

Consolidated Financial Results for the Second Quarter of the fiscal year ending March 31, 2022 (April 1, 2021 - September 30, 2021) [IFRS]

October 29, 2021

Company Name: SCSK Corporation
 Securities Code: 9719
 Stock Exchange Listing: Tokyo Stock Exchange, 1st Section
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 Scheduled date of filing quarterly securities reports: November 11, 2021
 Scheduled date for dividend payment: December 1, 2021
 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 Second Quarter Ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(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	
		%		%		%		%		%		%
Six months ended Sept. 30, 2021	200,025	5.4	22,590	6.5	22,857	6.1	15,801	5.9	15,784	6.2	16,501	6.1
Six months ended Sept. 30, 2020	189,755	1.3	21,217	4.0	21,536	3.3	14,918	2.6	14,869	2.5	15,557	7.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended Sept. 30, 2021	50.55	50.55
Six months ended Sept. 30, 2020	47.62	47.62

Notes: The company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2021. Basic earnings per share and Diluted earnings per share have been calculated assuming the stock split was implemented at the beginning of the previous fiscal year.

(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 Sept. 30, 2021	395,845	236,351	235,920	59.6
As of March 31, 2021	380,399	227,338	226,874	59.6

2. Dividends

	Dividends per share (Yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
FY2020	—	65.00	—	70.00	135.00
FY2021	—	70.00	—	—	—
FY2021 (Forecasts)	—	—	—	23.34	—

Notes: 1. Revisions during this quarter of dividends forecasts for Fiscal Year 2021: None

2. The company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2021. The amount of the fiscal year-end dividends per share of FY2021 (Forecasts) is presented taking the stock split into account. Without taking into account the implementation of the stock split, the annual dividend per share will be ¥140.00 (¥70.00 at the second quarter-end and ¥70.00 at the fiscal year-end).

3. Consolidated Financial Forecasts for Fiscal Year 2021 (April 1, 2021 to March 31, 2022)

(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	420,000	5.8	48,000	4.6	48,545	4.3	34,000	1.7		108.90

Notes: 1. Revisions during this quarter of consolidated earnings forecasts for Fiscal Year 2021: None

2. The amount of the basic earnings per share of forecasts for Fiscal Year 2021 is presented taking into account the stock split noted in "2. Dividends". Without taking into account the implementation of the stock split, Basic earnings per share will be ¥326.69.

※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: None
 - 2) Changes in accounting policies due to other reasons: None
 - 3) Changes in accounting estimates: None

(3) Number of shares issued (Common stock)

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

As of September 30, 2021	312,545,409 shares
As of March 31, 2021	312,545,409 shares

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

As of September 30, 2021	324,588 shares
As of March 31, 2021	377,181 shares

- 3) The average number of shares during the period

As of September 30, 2021	312,222,179 shares
As of September 30, 2020	312,232,036 shares

Notes: The company implemented a stock split by a ratio of three shares per share with an effective date of October 1, 2021. Number of shares issued (Common stock) has been calculated assuming the stock split was implemented at the beginning of the previous fiscal year.

※ 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
 - 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 Forecasts for the Fiscal Year Ending March 31, 2022” on page 3.
 - The Company will hold a results briefing for institutional investors and analysts on October 29, 2021. Materials used in the briefing, a transcript of the main questions and answers, and other related information will be published on the Company’s website promptly thereafter.

Contents

1. Qualitative Information Regarding Operating Results	2
(1) Analysis of Operating Results	2
(2) Summary of Financial Position	3
(3) Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2022	3
2. Condensed Quarterly Consolidated Financial Statements	4
(1) Condensed Quarterly Consolidated Statements of Financial Position	4
(2) Condensed Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Condensed Quarterly Consolidated Statements of Changes in Equity	8
(4) Condensed Quarterly Consolidated Statements of Cash Flows	9
(5) Notes to Condensed Quarterly Consolidated Financial Statements	10
(Notes to Going Concern Assumptions)	10
(Notes Concerning the Significant Changes in Shareholder's Equity)	10
(Segment Information)	11

1. Qualitative information regarding operating results for the six-month period ended September 30, 2021

(1) Analysis of Operating Results

In the six-month period ended September 30, 2021, the Japanese economy showed signs of a gradual recovery, such as improved business sentiment seen together with COVID-19 vaccine rollouts. Japan's statement of emergency declaration was canceled at the end of September 2021 based on recent infection trends. However, rises in infections by variant COVID-19 viruses are being seen overseas, and there is concern regarding subsequent waves of infections in Japan. Accordingly, economic conditions continue to face various restrictions.

