



Consolidated Financial Results for the Fiscal Year Ended March 2024 and Financial Forecasts for the Fiscal Year Ending March 2025

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April 26, 2024

FY2023

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FY2024

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FY2023 Consolidated Financial Results

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



(Millions of yen)

| | FY2022 | FY2023 | YoY | |
|---|-------------------------|-------------------------|---------|-------|
| | (Apr. 2022 - Mar. 2023) | (Apr. 2023 - Mar. 2024) | Amount | % |
| Net Sales | 445,912 | 480,307 | 34,395 | 7.7% |
| Gross Profit | 117,679 | 127,971 | 10,291 | 8.7% |
| Gross Profit Margin | 26.4% | 26.6% | 0.3% | |
| SG&A Expenses* | - 66,317 | - 70,966 | - 4,649 | 7.0% |
| Operating Profit | 51,361 | 57,004 | 5,642 | 11.0% |
| Operating Profit Margin | 11.5% | 11.9% | 0.3% | |
| Profit attributable to owners of parent | 37,301 | 40,461 | 3,160 | 8.5% |
| Incoming Orders | 449,961 | 484,717 | 34,755 | 7.7% |
| Backlog | 181,131 | 187,580 | 6,449 | 3.6% |

*Including other income and expenses

FY2023 Consolidated Financial Results

Summary of Financial Results from Jan. to Mar. 2024 (PL/Incoming Orders/Backlog)



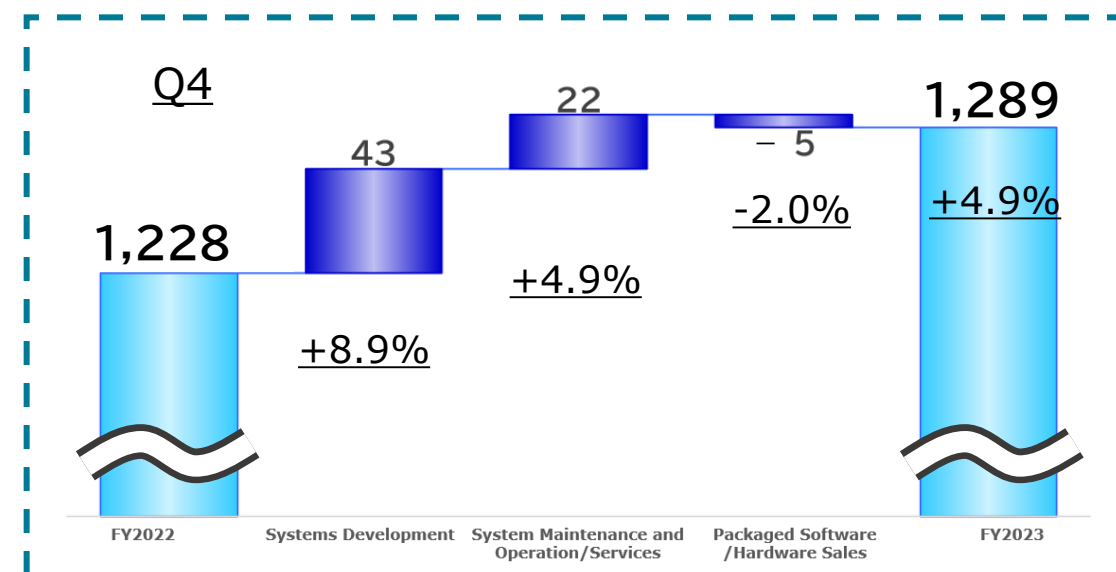
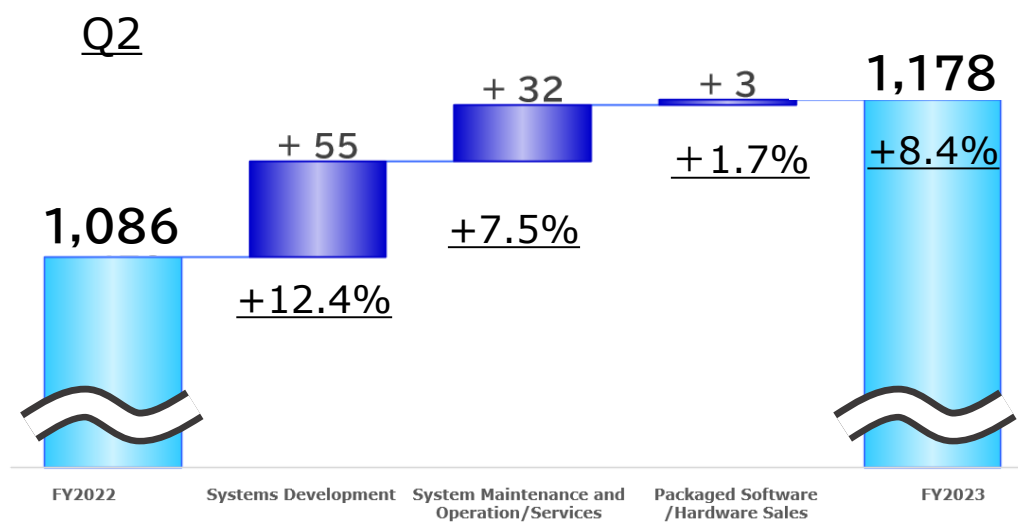
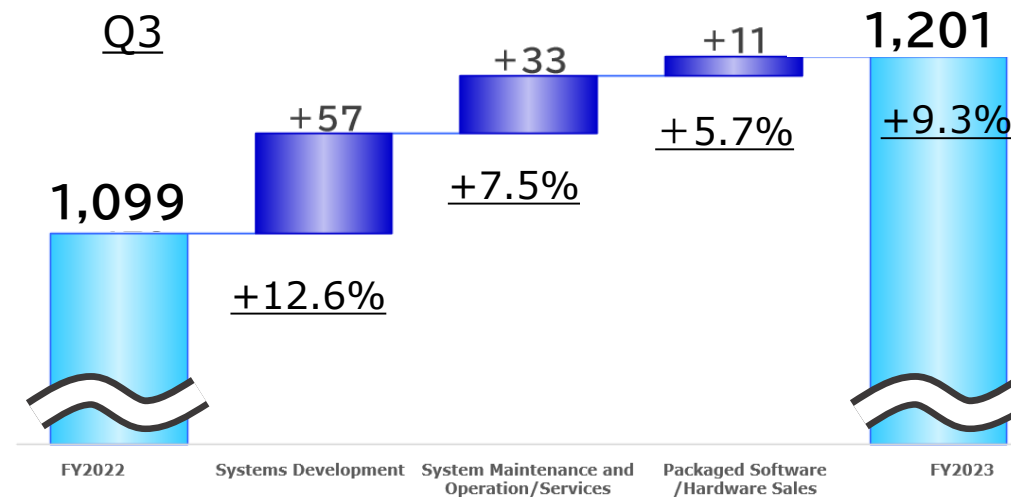
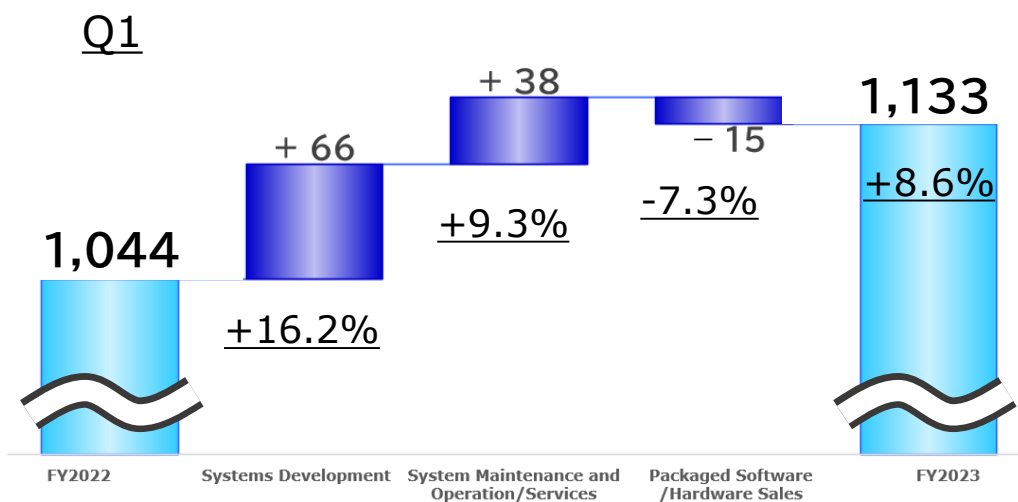
(Millions of yen)

