

Consolidated Financial Results for Fiscal Year Ended March 2022 and Financial Forecasts for Fiscal Year Ending March 2023

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FY2021 Consolidated Financial Results Summary of Financial Results (PL/Incoming Orders/Backlog)



(Millions of yen)

	FY2020	FY2021	Increase/Decrease	
	(Apr. 2020 - Mar. 2021)	(Apr. 2021 - Mar. 2022)	Amount	%
Net Sales	396,853	414,150	17,297	4.4%
Gross Profit	102,969	108,187	5,218	5.1%
Gross Profit Margin	25.9%	26.1%	0.2%	
SG&A Expenses*	- 57,090	- 60,632	- 3,541	6.2%
Operating Profit	45,878	47,555	1,677	3.7%
Operating Profit Margin	11.6%	11.5%	-0.1%	
Profit attributable to owners of parent	33,435	33,470	34	0.1%
Incoming Orders	412,984	427,960	14,976	3.6%
Backlog	163,271	177,082	13,810	8.5%

*Including other income and expenses

FY2021 Consolidated Financial Results Summary of Financial Results from Jan. to Mar. 2022



(PL/Incoming Orders/Backlog)

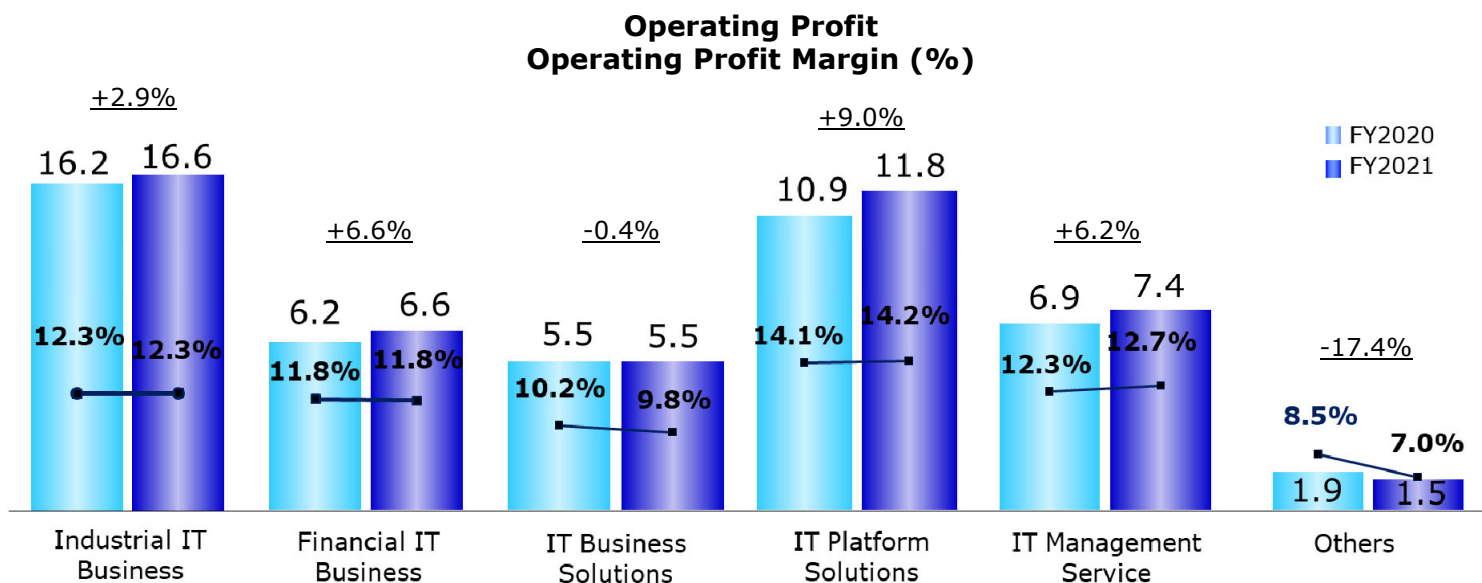
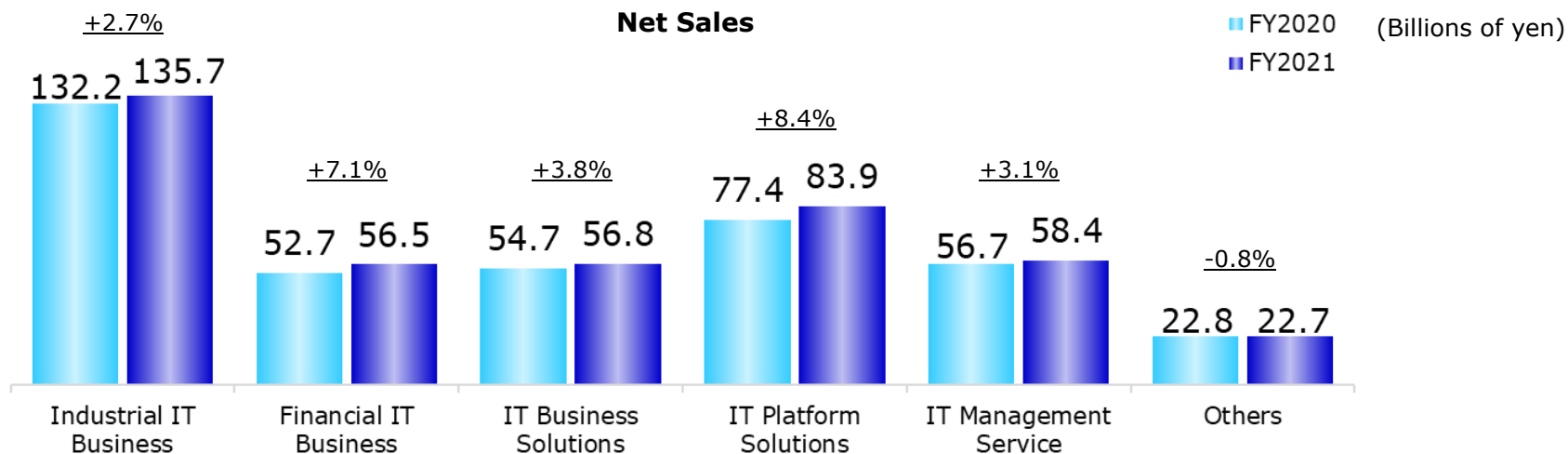
(Millions of yen)

