

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 Second Quarter of Fiscal Year Ending March 31, 2022 [IFRS]

November 2, 2021

Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st Section
Stock Code:	8056
URL:	https://www.unisys.co.jp/
Representative:	Akiyoshi Hiraoka, Representative Director, President & CEO
Scheduled Submission Date for Quarterly Report:	November 10, 2021
Scheduled Starting Date for Dividend Payment:	December 2, 2021
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors, analysts and press)

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

1. Consolidated Financial Results for FY2022 Q2(from April 1, 2021 to September 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	%
FY2022 Q2	145,914	0.6	12,956	9.7	13,905	18.6	9,373	17.0	10,554	18.3
FY2021 Q2	144,991	—	11,813	—	11,727	—	8,012	—	8,923	—

(note) Adjusted operating profit FY2022 Q2 : 12,841 Million Yen (8.6%) FY2021 Q2 : 11,826 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
FY2022 Q2	93.36	93.05
FY2021 Q2	79.83	79.55

(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	%
FY2022 Q2	243,559	120,963	119,271	49.0%
FY2021	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
FY2021	—	35.00	—	35.00	70.00
FY2022	—	35.00	—	—	—
FY2022 (Forecast)	—	—	—	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
FY2022	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 Q2	109,663,524	FY2021	109,663,524
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2. Number of shares of treasury shares

FY2022 Q2	9,231,562	FY2021	9,269,280
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3. Average number of shares outstanding (during the period)

FY2022 Q2	100,409,648	FY2021 Q2	100,369,371
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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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part of the attempts.

We aim to increase the percentage of renewable energy and enable an effective use of surplus solar power through the use of Enability CIS, part of our Enability® series of power retailing cloud solution.

We will continuously perform these activities designed to promote our social DX initiatives of solving social issues in cooperation with our customers and business partners in various industries and sectors.

From our viewpoint of prioritizing sustainability, we have established our materiality frameworks that help us focus on the direction towards what we will be in 10 years' time as indicated in the Vision2030. We aim at the total share of renewable energy at the Toyosu Headquarters gradually rising to 10% within this fiscal year, as part of our RE 100 initiatives.

Furthermore, we participated in the 'Decarbonized Tech Fund' established by Japan Energy Capital G.K., in whose operation ENECHANGE Ltd. participates. The fund focused on investing in overseas energy venture companies is part of our strategic investments.

Also, we will continuously work on our corporate culture reforms and our internal DX initiatives that will support our business growth.

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, continuously increase our corporate value and promote business with sustainability kept in mind.

(NOTES)

1. View the webpage below about the Purpose.

https://www.unisys.co.jp/com/purpose_principles.html

2. View the webpage below about the Vision2030.

https://www.unisys.co.jp/com/management_policy.html

3. OMO:

Abbreviated name of Online Merges with Office

It is a marketing methodology to enable seamless customer experience by coordinating digital shops (online) on the Internet with real brick-and-mortar shops (offline) from the viewpoint of customers.

4. The Cross-ministerial Strategic Innovation Promotion Program (SIP):

It is a national program led by the Council for Science, Technology and Innovation (CSTI) of the Japanese Government with interdisciplinary management to realize scientific and technological innovation in Japan.

5. DIVP:

Abbreviated name of Driving Intelligence Validation Platform

It is a simulation platform for evaluating safety through operating highly real-virtual consistent models of traffic environmental conditions in a virtual space.

6. Power purchase agreement (PPA) model :

PPA is the acronym of Power Purchase Agreement.

It is a business model that consumers purchase power generated from power generation systems installed free of charge on a roof of business operators.

7. RE100:

Global initiative to support companies committed to using 100% renewable power in order to operate their business

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

1. Results of Business Operations and Financial Conditions

(1) Analysis of Business Operations

For the first six months of the fiscal year ended March 2022, although the COVID-19 vaccination making progress will pave the way for an early resumption of economic activities, uncertainties remain with the Japanese economy.