The Japanese economy is anticipated to continue to see an accelerated recovery due to the benefits of ongoing government finance and fiscal measures as well as economic stimulus measures implemented amid the COVID-19 pandemic. However, we are witnessing increases in infections by variant COVID-19 viruses overseas, where production activities are being impacted by supply chain disruptions. In specific countries, China is facing concern regarding corporate credit while inflation risks are emerging in the United States. There is thus a need to continue to carefully monitor the impacts of such threats.

In this economic environment, the IT services market witnessed an increasingly recovery in IT investments. This recovery was seen regardless of the lingering impacts of the COVID-19 pandemic. Investment is expected to accelerate in conjunction with economic recovery going forward as customers exhibit increasing appetites for IT investment for purposes such as exploring the new normal; for growing business operations, by means such as redeveloping systems in response to the swift development of a digital society; and to bolster competitiveness.

Customers in the manufacturing industry exhibited strong demand for IT investment. Targets of this investment demand included digitization as well as the redevelopment of core systems and production management systems for strengthening operating foundations. In the financial industry, IT investment continues to show a growth trend due to the ongoing presence of projects for reinforcing and expanding overseas operations largely from banks. IT demand is also rising in the communications industry, with specific focuses of this demand including investment for enhancing online and other customer contact points and for bolstering networks.

In addition, demand has been consistent for cloud-based IT services as well as for core system redevelopment projects for addressing software approaching the end of service periods. The backdrop for this demand was characterized by a strong appetite for investment for heightening operational efficiency and productivity and by shortages of in-house IT engineers at client companies. Meanwhile, the digitization trend is accelerating in response to the new normal emerging amid the COVID-19 pandemic, as seen in moves to accommodate remote work and other non-face-to-face and contact-free workstyles.

Looking ahead, strategic IT investment, particularly investment for enhancing client contacts points and redeveloping systems in preparation for digital transformations, is expected to continue.

In the six-month period ended September 30, 2021, net sales increased 5.4% year on year, to ¥200,025 million. This increase was a result of higher sales in the Systems Development, System Maintenance and Operation / Services, and Packaged Software / Hardware Sales segments achieved amid growth in systems development demand among manufacturers; higher IT investment demand among banks, securities companies, and other financial industry; and rises in development demand and network equipment sales among communications industry.

Gross profit rose as a result of higher net sales and increased productivity stemming from efforts to improve operational quality. Selling, general and administrative (SG&A) expenses were up due to increases in personnel expenses associated with the introduction of new human resource systems as well as higher business investments in line with the core strategies of SCSK's medium-term management plan. Regardless, operating profit increased 6.5% year on year, to ¥22,590 million, because of the higher net sales and improvements in productivity.

Profit attributable to owners of parent increased 6.2% year on year, to ¥15,784 million.

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 DX (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 September 30, 2021, increased ¥15,497 million compared to March 31, 2021, to ¥124,266 million. The changes in each type of cash flow and the main factors for such changes are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities was ¥35,365 million (increased ¥10,938 million in comparison to the same period of the previous fiscal year).

The main cash inflow factors were profit before tax of ¥22,857 million, depreciation and amortization of ¥9,977 million, a decrease in trade and other receivables of ¥14,292 million, and an increase in contract liabilities of ¥2,886 million. The main cash outflow factors were a decrease in trade and other payables of ¥4,555 million, a decrease in employee benefits of ¥2,533 million, and payment for income taxes of ¥3,374 million.

(Cash flow from investing activities)

Net cash used in investing activities was ¥9,693 million (decreased ¥1,220 million in comparison to the same period of the previous fiscal year).

The main cash outflow factors were payment for purchase of property, plant and equipment of ¥7,484 million, and purchase of intangible assets of ¥1,974 million.

(Cash flow from financing activities)

Net cash used in financing activities was ¥10,500 million (increased ¥10,803 million in comparison to the same period of the previous fiscal year).