	FY2020	FY2021	Increase/Decrease	
	(Jan. 2021 - Mar. 2021)	(Jan. 2022 - Mar. 2022)	Amount	%
Net Sales	105,986	111,396	5,409	5.1%
Gross Profit	27,562	28,945	1,382	5.0%
Gross Profit Margin	26.0%	26.0%	0.0%	
SG&A Expenses*	- 15,682	- 16,164	- 482	3.1%
Operating Profit	11,880	12,780	900	7.6%
Operating Profit Margin	11.2%	11.5%	0.3%	
Profit attributable to owners of parent	9,653	9,212	- 440	-4.6%
Incoming Orders	132,923	129,824	- 3,098	-2.3%
Backlog	163,271	177,082	13,810	8.5%

*Including other income and expenses

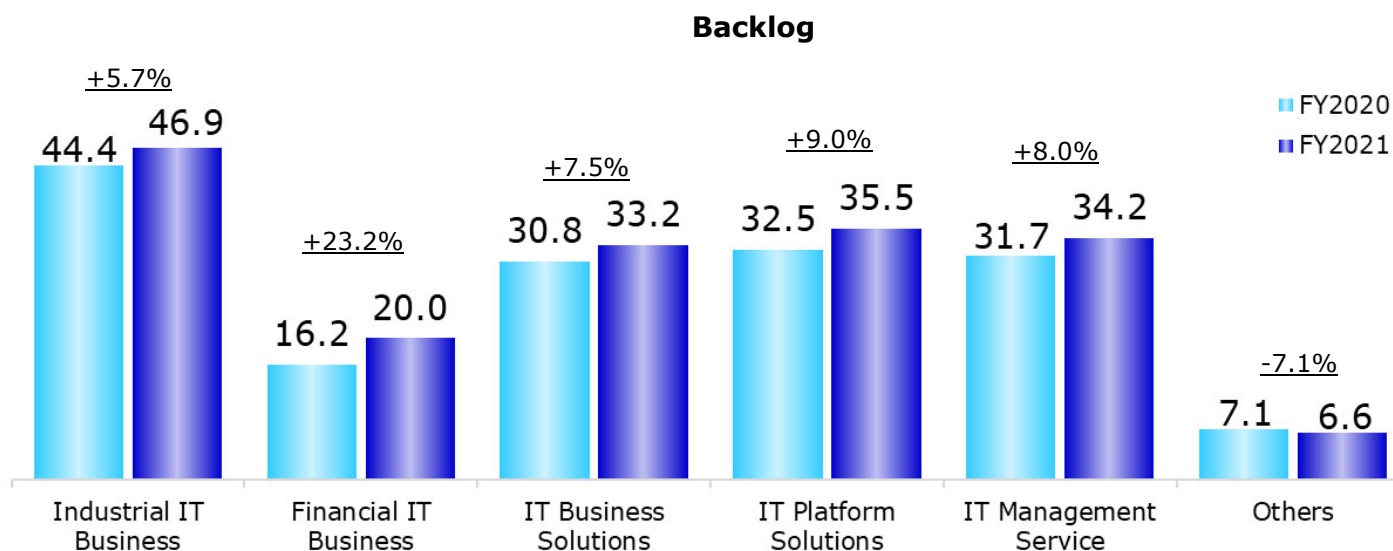
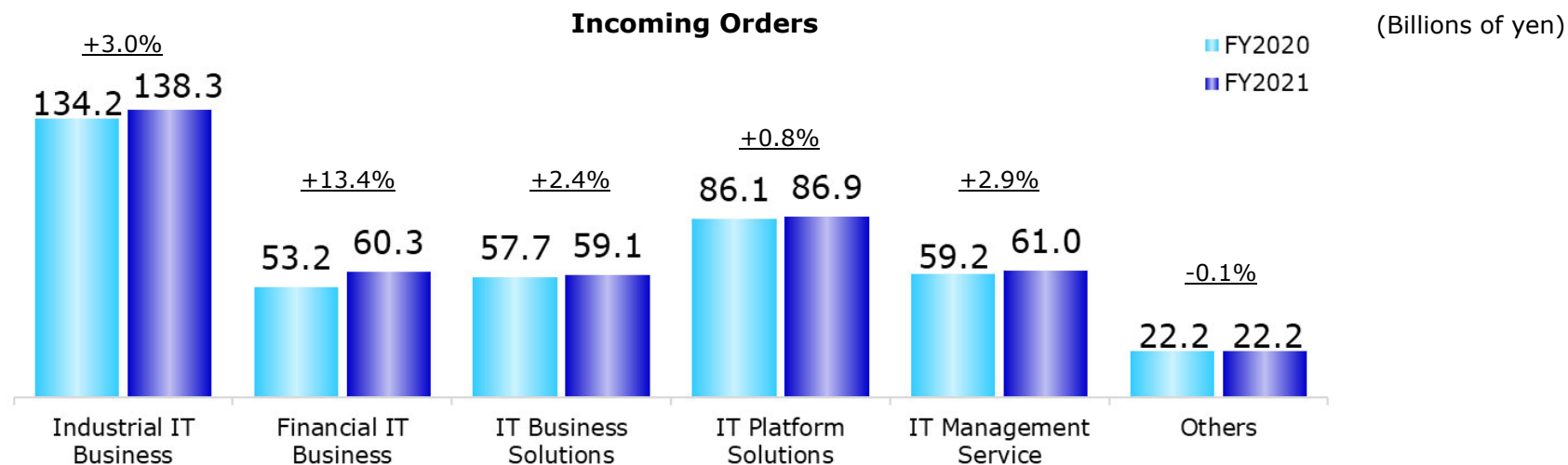
FY2021 Consolidated Financial Results

Business Performance by Reportable Segment



FY2021 Consolidated Financial Results

Business Performance by Reportable Segment



FY2021 Consolidated Financial Results

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"> ↗ IT investment for strengthening of customer contact points in the communication industry ↗ Demand for strategic investment in the automotive industry ↗ Expansion of verification services for the automotive industry ↘ Decline in development for the gas industry 	<ul style="list-style-type: none"> ↗ Contribution of projects for the communication industry and automotive industry ↘ Occurrence of loss-making projects ↘ Strategic investments for commercialization of DX 	<ul style="list-style-type: none"> ↗ Demand for strategic investment in the automotive industry ↗ Expansion of verification services for the automotive industry
Financial IT Business	<ul style="list-style-type: none"> ↗ Increase in development projects for the banking and securities industries ↗ Expansion of DevOps projects amounts in the credit and leasing industries 	<ul style="list-style-type: none"> ↗ Contribution of projects for banking, securities, credit, and leasing industries ↘ Occurrence of loss-making projects 	<ul style="list-style-type: none"> ↗ Increase in development projects for the banking and securities industries ↗ Expansion of DevOps projects amounts in the credit and leasing industries
IT Business Solution	<ul style="list-style-type: none"> ↗ Acquisition of core system development projects in the service and machinery industries, etc. ↗ Expansion of BPO business ↘ Decrease in development projects for the distribution industry ↘ Decline in reaction to sales of licenses 	<ul style="list-style-type: none"> ↗ Contribution of core systems and BPO projects ↘ Business investment by expanding contact center business bases 	<ul style="list-style-type: none"> ↗ Acquisition of core system development projects in the service and machinery industries, etc. ↗ Expansion of BPO business ↘ Decline in reaction to sales of licenses

