

## Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under IFRS)

January 31, 2025

Company Name: SCSK Corporation  
 Securities Code: 9719  
 Stock Exchange Listing: Tokyo Stock Exchange  
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 Scheduled date to commence dividend payment: -  
 Preparation of supplementary information material on financial results (yes/no): Yes  
 Financial results conference for institutional investors and analysts (yes/no): Yes

(Amounts of less than ¥1 million are truncated)

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

#### (1) Consolidated Operating Results (cumulative)

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive profit	
Nine months ended		%		%		%		%		%		%
December 31, 2024	384,840	9.5	42,894	4.7	43,562	6.4	30,015	5.6	29,798	5.2	30,663	3.6
December 31, 2023	351,363	8.8	40,988	16.5	40,936	11.1	28,417	11.4	28,335	11.1	29,596	13.5
	Basic earnings per share		Diluted earnings per share									
Nine months ended	Yen		Yen									
December 31, 2024	95.35		95.35									
December 31, 2023	90.70		90.70									

#### (2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of				%
December 31, 2024	796,661	330,081	312,550	39.2
March 31, 2024	471,400	302,910	302,254	64.1

### 2. Cash Dividends

	Annual dividends per share (Yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2024	—	28.00	—	32.00	60.00
Fiscal year ending March 31, 2025	—	34.00	—		
Fiscal year ending March 31, 2025 (Forecasts)				37.00	71.00

Notes: Revisions to the forecast of cash dividends most recently announced: Yes

### 3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share	
Full Year		%		%		%		%		Yen
	596,000	24.1	66,500	16.7	67,200	17.0	46,500	14.9		148.78

Notes: Revisions to the forecast of consolidated financial results most recently announced: Yes

※Notes

(1) Changes in significant subsidiaries during the period : Yes

Newly included: 1 company (Net One Systems Co., Ltd.)

Excluded: -

Notes: Please refer to “Business Combinations” on page 15 for details.

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies as required by IFRS standards: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2024	312,875,169 shares
As of March 31, 2024	312,783,158 shares

2) Number of treasury shares at the end of the period

As of December 31, 2024	356,265 shares
As of March 31, 2024	359,375 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	312,513,908 shares
Nine months ended December 31, 2023	312,415,818 shares

※ Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

※ Proper use of earnings forecasts, and other special matters

- The financial forecasts contained in this document are based on the information currently available and certain assumptions deemed reasonable. Actual results may vary from these forecasts for various reasons. With regard to the assumptions on which financial forecasts are based and other explanatory notes in connection with the use of financial forecasts, please refer to “Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2025” on page 4.
- The Company will hold a results briefing for institutional investors and analysts on January 31, 2025. Materials used in the briefing, a transcript of the main questions and answers, and other related information will be published on the Company’s website promptly thereafter.

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## **1. Qualitative Information Regarding Operating Results for the Nine-month Period Ended December 31, 2024**

### **(1) Analysis of Operating Results**

In the nine-month period ended December 31, 2024, the Japanese economy felt the impacts of the rising commodity prices that stemmed from increases in raw material prices as well as the foreign exchange trends that were shaped by government policies and interest rate fluctuations in the United States. Nevertheless, a modest recovery trend continued in the domestic economy as economic activity in Japan picked up.

The Japanese economy is anticipated to see the continuation of this modest recovery trend due in part to the benefits of government policies implemented amid improvements in the job market and in wages. However, there is a need to carefully monitor trends related to rising commodity prices, government policies in the United States, conditions in the Middle East, and financial and capital market fluctuations. At the same time, we must be wary of the risk of downward pressure being placed on the Japanese economy due to downturns overseas attributable to factors such as the ongoing stagnancy in the Chinese real estate market and the impacts of continuously high interest rates in Europe and the United States.

In this economic environment, the IT services market continues to enjoy, ongoing growth in demand for corporate IT investment, even amid concern for economic downturns overseas seen against a backdrop of global commodity price rises and high interest rates in Europe and the United States, due to a strong appetite for IT investment for growing businesses and bolstering competitiveness seen across a wide range of industries. Specific targets of the growing demand will include transitioning from existing systems to cloud systems to accommodate the increasingly digital society.

