of ¥4,366 million, decrease in trade and other receivables of ¥13,994 billion, and increase in contract liabilities of ¥6,089 million. The main cash outflow factors were decrease in trade and other payables of ¥3,838 million, decrease in retirement benefits liabilities of ¥7,906 million, and income taxes paid of ¥3,828 million.

(Cash flow from investing activities)

Net cash used in investing activities was ¥5,586 million.

The main cash outflow factors were purchase of property, plant and equipment of ¥3,822 million and purchase of intangible assets of ¥1,015 million.

(Cash flow from financing activities)

Net cash used in financing activities was ¥18,737 million.

The main cash outflow factors were payments for repayments of loans and redemption of bonds of ¥10,700 million and dividends paid of ¥6,763 million (¥65.0 per share).

(3) Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2021

Although performance was brisk in the three-month period ended June 30, 2020, there is concern for the potential economic ramifications of the recent trend in Japan that appears to be a second wave of the global COVID-19 pandemic, and the outlook going forward remains opaque. Accordingly, the Company has chosen not to revise the full-year consolidated financial results forecasts for the fiscal year ending March 31, 2021, announced on April 28, 2020.

2. Consolidated Quarterly Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of Yen)

| | As of Apr. 1, 2019 (Transition Date) | As of Mar. 31, 2020 | As of Jun. 30, 2020 |
|---|---|---------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 106,413 | 111,695 | 100,740 |
| Trade and other receivables | 64,543 | 66,772 | 52,668 |
| Contract assets | 11,859 | 13,765 | 13,881 |
| Inventories | 8,331 | 10,071 | 8,128 |
| Income taxes receivable | 56 | 24 | 394 |
| Other financial assets | — | 412 | 379 |
| Other current assets | 9,295 | 11,149 | 15,288 |
| Total current assets | 200,499 | 213,891 | 191,481 |
| Non-current assets | | | |
| Property, plant and equipment | 56,731 | 61,546 | 62,843 |
| Right-of-use assets | 25,772 | 26,099 | 25,735 |
| Goodwill and intangible assets | 8,433 | 25,242 | 25,279 |
| Investments accounted for using equity method | 6,070 | 7,253 | 7,970 |
| Other financial assets | 6,346 | 5,739 | 6,576 |
| Deferred tax assets | 18,951 | 12,967 | 9,548 |
| Other receivables | 7,613 | 7,890 | 7,962 |
| Other non-current assets | 1,576 | 1,610 | 1,532 |
| Total non-current assets | 131,497 | 148,350 | 147,449 |
| Total assets | 331,996 | 362,241 | 338,931 |

(Millions of Yen)

| | As of Apr. 1, 2019 (Transition Date) | As of Mar. 31, 2020 | As of Jun. 30, 2020 |
|--|---|---------------------|---------------------|
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 29,007 | 32,306 | 27,948 |
| Contract liabilities | 10,449 | 12,638 | 18,726 |
| Employee benefits accruals | 9,436 | 12,054 | 4,190 |
| Bonds and borrowings | 15,035 | 25,397 | 15,300 |
| Lease liabilities | 7,552 | 6,601 | 6,218 |
| Other financial liabilities | 30 | — | 10 |
| Income taxes payable | 3,710 | 3,773 | 94 |
| Provisions | 398 | 511 | 278 |
| Other current liabilities | 3,635 | 8,275 | 4,600 |
| Total current liabilities | 79,254 | 101,559 | 77,368 |
| Non-current liabilities | | | |
| Bonds and borrowings | 39,965 | 29,927 | 29,934 |
| Lease liabilities | 20,428 | 21,127 | 20,917 |
| Other financial liabilities | 0 | — | — |
| Employee benefits | 2,923 | 5,821 | 5,917 |
| Provisions | 2,779 | 3,115 | 3,301 |
| Other payables | 154 | 207 | 206 |
| Other non-current liabilities | 83 | 75 | 75 |
| Total non-current liabilities | 66,335 | 60,276 | 60,354 |
| Total liabilities | 145,589 | 161,835 | 137,723 |
| Equity | | | |
| Share capital | 21,152 | 21,152 | 21,152 |
| Retained earnings | 162,317 | 177,828 | 178,323 |
| Treasury shares | -277 | -281 | -281 |
| Other components of equity | 2,216 | 1,347 | 1,633 |
| Total equity attributable to owners of parent | 185,409 | 200,047 | 200,828 |
| Non-controlling interests | 997 | 358 | 379 |
| Total equity | 186,407 | 200,405 | 201,208 |
| Total liabilities and equity | 331,996 | 362,241 | 338,931 |

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

(Millions of Yen)

| | From Apr. 1, 2019 to Jun. 30, 2019 | From Apr. 1, 2020 to Jun. 30, 2020 |
|---|---------------------------------------|---------------------------------------|
| Net sales | 91,331 | 94,356 |
| Cost of sales | -69,269 | -70,311 |
| Gross profit | 22,061 | 24,045 |
| Selling, general and administrative expenses | -13,685 | -13,829 |
| Other income | 56 | 77 |
| Other expenses | -19 | -13 |
| Operating profit | 8,412 | 10,279 |
| Finance income | 168 | 50 |
| Finance costs | -131 | -110 |
| Share of profit (loss) of investments accounted for using equity method | 263 | 255 |
| Profit before tax | 8,712 | 10,474 |
| Income tax expense | -2,602 | -3,193 |
| Profit | 6,110 | 7,281 |
| Profit attributable to | | |
| Owners of parent | 6,101 | 7,260 |
| Non-controlling interests | 8 | 21 |
| Earnings per share | | |
| Basic earnings per share | 58.62 | 69.76 |
| Diluted earnings per share | 58.62 | 69.76 |

Consolidated Quarterly Statements of Comprehensive Income

(Millions of Yen)

| | From Apr. 1, 2019 to Jun. 30, 2019 | From Apr. 1, 2020 to Jun. 30, 2020 |
|--|---------------------------------------|---------------------------------------|
| Profit | 6,110 | 7,281 |
| 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 | 263 | 455 |
| Share of other comprehensive income of investments accounted for using equity method | 56 | 99 |
| Total of items that will not be reclassified to profit or loss | 320 | 554 |
| Items that may be reclassified to profit or loss | | |
| Cash flow hedges | 13 | -12 |
| Exchange differences on translation of foreign operations | -36 | -215 |
| Share of other comprehensive income of investments accounted for using equity method | 6 | -22 |
| Total of items that may be reclassified to profit or loss | -16 | -250 |
| Total other comprehensive income | 304 | 303 |
| Comprehensive income | 6,414 | 7,584 |
| Comprehensive income attributable to | | |
| Owners of parent | 6,405 | 7,563 |
| Non-controlling interests | 8 | 21 |

(3) Consolidated Statement Of Changes In Equity

First quarter of fiscal year ended March 31, 2020 (April 1, 2019 to June 30, 2019)

