

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

January 31, 2022

Company Name: SCSK Corporation
 Securities Code: 9719
 Stock Exchange Listing: Tokyo Stock Exchange, 1st Section
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 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 Third Quarter ended December 31, 2021 (April 1, 2021 to December 31, 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	
		%		%		%		%		%		%
Nine months ended Dec. 31, 2021	302,754	4.1	34,774	2.3	35,156	2.1	24,278	1.8	24,257	2.0	24,980	3.1
Nine months ended Dec. 31, 2020	290,866	3.5	33,997	7.8	34,440	7.6	23,854	7.2	23,782	7.2	24,235	3.2
			Basic earnings per share									
			Yen									
Nine months ended Dec. 31, 2021			77.69									
Nine months ended Dec. 31, 2020			76.17									

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 Dec. 31, 2021	382,754	237,472	237,038	61.9%
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 December 31, 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 December 31, 2021	325,240 shares
As of March 31, 2021	377,181 shares

- 3) The average number of shares during the period

As of December 31, 2021	312,221,598 shares
As of December 31, 2020	312,231,225 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.

- ※ Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.
- ※ Proper use of earnings forecasts, and other special matters
- 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 January 31, 2022. 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.

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1. Qualitative Information Regarding Operating Results for the Nine-month Period Ended December 31, 2021

(1) Analysis of Operating Results

In the nine-month period ended December 31, 2021, the Japanese economy showed signs of a gradual recovery, such as improved business sentiment seen together with COVID-19 vaccine rollouts. At the same time, numbers of infections by the Omicron COVID-19 variant have been increasing in Europe and the United States, and case numbers have also once again begun rising in Japan. As a result, restrictions continued to be placed on economic activities.

The Japanese economy is anticipated to continue to see an accelerated recovery due to the benefits of ongoing government finance and fiscal measures implemented as social and economic activities return to normal. However, we are witnessing supply limitations resulted from supply chain disruption and growing numbers of Omicron COVID-19 variant infections. There has also been a trend toward yen depreciation stemming from revisions to overseas quantitative easing measures, and this trend has resulted in higher commodity prices. There is thus a need to continue to carefully monitor the economic repercussions of such trends.

In this economic environment, the IT services market witnessed an ongoing 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 including growing business operations, by means such as redeveloping systems in response to the swift development of a digital society, and bolstering competitiveness as they explore the new normal. These trends are anticipated to advance amid efforts to ascertain the business impacts of prolonged global supply chain disruption and resumed increases in COVID-19 infection numbers.

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 demand continues to show a growth trend due in part 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, digitization investment 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 nine-month period ended December 31, 2021, net sales increased 4.1% year on year, to ¥302,754 million. This increase was a result of higher sales in the Systems Development and System Maintenance and Operation / Services segments achieved amid growth in systems development demand among manufacturers; higher IT investment demand among banks and other financial industry customers; and rises in development demand among communications industry. These factors offset the decline in system sales that was attributable to the absence of multiple projects, including large-scale hardware sales to academic research institutions, recorded in the previous equivalent period.

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 business investments in line with the core strategies of SCSK's medium-term management plan. Regardless, operating profit increased 2.3% year on year, to ¥34,774 million, because of the higher net sales and improvements in productivity.

Profit attributable to owners of parent increased 2.0% year on year, to ¥24,257 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 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 December 31, 2021, increased ¥5,763 million compared to March 31, 2021, to ¥114,532 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 ¥47,765 million (increased ¥12,333 million in comparison to the same period of the previous fiscal year).

The main cash inflow factors were profit before tax of ¥35,156 million, depreciation and amortization of ¥14,915 million, and a decrease in trade and other receivables of ¥13,539 million. The main cash outflow factors were a decrease in contract assets of ¥1,509 million, a decrease in trade and other payables of ¥580 million, a decrease in employee benefits of ¥5,332 million, and payment for income taxes of ¥6,670 million.

(Cash flow from investing activities)

Net cash used in investing activities was ¥12,382 million (increased ¥4,276 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 ¥9,069 million, and purchase of intangible assets of ¥2,857 million.

(Cash flow from financing activities)

Net cash used in financing activities was ¥30,010 million (increased ¥161 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 ¥25,100 million, repayments of lease liabilities of ¥6,755 million, dividend payments of ¥7,283 million (¥70.0 per share) for the year-end dividend of the fiscal year ended March 31, 2021, and dividend payments of ¥7,283 million (¥70.0 per share) for the interim dividend of the fiscal year ending March 31, 2022.

