

SCSK Corporation
Consolidated Financial Results for the Fiscal Year Ended March 2025
Q&A Session Summary

Date: April 30, 2025 4:00-5:00 PM
Speaker: Takaaki Touma, Representative director, and President
Yasuhiko Oka, Managing Executive Officer

Q. How are trends in demand in the manufacturing industry, particularly the automotive industry, and in other industries that are heavily influenced by economic conditions?

A. We recognize that uncertainty is rising with regard to macroeconomic conditions. SCSK is paying close attention to these trends, especially considering that a lot of its customers are globally active automobile manufacturers or parts manufacturers. Some customers began implementing cost reduction activities in late 2024. Regardless, we anticipate ongoing investment in automotive software, such as that provided by SCSK, as such software is indispensable to automobile development. The tariffs implemented by the Trump administration in the United States, among other factors, do present cause for concern. However, we have not yet heard any talk of companies further curtailing IT investments. It would appear that certain original equipment manufacturers are limiting investments, but SCSK's transactions with such companies are not particularly large, and we therefore do not anticipate a significant impact on performance. Moreover, we have not received any requests to cancel projects. In the event that further concerns for global economic downturns emerge or other deteriorations of economic conditions are seen, it is possible that investment may become limited, mainly in businesses selling physical products, over the short term.

Q. What is your outlook for demand in the mobility businesses and for enterprise resource planning (ERP) services?

A. In the mobility business, we believe that the current levels of demand will continue as our mobility solutions are a necessary investment for automobile manufacturers. As for SAP and other ERP services, we have a robust order pipeline centered on large-scale projects, and there has thus been no change to our outlook.

Q. Will the benefits of cross-selling with the newly consolidated Net One Systems Co., Ltd., begin appearing during the fiscal year ending March 31, 2026? Also, have there been any issues or risks identified with regard to the integration of this company?

A. We have received inquiries regarding application field services from customers of Net One Systems, while existing SCSK customers have begun asking us about enhancing their network security. In this manner, we have already begun seeing a number of developments that give us hope for future cross-selling benefits. At the same time, however, we are facing issues in terms of staff shortages. We look to address these issues by developing new services that combine the technological prowess and expertise of both Net One Systems and SCSK and are not dependent on

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staff numbers. Software-defined solutions are expected to become an increasingly large presence in the network security field. We therefore look to seize the No. 1 spot in the Japanese network security market by merging the insight of both companies. As for issues pertaining to the integration, we have not seen any negative developments at this point in time. There are some differences between the human resource and compensation systems of Network One Systems and those of SCSK, so we will need to think about how to handle these differences. Nevertheless, we remain committed to ensuring a smooth post-merger integration process and to building a foundation that can support net sales in the area of ¥1 trillion.

Q. Could you please provide a breakdown of the ¥8.0 billion in expenses associated with the integration of Net One Systems? Also, what sort of system and office integration expenses do you expect to be incurred in the fiscal year ending March 31, 2027, and beyond?

A. Roughly ¥6.5 billion of the integration expenses can be attributed to purchase price allocation amortization. The remaining ¥1.5 billion is primarily expenses for the post-merger integration process. These expenses include consulting fees, IT investments for facilitating smooth communication, and survey expenses related to office relocations and system integration.

Q. Generating synergies between software and network systems is something that a wide spectrum of companies has seen the potential in, but there have not been a lot of successes with this regard. Given this reality, what factors should make us believe in the success of the integration of Net One Systems and SCSK?

A. One of the largest factors anticipated to contribute to the success of the integration of Net One Systems and SCSK is the changes in the times. We have entered into an era in which it is important to go beyond merely providing network environments to supply software that comprehensively encompasses features such as security. This trend can be seen in the purchase of Splunk Inc. by Cisco Systems, Inc.

Net One Systems is an unrivaled company and a leader in the Japanese industry in terms of its technological capabilities and track record of designing and implementing network security systems. We anticipate various benefits from combining this company's technologies with SCSK's application technologies and software development capabilities. Another factor that hints at the success of the integration is how the leaders of both Net One Systems and SCSK share the same vision with regard to corporate cultures and company directives. Based on mutual respect and a shared vision, these leaders have been promoting a smooth post-merger integration process, which, when combined with the high motivation of middle managers at both companies, ensures the success of the integration. Moreover, we are calling upon the lessons learned from the integration of Sumisho Computer Systems Corporation and CSK Corporation as we seek to develop our business as a company without peer.

Q. What is the outlook with regard to PROACTIVE in the fiscal year ending March 31, 2026?

A. We have seen an increase in customer inquiries related to PROACTIVE since the launch of PROACTIVE Sales (Sales & Distribution) and PROACTIVE AI in April 2025. These new PROACTIVE offerings feature enhanced functions, more intuitive user interface, and stronger security, which will no doubt contribute to higher customer satisfaction. Moreover, as the new offerings are cloud based, they provide the advantage of being accessible anywhere. We are advancing aggressive sales activities leveraging these strengths with the goal of achieving a recovery in our PROACTIVE operations during the fiscal year ending March 31, 2026.

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Q. What are your projections for financial expenses in the fiscal year ending March 31, 2026?

A. In the fiscal year ending March 31, 2026, we project financial expenses of approximately ¥4.0 billion.

Q. How were sales of ERP Business in the fourth quarter of the fiscal year ended March 31, 2025?

A. Sales of ERP Business in the fourth quarter of the fiscal year ended March 31, 2025, amounted to ¥9.7 billion, a year-on-year increase of about ¥0.2 billion.

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