We have seen good appetite for digital transformation (DX) investment in the domestic information services market. However, companies in some business sectors have postponed ICT investments continuously. We need to remain watchful about the situations.

In this environment, the Nihon Unisys group has worked on initiatives as indicated in the Management Policies (2021-2023). The Management Policies were established by the Group with an eye towards a new stage where the Group will enable a sustained growth of the entire corporate value through creating social value pursuant to the ‘Purpose^{Note 1}’ and the ‘Vision 2030^{Note 2}’ that the Group established anew.

To summarize the business situation, system services drove revenue based upon an increase in DX related businesses. As a result, we posted a revenue increase in excess of the same period of the previous fiscal year. Outsourcing business revenue and profit/income increased attributable to providing platform services for electronic commerce (EC) businesses and enhancing platform services for financial institutions. Furthermore, small and medium-sized corporate DX-type outsourcing services conducive to promoting customers’ DX attempts have been increasing mainly in the retail sector.

Orders and order backlogs increased compared with the second quarter of the previous fiscal year, due to system services and outsourcing continuing to be robust in various types of industry. We expect to see a continued strength in the second half of this fiscal year ascribable to a strong appetite for DX investments. We will enhance our business activities to methodically earn order intakes until we can achieve a full-year performance target.

With the aim of enabling medium- to long-term business growth, we have been working on enhancing business ecosystems from the two viewpoints of ‘For Customers’ and ‘For Society’. ‘For Customers’ means that we promote customers’ DX that leads to sustained business growth for customers. ‘For Society’ means that we promote social DX that help solutions for issues faced by society in cooperation with customers and partners in a wide range of sectors and industries.

We have been promoting various types of the ‘For Customers’ initiatives to develop and activate regional economies. For example, we have conducted MaaS demonstration experiments in local areas and have provided platforms based upon regional data. Furthermore, we have witnessed a steady increase in the number of users of BankVision® open core-banking service for regional financial institutions, as we saw another bank finalize the BankVision® service agreement. We will continue to target at customers in regional financial institutions and local governmental bodies that play key roles in innovation promotions and support them with services conducive to developing and boosting regional economies.

Technological developments have broadened the gamut of interactions with consumers in various aspects. The Company group has provided services conducive to enhancing customer experience-based value in various business sectors. Our services were certified by the Ministry of Economy, Trade and Industry (METI) as IT tools subject for the 2021 subsidy program for IT promotion hosted by the Ministry. The subsidy program is designed to promote IT tool implementation by small and medium-sized companies in accordance with their issues and needs. The certified assets include ‘DIGITAL’ATELIER®’, an OMO^{Note3}-support EC platform service, ‘LiveKit™’, a live commerce service, and, ‘MY HOME MARKET’ a virtual housing exhibition site. We will continue to support sustained growth of customer businesses through promoting these services.

Our ‘For Society’ initiatives include our participation in some of the Cross-ministerial Strategic Innovation Promotion Program (SIP)^{Note 4} hosted by Cabinet Office. We have worked on creating an autonomous driving safety evaluation platform, DIVP^{Note 5}, as we belong to the SIP Phase Two on automated driving. We plan to launch a pilot session of experiencing DIVP simulation capabilities through mimic digital models in the virtual environment that replicates the Tokyo Waterfront area. The session will be launched in November 2021. We set eyes on practically implementing the platform in society, and in future we will operate virtual evaluation programs digitally mimicking scenes of practical operations.

Furthermore, we have promoted various types of efforts conducive to enhancing renewable energy. This adds to our decarbonization attempts such as our promoting the environmental value business through tracking non-fossil fuel energy certificates as entrusted from the Ministry of Economy, Trade and Industry (METI). Our initiative to create schemes about a power purchase agreement (PPA) model conducive to maximizing the use of renewable energy, solar power, in cooperation with SENKO Co., Ltd. and F Bit Communications Corp. is also

For the first six months of this fiscal year, revenue increased to ¥145,914 million by ¥923 million (or 0.6% compared with the second quarter of the previous fiscal year). The increase is attributable to continued strength of system services and outsourcing services. Gross profit was driven up by a revenue increase in system services and outsourcing services, 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 ¥ 12,956 million up by ¥ 1,143 million or 9.7 % compared with the second quarter of the previous fiscal year. It posted profit attributable to owners of parent of ¥ 9,373 million up by ¥ 1,361 million or 17.0%.