(Millions of Yen)

| | Share capital | Capital surplus | Retained earnings | Treasury shares | Other components of equity | Total equity attributable to owners of parent | Non-controlling interests | Total |
|--|---------------|-----------------|-------------------|-----------------|----------------------------|---|---------------------------|---------|
| Balance at beginning of period | 21,152 | — | 162,317 | -277 | 2,216 | 185,409 | 997 | 186,407 |
| Profit | — | — | 6,101 | — | — | 6,101 | 8 | 6,110 |
| Other comprehensive income | — | — | — | — | 304 | 304 | — | 304 |
| Comprehensive income | — | — | 6,101 | — | 304 | 6,405 | 8 | 6,414 |
| Dividends of surplus | — | — | -5,202 | — | — | -5,202 | — | -5,202 |
| Changes in ownership interest in subsidiaries | — | -1,580 | — | — | — | -1,580 | -674 | -2,254 |
| Purchase of treasury shares | — | — | — | -1 | — | -1 | — | -1 |
| Disposal of treasury shares | — | -0 | -6 | 2 | — | -5 | — | -5 |
| Transfer to capital surplus from retained earnings | — | 1,580 | -1,580 | — | — | — | — | — |
| Transfer to non-financial assets | — | — | — | — | 15 | 15 | — | 15 |
| Total transactions with owners | — | — | -6,790 | 0 | 15 | -6,774 | -674 | -7,448 |
| Balance at end of period | 21,152 | — | 161,628 | -276 | 2,536 | 185,041 | 332 | 185,373 |

First quarter of fiscal year ending March 31, 2021 (April 1, 2020 to June 30, 2020)

(Millions of Yen)

| | Share capital | Capital surplus | Retained earnings | Treasury shares | Other components of equity | Total equity attributable to owners of parent | Non-controlling interests | Total |
|--|---------------|-----------------|-------------------|-----------------|----------------------------|---|---------------------------|---------|
| Balance at beginning of period | 21,152 | — | 177,828 | -281 | 1,347 | 200,047 | 358 | 200,405 |
| Profit | — | — | 7,260 | — | — | 7,260 | 21 | 7,281 |
| Other comprehensive income | — | — | — | — | 303 | 303 | — | 303 |
| Comprehensive income | — | — | 7,260 | — | 303 | 7,563 | 21 | 7,584 |
| Dividends of surplus | — | — | -6,763 | — | — | -6,763 | — | -6,763 |
| Changes in ownership interest in subsidiaries | — | -1 | — | — | — | -1 | -0 | -1 |
| Purchase of treasury shares | — | — | — | -0 | — | -0 | — | -0 |
| Disposal of treasury shares | — | -0 | — | 0 | — | 0 | — | 0 |
| Transfer to capital surplus from retained earnings | — | 1 | -1 | — | — | — | — | — |
| Transfer to non-financial assets | — | — | — | — | -17 | -17 | — | -17 |
| Total transactions with owners | — | — | -6,765 | -0 | -17 | -6,782 | -0 | -6,782 |
| Balance at end of period | 21,152 | — | 178,323 | -281 | 1,633 | 200,828 | 379 | 201,208 |

(4) Consolidated Quarterly Statements of Cash Flows

(Millions of Yen)

| | From Apr. 1, 2019 to Jun. 30, 2019 | From Apr. 1, 2020 to Jun. 30, 2020 |
|---|---------------------------------------|---------------------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 8,712 | 10,474 |
| Depreciation and amortization | 3,923 | 4,366 |
| Finance income | -168 | -50 |
| Finance costs | 131 | 110 |
| Share of loss (profit) of investments accounted for using equity method | -263 | -255 |
| Decrease (increase) in trade and other receivables | 18,004 | 13,994 |
| Decrease (increase) in contract assets | -4,316 | -115 |
| Decrease (increase) in inventories | -964 | 1,930 |
| Increase (decrease) in trade and other payables | -2,243 | -3,838 |
| Increase (decrease) in contract liabilities | 4,885 | 6,089 |
| Increase (decrease) in employee benefits | -3,284 | -7,906 |
| Increase (decrease) in provisions | 290 | -235 |
| Other | -4,777 | -7,299 |
| Subtotal | 19,929 | 17,263 |
| Interest and dividends received | 179 | 205 |
| Interest paid | -98 | -97 |
| Income taxes refund (paid) | -3,860 | -3,828 |
| Net cash provided by (used in) operating activities | 16,149 | 13,544 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | -1,280 | -3,822 |
| Proceeds from sale of property, plant and equipment | 0 | 30 |
| Purchase of intangible assets | -733 | -1,015 |
| Investments in equity accounted investees | — | -553 |
| Purchase of other financial assets | -26 | -138 |
| Proceeds from sales and redemptions of other financial assets | 17 | — |
| Other | -13 | -86 |
| Net cash provided by (used in) investing activities | -2,036 | -5,586 |
| Cash flows from financing activities | | |
| Payments for repayments of loans and redemption of bonds | -114 | -10,700 |
| Proceeds from long-term debt | — | 600 |
| Repayments of lease liabilities | -1,759 | -1,872 |
| Dividends paid | -5,202 | -6,763 |
| Other | -3 | -0 |
| Net cash provided by (used in) financing activities | -7,079 | -18,737 |
| Effect of exchange rate changes on cash and cash equivalents | -22 | -175 |
| Net increase (decrease) in cash and cash equivalents | 7,010 | -10,954 |
| Cash and cash equivalents at beginning of period | 106,413 | 111,695 |
| Cash and cash equivalents at end of period | 113,424 | 100,740 |

(5) Notes regarding Consolidated Financial Results for the First Quarter ended June 30, 2020

(Notes regarding the Premise of a Going Concern)

No applicable items.

(Notes concerning significant changes in shareholders' equity)

No applicable items.

(Segment Information)

1. Summary of reportable segments

The Company's business segments are the units of the Company for which separate financial information can be obtained and which are subject to regular discussion by the Board of Directors with regard to the allocation of management resources and the evaluation of performance. The Company defines business units according to customer industry and IT service business area, and each business unit is responsible for formulating comprehensive domestic and overseas strategies pertaining to the products and services they offer and for developing their businesses in accordance with these strategies.

Based on these business activities, the Company has defined the following six reportable segments: Industrial IT Business, Financial IT Business, IT Business Solutions, IT Platforms Solution, IT Management Service, and Others. These segments are arranged by product and service category based on the Company's business units.

Multiple business segments have been consolidated into a single reportable segment in cases in which the applicable business segments share similarities with regard to each of the following characteristics: (1) products and services, (2) production processes, (3) customers for products and services, (4) product or service supply methods, and (5) regulatory environment. The business of the Company's reportable segments are as follows.

