

SCSK Corporation
Consolidated Financial Results for the Six-Months Ended September 30, 2025

Date: October 29, 2025

Speaker: Yasuhiko Oka Managing Executive Officer

■ **Summary of Financial Results Apr. to Sept. (PL/Incoming Orders/Backlog) (slide 2)**

In the period under review, SCSK posted net sales of ¥371.2 billion, up 47.6% year on year, operating profit of ¥41.6 billion, up 54.3%, and profit attributable to owners of parent of ¥35.6 billion, up 85.1%.

The increase in profit attributable to owners of parent surpassed that seen for operating profit due to the recording of a gain on sales of shares in ARGO GRAPHICS Inc.

In addition, earnings before interest, tax, depreciation, and amortization (EBITDA) increased 55.8% year on year, to ¥59.1 billion.

Incoming orders in the six-month period ended September 30, 2025, increased 46.9% year on year, to ¥364.1 billion, while the order backlog rose 66.9%, to ¥307.0 billion.

■ **FY2025 H1 Proforma Consolidated Financial Results (slide 3)**

On a consolidated, pro forma basis, the Company showed a 5.4% year on year increase in net sales as well as a 15.0% rise in operating profit when including purchase price allocation and other merger costs.

As shown on this slide, significant increases were seen in net other income at both Net One Systems and SCSK. For the former, the increase can be attributed to the reversal of a provision for loss recorded in the first quarter following the settlement of associated lawsuit. For the latter, the increase was due to the absence of losses on disposal of PROACTIVE software assets, which counterbalanced against the rebound from gains on sales of real estate detractors. Even when excluding these one-time factors, both companies showed improvements in sales, profit, and operating margins, making for strong performance in the six-month period ended September 30, 2025.

■ **Net Sales Analysis (slide 4)**

This slide shows year-on-year changes in net sales by sales segment in the six-month period ended September 30, 2025, when excluding the effects of the consolidation of Net One Systems.

The Systems Development segment posted growth of 4.7% in net sales, despite the absence of previously recorded orders from the distribution, credit, and leasing industries, due to increases in development projects for the manufacturing industry, primarily the automotive sector, and in the projects for the communications industry.

The System Maintenance and Operation / Services segment achieved net sales growth of 6.6% as a result of the strong performance of management services and verification services as well as the benefits of newly consolidated companies in e-commerce businesses, which offset the decline in business process outsourcing (BPO) service sales.

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Net sales in the Packaged Software / Hardware Sales segment rose 8.7% year on year due to increases in sales of security products and in large-scale hardware sales, which outweighed the declines in network equipment sales attributable to selective product purchasing by certain customers. In this manner, all three sales segments posted growth in net sales in the six-month period ended September 30, 2025.

Meanwhile, Net One Systems posted net sales of ¥104.0 billion in the six-month period ended September 30, 2025, due primarily to higher sales in the public segment centered on municipal government agencies. When added to the sales of SCSK's segments, this made for total consolidated net sales of ¥371.2 billion, a year-on-year increase of 47.6%.

■ Operating Profit Analysis from Apr. to Sept. (slide 5)

This slide shows factors affecting operating profit in the six-month period ended September 30, 2025.

The lefthand side of the slide displays performance of SCSK prior to the consolidation of Net One Systems.

Higher net sales buoyed operating profit by ¥4.1 billion.

In terms of factors affecting the gross profit margin, major factors included an improvement systems development profit margins as well as reductions in costs in PROACTIVE and BPO operations as they transitioned from the investment phase to the sales phase. In addition, improvements were seen in the profitability of data center services. As a result, the gross profit margin increased 1.2 percentage points, leading to a ¥3.2 billion rise in gross profit.

Selling, general and administrative (SG&A) expenses were up ¥2.8 billion as a result of the factors displayed on this slide. Particularly noteworthy factors included the higher personnel expenses seen following increases to base salaries and other wage increases as well as promotions and staff expansions.

Due to these factors, as well as the absence of ¥0.6 billion in gain on sales of real estate recorded under other income in the previous equivalent period and of ¥1.1 billion in losses on retirement of certain PROACTIVE assets, operating profit in the six-month period ended September 30, 2025 rose ¥5.0 billion, to ¥32.0 billion, and the operating margin came to 12.0%.

Adding to this amount the ¥13.0 billion in operating profit for Net One Systems explained on slide 3, which includes the aforementioned one-time gain of ¥1.7 billion related to the lawsuit recorded in the first quarter as well as sales and profit improvements associated with the public segment, and then deducting ¥3.5 billion in amortization on purchase price allocation and merger-related expenses, we arrive at the figure of ¥41.6 billion for operating profit, a year-on-year increase of ¥14.6 billion, which makes for an operating margin of 11.2%.

■ Incoming Orders/ Backlog Analysis (slide 6)

This slide shows a breakdown of factors affecting incoming orders and order backlog by sales segment. Discussions of orders for the three segments will use figures that exclude the impacts of the consolidation of Net One Systems.

In the Systems Development segment, incoming orders were up 2.5% year on year while order

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backlog rose by 3.0%. Orders were impacted by the absence of previously recorded orders from the distribution and securities industries and delays in contract timings for development projects for the automotive and life and non-life insurance industries. However, these impacts were counteracted by the benefits of growth seen in systems development orders from manufacturing and communications industry customers.