* ↗ : Factors for increase ↘ : Factors for decrease

FY2021 Consolidated Financial Results

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"> ➤ Firm sales of network equipment to the communications industry ➤ Increase in sales of large-scale hardware to the automotive industry and multiple academic research institutions ➤ Supply constraints due to semiconductor shortages and supply chain disruptions 		<ul style="list-style-type: none"> ➤ Increase in sales of large-scale hardware and product maintenance support to the automotive industry and multiple academic research institutions ➤ Decline in reaction to orders for network equipment for the communications industry
IT Management Service	<ul style="list-style-type: none"> ➤ Against the backdrop of trends in corporate cloud shifts and cloud lifts triggered by aging hardware and core system upgrades, the data center business increased in response to brisk demand for cloud services ➤ Decrease in infrastructure building projects for the distribution industry 		
Others	<ul style="list-style-type: none"> ➤ Decrease due to the changes in segments for group reorganization ➤ Supply constraints due to supply chain disruptions 	<ul style="list-style-type: none"> ➤ Decreased due to integration-related expenses 	<ul style="list-style-type: none"> ➤ Decrease due to the changes in segments for group reorganization

* ➤ : Factors for increase ➤ : Factors for decrease

FY2022 Consolidated Financial Forecasts

Consolidated Financial Forecasts/ Dividends Forecasts



(Millions of yen)

	FY2021	FY2022	Increase/Decrease	
	Results (A)	Forecasts (B)	Amount (B-A)	%
Net Sales	414,150	450,000	35,850	8.7%
Gross Profit	108,187	119,000	10,813	10.0%
Gross Profit Margin	26.1%	26.4%	0.3%	
SG&A Expenses ^{*1}	-60,632	-65,000	- 4,368	7.2%
Operating Profit	47,555	54,000	6,445	13.6%
Operating Profit Margin	11.5%	12.0%	0.5%	
Profit attributable to owners of parent	33,470	38,000	4,530	13.5%
Dividends per share (Yen) ^{*2}	46.67	52.00	5.33	
Dividend Payout Ratio	43.5%	42.7%	-0.8%	

*1 Including other income and expenses.

*2 We conducted a three-for-one stock split on October 1, 2021.

The year-end dividend results for FY2021 are presented retroactively, taking into account the impact of the stock split.

Appendix

FY2021

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



Systems Development

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

(Millions of yen)

	FY2020	FY2021	YoY	YoY %
Net Sales	163,090	167,967	4,876	3.0%
	43,243	43,544	301	0.7%
Incoming Orders	163,906	171,443	7,536	4.6%
	44,489	44,043	-445	-1.0%
Backlog	37,181	40,657	3,476	9.3%

- Net Sales
 - Convergence in system upgrade projects for the gas industry, infrastructure building projects and EDI projects for the distribution industry
 - Steady progresses in overseas business for the banking industry, in strengthening of customer contact points for the communication industry, and in core system projects for the service and machinery industry
- Incoming Orders
 - Decreased in reaction to infrastructure building projects and projects for the rebuilding of core systems for the distribution industry
 - Increased due to strengthening of customer contact points in the communication industry, support to overseas operations and systems in the banking industry, projects to strengthen the business foundation of the securities industry, DevOps projects in the credit and leasing industries and core system projects in multiple industries etc.
- Backlog
 - Increased due to projects to strengthen the business foundation of the securities industry, DevOps projects in the credit and leasing industries, and core system projects in multiple industries etc.

