

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



## Consolidated Financial Report for the First Quarter of Fiscal Year Ending March 31, 2022 [IFRS]

August 4, 2021

### Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st Section
Stock Code:	8056
URL:	<a href="https://www.unisys.co.jp/">https://www.unisys.co.jp/</a>
Representative:	Akiyoshi Hiraoka, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	August 13, 2021
Scheduled Starting Date for Dividend Payment:	-
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

### 1. Consolidated Financial Results for FY2022 Q1(from April 1, 2021 to June 30, 2021)

#### (1) Consolidated Results of Operations

(Percentage below represents increase (decrease) from previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Comprehensive income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
<b>FY2022 Q1</b>	67,619	(0.4)	4,756	6.6	5,145	12.2	3,516	11.7	3,697	7.5
<b>FY2021 Q1</b>	67,883	—	4,462	—	4,587	—	3,147	—	3,439	—

(note) Adjusted operating profit FY2022 Q1 : 4,693 Million Yen (5.1%) FY2021 Q1 : 4,464 Million Yen (—)

Adjusted operating profit is the result obtained after deducting selling, general and administrative expenses and cost of sales from revenue.

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
<b>FY2022 Q1</b>	35.03	34.91
<b>FY2021 Q1</b>	31.36	31.26

#### (2) Consolidated Financial Position

	Total Assets	Total Equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of Yen	Millions of Yen	Millions of Yen	%
<b>FY2022 Q1</b>	237,319	113,856	112,450	47.4%
<b>FY2021</b>	254,035	113,986	112,271	44.2%

### 2. Dividends

	Dividends Per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
<b>FY2021</b>	—	35.00	—	35.00	70.00
<b>FY2022</b>	—	—	—	—	—
<b>FY2022 (Forecast)</b>	—	35.00	—	35.00	70.00

(Note) Revisions to the latest forecast of dividends: No

### 3. Consolidated Earnings Forecast for FY2022(from April 1, 2021 to March 31, 2022)

(Percentage below represents increase (decrease) from previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
<b>FY2022</b>	320,000	3.8	26,000	5.6	25,600	3.5	17,500	5.2	174.35

(Note1) Revisions to the latest forecast of consolidated earnings: No

(Note2) Adjusted operating profit (Full Year) 26,500 Million Yen (5.2%)

\* Notes

(1) Change in the scope of consolidation (change of condition of significant consolidated subsidiaries) during this period: No

(2) Changes in accounting policies, changes in accounting estimates and restatement of corrections

1. Changes in accounting policies as required by IFRS : No

2. Other changes in accounting policies: No

3. Changes in accounting estimates: No

(3) Number of shares outstanding (common stock)

(shares)

1. Number of shares outstanding (including treasury shares)

FY2022 Q1	109,663,524	FY2021	109,663,524
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2. Number of shares of treasury shares

FY2022 Q1	9,269,332	FY2021	9,269,280
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3. Average number of shares outstanding (during the period)

FY2022 Q1	100,394,205	FY2021 Q1	100,367,717
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\*This consolidated financial report is not subject to quarterly review procedures.

\*Comment regarding appropriate usage of earnings forecast, and other special notes

The Company group has applied the International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 31, 2022. Financial results figures on the transition date and of the previous fiscal year are also presented in accordance with IFRS.

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

(Appendix)

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## 1. Results of Business Operations and Financial Conditions

### (1) Analysis of Business Operations

For the first three months of the fiscal year ended March 2022, the Japanese economy has been continuously put in a difficult situation due to the lingering impacts of COVID-19 pandemic. Despite expectations in Japan for business recoveries to be shored up by a favorable deployment of vaccination campaigns, there are no prospects of the pandemic coming to an end at home and abroad, and the outlook of economy remains uncertain.

We have seen the pandemic impacting investment trends in the domestic information services market. Companies are forced to postpone ICT investments with no end in sight to the pandemic. We know that we have been operating in a difficult environment.

In this environment, the Nihon Unisys group established the Management Policies (2021-2023) towards a new stage where the Group is to enable a sustained growth of the entire corporate value through creating social value pursuant to the ‘Purpose<sup>Note 1</sup>’ and the ‘Vision 2030<sup>Note 2</sup>’ that the group established anew. The group has worked on initiatives accordingly.

To summarize the business situation, despite companies of some industries having shown signs of shying away from making investments due to the pandemic, our businesses related to digital transformation (DX) such as those to strengthen customer interaction capabilities for financial institutions and those to deal with electronic shelf labels for retail customers have remained stable.

Our outsourcing business initiatives are exemplified by launching ‘BankVision<sup>®</sup> on Azure’ for the Hokkoku Bank, Ltd. on May 3, 2021. It is the nation’s first attempt to operate a full banking system in a public cloud<sup>Note 3</sup> environment. ‘BankVision on Azure’, a platform for financial services of a new age, is to enable seamless connectivity for banking functions with the counterparts for other industries and fintech. It is to shore up burgeoning revenue opportunities.

In addition, the Company launched a collaborative business together with Fashion-Co-Lab. Co. Ltd. (part of the World Co., Ltd. group) in the field of business platform systems for retailers and mail order companies that deploy an OMO<sup>Note 4</sup> commerce business composed of assimilated online and offline sales. The ‘Omni-Base’, an OMO solution provided by Fashion-Co-Lab., is strengthened with original functions, and provided from the ‘DIGITAL’ATELIER<sup>®</sup>’ services of the Nihon Unisys brand.

The Company posted outsourcing business revenue of ¥16.0 billion, beating the first quarter of the previous fiscal year. The Company aims to enhance a steady growth of the outsourcing businesses.

The Company launched a service in the energy field, the ‘Enability Billing’ service to converge household power consumption bills which is part of the ‘Enability<sup>®</sup>’ services for power retailing cloud solution. The service is designed to enable quick responses to changes in the market where a cashless economy has been developing in the recent years and payment/settlement means have been diversified. It is a low-cost and short lead time service to integrate bills about household living services including public utility services (such as electricity and gas) in coordination with proven collection agencies.

The Company also launched a service related to digital security, the ‘Managed Security Service’ to synthetically enable a cybersecurity-conscious management based upon a zero-trust architecture<sup>Note 5</sup>. Taking measures to deal with cybersecurity risks such as data leaks is the most critical issue of business continuity for companies promoting the use of cloud computing services and work style reforms such as teleworking. Experienced security specialists operate corporate cybersecurity arrangements composed of systems and devices on a contractual basis on behalf of customers. Thus, the service will be conducive to decreasing recovery loads in an event of emergency. We will comprehensively support business managers, CIO, CISO<sup>Note 6</sup>, and IT/security personnel in the entire cybersecurity life cycle composed of five phases: identify, protect, detect, respond, and recover. A cybersecurity-conscious management will be enabled in the age of the new normal through our service.

