

Consolidated Financial Results for the Nine Months Ended December 31, 2024

Yasuhiko Oka
Managing Executive Officer
January 31, 2025

FY2024 Q3 (from Apr. to Dec.)

- Summary of Financial Results from Apr. to Dec. (PL/Incoming Orders/Backlog)
- Summary of Financial Results from Oct. to Dec. (PL/Incoming Orders/Backlog)
- Net Sales Analysis
- (Reference) Progress of Core Strategy II
- 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
- Consolidated Financial/Dividend Forecasts
- Key Points of Financial Results

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- Comparison by Sales Segment (Net Sales/Incoming Orders/Backlog)
- Sales Comparison by Customer Industry
- Financing for the Acquisition of Net One Systems Co., Ltd. as a Consolidated Subsidiary

(Millions of yen)

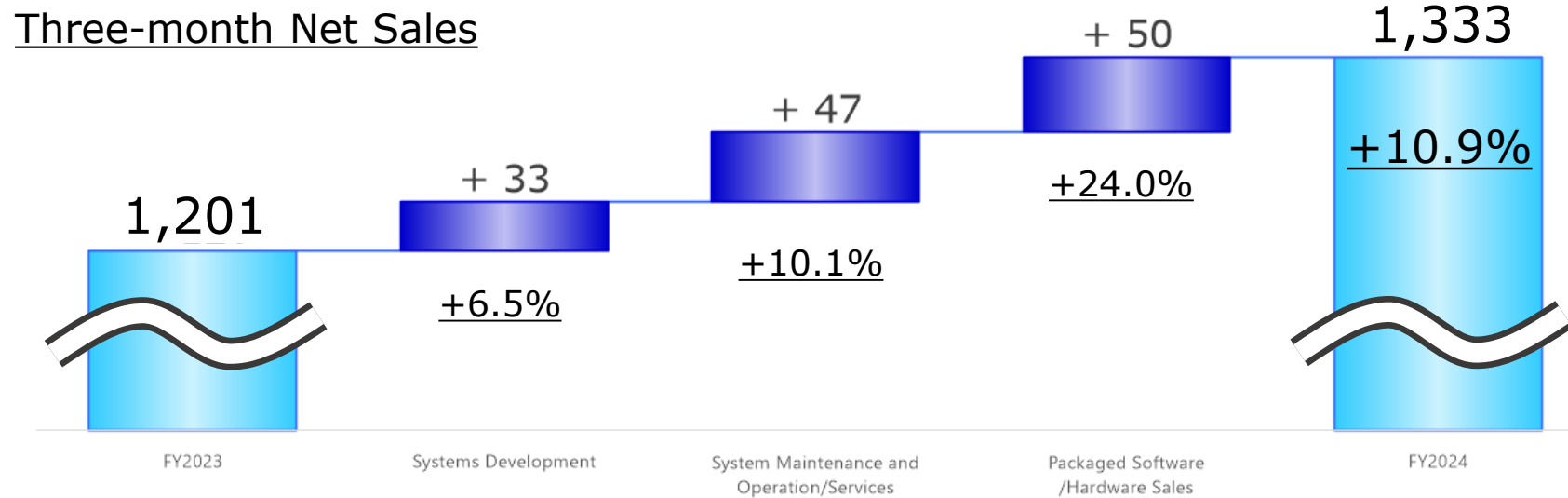
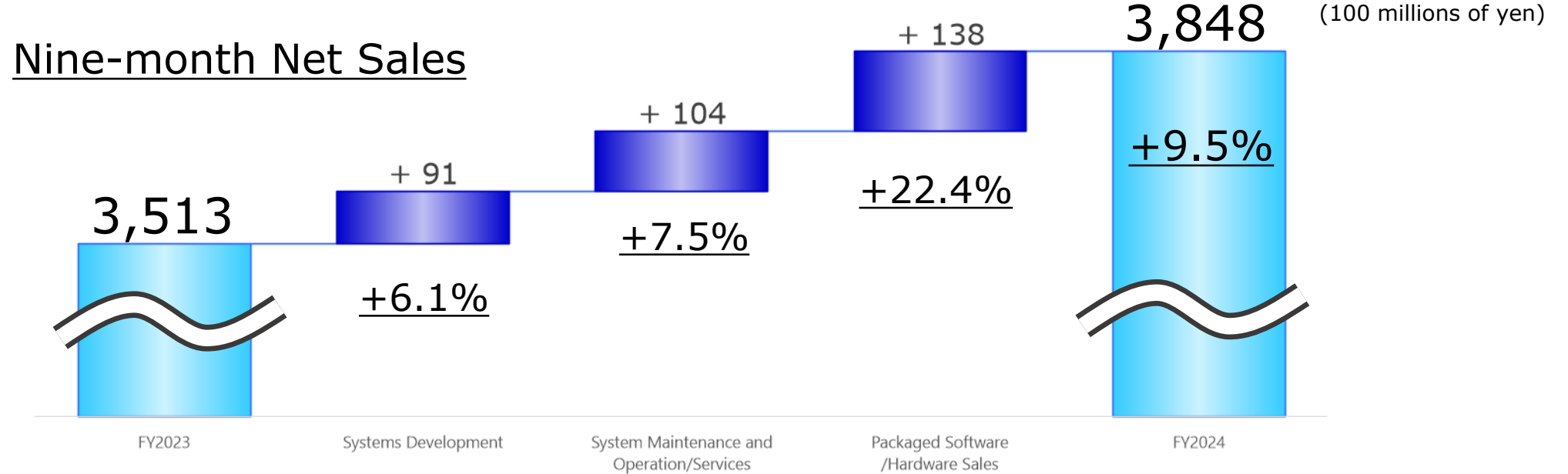
	FY2023 (Apr. 2023 - Dec. 2023)	FY2024 (Apr. 2024 - Dec. 2024)	YoY	
			Amount	%
Net Sales	351,363	384,840	33,476	9.5%
Gross Profit	92,707	102,564	9,857	10.6%
Gross Profit Margin	26.4%	26.7%	0.3%	
SG&A Expenses	- 51,698	- 59,139	- 7,440	14.4%
Other Income and Expenses	- 20	- 530	- 510	
Operating Profit	40,988	42,894	1,906	4.7%
Operating Profit Margin	11.7%	11.1%	-0.5%	
Profit attributable to owners of parent	28,335	29,798	1,462	5.2%
Incoming Orders	330,290	370,190	39,900	12.1%
Backlog	162,097	*282,412	120,314	74.2%

*The backlog of ¥282,412 million includes the backlog of ¥109,481 million as of the end of December 2024 of Net One Systems Co., Ltd.

