Business Results Summary for the 1st Half of Fiscal Year Ending March 2025 and Progress of the Medium-Term Management Plan

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- TOPIC: Launch of COBOL PARK

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1. Consolidated Financial Results for the 1st Half of FY2024

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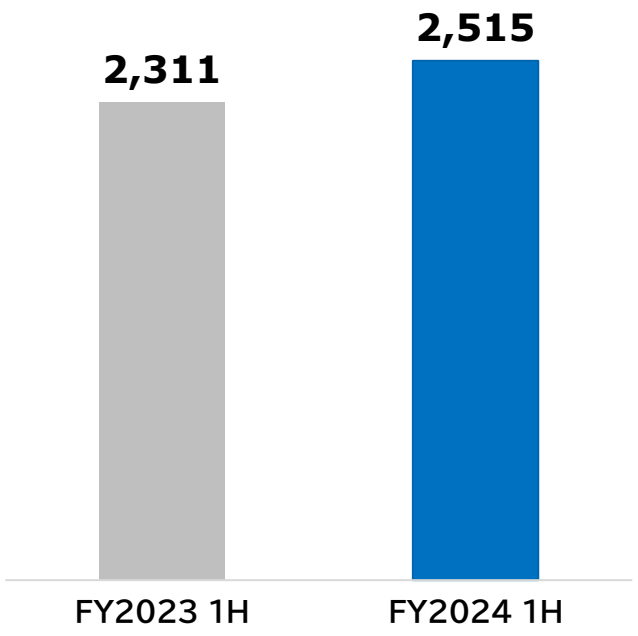
Consolidated Financial Results for the 1H of FY2024 (Summary)

Net Sales:	Increased 8.8% YOY	Continues steady demand from clients for IT investment
Gross Profit:	Increased 7.6% YOY	Absorbed the impact of increased expenses (approx. ¥1.5 billion) for strengthening ProActive businesses and restructuring of BPO
Operating Profit:	Increased 0.1% YOY	Absorbed the impact* of the partial disposal of ProActive software-related assets (approx. ¥3 billion in total) in addition to the above impact

(100 millions of yen)

