

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [IFRS]

April 30, 2025

Company Name: SCSK Corporation
Securities Code: 9719
Stock Exchange Listing: Tokyo Stock Exchange
URL: <https://www.scsk.jp>
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Scheduled date of the Annual General Meeting of Shareholders: June 24, 2025
Scheduled date for dividend payment: June 4, 2025 Scheduled date of filing securities: June 24, 2025
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 Business Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results (cumulative)

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the previous fiscal year)

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	Net sales		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive profit	
	%		%		%		%		%		%	
FY2024	596,065	24.1	66,121	16.0	65,547	14.1	46,495	14.6	45,035	11.3	49,103	4.5
FY2023	480,307	7.7	57,004	11.0	57,459	7.7	40,584	8.7	40,461	8.5	47,008	18.9
	Basic earnings per share		Diluted earnings per share		Return on equity attributable to owners of parent		Ratio of profit before tax to total assets		Ratio of operating profit to net sales			
	Yen		Yen		%		%				%	
FY2024	144.10		144.10		15.2		9.7				11.1	
FY2023	129.51		129.51		14.1		12.7				11.9	

(Reference) Share of profit of investments accounted for using equity method: FY2024 ¥1,413 million FY2023 ¥1,394 million

(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	Equity attributable to owners of parent per share
				%	Yen
As of March 31, 2025	885,029	292,565	291,420	32.9	932.41
As of March 31, 2024	471,400	302,910	302,254	64.1	967.36

(3) Consolidated Cash Flows

(Millions of yen unless otherwise stated)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
FY2024	68,037	-275,488	167,946	105,623
FY2023	67,900	-19,898	-25,881	144,360

2. Cash Dividends

	Dividends per share (Yen)					Total dividends (Millions of yen)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
FY2023	—	28.00	—	32.00	60.00	18,745	46.3	6.5
FY2024	—	34.00	—	37.00	71.00	22,188	49.3	7.5
FY2025(Forecast)	—	47.00	—	47.00	94.00		51.0	

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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	
		%		%		%		%		Yen
Full Year	790,000	32.5	85,000	28.6	81,500	24.3	57,600	27.9		184.29

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 26 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	354,368 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	312,521,304 shares
Nine months ended December 31, 2023	312,425,017 shares

(Reference) Summary of Non-Consolidated Business Results

1. Non-Consolidated Business Results for Fiscal Year 2024 (April 1, 2024 to March 31, 2025)

(1) Non-Consolidated Operating Results

(Millions of yen unless otherwise stated)

(Percentage figures are changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Net profit	
		%		%		%		%
FY2024	407,726	6.8	48,339	4.1	51,853	5.5	37,780	8.6
FY2023	381,911	7.4	46,417	12.1	49,158	10.4	34,782	16.1

	Net profit per share	Diluted net profit per share
	Yen	Yen
FY2024	120.90	120.88
FY2023	111.34	111.33

(2) Non-Consolidated Financial Position

(Millions of yen unless otherwise stated)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
As of March 31, 2025	687,984	282,443	41.1	903.73
As of March 31, 2024	402,099	266,730	66.3	853.71

(Reference) Shareholders' equity: As of March 31, 2025 ¥282,433 million As of March 31, 2024 ¥266,717 million

- ※ 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, 2026” on page 6.
 - The Company will hold a results briefing for institutional investors and analysts on April 30, 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

(1) Analysis of Operating Results

In the fiscal year ended March 31, 2025, the Japanese economy felt the impacts of the rising commodity prices that stemmed from increases in energy and raw material prices as well as the foreign exchange trends and interest rate fluctuations that were driven by the government policies of 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 the ongoing fiscal and financial measures being implemented amid improvements in the job market and in wages. Nevertheless, there is a risk of downward pressure being placed on the Japanese economy due to the impacts of the trade and other policies of the United States and the consumer spending trends seen in response to the downturns in consumer confidence accompanying rising commodity prices. In addition, there is a need to carefully monitor trends related to conditions in the Middle East and financial and capital market fluctuations.

In this economic environment, the IT services market continues to enjoy ongoing growth in demand for corporate IT investment along with a strong appetite for IT investment for growing businesses and bolstering competitiveness. Although there is a risk of economic downturns stemming from government policy trends in the United States, consistent IT investment demand is anticipated for applications such as 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 digitalization efforts such as the redevelopment of core systems and strategic investments for strengthening operating foundations. In the financial industry, demand was strong for investment for the purposes of developing fraud and money laundering detection and prevention systems and firm trends were seen in efforts of accommodating online financial transactions.

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 amid a robust appetite for improvements in operational efficiency and productivity. Furthermore, ongoing demand for systems redevelopment and strategic IT investment demand is anticipated.

In the fiscal year ended March 31, 2025, net sales increased 24.1% year on year, to ¥596,065 million, as result of higher sales in all three sales segments—Systems Development, System Maintenance and Operation / Services, and Packaged Software / Hardware Sales—attributable to the benefits of the introduction of Net One Systems Co., Ltd., into the scope of consolidation and the ongoing growth of IT investment demand.

Operating profit increased 16.0% to ¥66,121 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 11.3%, to ¥45,035 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 SCSK Group” in the Medium-Term Management Plan. Dramatic improvements to comprehensive corporate value will be pursued based on these policies.

Performance by segment was as follows. Net sales represent the amount of sales to outside customers.