Adjusted operating profit that is used by the Company group as an index for managing performance was ¥ 12,841 million, up by ¥ 1,015 million or 8.6% on a year-over-year basis.

(2) Analysis of Financial Condition

In the second quarter of the fiscal year under review, partly due to a decrease in trade receivables, total assets were ¥ 243,559 million, a decrease of ¥ 10,476million compared with the end of the previous fiscal year.

Liabilities were ¥ 122,596 million, a ¥ 17,452 million decrease from the end of the previous fiscal year, partly due to a decrease in trade payables.

Equity was ¥ 120,963 million. Ratio of equity attributable to owners of parent to total assets was 49.0%, up by 4.8 pts. from the end of the previous fiscal year.

(Cash Flow Situations)

Cash and cash equivalents at the end of the second quarter of the fiscal year under review were ¥ 43,586 million, a decrease of ¥ 2,694 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 ¥ 11,805 million (a decrease of ¥ 9,971million in proceeds compared with the same quarter of the previous fiscal year).

This reflects proceeds of ¥13,905 million in profit before income taxes, the elements of increasing the proceeds and the elements of decreasing the proceeds.

The factors increasing proceeds of non-cash expenses include ¥ 8,361 million in depreciation and amortization as well as a decrease of ¥ 9,936 million in trade and other receivables. The factors decreasing proceeds include a decrease of ¥ 7,042 million in trade and other payables.

(Cash flows from investing activities)

Net cash spent in investing activities was ¥ 5,594 million (an increase of ¥ 933 million in expenditures compared with the previous period).

This includes: expenditures of ¥ 989 million as a result of purchasing property, plant and equipment such as computers for business activities; expenditures of ¥ 3,653 million due to the acquisitions of intangible assets such as the investments in software for outsourcing; and, expenditures of ¥ 1,172 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 ¥ 8,937 million (a decrease of ¥1,590 million in expenditures from the previous period). This includes lease liabilities repayments of ¥ 4,424 million liabilities and dividends payment of ¥ 3,512 million.

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

The performance forecasts on a consolidated basis have not been revised since they were 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 Q2 (As of September 30, 2021)
Assets			
Current assets			
Cash and cash equivalents	33,615	46,281	43,586
Trade and other receivables	79,424	77,556	67,503
Inventories	8,407	7,091	8,500
Other financial assets	520	600	822
Other current assets	11,687	11,744	14,053
Total current assets	133,655	143,273	134,467
Non-current assets			
Property, plant and equipment	14,330	13,332	12,508
Right-of-use assets	28,415	24,571	21,743
Goodwill	1,509	1,873	1,568
Intangible assets	19,356	21,201	21,579
Investments accounted for using equity method	2,470	1,617	1,847
Other financial assets	31,480	35,929	38,737
Deferred tax assets	9,501	5,586	4,015
Retirement benefit asset	699	1,414	1,418
Other non-current assets	5,528	5,235	5,674
Total non-current assets	113,292	110,761	109,092
Total assets	246,947	254,035	243,559

