

SCSK Corporation
Business Results Summary for the Fiscal Year Ended March 2025 and
Progress of Medium-Term Management Plan

Date: April 30, 2025 4:00-5:00 PM

Speaker: Takaaki Touma, Representative director, and President

■ **Introduction**

Greetings, my name is Takaaki Touma, and I am representative director and president of SCSK Corporation.

Thank you for taking time out of your busy schedules to join us today.

Today we will be talking about the financial results of SCSK Corporation in the fiscal year ended March 31, 2025, our forecasts for the fiscal year ending March 31, 2026, and the progress of our Medium-Term Management Plan.

Let us turn to slide 3.

■ **Consolidated Business Results Summary (slide 3)**

In the fiscal year ended March 31, 2025, net sales and operating profit effectively surpassed our initial projections as a result of strong demand from major SCSK customers, such as the industrial and financial sectors. Moreover, the introduction of Net One Systems Co., Ltd., into the scope of consolidation in the fourth quarter led us to set new records for both net sales and operating profit.

The actual figure for operating profit includes ¥1.5 billion associated with PPA (purchase price allocation) not included in the announced figure, meaning that operating profit effectively amounted to ¥67.6 billion, making for strong performance that was ¥1.1 billion higher than anticipated.

There were some concerns regarding our performance in the six-month period ended September 30, 2024. Nevertheless, we were able to achieve growth in sales and profit in almost all segments, with the exception of the IT Business Solutions segment, which is still in the process of undergoing structural reforms. Accordingly, I feel that we were successful in preparing SCSK for the final year of its Medium-Term Management Plan.

We will now turn to the next slide.

■ **Business and Dividend Forecasts (slide 4)**

I would now like to look at our forecasts for the fiscal year ending March 31, 2026.

We project net sales of ¥790.0 billion, a year-on-year increase of 32.5%; operating profit of ¥85.0 billion, an increase of 28.6%; and profit attributable to owners of parent of ¥57.6 billion, an increase of 27.9%.

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We also anticipate an operating margin of 11.6%, an increase of 0.2 percentage point year on year, when excluding the impacts of PPA.

As for dividend payments, we currently plan to issue an annual dividend of ¥94 per share, an increase of ¥23 per share.

There is some uncertainty with regard to performance forecasts due to factors such as the tariffs implemented by the Trump administration in the United States. Nevertheless, we currently anticipate that the effects of such factors on performance will be limited given the strength of digital transformation demand and the importance of the areas where SCSK offers support. For this reason, we project significant growth in performance at both SCSK and Net One Systems.

Managing Executive Officer Yasuhiko Oka will be providing a more detailed explanation of our performance forecasts a little later on in today's presentation.

We will now turn to the next slide.

■ Progress of Medium-Term Management Plan (slide 5)

I would now like to explain the progress of our Medium-Term Management Plan.

Let us turn to the next slide.

■ Medium-Term Management Plan SCSK Group's Core Strategies (slide 6)

The Medium-Term Management Plan targets dramatic improvements in comprehensive corporate value, which are to be pursued through two approaches: 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.

To this end, we are advancing Companywide initiatives based on the three core strategies of the plan: decisive business shifts, development of market-leading businesses in growth markets, and advancement of next-generation digital businesses through co-creation with society.

We will now move on to the next slide.

■ Progress of Core Strategy I (slide 7)

On this slide, we will look at the progress of our measures with regard to core strategy 1.

To begin, the gross profit margin in the fiscal year ended March 31, 2025, showed a massive increase of 28.1% in comparison to the fiscal year ended March 31, 2024, when growth was throttled by loss-making projects.

Major factors behind this impressive result included the shift of resources toward the upstream phases of projects and our efforts to make full use of human resources with sophisticated digital transformation skills. Going forward, we will continue to accelerate business development initiatives based on SCSK intellectual properties while also working to bolster earnings capacity.

In addition, operating profit per employee was up 7.5% year on year, to ¥5.39 million.

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This increase can be attributed to the benefits of the aforementioned gross profit margin improvements as well as to our utilization of development centers in businesses serving the financial industry, consolidation of maintenance and operation services, and promotion of generative AI use.

We will now turn to the next slide.

■ Progress of Core Strategy II (slide 8)

This slide provides information on our progress with relation to core strategy 2.

Under this strategy, we aim to grow the scale of sales from applicable businesses from ¥130.0 billion to ¥200.0 billion over the three-year period of the Medium-Term Management Plan. Over the past two years, we have been successful in absorbing the downturns in PROACTIVE and business process modernization operations to achieve a compound annual growth rate of 14% for the applicable businesses.

Net One Systems, which was converted into a consolidated subsidiary in the fiscal year ended March 31, 2025, is also applicable under this strategy. Specifically, the acquisition of this company was positioned as a strategic initiative for accelerating growth in integration services supporting society's digitalization. When factoring in the performance of this company, we forecast that sales from businesses applicable under core strategy 2 will surpass ¥400.0 billion in the fiscal year ending March 31, 2026.