(1) Industrial IT Business

The Industrial IT Business segment is comprised of the Manufacturing & Telecommunication Systems Business, Distribution & Media Systems Business, Global System Solutions & Innovation Business, and Mobility Systems business segments.

- Manufacturing & Telecommunication Systems Business: This business segment provides a wide range of IT solutions on a global scale. These solutions include core systems, manufacturing management systems, information management systems, supply chain management (SCM) systems, and customer relationship management (CRM) systems. Our services leverage the experience and know-how that we have cultivated over many years throughout the chain of operational processes from production to sales. The customers of this business are primarily companies in the manufacturing, telecommunications, and energy industries.
- Distribution & Media Systems Business: This business segment provides IT solution packages configured from various core systems, information systems, SCM systems, CRM systems, and e-commerce systems primarily to customers in the distribution, service, and media industries.
- Global System Solutions & Innovation Business: This business segment provides to optimal IT solutions primarily to trading companies and the global bases of customers from among a lineup that includes core systems, information management systems, SCM systems, and CRM systems.
- Mobility Systems: This business segment supplies the automotive industry and other customers with a wide range of solutions for automobile electronic control units on a global basis. These solutions include the development of embedded software through a model-based development approach, proprietary SCSK middleware (QINeS-BSW), software assessments, and process improvement measures.

(2) Financial IT Business

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

(3) IT Business Solutions

This segment provides a wide range of IT solutions. These solutions include contact center services as well as application management outsourcing (AMO) services that cover the entire system lifecycle, from development and installation to maintenance and operation, for enterprise resources planning (ERP) and

CRM products, such as our internally developed ProActive ERP package, SAP, and Oracle offerings as well as Salesforce. In addition, this segment offers the type of business process outsourcing services that only an IT company can. These services merge support performed by human hands with IT.

(4) IT Platforms Solutions

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

(5) IT Management Service

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

(6) Others

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

The Others segment did not fulfill the quantitative requirements for treatment as a reportable segment in the fiscal year ended March 31, 2020, or the fiscal year ending March 31, 2021.

2. Reorganization of reportable segments, etc.

Effective April 1, 2020, the Manufacturing & Telecommunication Systems Business, Distribution & Media Systems Business, Global System Solutions & Innovation Business, and Mobility Systems segments were consolidated to form the new Industrial IT Business segment. This decision was made based on the judgement that these segments shared similarities with regard to each of the following characteristics: (1) products and services, (2) production processes, (3) customers for products and services, (4) product or service supply methods, and (5) regulatory environment. Also on this date, the Financial Systems Business segment was renamed the Financial IT Business segment, the Business Solutions segment was renamed the IT Business Solutions segment, and the IT Platform Solutions segment was renamed the IT Platform Solution segment. In addition, following the absorption of JIEC Co., Ltd., on April 1, 2020, the businesses of this company that were previously included in the former Financial Systems Business segment were reallocated among the Industrial IT Business, Financial IT Business, IT Business Solutions, and IT Management Service segments.

Segment information for the fiscal year ended March 31, 2020, has been restated to reflect this change in reportable segments.

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

I. First quarter of fiscal year ended March 31, 2020 (April 1, 2019 to June 30, 2019)

(Millions of Yen)

| | Reportable Segment | | | | | | | Adjustments (Note2) | Amount recorded in consolidated quarterly financial statements |
|--------------------------------|---------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|--------|---------|--|---|
| | Industrial IT Business | Financial IT Business | IT Business Solutions | IT Platform Solutions | IT Management Service | Others | Total | | |
| Sales | | | | | | | | | |
| Outside customers | 31,334 | 12,823 | 12,367 | 20,930 | 12,871 | 257 | 90,584 | 746 | 91,331 |
| Inter segment sales (Note1) | 1,978 | 146 | 1,412 | 1,544 | 3,508 | 1,049 | 9,641 | -9,641 | — |
| Total | 33,313 | 12,969 | 13,779 | 22,474 | 16,380 | 1,307 | 100,226 | -8,895 | 91,331 |
| Operating profit (loss) | 2,902 | 1,126 | 1,292 | 1,930 | 1,572 | -18 | 8,806 | -393 | 8,412 |
| | | | | | | | | Finance income | 168 |
| | | | | | | | | Finance costs | -131 |
| | | | | | | | | Share of profit (loss) of investments accounted for using equity method | 263 |
| | | | | | | | | Profit before tax | 8,712 |

Notes: 1. Amounts for inter-segment transactions are decided based on price negotiations made with reference to market prices.

2. The amount of ¥746 million for sales to outside customers represents a part of adjustment to reflect net sales as defined by IFRS. The ¥393 million reduction to operating profit (loss) is comprised of ¥877 million in general corporate expenses that have not been allocated to the reportable segments and a ¥483 million adjustment to reflect net sales as defined by IFRS.

II. First quarter of fiscal year ending March 31, 2021 (April 1, 2020 to June 30, 2020)

(Millions of Yen)

| | Reportable Segment | | | | | | | Adjustments (Note2) | Amount recorded in consolidated quarterly financial statements |
|--------------------------------|---------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|--------|---------|--|---|
| | Industrial IT Business | Financial IT Business | IT Business Solutions | IT Platform Solutions | IT Management Service | Others | Total | | |
| Sales | | | | | | | | | |
| Outside customers | 32,225 | 12,530 | 12,669 | 18,805 | 13,996 | 4,043 | 94,271 | 85 | 94,356 |
| Inter segment sales (Note1) | 3,918 | 134 | 1,308 | 1,668 | 3,599 | 1,548 | 12,178 | -12,178 | — |
| Total | 36,144 | 12,665 | 13,978 | 20,473 | 17,595 | 5,592 | 106,449 | -12,092 | 94,356 |
| Operating profit | 3,856 | 1,427 | 1,426 | 2,251 | 1,655 | 102 | 10,720 | -441 | 10,279 |
| | | | | | | | | Finance income | 50 |
| | | | | | | | | Finance costs | -110 |
| | | | | | | | | Share of profit (loss) of investments accounted for using equity method | 255 |
| | | | | | | | | Profit before tax | 10,474 |

Notes: 1. Amounts for inter-segment transactions are decided based on price negotiations made with reference to market prices.

2. The amount of ¥85 million for sales to outside customers represents a part of adjustment to reflect net sales as defined by IFRS. The ¥441 million reduction to operating profit is comprised of ¥678 million in general corporate expenses that have not been allocated to the reportable segments and a ¥237 million adjustment to reflect net sales as defined by IFRS.

(First year of IFRS application)

From the three-month period ended June 30, 2020, the Company will disclose financial statements prepared based on IFRS standards. The most recent financial statements to be prepared based on the previously employed Japanese generally accepted accounting principles (J-GAAP) are the financial statements for the fiscal year ended March 31, 2020. Accordingly, the date of transition from J-GAAP standards to IFRS standards is April 1, 2019.

