

Consolidated Financial Results for Fiscal Year Ended March 2023 and Financial Forecasts for Fiscal Year Ending March 2024

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FY2022 Consolidated Financial Results

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FY2022 Consolidated Financial Results

Summary of Financial Results (PL/Incoming Orders/Backlog)



(Millions of yen)

	FY2021 (Apr. 2021 - Mar. 2022)	FY2022 (Apr. 2022 - Mar. 2023)	Increase/Decrease	
			Amount	%
Net Sales	414,150	445,912	31,761	7.7%
Gross Profit	108,187	117,679	9,491	8.8%
Gross Profit Margin	26.1%	26.4%	0.3%	
SG&A Expenses*	- 60,632	- 66,317	- 5,685	9.4%
Operating Profit	47,555	51,361	3,806	8.0%
Operating Profit Margin	11.5%	11.5%	0.0%	
Profit attributable to owners of parent	33,470	37,301	3,831	11.4%
Incoming Orders	427,960	449,961	22,000	5.1%
Backlog	177,082	181,131	4,049	2.3%

*Including other income and expenses

FY2022 Consolidated Financial Results

Summary of Financial Results from Jan. to Mar. 2023



(PL/Incoming Orders/Backlog)

(Millions of yen)

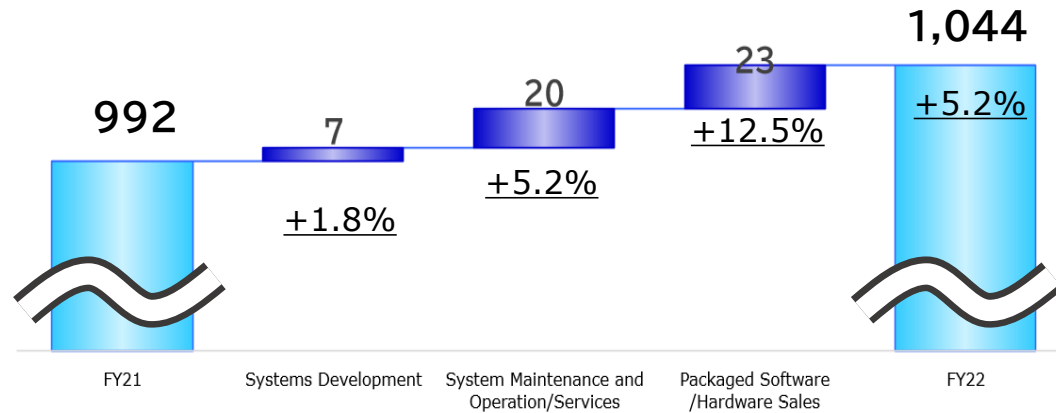
	FY2021 (Jan. 2022 - Mar. 2022)	FY2022 (Jan. 2023 - Mar. 2023)	Increase/Decrease	
			Amount	%
Net Sales	111,396	122,888	11,491	10.3%
Gross Profit	28,945	33,441	4,495	15.5%
Gross Profit Margin	26.0%	27.2%	1.2%	
SG&A Expenses*	- 16,164	- 17,259	- 1,094	6.8%
Operating Profit	12,780	16,181	3,400	26.6%
Operating Profit Margin	11.5%	13.2%	1.7%	
Profit attributable to owners of parent	9,212	11,807	2,594	28.2%
Incoming Orders	129,824	144,787	14,962	11.5%
Backlog	177,082	181,131	4,049	2.3%

*Including other income and expenses

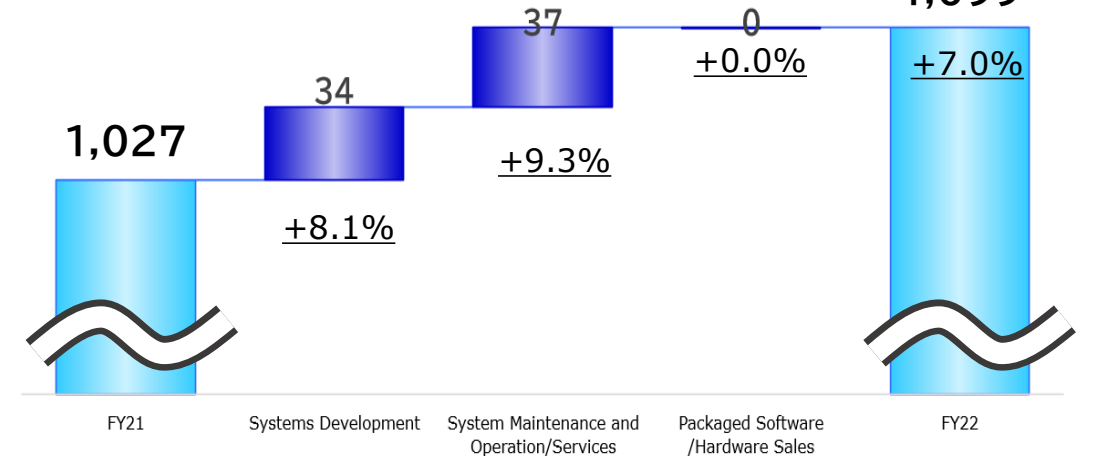
FY2022 Net Sales Analysis

(100 millions of yen)