FY2021

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)

	FY2020	FY2021	YoY	YoY %
Net Sales	152,518	162,407	9,888	6.5%
	39,624	41,879	2,254	5.7%
Incoming Orders	159,936	170,572	10,636	6.7%
	63,634	67,064	3,430	5.4%
Backlog	100,540	108,706	8,165	8.1%

➤ Net Sales/ Incoming Orders/ Backlog

- Increased in demand in the COVID-19 pandemic and also increased in projects, mainly in remote environments. BPO business, including contact center business, were remained steady on the back of business transformation premised on non-face-to-face contact and non-contact at enterprises.
- Data center business increased due to cloud demand
- Increased in management services to strengthen IT foundation
- Verification services increased

FY2021

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



Packaged Software/Hardware Sales

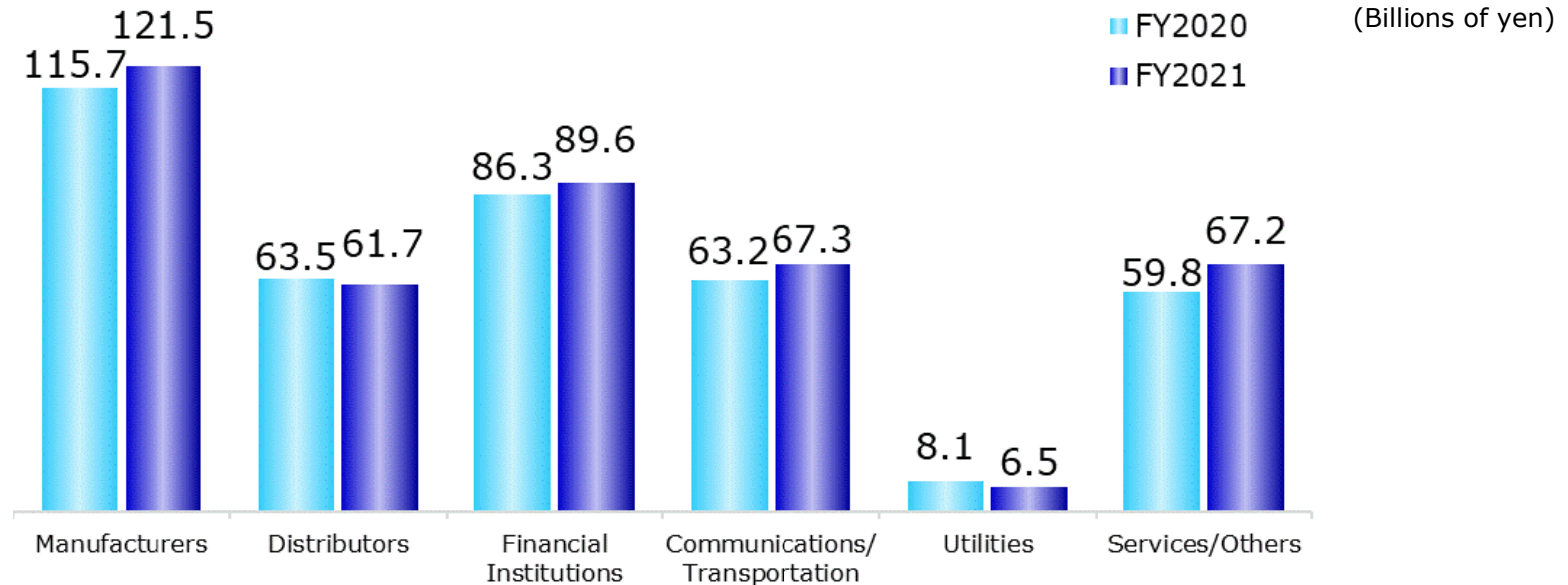
(Lower row: The three-month period from Jan. to Mar.)

(Millions of yen)

	FY2020	FY2021	YoY	YoY %
Net Sales	81,243	83,776	2,532	3.1%
	23,118	25,972	2,853	12.3%
Incoming Orders	89,141	85,944	- 3,196	-3.6%
	24,800	18,717	- 6,083	-24.5%
Backlog	25,549	27,717	2,168	8.5%

- Net Sales
 - Increased in sales of multiple network equipment to the communications industry
 - Increased in sales of large-scale hardware to the automotive industry and multiple academic research institutions
- Incoming Orders
 - Declined in reaction to orders received for network equipment for the communications industry in the previous fiscal year
- Backlog
 - Increased partly due to the impact of the postponement of the timing of sales of some products to the new fiscal year

