

# **Consolidated Financial Results for the 1st Quarter of Fiscal Year Ending March 2024**

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Managing Executive Officer**

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## **The 1st Quarter of FY2023 Consolidated Financial Results**

- Summary of Financial Results (PL/Incoming Orders/Backlog)
- Net Sales Analysis
- Operating Profit Analysis
- Incoming Orders and Backlog Analysis
- Business Performance by Reportable Segment (Sales/Operating Profit/Operating Profit Margin)
- Business Performance by Reportable Segment (Incoming Orders/Backlog)
- Business Performance by Reportable Segment Analysis
- Topics

## **Appendix**

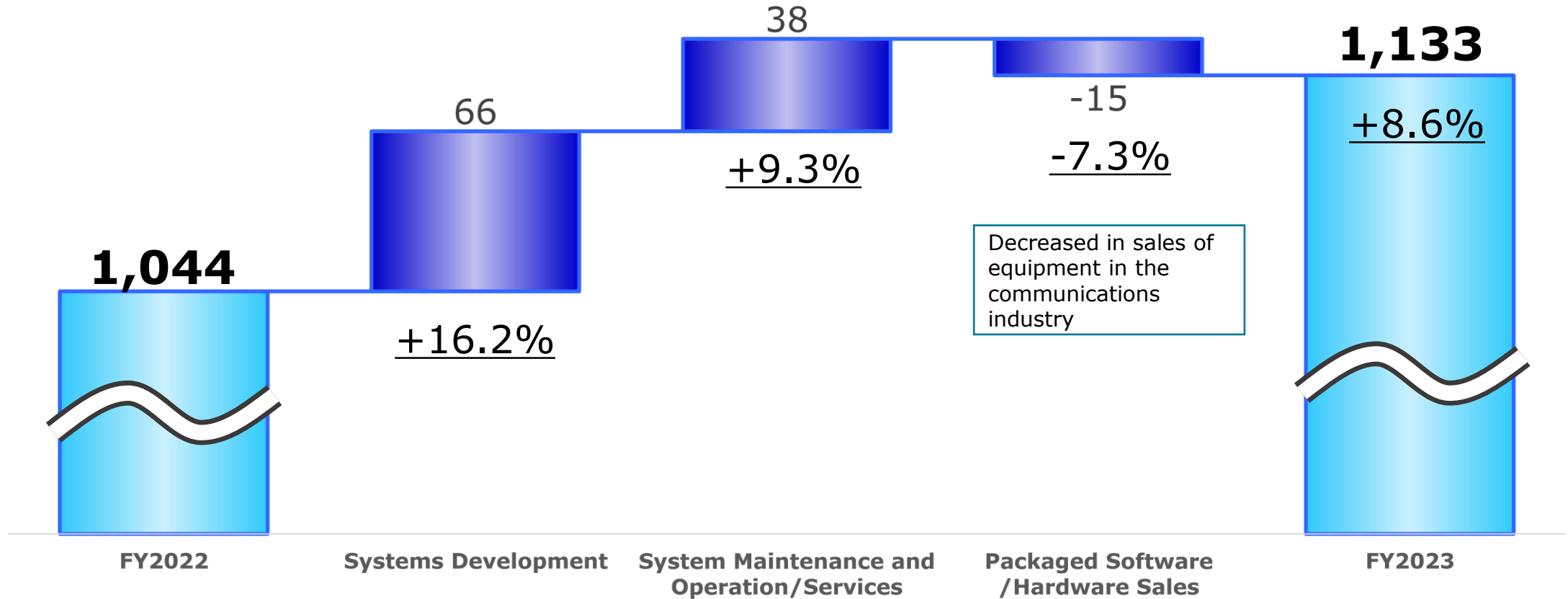
- Comparison by Sales Segment (Sales/Incoming Orders/Backlog)
- Sales Comparison by Customer Industry

(Millions of yen)

	FY2022	FY2023	YoY	
	(Apr. 2022 - Jun. 2022)	(Apr. 2023 - Jun. 2023)	Amount	%
Net Sales	104,417	<b>113,371</b>	8,953	8.6%
Gross Profit	25,989	<b>29,819</b>	3,830	14.7%
Gross Profit Margin	24.9%	<b>26.3%</b>	1.4%	
SG&A Expenses*	- 16,052	<b>- 16,869</b>	- 816	5.1%
Operating Profit	9,937	<b>12,950</b>	3,013	30.3%
Operating Profit Margin	9.5%	<b>11.4%</b>	1.9%	
Profit attributable to owners of parent	7,006	<b>9,007</b>	2,001	28.6%
Incoming Orders	99,733	<b>102,969</b>	3,235	3.2%
Backlog	172,398	<b>172,769</b>	370	0.2%