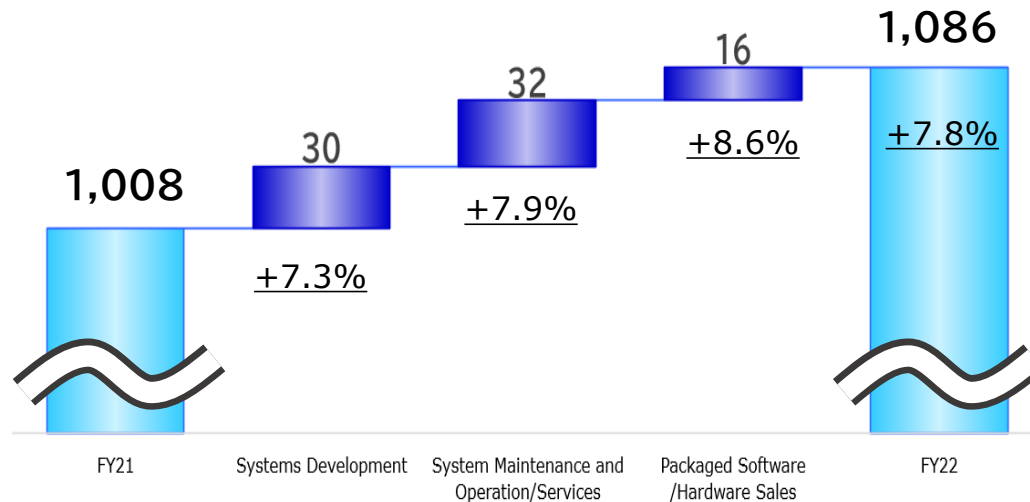
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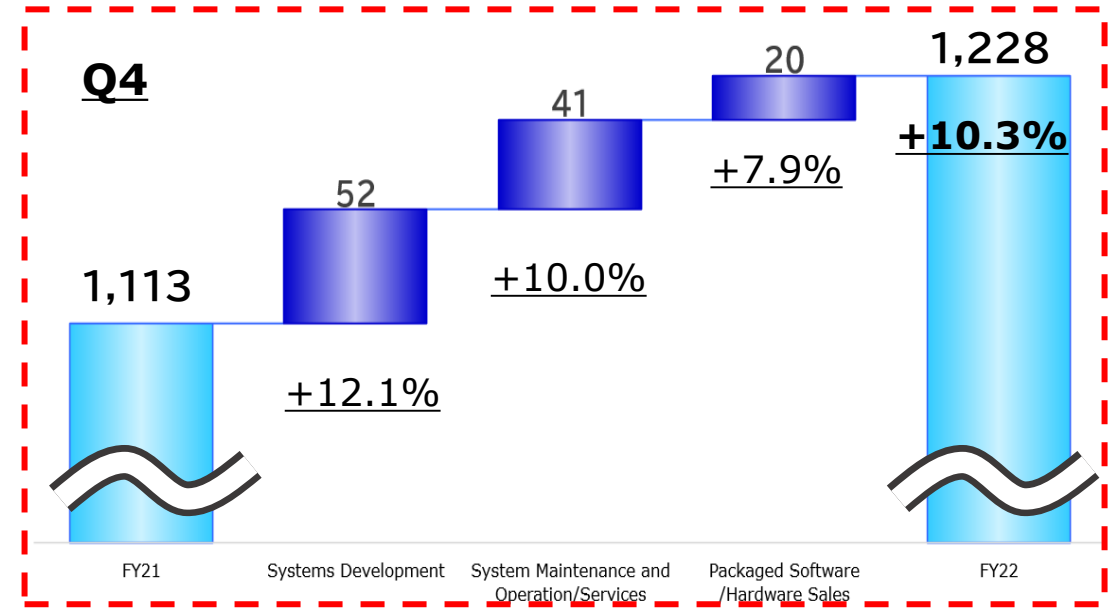
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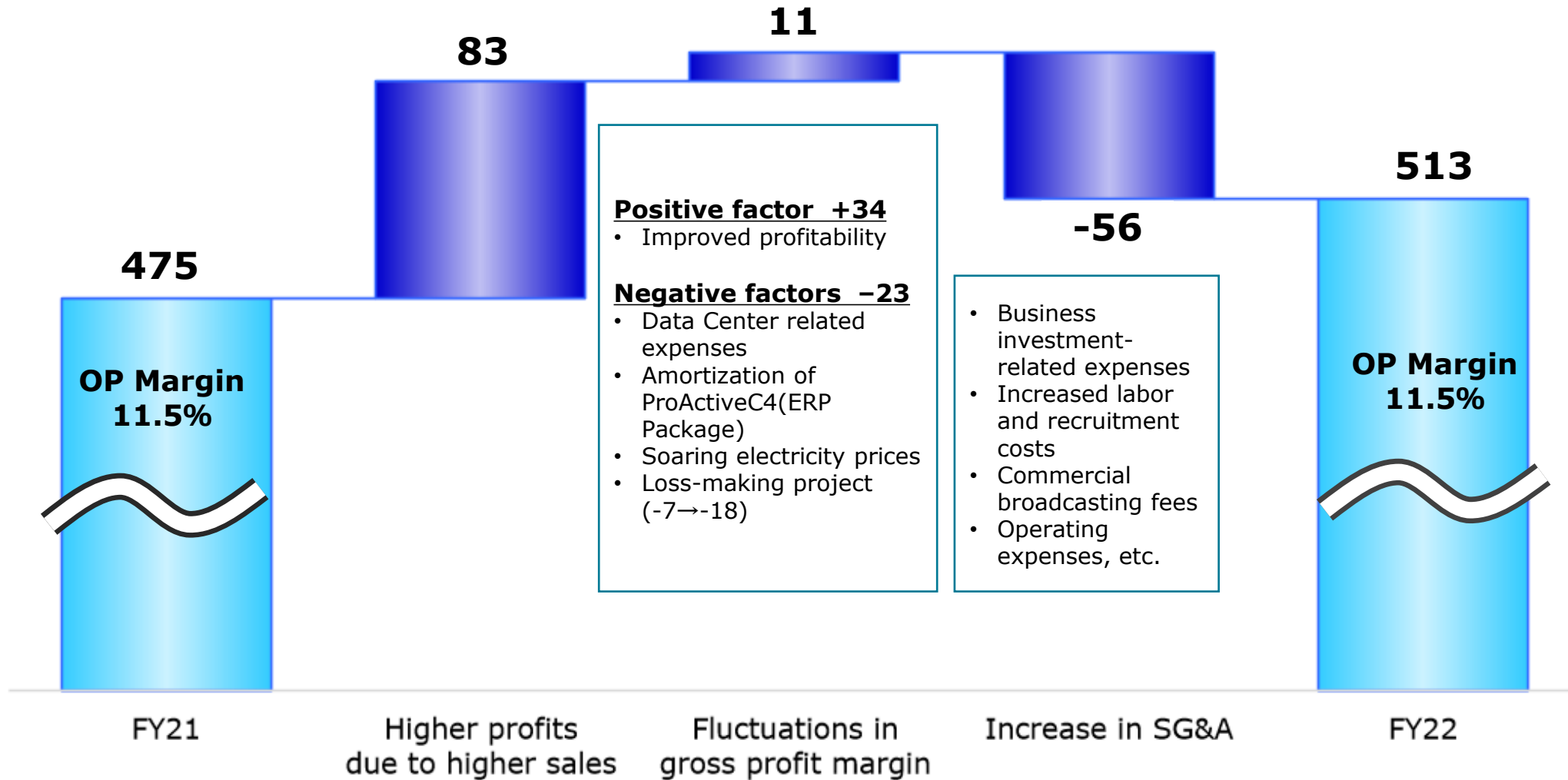