(Millions of yen)

	Previous fiscal year		Current fiscal year		Comparison with the previous fiscal year	
	(April 1, 2023- March 31, 2024)		(April 1, 2024- March 31, 2025)			
	Net sales	Segment Profit	Net sales	Segment Profit	Net sales	Segment Profit
Industrial IT Business	176,332	24,329	195,654	28,957	19,322	4,628
Financial IT Business	63,492	7,312	65,163	8,948	1,671	1,636
IT Business Solutions	59,854	3,315	58,905	-1,931	-949	-5,247
IT Platform Solutions	88,561	13,363	175,752	21,706	87,191	8,343
IT Management Service	64,746	9,430	71,779	11,302	7,032	1,872
Others	27,026	1,920	28,807	1,938	1,781	18
Adjusted total	294	-2,667	2	-4,801	-292	-2,133
Total	480,307	57,004	596,065	66,121	115,757	9,117

(Industrial IT Business)

Net sales increased 11.0% year on year, to ¥195,654 million, and segment profit grew 19.0%, to ¥28,957 million. This growth was driven by higher demand for automotive systems development and verification services, as well as increased projects from manufacturing customers in the Digital Supply Chain business. This growth offset the impact of completed projects in the distribution industry.

(Financial IT Business)

Despite a decline in projects for the credit/ leasing companies and insurance companies, net sales increased by 2.6% year on year, to ¥65,163 million, supported by continued anti-money laundering projects in the banks and core system projects for the securities firms. Segment profit also grew by 22.4%, to ¥8,948 million.

(IT Business Solutions)

Net sales were down 1.6% year on year, to ¥58,905 million, impacted by the completion of public sector projects in the BPO (business process outsourcing) business and a decline in invoice-related services within PROACTIVE. Segment profit was -¥1,931 million, affected by the sales decline and the disposal of software assets.

(IT Platform Solutions)

Net sales were up 98.5% year on year, to ¥175,752 million, and segment profit increased 62.4%, to ¥21,706 million, driven by strong sales of hardware to academic research institutions, security products to the transportation and financial sectors, and the consolidation of Net One Systems Co., Ltd.

(IT Management Service)

Net sales were up 10.9% year on year, to ¥71,779 million, and segment profit increased 19.9%, to ¥11,302 million, driven by growth in management services, primarily for financial and manufacturing industry customers,

and license sales to distribution industry customers for cloud services.

(Others)

Net sales were up 6.6% year on year, to ¥28,807 million, and segment profit rose 1.0%, to ¥1,938 million.

Sales in the Company's service-based sales segments, namely Systems Development, System Maintenance and Operation / Services, and Packaged Software / Hardware Sales, were as follows.

(Millions of yen unless otherwise stated)

	Previous fiscal year		Current fiscal year		Comparison with the previous fiscal year	
	(April 1, 2023- March 31, 2024)		(April 1, 2024- March 31, 2025)			
	Amount	Share (%)	Amount	Share (%)	Amount	Change (%)
Systems Development	202,799	42.2	223,642	37.5	20,843	10.3
System Maintenance and Operation / Services	188,340	39.2	222,065	37.3	33,724	17.9
Packaged Software / Hardware Sales	89,841	18.6	150,357	25.2	61,189	68.6
Total	480,307	100.0	596,065	100.0	115,757	24.1

In Systems Development, despite a decline in distribution industry projects, net sales increased by 10.3% year on year, to ¥223,642 million, driven by growth in development projects for the manufacturing industry, primarily automotive, and the banking industry.

In System Maintenance and Operation / Services, despite a decline in the BPO business, net sales increased 17.9% year on year, to ¥222,065 million, supported by steady performance in management and verification services.

In Packaged Software / Hardware Sales, net sales decreased 68.6% year on year, to ¥150,357million, driven by increased sales of network equipment and security products to specific customers in the communications industry, as well as growth in hardware sales to academic research institutions.

The consolidation of Net One Systems Co., Ltd. has impacted revenue figures across all categories.

(2) Summary of Financial Position

Net One Systems Co., Ltd. was included in the scope of consolidation as of December 25, 2024, following the acquisition of its shares within the IT Platform Solutions segment. Details of the financial impact of this acquisition are provided in "5. Condensed Consolidated Financial Statements (5) Notes to Condensed Consolidated Financial Statements (Business Combinations)."

(Assets)

Assets as of March 31, 2025, were ¥885,029 million, an increase of 87.7% or ¥413,629 million compared to March 31, 2024, as increases in trade and other payables and goodwill and intangible assets etc, despite decreased in cash and cash equivalents.

(Liabilities)

Liabilities as of March 31, 2025, were ¥592,464 million, an increase of 251.6% or ¥423,974 million compared to March 31, 2024, as increases in trade and other payables, bonds and borrowings, and lease liabilities, etc.

(Equity)

Changes in equity during the current fiscal year, compared to the end of the prior fiscal year, are primarily attributable to net income and the following factors:

The acquisition of Net One Systems Co., Ltd. on December 25, 2024, resulted in an increase in non-controlling interests. Subsequently, a decrease in non-controlling interests and capital surplus resulted from the recognition of financial liabilities due to the squeeze-out procedures, including a reverse stock split, related to Net One Systems Co., Ltd.

These factors resulted in a decrease of 3.4% or -¥10,345 million compared to March 31, 2024, leaving equity at ¥292,565 million.

(3) Overview of Cash Flows

Cash and cash equivalents ("cash") as of March 31, 2025, decreased ¥38,736 million compared to March 31, 2024, to ¥105,623 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 ¥68,037 million (increased ¥136 million in comparison to the same period of the previous fiscal year).

The main cash inflow factors were profit before tax of ¥65,547 million, depreciation and amortization of ¥24,866 million, and a decrease in inventories of ¥10,994 million. The main cash outflow factors were a decrease in trade and other receivables of ¥22,763 million, and payment for income taxes of ¥18,094 million.

(Cash flow from investing activities)

Net cash used in investing activities was ¥275,488 million (decreased ¥255,589 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 ¥45,233 million.

The main cash outflow factors were a decrease due to purchase of other financial assets of ¥46,592 million, a decrease in payment for purchase of property, plant and equipment of ¥10,035 million, a decrease in purchase of intangible assets of ¥7,242 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 ¥167,946 million (increased ¥193,827 million in comparison to the same period of the previous fiscal year).

The main cash inflow factors were the proceeds from long-term debt of ¥261,123 million and the proceeds

from issuance of bonds of ¥49,798 million. The main cash outflow factors were repayments of borrowings of ¥111,913 million, repayments of lease liabilities of ¥9,690 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.