(Millions of yen)

	FY2023 (Oct. 2023 - Dec. 2023)	FY2024 (Oct. 2024 - Dec. 2024)	YoY	
			Amount	%
Net Sales	120,167	133,316	13,149	10.9%
Gross Profit	31,483	36,695	5,211	16.6%
Gross Profit Margin	26.2%	27.5%	1.3%	
SG&A Expenses	- 17,492	- 20,749	- 3,256	18.6%
Other Income and Expenses	70	- 10	- 81	
Operating Profit	14,062	15,936	1,874	13.3%
Operating Profit Margin	11.7%	12.0%	0.3%	
Profit attributable to owners of parent	9,867	10,560	693	7.0%
Incoming Orders	106,349	122,310	15,961	15.0%
Backlog	162,097	* 282,412	120,314	74.2%

*The backlog of ¥282,412 million includes the backlog of ¥109,481 million as of the end of December 2024 of Net One Systems Co., Ltd.



(Reference) 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

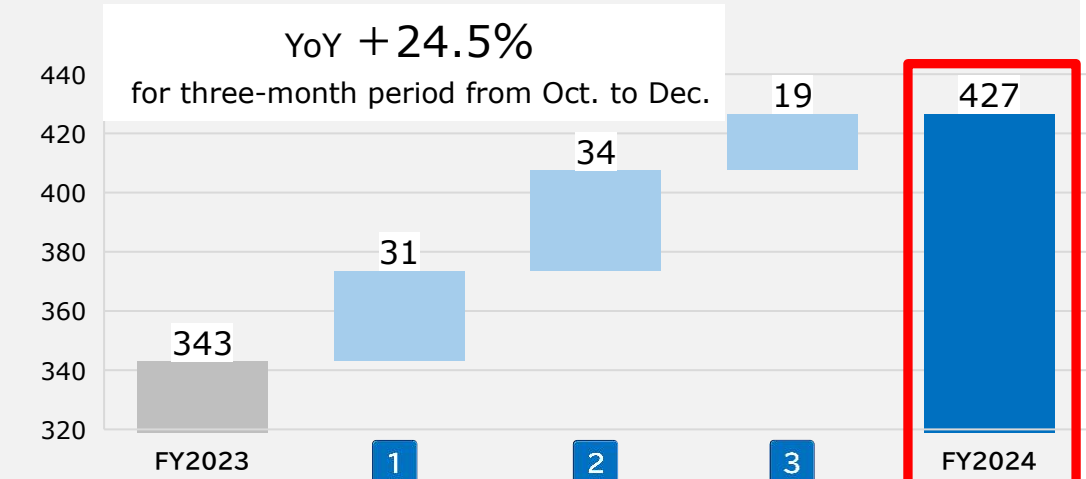
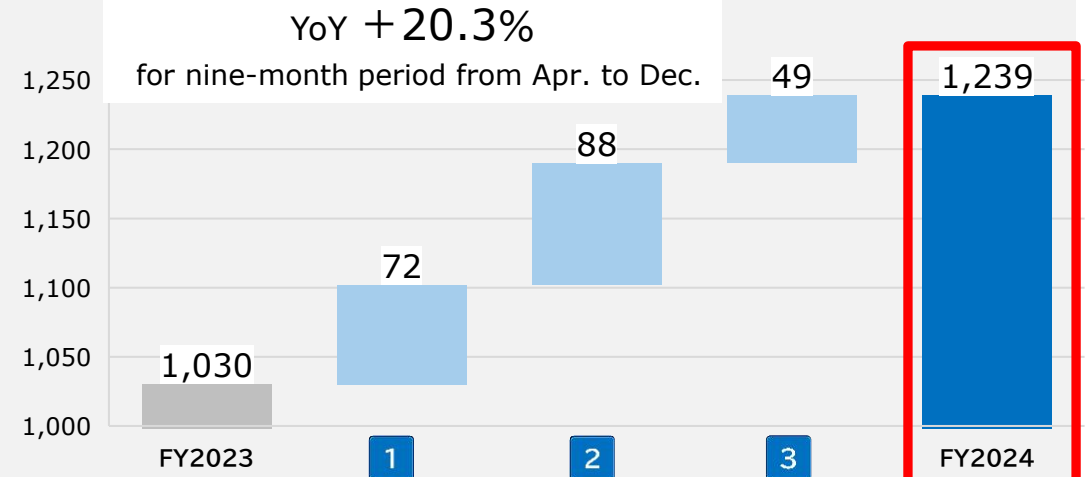


Market expansion capturing the trend of digitalization

- Global Business (Digital reforms in emerging markets)