Q4



FY2022 Operating Profit Analysis

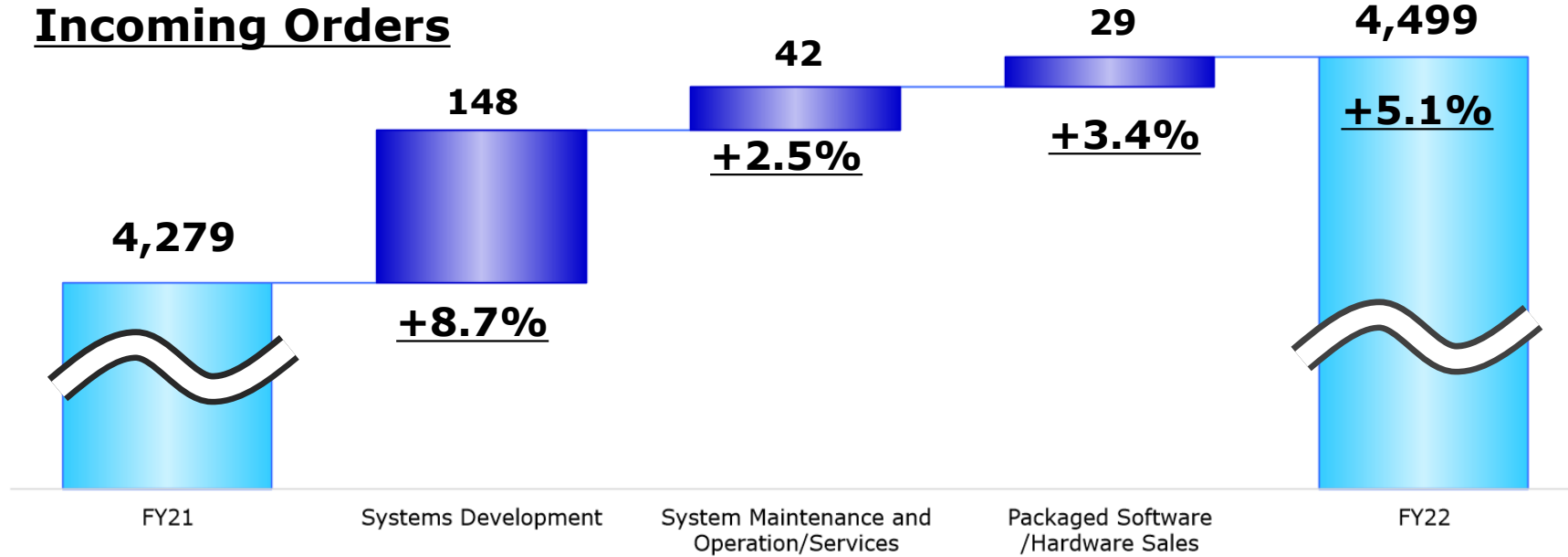
(100 millions of yen)