| | FY2022 | FY2023 | YoY | |
|---|-------------------------|-------------------------|---------|-------|
| | (Jan. 2023 - Mar. 2023) | (Jan. 2024 - Mar. 2024) | Amount | % |
| Net Sales | 122,888 | 128,944 | 6,056 | 4.9% |
| Gross Profit | 33,441 | 35,263 | 1,822 | 5.5% |
| Gross Profit Margin | 27.2% | 27.3% | 0.1% | |
| SG&A Expenses* | - 17,259 | - 19,247 | - 1,988 | 11.5% |
| Operating Profit | 16,181 | 16,015 | - 165 | -1.0% |
| Operating Profit Margin | 13.2% | 12.4% | -0.7% | |
| Profit attributable to owners of parent | 11,807 | 12,125 | 318 | 2.7% |
| Incoming Orders | 144,787 | 154,426 | 9,639 | 6.7% |
| Backlog | 181,131 | 187,580 | 6,449 | 3.6% |

*Including other income and expenses

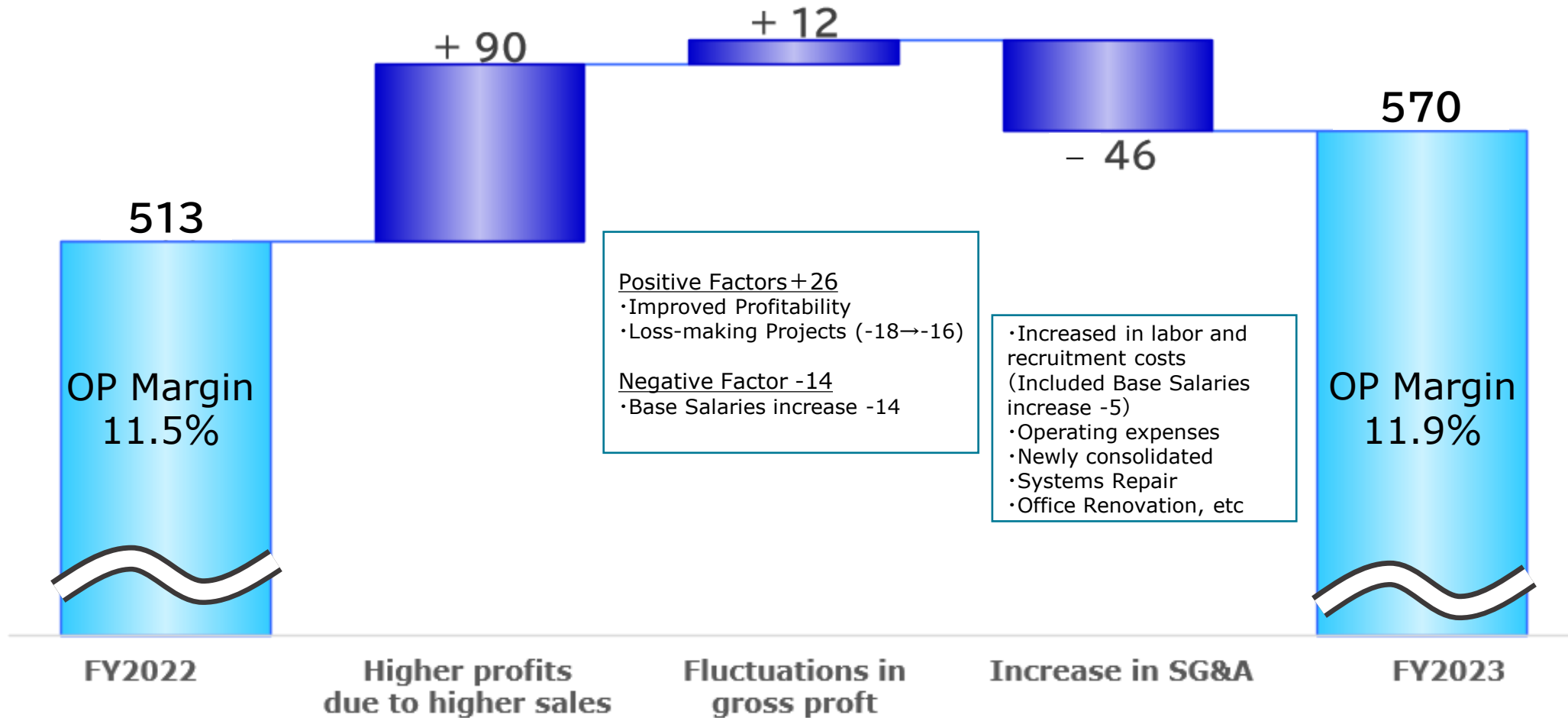
Net Sales Analysis

(100 millions of yen)