With respect to cash flows in the fiscal year ending March 31, 2025, the Company forecasts an increase in operating cash flow based on the expansion of business earnings through the implementation of strategies delineated in the Company's Medium-Term Management Plan. As for cash outflows, the Company plans to conduct ongoing investments for the expansion of strategic businesses and capital investment for the enhancement of the Company's earnings base while also directing funds to debt repayment and dividend payments.

(4) Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2026

In the fiscal year ending March 31, 2025, while uncertainties remain for the Japanese economy, including the impact of US trade policies and continued inflation on consumer spending, we anticipate continued IT investment demand driven by ongoing digitalization.

The consolidation of Net One Systems Co., Ltd. has expanded our customer base and enabled us to offer integrated digital services encompassing network, security, cloud, and data utilization applications.

The fiscal year ending March 31, 2025, will be the final year of SCSK's current Medium-Term Management Plan. In this year, the Company will accelerate growth by focusing on our core strategies, integrating Net One Systems' capabilities within our IT infrastructure offerings, and continuing to strengthen our responsiveness to client IT investment needs. The Company will also continue investing in future growth opportunities and talent acquisition, recognizing the intensifying competition for IT professionals.

Against this backdrop, the Company forecasts net sales of ¥790,000 million, an increase of 32.5% year on year, operating profit of ¥85,000 million, an increase of 28.6%, and profit attributable to owners of parent of ¥57,600 million, an increase of 27.9%, for the fiscal year ending March 31, 2026.

	Forecasts
Net sales	¥790,000 million
Operating profit	¥85,000 million
Profit before tax	¥81,500 million
Profit attributable to owners of parent	¥57,600 million

The above forecasts are based on economic trends and the market environment as of the day these statements were issued. For various reasons, actual results may differ from the forecasts, and the forecasts may be subject to revision.

(5) Basic Policy for Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2025, and the Fiscal Year Ending March 31, 2026

In determining dividends, the Company aims to increase returns to shareholders in conjunction with improved consolidated financial results. As part of this process, the Company gives comprehensive consideration to its financial position, earnings trends, dividend payout ratio, and reserves for future business investment.

The Company pays dividends twice a year from its surplus: an interim dividend and a year-end dividend. Decisions regarding interim and year-end dividends are made by the Board of Directors.

The Company regards the acquisition of treasury shares as one means of returning profits to shareholders, and it will consider any such acquisitions while taking into account share price trends, the aforementioned matters considered when determining dividends, and the shareholder returns to be made via dividend payments.

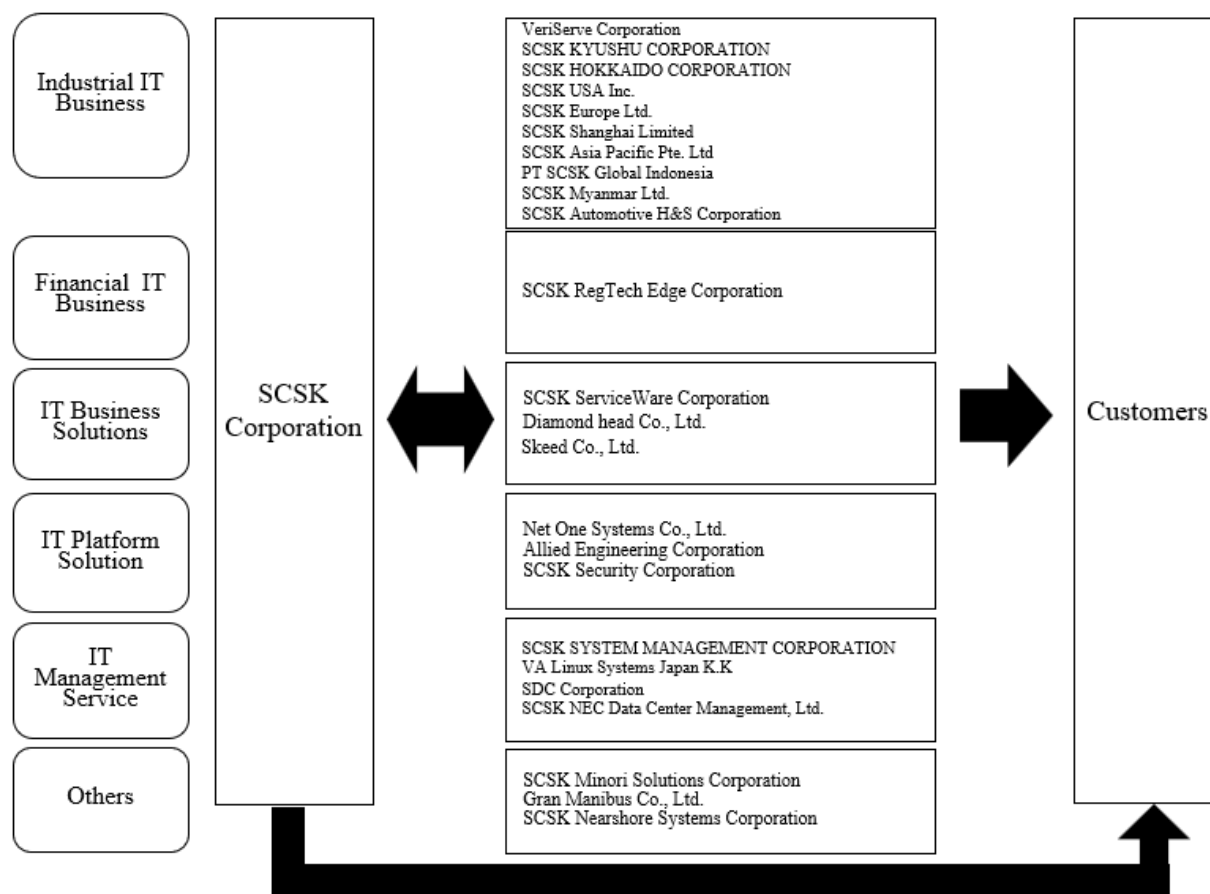
For the fiscal year ended March 31, 2025, our year-end dividend is ¥37.00 per share. Combined with the interim dividend of ¥34.00 per share already paid, the total annual dividend is ¥71.00 per share.