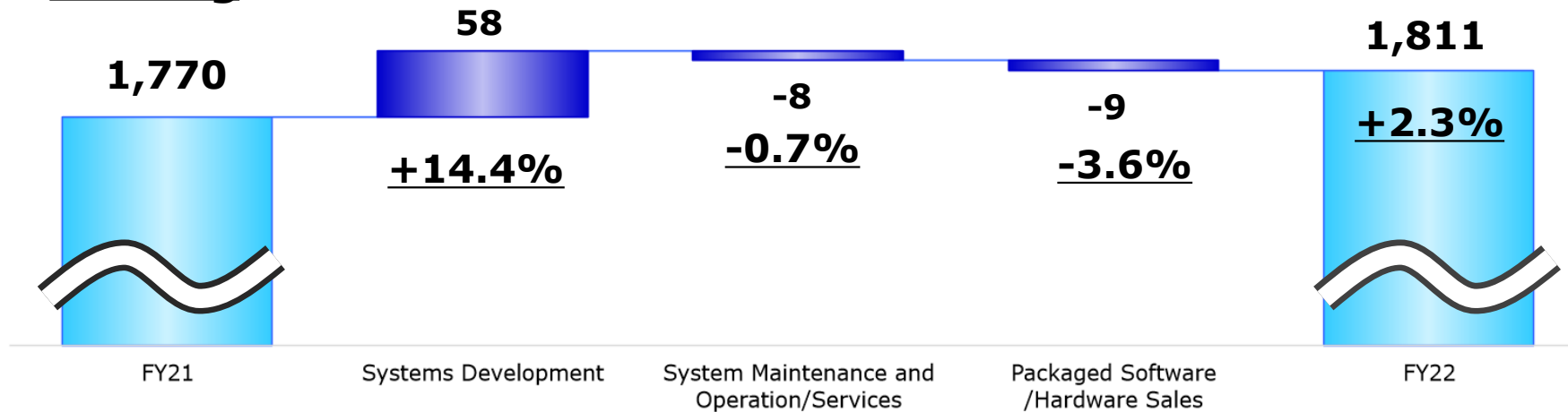
FY2022 Incoming Orders/Backlog Analysis

(100 millions of yen)

