

# **Consolidated Financial Results for 1st Quarter of Fiscal Year Ending March 2022**

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**Managing Executive Officer**  
July 30, 2021



- Summary of Financial Results (PL/Incoming Orders/Backlog)
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(Establishing SCSK Minori Solutions Corporation)

# 1st Quarter of Fiscal Year Ending March 2022

## Summary of Financial Results from Apr. to Jun. 2021

### (PL/Incoming Orders/Backlog)

(Millions of yen)

	FY2020	FY2021	Increase/Decrease	
	(Apr. 2020 - Jun. 2020)	(Apr. 2021 - Jun. 2021)	Amount	%
Net Sales	94,356	<b>99,210</b>	4,853	5.1%
Gross Profit	24,045	<b>25,428</b>	1,383	5.8%
Gross Profit Margin	25.5%	<b>25.6%</b>	0.1%	
SG&A Expenses*	- 13,766	<b>- 14,541</b>	- 775	5.6%
Operating Profit	10,279	<b>10,887</b>	607	5.9%
Operating Profit Margin	10.9%	<b>11.0%</b>	0.1%	
Profit attributable to owners of parent	7,260	<b>7,703</b>	443	6.1%
Incoming Orders	83,738	<b>87,314</b>	3,575	4.3%
Backlog	136,523	<b>151,376</b>	14,852	10.9%

\*Including other income and expenses

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

### Systems Development

(Millions of yen)

	FY2020	FY2021	YoY	YoY %
Net Sales	38,664	<b>40,494</b>	1,830	4.7%
Incoming Orders	38,543	<b>39,798</b>	1,255	3.3%
Backlog	36,244	<b>36,485</b>	240	0.7%

- **Net Sales**
  - Convergence of projects for core systems in the transportation industry and system upgrades in the gas industry
  - In addition to IT investment to strengthen customer contact points in the communication industry, core system projects for the machinery industry, and overseas business projects for the banking industry, core system projects for the life and non-life insurance industry were steady.
- **Incoming Orders**
  - Decreased due to a reactionary decline in projects to rebuild core systems for the distribution industry.
  - Increased due to overseas business projects for the banking industry and projects to strengthen the business foundation for the securities industry, and IT investment to strengthen customer contact points in the communication industry.
- **Backlog**
  - Life and non-life insurance business was affected by the peak-out of large-scale projects, but increased due to project orders

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

### System Maintenance and Operation/Services

(Millions of yen)

	FY2020	FY2021	YoY	YoY %
Net Sales	36,851	<b>39,515</b>	2,664	7.2%
Incoming Orders	30,071	<b>32,053</b>	1,982	6.6%
Backlog	86,343	<b>93,078</b>	6,735	7.8%

#### ➤ Net Sales

•BPO business through contact centers and EC-related business remained steady against the backdrop of efforts to reform operations by strengthening non-face-to-face customer contact points and digitalization. In addition, both of data center business and management services in the banking industry increased, then net sales marked steady growth.

#### ➤ Incoming Orders/Backlog

•In addition to the same factors as net sales, verification services increased

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

### Packaged Software/Hardware Sales

(Millions of yen)

	FY2020	FY2021	YoY	YoY %
Net Sales	18,840	<b>19,200</b>	359	1.9%
Incoming Orders	15,124	<b>15,462</b>	338	2.2%
Backlog	13,935	<b>21,811</b>	7,876	56.5%

➤ **Net Sales**

- Growing demand for network products and security products
- Launch of next-generation models for network equipment for the communications industry

➤ **Incoming Orders**

- Increased due to growing demand for network products and security products as well as net sales, despite a reactionary decline in the sales of licenses in the food industry.