Demand for IT investment continues to increase among customers in the manufacturing industry. Outlets for this investment demand include the development of core systems and strategic investments for strengthening operating foundations as part of digitalization efforts. In the financial industry, demand was strong for investment for the purposes of accommodating online financial transactions and developing fraud and money laundering detection and prevention systems.

In addition, consistent demand is being seen for cloud IT services along with continuous investment demand for redeveloping core systems to address the ends of software service periods. Furthermore, ongoing demand for systems redevelopment and strategic IT investment demand is anticipated amid a robust appetite for improvements in operational efficiency and productivity.

In the nine-month period ended December 31, 2024, net sales increased 9.5% year on year, to ¥384,840 million, as result of higher sales in all three sales segments—Systems Development, System Maintenance and Operation / Services, and Packaged Software / Hardware Sales—amid robust IT investment demand.

Operating profit increased 4.7% to ¥42,894 million, due to the benefits of higher sales and improved systems development profit margins attributable to lower impacts of unprofitable projects. These benefits outweighed the impacts of costs for strengthening ProActive operations, the rebound from the special demand trend spurred by the COVID-19 pandemic and structural reform costs in business process outsourcing operations, merger-related expenses of Net One Systems Co., Ltd., incurred in the third quarter of the fiscal year ending March 31, 2025, and losses on the disposal of certain ProActive software assets and gains on sales of real estate recorded in other income and expenses. Profit attributable to owners of the parent increased 5.2%, to ¥29,798 million.

In the pursuit of further growth, the SCSK Group will be promoting sustainability management as a growth strategy. Positioning its corporate philosophy and materiality items as the Group's purpose, the SCSK Group will pursue its vision of becoming a Co-Creative IT Company in 2030 with the goal of achieving sustainable development together with society. To this end, we have defined the policies of "Reorganization of business areas and redevelopment of business models to continue providing new value to customers and society" and

“Maximization of the market value of all employees based on the recognition that the growth of employees drives the growth of the SCSK Group” in the Medium-Term Management Plan. Dramatic improvements to comprehensive corporate value will be pursued based on these policies.

## (2) Summary of Financial Position

The Company acquired Net One Systems Co., Ltd., effective December 25, 2024, and this company was thus included in the scope of consolidation in the third quarter of the fiscal year ending March 31, 2025. For details on the financial impacts of this acquisition, please refer to “(5) Notes to Condensed Quarterly Consolidated Financial Statements (Business Combinations)” under “2. Condensed Quarterly Consolidated Financial Statements.”

### (Assets)

Assets as of December 31, 2024, were ¥796,661 million, an increase of 69.0% or ¥325,261 million compared to March 31, 2024, as increases in trade and other receivables resulting from the collection of trade receivables, despite increases in contract assets and property, plant and equipment.

### (Liabilities)

Liabilities as of December 31, 2024, were ¥466,580 million, an increase of 176.9% or ¥298,090 million compared to March 31, 2024, as increases in liabilities for employee benefits, etc.

### (Equity)

Total equity as of December 31, 2024, was ¥330,081 million, an increase of 9.0% or ¥27,170 million compared to March 31, 2024.

## (3) Overview of Cash Flows

Cash and cash equivalents (“cash”) as of December 31, 2024, decreased ¥55,538 million compared to March 31, 2024, to ¥88,821 million. The changes in each type of cash flow and the main factors for such changes are as follows.

### (Cash flow from operating activities)

Net cash provided by operating activities was ¥36,636 million (decreased ¥11,049 million in comparison to the same period of the previous fiscal year).

The main cash inflow factors were profit before tax of ¥43,562 million, depreciation and amortization of ¥16,537 million, and a decrease in trade and other receivables of ¥8,409 million. The main cash outflow factors were a decrease in contract assets of ¥9,156 million, a decrease in employee benefits of ¥5,056 million, and payment for income taxes of ¥17,849 million.

### (Cash flow from investing activities)

Net cash used in investing activities was ¥263,771 million (decreased ¥248,208 million in comparison to the same period of the previous fiscal year).

The main cash inflow factor was proceeds from sales and redemptions of other financial assets of ¥45,171 million. The main cash outflow factors were a decrease in payment for purchase of property, plant and equipment of ¥5,525 million, a decrease due to purchase of other financial assets of ¥41,822 million, and a decrease due to purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥258,225 million.

### (Cash flow from financing activities)

Net cash used in financing activities was ¥171,329 million (increased ¥194,976 million in comparison to the same period of the previous fiscal year).