Incoming Orders

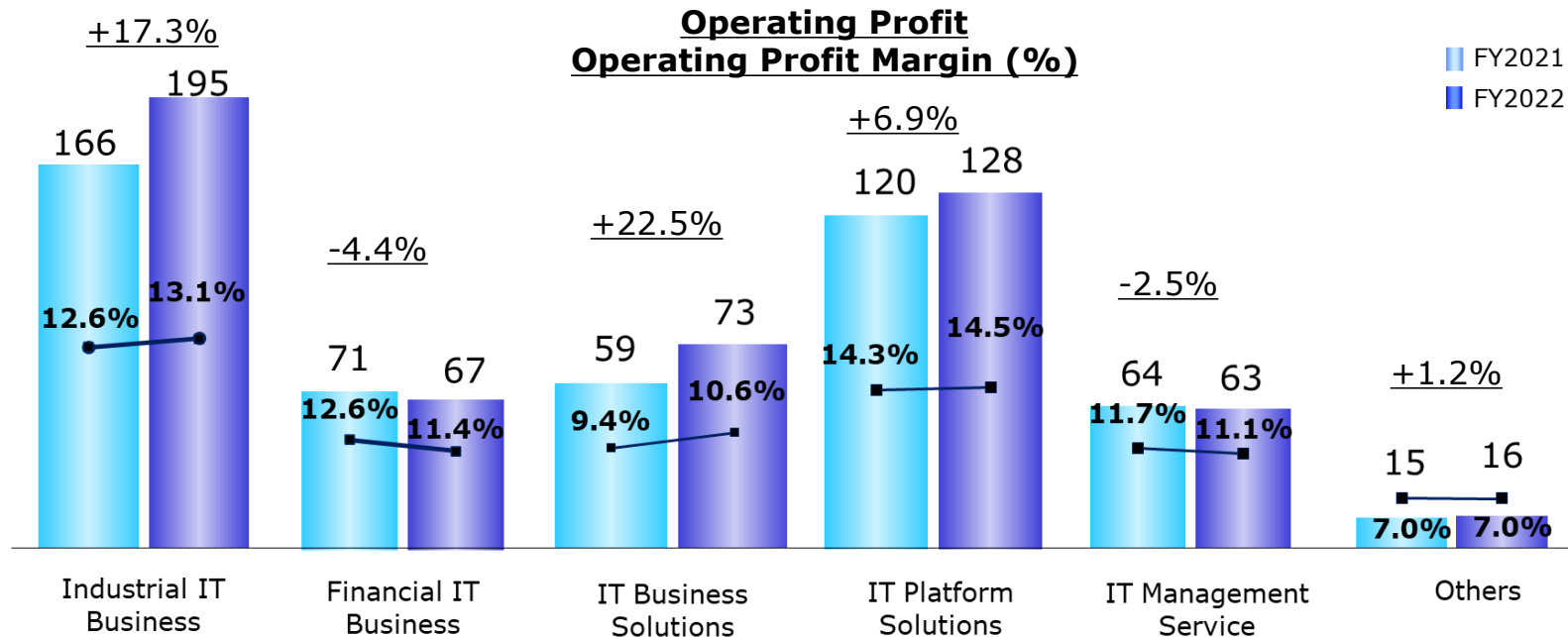
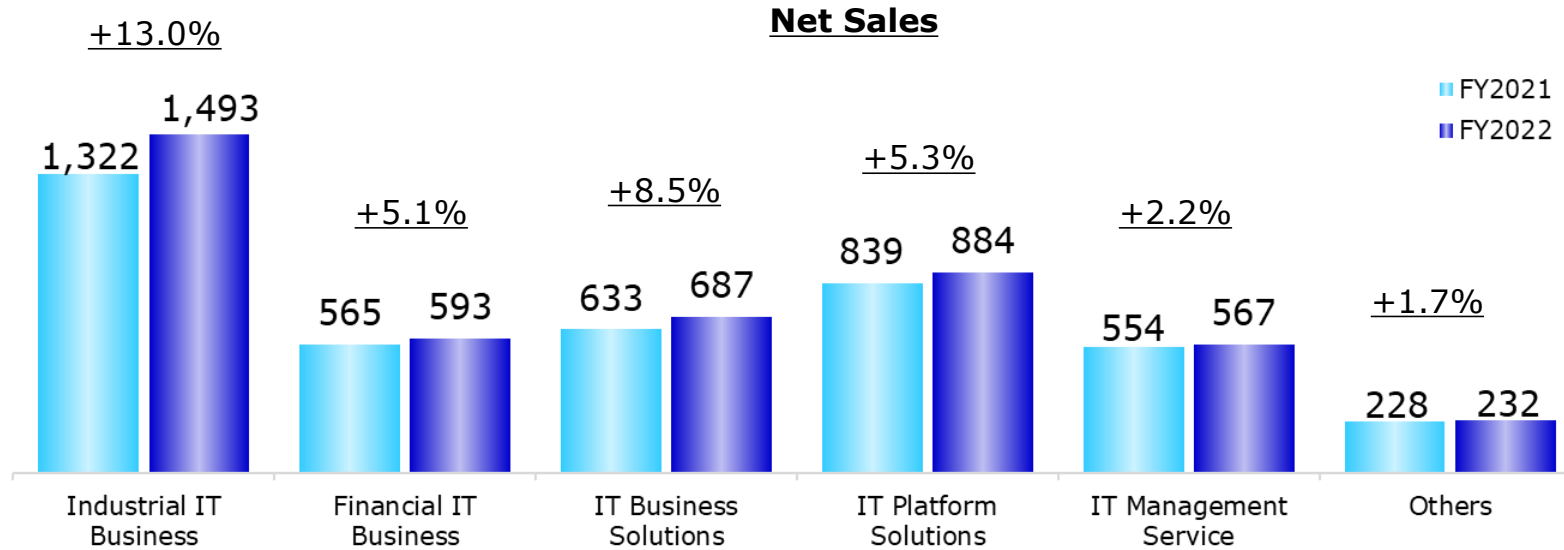