	Transition date (As of April 1, 2020)	FY2021 (As of March 31, 2021)	FY2022 Q2 (As of September 30, 2021)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	24,935	27,859	20,830
Contract liabilities	18,899	18,038	21,269
Borrowings	5,617	4,317	3,527
Lease liabilities	8,286	8,571	7,836
Other financial liabilities	2,960	2,787	2,234
Income taxes payable	4,660	5,118	1,402
Provisions	1,340	559	509
Other current liabilities	24,236	23,833	18,953
Total current liabilities	90,937	91,086	76,563
Non-current liabilities			
Borrowings	15,717	17,012	16,662
Lease liabilities	21,431	17,540	15,434
Other financial liabilities	138	503	436
Retirement benefit liability	13,276	12,558	12,047
Provisions	1,201	1,284	1,260
Deferred tax liabilities	23	18	155
Other non-current liabilities	-	44	37
Total non-current liabilities	51,787	48,962	46,033
Total liabilities	142,725	140,048	122,596
Equity			
Share capital	5,483	5,483	5,483
Capital surplus	14,909	14,901	14,950
Treasury shares	(13,513)	(13,475)	(13,420)
Other components of equity	5,051	6,618	7,607
Retained earnings	90,729	98,744	104,651
Total equity attributable to owners of parent	102,660	112,271	119,271
Non-controlling interests	1,562	1,715	1,691
Total equity	104,222	113,986	120,963
Total liabilities and equity	246,947	254,035	243,559

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

(Condensed Consolidated Statements of Profit or Loss)

Millions of Yen

	FY2021 Q2 (Six months ended September 30, 2020)	FY2022 Q2 (Six months ended September 30, 2021)
Revenue	144,991	145,914
Cost of sales	107,662	106,914
Gross profit	37,328	39,000
Selling, general and administrative expenses	25,502	26,158
Share of profit (loss) of investments accounted for using equity method	(78)	0
Other income	85	171
Other expenses	19	57
Operating profit	11,813	12,956
Finance income	230	1,044
Finance costs	316	96
Profit before tax	11,727	13,905
Income tax expense	3,778	4,416
Profit	7,949	9,488
Profit attributable to		
Owners of parent	8,012	9,373
Non-controlling interests	(63)	114
Profit	7,949	9,488
Earnings per share		
Basic earnings per share (Yen)	79.83	93.36
Diluted earnings per share (Yen)	79.55	93.05

(Condensed Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2021 Q2	FY2022 Q2
	(Six months ended September 30, 2020)	(Six months ended September 30, 2021)
Profit	7,949	9,488
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	1,020	992
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	1,019	992
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(44)	73
Total of items that may be reclassified to profit or loss	(44)	73
Other comprehensive income, net of tax	974	1,066
Comprehensive income	8,923	10,554
Comprehensive income attributable to		
Owners of parent	8,993	10,435
Non-controlling interests	(69)	119
Comprehensive income	8,923	10,554

(3) Condensed Consolidated Statements of Changes in Equity
 FY2021 Q2[From April 1, 2020 to September 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
As of April 1, 2020	5,483	14,909	(13,513)	4,559	491	0
Profit	-	-	-	-	-	-
Other comprehensive income	-	-	-	1,020	-	(0)
Comprehensive income	-	-	-	1,020	-	(0)
Dividends of surplus	-	-	-	-	-	-
Purchase of treasury shares	-	-	(0)	-	-	-
Disposal of treasury shares	-	-	7	-	(4)	-
Share-based payment transactions	-	-	-	-	18	-
Obtaining of control of subsidiaries	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	(6)	-	-
Total transactions with owners	-	-	7	(6)	13	-
As of September 30, 2020	5,483	14,909	(13,505)	5,573	505	0

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total	Retained earnings			
As of April 1, 2020	-	5,051	90,729	102,660	1,562	104,222
Profit	-	-	8,012	8,012	(63)	7,949
Other comprehensive income	(38)	981	-	981	(6)	974
Comprehensive income	(38)	981	8,012	8,993	(69)	8,923
Dividends of surplus	-	-	(3,763)	(3,763)	(93)	(3,856)
Purchase of treasury shares	-	-	-	(0)	-	(0)
Disposal of treasury shares	-	(4)	(2)	0	-	0
Share-based payment transactions	-	18	-	18	-	18
Obtaining of control of subsidiaries	-	-	-	-	146	146
Changes in ownership interest in subsidiaries	-	-	-	-	(5)	(5)
Transfer from other components of equity to retained earnings	-	(6)	6	-	-	-
Total transactions with owners	-	7	(3,760)	(3,745)	47	(3,697)
As of September 30, 2020	(38)	6,040	94,981	107,908	1,540	109,449

