

# **Consolidated Financial Results for the 2nd Quarter of Fiscal Year Ending March 2024**

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## **The 2nd Quarter of FY2023 Consolidated Financial Results**

- Summary of Financial Results from Apr. to Sept. (PL/Incoming Orders/Backlog)
- Summary of Financial Results from Jul. to Sept. (PL/Incoming Orders/Backlog)
- Net Sales Analysis
- Operating Profit Analysis
- Incoming Orders/Backlog Analysis
- Business Performance by Reportable Segment (Net Sales/Operating Profit/Operating Profit Margin)
- Business Performance by Reportable Segment (Incoming Orders/Backlog)
- Business Performance by Reportable Segment Analysis
- Full-year Consolidated Financial Forecasts/Dividends Forecasts

## **Appendix**

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

(Millions of yen)

	FY2022	FY2023	YoY	
	(Apr. 2022 - Sept. 2022)	(Apr. 2023 - Sept. 2023)	Amount	%
Net Sales	213,099	<b>231,196</b>	18,096	8.5%
Gross Profit	55,224	<b>61,223</b>	5,999	10.9%
Gross Profit Margin	25.9%	<b>26.5%</b>	0.6%	
SG&A Expenses*	- 32,709	<b>- 34,297</b>	- 1,588	4.9%
Operating Profit	22,515	<b>26,926</b>	4,411	19.6%
Operating Profit Margin	10.6%	<b>11.6%</b>	1.1%	
Profit attributable to owners of parent	16,226	<b>18,468</b>	2,242	13.8%
Incoming Orders	204,888	<b>223,940</b>	19,051	9.3%
Backlog	168,870	<b>175,915</b>	7,044	4.2%

\*Including other income and expenses

(Millions of yen)

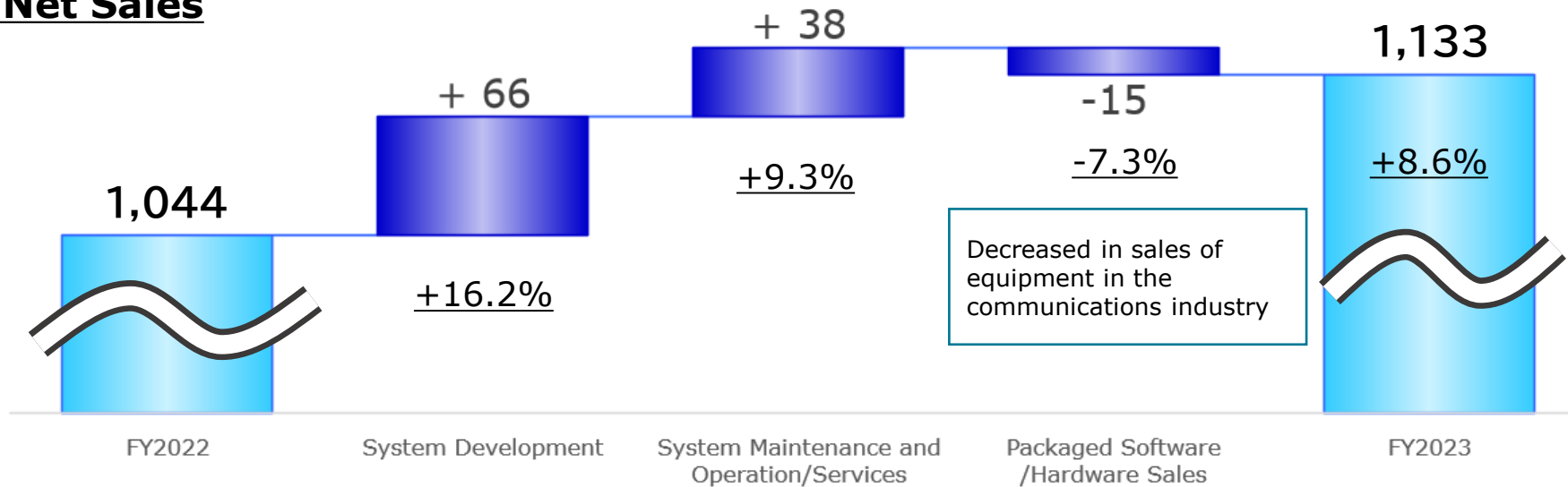
	FY2022	FY2023	YoY	
	(Jul. 2022 - Sept. 2022)	(Jul. 2023 - Sept. 2023)	Amount	%
Net Sales	108,682	<b>117,824</b>	9,142	8.4%
Gross Profit	29,235	<b>31,404</b>	2,169	7.4%
Gross Profit Margin	26.9%	<b>26.7%</b>	-0.2%	
SG&A Expenses*	- 16,657	<b>- 17,428</b>	- 771	4.6%
Operating Profit	12,577	<b>13,975</b>	1,397	11.1%
Operating Profit Margin	11.6%	<b>11.9%</b>	0.3%	
Profit attributable to owners of parent	9,220	<b>9,461</b>	241	2.6%
Incoming Orders	105,154	<b>120,970</b>	15,816	15.0%
Backlog	168,870	<b>175,915</b>	7,044	4.2%