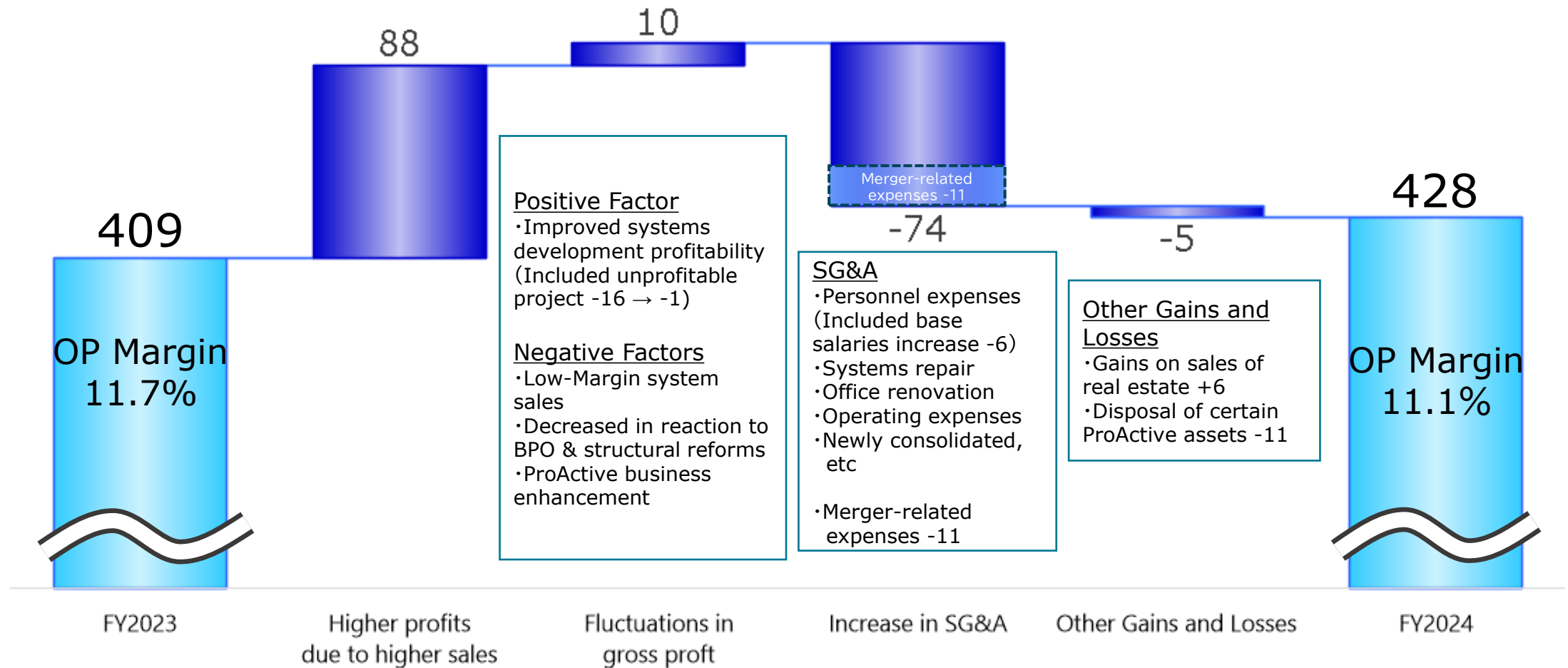
Net Sales

(100 millions of Yen)



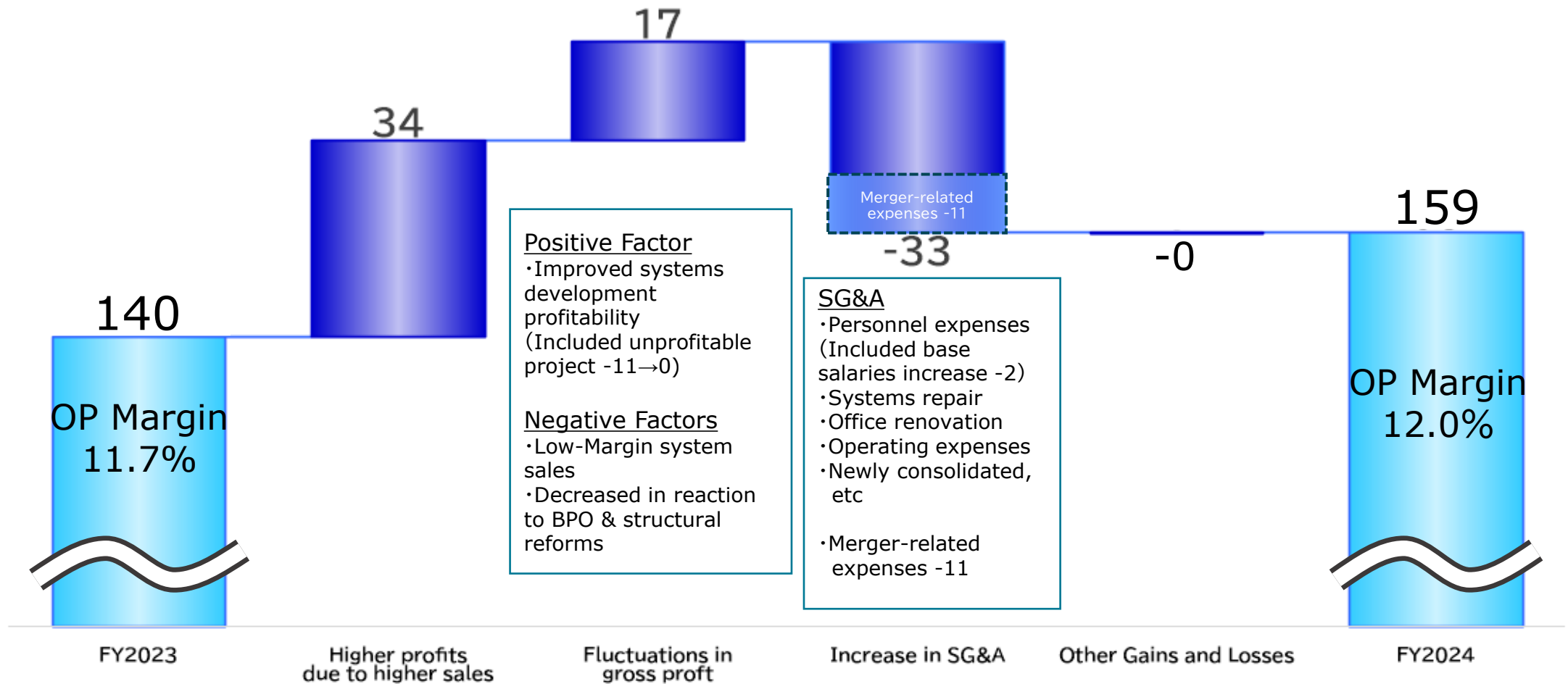
FY2024 Q3 Operating Profit Analysis from Apr. to Dec.