Backlog



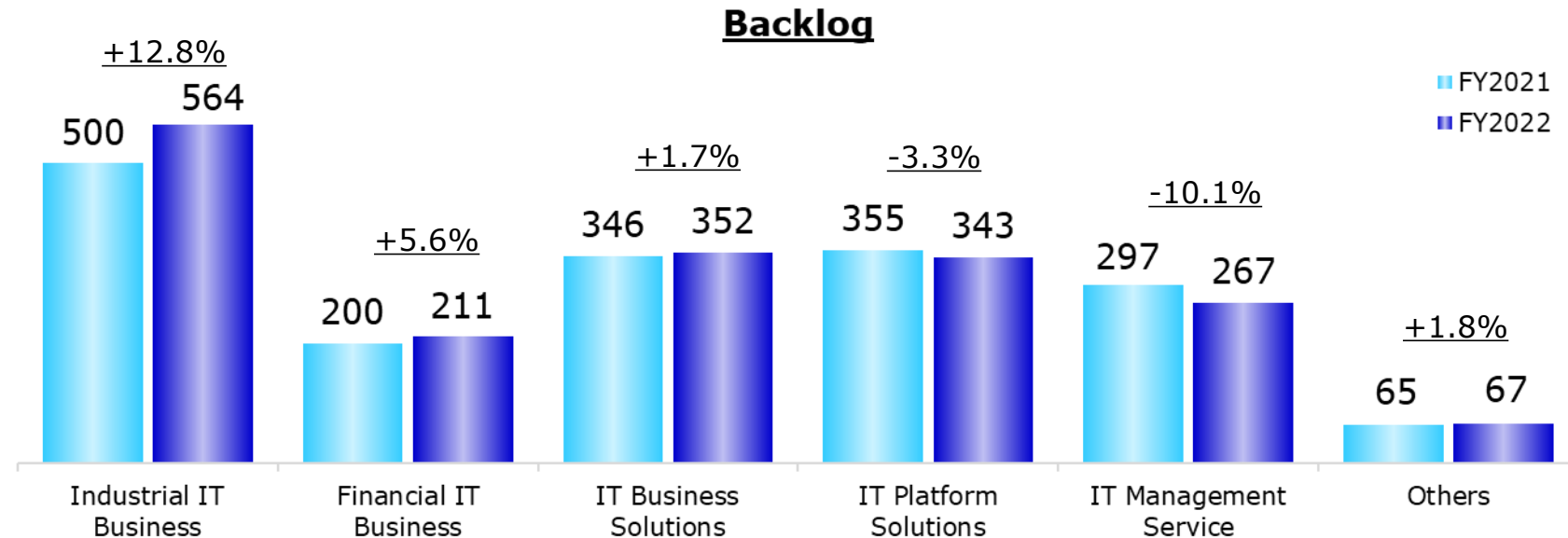
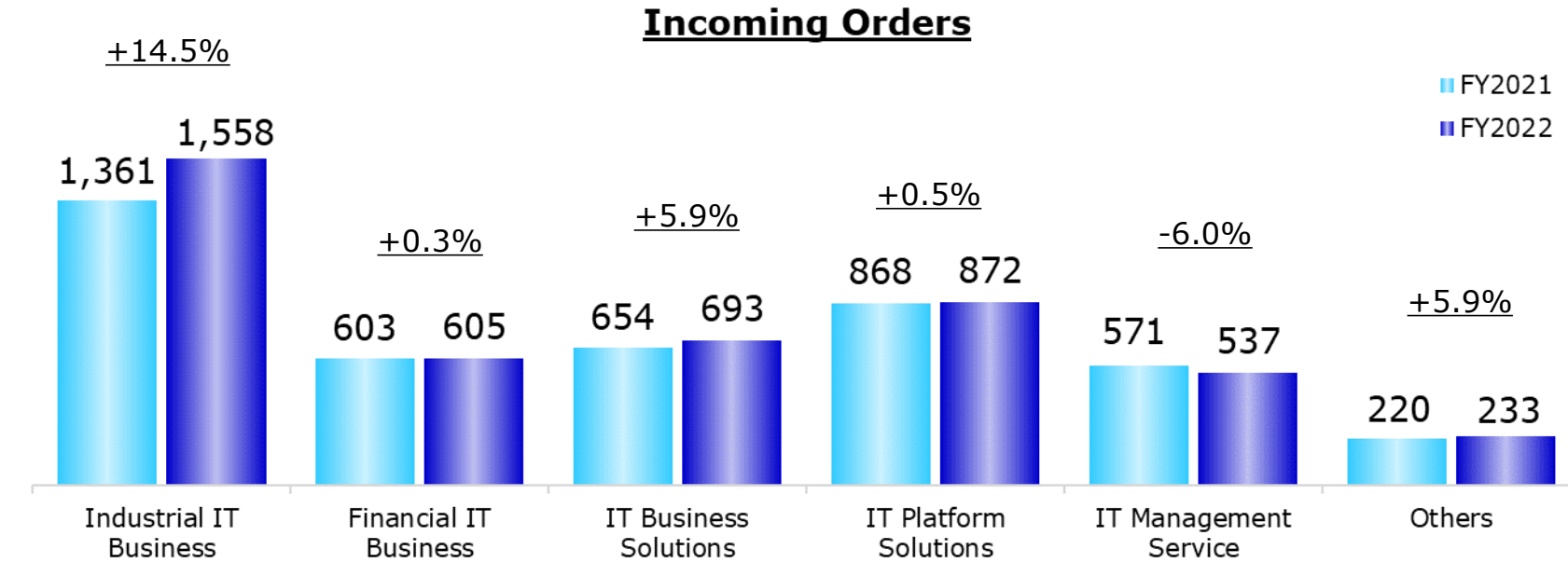
Business Performance by Reportable Segment

(100 millions of yen)



Business Performance by Reportable Segment

(100 millions of yen)