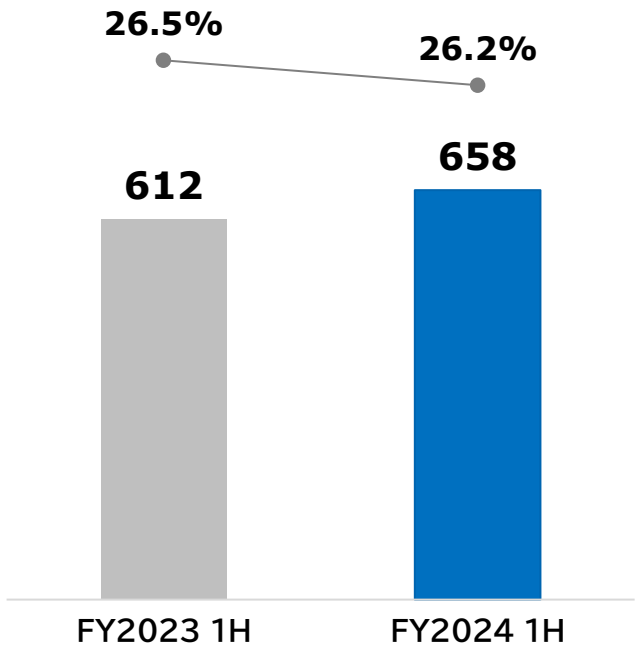
Net Sales

YoY +8.8%



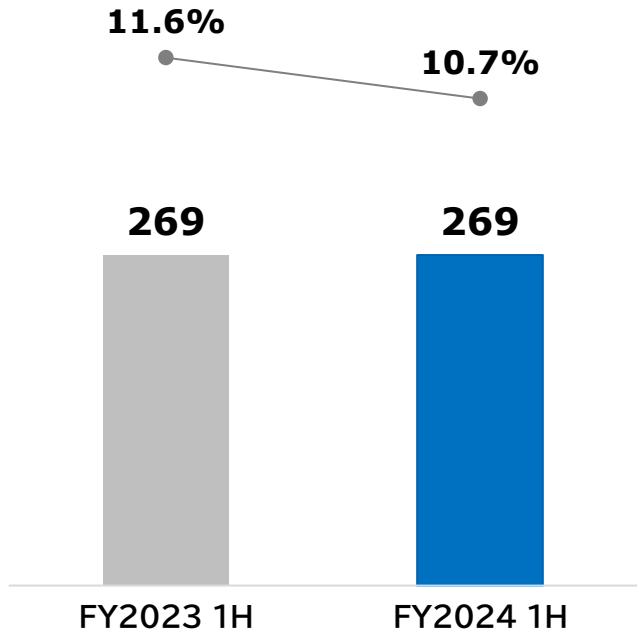
Gross Profit & Gross Profit Margin

YoY +7.6%(-0.3pt)



Operating Profit & Operating Profit Margin

YoY +0.1%(-0.9pt)



*Recorded in "Other expenses" in the second quarter

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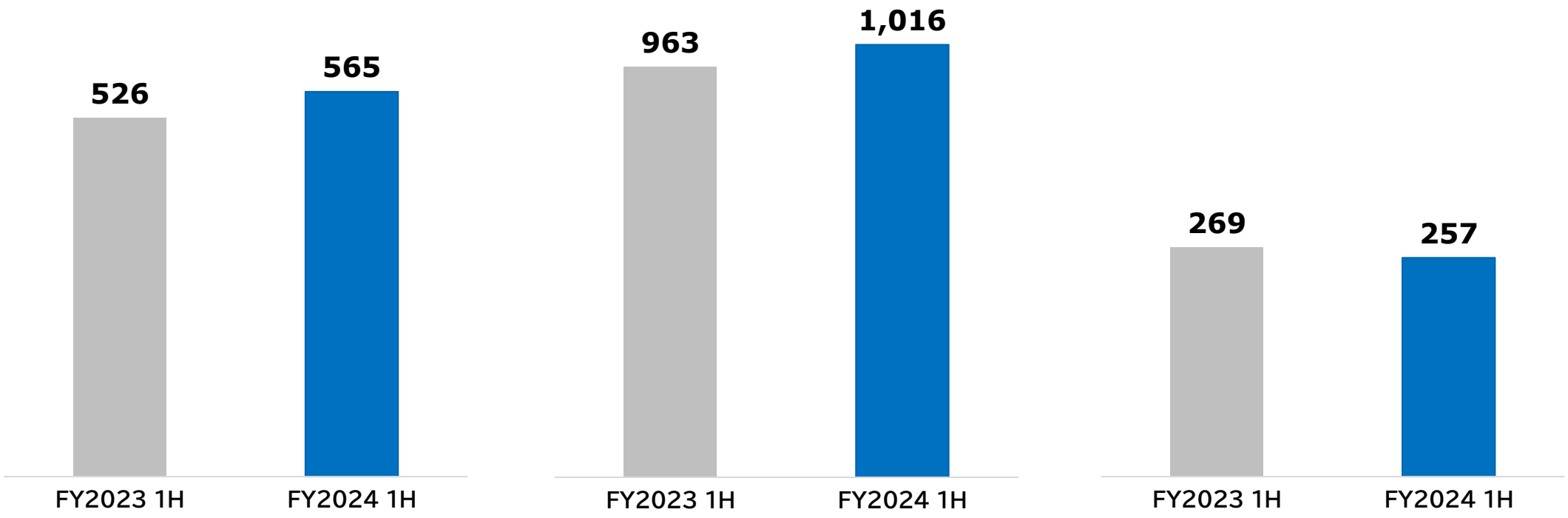
Consolidated Financial Results for the 1H of FY2024 (Backlog)

Systems Development: Increased 7.3% YOY
System Maintenance and Operation/ Services: Increased 5.5% YOY
Packaged Software/ Hardware Sales: Decreased 4.2% YOY

Growth for mobility
Increase in verification business and management services
Decline due to a reaction to the large-scale hardware projects in the previous fiscal year

(100 millions of yen)

Systems Development	System Maintenance and Operation/ Services	Packaged Software/ Hardware Sales
YoY +7.3%	YoY +5.5%	YoY −4.2%



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2. Progress of the Medium-Term Management Plan