\*Including other income and expenses

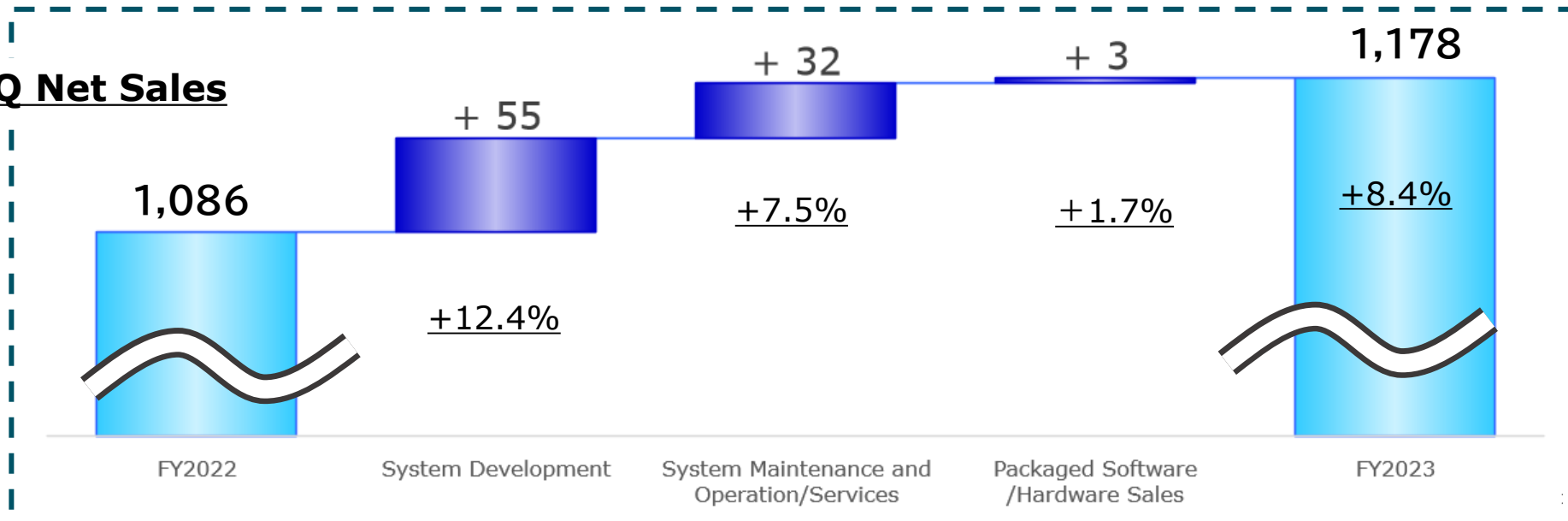
# FY2023 Q2 Net Sales Analysis

(100 Millions of Yen)