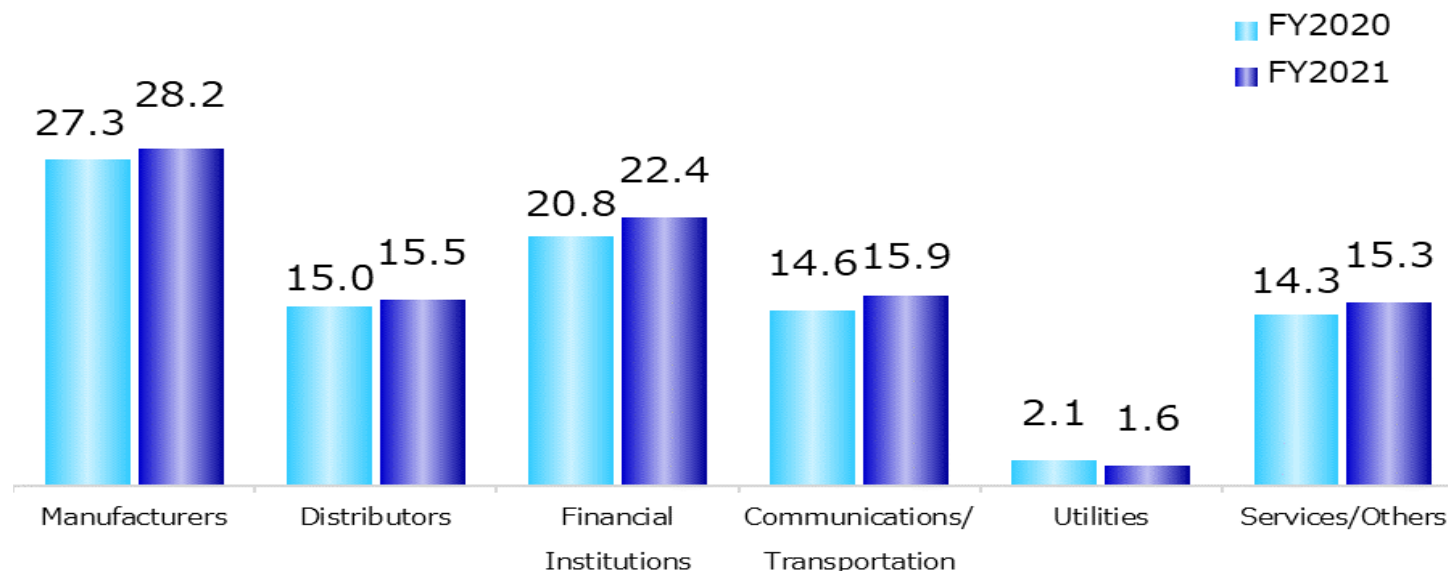
➤ **Backlog**

- Increased due to the impact of network products for the communications industry, which received a bulk order in the fourth quarter of the previous fiscal year, despite a reactionary decline in sales of hardware to academic research institutes.

# 1st Quarter of Fiscal Year Ending March 2022

## Sales Comparison by Customer Industry

(Billions of yen)



- In the manufacturing industry, demand for development and maintenance transactions for precision equipment manufacturers increased, in addition to the development of the next EDI system and the sale of licenses for the food industry, and the construction of a core system for the machinery industry.
- In the distribution industry, sales of network products and security products increased.
- In the finance industry, in addition to system development projects for the banking industry and core system projects for the life and non-life insurance industry, system maintenance and operation/ services increased due to an increase in demand for management services for the banking industry.
- In the communications and transport industry, sales increased due to IT investment to strengthen customer contact points in the communications industry and sales of network equipment, despite a reactionary decline in projects for the construction of core systems for the transport industry.
- In the electricity and gas industry, projects converged, mainly in system development in the gas industry.
- In the service and other industry, increased sales in data center businesses and EC-related business.