For the fiscal year ending March 31, 2026, we intend to issue an annual dividend of ¥94.00 per share (interim dividend of ¥47.00 and year-end dividend of ¥47.00) based on the Company's financial base and anticipated increases in earnings capacity. This amount will represent the 14th consecutive year of higher dividends. The decision to issue dividend payments in this amount was made based on the policy of enhancing shareholder returns in order to achieve the target of dividend payout ratio of 50% set for the fiscal year ending March 31, 2026, in the Medium-Term Management Plan.

2. Overview of the Group

The SCSK Group consists of SCSK, thirty-three consolidated subsidiaries, and three equity-method associates and offers business service in IT consulting, Systems development, Verification service, IT infrastructure construction, IT management, IT hardware / software sales and BPO through collaboration among business segments in Industrial IT Business, Financial IT Business, IT Business Solutions, IT Platform Solution, IT Management Service, and Others. SCSK's parent company, Sumitomo Corporation, is a major client.

SCSK Group's business segments and major subsidiaries and associates are as in the chart below.



- (Notes) 1. In each segment, the Company and its Group companies engage in business directly with clients, while conducting business that complements intra-Group functions.
2. Primarily consolidated subsidiaries are shown in the above chart.

3. Management Policies

(1) Operating Environment and Tasks to Be Addressed

The domestic IT services market is witnessing a qualitative change in the IT strategies and investments of companies that is resulting in a more intimate relationship between business and IT. Examples of this change include the rapid advancement of generative AI, blockchain, cloud computing, and mobile technologies. This change is also manifesting in forms such as the rising importance of data utilization as data analysis technologies evolve as well as increases in data leakage, cyberattacks, and other security risks.

Against this backdrop, IT services companies will need to constantly embrace new technologies, continuously improve the quality of their products and services, and create innovative new products and services. The industry finds itself in a time of uncertainty as the operating environment changes at an increasingly rapid pace, making it difficult to project future trends. Achieving ongoing growth in these uncertain times will require companies to undergo self-transformation by reorganizing their business areas and redeveloping their business models.

In light of this changing environment, the SCSK Group has defined material issues to share the areas it should prioritize when addressing social issues during the course of practicing sustainability management based on its corporate philosophy of “Create Our Future of Dreams.” In line with these material issues, we established Grand Design 2030, the Group’s vision for 2030. In addition, we announced Medium-Term Management Plan (FY2023-FY2025), the second phase roadmap for achieving this vision, in April 2023.

<Material Issues>

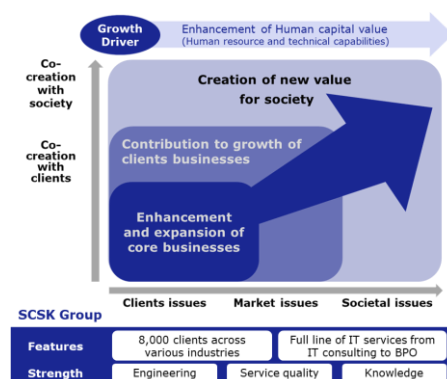
The following seven material issues have been defined based on the SCSK Group’s businesses, strengths, and role in society.

- | | |
|--|--|
| <ul style="list-style-type: none"> • Achieving sustainable business growth with society • Innovating for a Brighter Society • Building Trust for a Safe and Secure Society • Creating an Inclusive Society | <ul style="list-style-type: none"> • Foundation supporting sustainable growth • Global Environmental Contributions • Diverse Team of Professionals • Sustainable Value Chain • Transparent Governance |
|--|--|

<Grand Design 2030>

Grand Design 2030 defines the goal of SCSK as to become a Co-Creative IT Company in 2030 by creating businesses that contribute to the resolution of social issues together with customers and partners.

In order to accomplish this goal, we will realize dramatic improvements in comprehensive corporate value, which we define as corporate value that encompasses economic value as well as non-financial factors such as social value and human capital value, in order to heighten our essential corporate strength. We have also put forth the target of net sales of ¥1 trillion in order to grow SCSK into a first-class company that leads the resolution of social issues based on the creation of value that is not bound by tradition or past standards. Medium-Term Management Plan (FY2023-FY2025) details the concrete steps we will take toward these ends.



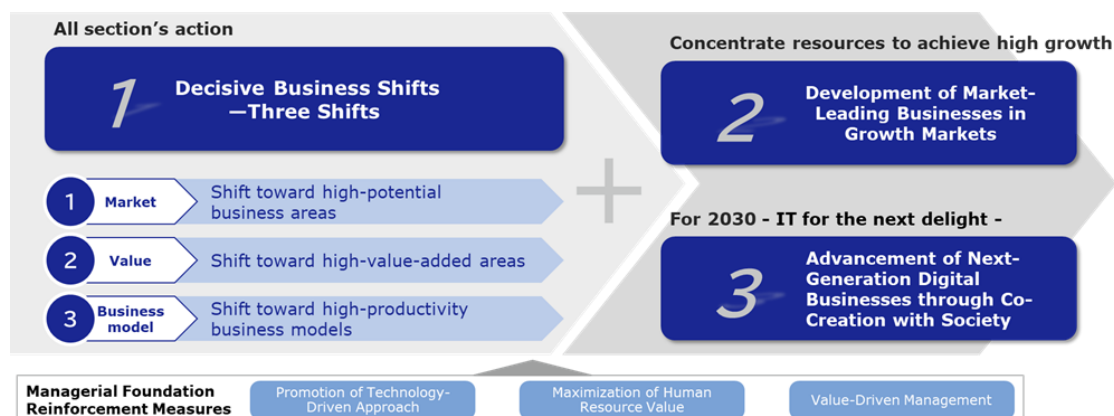
<Medium-Term Management Plan>

Medium-Term Management Plan (FY2023-FY2025) is positioned as the second phase of the plan toward the realization of Grand Design 2030. In addition to reorganizing our business areas and redeveloping our business models and actively engaging with areas that provide Group-generated new value, we will shift to a more highly profitable, productive business model. We will also strive to maximize each employee's market value by fostering a work environment in which employees can fully demonstrate their abilities and by selecting and building business fields and business models. Specific efforts to promote these initiatives are summarized in our Group core strategies.