The main cash inflow factor was the proceeds from long-term debt of ¥211,477 million. The main cash outflow factors were repayments of borrowings of ¥11,797 million, repayments of lease liabilities of ¥7,104 million, and dividend payments of ¥9,997 million (¥32.00 per share) for the year-end dividend of the fiscal year

ended March 31, 2024, and of ¥10,625 million (¥34.00 per share) for the interim dividend of the fiscal year ending March 31, 2025.

**(4) Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2025**

The Company has revised the full-year consolidated performance forecasts and dividend forecast for the fiscal year ending March 31, 2025, announced on April 26, 2024, as follows.

(Revision of full-year consolidated financial results forecasts for the fiscal year ending March 31, 2025)

(Millions of yen)

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent	Consolidated earnings per share
Previously announced forecasts (A)	510,000	62,000	63,000	44,500	142.42
Revised forecasts (B)	596,000	66,500	67,200	46,500	148.78
Change (B-A)	86,000	4,500	4,200	2,000	-
Change (%)	16.9%	7.3%	6.7%	4.5%	-
(Reference) Actual consolidated results for the previous fiscal year (Fiscal year ended March 31, 2024)	480,307	57,004	57,459	40,461	129.51

The Japanese IT services market is projected to continue to enjoy ongoing growth in demand for IT investment for growing businesses and bolstering competitiveness seen across a wide range of industries. This demand is fueling strong performance for the Company.

In addition, the Company converted Net One Systems Co., Ltd., into a consolidated subsidiary effective December 25, 2024, as described in the news release entitled “Notice of the Results of the Tender Offer for Net One Systems Co., Ltd. (Securities Code: 7518) and the Change in Subsidiary” issued on December 19, 2024.

Based on these factors, full-year consolidated performance forecasts for the fiscal year ending March 31, 2025, have been revised to reflect the projection that net sales, operating profit, profit before tax, and profit attributable to owners of the parent will all surpass the levels initially anticipated.

As described in “2. Condensed Quarterly Consolidated Financial Statements (5) Notes to Condensed Quarterly Consolidated Financial Statements (Business Combinations)”, 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.

(Revision of Dividend for the Fiscal Year Ending March 31, 2025)

(Yen)

	Annual dividends		
	Second quarter-end	Fiscal-year end	Total
Previous forecasts	-	34	68
Revised forecasts	-	37	71
Actual results for the current fiscal year	34	-	-
Actual results for the previous fiscal year (Fiscal year ended March 31, 2024)	28	32	60

With regard to the return of profits to shareholders, the Company aims to provide dividends in line with improvements in consolidated business results, while comprehensively taking into account financial position, earnings trends, the dividend payout ratio, and the need to maintain sufficient internal reserves for future business investments.

In the fiscal year ending March 31, 2025, net sales, operating profit and profit attributable to owners of the parent are projected to surpass the levels initially anticipated due to strong business earnings and the benefits of the conversion of Net One Systems Co., Ltd., into a consolidated subsidiary.

Based on the aforementioned policy as well as full-year consolidated financial forecasts, the Company has revised the previously announced forecast for year-end dividend payments for the fiscal year ending March 31, 2025. The revised forecast calls for year-end dividend payments of ¥37 per share, an increase of ¥3 over the prior forecast. When combined with the interim dividend payment, the revised dividend forecast will make for full-year dividend payments ¥71 per share and a consolidated dividend payment ratio of 47.7%. based on the revised forecasts for consolidated performance.

Note: Forecasts are forward-looking statements based on information available as of the date of release of this document. Actual performance may differ from forecasts for various reasons.

## 2. Condensed Quarterly Consolidated Financial Statements

### (1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of Yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	144,360	88,821
Trade and other receivables	85,512	126,572
Contract assets	14,979	31,153
Inventories	7,939	38,745
Other financial assets	5,010	832
Income taxes receivable	0	437
Other current assets	15,033	35,971
Total current assets	272,834	322,534
Non-current assets		
Property, plant and equipment	71,665	80,892
Right-of-use assets	42,250	60,208
Goodwill and intangible assets	32,495	258,082
Investments accounted for using equity method	13,662	14,060
Other receivables	9,121	25,321
Other financial assets	9,053	11,248
Deferred tax assets	624	2,660
Other non-current assets	19,691	21,652
Total non-current assets	198,565	474,127
Total assets	471,400	796,661