# 1st Quarter of Fiscal Year Ending March 2022

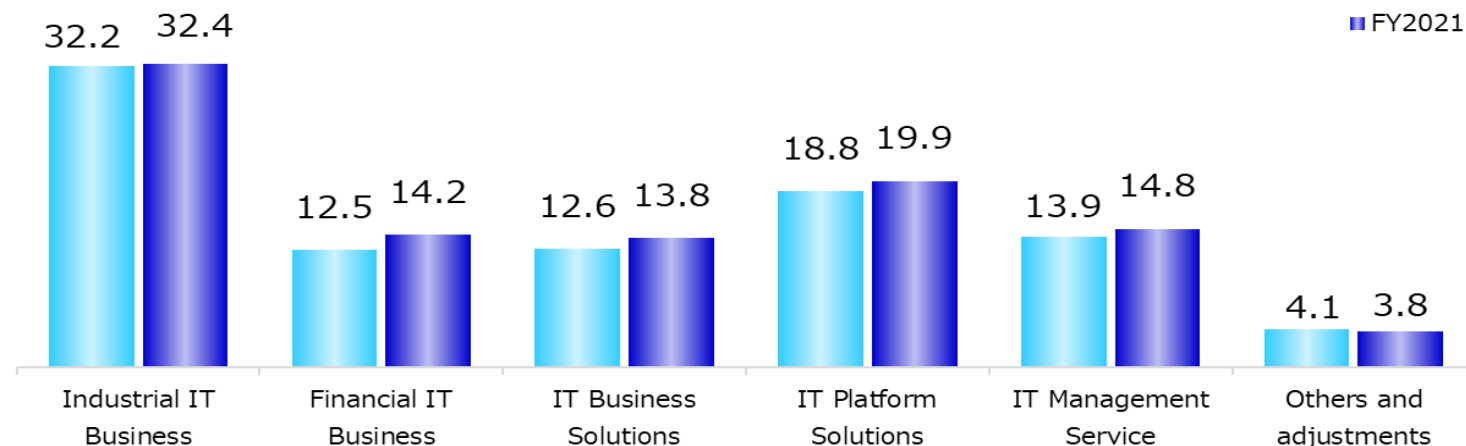
## Business Performance by Reportable Segment

### Net Sales

(Billions of yen)