Group Core Strategy

Pursue dramatic improvements in comprehensive corporate value through:

- Reorganization of business areas and redevelopment of business models to continue providing new value to customers 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



Core Strategy 1: Decisive Business Shifts –Three Shifts

- (1) Shift toward high-potential business areas
- (2) Shift toward high-value-added areas
- (3) Shift toward high-productivity business models

Core Strategy 2: Development of Market-Leading Businesses in Growth Markets

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

Managerial Foundation Reinforcement Measures

- (1) Promotion of Technology-Driven Approach
- (2) Maximization of Human Resource Value
- (3) Advocacy of Value-Driven Management

Growth investment

Aggressive investment of ¥100 billion over three years

KPI

Financial Targets

Aiming at high profit growth by reorganizing business areas and redeveloping of business models for sustainable growth

<FY2025>

- Operating profit ¥65,000 million
- Operating profit margin 12.5%
- ROE 14%

Shareholder returns

<FY2025>

- Dividend payout ratio 50%

(2) Progress of the Medium-Term Management Plan

We have positioned Medium-Term Management Plan (FY2023-FY2025) as the second phase toward becoming a Co-Creative IT Company in 2030. Under this plan, we will promote the following three core strategies and three managerial foundation reinforcement measures in order to contribute to the profitability and performance of the core strategies implemented in the first phase (the fiscal years ending March 31, 2021–2023).

Core Strategy 1: Decisive Business Shifts –Three Shifts

- Business areas will be reorganized and business models will be redeveloped to adapt to operating environment changes and achieve sustainable growth.
- Improvements of profitability will be pursued as we seek to generate growth potential and funds to fuel investments oriented toward future sustainable growth.

【Initiatives Based on Core Strategy 1】

i. Shift Toward High-Potential Business Areas

SCSK will identify high-potential business areas on an individual-organization basis in order to shift staff toward areas with high growth potential on a Companywide basis (manufacturing, mobility, security, etc.) and reskill individuals accordingly based on a selection and concentration approach. We are also implementing our Digital Skill Standards training program in order to heighten our capacity to operate in high-potential business areas on a Companywide level.

ii. Shift Toward High-Value-Added Areas

SCSK is shifting toward upstream systems development areas while recruiting and cultivating the sophisticated engineers needed for upstream processes. Meanwhile, steady progress is being made in promoting the adoption of transaction and offering prices that match the value we provide.

iii. Shift Toward High-Productivity Business Models

Assessing the applicability of generative AI has been defined as a Companywide priority. With the goal of improving development productivity through the use of generative AI technologies, we are evaluating the potential for these technologies to be used in processes ranging from condition definition to system operation, sales support, planning, and analysis.

Core Strategy 2: Development of Market-Leading Businesses in Growth Markets

- The SCSK Group will pursue high growth while contributing to market growth by exercising its strengths in growing markets and technology areas related to cloud and digital technologies.
- Resources will be reallocated in a manner that is not within resources of current organization, advanced technologies will be utilized in an organization-wide manner, and the Company will constantly seek out new target businesses.

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

- By leveraging on our core business insight, we will lead the creation of completely new, next-generation digital business and of new value for society.
- New business possibilities will constantly be explored in areas based on the SCSK Group's material issues.

【Initiatives Based on Core Strategies 2 and 3】

Within the ERP domain, we have received large-scale core system implementation projects from multiple major manufacturing clients. We are also strengthening our capabilities in engineering chain, client engagement, and Systems of Insight (SoI), consolidating expertise and best practices to better serve our clients.

In the Mobility business, we are expanding our training programs, including specialized education and re-skilling initiatives, to bolster our resources and enhance recruitment and development of highly specialized upstream engineers. For PROACTIVE, we are significantly modernizing the architecture, transforming it into a product that leverages AI functionality and external ecosystems, positioning it as a core offering.

To accelerate growth in our Security, Data Integration, and Cloud Integration domain, we launched a tender offer for Net One Systems Co., Ltd., resulting in its consolidation as a subsidiary on December 25, 2024. This acquisition enables us to offer integrated digital services encompassing network, security, cloud, and data utilization applications.

Furthermore, to strengthen our foundation and differentiation in Customer Experience domain, we merged Diamond head Co., Ltd. and SCSK PRESCENDO CORPORATION, consolidating the resulting entity as a subsidiary.

Managerial Foundation Reinforcement Measures

“Promotion of Technology-Driven Approach”

SCSK Group will create new value and cultivate businesses by acquiring advanced technologies and expand the number of advanced engineers to implement in society. At the same time, we will further promote development of intellectual property accumulated over many years of business know-how and copyrighted works, enhance intellectual property value by promoting the use of intellectual property to resolve customer issues at all customer fronts, and strengthen the promotion of open innovation, such as collaboration with venture companies through fund investments and other means.

“Maximization of Human Resource Value”

SCSK Group Medium-Term Management Plan (FY2023–FY2025) defines the policy of “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 implementing this policy, we aim to facilitate contributions from diverse employees by promoting diversity and inclusion as well as well-being and health and productivity management. We will also seek to lay the appropriate foundations through the improvement of our human resource portfolio based on business strategy and compensation and remuneration systems.

“Advocation of Value-Driven Management”

The SCSK Group is promoting Value-Driven Management based on the fact that fostering mutual understanding between employees and the Company (including leaders, senior management as such) can drive the creation of new value to degrees that could not be realized by a single individual or company.