We expect that these DX projects will become the core of our business and steadily grow in the future. We will be continuously watchful about social issues and work on digital transformation for customers in various industries and communities.

The Nihon Unisys group as a whole is studious in achieving its goals set forth in the Management Policies (2021-2023). We aim to continue communications with various stakeholders and continuously increase our corporate value.

(Notes)

1. [https://www.unisys.co.jp/com/purpose\\_principles.html](https://www.unisys.co.jp/com/purpose_principles.html)

2. [https://www.unisys.co.jp/com/management\\_policy.html](https://www.unisys.co.jp/com/management_policy.html)

3. Public cloud:

Service to provide a cloud computing environment composed of servers, storages, databases, and software via the Internet to many and unspecified individuals or users at companies

4. OMO :

Acronym of Online Merges with Offline. A marketing concept to enable seamless coordination between real shops and online shops from the perspective of customers

5. Zero Trust Architecture:

Concept of security measure to always authenticate users and monitor them during their system use without trusting any accesses, in contrast with a boundary-type security to establish a wall partly composed of firewall devices to separate the inside from the outside of an organization and to deem that it is safe in the inner side of the wall.

6. CIO, CISO:

CIO is the acronym of Chief Information Officer, person responsible for information system and information strategies of a company.

CISO is the acronym of Chief Information Security Officer, person who manages and supervises the entire information security and security measures of a company.

7. Names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

For the first three months of this fiscal year, revenue decreased to ¥67,619 million by ¥264 million (or 0.4% compared with the first quarter of the previous fiscal year). The decrease is attributable to a decrease in software, hardware and other services, despite a continued strength of outsourcing services.

Gross profit was driven up by an outsourcing growth despite an increase in selling, general and administrative expenses such as investments in internal office automation partly for cybersecurity as well as an increase in system sales support costs in order to create new projects.

As a result, the Company posted operating profit of ¥4,756 million up by ¥293 million or 6.6 % compared with the first quarter of the previous fiscal year. It posted profit attributable to owners of parent of ¥3,516 million up by ¥369 million or 11.7%.

Adjusted operating profit that is used by the Company group as an index for managing performance was ¥4,693 million, up by ¥228 million or 5.1% on a year-over-year basis.

(2) Analysis of Financial Condition

In the first quarter of the fiscal year under review, partly due to a decrease in trade receivables, total assets were ¥237,319 million, a decrease of ¥16,716 million compared with the end of the previous fiscal year.

Liabilities were ¥123,463 million, a ¥16,585 million decrease from the end of the previous fiscal year, partly due to a decrease in trade payables.

Equity was ¥113,856 million. Ratio of equity attributable to owners of parent to total assets was 47.4%, up by 3.2 pts. from the end of the previous fiscal year.

(Cash Flow Situations)

Cash and cash equivalents at the end of the first quarter of the fiscal year under review were ¥49,199 million, an increase of ¥2,918 million compared with the end of the previous fiscal year. The cash flow situations and relevant factors are stated below.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥12,354 million (a decrease of ¥186 million in proceeds compared with the same quarter of the previous fiscal year). This is attributable to factors increasing proceeds of non-cash expenses including ¥4,158 million in depreciation and amortization as well as a decrease of ¥23,864 million in trade and other receivables. Also, this is ascribable to factors decreasing proceeds including a decrease of ¥11,066 million in trade and other payables.

(Cash flows from investing activities)

Net cash spent in investing activities was ¥3,383 million (an increase of ¥1,339 million in expenditures compared with the previous period). This includes: expenditures of ¥595 million as a result of purchasing property, plant and equipment such as computers for business activities; expenditures of ¥1,859 million due to the acquisitions of intangible assets such as the investments in software for outsourcing; and, expenditures of ¥3,383

million (an increase of ¥1,339 million) by making investments in funds as well as acquiring investment securities mainly for the purpose of operating a CVC (corporate venture capital) fund through our subsidiary.

(Cash flows from financing activities)

Net cash spent in the financing activities was ¥ 6,083 million (a decrease of ¥736 million in expenditures from the previous period). This includes dividends payment of ¥3,460 million.

(3) Comments on the Consolidated Earnings Forecasts and Other Forecasts

The performance forecast on a consolidated basis has not been revised since it was announced on May 7, 2021.

## 2. Condensed Consolidated Financial Statements and Notes

### (1) Condensed Consolidated Statements of Financial Position

Millions of Yen

	Transition date (As of April 1, 2020)	FY2021 (As of March 31, 2021)	FY2022 Q1 (As of June 30, 2021)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	33,615	46,281	49,199
Trade and other receivables	79,424	77,556	53,577
Inventories	8,407	7,091	8,393
Other financial assets	520	600	950
Other current assets	11,687	11,744	14,786
<b>Total current assets</b>	<b>133,655</b>	<b>143,273</b>	<b>126,908</b>
<b>Non-current assets</b>			
Property, plant and equipment	14,330	13,332	13,046
Right-of-use assets	28,415	24,571	23,513
Goodwill	1,509	1,873	1,569
Intangible assets	19,356	21,201	21,308
Investments accounted for using equity method	2,470	1,617	1,783
Other financial assets	31,480	35,929	36,915
Deferred tax assets	9,501	5,586	5,115
Retirement benefit asset	699	1,414	1,416
Other non-current assets	5,528	5,235	5,741
<b>Total non-current assets</b>	<b>113,292</b>	<b>110,761</b>	<b>110,410</b>
<b>Total assets</b>	<b>246,947</b>	<b>254,035</b>	<b>237,319</b>