■ FY2020

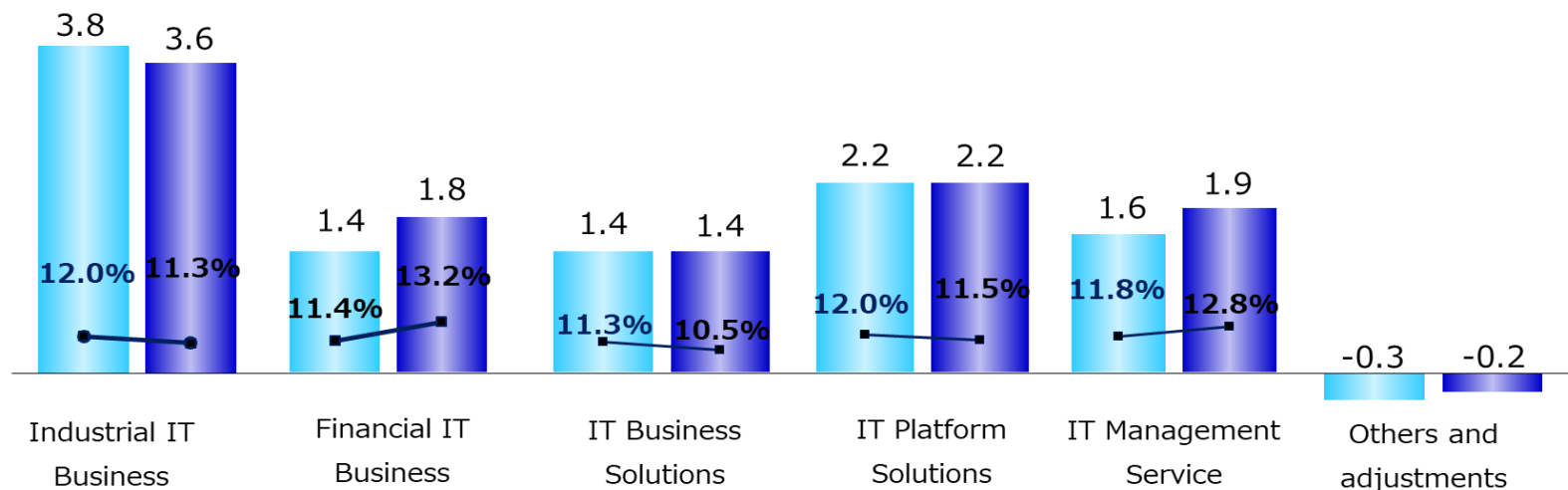
■ FY2021



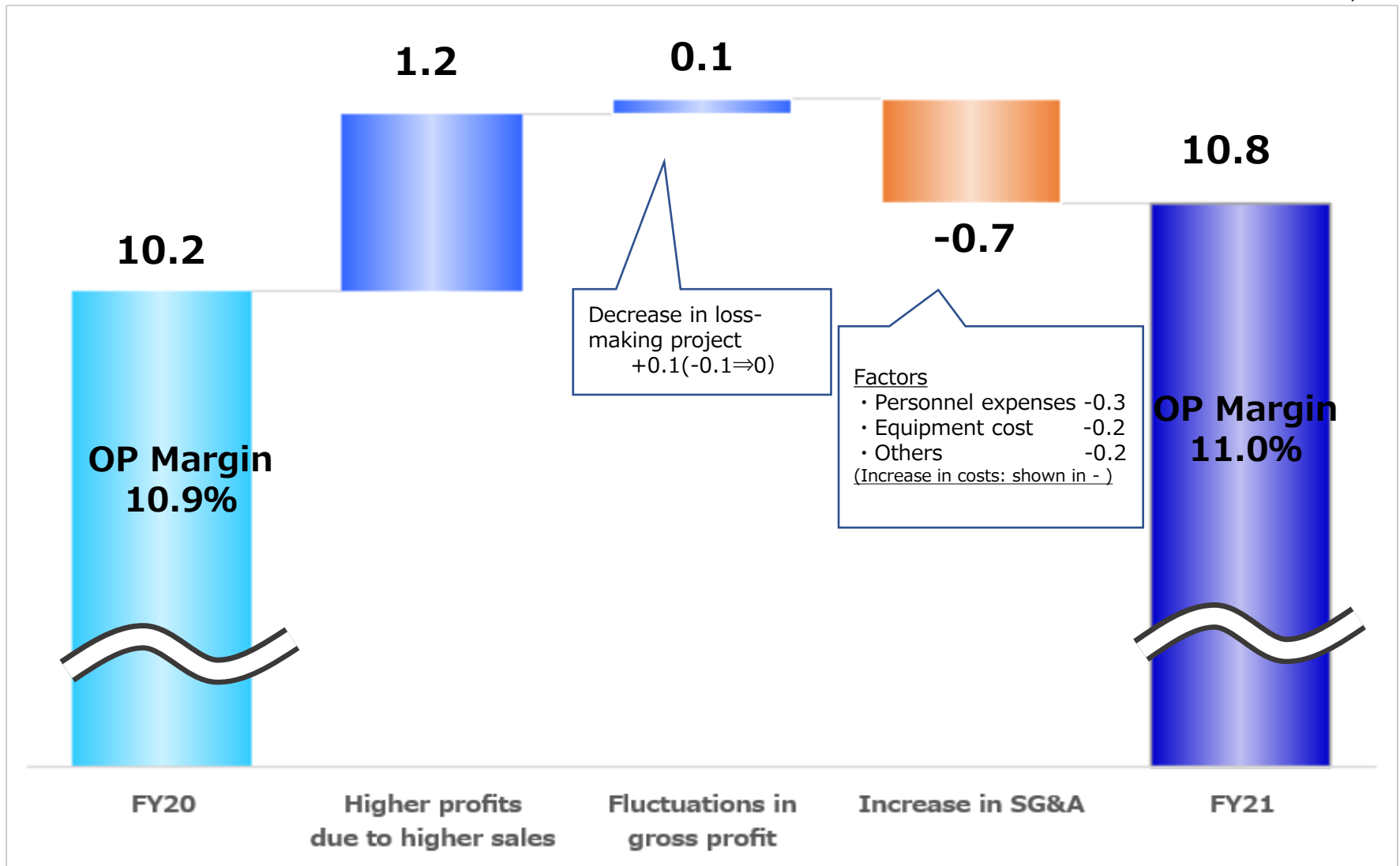
### Operating Profit Operating Profit Margin (%)