(1) Exceptions Stipulated Under IFRS 1

In principal, IFRS standards requires that companies adopting IFRS for the first time apply the required standards retroactively to periods before the transition. However, IFRS 1 (First-time Adoption of International Financial Reporting Standards) defines certain exceptions in retroactive application, both voluntary or mandatory. The Company has adjusted for inconsistencies caused in complying with this requirement by modifying retained earnings and other components of equity, as of the transition date.

The voluntary exemptions utilized by the Company are as follows.

• Business combinations

Under IFRS 1, first-time adopters can utilize an exemption to the retroactive application of IFRS 3 (Business Combinations) with regard to past business combinations. If retroactive application is performed, all aspects of the applicable business combination must be restated to reflect IFRS 3 standards.

The Company has chosen not to retroactively apply IFRS 3 to past business combinations. As a result, amounts of goodwill for business combinations before the transition date have not been adjusted and therefore still represent the book values recognized based on the previously adopted J-GAAP standards. In addition, impairment tests were performed on this goodwill as of transition date regardless of the presence of signs of impairment.

• Use of Deemed Cost

Under IFRS 1, first-time adopters have the option to use fair value as of the transition date as current deemed cost for properties, plants and equipment. The Company has opted to use fair value as of the transition date as IFRS deemed cost for some of its properties, plants and equipment as of the transition date.

• Foreign currency translation differences from foreign operations

Under IFRS 1, first-time adopters may choose to treat foreign currency translation differences from foreign operations on the transition date as zero. The Company has chosen to treat foreign currency translation differences from foreign operations on the transition date as zero, and the resulting differences have been recognized under retained earnings.

• Designation of financial instruments recognized prior to transition date

Under IFRS 1, first-time adopters are allowed to elect to design equity instruments as stipulated by IFRS 9 (Financial Instruments) as financial assets measured at fair value through other comprehensive income when reflecting fluctuations in the fair value of said instruments if deemed appropriate based on the facts and circumstances of these financial instruments as of the transition date. The Company has chosen to designate equity instruments held as of the transition date as financial assets measured at fair value through other comprehensive income based on the circumstances of these financial instruments as of the transition date.

• Lease (as Debtor)

Under IFRS 1, first-time adopters may choose to treat lease contracts outstanding on the transition date as leases based on the new IFRS lease definition if deemed appropriate based on the facts and circumstances of these leases as of the transition date. Moreover, in the case of leases as the debtor, first-time adopters are able to measure all applicable lease liabilities and right-of-use assets as of the transition date when recognizing these liabilities and assets. The Company made the judgment of whether contracts outstanding

as of the transition date contain leases based on the facts and circumstances of these leases as of the transition date. In addition, the Company measured lease liabilities as of the transition date and displayed the outstanding lease fees for those lease liabilities at current value discounted by the debtor's additional borrowing interest rate as of the transition date. Furthermore, right-of-use assets were measured at the transition date and IAS 36 (Impairment of Assets) was applied to said right-of-use assets as of the IFRS transition date.

- Borrowing expenses

IFRS 1 allows first-time adopters to choose not to retroactively apply IAS 23 (Borrowing Costs) for borrowing expenses related to qualifying assets recognized before the transition date. The Company has elected not to retroactively apply IAS 23 for borrowing expenses related to qualifying assets recognized before the transition date.

- Stock compensation

Under IFRS 1, first-time adopters are able to choose not to apply IFRS 2 (Share-based Payment) for stock compensation that was granted after November 7, 2002, and for which the rights were finalized prior to the transition date or January 1, 2005, whichever is later. The Company has chosen not to apply IFRS 2 to stock compensation for which the rights were finalized prior to the transition date.

(2) Mandatory Exemptions for Retroactive Application Stipulated Under IFRS 1

IFRS mandates that IFRS standards not be retroactively applied to items including estimates, financial assets and liabilities for which recognition has ceased, hedge accounting, minority interests, and financial asset categories and measurements. The Company will apply IFRS standards to these items from the transition date forward.

(3) Reconciliations

Reconciliations based on IFRS 1 are as follows. In these reconciliations, the amounts under "Reclassification" include adjustments that affect neither retained earnings nor comprehensive income, while the amounts under "Difference in recognition and measurement" include adjustments that affect retained earnings and comprehensive income. In addition, "Difference in scope of consolidation" reflects the effect of including certain subsidiaries with low materiality, that were accounted for under the equity method and not included in the scope of consolidation under J-GAAP standards, in the scope of consolidation under IFRS standards.

"Recognition of and subsequent amortization of acquisition costs from business combinations" includes adjustments to reconcile for the recognition of the acquisition cost of Minori Solutions Co., Ltd., under intangible assets.

Reconciliation of equity as of the transition date (April 1, 2019)

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Reclassifi- cations | Scope of consolidation | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|--|---------|------------------------|---------------------------|---|---------|-------|--|
| Assets | | | | | | | Assets |
| Current assets | | | | | | | Current assets |
| Cash and deposits | 21,170 | 85,028 | 214 | — | 106,413 | | Cash and cash equivalents |
| Notes and accounts receivable - trade | 74,698 | -9,649 | 21 | -527 | 64,543 | | Trade and other receivables |
| | — | 11,489 | — | 369 | 11,859 | | Contract assets |
| Lease receivables and investment assets | 334 | -334 | — | — | — | | |
| Merchandise and finished goods | 7,831 | -7,831 | — | — | — | | |
| Work in process | 360 | -360 | — | — | — | | |
| Raw materials and supplies | 117 | -117 | — | — | — | | |
| | — | 8,310 | 5 | 15 | 8,331 | | Inventories |
| Deposits paid | 85,028 | -85,028 | — | — | — | | |
| | — | 56 | — | — | 56 | | Income taxes receivable |
| Other | 11,496 | -1,593 | 5 | -613 | 9,295 | | Other current assets |
| Allowance for doubtful accounts | -31 | 31 | — | — | — | | |
| Total current assets | 201,007 | — | 247 | -755 | 200,499 | | Total current assets |
| Non-current assets | | | | | | | Non-current assets |
| Property, plant and equipment | 70,833 | -1,552 | 9 | -12,558 | 56,731 | F | Property, plant and equipment |
| | — | 1,581 | — | 24,190 | 25,772 | G | Right-of-use assets |
| Intangible assets | 8,208 | -8,208 | — | — | — | | |
| | — | 8,179 | 253 | — | 8,433 | B | Goodwill and intangible assets |
| | — | 5,185 | — | 885 | 6,070 | | Investments accounted for using equity method |
| Investment securities | 11,773 | -11,773 | — | — | — | | |
| Long-term prepaid expenses | 1,563 | -1,563 | — | — | — | | |
| Leasehold and guarantee deposits | 6,759 | -6,759 | — | — | — | | |
| Deferred tax assets | 13,709 | — | — | 5,242 | 18,951 | C | Deferred tax assets |
| | — | 7,592 | 21 | — | 7,613 | | Other receivables |
| | — | 6,730 | -436 | 52 | 6,346 | A | Other financial assets |
| Other | 1,042 | 534 | — | — | 1,576 | | Other non-current assets |
| Allowance for doubtful accounts | -53 | 53 | — | — | — | | |
| Total non-current assets | 113,837 | — | -152 | 17,812 | 131,497 | | Total non-current assets |
| Total assets | 314,844 | — | 95 | 17,056 | 331,996 | | Total assets |