	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
As of April 1, 2021	5,483	14,901	(13,475)	6,132	518	0
Profit	-	-	-	-	-	-
Other comprehensive income	-	-	-	992	-	(0)
Comprehensive income	-	-	-	992	-	(0)
Dividends of surplus	-	-	-	-	-	-
Purchase of treasury shares	-	-	(0)	-	-	-
Disposal of treasury shares	-	2	17	-	(19)	-
Share-based payment transactions	-	50	37	-	-	-
Loss of control of subsidiaries	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	(3)	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	(53)	-	-
Other	-	-	-	-	-	-
Total transactions with owners	-	49	54	(53)	(19)	-
As of September 30, 2021	5,483	14,950	(13,420)	7,072	499	0

	Equity attributable to owners of parent					
	Other components of equity			Non-controlling interests	Total equity	
	Exchange differences on translation of foreign operations	Total	Retained earnings			Total
As of April 1, 2021	(34)	6,618	98,744	112,271	1,715	113,986
Profit	-	-	9,373	9,373	114	9,488
Other comprehensive income	68	1,061	-	1,061	4	1,066
Comprehensive income	68	1,061	9,373	10,435	119	10,554
Dividends of surplus	-	-	(3,513)	(3,513)	(110)	(3,624)
Purchase of treasury shares	-	-	-	(0)	-	(0)
Disposal of treasury shares	-	(19)	-	0	-	0
Share-based payment transactions	-	-	-	88	-	88
Loss of control of subsidiaries	-	-	-	-	(166)	(166)
Changes in ownership interest in subsidiaries	-	-	-	(3)	133	130
Transfer from other components of equity to retained earnings	-	(53)	53	-	-	-
Other	-	-	(5)	(5)	-	(5)
Total transactions with owners	-	(72)	(3,466)	(3,435)	(142)	(3,578)
As of September 30, 2021	34	7,607	104,651	119,271	1,691	120,963

(4) Condensed Consolidated Statements of Cash Flows

Millions of Yen

	FY2021 Q2 (Six months ended September 30, 2020)	FY2022 Q2 (Six months ended September 30, 2021)
Cash flows from operating activities		
Profit before tax	11,727	13,905
Depreciation and amortization	8,720	8,361
Interest and dividend income	(226)	(241)
Interest expenses	86	83
Share of loss (profit) of investments accounted for using equity method	78	(0)
Decrease (increase) in trade and other receivables	13,849	9,936
Decrease (increase) in inventories	(1,015)	(1,409)
Increase (decrease) in trade and other payables	(3,025)	(7,042)
Increase (decrease) in contract liabilities	2,039	3,240
Increase or decrease in retirement benefit asset or liability	(535)	(515)
Other	(4,348)	(8,281)
Subtotal	27,350	18,036
Interest and dividends received	238	242
Interest paid	(87)	(84)
Income taxes paid	(5,724)	(6,388)
Net cash provided by (used in) operating activities	21,777	11,805
Cash flows from investing activities		
Purchase of property, plant and equipment	(979)	(989)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(3,067)	(3,653)
Purchase of investment securities	(746)	(1,172)
Proceeds from sale of investment securities	12	109
Proceeds from acquisition of subsidiaries	146	-
Decrease due to losses on control of subsidiaries	-	(480)
Other	(26)	593
Net cash provided by (used in) investing activities	(4,660)	(5,594)