(Millions of Yen)

	As of Mar. 31, 2024	As of December 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	36,232	60,447
Contract liabilities	17,029	41,858
Liabilities for employee benefits	13,058	12,968
Bonds and borrowings	11,875	211,832
Lease liabilities	9,154	19,836
Other financial liabilities	25	-
Income taxes payable	9,601	4,071
Provisions	734	486
Other current liabilities	7,823	14,313
<b>Total current liabilities</b>	<b>105,535</b>	<b>365,812</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	19,370	19,377
Lease liabilities	33,570	66,042
Other payables	177	63
Liabilities for employee benefits	2,078	2,367
Provisions	7,332	9,595
Deferred tax liabilities	425	3,319
<b>Total non-current liabilities</b>	<b>62,954</b>	<b>100,767</b>
<b>Total liabilities</b>	<b>168,489</b>	<b>466,580</b>
<b>Equity</b>		
Share capital	21,420	21,561
Capital surplus	162	450
Retained earnings	275,551	284,748
Treasury shares	-284	-283
Other components of equity	5,404	6,073
<b>Total equity attributable to owners of parent</b>	<b>302,254</b>	<b>312,550</b>
Non-controlling interests	655	17,530
<b>Total equity</b>	<b>302,910</b>	<b>330,081</b>
<b>Total liabilities and equity</b>	<b>471,400</b>	<b>796,661</b>

**(2) Condensed Quarterly Consolidated Statements of Income and Comprehensive Income**

Condensed Quarterly Consolidated Statements of Income  
 Nine-month period ended December 31, 2023 and 2024

(Millions of Yen)

	From April 1, 2023 to December 31, 2023	From April 1, 2024 to December 31, 2024
Net sales	351,363	384,840
Cost of sales	-258,656	-282,275
Gross profit	92,707	102,564
Selling, general and administrative expenses	-51,698	-59,139
Other income	393	1,049
Other expenses	-413	-1,580
Operating profit	40,988	42,894
Finance income	521	440
Finance costs	-1,580	-692
Share of profit (loss) of investments accounted for using equity method	1,007	920
Profit before tax	40,936	43,562
Income tax expense	-12,518	-13,547
Profit	28,417	30,015
Profit attributable to		
Owners of parent	28,335	29,798
Non-controlling interests	81	216
Earnings per share		
Basic earnings per share (Yen)	90.70	95.35
Diluted earnings per share (Yen)	90.70	95.35

Condensed Quarterly Consolidated Statements of Comprehensive Income  
 Nine-month period ended December 31, 2023 and 2024

(Millions of Yen)

	From April 1, 2023 to December 31, 2023	From April 1, 2024 to December 31, 2024
Profit	28,417	30,015
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	-	-19
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	-420	-263
Share of other comprehensive income of investments accounted for using equity method	557	487
Total of items that will not be reclassified to profit or loss	137	204
Items that may be reclassified to profit or loss		
Cash flow hedges	-109	-27
Exchange differences on translation of foreign operations	1,110	452
Share of other comprehensive income of investments accounted for using equity method	41	18
Total of items that may be reclassified to profit or loss	1,041	443
Total other comprehensive income, net of tax	1,178	647
Comprehensive income	29,596	30,663
Comprehensive income attributable to		
Owners of parent	29,514	30,446
Non-controlling interests	81	216

**(3) Condensed Quarterly Consolidated Statements of Changes in Equity**

Nine-month period ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(Millions of Yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at April 1, 2023	21,285	122	246,812	-286	3,976	271,909	493	272,403
Profit	—	—	28,335	—	—	28,335	81	28,417
Other comprehensive income	—	—	—	—	1,178	1,178	—	1,178
Comprehensive income	—	—	28,335	—	1,178	29,514	81	29,596
Issuance of new shares	135	135	—	—	—	270	—	270
Dividends of surplus	—	—	-16,867	—	—	-16,867	-51	-16,919
Changes in ownership interest in subsidiaries	—	-91	—	—	—	-91	91	-0
Increase (decrease) in acquisition and sale of subsidiaries	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	-4	—	-4	—	-4
Disposal of treasury shares	—	-0	—	0	—	0	—	0
Transfer to capital surplus from retained earnings	—	0	-0	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	204	—	-204	—	—	—
Transfer to non-financial assets	—	—	—	—	114	114	—	114
Total transactions with owners	135	43	-16,663	-4	-89	-16,578	39	-16,539
Balance at December 31, 2023	21,420	166	258,485	-291	5,065	284,846	614	285,460