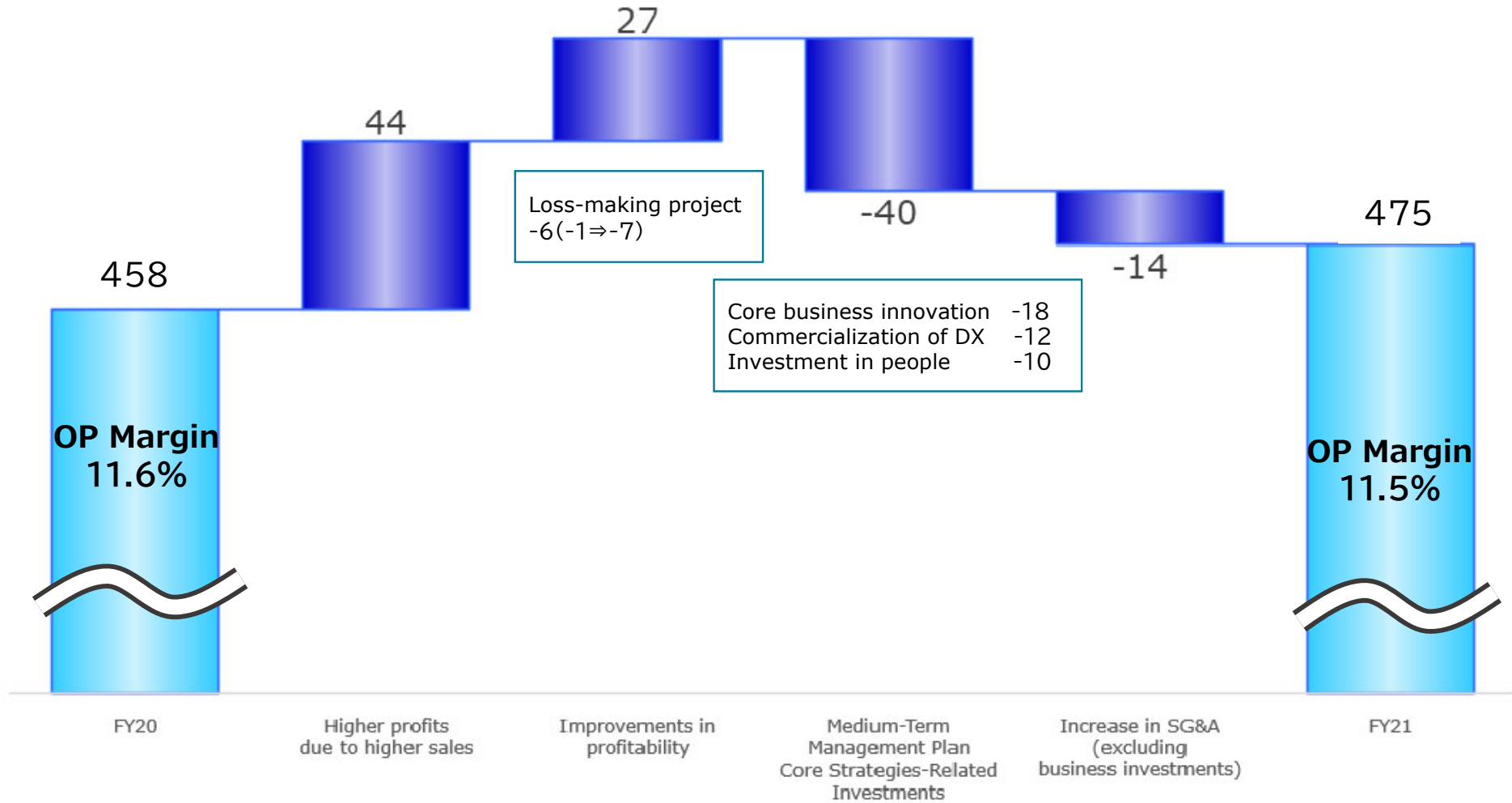
FY2021 Sales Comparison by Customer Industry



- In the manufacturing industry, sales rose due to the establishment of core systems for the machinery industry, verification services and sales of large-scale hardware for the automotive industry
- In the distribution industry, sales decreased due to the convergence of core construction projects and EDI projects, and the impact of semiconductors in some products.
- In the finance industry, expansion of large-scale development projects and cloud services for the banking industry increased.
- In the communications and transportation industry, investment in IT to strengthen customer contact points and sales of network equipment increased in the communications industry.
- In the electricity and gas (utilities) industry, sales decreased due to the projects convergence in system development.
- In the services and others industry, in addition to projects for the construction of core systems, there was an increase in data center business and BPO-related, etc.

FY2021 Operating Profit Analysis

(100 millions of yen)



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

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