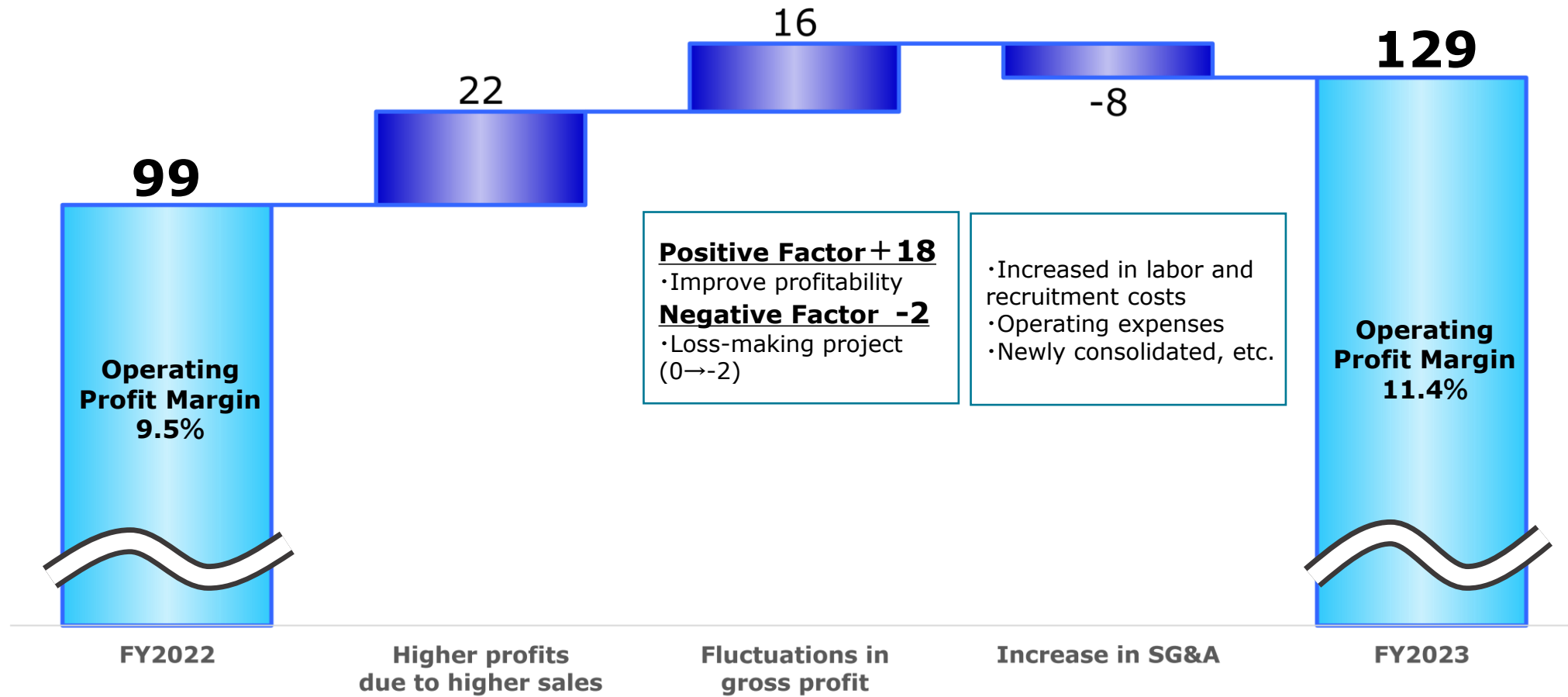
# FY2023 Q1 Net Sales Analysis

(100 millions of yen)



# FY2023 Q1 Operating Profit Analysis

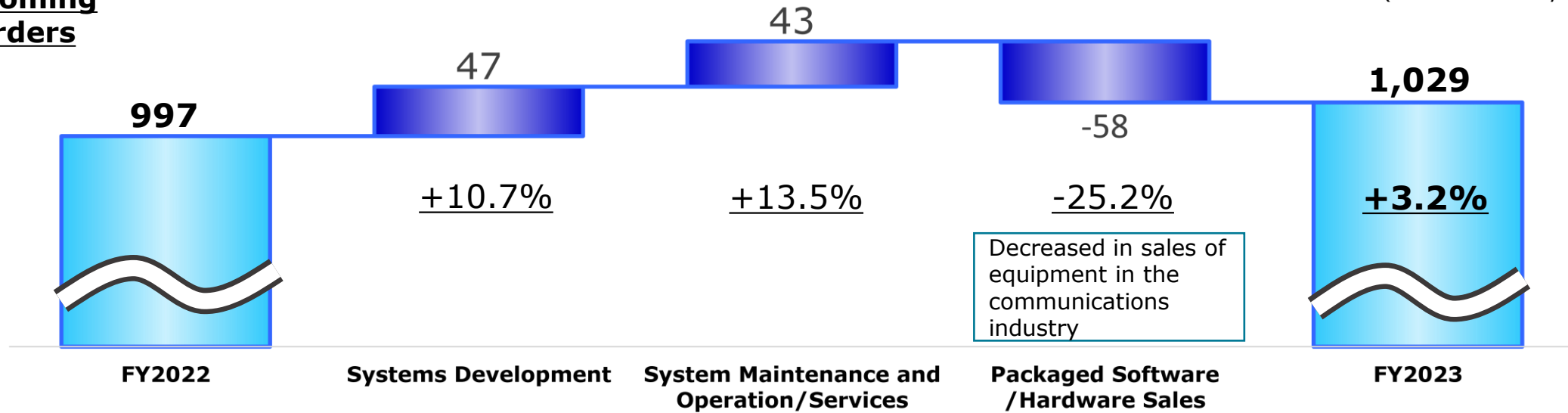
(100 millions of yen)