■ FY2020

■ FY2021



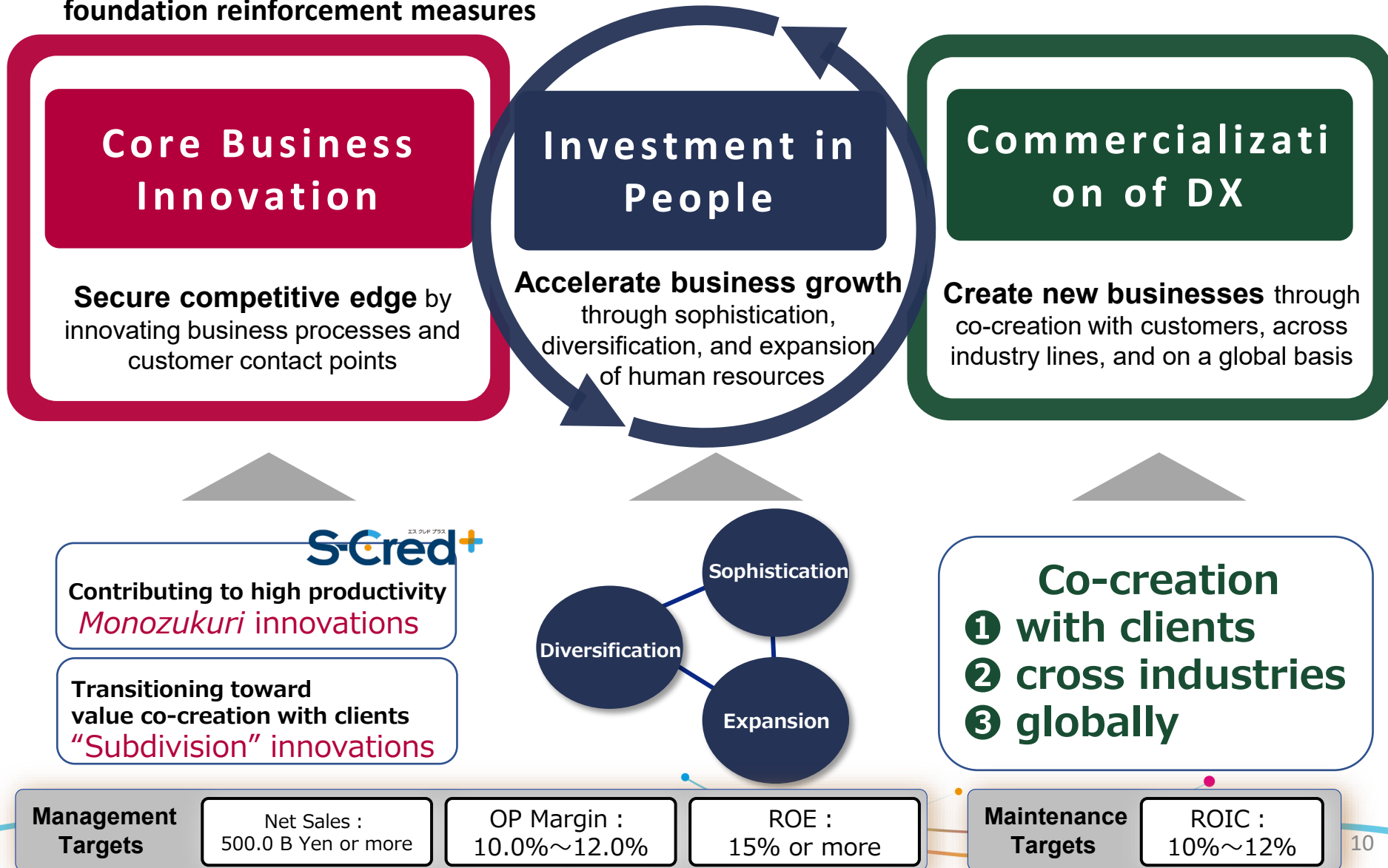




- Vaccination started in July for SCSK employees and partner employees in response to the announcement of a governmental policy on workplace vaccination for the COVID-19
- Short-term construction of the workplace vaccination reservation system using S-Cred+ Platform
- Promoting "New Work Styles" that realize high productivity and job satisfaction while making flexible work such as remote work a permanent condition

# Medium-Term Management Plan Core Strategies (FY2020-FY2022)

- Expand global operations by advancing three core strategies and managerial foundation reinforcement measures