Millions of Yen

	FY2021 Q2	FY2022 Q2
	(Six months ended September 30, 2020)	(Six months ended September 30, 2021)
Cash flows from financing activities		
Repayments of long-term borrowings	(2,202)	(1,140)
Repayments of lease liabilities	(4,349)	(4,424)
Dividends paid	(3,764)	(3,512)
Dividends paid to non-controlling interests	(96)	(103)
Other	(115)	242
Net cash provided by (used in) financing activities	(10,528)	(8,937)
Effect of exchange rate changes on cash and cash equivalents	(15)	31
Net increase (decrease) in cash and cash equivalents	6,573	(2,694)
Cash and cash equivalents at beginning of period	33,615	46,281
Cash and cash equivalents at end of period	40,188	43,586

(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 Q2 (from April 1, 2020 to September 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	44,631	26,220	29,308	15,054	24,112	139,328	5,663	144,991	-	144,991
Segment profits (Note 3)	13,142	8,040	7,559	3,219	4,128	36,089	1,239	37,328	(25,502)	11,826
Share of profit (loss) of investments accounted for using equity method										(78)
Other income										85
Other expense										19
Operating profit										11,813
Finance income										230
Finance costs										316
Profit before tax										11,727

(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 Q2 (from April 1, 2021 to September 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	47,119	25,496	31,240	15,421	21,867	141,144	4,770	145,914	-	145,914
Segment profits (Note 3)	14,369	8,167	9,146	2,422	3,793	37,898	1,101	39,000	(26,158)	12,841
Share of profit (loss) of investments accounted for using equity method										0
Other income										171
Other expense										57
Operating profit										12,956
Finance income										1,044
Finance costs										96
Profit before tax										13,905

(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 as 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 September 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	39,869	-	318	40,188		Cash and cash equivalents
Notes and accounts receivable - trade	58,876	6,898	(244)	65,530	①	Trade and other receivables
Merchandise and finished goods	6,714	1,760	946	9,422	①	Inventories
Work in process	3,305	(3,305)	-	-		
Raw materials and supplies	73	(73)	-	-		
Other	-	199	485	684		Other financial assets
Allowance for doubtful accounts	20,129	(7,152)	490	13,467		Other current assets
Allowance for doubtful accounts	(54)	54	-	-		
Total current assets	128,914	(1,618)	1,996	129,293		Total current assets
Non-current assets						Non-current assets
Property, plant and equipment, net	13,002	69	360	13,432		Property, plant and equipment
Goodwill	-	1,009	24,526	25,536	②	Right-of-use assets
Intangible assets	1,529	-	233	1,763	③	Goodwill
Investment securities	19,352	538	(177)	19,713		Intangible assets
Deferred tax assets	-	2,329	59	2,389	③	Investments accounted for using equity method
Retirement benefit asset	25,139	8,294	(139)	33,294	⑤	Other financial assets
Other	2,287	-	5,572	7,860	④	Deferred tax assets
Allowance for doubtful accounts	5,288	-	(4,595)	693	⑦	Retirement benefit asset
Total non-current assets	16,085	(10,916)	6	5,174		Other non-current assets
Allowance for doubtful accounts	(292)	292	-	-		
Total non-current assets	82,392	1,618	25,848	109,858		Total non-current assets
Total assets	211,307	-	27,844	239,152		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	20,287	1,594	84	21,966		Trade and other payables
Advances received	20,595	-	340	20,935		Contract liabilities
Current portion of long-term	4,555	-	-	4,555		Borrowings
	-	523	7,276	7,799	②	Lease liabilities
	-	3,088	(84)	3,003		Other financial liabilities
Income taxes payable	1,465	-	(589)	875		Income taxes payable
Accrued expenses	9,260	(9,260)	-	-		
Provision for loss on contract	545	(545)	-	-		
Other provisions	1,038	613	(181)	1,470		Provisions
Other	8,157	3,987	8,363	20,508	⑥	Other current liabilities
Total current liabilities	65,906	-	15,209	81,115		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term borrowings	14,577	-	-	14,577		Borrowings
	-	839	18,474	19,314	②	Lease liabilities
	-	549	2	551		Other financial liabilities
Retirement benefit liability	671	-	12,062	12,734	⑦	Retirement benefit liability
Provisions	47	1,169	13	1,230		Provisions
Asset retirement obligations	1,169	(1,169)	-	-		
	-	42	83	126		Deferred tax liabilities
Other	1,483	(1,431)	-	51		
Total non-current liabilities	17,949	-	30,637	48,587		Total non-current liabilities
Total liabilities	83,855	-	45,847	129,703		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	113,607	-	(18,626)	94,981	⑨	Retained earnings
Treasury shares	(13,505)	-	-	(13,505)		Treasury shares
Total accumulated other comprehensive income	4,893	505	641	6,040	⑧	Other components of equity
Stock acquisition rights	505	(505)	-	-		
	-	-	-	107,908		Total equity attributable to owners of parent
Non-controlling interests	1,557	-	(16)	1,540		Non-controlling interests
Total net assets	127,451	-	(18,002)	109,449		Total equity
Total liabilities and net assets	211,307	-	27,844	239,152		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)	-	-		
Other	18,690	(7,671)	725	11,744		Other financial assets
Allowance for doubtful accounts	(51)	51	-	-		Other current assets
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
Notes and accounts payable - trade	25,293	2,147	417	27,859		Current liabilities
Advances received	17,736	-	301	18,038		Trade and other payables
Current portion of long-term borrowings	4,317	-	-	4,317		Contract liabilities
	-	438	8,133	8,571	②	Borrowings
	-	2,900	(112)	2,787		Lease liabilities
Income taxes payable	5,113	-	5	5,118		Other financial liabilities
Accrued expenses	11,229	(11,229)	-	-		Income taxes payable
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 Q2 (As of September 30, 2021)	FY2021 (As of March 31, 2021)
Trade receivables, contract assets and inventories	113	18	(828)
Goodwill and investments accounted for using equity method	1	241	566
Other financial assets	240	525	1,414
Deferred tax assets and liabilities	282	175	590
Accrued vacation payable	(5,741)	(5,741)	(5,367)
Adjustments of retirement benefit	(14,351)	(14,612)	(16,924)
Transfer of accumulated exchange differences on translation of foreign operations	(33)	(33)	(33)
Other	421	799	(258)
Total	(19,066)	(18,626)	(20,841)