Nine-month period ended December 31, 2024 (April 1, 2024 - December 31, 2024)

(Millions of Yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at April 1, 2024	21,420	162	275,551	-284	5,404	302,254	655	302,910
Profit	—	—	29,798	—	—	29,798	216	30,015
Other comprehensive income	—	—	—	—	647	647	—	647
Comprehensive income	—	—	29,798	—	647	30,446	216	30,663
Issuance of new shares	141	141	—	—	—	282	—	282
Dividends of surplus	—	—	-20,623	—	—	-20,623	—	-20,623
Changes in ownership interest in subsidiaries	—	149	—	—	—	149	391	540
Increase (decrease) in acquisition and sale of subsidiaries	—	—	—	—	—	—	16,266	16,266
Purchase of treasury shares	—	—	—	-2	—	-2	—	-2
Disposal of treasury shares	—	-3	—	3	—	0	—	0
Transfer to capital surplus from retained earnings	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	21	—	-21	—	—	—
Transfer to non-financial assets	—	—	—	—	43	43	—	43
Total transactions with owners	141	287	-20,601	0	21	-20,150	16,658	-3,492
Balance at December 31, 2024	21,561	450	284,748	-283	6,073	312,550	17,530	330,081

**(4) Condensed Quarterly Consolidated Statements of Cash Flows**

(Millions of Yen)

	From April 1, 2023 to December 31, 2023	From April 1, 2024 to December 31, 2024
Cash flows from operating activities		
Profit before tax	40,936	43,562
Depreciation and amortization	15,921	16,537
Finance income	-521	-440
Finance costs	1,580	692
Share of loss (profit) of investments accounted for using equity method	-1,007	-920
Decrease (increase) in trade and other receivables	16,361	8,409
Decrease (increase) in contract assets	-6,266	-9,156
Decrease (increase) in inventories	493	1,124
Increase (decrease) in trade and other payables	-2,928	1,552
Increase (decrease) in contract liabilities	2,273	1,661
Increase (decrease) in employee benefits	-3,784	-5,056
Increase (decrease) in provisions	460	-592
Other	106	-3,238
Subtotal	63,625	54,136
Interest and dividends received	653	915
Interest paid	-488	-566
Income taxes refund (paid)	-16,104	-17,849
Net cash provided by (used in) operating activities	47,686	36,636
Cash flows from investing activities		
Purchase of property, plant and equipment	-2,451	-5,525
Proceeds from sale of property, plant and equipment	98	1,202
Purchase of intangible assets	-3,042	-5,099
Purchase of investments for equity method affiliates	-358	-67
Purchase of other financial assets	-20,840	-41,822
Proceeds from sales and redemptions of other financial assets	16,755	45,171
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-4,996	-258,225
Other	-727	595
Net cash provided by (used in) investing activities	-15,562	-263,771
Cash flows from financing activities		
Redemption of bonds and repayments of borrowings	-21,950	-11,797
Proceeds from long-term debt	11,500	211,477
Proceeds from issuance of bonds	9,950	-
Repayments of lease liabilities	-6,220	-7,104
Dividends paid	-16,867	-20,623
Dividends paid to non-controlling interests	-51	-51
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	-568
Other	-8	-2
Net cash provided by (used in) financing activities	-23,647	171,329
Effect of exchange rate changes on cash and cash equivalents	891	266
Net increase (decrease) in cash and cash equivalents	9,367	-55,538
Cash and cash equivalents at beginning of period	121,425	144,360
Cash and cash equivalents at end of period	130,793	88,821

**(5) Notes to Condensed Quarterly Consolidated Financial Statements**

**(Notes to Going Concern Assumptions)**

No applicable items.

**(Notes Concerning the Significant Changes in Shareholder's Equity)**

No applicable items.

## (Segment Information)

### 1. Summary of reportable segments

The Group's operating segments are the components of the Group for which discrete financial information is available and which are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance. The Company formulates comprehensive domestic and overseas strategies pertaining to the products and services it offers according to the characteristics of client industries and IT service business areas, and develops businesses in accordance with these strategies.