	Transition date (As of April 1, 2020)	FY2021 (As of March 31, 2021)	FY2022 Q1 (As of June 30, 2021)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24,935	27,859	16,781
Contract liabilities	18,899	18,038	23,684
Borrowings	5,617	4,317	3,932
Lease liabilities	8,286	8,571	8,254
Other financial liabilities	2,960	2,787	6,127
Income taxes payable	4,660	5,118	73
Provisions	1,340	559	695
Other current liabilities	24,236	23,833	15,996
<b>Total current liabilities</b>	<b>90,937</b>	<b>91,086</b>	<b>75,544</b>
<b>Non-current liabilities</b>			
Borrowings	15,717	17,012	17,012
Lease liabilities	21,431	17,540	16,801
Other financial liabilities	138	503	470
Retirement benefit liability	13,276	12,558	12,302
Provisions	1,201	1,284	1,259
Deferred tax liabilities	23	18	30
Other non-current liabilities	-	44	41
<b>Total non-current liabilities</b>	<b>51,787</b>	<b>48,962</b>	<b>47,918</b>
<b>Total liabilities</b>	<b>142,725</b>	<b>140,048</b>	<b>123,463</b>
<b>Equity</b>			
Share capital	5,483	5,483	5,483
Capital surplus	14,909	14,901	14,901
Treasury shares	(13,513)	(13,475)	(13,475)
Other components of equity	5,051	6,618	6,790
Retained earnings	90,729	98,744	98,750
<b>Total equity attributable to owners of parent</b>	<b>102,660</b>	<b>112,271</b>	<b>112,450</b>
Non-controlling interests	1,562	1,715	1,405
<b>Total equity</b>	<b>104,222</b>	<b>113,986</b>	<b>113,856</b>
<b>Total liabilities and equity</b>	<b>246,947</b>	<b>254,035</b>	<b>237,319</b>

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

(Condensed Consolidated Statements of Profit or Loss)

Millions of Yen

	FY2021 Q1 (Three months ended June 30, 2020)	FY2022 Q1 (Three months ended June 30, 2021)
<b>Revenue</b>	<b>67,883</b>	<b>67,619</b>
<b>Cost of sales</b>	<b>51,288</b>	<b>49,947</b>
<b>Gross profit</b>	<b>16,594</b>	<b>17,671</b>
<b>Selling, general and administrative expenses</b>	<b>12,129</b>	<b>12,977</b>
<b>Share of profit (loss) of investments accounted for using equity method</b>	<b>(30)</b>	<b>(5)</b>
<b>Other income</b>	<b>46</b>	<b>72</b>
<b>Other expenses</b>	<b>18</b>	<b>4</b>
<b>Operating profit</b>	<b>4,462</b>	<b>4,756</b>
<b>Finance income</b>	<b>231</b>	<b>434</b>
<b>Finance costs</b>	<b>106</b>	<b>45</b>
<b>Profit before tax</b>	<b>4,587</b>	<b>5,145</b>
<b>Income tax expense</b>	<b>1,478</b>	<b>1,634</b>
<b>Profit</b>	<b>3,109</b>	<b>3,510</b>
<b>Profit attributable to</b>		
Owners of parent	3,147	3,516
Non-controlling interests	(38)	(5)
<b>Profit</b>	<b>3,109</b>	<b>3,510</b>
<b>Earnings per share</b>		
Basic earnings per share (Yen)	31.36	35.03
Diluted earnings per share (Yen)	31.26	34.91

(Condensed Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2021 Q1 (Three months ended June 30, 2020)	FY2022 Q1 (Three months ended June 30, 2021)
<b>Profit</b>	<b>3,109</b>	<b>3,510</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	381	112
Share of other comprehensive income of investments accounted for using equity method	0	(0)
Total of items that will not be reclassified to profit or loss	381	112
<b>Items that may be reclassified to profit or loss</b>		
Exchange differences on translation of foreign operations	(51)	74
Total of items that may be reclassified to profit or loss	(51)	74
Other comprehensive income, net of tax	330	186
<b>Comprehensive income</b>	<b>3,439</b>	<b>3,697</b>
<b>Comprehensive income attributable to</b>		
Owners of parent	3,485	3,698
Non-controlling interests	(46)	(1)
Comprehensive income	3,439	3,697

(3) Condensed Consolidated Statements of Changes in Equity  
 FY2021 Q1 [From April 1, 2020 to June 30, 2020]

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Financial assets measured at fair value through other comprehensive income	Share acquisition rights	Share of other comprehensive income of investments accounted for using equity method
<b>As of April 1, 2020</b>	<b>5,483</b>	<b>14,909</b>	<b>(13,513)</b>	<b>4,559</b>	<b>491</b>	<b>0</b>
Profit	-	-	-	-	-	-
Other comprehensive income	-	-	-	381	-	0
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>381</b>	<b>-</b>	<b>0</b>
Dividends of surplus	-	-	-	-	-	-
Obtaining of control of subsidiaries	-	-	-	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As of June 30, 2020</b>	<b>5,483</b>	<b>14,909</b>	<b>(13,513)</b>	<b>4,940</b>	<b>491</b>	<b>1</b>

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total
	Exchange differences on translation of foreign operations	Total	Retained earnings			
<b>As of April 1, 2020</b>	-	<b>5,051</b>	<b>90,729</b>	<b>102,660</b>	<b>1,562</b>	<b>104,222</b>
Profit	-	-	3,147	3,147	(38)	3,109
Other comprehensive income	(43)	338	-	338	(7)	330
<b>Comprehensive income</b>	<b>(43)</b>	<b>338</b>	<b>3,147</b>	<b>3,485</b>	<b>(46)</b>	<b>3,439</b>
Dividends of surplus	-	-	(3,763)	(3,763)	(93)	(3,856)
Obtaining of control of subsidiaries	-	-	-	-	146	146
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(3,763)</b>	<b>(3,763)</b>	<b>53</b>	<b>(3,710)</b>
<b>As of June 30, 2020</b>	<b>(43)</b>	<b>5,389</b>	<b>90,113</b>	<b>102,382</b>	<b>1,569</b>	<b>103,952</b>

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Financial assets measured at fair value through other comprehensive income	Share acquisition rights	Share of other comprehensive income of investments accounted for using equity method
<b>As of April 1, 2021</b>	<b>5,483</b>	<b>14,901</b>	<b>(13,475)</b>	<b>6,132</b>	<b>518</b>	<b>0</b>
Profit	-	-	-	-	-	-
Other comprehensive income	-	-	-	112	-	(0)
<b>Comprehensive income</b>	-	-	-	<b>112</b>	-	<b>(0)</b>
Dividends of surplus	-	-	-	-	-	-
Purchase of treasury shares	-	-	(0)	-	-	-
Loss of control of subsidiaries	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	(9)	-	-
Other	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	<b>(0)</b>	<b>(9)</b>	-	-
<b>As of June 30, 2021</b>	<b>5,483</b>	<b>14,901</b>	<b>(13,475)</b>	<b>6,235</b>	<b>518</b>	<b>0</b>