SCSK Corporation (9719)
 CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2020

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Reclassifi- cations | Scope of consolidation | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|--|---------|------------------------|---------------------------|---|---------|-------|-------------------------------|
| Liabilities | | | | | | | Liabilities |
| Current liabilities | | | | | | | Current liabilities |
| Notes and accounts payable - trade | 22,087 | 7,155 | 17 | -253 | 29,007 | | Trade and other payables |
| | — | 10,428 | 20 | — | 10,449 | | Contract liabilities |
| | — | 9,235 | — | 200 | 9,436 | H | Employee benefits accruals |
| Short-term borrowings | 15,000 | — | 35 | — | 15,035 | | Bonds and borrowings |
| Lease obligations | 843 | -843 | — | — | — | | |
| | — | 843 | — | 6,708 | 7,552 | G | Lease liabilities |
| | — | 30 | — | — | 30 | | Other financial liabilities |
| Income taxes payable | 4,898 | -1,202 | 13 | — | 3,710 | | Income taxes payable |
| Provision for bonuses | 5,910 | -5,910 | — | — | — | | |
| Provision for bonuses for directors (and other officers) | 57 | -57 | — | — | — | | |
| Provision for loss on construction contracts | 228 | -228 | — | — | — | | |
| | — | 398 | — | — | 398 | | Provisions |
| Other | 23,499 | -19,849 | 24 | -39 | 3,635 | | Other current liabilities |
| Total current liabilities | 72,525 | -0 | 111 | 6,617 | 79,254 | | Total current liabilities |
| Non-current liabilities | | | | | | | Non-current liabilities |
| Bonds payable | 40,000 | — | 78 | -112 | 39,965 | | Bonds and borrowings |
| Lease obligations | 1,909 | -1,909 | — | — | — | | |
| | — | 1,909 | — | 18,518 | 20,428 | G | Lease liabilities |
| | — | 0 | — | — | 0 | | Other financial liabilities |
| | — | 2,923 | — | — | 2,923 | D | Employee benefits |
| | — | 2,779 | — | — | 2,779 | | Provisions |
| | — | 154 | — | — | 154 | | Other payables |
| Provision for retirement benefits for directors (and other officers) | 20 | -20 | — | — | — | | |
| Retirement benefit liability | 2,902 | -2,902 | — | — | — | | |
| Asset retirement obligations | 2,779 | -2,779 | — | — | — | | |
| Long-term lease and guarantee deposits | 154 | -154 | — | — | — | | |
| Other | 83 | — | — | — | 83 | | Other non-current liabilities |
| Total non-current liabilities | 47,850 | 0 | 78 | 18,405 | 66,335 | | Total non-current liabilities |
| Total liabilities | 120,375 | — | 190 | 25,023 | 145,589 | | Total liabilities |

SCSK Corporation (9719)
 CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2020

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Reclassifi- cations | Scope of consolidation | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|---|---------|------------------------|---------------------------|---|---------|-----------|------------------------------|
| Net assets | | | | | | | |
| Shareholders' equity | | | | | | | Equity |
| Share capital | 21,152 | — | — | — | 21,152 | | Share capital |
| Capital surplus | — | 40 | — | -40 | — | | Capital surplus |
| Retained earnings | 175,223 | — | -77 | -12,828 | 162,317 | I | Retained earnings |
| Treasury shares | -694 | — | — | 417 | -277 | | Treasury shares |
| Total accumulated other comprehensive income | -2,269 | — | — | 4,485 | 2,216 | A,D, E | Other components of equity |
| Share acquisition rights | 40 | -40 | — | — | — | | |
| Non-controlling interests | 1,015 | — | -17 | — | 997 | | Non-controlling interests |
| Total net assets | 194,468 | — | -95 | -7,966 | 186,407 | | Total equity |
| Total liabilities and net assets | 314,844 | — | 95 | 17,056 | 331,996 | | Total liabilities and equity |

Reconciliation of equity as of June 30, 2019

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Reclassifications | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|---------------------------------------|---------|-------------------|--|---------|-------|---|
| Assets | | | | | | Assets |
| Current assets | | | | | | Current assets |
| Cash and deposits | 20,883 | 92,541 | — | 113,424 | | Cash and cash equivalents |
| Notes and accounts receivable - trade | 60,181 | -13,077 | -453 | 46,651 | | Trade and other receivables |
| | — | 15,128 | 1,047 | 16,176 | | Contract assets |
| Merchandise and finished goods | 8,835 | -8,835 | — | — | | |
| Work in process | 990 | -990 | — | — | | |
| Raw materials and supplies | 111 | -111 | — | — | | |
| | — | 9,937 | -640 | 9,297 | | Inventories |
| Deposits paid | 92,541 | -92,541 | — | — | | |
| | — | 46 | — | 46 | | Income taxes receivable |
| | — | 13 | — | 13 | | Other financial assets |
| Other | 15,387 | -2,161 | -899 | 12,326 | | Other current assets |
| Allowance for doubtful accounts | -51 | 51 | — | — | | |
| Total current assets | 198,879 | 1 | -945 | 197,936 | | Total current assets |
| Non-current assets | | | | | | Non-current assets |
| Property, plant and equipment | 70,390 | -1,683 | -12,288 | 56,417 | F | Property, plant and equipment |
| | — | 1,707 | 24,141 | 25,848 | G | Right-of-use assets |
| Intangible assets | 8,267 | -8,267 | — | — | | |
| | — | 8,244 | 19 | 8,263 | B | Goodwill and intangible assets |
| | — | 5,327 | 953 | 6,281 | | Investments accounted for using equity method |
| Investment securities | 11,998 | -11,998 | — | — | | |
| | — | 11,524 | 5,120 | 16,644 | C | Deferred tax assets |
| | — | 7,556 | — | 7,556 | | Other receivables |
| | — | 6,812 | 52 | 6,865 | A | Other financial assets |
| Other | 20,688 | -19,274 | — | 1,414 | | Other non-current assets |
| Allowance for doubtful accounts | -50 | 50 | — | — | | |
| Total non-current assets | 111,294 | — | 17,998 | 129,292 | | Total non-current assets |
| Total assets | 310,174 | 1 | 17,053 | 327,229 | | Total assets |

SCSK Corporation (9719)
 CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2020