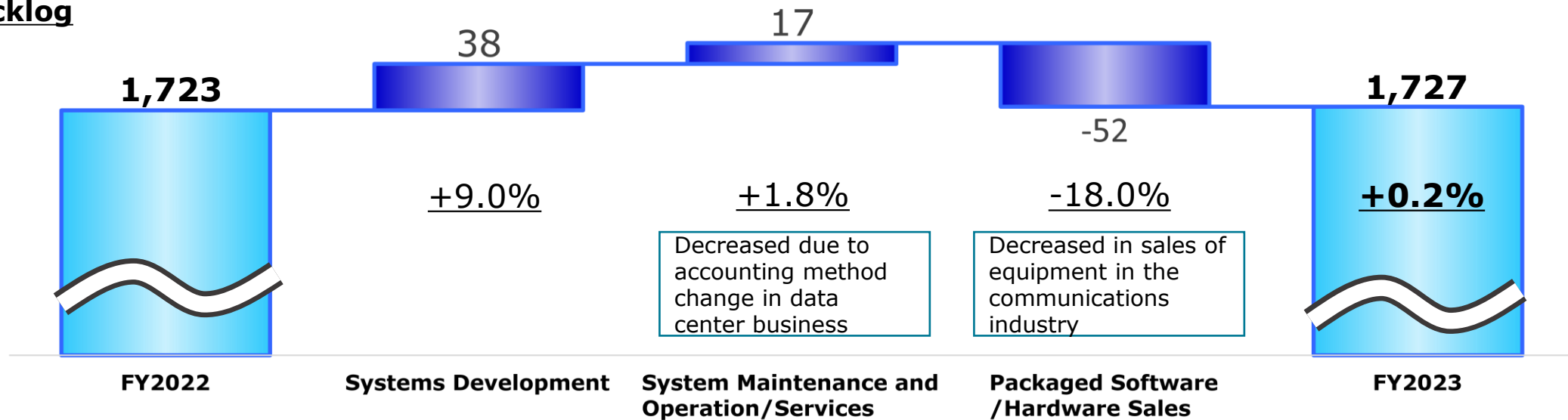
# FY2023 Q1 Incoming Orders and Backlog Analysis

## Incoming Orders

(100 millions of yen)