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

## (4) Condensed Consolidated Statements of Cash Flows

Millions of Yen

	FY2021 Q1 (Three months ended June 30, 2020)	FY2022 Q1 (Three months ended June 30, 2021)
<b>Cash flows from operating activities</b>		
Profit before tax	4,587	5,145
Depreciation and amortization	4,373	4,158
Interest and dividend income	(226)	(235)
Interest expenses	43	42
Share of loss (profit) of investments accounted for using equity method	30	5
Decrease (increase) in trade and other receivables	18,700	23,864
Decrease (increase) in inventories	(399)	(1,302)
Increase (decrease) in trade and other payables	(7,067)	(11,066)
Increase (decrease) in contract liabilities	4,530	5,654
Increase or decrease in retirement benefit asset or liability	(258)	(257)
Other	(6,372)	(7,573)
<b>Subtotal</b>	<b>17,941</b>	<b>18,435</b>
Interest and dividends received	238	237
Interest paid	(33)	(30)
Income taxes paid	(5,604)	(6,286)
<b>Net cash provided by (used in) operating activities</b>	<b>12,541</b>	<b>12,354</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(337)	(595)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(1,111)	(1,859)
Purchase of investment securities	(711)	(828)
Proceeds from sale of investment securities	-	35
Proceeds from acquisition of subsidiaries	146	-
Decrease due to losses on control of subsidiaries	-	(480)
Other	(30)	344
<b>Net cash provided by (used in) investing activities</b>	<b>(2,044)</b>	<b>(3,383)</b>

Millions of Yen

	FY2021 Q1 (Three months ended June 30, 2020)	FY2022 Q1 (Three months ended June 30, 2021)
<b>Cash flows from financing activities</b>		
Repayments of long-term borrowings	(869)	(385)
Repayments of lease liabilities	(2,151)	(2,207)
Dividends paid	(3,705)	(3,460)
Dividends paid to non-controlling interests	(93)	(103)
Other	-	73
<b>Net cash provided by (used in) financing activities</b>	<b>(6,819)</b>	<b>(6,083)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(16)</b>	<b>30</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,661</b>	<b>2,918</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>33,615</b>	<b>46,281</b>
<b>Cash and cash equivalents at end of period</b>	<b>37,277</b>	<b>49,199</b>

(5) Notes about Condensed Consolidated Financial Statements

(Notes on Going Concern Assumption)

None applicable

(Segment information)

(1) Overview of reportable segments

The reportable segments of the Company are those among the constituent units of the Company for which separate financial statements can be obtained and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

By fully harnessing the collective capabilities of the Group, the Company provides comprehensive IT solution services, from identifying customers' management issues to providing solutions to them.

The Company's operations therefore consist of segments composed of products and services that constitute our IT solution services.

We have five reportable segments: System Services, Support Services, Outsourcing, Software, and Hardware.

Details of the reportable segments are as follows:

- System Services: Software contract development business, system engineer services and consulting
- Support Services: Software and hardware maintenance, installation support and related services
- Outsourcing: System operation by contract, and related services
- Software: Provision of software based on software license agreements
- Hardware: Provision of hardware partly based on equipment sales agreements

(2) Information about performance by reportable segment

FY2021 Q1 (from April 1, 2020 to June 30, 2020)

(Millions of Yen)

	Reportable segment						Other (Note 1)	Total	Adjust ment (Note 2)	Amount recorded in the consolidated financial statements
	System Services	Support Services	Out sourcing	Software	Hardware	Total				
Revenue	20,504	12,771	14,314	7,347	9,830	64,768	3,114	67,883	-	67,883
Segment profits (Note 3)	5,800	3,730	3,349	1,447	1,639	15,967	627	16,594	(12,129)	4,464
Share of profit (loss) of investments accounted for using equity method										(30)
Other income										46
Other expense										18
Operating profit										4,462
Finance income										231
Finance costs										106
Profit before tax										4,587

(Notes)

1. The Other category is a business segment that is not included in the reportable segments. It includes network services and installation.
2. The adjustment for Segment profits represents the selling, general and administrative expenses that have not been distributed to each reportable segment.
3. Segment profits represent adjusted operating profits which are obtained by deducting cost of sales and selling, general and administrative expenses from revenue.

FY2022 Q1 (from April 1, 2021 to June 30, 2021)

(Millions of Yen)

	Reportable segment						Other (Note 1)	Total	Adjust ment (Note 2)	Amount recorded in the consolidated financial statements
	System Services	Support Services	Out sourcing	Software	Hardware	Total				
Revenue	20,408	12,544	16,001	7,050	9,450	65,455	2,163	67,619	-	67,619
Segment profits (Note 3)	6,033	3,964	5,026	767	1,417	17,209	462	17,671	(12,977)	4,693
Share of profit (loss) of investments accounted for using equity method										(5)
Other income										72
Other expense										4
Operating profit										4,756
Finance income										434
Finance costs										45
Profit before tax										5,145

(Notes)

1. The Other category is a business segment that is not included in the reportable segments. It includes network services and installation.
2. The adjustment for Segment profits represents the selling, general and administrative expenses that have not been distributed to each reportable segment.
3. Segment profits represent adjusted operating profits which are obtained by deducting cost of sales and selling, general and administrative expenses from revenue.

## (First-time Adoption of IFRS)

The Company group prepared consolidated financial statements pursuant to IFRS from this fiscal year. The latest consolidated financial statements prepared in accordance with the generally accepted accounting principles in Japan (J-GAAP) are for the year ended March 31, 2021. The date of transition to IFRS is April 1, 2020.

### (1) Exemption Provisions under IFRS 1

Under IFRS 1, a company that adopts IFRS for the first time (hereinafter referred to as a ‘First-time Adopter’) is to use retrospectively certain standards requested under IFRS, in principle.

However, as a compulsory exception under the International Financial Reporting Standards (IFRS) Article 1 “First-time Adoption of International Financial Reporting Standards” (hereinafter referred to as “IFRS 1”), retrospective application is prohibited for certain standards required under IFRS. Under the same article, certain exemption provisions may be voluntarily applied for certain standards required by IFRS.

An adjustment for impacts of applying these provisions has been made within “Retained earnings” or “Other components of equity” at the date of transition to IFRS from J-GAAP.

The voluntary exemption provisions applied by the Company group are described below.

#### ① Business Combinations

A First-time Adopter is recognized not to adopt retrospectively IFRS Article 3 “Business Combinations” (hereinafter referred to as “IFRS 3”) about business combinations arising prior to the date of IFRS transition.

The Company group has opted not to apply retrospectively IFRS 3 for business combinations that occurred prior to the date of transition as recognized by this exemption provision.

Thus, goodwill resulting from business combinations arising prior to the date of transition has been recognized using the carrying amount based on the conventional J-GAAP as of the date of transition.