(100 millions of yen)



FY2024 Q3 Operating Profit Analysis from Oct. to Dec.

(100 millions of yen)

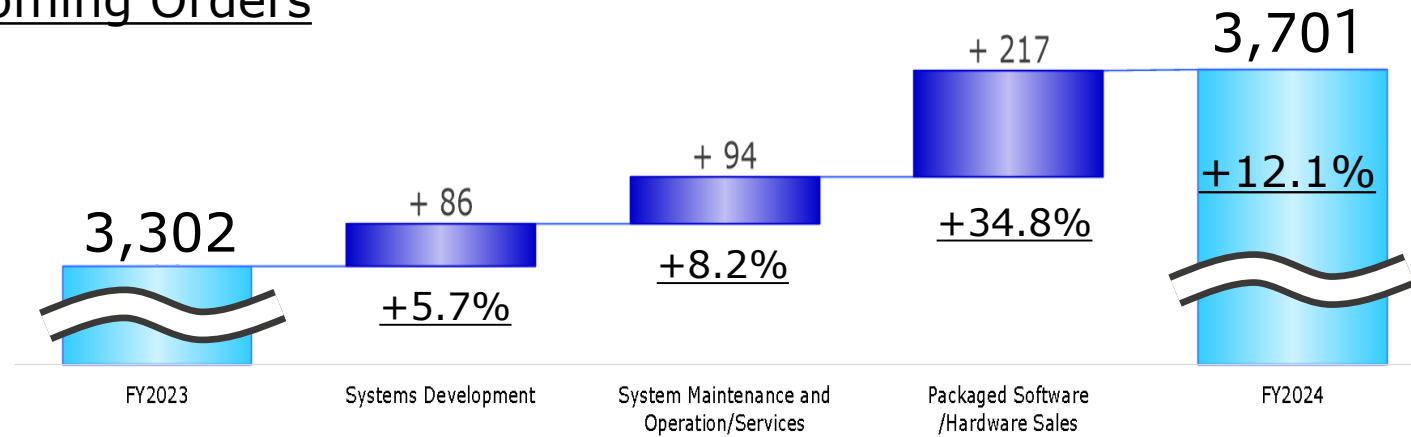


FY2024 Q3 Incoming Orders/Backlog Analysis

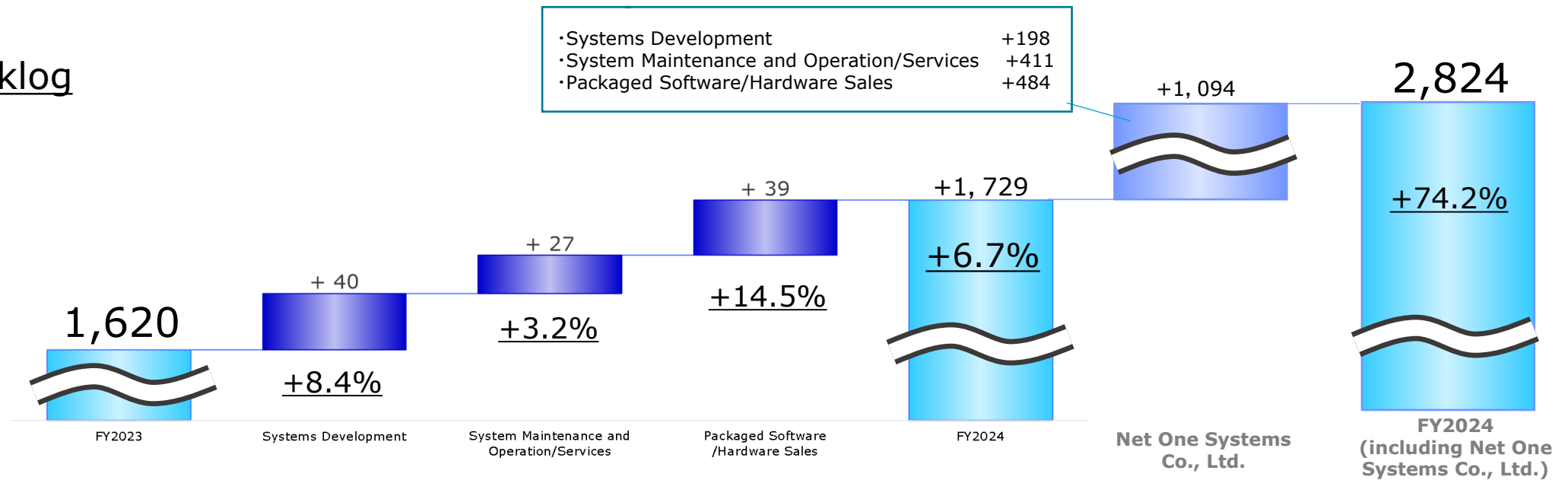


Incoming Orders

(100 millions of yen)