The main cash inflow factor were proceeds from long-term debt of ¥11,500 million, and proceeds from issuance of bonds of ¥4,972 million. The main cash outflow factors were repayments of loans and redemption of bonds of ¥15,100 million, repayments of lease liabilities of ¥4,530 million, and dividend payments of ¥7,283 million (¥70.00 per share) for the year-end dividend of the fiscal year ended March 31, 2021.

(3) Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2022

Performance in the six-month period ended September 30, 2021, was within the scope of the Company's initial forecast. Accordingly, the Company has chosen not to revise the full-year consolidated financial results forecasts for the fiscal year ending March 31, 2022, announced on April 28, 2021.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of Yen)

	As of Mar. 31, 2021	As of Sept. 30, 2021
Assets		
Current assets		
Cash and cash equivalents	108,768	124,266
Trade and other receivables	69,855	55,653
Contract assets	13,224	14,624
Inventories	7,710	7,379
Income taxes receivable	56	20
Other financial assets	220	548
Other current assets	12,686	15,217
Total current assets	212,524	217,711
Non-current assets		
Property, plant and equipment	67,345	71,467
Right-of-use assets	39,353	43,720
Goodwill and intangible assets	26,389	26,667
Investments accounted for using equity method	8,805	9,479
Other receivables	8,581	8,428
Other financial assets	8,835	8,478
Deferred tax assets	3,432	2,673
Other non-current assets	5,131	7,217
Total non-current assets	167,875	178,133
Total assets	380,399	395,845

(Millions of Yen)

	As of Mar. 31, 2021	As of Sept. 30, 2021
Liabilities		
Current liabilities		
Trade and other payables	29,465	24,044
Contract liabilities	14,589	17,478
Liabilities for employee benefits	10,985	9,351
Bonds and borrowings	25,092	26,989
Lease liabilities	8,872	8,935
Income taxes payable	3,091	5,965
Provisions	429	234
Other current liabilities	5,293	4,947
Total current liabilities	97,820	97,947
Non-current liabilities		
Bonds and borrowings	19,963	19,455
Lease liabilities	31,714	36,075
Other payables	203	159
Liabilities for employee benefits	7	1,895
Provisions	3,279	3,889
Other non-current liabilities	70	70
Total non-current liabilities	55,240	61,546
Total liabilities	153,060	159,493
Equity		
Share capital	21,152	21,152
Retained earnings	203,893	212,383
Treasury shares	-285	-293
Other components of equity	2,114	2,677
Total equity attributable to owners of parent	226,874	235,920
Non-controlling interests	464	430
Total equity	227,338	236,351
Total liabilities and equity	380,399	395,845

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

Condensed Quarterly Consolidated Statements of Income

Six-month period ended September 30, 2020 and 2021

(Millions of Yen)

	From Apr. 1, 2020 to Sept. 30, 2020	From Apr. 1, 2021 to Sept. 30, 2021
Net sales	189,755	200,025
Cost of sales	-140,840	-148,041
Gross profit	48,914	51,983
Selling, general and administrative expenses	-27,777	-29,458
Other income	112	132
Other expenses	-32	-67
Operating profit	21,217	22,590
Finance income	69	52
Finance costs	-241	-353
Share of profit (loss) of investments accounted for using equity method	490	568
Profit before tax	21,536	22,857
Income tax expense	-6,617	-7,055
Profit	14,918	15,801
Profit attributable to		
Owners of parent	14,869	15,784
Non-controlling interests	49	17
Earnings per share		
Basic earnings per share (Yen)	47.62	50.55
Diluted earnings per share (Yen)	47.62	50.55

Condensed Quarterly Consolidated Statements of Comprehensive Income
Six-months period ended September 30, 2020 and 2021

(Millions of Yen)

	From Apr. 1, 2020 to Sept. 30, 2020	From Apr. 1, 2021 to Sept. 30, 2021
Profit	14,918	15,801
Other comprehensive income, net of tax		
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	705	108
Share of other comprehensive income of investments accounted for using equity method	197	112
Total of items that will not be reclassified to profit or loss	902	221
Items that may be reclassified to profit or loss		
Cash flow hedges	-6	95
Exchange differences on translation of foreign operations	-242	378
Share of other comprehensive income of investments accounted for using equity method	-14	3
Total of items that may be reclassified to profit or loss	-263	478
Total other comprehensive income, net of tax	638	699
Comprehensive income	15,557	16,501
Comprehensive income attributable to		
Owners of parent	15,508	16,484
Non-controlling interests	49	17