# Cooperation Agreement with Okinawa Prefecture

## Okinawa Prefecture and SCSK concluded the "Collaboration Agreement on DX Promotion in Shuri Castle Reconstruction"



Left: Toru Tanihara, Representative Director, President and Chief Operating Officer of SCSK Corporation  
Right: Denny Tamaki, Governor of Okinawa Prefecture

	Topics	Initiatives under studying
1	Further enhancing the attractiveness of Shuri Castle Park and surrounding areas	Effective use of tourism resources by creating a mechanism to encourage a shift from destination type (point) to peripheral type (surface) ⇒Contributing to local economies/Enhancing tourism experience
2	Creating a town that combines living and tourism	Elimination of traffic congestion and parking problems by creating mechanisms to encourage voluntary changes in the behavior of tourists (tourism companies) ⇒Improve satisfaction of local communities and tourists
3	Realization of a New Situation for Tourism Facilities in New Normal	Realizing management of tourism facilities and events in accordance with "new lifestyles" ⇒Providing tourists with peace of mind and safety/Reducing the impact of measures on the host tourist site side
4	Creation of urban spaces that embody history	Improving historical scenic zone through landscape formation and building restoration, and integrating digital content on history ⇒Realization of attractive historic town development
5	Items related to phased development and "visible reconstruction"	"Visible reconstruction" through dissemination utilizing digital technology of phased development status ⇒Creation of repeat demand through appropriate dissemination of information
6	Other matters related to the promotion of regional revitalization and contributions to local communities	Creating opportunities for "co-creation" by industry, government, academia, and local communities ⇒Initiatives to address regional issues through interactive communication and co-creation

## ➤ Endorsement of TCFD Recommendations

Declared endorsement of the recommendations of the TCFD (the Task Force on Climate-related Financial Disclosures), which was created by the Financial Stability Board

## ➤ Acquired the “1.5°C Target” Certification from the SBT Initiatives

### Greenhouse Gas Emissions Reduction Targets

#### Scope1+2

- 47% reduction from FY2019's level by FY2030 (1.5°C Target)
- 100% reduction by 2050

#### Scope3

- 28% reduction from FY2019's level by FY2030

## ➤ Issued a Green Bond (Issue amount: 5 billion yen)

For expenditures for constructing, renovating, acquiring, and operating “netXDC Chiba No.3 Center”, which will be established as an environmentally conscious data center through energy conservation

# Stock Split/Revision of Dividend Forecast

- **The Board of Directors on July 30 resolved to implement a three-for-one stock split with a record date of September 30, 2021**
- **Purpose of the stock split**  
The purpose is to increase the liquidity of SCSK's shares and to create an environment that facilitates investment and expand the investor base by lowering the price per investment unit.
- **Outline of the stock split**
  - ✓ Method of the stock split: Three-for-one stock split
  - ✓ Total number of shares prior to the stock split: 104,181,803 shares
  - ✓ Total number of issued shares following the stock split: 312,545,409 shares
  - ✓ Record date: September 30, 2021
  - ✓ Effective date: October 1, 2021

- **Revision of Dividend Forecast**  
No substantive change in year-end dividend forecast per share

		FY2020 (Results)	FY2021 (Forecasts)
Dividends per share (Yen)	Interim dividend	65	70
	Year-end dividend	70	23.34

# Contract to consolidate the three group companies (Establishing SCSK Minori Solutions Corporation)

- **Establishing “SCSK Minori Solutions Corporation” on October 1, 2021**
- **Purpose of Merger**  
To expand our business in the medium-sized enterprise market, which has room for growth for SCSK Group
- **Companies**  
Minori Solutions Co., Ltd., CSI SOLUTIONS Corporation, WinTechnology Corporation
- **Outline**
  - ✓ Conclusion of merger agreement: July 30, 2021
  - ✓ Effective date: October 1, 2021
  - ✓ Capital: 480 million yen
  - ✓ Approx. number of employees (total number of employees of 3 companies as of the end of March 2021): 1,412
  - ✓ Approx. sales (simple sum of three companies in the fiscal year ended March 2021): 26 billion yen

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

- We have made amendment of previous year's data in page 6 (Sales Comparison by Customer Industry) to reflect the revision of industry applied to some customers.

## **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.
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