An impairment test was implemented as of the date of transition, regardless of whether there is any indication of impairment.

#### ② Exchange Difference on Transition of Foreign Operations

Under IFRS 1, it is recognized that cumulative foreign currency translation adjustments are deemed to be zero at the date of transition. The Company group has chosen to deem accumulated exchange differences on translation of foreign operations to be zero at the date of transition.

#### ③ Designation of Financial Instruments Recognized before the Date of Transition

Under IFRS 1, it is recognized that the classification under IFRS 9 “Financial Instruments” (hereinafter referred to as “IFRS 9”) on the basis of the facts and circumstances that exist at the date of transition, not those that exist at initial recognition.

Under IFRS 1, it also recognized that equity instruments as financial assets measured at fair value through other comprehensive income on the basis of the facts and circumstances that exist at the date of transition.

The Company group assesses the classification under IFRS 9 on the basis of the facts and circumstances that exist at the date of transition and designates certain equity instruments as financial assets measured through other comprehensive income.

#### ④ Leases

Under IFRS 1, it is recognized that a First-time Adopter assesses whether a contract contains a lease at the date of transition to IFRS.

In addition, IFRS 1 permits the First-time Adopter to measure a lease liability at the present value of the remaining lease payments, discounted through the use of the lessee’s incremental borrowing rate at the date of transition, and to measure a right-of-use asset at an amount equal to the lease liability.

Furthermore, under IFRS 1, it is recognized that the First-time Adopter considers a lease for which the lease term within 12 months of the date of transition to IFRS or for which the underlying asset is of low value as an expense.

The Company group judges whether leases are contained in a contract pursuant to the facts and circumstances at the date of transition by applying these exemption provisions. The Company group deems a lease liability to be worth the present value discounted through the use of the lessee’s incremental borrowing rate at the date of transition, and deems a right-of-use asset to be worth the same amount.

(2) Mandatory Exceptions Under IFRS 1

Under IFRS 1, it is prohibited that a retrospective application of IFRS provisions related to “estimates”, “de-recognition of financial assets and financial liabilities”, “hedge accounting”, “non-controlling interests”, “classification and measurement of financial instruments” and others.

The Company group prospectively applies the IFRS provisions on and after the date of transition to IFRS.

(3) Reconciliation between J-GAAP and IFRS

The reconciliation table is prepared below as required to be disclosed at the first-time adoption of IFRS.

The “Reclassification” column in the table presents items that do not affect equity and comprehensive income. The “Recognition and Measurement Differences” column presents items that affect equity and comprehensive income.

①Reconciliation of equity of the transition date (April 1, 2020)

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
ASSETS						Assets
Current assets						Current assets
Cash and deposits	33,287	-	327	33,615		Cash and cash equivalents
Notes and accounts receivable - trade	70,840	8,645	(61)	79,424	①	Trade and other receivables
Merchandise and finished goods	7,443	(55)	1,018	8,407	①	Inventories
Work in process	1,843	(1,843)	-	-		
Raw materials and supplies	77	(77)	-	-		
	-	43	477	520		Other financial assets
Other	19,825	(8,710)	571	11,687		Other current assets
Allowance for doubtful accounts	(21)	21	-	-		
Total current assets	133,297	(1,976)	2,334	133,655		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment, net	13,465	487	377	14,330		Property, plant and equipment
	-	835	27,580	28,415	②	Right-of-use assets
Goodwill	1,509	-	-	1,509	③	Goodwill
Intangible assets	18,914	653	(210)	19,356		Intangible assets
	-	2,470	-	2,470	③	Investments accounted for using equity method
Investment securities	23,272	8,354	(146)	31,480	⑤	Other financial assets
Deferred tax assets	3,818	-	5,682	9,501	④	Deferred tax assets
Retirement benefit asset	4,357	-	(3,658)	699	⑦	Retirement benefit asset
Other	16,637	(11,121)	13	5,528		Other non-current assets
Allowance for doubtful accounts	(296)	296	-	-		
Total non-current assets	81,678	1,976	29,637	113,292		Total non-current assets
Total assets	214,975	-	31,972	246,947		Total assets

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
LIABILITIES						Liabilities and equity
Current liabilities						Liabilities
Notes and accounts payable - trade	22,475	2,104	355	24,935		Current liabilities
Advances received	18,477	-	421	18,899		Trade and other payables
Current portion of long-term borrowings	5,617	-	-	5,617		Contract liabilities
	-	411	7,874	8,286	②	Borrowings
	-	3,045	(84)	2,960		Lease liabilities
Income taxes payable	4,654	-	6	4,660		Other financial liabilities
Accrued expenses	10,905	(10,905)	-	-		Income taxes payable
Provision for loss on contract development	708	(708)	-	-		
Other provisions	846	717	(223)	1,340		Provisions
Other	10,431	5,334	8,470	24,236	⑥	Other current liabilities
Total current liabilities	74,117	-	16,820	90,937		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term borrowings	15,717	-	-	15,717		Borrowings
	-	509	20,921	21,431	②	Lease liabilities
	-	135	2	138		Other financial liabilities
Retirement benefit liability	651	-	12,624	13,276	⑦	Retirement benefit liability
Provisions	94	1,128	(21)	1,201		Provisions
Asset retirement obligations	1,128	(1,128)	-	-		
	-	23	-	23		Deferred tax liabilities
Other	668	(668)	-	-		
Total non-current liabilities	18,260	-	33,527	51,787		Total non-current liabilities
Total liabilities	92,377	-	50,347	142,725		Total liabilities

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
Shareholders' equity						Equity
Share capital	5,483	-	-	5,483		Share capital
Capital surplus	14,909	-	-	14,909		Capital surplus
Retained earnings	109,795	-	(19,066)	90,729	⑨	Retained earnings
Treasury shares	(13,513)	-	-	(13,513)		Treasury shares
Total accumulated other comprehensive income	3,798	491	762	5,051	⑧	Other components of equity
Stock acquisition rights	491	(491)	-	-		
	-	-	-	102,660		Total equity attributable to owners of parent
Non-controlling interests	1,633	-	(71)	1,562		Non-controlling interests
Total net assets	122,598	-	(18,375)	104,222		Total equity
Total liabilities and net assets	214,975	-	31,972	246,947		Total liabilities and equity