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Reclassifications | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|--|---------|-------------------|--|---------|-------|-------------------------------|
| Liabilities | | | | | | Liabilities |
| Current liabilities | | | | | | Current liabilities |
| Notes and accounts payable - trade | 16,926 | 10,673 | -703 | 26,897 | | Trade and other payables |
| | — | 15,336 | — | 15,336 | | Contract liabilities |
| | — | 5,876 | 200 | 6,077 | H | Employee benefits accruals |
| Short-term borrowings | 15,000 | 10,000 | -9 | 24,990 | | Bonds and borrowings |
| Current portion of bonds | 10,000 | -10,000 | — | — | | |
| | — | 856 | 6,587 | 7,443 | G | Lease liabilities |
| Income taxes payable | 739 | -548 | — | 191 | | Income taxes payable |
| Provision for bonuses | 1,532 | -1,532 | — | — | | |
| Provision for bonuses for directors (and other officers) | 15 | -15 | — | — | | |
| Provision for loss on construction contracts | 524 | -524 | — | — | | |
| | — | 685 | — | 685 | | Provisions |
| Other | 34,596 | -30,807 | -33 | 3,756 | | Other current liabilities |
| Total current liabilities | 79,336 | — | 6,041 | 85,378 | | Total current liabilities |
| Non-current liabilities | | | | | | Non-current liabilities |
| Bonds payable | 30,000 | — | -93 | 29,906 | | Bonds and borrowings |
| | — | 1,960 | 18,433 | 20,394 | G | Lease liabilities |
| | — | 1 | — | 1 | | Other financial liabilities |
| | — | 2,650 | 284 | 2,934 | D | Employee benefits |
| | — | 2,999 | — | 2,999 | | Provisions |
| | — | 157 | — | 157 | | Other payables |
| Provision for retirement benefits for directors (and other officers) | 15 | -15 | — | — | | |
| Retirement benefit liability | 2,635 | -2,635 | — | — | | |
| Asset retirement obligations | 2,999 | -2,999 | — | — | | |
| Other | 2,201 | -2,118 | — | 83 | | Other non-current liabilities |
| Total non-current liabilities | 37,851 | 1 | 18,624 | 56,477 | | Total non-current liabilities |
| Total liabilities | 117,187 | 1 | 24,666 | 141,855 | | Total liabilities |
| Net assets | | | | | | Equity |
| Share capital | 21,152 | — | — | 21,152 | | Share capital |
| Capital surplus | — | 34 | -34 | — | | Capital surplus |
| Retained earnings | 173,933 | — | -12,304 | 161,628 | I | Retained earnings |
| Treasury shares | -694 | — | 417 | -276 | | Treasury shares |
| Total accumulated other comprehensive income | -1,774 | — | 4,311 | 2,536 | A,D,E | Other components of equity |
| Share acquisition rights | 34 | -34 | — | — | | |
| Non-controlling interests | 334 | — | -2 | 332 | | Non-controlling interests |
| Total net assets | 192,986 | — | -7,612 | 185,373 | | Total equity |
| Total liabilities and net assets | 310,174 | 1 | 17,053 | 327,229 | | Total liabilities and equity |

Reconciliation of equity as of March 31, 2020

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Allocation of acquisition costs through business combinations and subsequent amortization | Reclassifications | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|---|----------------|---|-------------------|--|----------------|-------|---|
| Assets | | | | | | | Assets |
| Current assets | | | | | | | Current assets |
| Cash and deposits | 32,072 | — | 79,623 | — | 111,695 | | Cash and cash equivalents |
| Notes and accounts receivable - trade | 78,828 | — | -11,024 | -1,031 | 66,772 | | Trade and other receivables |
| Lease receivables and investment assets | — | — | 13,062 | 702 | 13,765 | | Contract assets |
| Merchandise and finished goods | 340 | — | -340 | — | — | | |
| Work in process | 9,150 | — | -9,150 | — | — | | |
| Raw materials and supplies | 671 | — | -671 | — | — | | |
| Deposits paid | 133 | — | -133 | — | — | | |
| Securities | — | — | 9,955 | 115 | 10,071 | | Inventories |
| Other | 79,703 | — | -79,703 | — | — | | |
| Allowance for doubtful accounts | 299 | — | -299 | — | — | | |
| | — | — | 24 | — | 24 | | Income taxes receivable |
| | — | — | 412 | — | 412 | | Other financial assets |
| | 13,600 | — | -1,803 | -647 | 11,149 | | Other current assets |
| | -48 | — | 48 | — | — | | |
| Total current assets | 214,752 | — | — | -861 | 213,891 | | Total current assets |
| Non-current assets | | | | | | | Non-current assets |
| Property, plant and equipment | 74,801 | — | -1,384 | -11,870 | 61,546 | F | Property, plant and equipment |
| Intangible assets | — | — | 1,394 | 24,704 | 26,099 | G | Right-of-use assets |
| Investment securities | 21,384 | 10,274 | -31,659 | — | — | | |
| Long-term prepaid expenses | — | -6,869 | 31,650 | 461 | 25,242 | B | Goodwill and intangible assets |
| Leasehold and guarantee deposits | — | — | 6,333 | 920 | 7,253 | | Investments accounted for using equity method |
| Deferred tax assets | 11,854 | — | -11,854 | — | — | | |
| Other | 1,599 | — | -1,599 | — | — | | |
| Allowance for doubtful accounts | 7,178 | — | -7,178 | — | — | | |
| | 10,044 | -3,146 | — | 6,068 | 12,967 | C | Deferred tax assets |
| | — | — | 7,890 | — | 7,890 | | Other receivables |
| | — | — | 5,666 | 73 | 5,739 | A | Other financial assets |
| | 918 | — | 692 | — | 1,610 | | Other non-current assets |
| | -50 | — | 50 | — | — | | |
| Total non-current assets | 127,732 | 259 | — | 20,357 | 148,350 | | Total non-current assets |
| Total assets | 342,485 | 259 | — | 19,496 | 362,241 | | Total assets |