## 1Q Net Sales

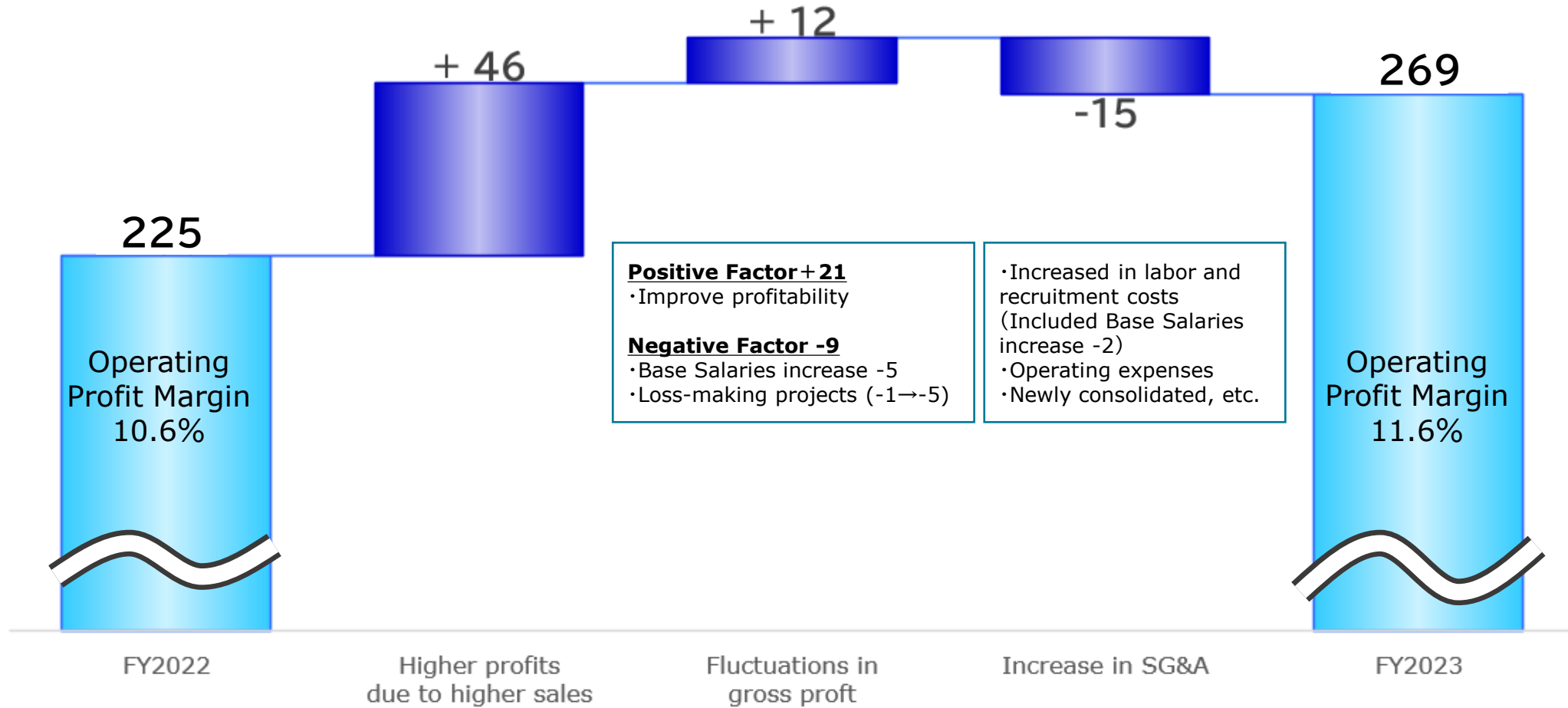


## 2Q Net Sales



# FY2023 Q2 Operating Profit Analysis

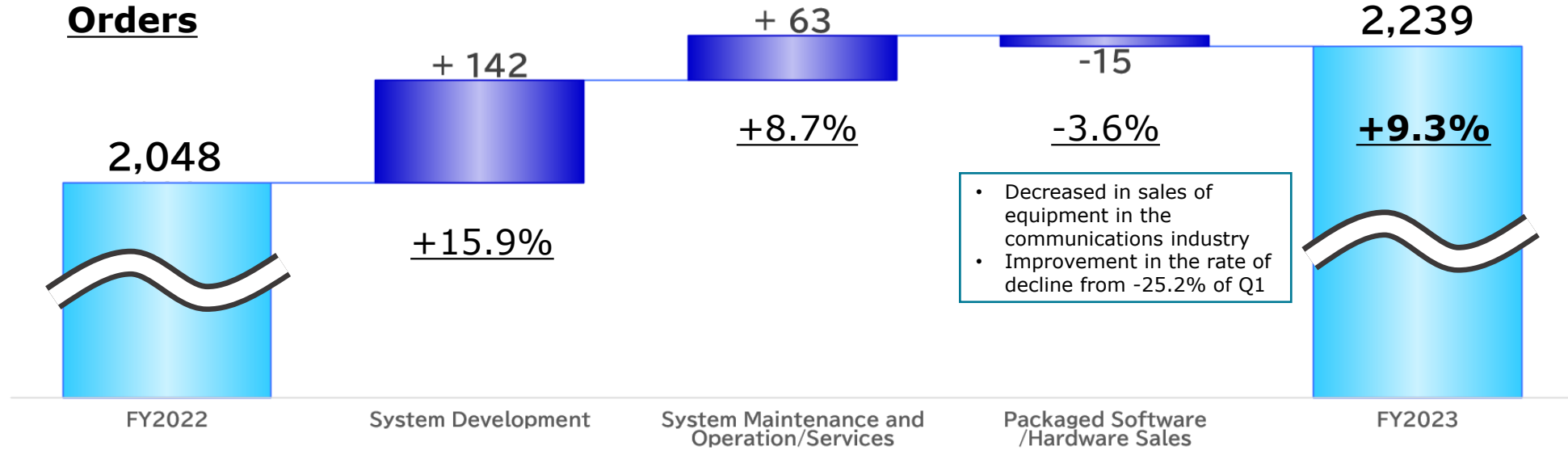
(100 Millions of Yen)