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Medium-Term Management Plan SCSK Group's Core Strategies

■Pursue dramatic improvements in "Comprehensive Corporate Value" through:

- Reorganization of business areas and redevelopment of business models to continue providing new value to clients and society
- Maximization of the market value of all employees based on the recognition that the growth of employees drives the growth of SCSK Group

All section's action

1 Decisive Business Shifts —Three Shifts

1. **Market** — Shift toward high-potential business areas
2. **Value** — Shift toward high-value-added areas
3. **Business model** — Shift toward high-productivity business models

+

Concentrate resources to achieve high growth

2 Development of Market-Leading Businesses in Growth Markets

For 2030 - IT for the next delight -

3 Advancement of Next-Generation Digital Businesses through Co-Creation with Society

Managerial Foundation Reinforcement Measures

- Promotion of Technology-Driven Approach
- Maximization of Human Resource Value
- Value-Driven Management

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Progress of Core Strategy Ⅱ

＜Core Strategy Ⅱ＞

Development of Market-Leading Businesses in Growth Markets

1 Modernization services for solving social and customer issues

- Manufacturing field (Digital Supply Chain, atWill)
- Financial field (AML, Wealth Management)
- Mid-sized company data-driven management support (ProActive)
- BPM (Business Process Modernization)

2 Innovation services for new value creation

- Healthcare (Support for digital business reforms for the medical field)
- Mobility (Mobility software leading SDM era)

3 Integration services supporting society's digitalization

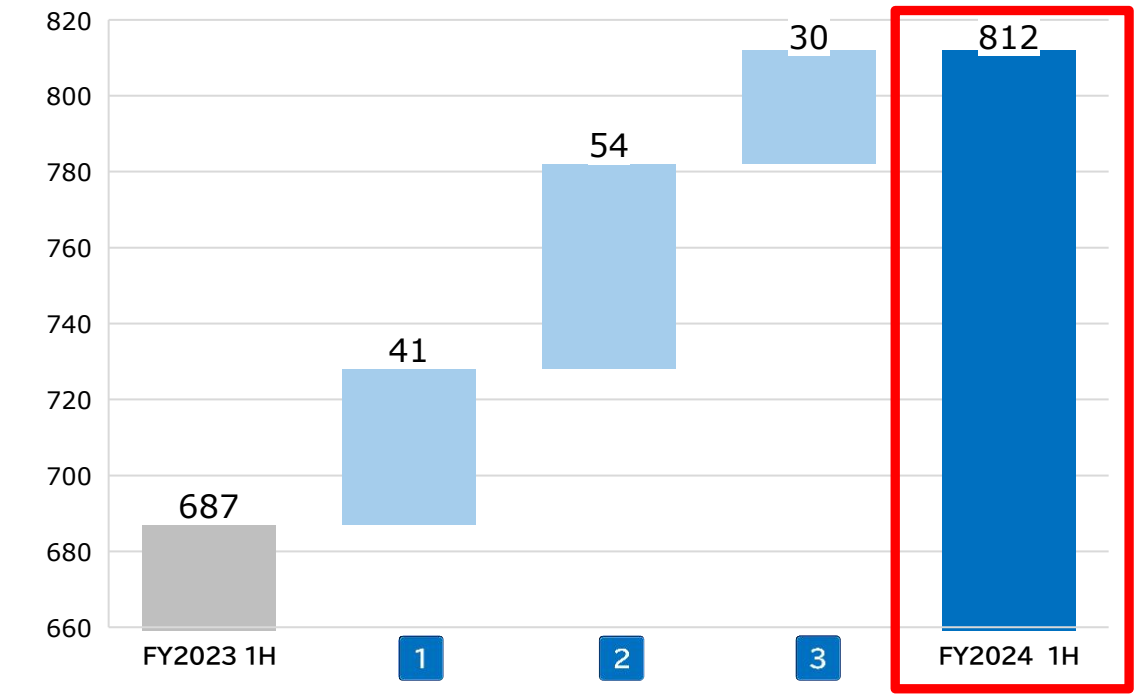
- Security
- Data integration
- Cloud integration

Market expansion capturing the trend of digitalization

- Global Business (Digital reforms in emerging markets)