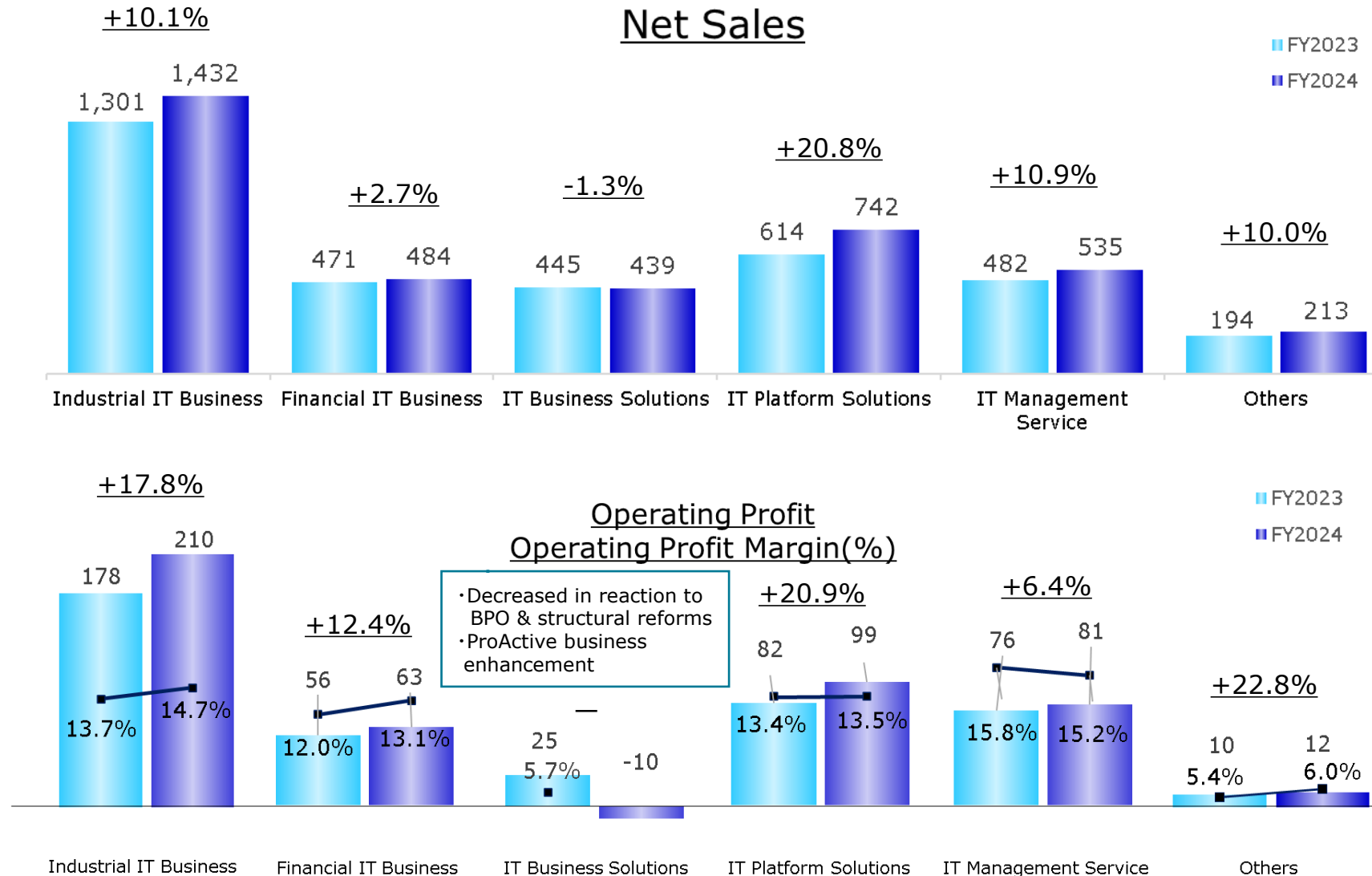
Backlog



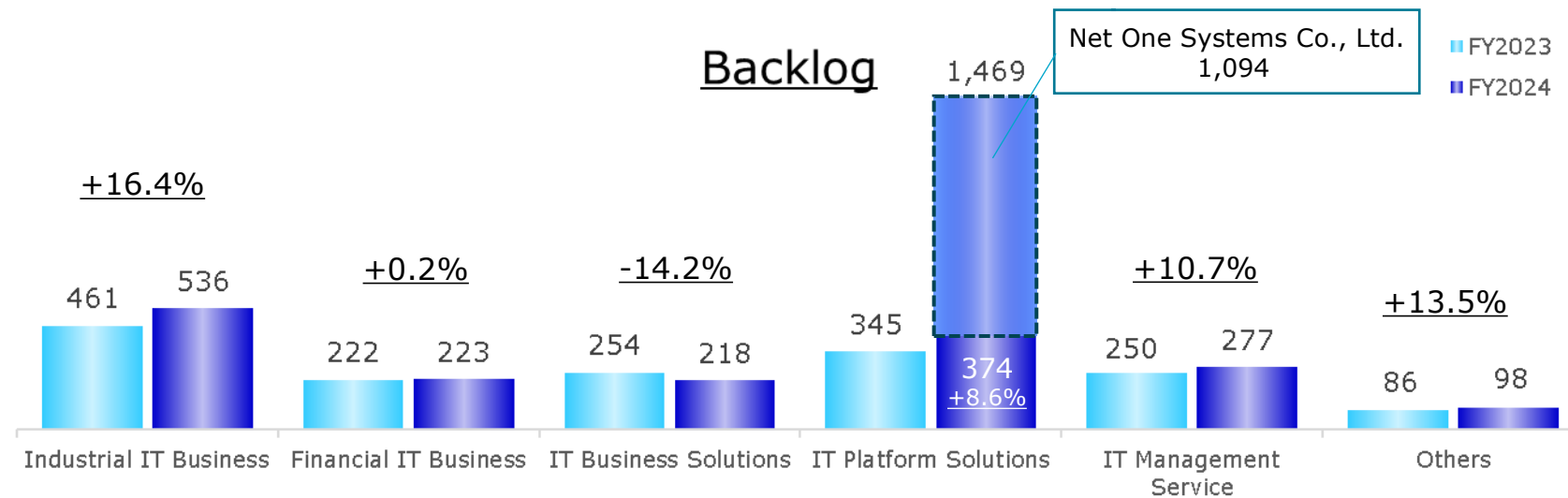
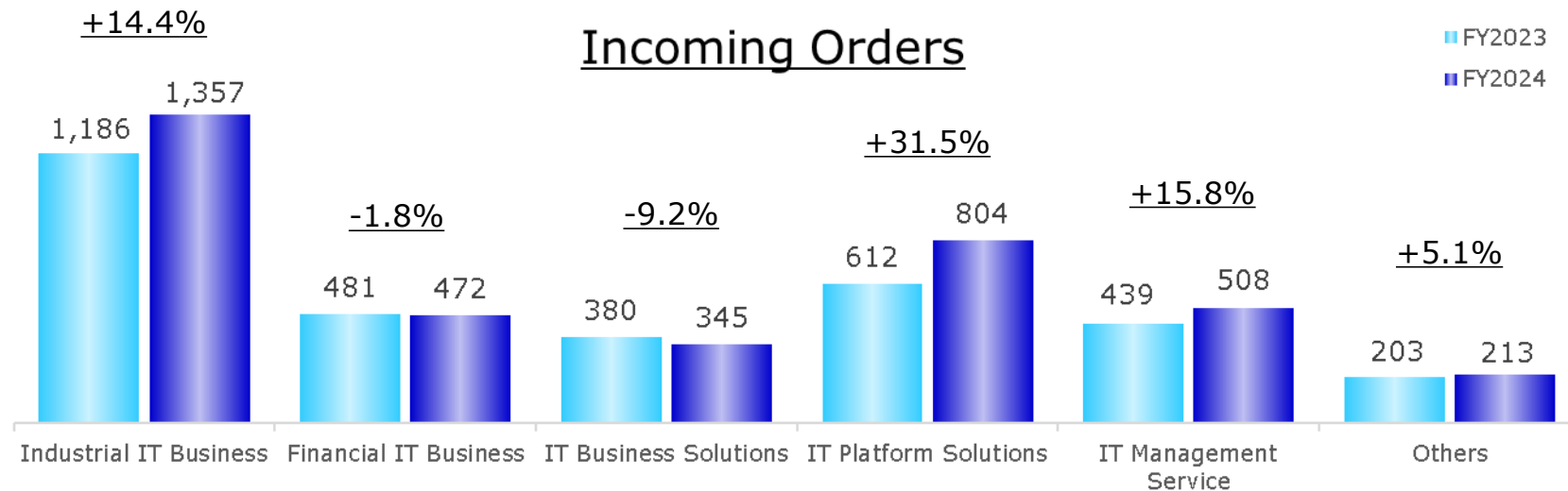
FY2024 Q3 Business Performance by Reportable Segment