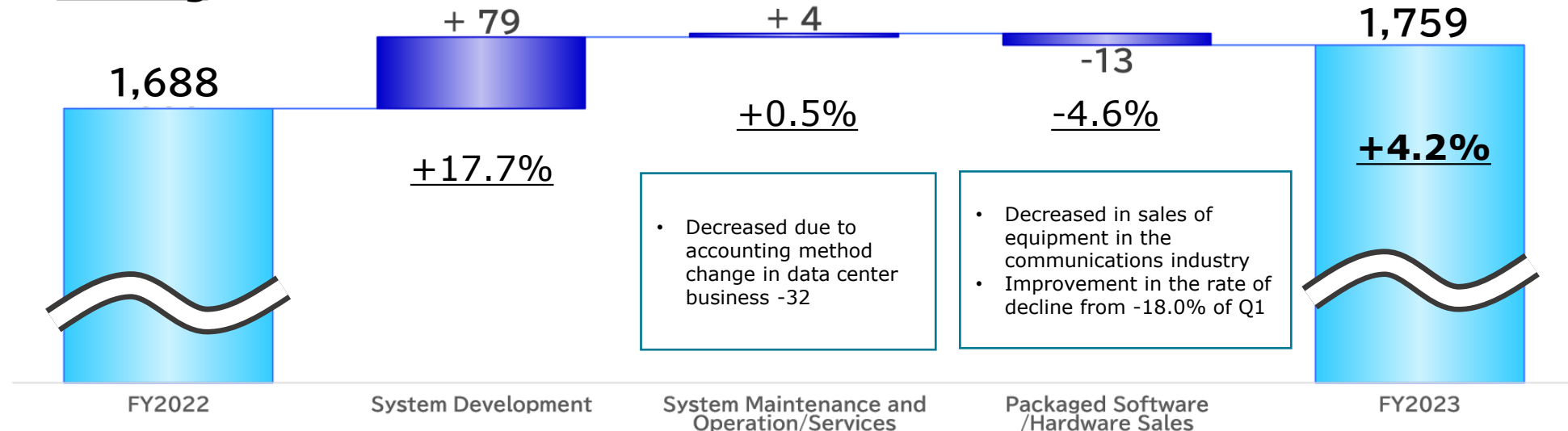
# FY2023 Q2 Incoming Orders/Backlog Analysis