【Initiatives Based on Managerial Foundation Reinforcement Measures】

To maximize the use of advanced digital technologies and achieve significant productivity improvements through generative AI, we have formulated "Technology Vision 2030," our Group's technology strategy. We are also expanding our consulting capabilities and strengthening business development by implementing practical workshop-based training programs and promoting the development and acquisition of consulting talent. This includes defining consulting roles and establishing targets and KPIs within each business group.

4. Basic Policy on the Selection of Accounting Standards

Effective April 1, 2020, the Company adopted International Financial Reporting Standards (IFRS). This decision was made for the purpose of improving the international comparability of the Company’s financial information in capital markets and enhancing administrative management and governance.

5. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Millions of Yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	144,360	105,623
Trade and other receivables	85,512	156,209
Contract assets	14,979	21,660
Inventories	7,939	28,111
Other financial assets	5,010	5,015
Income taxes receivable	0	182
Other current assets	15,033	31,802
Total current assets	272,834	348,605
Non-current assets		
Property, plant and equipment	71,665	89,354
Right-of-use assets	42,250	59,831
Goodwill and intangible assets	32,495	303,187
Investments accounted for using equity method	13,662	14,429
Other receivables	9,121	21,331
Other financial assets	9,053	9,496
Deferred tax assets	624	10,859
Other non-current assets	19,691	27,933
Total non-current assets	198,565	536,424
Total assets	471,400	885,029

(Millions of Yen)

	As of Mar. 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Trade and other payables	36,232	135,258
Contract liabilities	17,029	39,402
Liabilities for employee benefits	13,058	17,865
Bonds and borrowings	11,875	120,729
Lease liabilities	9,154	11,881
Other financial liabilities	25	197
Income taxes payable	9,601	14,283
Provisions	734	7,072
Other current liabilities	7,823	10,339
Total current liabilities	105,535	357,030
Non-current liabilities		
Bonds and borrowings	19,370	134,354
Lease liabilities	33,570	48,444
Other payables	177	70
Liabilities for employee benefits	2,078	2,239
Provisions	7,332	9,660
Deferred tax liabilities	425	40,665
Total non-current liabilities	62,954	235,433
Total liabilities	168,489	592,464
Equity		
Share capital	21,420	21,561
Capital surplus	162	—
Retained earnings	275,551	264,459
Treasury shares	-284	-282
Other components of equity	5,404	5,681
Total equity attributable to owners of parent	302,254	291,420
Non-controlling interests	655	1,145
Total equity	302,910	292,565
Total liabilities and equity	471,400	885,029

(2) Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income

(Millions of Yen)

	From April 1, 2023 to December 31, 2023	From April 1, 2024 to March 31, 2025
Net sales	480,307	596,065
Cost of sales	-352,336	-436,589
Gross profit	127,971	159,476
Selling, general and administrative expenses	-70,940	-91,515
Other income	656	1,605
Other expenses	-682	-3,444
Operating profit	57,004	66,121
Finance income	615	749
Finance costs	-1,554	-2,737
Share of profit (loss) of investments accounted for using equity method	1,394	1,413
Profit before tax	57,459	65,547
Income tax expense	-16,874	-19,052
Profit	40,584	46,495
Profit attributable to		
Owners of parent	40,461	45,035
Non-controlling interests	123	1,459
Earnings per share		
Basic earnings per share (Yen)	129.51	144.10
Diluted earnings per share (Yen)	129.51	144.10

Condensed Consolidated Statements of Comprehensive Income

(Millions of Yen)

	From April 1, 2023 to December 31, 2023	From April 1, 2024 to March 31, 2025
Profit	40,584	46,495
Other comprehensive income, net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	4,943	2,962
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	-387	-223
Share of other comprehensive income of investments accounted for using equity method	762	359
Total of items that will not be reclassified to profit or loss	5,318	3,098
Items that may be reclassified to profit or loss		
Cash flow hedges	-120	-1,271
Exchange differences on translation of foreign operations	1,187	741
Share of other comprehensive income of investments accounted for using equity method	38	40
Total of items that may be reclassified to profit or loss	1,105	-490
Total other comprehensive income, net of tax	6,423	2,607
Comprehensive income	47,008	49,103
Comprehensive income attributable to		
Owners of parent	46,885	47,643
Non-controlling interests	123	1,459

(3) Condensed Consolidated Statements of Changes in Equity

Previous fiscal year (April 1, 2023 - March 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 on April 1, 2023	21,285	122	246,812	-286	3,976	271,909	493	272,403
Profit	—	—	40,461	—	—	40,461	123	40,584
Other comprehensive income	—	—	—	—	6,423	6,423	—	6,423
Comprehensive income	—	—	40,461	—	6,423	46,885	123	47,008
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	—	—	—	-5	—	-5	—	-5
Disposal of treasury shares	—	-6	—	7	—	0	—	0
Transfer to capital surplus from retained earnings	—	3	-3	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	5,147	—	-5,147	—	—	—
Transfer to non-financial assets	—	—	—	—	152	152	—	152
Total transactions with owners	135	40	-11,723	2	-4,995	-16,540	39	-16,500
Balance on Mar. 31, 2024	21,420	162	275,551	-284	5,404	302,254	655	302,910

Current fiscal year (April 1, 2024 - March 31, 2025)