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Allocation of acquisition costs through business combinations and subsequent amortization | Reclassifications | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|--|----------------|---|-------------------|--|----------------|-------|--------------------------------------|
| Liabilities | | | | | | | Liabilities |
| Current liabilities | | | | | | | Current liabilities |
| Notes and accounts payable - trade | 25,054 | — | 7,212 | 38 | 32,306 | | Trade and other payables |
| | — | — | 12,638 | — | 12,638 | | Contract liabilities |
| | — | — | 10,051 | 2,002 | 12,054 | H | Employee benefits accruals |
| Short-term borrowings | 15,400 | — | 10,000 | -2 | 25,397 | | Bonds and borrowings |
| Current portion of bonds | 10,000 | — | -10,000 | — | — | | |
| Lease obligations | 836 | — | -836 | — | — | | |
| | — | — | 836 | 5,764 | 6,601 | G | Lease liabilities |
| Income taxes payable | 5,091 | — | -1,317 | — | 3,773 | | Income taxes payable |
| Provision for bonuses | 6,972 | — | -6,972 | — | — | | |
| Provision for bonuses for directors (and other officers) | 65 | — | -65 | — | — | | |
| Provision for loss on construction contracts | 507 | — | -507 | — | — | | |
| | — | — | 511 | — | 511 | | Provisions |
| Other | 29,960 | — | -21,550 | -133 | 8,275 | | Other current liabilities |
| Total current liabilities | 93,889 | — | — | 7,669 | 101,559 | | Total current liabilities |
| Non-current liabilities | | | | | | | Non-current liabilities |
| Bonds payable | 30,000 | — | — | -72 | 29,927 | | Bonds and borrowings |
| Lease obligations | 1,581 | — | -1,581 | — | — | | |
| | — | — | 1,581 | 19,546 | 21,127 | G | Lease liabilities |
| | — | — | 5,543 | 278 | 5,821 | D | Employee benefits |
| | — | — | 3,115 | — | 3,115 | | Provisions |
| | — | — | 207 | — | 207 | | Other payables |
| Provision for retirement benefits for directors (and other officers) | 11 | — | -11 | — | — | | |
| Retirement benefit liability | 5,532 | — | -5,532 | — | — | | |
| Asset retirement obligations | 3,115 | — | -3,115 | — | — | | |
| Long-term lease and guarantee deposits | 156 | — | -156 | — | — | | |
| Other | 127 | — | -51 | — | 75 | | Other non-current liabilities |
| Total non-current liabilities | 40,523 | — | — | 19,752 | 60,276 | | Total non-current liabilities |
| Total liabilities | 134,413 | — | — | 27,422 | 161,835 | | Total liabilities |

SCSK Corporation (9719)
 CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2020

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Allocation of acquisition costs through business combinations and subsequent amortization | Reclassifications | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|--|---------|---|-------------------|--|---------|-----------|------------------------------|
| Net assets | | | | | | | Equity |
| Share capital | 21,152 | — | — | — | 21,152 | | Share capital |
| Capital surplus | — | 429 | -398 | -30 | — | | Capital surplus |
| Retained earnings | 191,881 | -169 | 429 | -14,312 | 177,828 | I | Retained earnings |
| Treasury shares | -698 | — | — | 417 | -281 | | Treasury shares |
| Total accumulated other comprehensive income | -4,655 | — | — | 6,002 | 1,347 | A,D, E | Other components of equity |
| Share acquisition rights | 30 | — | -30 | — | — | | |
| Non-controlling interests | 361 | — | — | -2 | 358 | | Non-controlling interests |
| Total net assets | 208,072 | 259 | — | -7,925 | 200,405 | | Total equity |
| Total liabilities and net assets | 342,485 | 259 | — | 19,496 | 362,241 | | Total liabilities and equity |

Reconciliation of income and comprehensive income for first quarter of fiscal year ended March 31, 2020 (April 1, 2019 to June 30, 2019)

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Reclassifications | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|--|--------|-------------------|--|--------|-------|---|
| Net sales | 90,967 | — | 363 | 91,331 | | Net sales |
| Cost of sales | 69,256 | 0 | 13 | 69,269 | | Cost of sales |
| Gross profit | 21,711 | -0 | 350 | 22,061 | | Gross profit |
| Selling, general and administrative expenses | 13,877 | 168 | -360 | 13,685 | B | Selling, general and administrative expenses |
| | — | 52 | 3 | 56 | | Other income |
| | — | 54 | -35 | 19 | | Other expenses |
| Operating profit | 7,833 | -170 | 749 | 8,412 | | Operating profit |
| Non-operating income | 378 | -378 | — | — | | |
| Non-operating expenses | 80 | -80 | — | — | | |
| Ordinary profit | 8,131 | -8,131 | — | — | | |
| Extraordinary income | 5 | -5 | — | — | | |
| Extraordinary losses | 135 | -135 | — | — | | |
| | — | 79 | 88 | 168 | | Finance income |
| | — | 37 | 94 | 131 | | Finance costs |
| | — | 251 | 11 | 263 | | Share of profit (loss) of investments accounted for using equity method |
| Profit before income taxes | 8,002 | -45 | 755 | 8,712 | | Profit before tax |
| Total income taxes | 2,450 | -45 | 196 | 2,602 | | Income tax expense |
| Profit | 5,551 | — | 558 | 6,110 | | Profit |

SCSK Corporation (9719)
 CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2020

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Reclassifications | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|---|--------|-------------------|--|-------|-------|--|
| Profit | 5,551 | — | 558 | 6,110 | | Profit |
| Other comprehensive income | | | | | | Other comprehensive income |
| | | | | | | Items that will not be reclassified to profit or loss |
| Remeasurements of defined benefit plans, net of tax | 164 | — | -164 | — | D | Remeasurements of defined benefit liabilities (assets) |
| Valuation difference on available-for-sale securities | 327 | — | -64 | 263 | A | Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income |
| | — | 1 | 55 | 56 | | Share of other comprehensive income of investments accounted for using equity method |
| | | | | | | Items that may be reclassified to profit or loss |
| Deferred gains or losses on hedges | 29 | — | -15 | 13 | | Cash flow hedges |
| Foreign currency translation adjustment | -34 | — | -2 | -36 | | Exchange differences on translation of foreign operations |
| Share of other comprehensive income of entities accounted for using equity method | 9 | -1 | -0 | 6 | | Share of other comprehensive income of investments accounted for using equity method |
| Total other comprehensive income | 497 | — | -192 | 304 | | Total other comprehensive income |
| Comprehensive income | 6,048 | — | 366 | 6,414 | | Comprehensive income |

Reconciliation of income and comprehensive income of fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Allocation of acquisition costs through business combinations and subsequent amortization | Reclassifications | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|--|---------|---|-------------------|--|---------|-------|---|
| Net sales | 387,003 | — | — | -1,707 | 385,295 | | Net sales |
| Cost of sales | 289,048 | 51 | 198 | -1,195 | 288,102 | | Cost of sales |
| Gross profit | 97,954 | -51 | -198 | -511 | 97,192 | | Gross profit |
| Selling, general and administrative expenses | 55,628 | 270 | 1,108 | 138 | 57,145 | B | Selling, general and administrative expenses |
| | — | — | 352 | 3 | 355 | | Other income |
| | — | — | 384 | -30 | 354 | | Other expenses |
| Operating profit | 42,326 | -321 | -1,340 | -616 | 40,048 | | Operating profit |
| Non-operating income | 1,280 | — | -1,280 | — | — | | |
| Non-operating expenses | 592 | — | -592 | — | — | | |
| Ordinary profit | 43,014 | -321 | -42,692 | — | — | | |
| Extraordinary income | 2,028 | — | -2,028 | — | — | | |
| Extraordinary losses | 1,080 | — | -1,080 | — | — | | |
| | — | — | 2,032 | -1,820 | 212 | A | Finance income |
| | — | — | 168 | 489 | 658 | | Finance costs |
| | — | — | 923 | 53 | 976 | | Share of profit (loss) of investments accounted for using equity method |
| Profit before income taxes | 43,961 | -321 | -187 | -2,873 | 40,578 | | Profit before tax |
| Total income taxes | 12,666 | -152 | -187 | -604 | 11,720 | | Income tax expense |
| Profit | 31,294 | -169 | — | -2,268 | 28,857 | | Profit |