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

Performance in the nine-month period ended December 31, 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 Dec. 31, 2021
Assets		
Current assets		
Cash and cash equivalents	108,768	114,532
Trade and other receivables	69,855	56,563
Contract assets	13,224	14,741
Inventories	7,710	8,449
Income taxes receivable	56	33
Other financial assets	220	480
Other current assets	12,686	13,046
Total current assets	212,524	207,846
Non-current assets		
Property, plant and equipment	67,345	71,761
Right-of-use assets	39,353	42,144
Goodwill and intangible assets	26,389	26,616
Investments accounted for using equity method	8,805	9,681
Other receivables	8,581	8,263
Other financial assets	8,835	8,360
Deferred tax assets	3,432	801
Other non-current assets	5,131	7,277
Total non-current assets	167,875	174,908
Total assets	380,399	382,754

(Millions of Yen)

	As of Mar. 31, 2021	As of Dec. 31, 2021
Liabilities		
Current liabilities		
Trade and other payables	29,465	28,283
Contract liabilities	14,589	14,494
Liabilities for employee benefits	10,985	6,929
Bonds and borrowings	25,092	16,994
Lease liabilities	8,872	9,122
Other financial liabilities	—	24
Income taxes payable	3,091	4,508
Provisions	429	208
Other current liabilities	5,293	4,744
Total current liabilities	97,820	85,310
Non-current liabilities		
Bonds and borrowings	19,963	19,458
Lease liabilities	31,714	34,318
Other payables	203	172
Liabilities for employee benefits	7	1,934
Provisions	3,279	4,017
Other non-current liabilities	70	70
Total non-current liabilities	55,240	59,972
Total liabilities	153,060	145,282
Equity		
Share capital	21,152	21,152
Retained earnings	203,893	213,583
Treasury shares	-285	-296
Other components of equity	2,114	2,597
Total equity attributable to owners of parent	226,874	237,038
Non-controlling interests	464	434
Total equity	227,338	237,472
Total liabilities and equity	380,399	382,754

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

Condensed Quarterly Consolidated Statements of Income

Nine-month period ended December 31, 2020 and 2021

(Millions of Yen)

	From Apr. 1, 2020 to Dec. 31, 2020	From Apr. 1, 2021 to Dec. 31, 2021
Net sales	290,866	302,754
Cost of sales	-215,460	-223,511
Gross profit	75,406	79,242
Selling, general and administrative expenses	-41,528	-44,576
Other income	159	216
Other expenses	-40	-106
Operating profit	33,997	34,774
Finance income	111	91
Finance costs	-365	-462
Share of profit (loss) of investments accounted for using equity method	697	752
Profit before tax	34,440	35,156
Income tax expense	-10,585	-10,878
Profit	23,854	24,278
Profit attributable to		
Owners of parent	23,782	24,257
Non-controlling interests	72	20
Earnings per share		
Basic earnings per share (Yen)	76.17	77.69
Diluted earnings per share (Yen)	76.17	77.69

Condensed Quarterly Consolidated Statements of Comprehensive Income
 Nine-month period ended December 31, 2020 and 2021

(Millions of Yen)

	From Apr. 1, 2020 to Dec. 31, 2020	From Apr. 1, 2021 to Dec. 31, 2021
Profit	23,854	24,278
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	443	26
Share of other comprehensive income of investments accounted for using equity method	227	90
Total of items that will not be reclassified to profit or loss	671	117
Items that may be reclassified to profit or loss		
Cash flow hedges	26	102
Exchange differences on translation of foreign operations	-292	484
Share of other comprehensive income of investments accounted for using equity method	-25	-1
Total of items that may be reclassified to profit or loss	-290	585
Total other comprehensive income, net of tax	380	702
Comprehensive income	24,235	24,980
Comprehensive income attributable to		
Owners of parent	24,163	24,959
Non-controlling interests	71	20

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Nine-month period ended December 31, 2020 (April 1, 2020 - December 31, 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	—	—	23,782	—	—	23,782	72	23,854
Other comprehensive income	—	—	—	—	381	381	-1	380
Comprehensive income	—	—	23,782	—	381	24,163	71	24,235
Dividends of surplus	—	—	-13,526	—	—	-13,526	-54	-13,581
Changes in ownership interest in subsidiaries	—	-3	—	—	—	-3	-0	-3
Purchase of treasury shares	—	—	—	-9	—	-9	—	-9
Disposal of treasury shares	—	0	—	1	—	1	—	1
Transfer from retained earnings to capital surplus	—	2	-2	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	4	—	-4	—	—	—
Transfer to non-financial assets	—	—	—	—	-52	-52	—	-52
Total transactions with owners	—	—	-13,525	-8	-56	-13,590	-54	-13,644
Balance at December 31, 2020	21,152	—	188,085	-289	1,672	210,620	375	210,996

Nine-month period ended December 31, 2021 (April 1, 2021 - December 31, 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	—	—	24,257	—	—	24,257	20	24,278
Other comprehensive income	—	—	—	—	702	702	—	702
Comprehensive income	—	—	24,257	—	702	24,959	20	24,980
Dividends of surplus	—	—	-14,567	—	—	-14,567	-50	-14,618
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	-10	—	-10	—	-10
Disposal of treasury shares	—	1	—	0	—	1	—	1
Transfer from retained earnings to capital surplus	—	-1	1	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	0	—	-0	—	—	—
Transfer to non-financial assets	—	—	—	—	-219	-219	—	-219
Total transactions with owners	—	—	-14,566	-10	-219	-14,796	-50	-14,847
Balance at December 31, 2021	21,152	—	213,583	-296	2,597	237,038	434	237,472