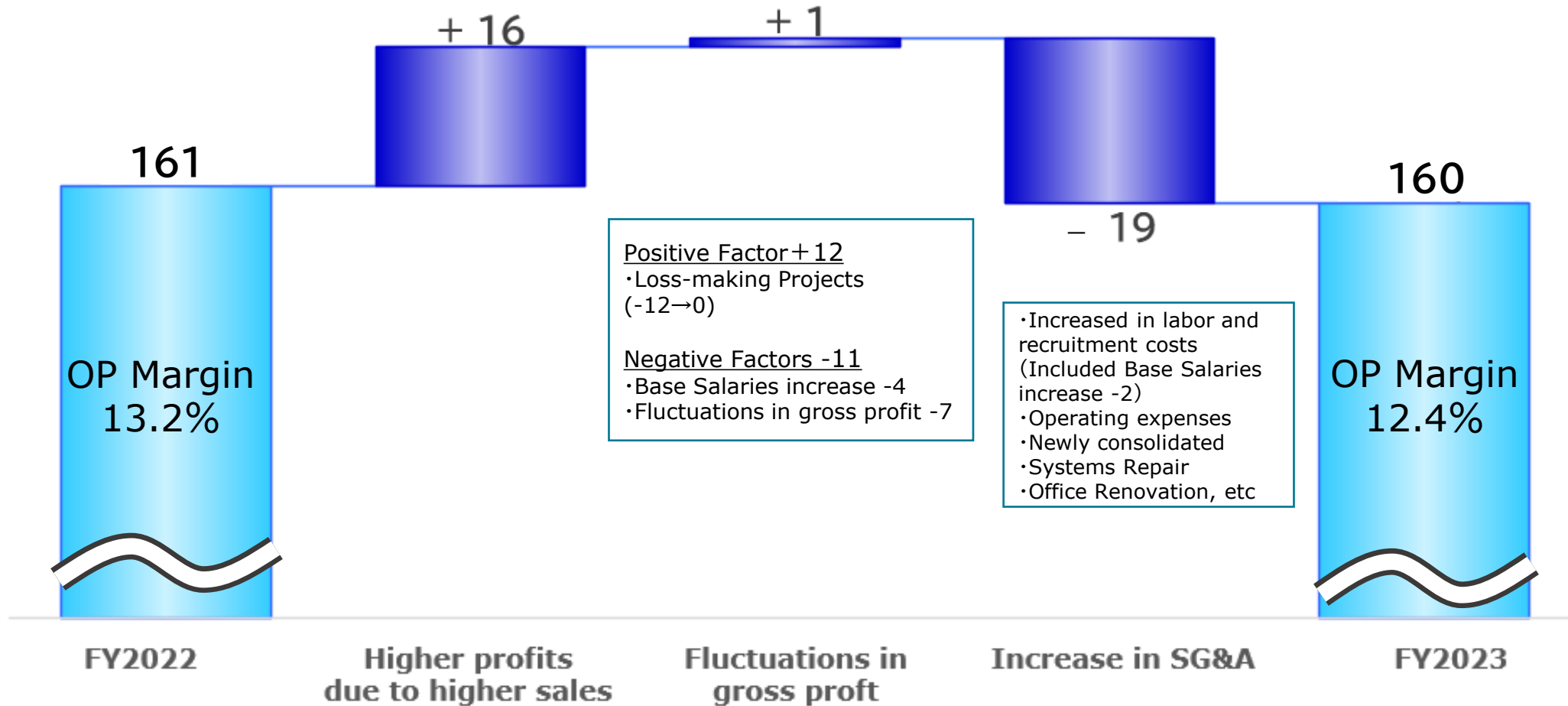
Operating Profit Analysis

(100 millions of yen)

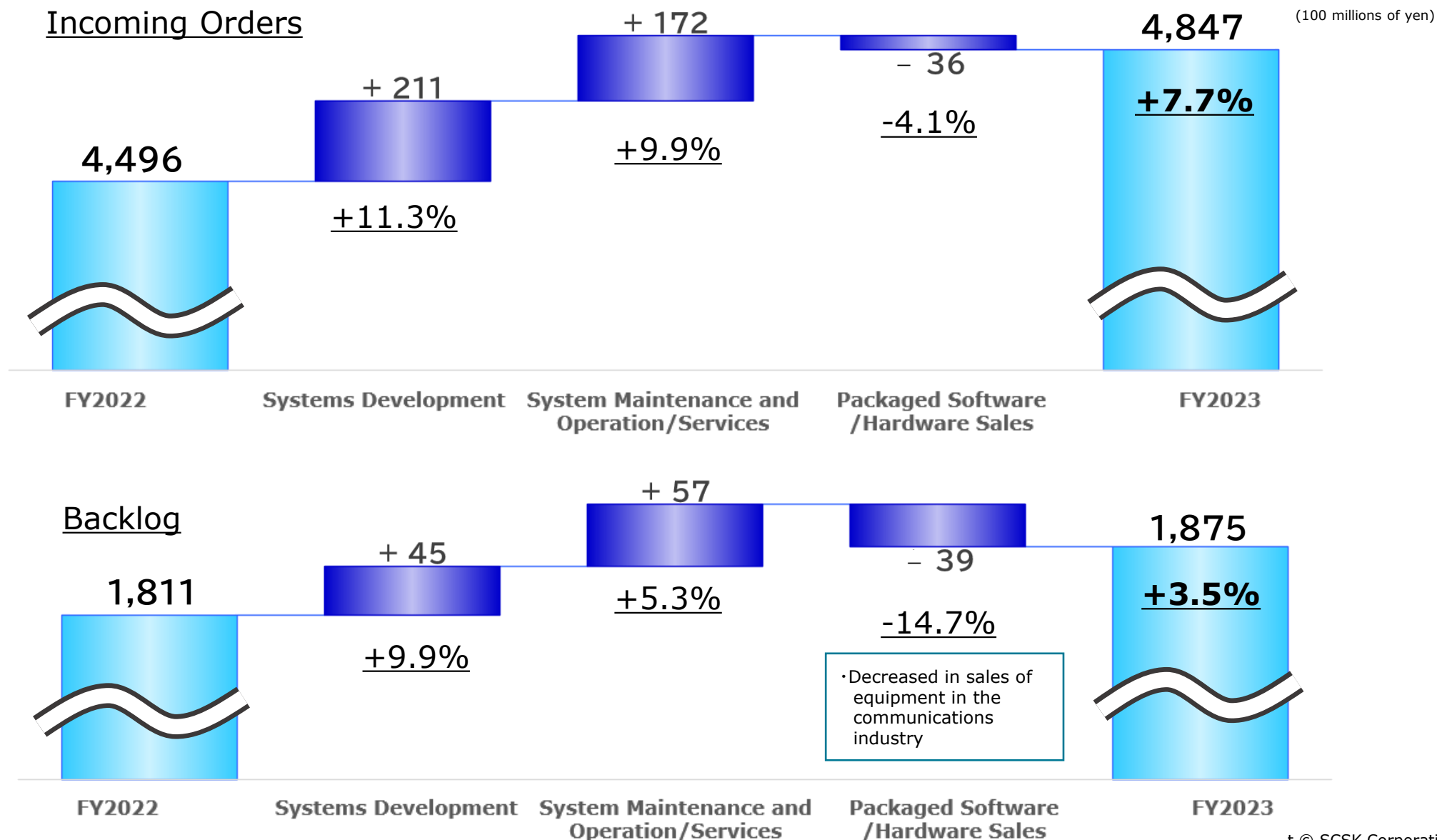


Operating Profit Analysis from Jan. to Mar. 2024

(100 millions of yen)