Net Sales

YoY ＋18.3%



1. Strong performance in the Digital Supply Chain Business for the manufacturing industry, offsetting declines in sales in ProActive and BPM
2. Growth in the Mobility Business by capturing demand for strategic investment in the automotive industry
3. Strong performance in the security business

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Core Strategy Ⅱ
Progress and Future of Digital Supply Chain Business

●Progress by domains

[ERP]

- The market environment continues to be active
  (Tankan (Short-term Economic Survey of Enterprises in Japan): Manufacturing industry YoY+21.6%)
- Received unprecedented large-scale core system construction projects from multiple major manufacturing customers
  (Multiple projects are operating concurrently in the upstream phase under review.)

[Strategy area]

- Focus on the areas of visualization and business process enhancement through data integration across the entire supply chain
- Evolve into a system that can provide customers with aggregated expertise and case studies, with a focus on engineering chains, customer touchpoints, and SoI

Solution Map (the image for illustration purposes)

Optimize the manufacturing supply chain and realize process reforms

Designing/Planning	Manufacturing/Distribution	Sales/ Maintenance & Services
✓ Creation of a system to enable leak-free evaluation from the design stage ✓ Production and sales plans that gauge market needs with greater precision	✓ Visualization of manufacturing and logistics to reduce lost sales opportunities ✓ Optimization of inventory after deepening the purpose of holding inventory and the causes of its occurrence	✓ Confirm consistency between quality information registered in each process and prevent discrepancies ✓ Maximize cost-effectiveness of quality improvement measures

Design → Plan → Manufacture → Distribution/ Sales → Maintenance & Services

Engineering chain domain

Product Lifecycle Management	Production Sales Inventory	Manufacturing Execution System Advanced Planning and Scheduling	Warehouse Management System Sales and Distribution	Customer Management Computerized Maintenance Management System
Aras, aPriori		Asprova, Apriso		Salesforce, ServiceNow
A series of new product planning processes covering everything from planning and design to cost planning	Formulates production, sales, and inventory plans based on demand forecasts and order backlog	Develop load leveling and production schedule plans with advanced optimization logic	Improve efficiency in warehouse operations such as receipt, inspection, picking, packaging, and shipping	Manages product installation information, inquiry information, and repair and inspection information

Clients contact points domain

ERP domain (SAP/Oracle)

ERP(Core System): SAP S/4HANA, Oracle EBS, Add-Value for Manufacturing

Implementation of planning and performance management that support the foundation of production activities in collaboration with surrounding solutions

SoI domain

SoI(EAI／MDM／DWH／BI): Informatica

Information infrastructure that supports one-stop visualization, collaboration, and analysis of production activities

●Future Initiatives

Towards a Co-creative Partner for Realizing the Digital Supply Chain in Manufacturing

【Promotion of Intellectual Property】
Focus on enhancing proprietary intellectual property (Add-Value for Insight) to establish an SoI for the manufacturing industry.

【Strengthening Business and IT Consulting Capabilities】
Aim for a total service from upstream to implementation layers

【Productivity Improvement through AI-Driven Development】
Leverage advanced AI technologies tailored to major products
(SAP ABAP／Informatica／Aras)

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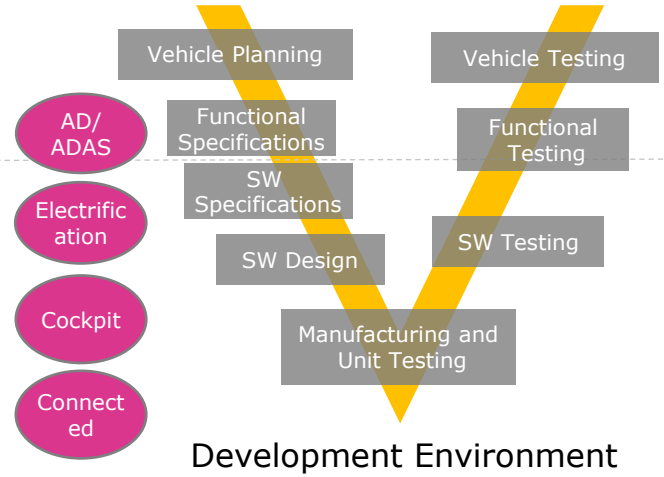
Core Strategy Ⅱ
Strengthening of Resources for the Mobility Business