## Reconciliation of equity as of June 30, 2020

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
ASSETS						Assets
Current assets						Current assets
Cash and deposits	36,982	-	294	37,277		Cash and cash equivalents
Notes and accounts receivable - trade	48,952	8,195	3,484	60,632	①	Trade and other receivables
Merchandise and finished goods	7,455	2,637	(1,286)	8,806	①	Inventories
Work in process	3,687	(3,687)	-	-		
Raw materials and supplies	77	(77)	-	-		
Other	-	104	491	595		Other financial assets
Allowance for doubtful accounts	23,076	(8,320)	399	15,154		Other current assets
Total current assets	(20)	20	-	-		
	120,211	(1,127)	3,383	122,466		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment, net	13,579	(270)	368	13,677		Property, plant and equipment
Goodwill	-	1,067	26,123	27,191	②	Right-of-use assets
Intangible assets	1,407	-	86	1,494	③	Goodwill
Investment securities	19,166	330	(261)	19,236		Intangible assets
Deferred tax assets	-	2,408	29	2,438	③	Investments accounted for using equity method
Retirement benefit asset	24,389	8,378	(138)	32,629	⑤	Other financial assets
Other	2,834	-	5,313	8,147	④	Deferred tax assets
Allowance for doubtful accounts	4,820	-	(4,128)	692	⑦	Retirement benefit asset
Total non-current assets	16,585	(11,083)	8	5,509		Other non-current assets
	(296)	296	-	-		
	82,487	1,127	27,402	111,017		Total non-current assets
Total assets	202,698	-	30,785	233,483		Total assets

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
LIABILITIES						Liabilities and equity
Current liabilities						Liabilities
Notes and accounts payable - trade	16,273	1,514	156	17,944		Current liabilities
Advances received	22,943	-	481	23,424		Trade and other payables
Current portion of long-term borrowings	5,133	-	-	5,133		Contract liabilities
	-	513	7,732	8,246	②	Borrowings
	-	6,415	(81)	6,333		Lease liabilities
Income taxes payable	294	-	(219)	74		Other financial liabilities
Accrued expenses	5,529	(5,529)	-	-		Income taxes payable
Provision for loss on contract development	712	(712)	-	-		
Other provisions	1,143	703	(204)	1,642		Provisions
Other	10,644	(2,904)	8,409	16,149	⑥	Other current liabilities
Total current liabilities	62,673	-	16,274	78,948		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term borrowings	15,332	-	-	15,332		Borrowings
	-	836	19,612	20,448	②	Lease liabilities
	-	468	2	471		Other financial liabilities
Retirement benefit liability	668	-	12,342	13,010	⑦	Retirement benefit liability
Provisions	76	1,133	(10)	1,199		Provisions
Asset retirement obligations	1,133	(1,133)	-	-		
	-	20	45	65		Deferred tax liabilities
Other	1,381	(1,325)	-	55		
Total non-current liabilities	18,591	-	31,991	50,582		Total non-current liabilities
Total liabilities	81,265	-	48,265	129,531		Total liabilities

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
Shareholders' equity						Equity
Share capital	5,483	-	-	5,483		Share capital
Capital surplus	14,909	-	-	14,909		Capital surplus
Retained earnings	108,127	-	(18,014)	90,113	⑨	Retained earnings
Treasury shares	(13,513)	-	-	(13,513)		Treasury shares
Total accumulated other comprehensive income	4,312	491	585	5,389	⑧	Other components of equity
Stock acquisition rights	491	(491)	-	-		
	-	-	-	102,382		Total equity attributable to owners of parent
Non-controlling interests	1,621	-	(51)	1,569		Non-controlling interests
Total net assets	121,432	-	(17,480)	103,952		Total equity
Total liabilities and net assets	202,698	-	30,785	233,483		Total liabilities and equity

## Reconciliation of equity as of March 31, 2021

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
ASSETS						Assets
Current assets						Current assets
Cash and deposits	45,833	-	447	46,281		Cash and cash equivalents
Notes and accounts receivable - trade	72,429	7,532	(2,405)	77,556	①	Trade and other receivables
Merchandise and finished goods	6,053	(790)	1,828	7,091	①	Inventories
Work in process	1,685	(1,685)	-	-		
Raw materials and supplies	56	(56)	-	-		
	-	88	512	600		Other financial assets
Other	18,690	(7,671)	725	11,744		Other current assets
Allowance for doubtful accounts	(51)	51	-	-		
Total current assets	144,698	(2,532)	1,108	143,273		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment, net	12,321	666	344	13,332		Property, plant and equipment
	-	881	23,690	24,571	②	Right-of-use assets
Goodwill	1,472	-	400	1,873	③	Goodwill
Intangible assets	20,462	985	(245)	21,201		Intangible assets
	-	1,538	78	1,617	③	Investments accounted for using equity method
Investment securities	27,003	9,222	(296)	35,929	⑤	Other financial assets
Deferred tax assets	960	-	4,626	5,586	④	Deferred tax assets
Retirement benefit asset	9,075	-	(7,661)	1,414	⑦	Retirement benefit asset
Other	16,278	(11,053)	10	5,235		Other non-current assets
Allowance for doubtful accounts	(291)	291	-	-		
Total non-current assets	87,282	2,532	20,946	110,761		Total non-current assets
Total assets	231,980	-	22,054	254,035		Total assets

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
LIABILITIES						Liabilities and equity
Current liabilities						Liabilities
						Current liabilities
Notes and accounts payable - trade	25,293	2,147	417	27,859		Trade and other payables
Advances received	17,736	-	301	18,038		Contract liabilities
Current portion of long-term borrowings	4,317	-	-	4,317		Borrowings
	-	438	8,133	8,571	②	Lease liabilities
	-	2,900	(112)	2,787		Other financial liabilities
Income taxes payable	5,113	-	5	5,118		Income taxes payable
Accrued expenses	11,229	(11,229)	-	-		
Provision for loss on contract development	328	(328)	-	-		
Other provisions	417	302	(160)	559		Provisions
Other	10,086	5,769	7,977	23,833	⑥	Other current liabilities
Total current liabilities	74,523	-	16,562	91,086		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term borrowings	17,012	-	-	17,012		Borrowings
	-	739	16,800	17,540	②	Lease liabilities
	-	501	2	503		Other financial liabilities
Retirement benefit liability	703	-	11,855	12,558	⑦	Retirement benefit liability
Provisions	31	1,208	44	1,284		Provisions
Asset retirement obligations	1,208	(1,208)	-	-		
	-	329	(310)	18		Deferred tax liabilities
Other	1,614	(1,570)	-	44		Other non-current liabilities
Total non-current liabilities	20,570	-	28,392	48,962		Total non-current liabilities
Total liabilities	95,093	-	44,955	140,048		Total liabilities