(100 Millions of Yen)



(100 Millions of Yen)



FY2024 Q3
Business Performance by Reportable Segment Analysis



Segment	Net Sales	Operating Profit	Incoming Orders/ Backlog
Industrial IT Business	(+) Increased in Digital Supply Chain projects (+) Demand for strategic investment in the automotive industry (+) Expansion of verification services (−) Decreased in projects for the distribution industry	(+) Increased in Digital Supply Chain projects (+) Contribution of projects for the automotive industry (−) Decreased in projects for the distribution industry (+) Shrinking unprofitable projects	(+) Increased in orders for the automotive industry and communications industry (+) Expansion of verification services (+) Increased in Digital Supply Chain(SAP) projects (−) Decreased in projects for the distribution industry
Financial IT Business	(+) Expansion of systems development projects for the banks and securities firms (−) Shrinking projects for the shopping credit/leasing companies and insurance companies	(+) Contribution of projects for the banks and securities firm (−) Shrinking projects for the shopping credit/leasing companies and insurance companies	(+) Expansion of systems development projects for the securities firms and banks (−) Decreased projects for the shopping credit/leasing companies and insurance companies
IT Business Solution	(−) Shrinking public projects in BPO businesses (−) Decrease in reaction to the Japan Invoice System by ProActive	(−) Shrinking public projects in BPO businesses and structural reform expenses (−) Decrease in reaction to the Japan Invoice System by ProActive and business enhancement costs (However, the extent of the decline in profits from Oct. to Dec. was decreased) (−) Disposal of certain software asset	(+) Increased in EC-related projects due to new consolidation (−) Cancellations and other issues from certain BPO business customers

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

FY2024 Q3
Business Performance by Reportable Segment Analysis



Segment	Net Sales	Operating Profit	Incoming Orders/ Backlog
IT Platform Solution	(+)Increased in sales of equipment for specific customers in the communications industry (+)Accumulation of hardware sales to the academic research institutions (+)Increased in orders of security products for the communications and transportation industry and financial institutions		(+)Increased in orders of equipment for specific customers in the communications industry (+)Increased in hardware sales projects for the automotive industry (–)Decreased in reaction to the sales of large hardware equipment Note: This analysis does not include the financial results of Net One Systems Co., Ltd. as of December 31, 2024.
IT Management Service	(+)Increased in management services (+)Increased in license sales	(+)Increased in management services	(+)Increased demand for management services (+)Increased in cloud service projects
Others	(+)Increased in systems development and system maintenance projects at SCSK Minori Solutions Corp. (+)Increased in packaged software and hardware sales projects at SCSK Minori Solutions Corp.	(+)Improved the sales mix	(+)Increased in systems development and system maintenance projects at SCSK Minori Solutions Corp. (–)Decreased in packaged software and hardware sales projects at SCSK Minori Solutions Corp.

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

FY2024 Consolidated Financial/Dividend Forecasts



	(Millions of yen)			
	FY2024 Previously announced forecasts (A)	FY2024 Revised forecasts (B)	YoY	
			Amount (B-A)	%
Net Sales	510,000	596,000	86,000	16.9%
Gross Profit	138,000	158,300	20,300	14.7%
Gross Profit Margin	27.1%	26.6%	-0.5%	
SG&A Expenses	-76,500	-90,800	- 14,300	18.7%
Other Income and Expenses	500	-1,000	- 1,500	
Operating Profit	62,000	66,500	4,500	7.3%
Operating Profit Margin	12.2%	11.2%	-1.0%	
Profit attributable to owners of parent	44,500	46,500	2,000	4.5%
Dividends per share (Yen)	68.00	71.00	3.00	
Dividend Payout Ratio	47.7%	47.7%		

* The amounts of assets and liabilities recorded at the end of December 31, 2024 are currently being evaluated for identifiable assets and liabilities, and the allocation of the acquisition consideration has not been completed yet. Therefore, the impact on profit and loss, such as the amortization related to the assets, is not included.