Business resource strengthening point

Strengthen the recruitment and training of early front-end and highly specialized engineers

Vehicle Development Process	Services Provided by SCSK	Resource Strengthening Points

<Automotive Manufacturer/Mega-Component Supplier>



Development Environment

ESP*(Planning consulting/ verification service)

Process Consulting Service

Product Sales

SW Products

HW Products: Procurement, outsource to OEM

Development Support Services

Development Environment Outsourcing / Tools

Software Development Support

Early front-end

System consultants
Process consultants

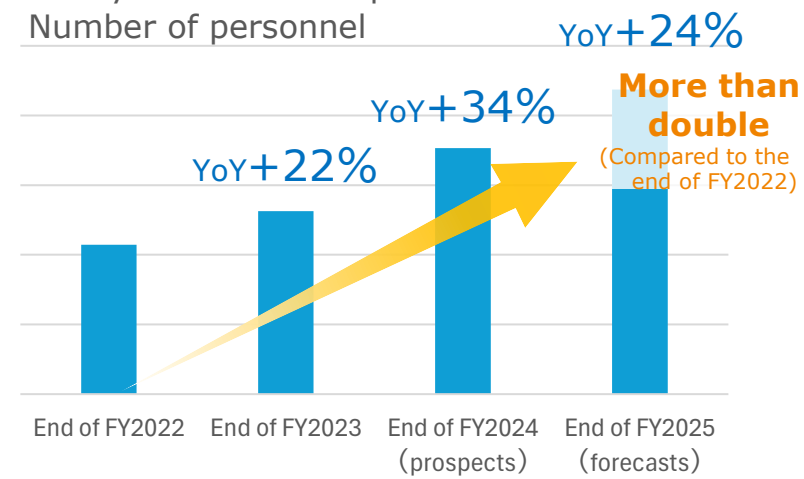
Development engineer

Mobility engineers
AI engineers
Product engineers
Software engineers

Under Strengthening

Recruitment and Training

Mobility Business Group
Number of personnel



Status of Strengthening Business Resources

・Active recruitment (personnel from automotive industry, new graduates, second new graduates, and other fields)
・Expansion of educational systems, including specialized education and re-skilling
・Expansion and establishing attractive offices in line with the increase in the number of employees

[Recruitment and Training]
・Strengthen human resources through mid-career hiring, new graduates, and internal personnel shifts
・Recruitment of upstream personnel such as automotive OEM and mega Tier1
・Implementation of re-skilling education for people from other industries, second new graduates, and personnel shifted within the company, and expansion of specialist education

[Expansion of Business bases]
・Expansion of the Utsunomiya base
・Expand business to Nagasaki base (near shore)
・Scheduled to open a new base in the Tokyo metropolitan area (during the current fiscal year)

*ESP: Engineering Service Provider

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Core Strategy Ⅱ Current Status of BPO/BPM and Future Initiatives

SCSK

【Continue business investment for business structure reform】

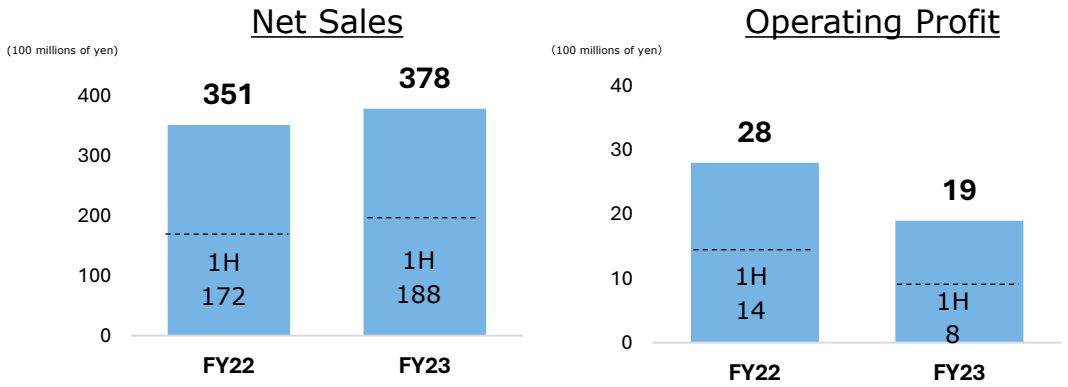
Sales and profits decreased in the first half of this fiscal year (YoY)

- ✓ Decline in reaction to special demand related to COVID-19 (from FY2023 to 2Q of FY2024)
- ✓ In order to shift from the conventional BPO business, in addition to human resource-related investments (improving IT of platforms, consulting training and recruitment, and re-skilling), we will invest in centers to strengthen group-wide collaboration.