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
Shareholders' equity						Equity
Share capital	5,483	-	-	5,483		Share capital
Capital surplus	14,901	-	-	14,901		Capital surplus
Retained earnings	119,586	-	(20,841)	98,744	⑨	Retained earnings
Treasury shares	(13,475)	-	-	(13,475)		Treasury shares
Total accumulated other comprehensive income	8,136	518	(2,037)	6,618	⑧	Other components of equity
Stock acquisition rights	518	(518)	-	-		
	-	-	-	112,271		Total equity attributable to owners of parent
Non-controlling interests	1,736	-	(20)	1,715		Non-controlling interests
Total net assets	136,887	-	(22,900)	113,986		Total equity
Total liabilities and net assets	231,980	-	22,054	254,035		Total liabilities and equity

## Notes on Reconciliation of Equity

### (1) Reclassification

#### (A) Trade and other receivables, trade and other payables, and allowance for credit losses

Accounts receivable included in 'Other' in current assets under Japanese GAAP is reclassified to 'Trade and other receivables' under IFRS.

Accounts payable included in 'Other' in current liabilities under Japanese GAAP is reclassified to 'Trade and other payables' under IFRS.

'Allowance for doubtful accounts' separately presented in current assets under Japanese GAAP is reclassified to be presented on a net basis by directly deducting the item from 'Trade and other receivables' under IFRS. Similarly, 'Allowance for doubtful accounts' separately presented in non-current assets is reclassified to be presented on a net basis by directly deducting the item from 'Other financial assets' in non-current assets.

#### (B) Contract liabilities

'Advances received' separately presented in current liabilities under Japanese GAAP are reclassified to 'Contract liabilities' under IFRS.

#### (C) Other contract assets, and other contract liabilities

Membership, leasehold deposits, and long-term loans receivable among others included in 'Investment securities' and 'Other' in non-current assets under Japanese GAAP are reclassified to 'Other financial assets' under IFRS. 'Deposits received' included in 'Other' in current liabilities under Japanese GAAP are reclassified to 'Other financial liabilities' under IFRS.

#### (D) Investments accounted for using equity method

'Investments accounted for using equity method' included in 'Investment securities' under Japanese GAAP are separately presented under IFRS.

#### (E) Other current liabilities

'Accrued expenses' separately presented in current liabilities under Japanese GAAP are included in 'Other current liabilities' under IFRS.

## (2) Recognition and Measurement Differences

### ① Trade and other receivables, and current inventories

Revenue from certain transactions was previously recognized upon shipment under Japanese GAAP. It is now recognized upon delivery to customers under IFRS.

Revenue from certain transactions was previously recognized on a monthly basis, etc. over a period of time under Japanese GAAP. It is now recognized at a point in time.

Revenue from certain transactions was previously recognized on an inspection basis under Japanese GAAP. An amount equivalent to costs expected to be recovered out of incurred costs is now recognized as revenue in a case where it is not possible to measure reasonably total costs which are needed by completion (pursuant to the cost recovery method).

### ② Right-of-use assets and lease liabilities

Operating leases, among leases for which the Company group was a lessee, were accounted for in the similar manners to ordinary rental transactions, under Japanese GAAP.

Under IFRS, leases for which the Company group is a lessee are not classified into finance and operating leases. Therefore, the Company group basically records 'Right-of-use assets' and 'Lease liabilities' for every lease transaction.

### ③ Goodwill and goodwill included in investments accounted for using equity method

Goodwill and goodwill included in investments accounted for using equity method were regularly amortized over a certain period of time in which investment effects are to emerge pursuant to reasonable estimations, under Japanese GAAP. These are not amortized under IFRS. The Company group does not amortize on the date of transition and thereafter.

### ④ Deferred tax assets

Recoverability of deferred tax assets was judged pursuant to Corporate Accounting Standard Guidelines No. 26 'Implementation Guidance on Recoverability of Deferred Tax Assets' under Japanese GAAP. Deferred tax assets were recognized in light of the judgement.

Deferred tax assets are recognized for the carryforward of deductible temporary differences, unused tax losses and unused tax credits to the extent that future taxable profit will be available against which they can be utilized.

### ⑤ Other financial assets

Unlisted stocks were valued and posted at acquisition cost under Japanese GAAP. Impairment losses were recorded in an event where financial situations worsened.

Unlisted stocks are specified as financial assets measured at fair value through other comprehensive income, under IFRS. Therefore, no impairment losses are recorded.

Certain financial assets such as membership are classified as financial assets measured at fair value through profit or loss. Therefore, changes in fair value are recognized through profit or loss.

### ⑥ Other current liabilities

Unused paid absences which do not need to be accounted for under Japanese GAAP are now recorded as liabilities under IFRS.

### ⑦ Adjustments to retirement benefit liability

Actuarial gains and losses were recognized in other comprehensive income as incurred and were amortized from the following fiscal year of the incurrence on a straight-line basis over a certain number of years within the average remaining service period of employees, under Japanese GAAP.

Under IFRS, actuarial gains and losses are recognized in other comprehensive income as incurred and immediately reclassified to retained earnings.

In a case of an overfunded status of the defined benefit plans, the net defined asset amount to be recognized is limited at a present value of the usable economic benefits, under IFRS, unlike it used to be under Japanese GAAP. Therefore, a surplus is recognized as part of other comprehensive income, and it is immediately reclassified to retained earnings.

⑧ Exchange differences on translation of foreign operations

The Company group elected to apply exemptions provided under IFRS 1, and reclassified to retained earnings all cumulative exchange differences on translation of foreign operations on the date of transition categorized as part of other comprehensive income.

⑨ Adjustments to retained earnings

The influences below from the adjustments above are made to retained earnings.

The amounts below are indicated after adjusting related tax effects and non-controlling interests.