(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 on April 1, 2024	21,420	162	275,551	-284	5,404	302,254	655	302,910
Profit	—	—	45,035	—	—	45,035	1,459	46,495
Other comprehensive income	—	—	—	—	2,607	2,607	—	2,607
Comprehensive income	—	—	45,035	—	2,607	47,643	1,459	49,103
Issuance of new shares	141	141	—	—	—	282	—	282
Dividends of surplus	—	—	-20,623	—	—	-20,623	—	-20,623
Changes in ownership interest in subsidiaries	—	-38,725	—	—	—	-38,725	-32,434	-71,160
Increase (decrease) in acquisition and sale of subsidiaries	—	—	—	—	—	—	31,463	31,463
Purchase of treasury shares	—	—	—	-3	—	-3	—	-3
Disposal of treasury shares	—	-4	—	4	—	0	—	0
Transfer to capital surplus from retained earnings	—	38,426	-38,426	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	2,922	—	-2,922	—	—	—
Transfer to non-financial assets	—	—	—	—	591	591	—	591
Total transactions with owners	141	-162	-56,127	1	-2,330	-58,478	-970	-59,448
Balance on March 31, 2025	21,561	—	264,459	-282	5,681	291,420	1,145	292,565

(4) Condensed Consolidated Statements of Cash Flows

(Millions of Yen)

	From Apr. 1, 2023 to Mar. 31, 2024	From Apr. 1, 2024 to Mar. 31, 2025
Cash flows from operating activities		
Profit before tax	57,459	65,547
Depreciation and amortization	21,433	24,866
Impairment losses (or reversals)	213	67
Finance income	-615	-749
Finance costs	1,554	2,737
Share of loss (profit) of investments accounted for using equity method	-1,394	-1,413
Decrease (increase) in trade and other receivables	-1,622	-22,763
Decrease (increase) in contract assets	-542	327
Decrease (increase) in inventories	1,809	10,994
Increase (decrease) in trade and other payables	478	4,441
Increase (decrease) in contract liabilities	1,769	-790
Increase (decrease) in employee benefits	1,292	-876
Increase (decrease) in provisions	221	170
Other	1,922	3,594
Subtotal	83,979	86,154
Interest and dividends received	744	1,220
Interest paid	-667	-1,242
Income taxes refund (paid)	-16,155	-18,094
Net cash provided by (used in) operating activities	67,900	68,037
Cash flows from investing activities		
Purchase of property, plant and equipment	-4,602	-10,035
Proceeds from sale of property, plant and equipment	98	1,204
Purchase of intangible assets	-4,991	-7,242
Investments in equity accounted investees	-361	-144
Purchase of other financial assets	-36,273	-46,592
Proceeds from sales and redemptions of other financial assets	32,177	45,233
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-5,042	-258,225
Other	-903	313
Net cash provided by (used in) investing activities	-19,898	-275,488
Cash flows from financing activities		
Payments for repayments of loans and redemption of bonds	-21,950	-111,913
Proceeds from long-term debt	11,500	261,123
Proceeds from issuance of bonds	9,950	49,798
Repayments of lease liabilities	-8,453	-9,690
Dividends paid	-16,867	-20,623
Dividends paid to non-controlling interests	-51	-58
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	-568
Other	-9	-121
Net cash provided by (used in) financing activities	-25,881	167,946
Effect of exchange rate changes on cash and cash equivalents	814	768
Net increase (decrease) in cash and cash equivalents	22,934	-38,736
Cash and cash equivalents at beginning of period	121,425	144,360
Cash and cash equivalents at end of period	144,360	105,623

(5) Notes to Condensed Consolidated Financial Statements

(Notes to Going Concern Assumptions)

No applicable items.

(Significant Items for the Preparation of Consolidated Financial Statements)

1. Scope of Consolidation

- (1) Thirty-three consolidated subsidiaries
- (2) Major consolidated subsidiaries
 - Net One Systems Co., Ltd.
 - SCSK ServiceWare Corporation
 - VeriServe Corporation
 - SCSK Minori Solutions Corporation
 - SCSK KYUSHU CORPORATION
 - SCSK HOKKAIDO CORPORATION
 - SCSK RegTech Edge Corporation
 - Skeed Co., Ltd.
 - SCSK SYSTEM MANAGEMENT CORPORATION
 - VA Linux Systems Japan K.K
 - SDC Corporation
 - SCSK NEC Data Center Management, Ltd.
 - SCSK Security Corporation
 - Allied Engineering Corporation
 - SCSK Automotive H&S Corporation
 - Diamond head Co., Ltd.
 - Gran Manibus Co., Ltd.
 - SCSK USA inc.
 - SCSK Europe Ltd.
 - SCSK Shanghai Limited.
 - SCSK Asia Pacific Pte. Ltd.
 - PT SCSK GLOBAL INDONESIA
 - SCSK Myanmar Ltd.
 - SCSK Nearshore Systems Corporation

During the third quarter of the consolidated fiscal year, Net One Systems Co., Ltd. became a consolidated subsidiary following the acquisition of its shares. Additionally, Diamond head Co., Ltd. became a consolidated subsidiary following the merger wherein Diamond head Co., Ltd. (the surviving company) absorbed SCSK PRESCENDO CORPORATION. (a previously existing consolidated subsidiary).

2. Investments accounted for using equity method

- (1) The number of associates accounted for using the equity method: Three
- (2) Major associates
 - ARGO GRAPHICS Inc.

(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, 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 highlevel 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 onsite 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 the fiscal year ended March 31, 2025, in conjunction with the partial revision of the internal organization, the method for classifying reportable segments has been revised.

Net One Systems Co., Ltd. was made a consolidated subsidiary on December 25, 2024. This company has been included in the scope of consolidation and classified into the IT Platform Solutions.

Segment information for the fiscal year ended March 31, 2024, has been restated to reflect this change in reportable segments.

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

For the fiscal year ended March 31, 2023(April 1, 2023 – March 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	176,332	63,492	59,854	88,561	64,746	27,026	480,013	294	480,307
Inter segment sales (Note1)	11,846	564	4,724	10,425	29,077	16,153	72,793	-72,793	—
Total	188,179	64,057	64,578	98,987	93,823	43,180	552,806	-72,498	480,307
Operating profit	24,329	7,312	3,315	13,363	9,430	1,920	59,672	-2,667	57,004
							Finance income		615
							Finance costs		-1,554
							Share of profit (loss) of investments accounted for using equity method		1,394
							Profit before tax		57,459

(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		
Segment assets	66,211	19,255	29,214	44,353	74,594	30,216	263,845	207,554	471,400
Other items									
Depreciation and amortization	1,782	278	2,025	759	5,682	1,295	11,823	9,609	21,433
Impairment losses on nonfinancial assets	—	205	—	—	—	7	213	—	213
Investment in equity method associates	1,509	—	896	11,256	—	—	13,662	—	13,662
Capital expenditure	2,968	421	2,592	858	1,649	352	8,842	5,914	14,757

Notes: 1. The transaction amounts included in Inter-segment sales are decided based on price negotiations made with reference to market prices.