Outlook for the second half and beyond

- ✓ Expecting the effects of structural reforms in the first half, but a full-scale recovery is expected from the next fiscal year onwards
- ✓ Our competitive IT business remains solid.
- ✓ Continue to invest in businesses to transform the business structure from a stock-type in the customer cost field to a recurring-type in the value-added contribution field

【Financial results of SCSK ServiceWare Corporation】



Major factors behind the change in results in the previous fiscal year

- ✓ Increase in sales due to M&A
- ✓ Reactionary decline in COVID-19-related demand
- ✓ Lower sales in the traditional BtoC Contact Centre business

【Initiatives for strengthening profitability in the current fiscal year】

The trend toward polarization of BPO businesses is accelerating

Simple BPO to outsource some functions and reduce costs

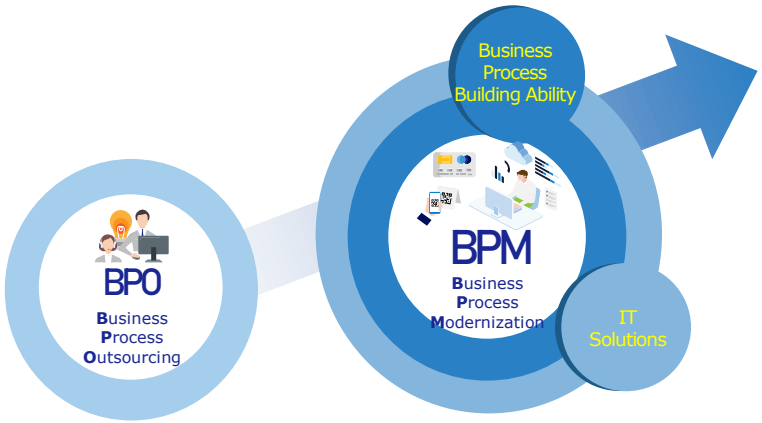
Transformation of conventional BPO business

- ✓ Reorganization of cost structure
- ✓ Sophistication of IT services (use of business knowledge and automated tools)

Sophisticated BPO to support the transformation of the entire business process and the enterprise

Creation of BPO businesses that lead to BPM

- ✓ Financial services (ex.co-creation services with Internet financial institutions)
- ✓ Industry (ex.support for business transformation utilizing IT from business process analyses)
- ✓ Next-generation services (ex.CX, healthcare)



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Core Strategy Ⅱ ProActive

＜ Core Strategy Ⅱ ＞

Promote market-leading businesses in growth markets

1 Modernization services to solve social and customer issues

- Manufacturing (digital supply chain, atWill)
- Financial (AML, wealth management)
- Data-driven management support for mid-sized companies (ProActive)
- BPM（Business Process Modernization）

2 Innovation Services for New Value Creation

- Healthcare (Digital business innovation support for the healthcare sector)
- Mobility (Mobility software development leading the SDM era)

3 Integration Services Supporting the Digitalization of Society

- Security
- Data integration
- Cloud integration

Market Expansion to Capture the Tide of Digitalization

- Global (Digital Reform in Emerging Markets)

For some modernization services such as ProActive and various integration services, we will develop new SaaS/PaaS/IaaS integrated offering services that maximize the use of advanced AI technologies and best practices to solve customers' business and industry issues.