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	From Apr. 1, 2020 to Dec. 31, 2020	From Apr. 1, 2021 to Dec. 31, 2021
Cash flows from operating activities		
Profit before tax	34,440	35,156
Depreciation and amortization	13,470	14,915
Finance income	-111	-91
Finance costs	365	462
Share of loss (profit) of investments accounted for using equity method	-697	-752
Decrease (increase) in trade and other receivables	10,822	13,539
Decrease (increase) in contract assets	-4,107	-1,509
Decrease (increase) in inventories	2,866	-737
Increase (decrease) in trade and other payables	-4,547	-580
Increase (decrease) in contract liabilities	2,473	-97
Increase (decrease) in employee benefits	-5,623	-5,332
Increase (decrease) in provisions	-456	-34
Other	-5,852	-488
Subtotal	43,044	54,450
Interest and dividends received	385	372
Interest paid	-309	-387
Income taxes refund (paid)	-7,687	-6,670
Net cash provided by (used in) operating activities	35,432	47,765
Cash flows from investing activities		
Purchase of property, plant and equipment	-11,697	-9,069
Proceeds from sale of property, plant and equipment	30	4
Purchase of intangible assets	-3,374	-2,857
Investments in equity-accounted investees	-553	-292
Purchase of other financial assets	-1,050	-167
Proceeds from sales and redemptions of other financial assets	313	268
Other	-327	-268
Net cash provided by (used in) investing activities	-16,658	-12,382
Cash flows from financing activities		
Repayments of loans and redemption of bonds	-25,800	-25,100
Proceeds from long-term debt	15,500	11,500
Proceeds from issuance of bonds	-	4,972
Repayments of lease liabilities	-6,285	-6,755
Dividends paid	-13,526	-14,567
Dividends paid to non-controlling interests	-54	-50
Other	-5	-9
Net cash provided by (used in) financing activities	-30,172	-30,010
Effect of exchange rate changes on cash and cash equivalents	-218	391
Net increase (decrease) in cash and cash equivalents	-11,616	5,763
Cash and cash equivalents at beginning of period	111,695	108,768
Cash and cash equivalents at end of period	100,078	114,532

(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 formulates comprehensive domestic and overseas strategies pertaining to the products and services according to the characteristics of client industry and IT service business area, and developing its business activities.

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.

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. Reorganization of reportable segments, etc.

In conjunction with the merger of Minori Solutions Co., Ltd., CSI SOLUTIONS Corporation, and WinTechnology Corporation conducted with an effective date of October 1, 2021, the operations of CSI SOLUTIONS, which were previously included in the IT Platform Solutions segment, and the operations of WinTechnology, which were previously included in the IT Management Service segment, have been transferred to the Others segment, which houses SCSK Minori Solutions Corporation.

In addition, the operations of Minori Solutions in Kyushu were transferred to SCSK KYUSHU CORPORATION via an absorption-type company split effective October 1, 2021, and these operations have thus been transferred from the Others segment to the Industrial IT Business segment.

Segment information for the nine-month period ended December 31, 2020, has been restated to reflect this change.

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

Nine-month period ended December 31, 2020 (April 1, 2020 - December 31, 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	97,431	38,575	40,060	55,466	42,338	16,781	290,654	212	290,866
Inter segment sales (Note1)	7,748	548	4,114	4,789	11,377	6,430	35,009	-35,009	—
Total	105,180	39,124	44,174	60,256	53,715	23,212	325,664	-34,797	290,866
Operating profit (loss)	12,134	4,661	4,415	7,574	5,533	1,136	35,456	-1,459	33,997
							Finance income		111
							Finance costs		-365
							Share of profit (loss) of investments accounted for using equity method		697
							Profit before tax		34,440

- Notes: 1. Amounts for inter-segment transactions are decided based on price negotiations made with reference to market prices.
2. The amount of ¥212 million for sales to external customers includes adjustment to reflect net sales to be conformity with IFRS. The ¥1,459 million reduction to operating profit is comprised of ¥2,149 million in general corporate expenses that have not been allocated to the reportable segments and a ¥690 million adjustment to reflect net sales as defined by IFRS.

Nine-month period ended December 31, 2021 (April 1, 2021 - December 31, 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	100,309	41,788	41,838	58,620	43,624	16,413	302,595	158	302,754
Inter segment sales (Note1)	7,441	495	4,556	4,723	13,163	8,080	38,461	-38,461	—
Total	107,751	42,284	46,394	63,343	56,788	24,494	341,056	-38,302	302,754
Operating profit (loss)	12,190	5,098	4,151	8,064	5,756	1,060	36,322	-1,547	34,774
							Finance income		91
							Finance costs		-462
							Share of profit (loss) of investments accounted for using equity method		752
							Profit before tax		35,156

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

2. The amount of ¥158 million for sales to external customers includes adjustment to reflect net sales to be conformity with IFRS. The ¥1,547 million reduction to operating profit is comprised of ¥1,999 million in general corporate expenses that have not been allocated to the reportable segments and a ¥451 million adjustment to reflect net sales as defined by IFRS.