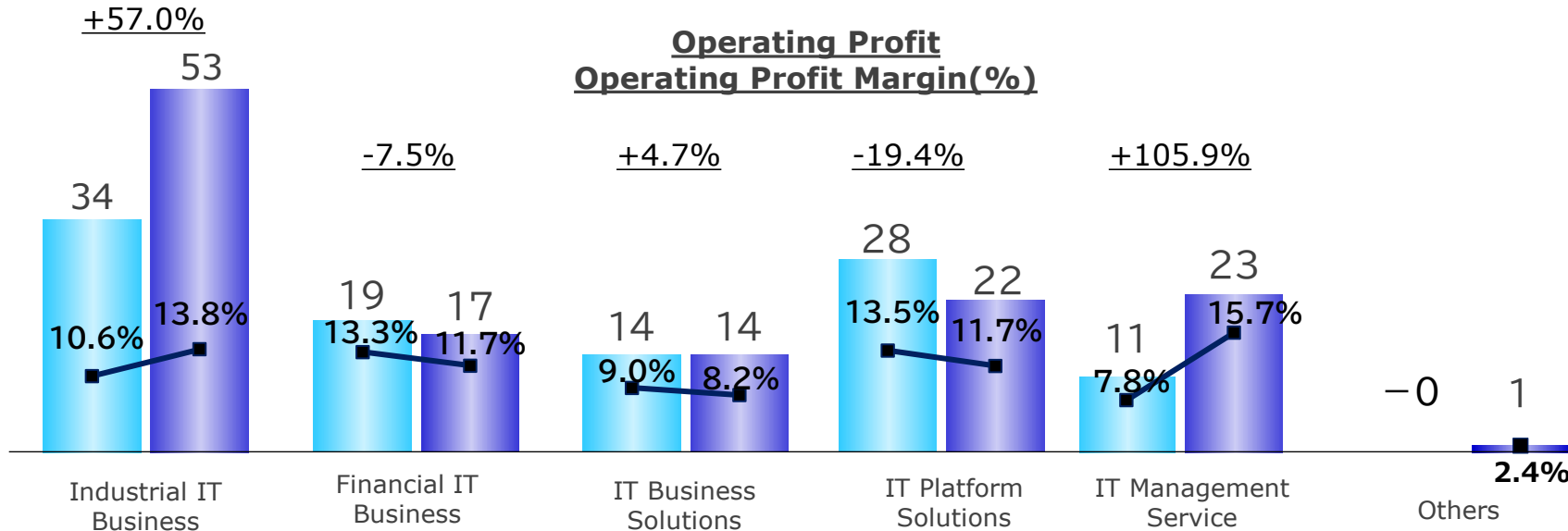
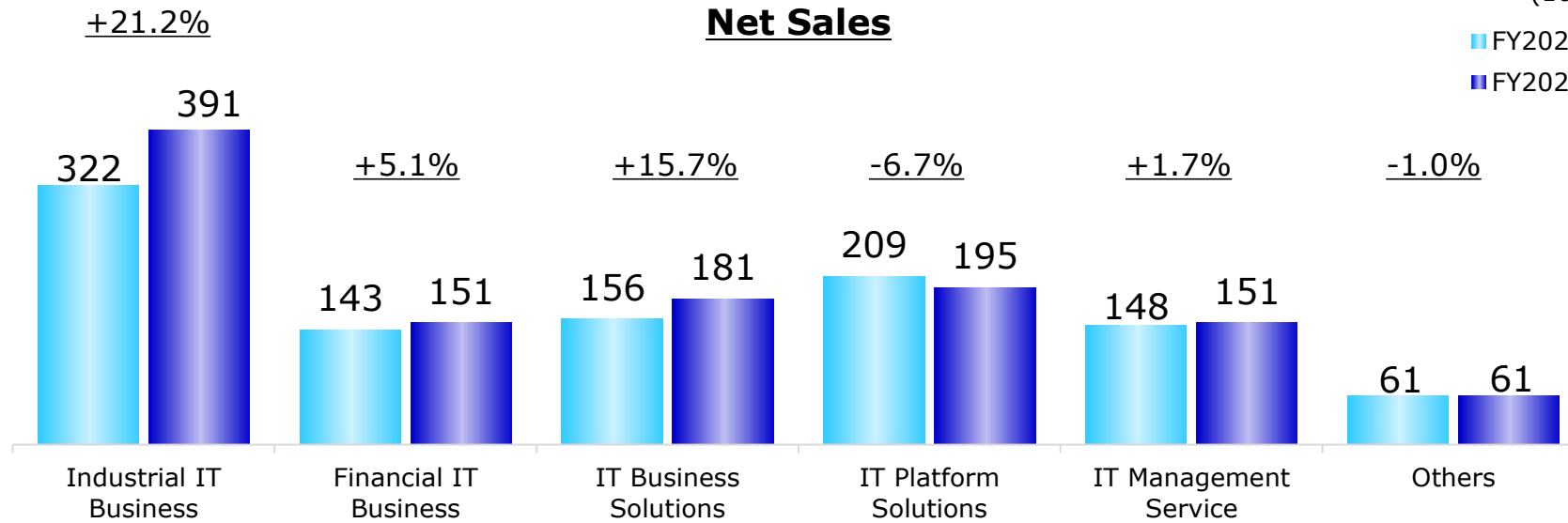
## Backlog



# Business Performance by Reportable Segment

(100 millions of yen)