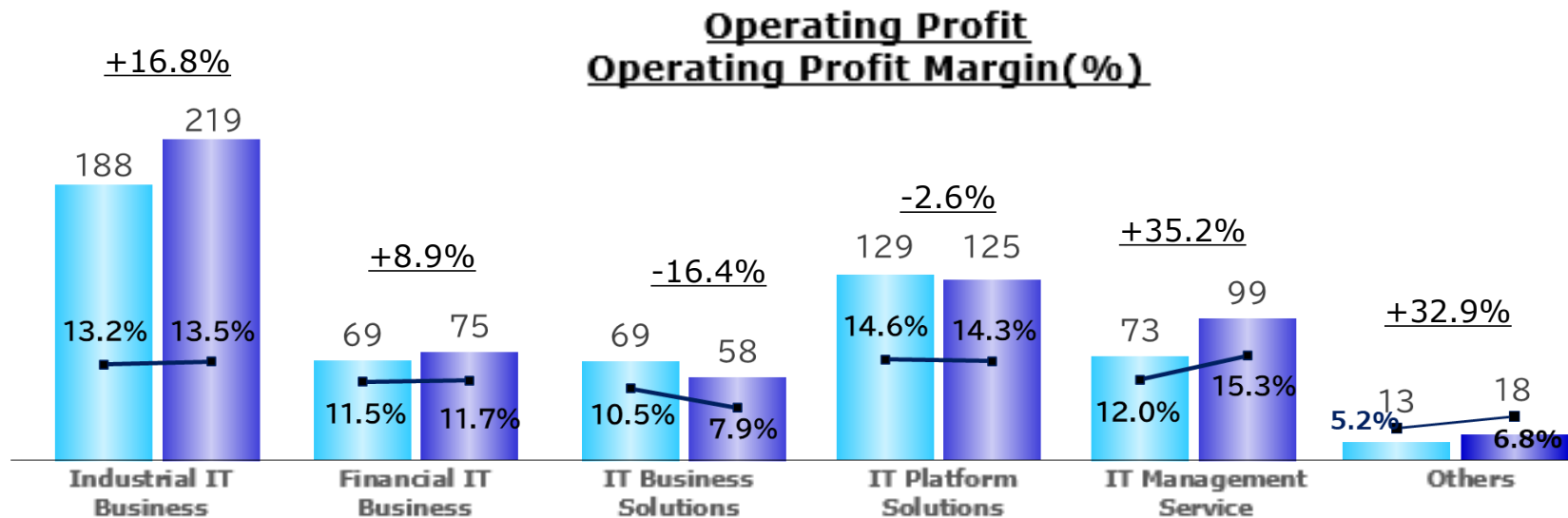
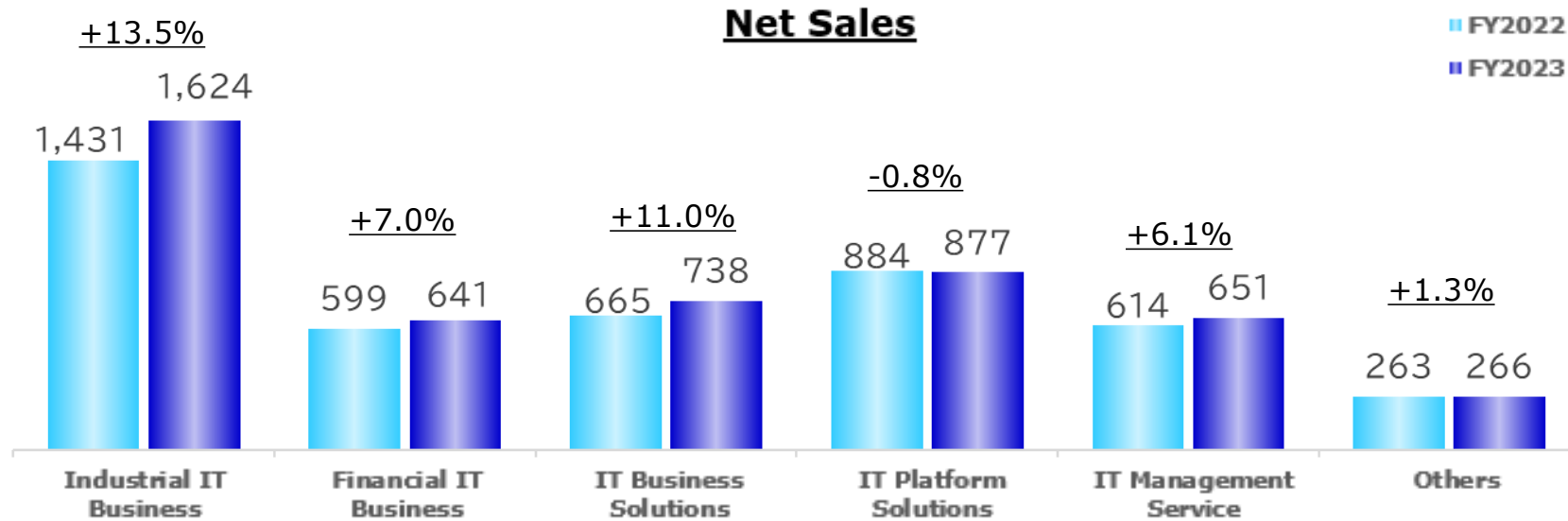
Incoming Orders/ Backlog Analysis



Business Performance by Reportable Segment (Net Sales/Operating Profit/Operating Profit Margin)