## Incoming Orders

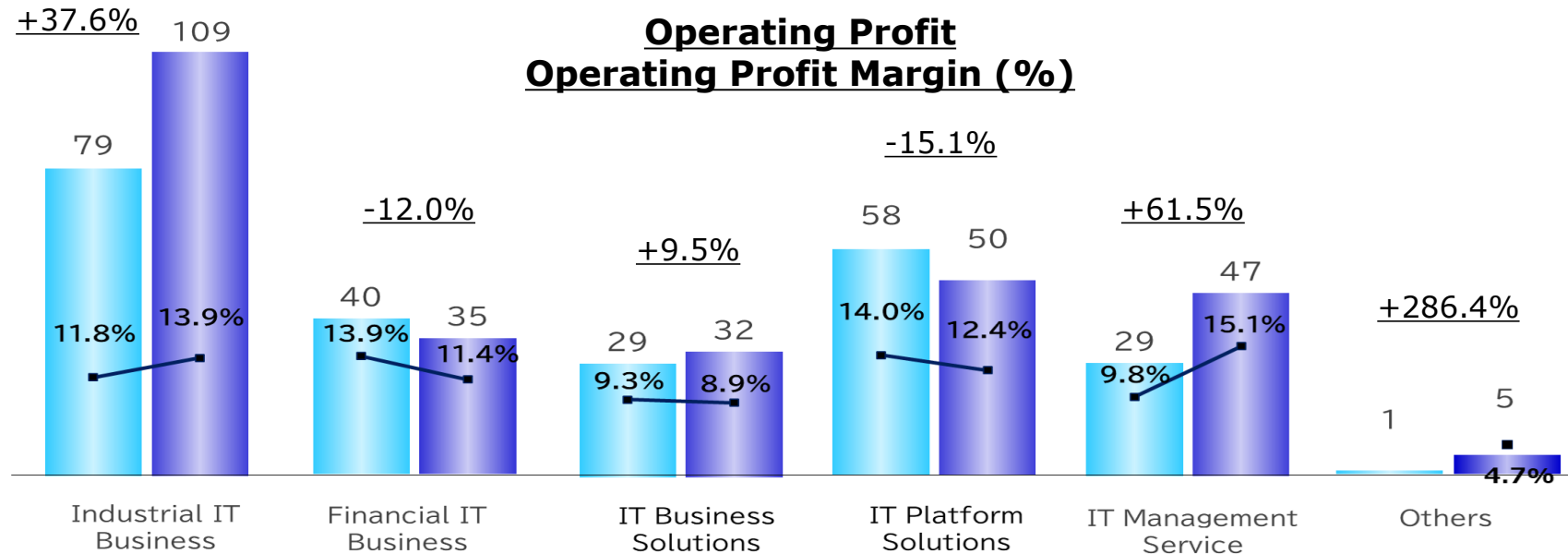
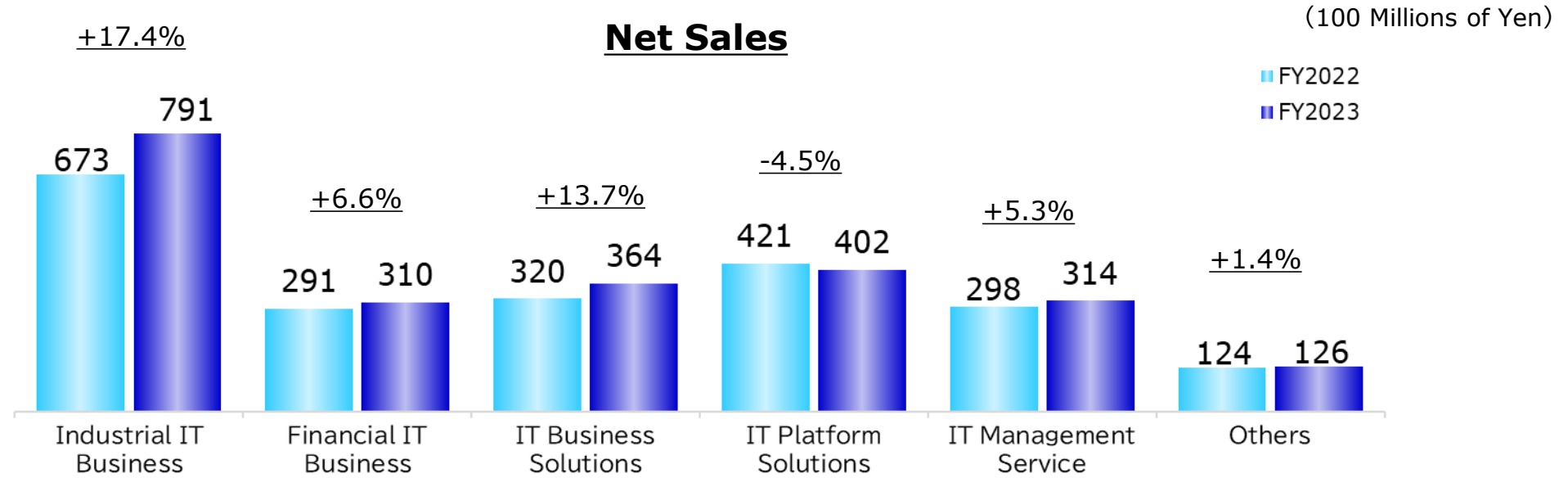
(100 Millions of Yen)