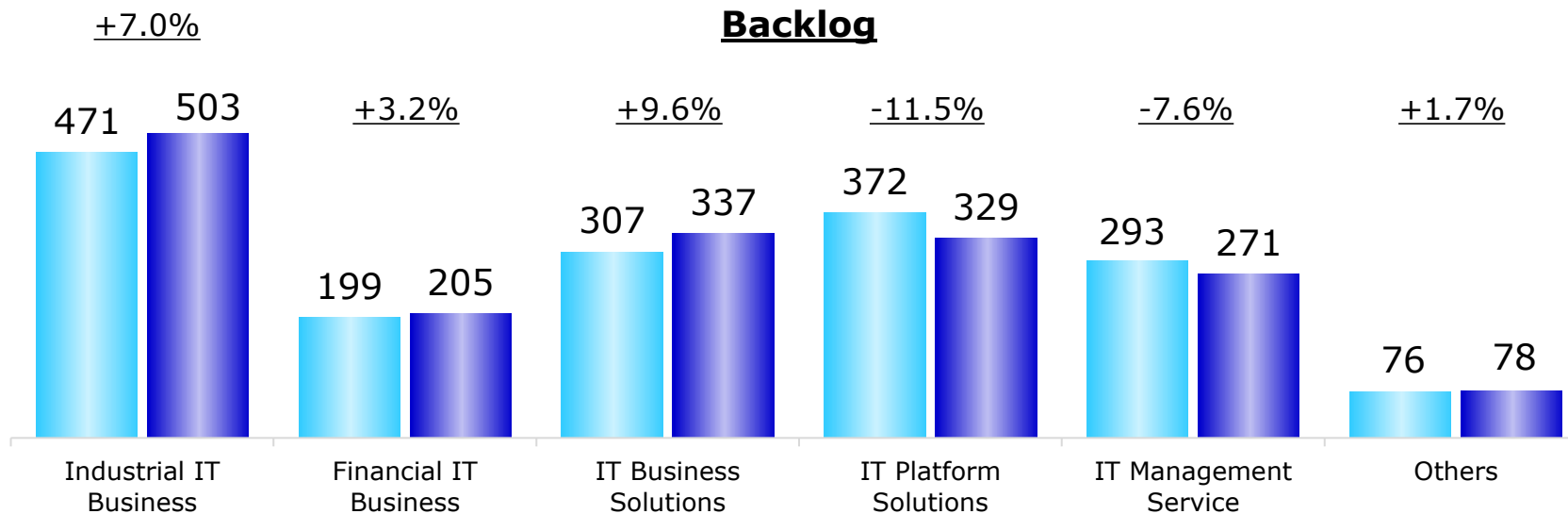
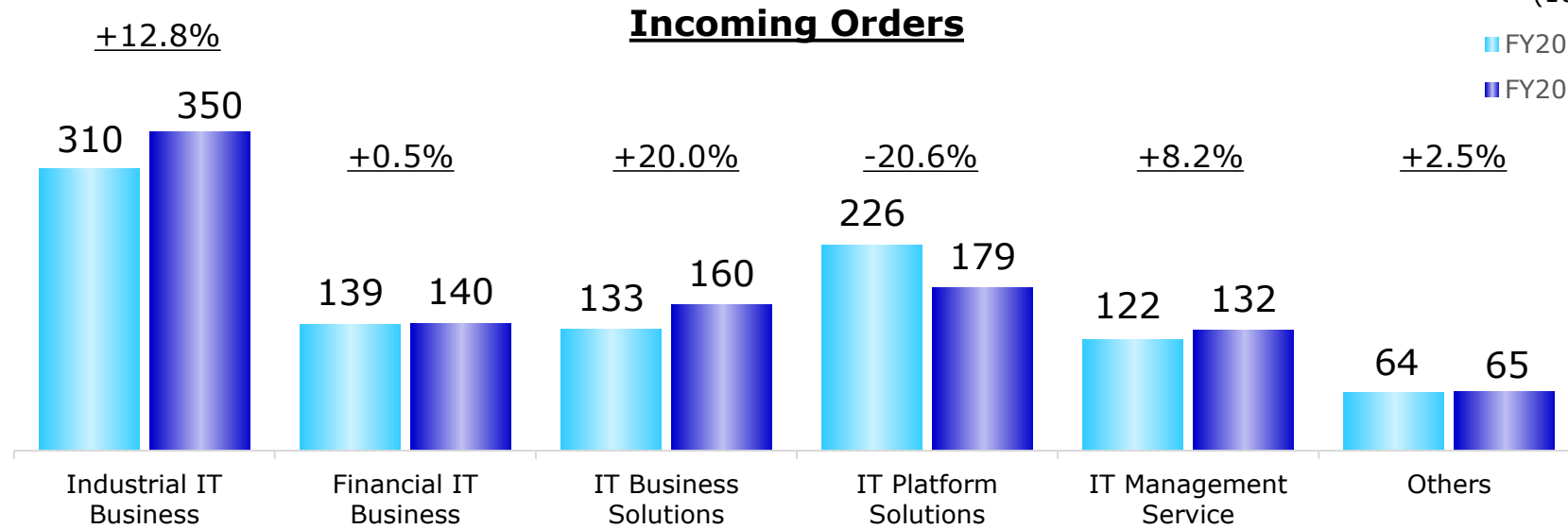
FY2022  
FY2023



# FY2023 Q1 Business Performance by Reportable Segment



(100 millions of yen)