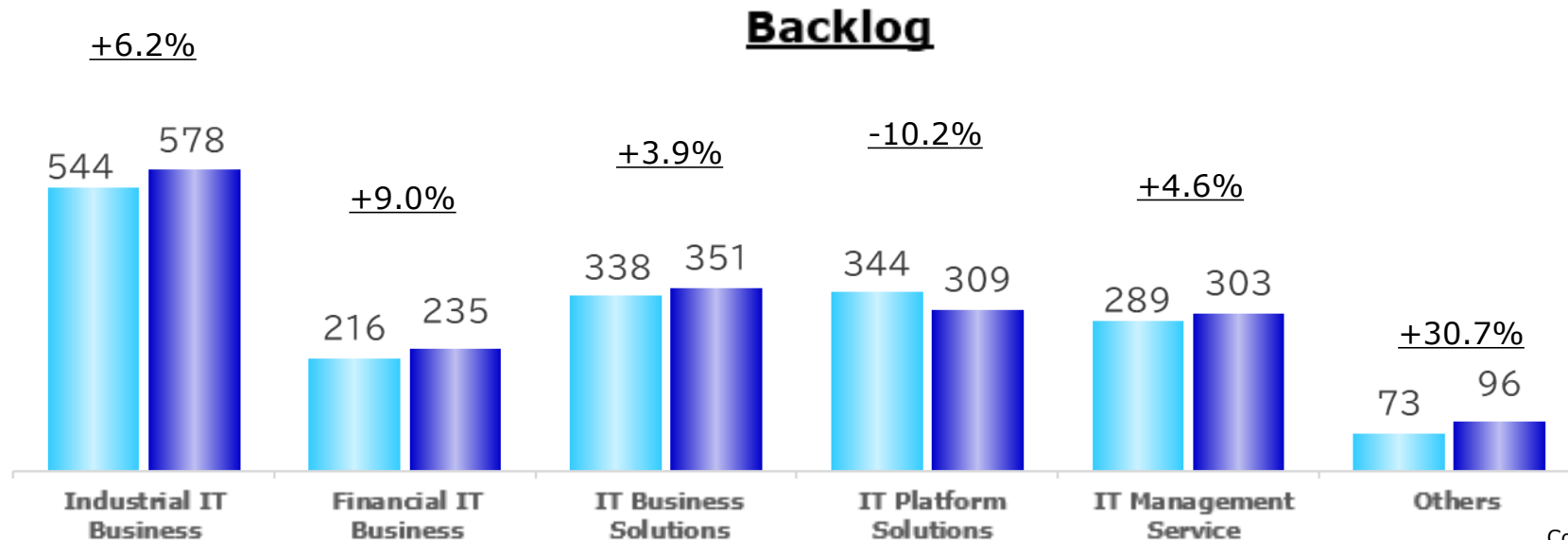
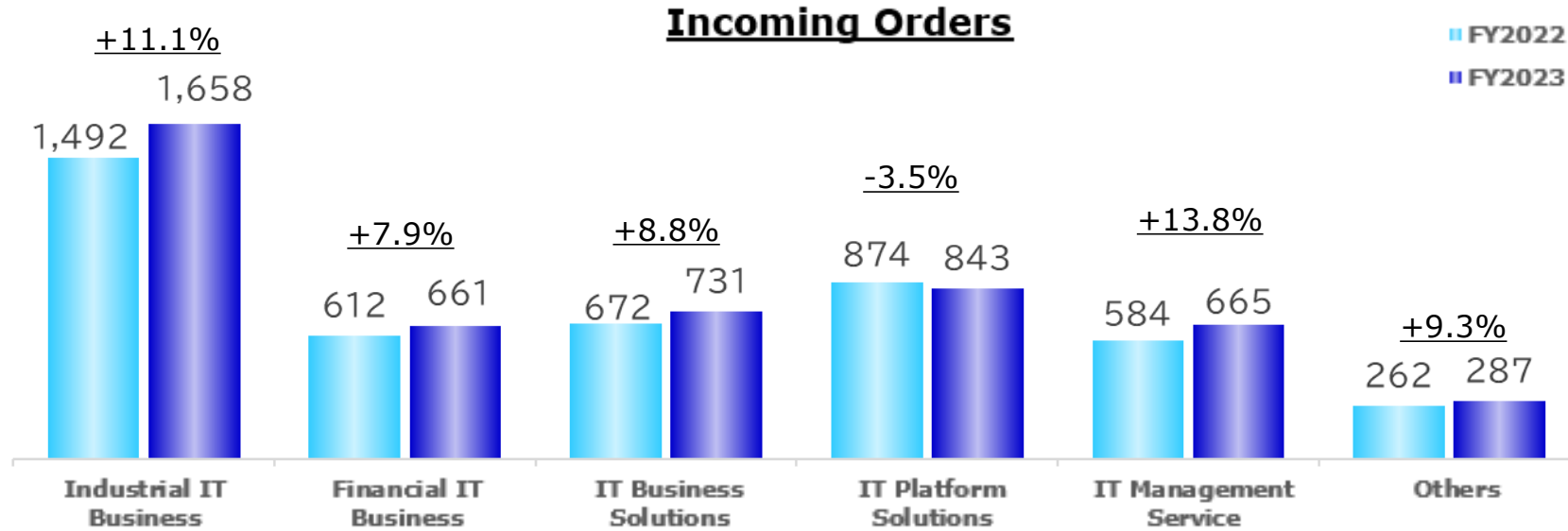
(100 millions of yen)



Business Performance by Reportable Segment (Incoming Orders/Backlog)