Despite the impacts of slowed growth rates for verification service orders and the absence of previously recorded BPO orders, incoming orders in the System Maintenance and Operation / Services segment were up 5.8% and order backlog grew 2.6%. These increases can be attributed to strong performance in management service and data center businesses as well as to the benefits of newly consolidated companies in e-commerce businesses.

In the Packaged Software / Hardware Sales segment, meanwhile, incoming orders were down 3.7% due to a decrease in network equipment orders as a result of selective product purchasing on the part of certain communications industries customers, which outweighed an increase in orders for security products. Order backlog in this segment, meanwhile, increased 3.2%, despite also being impacted by the selective product purchasing that drove down incoming orders, as a result of high-performance computing and other hardware orders received in the fiscal year ended March 31, 2025.

As shown on this slide, the consolidation of Net One Systems boosted total incoming orders by ¥110.3 billion and order backlog by ¥117.9 billion. This company was able to achieve increases in incoming orders and order backlog by capitalizing on security demand to achieve growth in the public segment.

■ Business Performance by Reportable Segment (slide 7)

This slide shows performance by segment.

The Industrial IT Business segment posted an increase in net sales. The rise in sale was a result of growth in systems development investment demand from communications industry customers as well as increases in projects for automotive industry customers and in digital supply chain projects for manufacturing industry customers. These factors counteracted the impacts of the discontinuation of certain projects for the distribution industry. Segment profit, meanwhile, was up in the six-month period ended September 30, 2025, but down in the second quarter of the fiscal year ending March 31, 2026 due to a decrease in investment from relatively high-margin customers in the verification services business.

Net sales in the Financial IT Business segment were on par with the previous equivalent period as the declines in orders for the life and non-life insurance industries were counterbalanced by orders acquired from the banking and securities industries. Segment profit was up following higher profit margins achieved due to improved profitability in projects for the banking and life insurance industries as well as the contributions from the performance of consolidated subsidiaries.

The IT Business Solutions segment achieved sales growth due to strong increases in projects in PROACTIVE operations and the benefits of newly consolidated companies in e-commerce businesses. These factors enabled the segment to absorb the impacts of certain contract cancellations in BPO operations. Segment also rose as a result of the higher sales combined with the absence of the losses on retirement of certain PROACTIVE assets recorded in the previous

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equivalent period.

The IT Platform Solutions achieved an increase in net sales by counteracting the impacts of declines in network equipment sales attributable to selective purchasing by specific customers with strong sales of security products to multiple industries. However, the incurrence of multiple low-margin security product sales in the second quarter resulted in a year-on-year decline in the segment's operating margin. Meanwhile, Net One Systems contributed ¥104.0 billion to net sales and ¥9.8 billion to segment profit in this segment. These figures account for the provision reversal associated with the lawsuit and the amortization of purchase price allocation.

Net sales were up in the IT Management Service segment following increases in management service transactions centered on manufacturing and financial industry customers and cloud service license sales to distribution industry customers. However, the increase in net sales was limited in the second quarter of the fiscal year ending March 31, 2026 due to the absence of product sales recorded in the previous equivalent period. Improvements were also seen in the profit margin and in segment profit due to the benefits of the increase in sales and higher profitability in data center services.

■ Business Performance by Reportable Segment (Incoming Orders/Backlog) (slide 8)

This slide shows trends in incoming orders and order backlog by segment.

The Industrial IT Business segment posted an increase of 5.1% in incoming orders. This increase was spurred by growth in systems development orders from electrical machinery and other manufacturers as well as from communications industry customers. This factor helped the segment overcome the impacts of the discontinuation of certain distribution industry projects. Order backlog, meanwhile, only showed a slight increase of 1.2% due to the discontinuation of certain distribution industry projects and a decline in verification service orders.

In the Financial IT Business segment, incoming orders were down 6.2%, despite the ongoing acquisition of orders related to measures for addressing aging infrastructure and accommodating internal payment systems in the banking industry. The decrease was a result of the conclusion of certain development projects for the securities, credit, and leasing industries. Although also impacted by these factors, order backlog was around the same level as the previous equivalent period due to the fact that annual contracts with non-life insurance industry customers were renewed on March 31, 2025.

Incoming orders in the IT Business Solutions segment were up 11.6% because of the acquisition of orders from new customers in PROACTIVE operations and the increase in orders attributable to the benefits of newly consolidated companies in e-commerce businesses. Meanwhile, order backlog was down 3.3%, despite also benefiting from the factors that buoyed incoming orders, due to certain customers canceling or downsizing their contracts for BPO services.

The IT Platform Solutions segment achieved large increases in incoming orders and order backlog due to the inclusion of the Net One Systems in the scope of consolidation, the benefits of which offset the declines in network equipment sales attributable to selective product purchasing by certain customers that were also seen in the first quarter.

The inclusion of the Net One Systems in the scope of consolidation boosted incoming orders in this segment by ¥110.3 billion and order backlog by ¥117.9.

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The IT Management Service segment posted increases of 10.8% in incoming orders and 18.4% in order backlog due to the rise in demand for data center services and growth in management service orders. Incoming orders in this segment declined in the second quarter of the fiscal year ending March 31, 2026. However, this decline was a result of the fact that multiple data center-related orders were recorded in the first quarter and that we revised aggregation methods for management services in the first quarter.

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