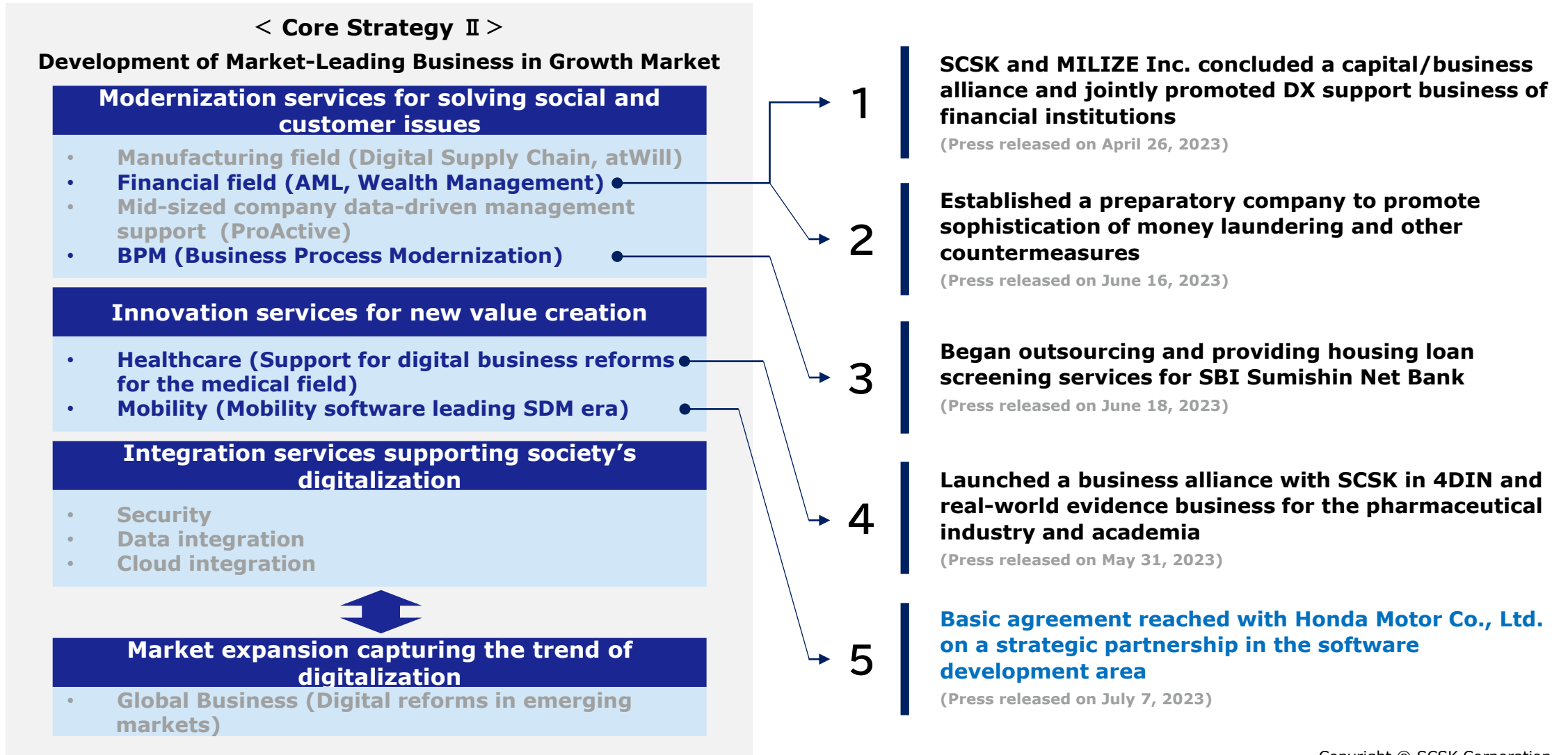
<b><u>Segment</u></b>	<b><u>Net Sales</u></b>	<b><u>Operating Profit</u></b>	<b><u>Incoming Orders/ Backlog</u></b>
<b>Industrial IT Business</b>	<ul style="list-style-type: none"> <li>↗ Demand for strategic investment in the automotive industry</li> <li>↗ Increased in core system restructuring projects for the distribution industry</li> <li>↗ Expansion of verification services</li> </ul>		<ul style="list-style-type: none"> <li>↗ Restructuring of core systems for the distribution and communications industries</li> <li>↗ Increased demand for systems development for the manufacturing industry</li> <li>↗ Expansion of verification services</li> </ul>
<b>Financial IT Business</b>	<ul style="list-style-type: none"> <li>↗ Expansion of systems development projects related to fraud detection in the installment sales finance and leasing industries</li> <li>↘ Interruption of system upgrades for overseas branches for the banking industry</li> <li>↘ Decreased in reaction to international accounting system projects</li> </ul>		<ul style="list-style-type: none"> <li>↗ Increased in system support projects for the securities and life and non-life insurance industries</li> <li>↘ Interruption of system upgrades for overseas branches for the banking industry</li> <li>↘ Decreased in reaction to international accounting system projects</li> </ul>
<b>IT Business Solution</b>	<ul style="list-style-type: none"> <li>↗ Acquisition of core systems development projects in multiple industries, mainly in the manufacturing industry</li> <li>↗ Increased BPO businesses including newly consolidated subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>↗ Acquisition of core system development projects in multiple industries, mainly in the manufacturing industry</li> <li>↗ Increased BPO businesses including newly consolidated subsidiaries</li> <li>↘ Re-skilling activities for ERP personnel</li> </ul>	<ul style="list-style-type: none"> <li>↗ Expansion of projects for the construction and migration of core systems</li> <li>↗ Effects of new consolidation in BPO businesses</li> </ul>