②Reconciliation of profit and comprehensive income for the FY2021 Q2(Six months ended September 30,2020)

Millions of Yen

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
Net sales	144,571	-	419	144,991	①	Revenue
Cost of sales	106,848	-	813	107,662	①③	Cost of sales
Gross profit	37,723	-	(394)	37,328		Gross profit
Selling, general and administrative expenses	26,155	(5)	(648)	25,502	②③	Selling, general and administrative expenses
	-	(138)	59	(78)	②	Share of profit (loss) of investments accounted for using equity method
	-	86	0	85		Other income
	-	19	0	19		Other expenses
Operating profit	11,567	(66)	312	11,813		Operating profit
Total non-operating income	345	(345)	-	-		
Total non-operating expenses	379	(379)	-	-		
Total extraordinary income	18	(18)	-	-		
Total extraordinary losses	487	(487)	-	-		
	-	275	(44)	230	④	Finance income
	-	711	(395)	316	④	Finance costs
Profit before tax	11,064	-	663	11,727		Profit before tax
Income taxes - current	2,536	1,044	197	3,778	⑤	Income tax expense
Income taxes - deferred	1,044	(1,044)	-	-		
Profit	7,483	-	465	7,949		Profit

J-GAAP Accounting Items	J-GAAP	Reclassification	Recognition & Measurement Difference	IFRS	Notes	IFRS Accounting Items
Profit	7,483	-	465	7,949		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	1,298	-	(277)	1,020	④	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Remeasurements of defined benefit plans	(171)	-	171	-	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	(35)	-	(9)	(44)		Exchange differences on translation of foreign operations
Total other comprehensive income	1,088	-	(113)	974		Other comprehensive income, net of tax
Comprehensive income	8,572	-	351	8,923		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

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 second quarter of the previous fiscal year decreased by ¥4,029 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.