(100 millions of yen)



| Segment | Net Sales | Operating Profit | Incoming Orders/ Backlog |
|------------------------|---|---|--|
| Industrial IT Business | (+) Demand for strategic investment in the automotive industry (+) Increased in core system restructuring projects for the distribution industry (+) Demand for system construction for the communications industry (+) Expansion of verification services | (+) Contribution of projects for the automotive, distribution and communications industries (-) Incidence of loss-making projects | (+) Increased demand for systems development for the manufacturing, distribution and communications industries (+) Expansion of verification services |
| Financial IT Business | (+) Expansion of AML projects for the banks and shopping credit/leasing companies (+) Increased systems development projects in the securities firms | (+) Contribution of projects for the banks, credit/leasing companies and securities firms (+) Elimination of loss-making projects | (+) Increased in systems development projects for the banks and securities firms |
| IT Business Solution | (+) Acquisition of core systems development projects for the manufacturing and distribution industry (-) Shrinking public projects in BPO businesses | (+) Acquisition of core system development projects in multiple industries (-) Re-skilling activities for ERP personnel (-) Shrinking public projects in BPO businesses | (+) Expansion of projects for the construction and migration of core systems (+) Increased in construction projects related EC |

Note: (+): Factors for increase (-): Factors for decrease

| Segment | Net Sales | Operating Profit | Incoming Orders/ Backlog |
|-----------------------|---|--|---|
| IT Platform Solution | (+) Increased in sales of network and security products to the distribution and communications industries (–) Decreased in reaction to sales of equipment for specific customers in the communications industry (+) Accumulation of hardware sales to the manufacturing industry customers and academic research institutions | | (–) Decreased in reaction to orders of equipment for specific customers in the communications industry (–) Decreased in reaction to orders of large hardware equipment (+) Sales of network equipment |
| IT Management Service | (+) Increased in management services | (+) Increased in inter-segment transactions (+) Increased in management services (+) Reduced the burden of the increase in electricity fees in the energy market | (+) Increased demand for management services |
| Others | (+) Increased systems development projects at SCSK Minori Solutions Corp. (–) Decreased system maintenance and services projects at SCSK Minori Solutions Corp. | (+) Improved the sales mix (+) Decreased in system integration expenses | (+) Increased systems development projects for SCSK Minori Solutions Corp. |

Note: (+): Factors for increase (–): Factors for decrease

Key Points of Financial Results

- **Demand for IT spending by major customers continues to be robust, with record-high net sales and operating profit for the full fiscal year**
 - ✓ Systems Development, System Maintenance and Operation/Services continued to increase, and net sales remained steady
 - ✓ Packaged Software/Hardware Sales improved to almost the same level as the previous fiscal year due to the decline in sales in the first half
 - ✓ The Q4 term saw a slight decline in operating income, due to higher expenses from returning profits to employees and aggressive hiring and operating activities, as well as the fact that operating income reached a record high for the same period in the previous fiscal year.

- **Steady growth in incoming orders and backlog for systems development**
 - ✓ Systems Development: Orders received increased by double digits in the fourth quarter, and the order backlog was +9.9% (Pipeline continued to be firm, mainly in manufacturing and finance industries)
 - ✓ System Maintenance and Operation/Services : Order backlog increased YoY as the negative impact of the change in DC accounting treatment was resolved.
 - ✓ Packaged Software/Hardware sales : Backlog was negative year-on-year due to a decline in network equipment for specific customers in the communications industry.

FY2024 Consolidated Financial/Dividend Forecasts

(Millions of yen)

| | FY2023 Results (A) | FY2024 Forecasts (B) | YoY | |
|---|-----------------------|-------------------------|--------------|-------|
| | | | Amount (B-A) | % |
| Net Sales | 480,307 | 510,000 | 29,692 | 6.2% |
| Gross Profit | 127,971 | 138,000 | 10,028 | 7.8% |
| Gross Profit Margin | 26.6% | 27.1% | 0.4% | |
| SG&A Expenses* | -70,966 | -76,000 | -5,033 | 7.1% |
| Operating Profit | 57,004 | 62,000 | 4,995 | 8.8% |
| Operating Profit Margin | 11.9% | 12.2% | 0.3% | |
| Profit attributable to owners of parent | 40,461 | 44,500 | 4,038 | 10.0% |
| Dividends per share (Yen) | 60.00 | 68.00 | 8.00 | |
| Dividend Payout Ratio | 46.3% | 47.7% | 1.4% | |

*Including other income and expenses.

Appendix

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



Systems Development

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

(Millions of yen)

| | FY2022 | FY2023 | YoY | |
|-----------------|-------------------------|-------------------------|--------|-------|
| | (Apr. 2022 - Mar. 2023) | (Apr. 2023 - Mar. 2024) | Amount | % |
| Net Sales | 180,433 | 202,799 | 22,366 | 12.4% |
| | 48,797 | 53,161 | 4,364 | 8.9% |
| Incoming Orders | 186,277 | 207,383 | 21,106 | 11.3% |
| | 49,107 | 55,869 | 6,762 | 13.8% |
| Backlog | 46,502 | 51,086 | 4,584 | 9.9% |

➤ Net Sales

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

➤ Incoming Orders/Backlog

- Increased in systems development projects for the manufacturing, distribution and communication industries
- Increased in systems development projects for financial industry such as the banks and shopping credit/leasing companies

FY2023 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)

| | FY2022 | FY2023 | YoY | |
|-----------------|-------------------------|-------------------------|--------|-------|
| | (Apr. 2022 - Mar. 2023) | (Apr. 2023 - Mar. 2024) | Amount | % |
| Net Sales | 175,638 | 188,340 | 12,702 | 7.2% |
| | 46,078 | 48,342 | 2,264 | 4.9% |
| Incoming Orders | 174,828 | 192,094 | 17,265 | 9.9% |
| | 66,410 | 75,941 | 9,531 | 14.4% |
| Backlog | 107,897 | 113,691 | 5,794 | 5.4% |