\* ↗ : Factors for increase   ↘ : Factors for decrease   → : No change

<b><u>Segment</u></b>	<b><u>Net Sales</u></b>	<b><u>Operating Profit</u></b>	<b><u>Incoming Orders/ Backlog</u></b>
<b>IT Platform Solution</b>	<ul style="list-style-type: none"> <li>↗ Increased in sales of network and security products to the distribution and communications industries</li> <li>↘ Decreased in reaction to sales of equipment for specific customers in the communications industry</li> </ul>		<ul style="list-style-type: none"> <li>↘ Decreased in reaction to orders of equipment for specific customers in the communications industry</li> <li>↗ Sales of network equipment</li> </ul>
<b>IT Management Service</b>	<ul style="list-style-type: none"> <li>↗ Increased in cloud business and management services</li> </ul>	<ul style="list-style-type: none"> <li>↗ Increased in inter-segment transactions</li> <li>↗ Increased in cloud business and management services</li> <li>↗ Reduced the burden of the increase in electricity fees in the energy market</li> </ul>	<ul style="list-style-type: none"> <li>↘ Changes in accounting method for certain contracts</li> <li>↗ Increased demand for cloud business margin services</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>↗ Increased systems development projects at SCSK Minori Solutions Corp.</li> <li>↘ Decreased packaged software/hardware sales projects at SCSK Minori Solutions Corp.</li> </ul>	<ul style="list-style-type: none"> <li>↗ Improved the sales mix</li> <li>↗ Decreased in office relocation and system integration expenses</li> </ul>	<ul style="list-style-type: none"> <li>↗ Increased systems development and packaged software/hardware sales projects for SCSK Minori Solutions Corp.</li> </ul>

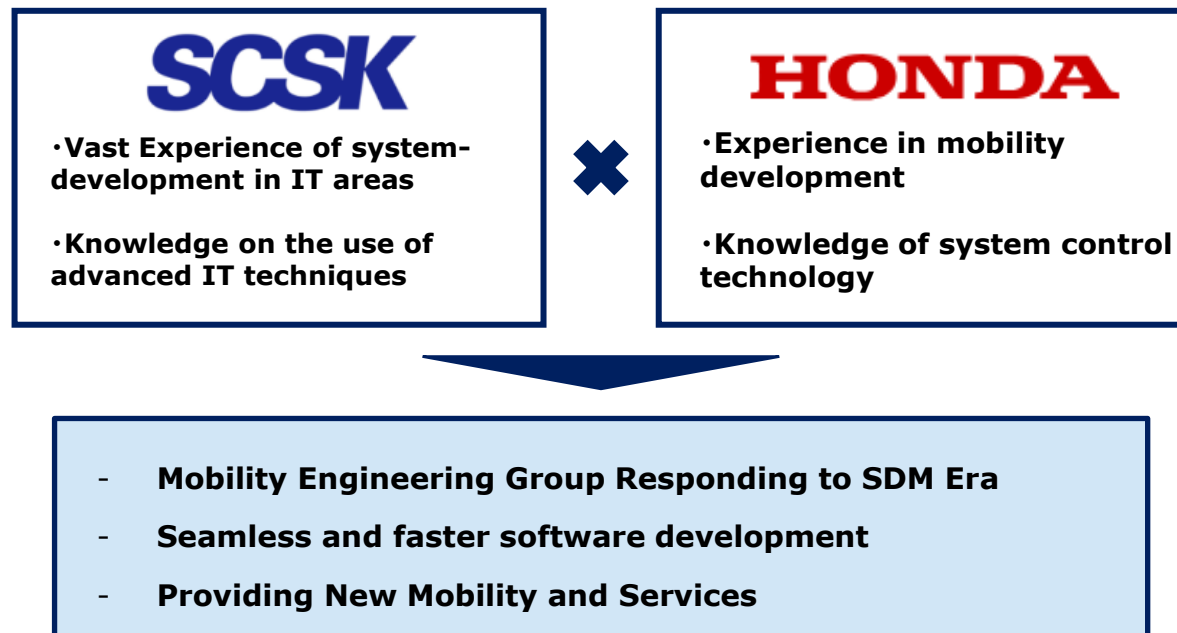
\* ↗ : Factors for increase   ↘ : Factors for decrease   → : No change

## – Progress of SCSK Group’s Medium-Term Management Plan(FY2023-FY2025) –



## – SCSK and Honda Reach Basic Agreement on Software Development Partnership –

- Honda Motor Co., Ltd. (Honda) and SCSK will be collaborative developmental partnerships that will realize both strategies for Software Defined Mobility(SDM) era. **SCSK is planning to increase the number of its IT engineers working with Honda to approximately 1,000 by 2030.**
- Bringing together two companies' respective strengths, namely Honda's system control and SCSK's IT technologies, we will establish a system and capability that will enable more seamless and speedier software development. **Moreover, continuously enhancing talent pool of software engineers in mobility areas and developing mobility products and services for next-generation.**



### Areas for collaboration

- Operating system (OS) for the next-generation electrical/electronic (E&E) architecture
- Electrified powertrains
- Advanced safety and automated driving
- IVI (In-vehicle infotainment)

### Exploring possible collaboration

- Co-Creation Activities
- Developing engineers in mobility areas
- Initiatives toward new value creation

# Appendix

## Systems Development

(Millions of yen)

	FY2022	FY2023	YoY	
	(Apr. 2022 - Jun. 2022)	(Apr. 2023 - Jun. 2023)	Amount	%
Net Sales	41,238	<b>47,915</b>	6,676	16.2%
Incoming Orders	44,002	<b>48,729</b>	4,726	10.7%
Backlog	43,421	<b>47,316</b>	3,894	9.0%

- Net Sales
  - Increased in core system construction projects for the manufacturing and distribution industry
  - Increased in system development projects for the shopping credit/leasing companies
  - Continuous demand for investment in strategic domains for the automotive industry
- Incoming Orders/Backlog
  - Increased in core system construction projects for the manufacturing and distribution industry and the enhancement of customer contact points for the communications industry