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Six-month period ended September 30, 2020 (April 1, 2020 - September 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 equity
Balance at April 1, 2020	21,152	—	177,828	-281	1,347	200,047	358	200,405
Profit	—	—	14,869	—	—	14,869	49	14,918
Other comprehensive income	—	—	—	—	638	638	-0	638
Comprehensive income	—	—	14,869	—	638	15,508	49	15,557
Dividends of surplus	—	—	-6,763	—	—	-6,763	-54	-6,817
Changes in ownership interest in subsidiaries	—	-3	—	—	—	-3	—	-3
Purchase of treasury shares	—	—	—	-2	—	-2	—	-2
Disposal of treasury shares	—	-0	—	0	—	0	—	0
Transfer from retained earnings to capital surplus	—	3	-3	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	4	—	-4	—	—	—
Transfer to non-financial assets	—	—	—	—	-34	-34	—	-34
Total transactions with owners	—	—	-6,761	-2	△39	-6,803	-54	-6,857
Balance at September 30, 2020	21,152	—	185,935	-283	1,946	208,751	353	209,105

Six-month period ended September 30, 2021 (April 1, 2021 - September 30, 2021)

(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 equity
Balance at April 1, 2021	21,152	—	203,893	-285	2,114	226,874	464	227,338
Profit	—	—	15,784	—	—	15,784	17	15,801
Other comprehensive income	—	—	—	—	699	699	—	699
Comprehensive income	—	—	15,784	—	699	16,484	17	16,501
Dividends of surplus	—	—	-7,283	—	—	-7,283	-50	-7,334
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	-8	—	-8	—	-8
Disposal of treasury shares	—	0	—	0	—	0	—	0
Transfer from retained earnings to capital surplus	—	-0	0	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	-9	—	9	—	—	—
Transfer to non-financial assets	—	—	—	—	-146	-146	—	-146
Total transactions with owners	—	—	-7,293	-8	-136	-7,437	-50	-7,488
Balance at September 30 2021	21,152	—	212,383	-293	2,677	235,920	430	236,351

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	From Apr. 1, 2020 to Sept. 30, 2020	From Apr. 1, 2021 to Sept. 30, 2021
Cash flows from operating activities		
Profit before tax	21,536	22,857
Depreciation and amortization	8,852	9,977
Finance income	-69	-52
Finance costs	241	353
Share of loss (profit) of investments accounted for using equity method	-490	-568
Decrease (increase) in trade and other receivables	13,279	14,292
Decrease (increase) in contract assets	-1,354	-1,396
Decrease (increase) in inventories	990	331
Increase (decrease) in trade and other payables	-8,618	-4,555
Increase (decrease) in contract liabilities	4,219	2,886
Increase (decrease) in employee benefits	-3,002	-2,533
Increase (decrease) in provisions	-399	-45
Other	-6,667	-2,737
Subtotal	28,517	38,810
Interest and dividends received	215	198
Interest paid	-200	-269
Income taxes refund (paid)	-4,104	-3,374
Net cash provided by (used in) operating activities	24,426	35,365
Cash flows from investing activities		
Purchase of property, plant and equipment	-5,252	-7,484
Proceeds from sale of property, plant and equipment	30	3
Purchase of intangible assets	-2,172	-1,974
Investments in equity-accounted investees	-553	-124
Purchase of other financial assets	-753	-60
Proceeds from sales and redemptions of other financial assets	313	133
Other	-84	-186
Net cash provided by (used in) investing activities	-8,472	-9,693
Cash flows from financing activities		
Repayments of loans and redemption of bonds	-25,700	-15,100
Proceeds from long-term debt	15,400	11,500
Proceeds from issuance of bonds	-	4,972
Repayments of lease liabilities	-4,183	-4,530
Dividends paid	-6,763	-7,283
Dividends paid to non-controlling interests	-54	-50
Other	-2	-7
Net cash provided by (used in) financing activities	-21,303	-10,500
Effect of exchange rate changes on cash and cash equivalents	-183	325
Net increase (decrease) in cash and cash equivalents	-5,532	15,497
Cash and cash equivalents at beginning of period	111,695	108,768
Cash and cash equivalents at end of period	106,162	124,266

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

No applicable items.

(Notes Concerning the Significant Changes in Shareholder's Equity)

No applicable items.