Business Performance by Reportable Segment Analysis

<u>Segment</u>	<u>Net Sales</u>	<u>Operating Profit</u>	<u>Incoming Orders/Backlog</u>
Industrial IT Business	<ul style="list-style-type: none"> ➤ Demand for strategic investment in the automotive industry ➤ Increased in the number of projects for rebuilding core systems in the distribution industry ➤ Expansion of verification services 		<ul style="list-style-type: none"> ➤ Demand for strategic investment in the automotive industry ➤ Increased projects for rebuilding core systems in the distribution industry ➤ Expansion of verification services
Financial IT Business	<ul style="list-style-type: none"> ➤ Expansion of DevOps projects in the credit and leasing industry ➤ Sales of large-scale projects for the life and non-life insurance industry 	<ul style="list-style-type: none"> ➤ Contribution of projects for the credit and leasing industries and life and non-life insurance industry ➤ Loss-making project; development projects for the banking industry 	<ul style="list-style-type: none"> ➤ Acquisition of fraud detection system projects in the credit and leasing industry ➤ Acquisition of sales of large-scale projects in the life and non-life insurance industry ➤ Decreased in reaction to large-scale projects for the life and non-life insurance industry and for the securities industry in the previous fiscal year
IT Business Solution	<ul style="list-style-type: none"> ➤ Acquisition of core system development projects in the several industries mainly in manufacturing industry ➤ Increase in the BPO business 		<ul style="list-style-type: none"> ➤ Acquisition of core system development projects in the several industries ➤ Cancellation and downsizing of some customers in the BPO business

Business Performance by Reportable Segment Analysis

<u>Segment</u>	<u>Net Sales</u>	<u>Operating Profit</u>	<u>Incoming Orders/Backlog</u>
IT Platform Solution	<ul style="list-style-type: none"> ↗ Increased in sales of network and security equipment to the distribution industry ↗ Increased in equipment sales to specific customers in the communications industry ↘ Declined in reaction to sales of hardware to academic institutions 		<ul style="list-style-type: none"> ↗ Increased in sales of network equipment to the distribution industry ↘ Declined in reaction to orders of the equipment for specific customers in the communications industry ↘ Declined in reaction to sales of hardware to academic institutions
IT Management Service	<ul style="list-style-type: none"> ↗ Increased the data center business in response to brisk demand for cloud services ↘ Declined in management services for the communications industry ↘ Declined in infrastructure construction project for the distribution industry 	<ul style="list-style-type: none"> ↘ Accrual of depreciation of newly established data center ↘ Impact of soaring electricity prices in the energy market 	<ul style="list-style-type: none"> ↘ Declined in reaction to hardware sales projects for customers in the credit and leasing industry ↘ Changed in accounting for certain contracts
Others	<ul style="list-style-type: none"> ↗ Increased system development projects in SCSK Minori Solutions Corporation 		<ul style="list-style-type: none"> ↗ Increased in incoming orders due to the impact of timing differences in contract conclusion ↗ Increased system development projects in SCSK Minori Solutions Corporation

FY2023 Consolidated Financial Forecasts/Dividends Forecasts



(Millions of yen)

	FY2022 Results (A)	FY2023 Forecasts (B)	Increase/Decrease Amount (B-A) %	
Net Sales	445,912	470,000	24,087	5.4%
Gross Profit	117,679	125,000	7,320	6.2%
Gross Profit Margin	26.4%	26.6%	0.2%	
SG&A Expenses*	-66,317	-71,000	-4,682	7.1%
Operating Profit	51,361	54,000	2,638	5.1%
Operating Profit Margin	11.5%	11.5%	-0.0%	
Profit attributable to owners of parent	37,301	38,000	698	1.9%
Dividends per share (Yen)	52.00	56.00	4.00	
Dividend Payout Ratio	43.5%	46.0%	2.5%	

*Including other income and expenses.

Appendix

Systems Development

(Lower row: The three-month period from Jan. to Mar.)

(Millions of yen)

	FY2021	FY2022	YoY	YoY %
Net Sales	167,967	180,433	12,465	7.4%
	43,544	48,797	5,252	12.1%
Incoming Orders	171,443	186,277	14,834	8.7%
	44,043	49,107	5,064	11.5%
Backlog	40,657	46,502	5,844	14.4%

- Net Sales
 - Decreased in reaction to development projects for the banking and the life and non-life insurance industries
 - Continuous demand for investment in strategic areas for the automotive industry
 - Increased in core system development projects etc. for the manufacturing and the distribution industries
- Incoming Orders/Backlog
 - Decreased in reaction to development projects for the service industry and the financial industry
 - Increased due to projects for the construction of core systems for the manufacturing and the distribution industries, and demand for strategic investment for the automotive industry

Comparison by Sales Segment (Sales/Incoming Orders/Backlog)

System Maintenance and Operation/Services

(Lower row: The three-month period from Jan. to Mar.)

(Millions of yen)

	FY2021	FY2022	YoY	YoY %
Net Sales	162,407	175,638	13,230	8.1%
	41,879	46,078	4,198	10.0%
Incoming Orders	170,572	174,828	4,255	2.5%
	67,064	66,410	- 653	-1.0%
Backlog	108,706	107,897	- 809	-0.7%

- Net Sales
 - Strong demand for the data center business, the BPO business and verification service
- Incoming Orders
 - Decreased due to cancellation and downsizing of some customers in the BPO business
 - Increased verification service
- Backlog
 - Decreased due to accounting change in data center business

Comparison by Sales Segment (Sales/Incoming Orders/Backlog)

Packaged Software/Hardware Sales

(Lower row: The three-month period from Jan. to Mar.)