## Backlog



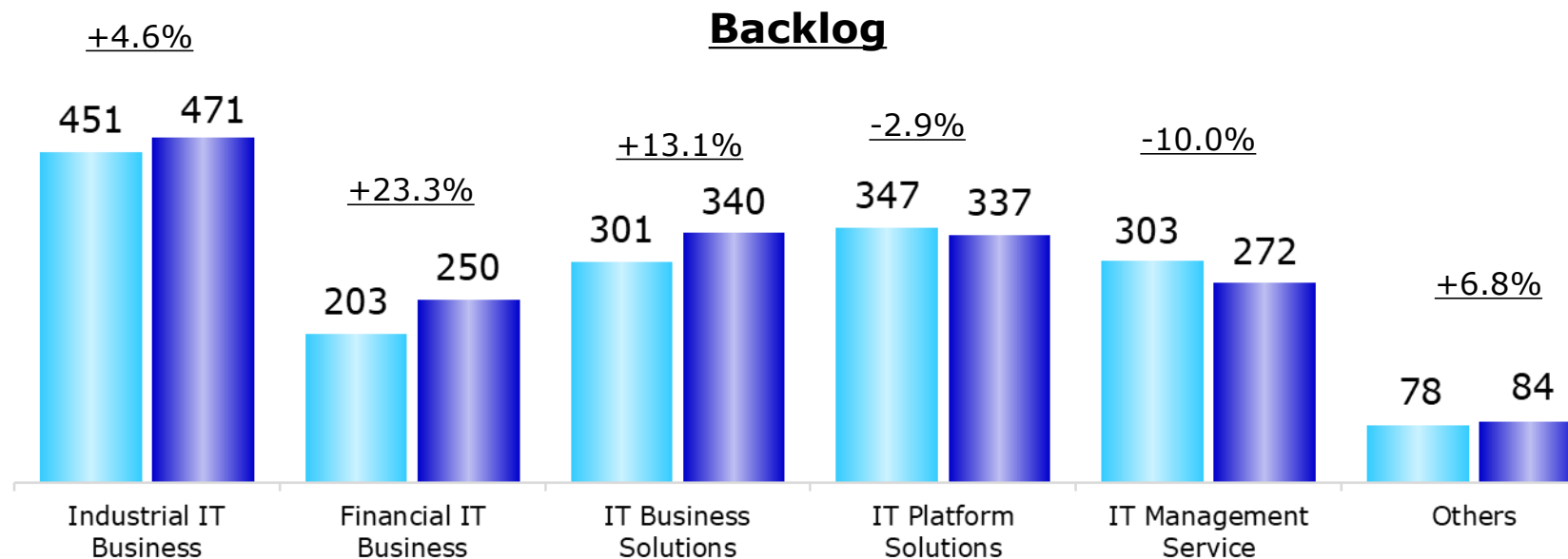
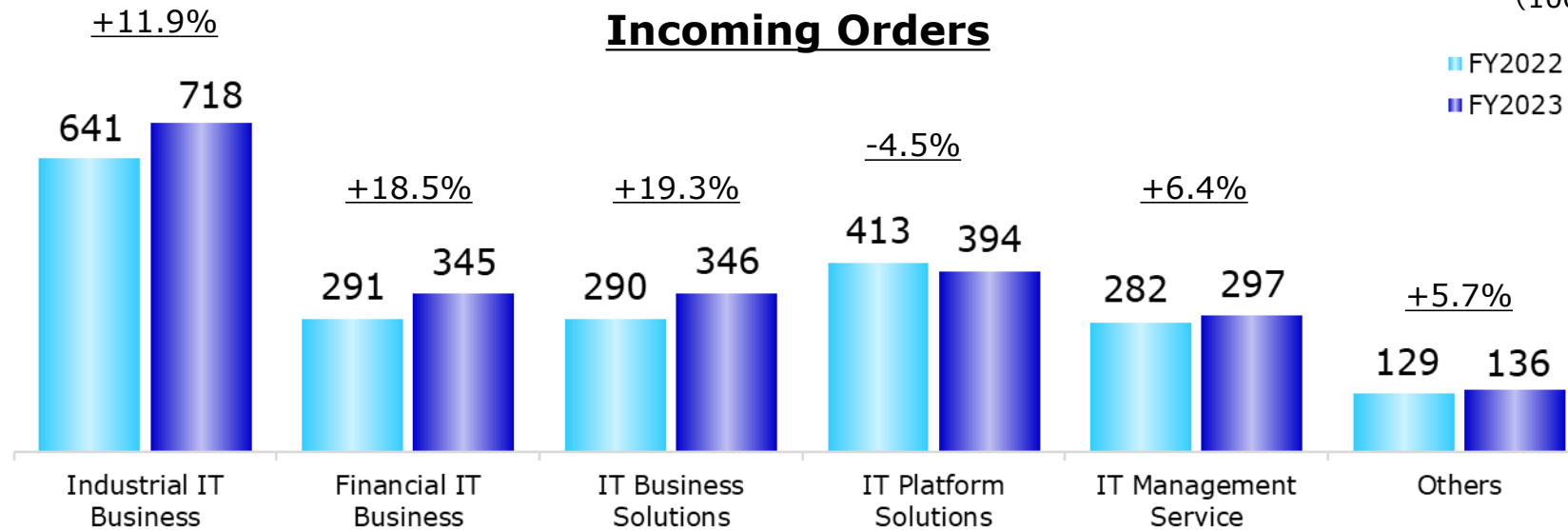
# FY2023 Q2 Business Performance by Reportable Segment