	Millions of Yen		
	Transition date (As of April 1, 2020)	FY2021 Q1 (As of June 30, 2021)	FY2021 (As of March 31, 2021)
Trade receivables, contract assets and inventories	113	769	(828)
Goodwill and investments accounted for using equity method	1	119	566
Other financial assets	240	501	1,414
Deferred tax assets and liabilities	282	237	590
Accrued vacation payable	(5,741)	(5,741)	(5,367)
Adjustments of retirement benefit	(14,351)	(14,481)	(16,924)
Transfer of accumulated exchange differences on translation of foreign operations	(33)	(33)	(33)
Other	421	614	(258)
Total	(19,066)	(18,014)	(20,841)

①Reconciliation of profit and comprehensive income for the FY2021 Q1(Three months ended June 30, 2020)

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
Net sales	64,140	-	3,743	67,883	①	Revenue
Cost of sales	48,472	-	2,816	51,288	①③	Cost of sales
Gross profit	15,667	-	926	16,594		Gross profit
Selling, general and administrative expenses	12,385	(2)	(253)	12,129	②③	Selling, general and administrative expenses
	-	(60)	29	(30)	②	Share of profit (loss) of investments accounted for using equity method
	-	46	0	46		Other income
	-	14	3	18		Other expenses
Operating profit	3,282	(25)	1,206	4,462		Operating profit
Total non-operating income	303	(303)	-	-		
Total non-operating expenses	95	(95)	-	-		
Total extraordinary income	1	(1)	-	-		
Total extraordinary losses	448	(448)	-	-		
	-	258	(27)	231	④	Finance income
	-	471	(365)	106	④	Finance costs
Profit before tax	3,043	-	1,544	4,587		Profit before tax
Income taxes - current	264	744	468	1,478	⑤	Income tax expense
Income taxes - deferred	744	(744)	-	-		
Profit	2,033	-	1,075	3,109		Profit

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
Profit	2,033	-	1,075	3,109		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	639	-	(258)	381	④	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	(85)	-	85	-	③	
Share of other comprehensive income of entities accounted for using equity method	0	-	-	0		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	(1)	-	1	-		
Foreign currency translation adjustment	(51)	-	0	(51)		Exchange differences on translation of foreign operations
Total other comprehensive income	501	-	(170)	330		Other comprehensive income, net of tax
Comprehensive income	2,534	-	904	3,439		Comprehensive income

## Reconciliation of profit and comprehensive income for the FY2021 (Fiscal year ended March 31, 2021)

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
Net sales	309,685	-	(1,259)	308,426	①	Revenue
Cost of sales	228,605	-	603	229,209	①③	Cost of sales
Gross profit	81,079	-	(1,862)	79,217		Gross profit
Selling, general and administrative expenses	54,354	(204)	(126)	54,023	②③	Selling, general and administrative expenses
	-	(310)	78	(231)	②	Share of profit (loss) of investments accounted for using equity method
	-	194	3	197		Other income
	-	524	10	534		Other expenses
Operating profit	26,724	(436)	(1,663)	24,624		Operating profit
Total non-operating income	610	(610)	-	-		
Total non-operating expenses	790	(790)	-	-		
Total extraordinary income	616	(616)	-	-		
Total extraordinary losses	1,520	(1,520)	-	-		
	-	942	(427)	514	④	Finance income
	-	1,396	(980)	415	④	Finance costs
Profit before tax	25,640	194	(1,111)	24,723		Profit before tax
Income taxes - current	7,232	1,448	(724)	7,956	⑤	Income tax expense
Income taxes - deferred	1,253	(1,253)	-	-		
Profit	17,154	-	(387)	16,767		Profit

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
Profit	17,154	-	(387)	16,767		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	2,714	-	(790)	1,924	④	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	1,645	-	(3,334)	(1,688)	③	Remeasurement of retirement benefits
Share of other comprehensive income of entities accounted for using equity method	(0)	-	-	(0)		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	(1)	-	1	-		
Foreign currency translation adjustment	(25)	-	(14)	(39)		Exchange differences on translation of foreign operations
Total other comprehensive income	4,332	-	(4,137)	194		Other comprehensive income, net of tax
Comprehensive income	21,486	-	(4,524)	16,961		Comprehensive income

## Notes on reconciliations of profit or loss and comprehensive income

### (1) Reclassification

There were items that were presented as ‘Non-operating income’, ‘Non-operating expenses’, ‘Extraordinary income’ and ‘Extraordinary losses’ under Japanese GAAP. Under IFRS, finance-related profits or losses are recorded as ‘Finance income’ and ‘Finance costs’. Other items are presented as ‘Other income’, ‘Other expenses’ and ‘Share of profit (loss) of investments accounted for using equity method’.

### (2) Recognition and measurement differences

#### ① Revenue and cost of sales

Revenue from certain transactions was previously recognized upon shipment under Japanese GAAP. It is now recognized upon delivery to customers under IFRS.

Revenue from certain transactions was previously recognized on a monthly basis, etc. over a period of time under Japanese GAAP. It is now recognized at a point in time.

Revenue from certain transactions was previously recognized on an inspection basis under Japanese GAAP. An amount equivalent to costs expected to be recovered out of incurred costs is now recognized as revenue in a case where it is not possible to measure reasonably total costs which are needed by completion (pursuant to the cost recovery method).

#### ② Goodwill amortization cost and share of loss of investments accounted for using equity method

Goodwill and goodwill included in investments accounted for using equity method were amortized, under Japanese GAAP. These are not amortized under IFRS. The Company group does not amortize on the date of transition and thereafter.

#### ③ Employee Benefit

Actuarial gains and losses from retirement benefits predicated upon a defined benefit plan were recognized in other comprehensive income as incurred and were amortized from the following fiscal year of the incurrence on a straight-line basis over a certain number of years within the average remaining service period of employees, under Japanese GAAP.

Under IFRS, actuarial gains and losses are not accounted for as costs. These are recognized in other comprehensive income as incurred and immediately reclassified to retained earnings.

Unused paid absences which do not need to be accounted for under Japanese GAAP are now recorded as liabilities under IFRS.

#### ④ Finance income and finance costs

Loss or gains on sales of investment securities or impairment losses of investment securities were classified in profit or loss, under Japanese GAAP.

With respect to investments in equity instruments designated at fair value through other comprehensive income, under IFRS, changes in fair value are recognized as other comprehensive income, and are reclassified to retained earnings in a case where the Company group ceases such recognitions.

#### ⑤ Income tax

The Company group is reconsidering recoverability of all deferred tax assets in light of applying IFRS.

### Reconciliation to the Consolidated Cash Flow Statements of the First Quarter of the Previous Fiscal Year and the Full Year of the Previous Fiscal Year

Lease payments paid under operating lease transactions, among leases for which the Company group was a lessee, were classified in cash flows from operating activities, under Japanese GAAP.

Under IFRS Article 16, lease liabilities are to be recognized for all lease transactions in principle, to the extent that the Company group is a lessee. Therefore, lease payments are included in cash flows from financial activities.

As a result, cash flows from financial activities in the first quarter of the previous fiscal year decreased by ¥2,008 million. Cash flows from financial activities for the full year of the previous fiscal year decreased by ¥8,123 million. On the other hand, cash flows from sales activities increased by the same amount, respectively.