**System Maintenance and Operation/Services**

(Millions of yen)

	FY2022	FY2023	YoY	
	(Apr. 2022 - Jun. 2022)	(Apr. 2023 - Jun. 2023)	Amount	%
Net Sales	41,578	<b>45,427</b>	3,848	9.3%
Incoming Orders	32,450	<b>36,825</b>	4,374	13.5%
Backlog	99,579	<b>101,335</b>	1,756	1.8%

- Net Sales
  - Strong demand for the BPO business and verification service
  
- Incoming Orders/Backlog
  - Decreased due to accounting method change in data center business
  - Increased in verification services

## Packaged Software/Hardware Sales

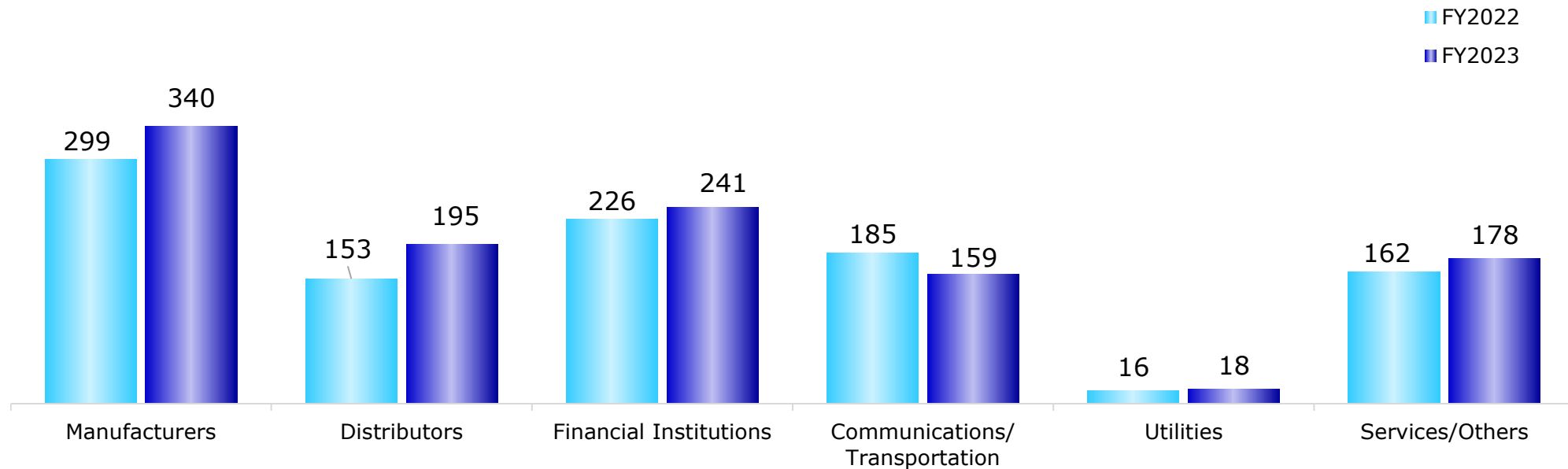
(Millions of yen)

	FY2022	FY2023	YoY	
	(Apr. 2022 - Jun. 2022)	(Apr. 2023 - Jun. 2023)	Amount	%
Net Sales	21,600	<b>20,028</b>	- 1,571	-7.3%
Incoming Orders	23,280	<b>17,415</b>	- 5,865	-25.2%
Backlog	29,397	<b>24,118</b>	- 5,279	-18.0%

- Net Sales
  - Increased in sales of network and security products
  - Decreased in reaction to sales of equipment for specific customers in the communications industry
- Incoming Orders/Backlog
  - Decreased in reaction to sales of equipment for specific customers in the communications industry



(100 millions of yen)



- In the manufacturing industry, increased due to strategic investments and verification services for the electrical machinery industry and the automotive industry, as well as core system construction projects for other manufacturing industries
- In the distribution industry, increased due to core system construction projects and sales of network and security equipment
- In the finance industry, increased due to development projects and maintenance projects for the installment sales finance and leasing industries
- In the communications and transportation industry, decreased due to a reaction to sales of equipment to specific customers in the communications business
- In the electric power and gas industry, increased due to development projects in the electric power and gas industries
- In the services and other businesses, increased due to the impact of newly consolidated subsidiaries and sales of systems to the public sector

### **Attention on the use of this document**

- We have made amendment of previous year's 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 the fiscal year under review. Accordingly, results for the previous fiscal year have been reclassified to reflect this change in segment classification.

### **Disclaimer**

- This data is intended to provide information about the Group's performance and business strategy and is not intended to solicit the purchase or sales of shares in Group companies.
- Estimates, targets, and outlooks included in this report are forward-looking statements based on information available as of the date of publication. Results and outcomes may differ materially from the forward-looking statements and no guarantee is made that targets will be reached. All such statements are subject to change without notice.
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