# Business Performance by Reportable Segment (Incoming Orders/Backlog)

(100 Millions of Yen)



# FY2023 Q2

## Business Performance by Reportable Segment Analysis

Segment	Net Sales	Operating Profit	Incoming Orders/ Backlog
Industrial IT Business	<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>↗ Demand for system construction for the communications industry</li> <li>↗ Expansion of verification services</li> </ul>	<ul style="list-style-type: none"> <li>↗ Contribution of projects for the automotive, distribution, and communications industries</li> <li>↘ Incidence of loss-making projects</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>
Financial IT Business	<ul style="list-style-type: none"> <li>↗ Increase in development projects for the securities firms</li> <li>↗ Expansion of systems development projects related to fraud detection in the shopping credit/leasing companies</li> <li>↘ Interruption of system upgrades for overseas branches for the banks</li> <li>↘ Decreased in reaction to international accounting system projects</li> </ul>		<ul style="list-style-type: none"> <li>↗ Increase in system support projects for the banks, securities firms, and insurance companies</li> </ul>
IT Business Solution	<ul style="list-style-type: none"> <li>↗ Acquisition of core systems development projects for the distribution 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</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

# FY2023 Q2 Business Performance by Reportable Segment Analysis

Segment	Net Sales	Operating Profit	Incoming Orders/ Backlog
IT Platform Solution	<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 (Most impact was in Q1)</li> </ul>		<ul style="list-style-type: none"> <li>↘ Decreased in reaction to orders of equipment for specific customers in the communications industry (Increased Incoming orders in Q2)</li> <li>↗ Sales of network equipment</li> </ul>
IT Management Service	<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 management services</li> </ul>
Others	<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 system integration expenses</li> </ul>	<ul style="list-style-type: none"> <li>↗ Increased systems development projects for SCSK Minori Solutions Corp.</li> </ul>

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

# Full-year Consolidated Financial Forecasts/Dividends Forecasts

(Millions of yen)

	FY2023 Initial forecasts (A)	FY2023 Revised forecasts (B)	YoY	
			Amount (B-A)	%
Net Sales	470,000	<b>475,000</b>	5,000	1.1%
Gross Profit	125,000	<b>127,000</b>	2,000	1.6%
Gross Profit Margin	26.6%	<b>26.7%</b>	0.1%	
SG&A Expenses*	-71,000	<b>-70,500</b>	500	-0.7%
Operating Profit	54,000	<b>56,500</b>	2,500	4.6%
Operating Profit Margin	11.5%	<b>11.9%</b>	0.4%	
Profit attributable to owners of parent	38,000	<b>39,500</b>	1,500	3.9%
Dividends per share (Yen)	56.00	<b>56.00</b>	-	
Dividend Payout Ratio	46.0%	<b>44.3%</b>		

\* Including other income and expenses.

# Appendix

# FY2023 Q2 Comparison by Sales Segment (Sales/Incoming Orders/Backlog)

## Systems Development

(Lower row: The three-month period from Jul. to Sept.)

(Millions of yen)

	FY2022	FY2023	YoY	
	(Apr. 2022 - Sept. 2022)	(Apr. 2023 - Sept. 2023)	Amount	%
Net Sales	85,807	<b>98,016</b>	12,208	14.2%
	44,569	<b>50,101</b>	5,532	12.4%
Incoming Orders	89,901	<b>104,188</b>	14,286	15.9%
	45,899	<b>55,459</b>	9,560	20.8%
Backlog	44,751	<b>52,674</b>	7,922	17.7%

### ➤ Net Sales

- Increased in core system construction projects for the distribution industry
- Increased in system development projects for the shopping credit/leasing companies and communication industry
- Continuous demand for investment in strategic domains for the automotive industry

### ➤ Incoming Orders/Backlog

- Increased in core system construction projects for the distribution industry
- Increased in system development projects for Financial IT Business such as the banks, securities firms, and insurance companies
- Increased in core system construction projects and the enhancement of customer contact points for the communications industry

# FY2023 Q2 Comparison by Sales Segment (Sales/Incoming Orders/Backlog)

## System Maintenance and Operation/Services

(Lower row: The three-month period from Jul. to Sept.)