Promoting SCSK's unique offering services

Offering services

IT consulting

SaaS Application

ProActive Reconstruction
Specialized for business and industry

Accounting
Production management
Sales management
HR
+α (custom development)
AI

IaaS+PaaS Digital infrastructure

atWill Platform
(High-speed app development platform)

Big Data Platform
(High-volume data analysis platform)

Data Center/ Network
(High-security infrastructure)

Advanced digital technology

Core Strategy Ⅱ ProActive

[New ProActive's Aim: To be the core of offering services]

1. Highly AI and data-driven management decisions one step ahead
   - Support AI-driven decision making one step ahead
   - Enhancing data utilization that seamlessly integrates with external systems
2. Business automation and efficiency through business and industry-specific AI
   - Reduce unnecessary work through the use of specialized AI
   - Creation of a “comfortable” work environment for employees
3. Unparalleled agility in response to changes in the business environment
   - Expand APIs, utilize low-code and no-code tools
   - Respond immediately to changing market conditions. Support client businesses in a timely manner.
4. Flexibility to be the core solution for your offerings
   - Collaboration with SCSK Intellectual Property
   - Improve development productivity and operational efficiency
5. Openness to follow major changes in technology
   - Rapid evolution of AI and expansion of the scope of its use
   - Ecosystem through collaboration with external solutions

Large modernization of traditional architecture

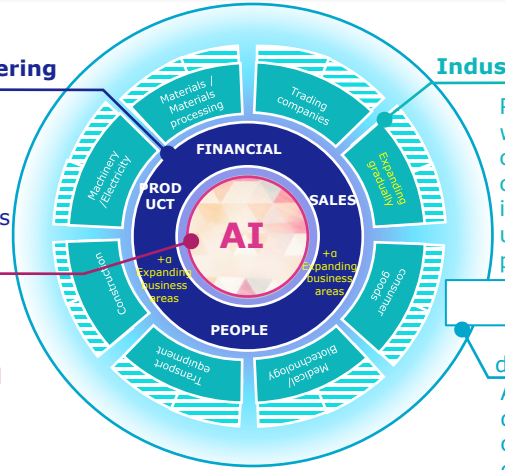
Transform AI functionality into a product that can take advantage of external ecosystems

Business-focused offering

Supporting the provision of solutions for front and back offices and the upgrading of operations

ProActive AI

Through AI functions specializing in operations and industries, identify and automate business issues that exist in each industry



Industry-specific offering

Providing solutions for wholesalers, trading companies, manufacturing, construction, and service industries, and support for upgrading of business processes

atWill Platform

High-speed app development platform

Achieved rapid development with a freely operated no-code development tool, and flexible external collaboration through API

Consolidation of legacy system technical liabilities

- Substitution of old systems with new systems
- Building the foundation for the transition to a new architecture
- Partial disposal of software investment (¥1.1 billion*)

*Recorded in “Other expenses” in the second quarter

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TOPIC: Launch of COBOL PARK

2025 Digital Cliff

・Modernization of legacy systems is an urgent issue.
However, there are many users who will continue to use legacy systems in 2025 or later.
・SCSK will contribute to solving the challenges of modernization while continuing to strategically use legacy systems.
Issues 1. Shortage of human resources ⇒ COBOL PARK
2. Aging systems (continued use of system infrastructure and conversion to modernize base) ⇒ MF+*

COBOL PARK (SCSK and FPT Japan collaborate)

Background and Significance

- 2025 Digital Cliff
- Issue of senior labor market
- Decline in the productive labor population
- Decline in international competitiveness

COBOL PARK: Goal and mission

・Provide business continuity and exit strategic options to clients plagued by legacy systems

・Provide COBOL legends with a unique "work style" option

・Collaboration between Japan and Vietnam to secure productive labor population and appeal to the international community

・Reducing the burden on clients' business continuity and raising management resources

SCSK
Weak ：Aging of senior human resources
Strong：Richness of legacy knowledge

Collaborative value

FPT
Weak ：Lack of legacy knowledge
Strong：Wealth of young workforce

Collaborative value

◆ Providing senior human resources with optimal employment conditions (wages and periods) to create employment opportunities

◆ Promoting existing legacy projects with legacy human resource knowledge and wealth of young workforce

Collaboration between SCSK and FPT provides solutions to the national agenda by mutually complementing the strengths and weaknesses of both companies

*: https://www.scsk.jp/product/common/mfplus/index.html (Available only in Japanese)

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・Figures are rounded down to the nearest unit. Percentages are rounded to the nearest unit.

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