SCSK Corporation (9719)
 CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED JUNE 30, 2020

(Millions of Yen)

| Accounts under J- GAAP | J-GAAP | Allocation of acquisition costs through business combinations and subsequent amortization | Reclassifications | Differences in recognition and measurement | IFRS | Notes | Subjects of IFRS |
|---|--------|---|-------------------|--|--------|-------|--|
| Profit | 31,294 | -169 | — | -2,268 | 28,857 | | Profit |
| Other comprehensive income | | | | | | | Other comprehensive income |
| | | | | | | | Items that will not be reclassified to profit or loss |
| Remeasurements of defined benefit plans, net of tax | -1,410 | — | — | 490 | -919 | D | Remeasurements of defined benefit liabilities (assets) |
| Valuation difference on available-for-sale securities | -981 | — | — | 1,896 | 915 | A | Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income |
| | — | — | -21 | -18 | -39 | | Share of other comprehensive income of investments accounted for using equity method |
| | | | | | | | Items that may be reclassified to profit or loss |
| Deferred gains or losses on hedges | 44 | — | — | -63 | -19 | | Cash flow hedges |
| Foreign currency translation adjustment | -29 | — | — | -4 | -34 | | Exchange differences on translation of foreign operations |
| Share of other comprehensive income of entities accounted for using equity method | -6 | — | 21 | — | 14 | | Share of other comprehensive income of investments accounted for using equity method |
| Total other comprehensive income | -2,384 | — | — | 2,300 | -83 | | Total other comprehensive income |
| Comprehensive income | 28,910 | -169 | — | 32 | 28,773 | | Comprehensive income |

Notes on reconciliations (transition date: April 1, 2019; previous fiscal year-end: March 31, 2020)

A. Financial instruments

Under J-GAAP standards, marketable securities were measured at fair value while non-marketable securities were measured at acquisition cost, in principle. Under IFRS standards, all equity instruments are measured at fair value.

In addition, IFRS standards allow for fluctuations in the fair value of equity instruments to be recognized through other comprehensive income. When this recognition method is adopted, gains and losses on sale and valuation of the applicable equity instruments will not be transferred to net income.

B. Goodwill and intangible assets

Under J-GAAP standards, goodwill is amortized through the straight-line method over the period in which said goodwill can be rationally estimated to have an impact. Under IFRS, goodwill incurred through business combinations is not amortized. Rather, impairment tests are performed on annual basis and when signs of amortization have been recognized.

C. Deferred tax assets

Under J-GAAP standards, deferred tax assets were recognized based on “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan Guidance No.26). However, under IFRS the method of judging the recoverability of deferred tax assets was revised to recognize deferred tax assets in relation to taxable profits among deductible temporary differences and loss carryforwards deemed to be highly likely to be available for paying future tax obligations.

D. Employee Benefits

Under J-GAAP standards, employee retirement benefits paid through defined benefit pension plans were recognized in net income through service cost, interest expense, and expected return on investment. Actuarial differences and past service costs that are not treated as expenses were recognized under other comprehensive income and then reflected in net income over a defined period.

Under IFRS standards, employee retirement benefits paid through defined benefit pension plans are recognized in net income through current and past service cost and net interest cost is reflected in net income in an amount arrived at through the application of a discount rate to net defined benefit liability (asset). In addition, the remeasured amount of net defined benefit liability (asset) is recognized under other comprehensive income and reflected directly in retained earnings through other components of equity without being reflected in net income. Remeasurements of defined benefit pension plans are comprised of actuarial differences on defined benefit liability and gains on plan assets (excluding interest received on plan assets).

E. Foreign currency translation differences from foreign operations

When applying IFRS standards, the Company chose to utilize the exception for foreign currency translation differences from foreign operations described in IFRS 1. Accordingly, foreign currency translation differences from foreign operations as of the transition date were deemed to be zero, and the resulting differences were recognized under retained earnings.

F. Deemed cost

As part of the process of adopting IFRS standards, the Company applied the deemed cost exception stipulated in IFRS 1, using the fair value of certain property, plant and equipment at the transition date as the deemed value.

As of the transition date, the previously recorded book value of the property, plant and equipment for which deemed cost was used was ¥44,116 million and the fair value was ¥31,409 million, resulting in a ¥12,706 million decrease in property, plant and equipment as of the transition date.

G. Lease liabilities and right-of-use assets

Under J-GAAP standards, leases as the debtor are categorized as either finance leases or operating leases, and

financial treatments are applied to operating leases that are similar to those applied to standard lease transactions. Under IFRS standards, leases as the debtor are not categorized into finance leases or operating leases, and lease liabilities and right-of-use assets are recognized in relation to lease transactions.

H. Accrued vacation pay

Under IFRS standards, a provision is recognized for unused paid vacation days, an item for which recognition was not required under J-GAAP standards.

I. Reconciliation of retained earnings

The impact of the aforementioned reconciliations on retained earnings are as follows (figures in parentheses () represent downward adjustments).

(Millions of Yen)

| | As of Apr. 1, 2019 (Transition Date) | As of Jun. 30, 2019 | As of Mar. 31, 2020 |
|--|---|---------------------|---------------------|
| Financial instruments (NoteA) | 265 | 311 | 148 |
| Goodwill and intangible assets (NoteB) | — | 17 | 243 |
| Deferred tax assets (NoteC) | 1,130 | 1,149 | 1,199 |
| Employee Benefits (NoteD) | (4,141) | (4,171) | (6,663) |
| Foreign currency translation differences from foreign operations (NoteE) | (182) | (182) | (182) |
| Deemed cost (NoteF) | (8,815) | (8,624) | (8,340) |
| Lease liabilities and right-of-use assets (NoteG) | (535) | (509) | (479) |
| Accrued vacation pay (NoteH) | (139) | (139) | (140) |
| Others | (487) | (154) | (97) |
| Reconciliation amount of retained earnings | (12,905) | (12,304) | (14,312) |

Adjustment of cash flows for the three-month period ended June 30, 2019

While lease fee payments for non-financial leases were accounted for in operating cash flows under J-GAAP standards, these payments are reflected in repayment of lease liabilities in financing cash flows under IFRS standards. As a result, net cash provided by operating activities and net cash used in financing activities increased ¥1,601 million in the three-month period ended June 30, 2019.