(Millions of yen)

	FY2022	FY2023	YoY	
	(Apr. 2022 - Sept. 2022)	(Apr. 2023 - Sept. 2023)	Amount	%
Net Sales	85,204	<b>92,318</b>	7,114	8.3%
	43,625	<b>46,891</b>	3,265	7.5%
Incoming Orders	72,381	<b>78,698</b>	6,317	8.7%
	39,930	<b>41,873</b>	1,943	4.9%
Backlog	95,883	<b>96,317</b>	433	0.5%

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

**Packaged Software/Hardware Sales**

(Lower row: The three-month period from Jul. to Sept.)

(Millions of yen)

	FY2022	FY2023	YoY	
	(Apr. 2022 - Sept. 2022)	(Apr. 2023 - Sept. 2023)	Amount	%
Net Sales	42,087	<b>40,861</b>	- 1,226	-2.9%
	20,487	<b>20,832</b>	344	1.7%
Incoming Orders	42,605	<b>41,053</b>	- 1,552	-3.6%
	19,325	<b>23,638</b>	4,312	22.3%
Backlog	28,235	<b>26,923</b>	- 1,311	-4.6%

## ➤ Net Sales

- Increased in sales of network and security products
- Decreased in reaction to sales of equipment for specific customers in the communications industry  
(Increased net sales for Q2)

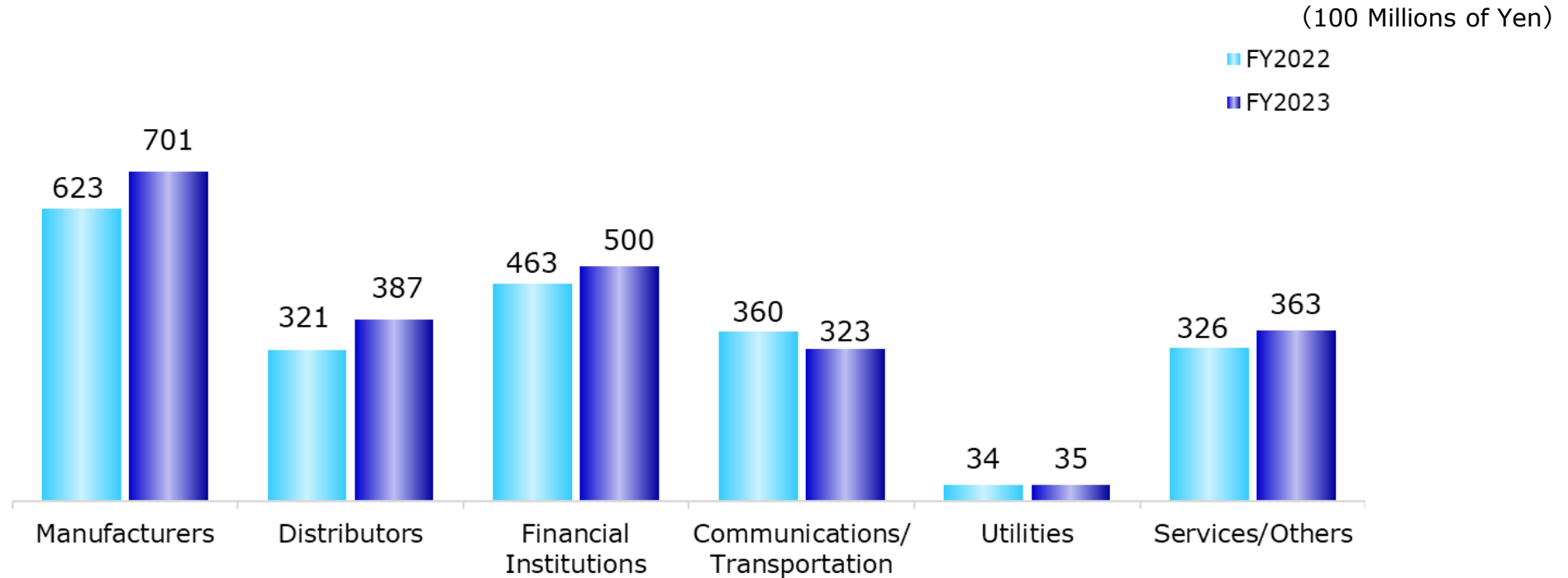
## ➤ Incoming Orders/Backlog

- Decreased in reaction to sales of equipment for specific customers in the communications industry  
(Increased incoming orders for Q2)
- Increased in hardware sales of systems to academic research institute



# FY2023 Q2

## Sales Comparison by Customer Industry



- In the manufacturing industry, increased due to strategic investments and verification services for the automotive industry, as well as system development 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 system development projects and for shopping credit/leasing companies
- 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 industries
- In the services and other businesses, increased due to the impact of newly consolidated subsidiaries and packaged software sales of systems to the public sector and academic research institute

### **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.

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