FY2024 Consolidated Financial/Dividend Forecasts -Appendix



	FY2024 Previously announced forecasts (A)	FY2024 Revised forecasts				YoY	
		SCSK	Net One Systems	Merger-related expense	Total(B)	Amount (B-A)	%
Net Sales	510,000	525,000	71,000	0	596,000	86,000	16.9%
Gross Profit	138,000	142,000	16,300	0	158,300	20,300	14.7%
Gross Profit Margin	27.1%	27.0%	23.0%		26.6%	-0.5%	
SG&A Expenses	-76,500	-79,000	-8,800	-3,000	-90,800	- 14,300	18.7%
Other Income and Expenses	500	-1,000	0	0	-1,000	- 1,500	
Operating Profit	62,000	62,000	7,500	-3,000	66,500	4,500	7.3%
Operating Profit Margin	12.2%	11.8%	10.6%		11.2%	-1.0%	
Profit attributable to owners of parent	44,500				46,500	2,000	4.5%
Dividends per share (Yen)	68.00				71.00	3.00	
Dividend Payout Ratio	47.7%				47.7%		

* The amounts of assets and liabilities recorded at the end of December 31, 2024 are currently being evaluated for identifiable assets and liabilities, and the allocation of the acquisition consideration has not been completed yet. Therefore, the impact on profit and loss, such as the amortization related to the assets, is not included.

Key Points of Financial Results

【Three-month period from Oct. to Dec.】

➤ Record-high net sales and operating profit

- ✓ In all sales segments, net sales and operating profit for the three-month period exceeds the results of the first half of the fiscal year
- ✓ Operating profit was basically unchanged from the previous fiscal year as of the first half of the fiscal year, but the three-month period saw a double-digit YoY growth rate due to higher profits from higher sales and improved profitability in systems development, including improved unprofitable projects

【Full-Year Guidance】

➤ Upwardly revised net sales by ¥86 billion, operating profit by ¥4.5 billion, and profit attributable to owners of parent by ¥2 billion

- ✓ Net sales:
 - SCSK's net sales increased by ¥15 billion due to increased demand for packaged software/hardware sales and steady performance of verification services
- ✓ Operating profit:
 - Despite the positive impact of increased net sales, SCSK's operating profit remains unchanged from the initial forecast due to higher-than-expected SG&A expenses and the recording of disposal of certain software asset
- ✓ Incorporating Net One Systems Co., Ltd.'s fourth quarter financial forecast, we project approximately ¥3 billion in merger-related expenses

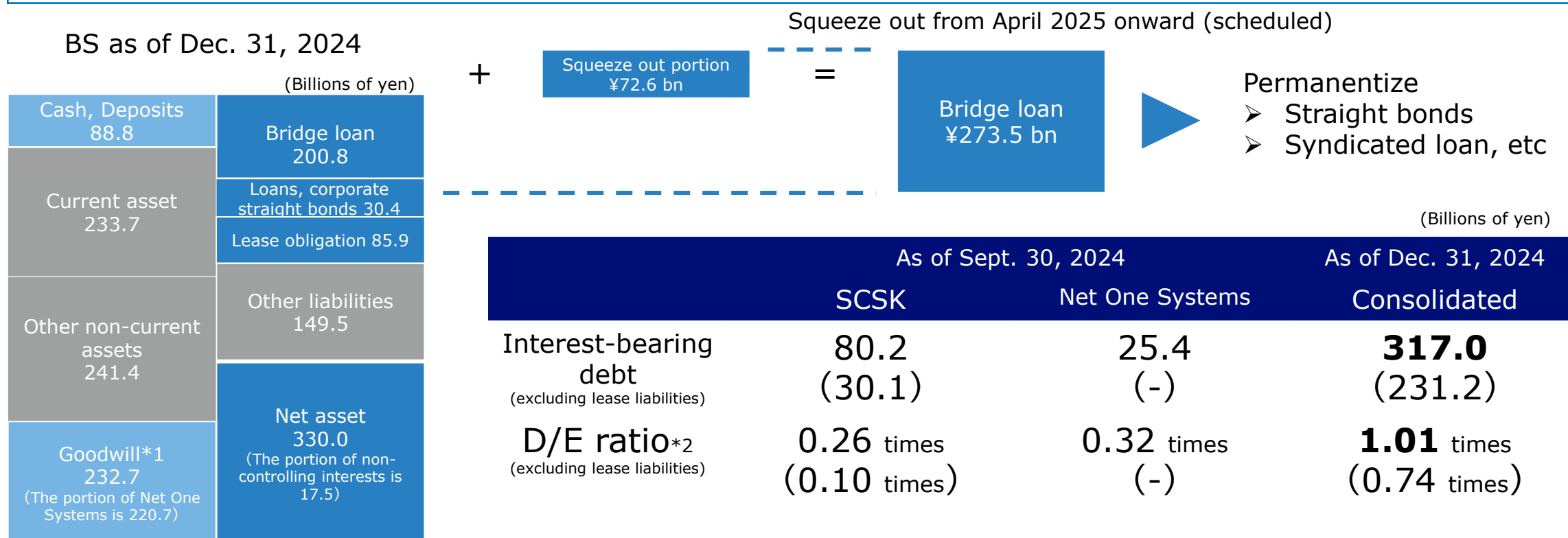
【Dividend】

➤ Increased dividend per share by ¥3

- ✓ The annual dividend: ¥71 The consolidated dividend payout ratio: 47.7%

Appendix

1. Borrowing a bridge loan of ¥273.5 billion from Sumitomo Mitsui Banking Corporation as a tender offer fund (scheduled)
2. Refinancing by December 2025 with straight bonds, bank loans, etc. (without raising capital)
3. Controlling D/E ratio to be below 1.0x in the medium term
4. Work to further improve profitability to maintain and improve financial ratings in a stable manner



*1 Provisional figures

*2 D/E ratio=Interest-bearing debt /(Net asset - Non-controlling interests)

Systems Development

(Lower row: The three-month period from Oct. to Dec.)

(Millions of yen)

FY2023		FY2024	YoY	
(Apr. 2023 - Dec. 2023)		(Apr. 2024 - Dec. 2024)	Amount	%
Net Sales	149,637	158,804	9,166	6.1%
	51,621	54,968	3,347	6.5%
Incoming Orders	151,514	160,148	8,634	5.7%
	47,325	50,898	3,573	7.5%
Backlog	48,378	* 52,430	4,052	8.4%

*The backlog of ¥52,430 million does not include the backlog of ¥19,862 million as of the end of December 2024 of Net One Systems Co., Ltd.