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

FY2023 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)

| | FY2022 | FY2023 | YoY | |
|-----------------|-------------------------|-------------------------|---------|--------|
| | (Apr. 2022 - Mar. 2023) | (Apr. 2023 - Mar. 2024) | Amount | % |
| Net Sales | 89,841 | 89,168 | - 672 | -0.7% |
| | 28,012 | 27,440 | - 572 | -2.0% |
| Incoming Orders | 88,855 | 85,238 | - 3,616 | -4.1% |
| | 29,269 | 22,615 | - 6,653 | -22.7% |
| Backlog | 26,731 | 22,802 | - 3,929 | -14.7% |

➤ Net Sales

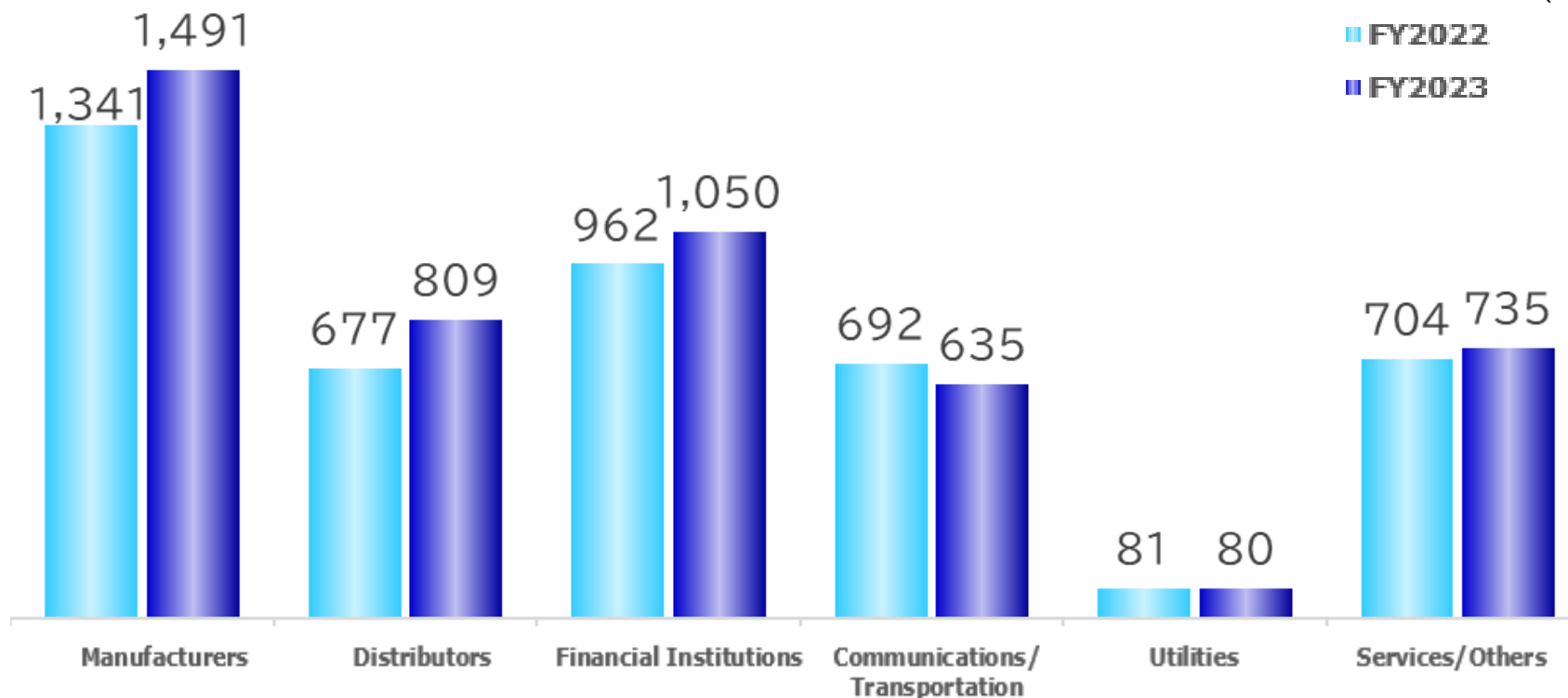
- Increased in sales of network and security products
- Decreased in reaction to sales of equipment for specific customers in the communications industry

➤ Incoming orders/Backlog

- Decreased in reaction to sales of equipment for specific customers in the communications industry

FY2023 Sales Comparison by Customer Industry

(100 millions of yen)



- In the manufacturing industry, increased due to strategic investments and verification services for the automotive industry, projects for the electrical machinery Industry, as well as systems 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 financial industry, increased due to systems development projects and for the banks and 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 industry
- In the utilities industry, remained the same level from the previous year
- In the services and other businesses, increased due to the impact of newly consolidated subsidiaries and packaged software
- /hardware sales for the public sector and academic research institutions

Attention on the use of this document

- We have made amendment of FY2022 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 FY2023 under review. Accordingly, results for the FY2022 have been reclassified to reflect this change in segment classification.
- Figures are rounded down to the nearest unit and Percentages are rounded to the nearest unit.

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