(Segment Information)

1. Summary of reportable segments

The Group's operating segments are the components of the Group for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance. The Group defines business units according to client 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 Group has defined the following six reportable segments: Industrial IT Business, Financial IT Business, IT Business Solutions, IT Platform Solutions, IT Management Service, and Others. These segments are arranged by product and service category based on the Group's business units.

Multiple business segments have been consolidated into a single business segment in cases in which the applicable business segments share similarities with regard to each of the following economic characteristics: (1) the nature of the products and services, (2) the nature of the production processes, (3) the type or class of customer for their products and services, (4) the methods used to distribute their products or provide their services; and if applicable, (5) the nature of the regulatory environment, then reportable segment determined. The business of the Company's reportable segments are as follows.

(1) Industrial IT Business

This segment provides various IT solutions such as core systems, manufacturing management systems, information management systems, supply chain management (SCM) systems, customer relationship management (CRM) systems, and e-commerce (EC) systems through Systems Development and System Maintenance and Operation/Services which based on our experience and knowhow that we have cultivated over many years. The clients of this business are primarily companies in the manufacturing, communications, utilities, distribution, services, and media industries.

And this segment also supplies the automotive industry and other clients 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 secure and efficient management and help clients 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 provide. These services merge support performed by human hands with IT.

(4) IT Platform Solutions

This segment draws on solid technical capabilities and knowhow 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 Platform Solutions provides services and products that accurately address

the needs of clients and offers flexible support for a wide range of client businesses.

(5) IT Management Service

This segment develops solutions-oriented netXDC data centers, which boast robust facilities and high-level security, to provide clients 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.

None of these segments met the quantitative thresholds for reportable segments in the fiscal year ended March 31, 2021 or fiscal year ending March 31, 2022.

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

Six-month period ended September 30, 2020 (April 1, 2020 – September 30, 2020)

(Millions of Yen)

	Reportable Segment							Adjustments (Note2)	Amount recorded in consolidated financial statements
	Industrial IT Business	Financial IT Business	IT Business Solutions	IT Platform Solutions	IT Management Service	Others	Total		
Net sales									
Sales to external customers	64,474	25,166	26,463	37,515	28,165	8,128	189,914	-159	189,755
Inter segment sales (Note1)	5,671	358	2,718	3,497	7,481	3,161	22,889	-22,889	—
Total	70,145	25,525	29,181	41,013	35,647	11,290	212,804	-23,049	189,755
Operating profit (loss)	7,918	2,933	2,731	4,777	3,504	390	22,254	-1,036	21,217
							Finance income		69
							Finance costs		-241
							Share of profit (loss) of investments accounted for using equity method		490
							Profit before tax		21,536

- Notes: 1. Amounts for inter-segment transactions are decided based on price negotiations made with reference to market prices.
2. The amount of ¥159 million reduction for sales to external customers includes adjustment to reflect net sales to be conformity with IFRS. The ¥1,036 million reduction to operating profit is comprised of ¥1,414 million in general corporate expenses that have not been allocated to the reportable segments and a ¥377 million adjustment to reflect net sales as defined by IFRS.

Six-month period ended September 30, 2021 (April 1, 2021 – September 30, 2021)

(Millions of Yen)

	Reportable Segment							Adjustments (Note2)	Amount recorded in consolidated financial statements
	Industrial IT Business	Financial IT Business	IT Business Solutions	IT Platform Solutions	IT Management Service	Others	Total		
Net Sales									
Sales to external customers	66,109	27,853	27,643	40,951	29,745	8,023	200,325	-300	200,025
Inter segment sales (Note1)	6,958	331	3,416	4,177	11,814	4,609	31,307	-31,307	–
Total	73,067	28,184	31,059	45,128	41,559	12,632	231,633	-31,608	200,025
Operating profit (loss)	7,890	3,473	2,609	5,226	4,022	559	23,781	-1,190	22,590
							Finance income		52
							Finance costs		-353
							Share of profit (loss) of investments accounted for using equity method		568
							Profit before tax		22,857

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

2. The amount of ¥300 million reduction for sales to external customers includes adjustment to reflect net sales to be conformity with IFRS. The ¥1,190 million reduction to operating profit is comprised of ¥1,498 million in general corporate expenses that have not been allocated to the reportable segments and a ¥307 million adjustment to reflect net sales as defined by IFRS.