Based on these business activities, the Company has defined the following six reportable segments: Industrial IT Business, Financial IT Business, IT Business Solutions, IT Platform Solutions, IT Management Service, and Others.

The Company determines its reportable segments by aggregating multiple operating segments into a single operating segment in cases in which the applicable operating segments share similarities with regard to each of the following economic characteristics: (a) the nature of the products and services, (b) the nature of the production processes, (c) the type or class of customer for their products and services, (d) the methods used to distribute their products or provide their services; and if applicable, (e) the nature of the regulatory environment. The business activities of the Company's reportable segments are as follows:

#### (1) Industrial IT Business

This segment provides various IT solutions, including SAP, through systems development and maintenance and operation services for core systems, manufacturing management systems, information management systems, supply chain management (SCM) systems, customer relationship management (CRM) systems and other systems. This segment's services leverage the experience and know-how that we have cultivated over many years. The clients of this segment are primarily companies in the manufacturing, communications, energy, distribution, service, and media industries.

Moreover, this reportable segment supplies the automotive industry with a wide range of solutions for automobile electronic control units on a global basis. These solutions include the development of embedded software through a model-based development approach, proprietary SCSK middleware (QINeS-BSW), software assessments, and process improvement measures.

#### (2) Financial IT Business

This segment engages in systems development, maintenance, and operation services for financial institutions. As professionals that understand financial operations and possess a strong track record of creating sophisticated financial systems, members of this segment's staff support secure and efficient management and help clients implement their financial business strategies. The segment provides these services primarily to financial institutions, such as banks and trust banks as well as insurance, securities, shopping credit and leasing companies.

#### (3) IT Business Solutions

This segment provides ProActive, an in-house developed ERP (integrated core operations) packaging, as well as production-management systems, and AMO (Application Management Outsourcing) services to support the entire life cycle of ERP such as Oracle etc, from introduction and development to maintenance and operation. We also provide a wide range of IT solutions, including EC service and contact center service. In addition, we provide BPO services that are unique to IT companies, combining manpower support operations with IT.

#### (4) IT Platform Solutions

This segment draws on solid technical capabilities and know-how to leverage computer-aided design (CAD), computer aided engineering (CAE), and other advanced technologies in the fields of IT infrastructure and manufacturing. In this way, the IT Platform Solutions provides services and products that accurately



address the needs of clients and offers flexible support for a wide range of client businesses.

(5) IT Management Service

This segment develops solutions-oriented netXDC data centers, which boast robust facilities and high-level security, to provide clients with proposal-based outsourcing services that address their management issues pertaining to operating cost reductions, infrastructure integration and optimization, governance enhancement, and business risk mitigation. The segment also supplies cloud infrastructure and offers its on-site SE support management services 24 hours a day, 365 days a year.

(6) Others

This segment performs remote development (nearshore development) and provides other services out of Group companies that leverage the characteristics of its regional bases and the software development, system operation and management, system equipment sales, and consulting services it provides for a wide range of industries and business models.

The Others businesses did not meet the quantitative thresholds for reportable segments both in the fiscal year ended March 31, 2024 and the fiscal year ending March 31, 2025.

**2. Reorganization of reportable segments, etc.**

From the first quarter of consolidated fiscal year ending March 31, 2025, in conjunction with the partial revision of the internal organization, the method for classifying reportable segments has been revised.

Segment information for the Nine-month period ended December 31, 2023, has been restated to reflect this change in reportable segments.

### 3. Profits, Losses, and Other Information Pertaining to Reportable Segments

Nine-month period ended December 31, 2023 (April 1, 2023 - December 31, 2023)

(Millions of Yen)

	Reportable Segment							Adjustments (Note2)	Amount recorded in consolidated financial statements
	Industrial IT Business	Financial IT Business	IT Business Solutions	IT Platform Solutions	IT Management Service	Others	Total		
Net sales									
Sales to external customers	130,138	47,156	44,501	61,496	48,254	19,417	350,963	400	351,363
Inter segment sales (Note1)	7,830	432	3,494	7,529	21,139	11,852	52,278	-52,278	—
Total	137,968	47,588	47,995	69,025	69,393	31,269	403,242	-51,878	351,363
Operating profit (loss)	17,840	5,654	2,540	8,265	7,619	1,047	42,969	-1,980	40,988
							Finance income		521
							Finance costs		-1,580
							Share of profit (loss) of investments accounted for using equity method		1,007
							Profit before tax		40,936

Notes: 1. Amounts for inter-segment transactions are decided based on price negotiations made with reference to market prices.