2. Adjustments are as follows:

- (1) The sales to external customers of ¥294 million are part of the adjustment amounts for revenue recognition to be in conformity with IFRS. The adjustments to operating profit of ¥2,667 million reduction corporate expenses that have not been allocated to each reportable segment.
- (2) Adjustments to segment assets are corporate assets, etc. that are not allocated to each reportable segment.
- (3) Adjustments to depreciation and amortization are depreciation and amortization related to corporate assets.
- (4) Adjustments to capital expenditures represent capital expenditures related to corporate assets such as the building.

For the fiscal year ended March 31, 2024(April 1, 2024 – March 31, 2025)

(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	195,654	65,163	58,905	175,752	71,779	28,807	596,063	2	596,065
Inter segment sales (Note1)	12,587	424	4,744	11,728	28,873	16,246	74,605	-74,605	—
Total	208,242	65,588	63,649	187,481	100,652	45,054	670,668	-74,603	596,065
Operating profit (loss)	28,957	8,948	-1,931	21,706	11,302	1,938	70,923	-4,801	66,121
							Finance income		749
							Finance costs		-2,737
							Share of profit (loss) of investments accounted for using equity method		1,413
							Profit before tax		65,547

(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		
Segment assets	79,902	20,568	29,746	499,905	76,522	33,701	740,347	144,682	885,029
Other items									
Depreciation and amortization	1,748	247	2,192	3,142	5,175	1,428	13,935	10,930	24,866
Impairment losses on nonfinancial assets	47	19	0	0	—	—	67	—	67
Investment in equity method associates	1,584	—	—	12,845	—	—	14,429	—	14,429
Capital expenditure	5,845	281	1,621	4,780	4,578	1,672	18,779	17,111	35,890

Notes: 1. The transaction amounts included in Inter-segment sales are decided based on price negotiations made with reference to market prices.

2. Adjustments are as follows:

- (1) The sales to external customers of ¥2 million are part of the adjustment amounts for revenue recognition to be in conformity with IFRS. The adjustments to operating profit of ¥4,801million reduction corporate expenses that have not been allocated to each reportable segment.
- (2) Adjustments to segment assets are corporate assets, etc. that are not allocated to each reportable segment.
- (3) Adjustments to depreciation and amortization are depreciation and amortization related to corporate assets.
- (4) Adjustments to capital expenditures represent capital expenditures related to corporate assets such as the building.

(Per Share Information)

Basic earnings per share attributable to owners of the company and diluted earnings per share are calculated on the following basis.

		April 1, 2023 - March 31, 2024	April 1, 2024 - March 31, 2025
Basis of calculating basic earnings per share			
Profit attributable to owners of parent	(Millions of yen)	40,461	45,035
Profit not attributable to owners of parent	(Millions of yen)	—	—
Profit to calculate basic earnings per share	(Millions of yen)	40,461	45,035
Average number of shares during the period	(Shares)	312,425,017	312,521,304
Basic earnings per share	(Yen)	129.51	144.10
Basis of calculating diluted earnings per share			
Profit to calculate basic earnings per share	(Millions of yen)	40,461	45,035
Adjustment	(Millions of yen)	—	—
Profit to calculate diluted earnings per share	(Millions of yen)	40,461	45,035
Average number of shares during the period	(Shares)	312,425,017	312,521,304
Increased number of shares due to subscription rights to shares	(Shares)	—	—
Average number of diluted shares outstanding during the period	(Shares)	312,425,017	312,521,304
Diluted earnings per share	(Yen)	129.51	144.10

(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

¥1,113 million in expenses associated with the business combination have been included under selling, general and administrative expenses on the condensed consolidated statements of income.

(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	103,352
Non-current assets	150,041
Total assets	280,040
Liabilities	
Current liabilities	66,919
Non-current liabilities	58,106
Total liabilities	125,026
Fair value of net acquired assets and liabilities	155,014

As of December 31, 2024, the allocation of the acquisition cost based on the fair value of acquired assets and assumed liabilities was not finalized, resulting in provisional accounting treatment. As of March 31, 2025, a preliminary allocation of the acquisition cost has been performed based on currently available information, and the values of assets and liabilities as of the acquisition date have been adjusted. The allocation of goodwill to cash-generating units is not yet complete.

The primary adjustments include an increase in non-current assets of ¥106,014 million, an increase in non-current liabilities of ¥32,461 million, and a decrease in goodwill of ¥59,409 million. These amounts are based on

provisionally estimated fair values. The increase in non-current assets primarily consists of customer-related assets, whose fair value has been calculated using the excess earnings method.

The estimated useful life of these customer-related assets is primarily 20 years.

Further adjustments to the acquisition cost may be made during the measurement period ending in March 2026, upon completion of the fair value assessment of acquired assets and assumed liabilities. The determination of fair value is based on multiple complex judgments involving future events and uncertainties and relies significantly on estimates and assumptions. The judgments used in determining the fair value of acquired assets and assumed liabilities, as well as the determination of asset useful lives, could materially impact the Group's results of operations.

(4) Goodwill

As of March 31, 2025, goodwill has been recognized provisionally as follows. Goodwill primarily represents the expected future excess earnings capacity from business development. No portion of goodwill is expected to be deductible for tax purposes.

(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.	31,463
Fair value of net acquired assets and liabilities	155,014
Goodwill	161,321

(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.