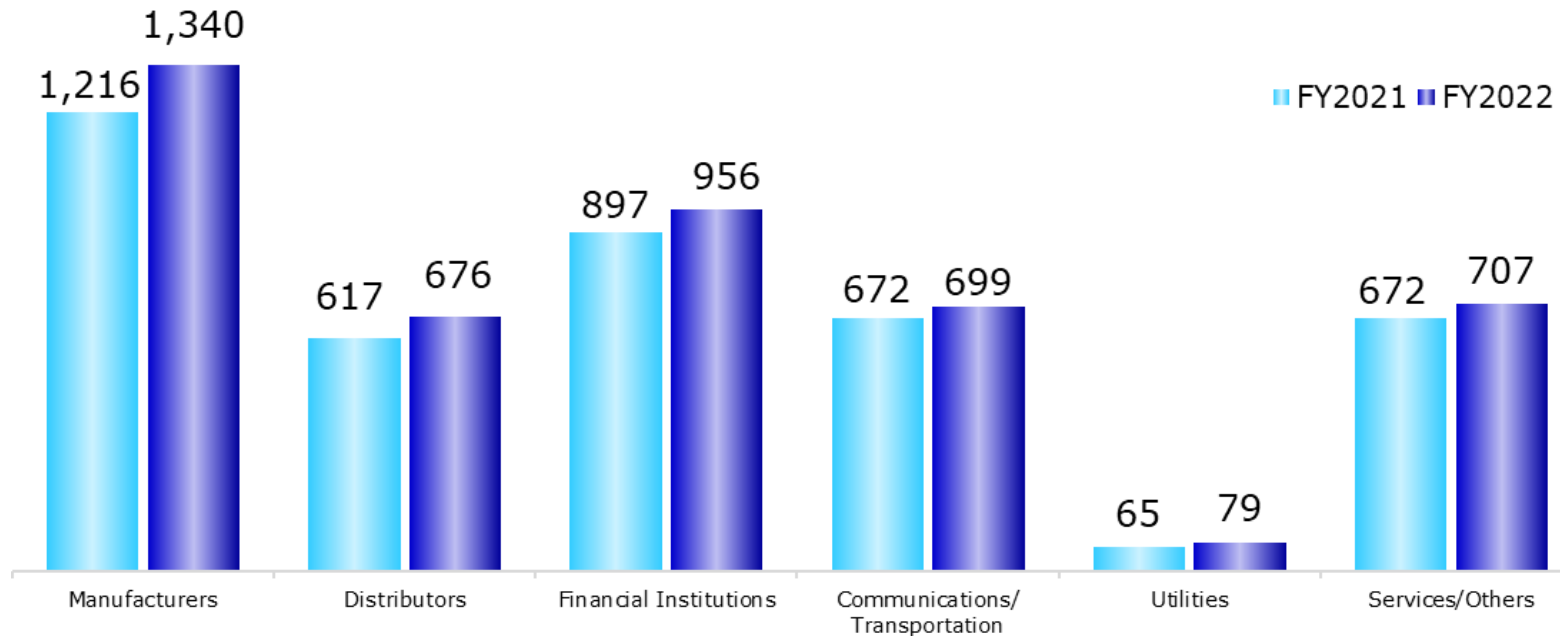
(Millions of yen)

	FY2021	FY2022	YoY	YoY %
Net Sales	83,776	89,841	6,064	7.2%
	25,972	28,012	2,040	7.9%
Incoming Orders	85,944	88,855	2,910	3.4%
	18,717	29,269	10,552	56.4%
Backlog	27,717	26,731	- 985	-3.6%

- Net Sales
 - Increased in sales of network and security equipment
 - Declined in reaction to sales of hardware to academic institutions
- Incoming Orders
 - Increased due to sales of large-scale hardware and network securities products to the distribution industry
 - Declined in equipment sales to specific customers in the communications industry
- Backlog
 - Declined in equipment sales to specific customers in the communications industry

Sales Comparison by Customer Industry

(100 millions of yen)



- In the manufacturing industry, sales rose due to strategic investment and verification services for the automotive industry, and core system development projects etc. for the other manufacturing industry.
- In the distribution industry, core system construction projects, business foundation strengthening projects, and network and security equipment sales increased.
- In the finance industry, maintenance projects for the banking, credit and leasing industries, and system sales projects for the credit and leasing industries increased.
- In the communications and transportation industry, sales of several network equipment increased for the communications industry.
- In the electricity and gas (utilities) industry, sales increased due to equipment sales and development projects for the electricity industry and development projects etc. for the gas industry.
- In the services and others business, in addition to projects for the construction of core systems, there was an increase in data center business and BPO-related business, etc.

Attention on the use of this document

- We have made amendment of FY2021 data (Sales Comparison by Customer Industry) to reflect the revision of industry applied to some customers.
- Business Performance by Reportable Segments have been reclassified to reflect the change in segment classification in FY2022 under review. Accordingly, results for the FY2021 have been reclassified to reflect this change in segment classification.

Disclaimer

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