2. The amount of ¥400 million for sales to external customers includes adjustment to reflect net sales to be conformity with IFRS. The ¥1,980 million reduction to operating profit is comprised of in general corporate expenses that have not been allocated to the reportable segments.

Nine-month period ended December 31, 2024 (April 1, 2024 - December 31, 2024)

(Millions of Yen)

	Reportable Segment							Adjustments (Note2)	Amount recorded in consolidated financial statements
	Industrial IT Business	Financial IT Business	IT Business Solutions	IT Platform Solutions	IT Management Service	Others	Total		
Net Sales									
Sales to external customers	143,218	48,442	43,942	74,257	53,508	21,363	384,731	108	384,840
Inter segment sales (Note1)	10,358	337	3,499	8,773	21,184	12,213	56,366	-56,366	—
Total	153,577	48,780	47,441	83,030	74,692	33,576	441,098	-56,258	384,840
Operating profit (loss)	21,007	6,355	-1,032	9,993	8,106	1,286	45,718	-2,823	42,894
							Finance income		440
							Finance costs		-692
							Share of profit (loss) of investments accounted for using equity method		920
							Profit before tax		43,562

Notes: 1. Amounts for inter-segment transactions are decided based on price negotiations made with reference to market prices.

2. The amount of ¥108 million for sales to external customers includes adjustment to reflect net sales to be conformity with IFRS. The ¥2,823 million reduction to operating profit is comprised of in general corporate expenses that have not been allocated to the reportable segments.

(Business Combinations)

(1) Overview of Business Combination

i. Name and Business Activities of Acquired Company

Name: Net One Systems Co., Ltd.

Business Activities: Provision of innovative Information Platform solutions and services that help the leading organizations better strategize information and communications technology (ICT).

ii. Reason for Business Combination

Generation of synergies that surpass those possible through simple capital and business alliances by deploying digital services ranging from network, security and cloud to data utilization and other applications.

iii. Acquisition Date

December 25, 2024

iv. Ratio of Voting Rights Acquired

79.69%

v. Method of Acquiring Controlling Stake in Acquired Company

Acquisition of stock through cash payment

(2) Fair Value of Acquisition Consideration on Date of Acquisition

(Millions of Yen)

Acquisition Consideration	Amount
Cash	284,871
Fair value of acquisition consideration	284,871

In addition, ¥1,113 million in expenses associated with the business combination have been included under selling, general and administrative expenses on the condensed quarterly consolidated statements of income for the nine-month period ended December 31, 2024.

(3) Fair Value of Acquired Assets and Liabilities on Date of Acquisition

(Millions of Yen)

	Amount
Assets	
Cash and cash equivalents	26,646
Other current assets	105,676
Non-current assets	40,750
Total assets	173,072
Liabilities	
Current liabilities	66,980
Non-current liabilities	25,684
Total liabilities	92,665
Fair value of net acquired assets and liabilities	80,407

The amounts of assets and liabilities recorded on December 31, 2024, represent provisional amounts based on estimates available at the time of disclosure as the value of identifiable assets and liabilities is under evaluation and the allocation of the acquisition consideration has not been completed.

(4) Goodwill

The amount of goodwill recorded on December 31, 2024, represents a provisional amount based on estimates available at the time of disclosure as the value of identifiable assets and liabilities is under evaluation and the allocation of the acquisition consideration has not been completed.

Goodwill is primarily a reflection of the surplus earnings capabilities anticipated from future business activities. Goodwill does not represent projected tax losses.

(Millions of Yen)

	Amount
Acquisition consideration	284,871
Non-controlling interest based on proportionate interest in recognized amounts of assets and liabilities of Net One Systems Co., Ltd.	16,266
Fair value of net acquired assets and liabilities	80,407
Goodwill	220,731

(5) Expenditure for Acquisition of Subsidiary

(Millions of Yen)

	Amount
Cash payment of acquisition consideration	-284,871
Cash and cash equivalents of acquired company on acquisition date	26,646
Cash payment for acquisition of subsidiary	-258,225

**(Significant Subsequent Events)**

No applicable items.