- Net Sales
 - Increased in systems development projects for the manufacturing industry, including the automotive industry
 - Increased in systems development projects for the banks
 - Decreased in reaction to projects for the distribution industry
- Incoming Orders/Backlog
 - Expansion of investment in manufacturing industries, mainly in the automotive industry
 - Increased in systems development projects for the communications industry

System Maintenance and Operation/Services

(Lower row: The three-month period from Oct. to Dec.)

(Millions of yen)

	FY2023		FY2024		YoY	
	(Apr. 2023 - Dec. 2023)		(Apr. 2024 - Dec. 2024)		Amount	%
Net Sales	139,997		150,463		10,465	7.5%
	47,679		52,475		4,796	10.1%
Incoming Orders	116,152		125,647		9,494	8.2%
	37,454		39,700		2,246	6.0%
Backlog	86,092		* 88,874		2,782	3.2%

*The backlog of ¥88,874 million does not include the backlog of ¥41,147 million as of the end of December 2024 of Net One Systems Co., Ltd.

- Net Sales
 - Decreased in reaction to BPO business
 - Strong demand for the verification service
 - Increased in management service business
- Incoming Orders/Backlog
 - Decreased in reaction to BPO business
 - Increased in the verification service
 - Increased in management service business

Packaged Software/Hardware Sales

(Lower row: The three-month period from Oct. to Dec.)

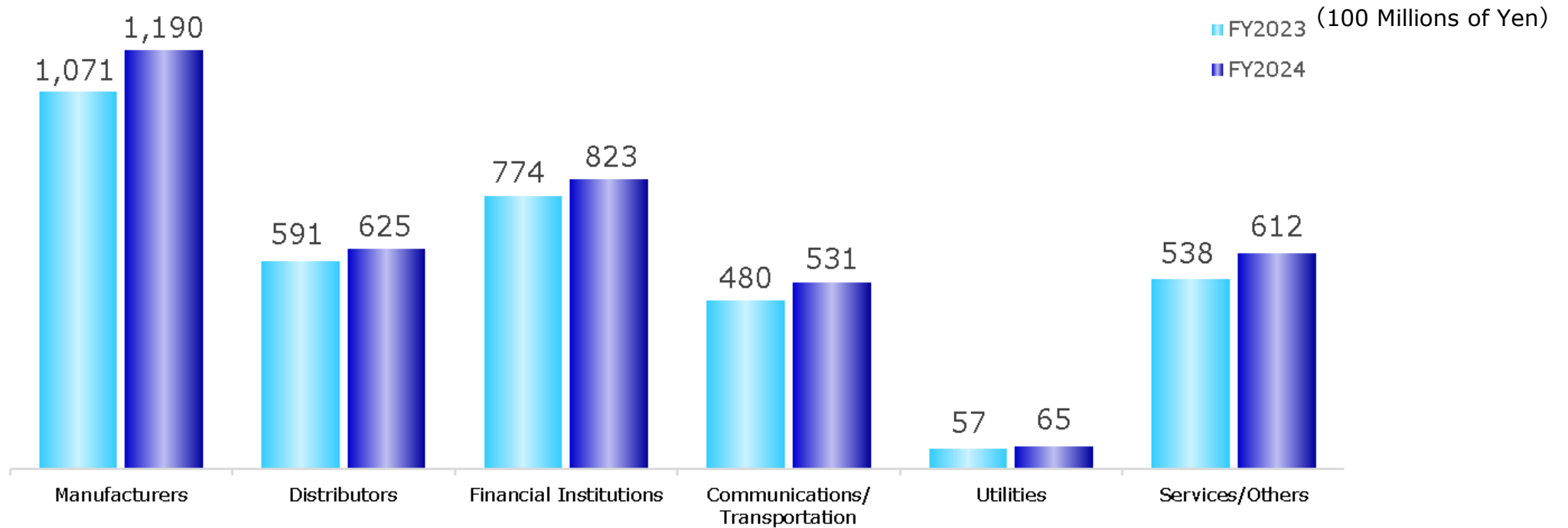
(Millions of yen)

	FY2023		FY2024		YoY	
	(Apr. 2023 - Dec. 2023)		(Apr. 2024 - Dec. 2024)		Amount	%
Net Sales	61,728		75,572		13,844	22.4%
	20,866		25,872		5,005	24.0%
Incoming Orders	62,623		84,395		21,772	34.8%
	21,569		31,711		10,141	47.0%
Backlog	27,626		* 31,625		3,998	14.5%

*The backlog of ¥31,625 million does not include the backlog of ¥48,471 million as of the end of December 2024 of Net One Systems Co., Ltd.

- Net Sales
 - Increased in sales of equipment for specific customers in the communications industry
 - Increased in sales of network products and security products for the communications and transportation industry and financial industry
- Incoming Orders
 - Increased in sales of equipment for specific customers in the communications industry
 - Increased in sales of security products for the communications and transportation industry and financial industry
 - Increased in sales of equipment for the automotive industry and academic research institutions
- Backlog
 - Increased in sales of hardware equipment for the automotive industry and academic research institutions

FY2024 3Q Sales Comparison by Customer Industry



- In the manufacturing industry, increased due to strategic investments and verification services for the automotive industry and systems development projects for other manufacturing industries
- In the distribution industry, sales increased due to maintenance and operation and system sales, despite a reactionary decline in core system construction projects
- In the financial industry, increased due to systems development projects for the banks
- In the communications and transportation industry, increased due to sales of equipment to specific customers in the communications industry and sales of security products for the transportation industry
- In the electric power and gas industry, increased due to systems development projects in the electric power industries
- In the services and others industry, increased due to the sales of systems to the academic research institutions

Attention on the use of this document

- We have made amendment of FY2023 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 FY2024 under review. Accordingly, results for the FY2023 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.

Disclaimer

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