On the following slides, we will be looking at progress in the specific businesses to which core strategy 2 pertains.

We will now move on to slide 9.

■ Core Strategy II Progress of Digital Supply Chain Business and Roadmap I (slide 9)

We will begin with the digital supply chain business.

Rather than focusing purely on enterprise resource planning (ERP) systems, we have defined three focus fields for the digital supply chain business: engineering chains, customer contact points, and systems of insight. We are currenting in the process of evolving our frameworks for these fields to allow for successful measures and expertise from specific projects to be consolidated and supplied to customers.

As various systems are introduced and maintained in a variety of areas, customers are increasingly in need of means of optimizing and enhancing operating procedures. For example, we have received orders for order management systems from large-scale manufacturers as well as numerous inquiries regarding outsourcing of order management procedures themselves. In this manner, we are injecting business process modernization elements into our services to provide unique value.

On the next slide, I would like to look at some of our initiatives for converting our expertise into intellectual properties and enhancing relationships with customers.

We will now turn to slide 10.

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■ Core Strategy II Progress of Digital Supply Chain Business and Roadmap II (slide 10)

As shown on the lefthand side of this slide, we have recently released our newly developed product Success Chain, which integrates SCSK intellectual properties pertaining to the manufacturing industry.

SCSK boasts strengths in terms of its system development and service provision capabilities. By combining these strengths with the consulting and data science strengths of partner Japan Data Science Consortium Co. Ltd., we aim to deliver high-value-added services.

Meanwhile, we established a joint venture with Niterra Co., Ltd., as shown on the righthand side of this slide. With this joint venture, we will look to support the reinforcement of IT foundations based on the customer's perspective while applying the insight gained through co-creative initiatives to other fields.

Let us move on to the next slide.

■ Core Strategy II Future Growth Prospects for the Mobility Business (slide 11)

With this slide, we will look at our mobility business initiatives.

As part of our acceleration of co-creation with domestic automobile manufacturers, we have continued to make smooth progress in expanding support for upstream process engineers since forming our strategic partnership with Honda Motor Co., Ltd. At the moment, we are moving forward with joint development efforts in the second stage of our strategic co-creation venture while strengthening our relationship through other means.

SCSK is targeting sales of ¥100.0 billion from the mobility business by the fiscal year ending March 31, 2031. Accomplishing this goal will require us advance to the next stage of the development and sale of software for the era of software-defined mobility. To this end, we have been teaming up with overseas manufacturers that are at the forefront of areas such as cockpit and vehicle operating systems. For example, we have formulated a concept for the type of products that SCSK can develop by injecting cutting-edge overseas technologies into the base formed by our QINeS product track record.

We hope you will look forward to our exhibit at Japan Mobility Show 2025 in October 2025, where we will unveil some of the successes of these efforts.

We will now turn to the next slide.

■ Core Strategy II PROACTIVE (slide 12)

This slide details the progress of our PROACTIVE operations.

In April 2024, we released PROACTIVE Sales (Sales & Distribution) and PROACTIVE AI. Also, we decided to dispose of certain PROACTIVE software assets in the fiscal year ended March 31, 2025. I feel that this decision allowed us to modernize our operations and thereby achieve substantial improvements in productivity and cost efficiency.

The new PROACTIVE offerings are centered on AI and offer everything from applications to platform as a service and infrastructure as a service functions. These features are fine tuned to provide customers with value by combining the latest SCSK and other technologies.

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SCSK plans to release PROACTIVE templates for wholesalers and trading companies during the first half of the fiscal year ending March 31, 2026. After this, we will go on to expand our lineup of industry-specific offerings that further build upon the strengths of made-in-Japan ERP systems. With these offerings, we will seek to develop an ERP ecosystem through coordination with various other companies in order to provide options for customers facing the end of maintenance services for their foreign-made ERP systems.

SCSK has also started supply of a next-generation AI-powered dashboard for supporting sophisticated management decisions through coordination with Google LLC. This dashboard is able to decipher industry-specific insight and analyze accumulated data to help with swift and accurate decision-making in response to the various complicated issues that a company might face.

Going forward, we intend to offer solutions that merge SCSK's industry insight with our ERP system to optimize processes in line with the contemporary Fit-to-Standard trend. We will also provide solutions that adopt best practices to address industry-specific issues.

Let us move on to the next slide.

■ Core Strategy II Maximizing Value through IT Infrastructure × Information Security × Applications (slide 13)

We will now be looking at the integration services supporting society's digitalization that I mentioned in relation to core strategy 2 earlier. Specifically, I would like to explain how welcoming Net One Systems into the Group is anticipated to help us grow and create new value.

The rapid development of communications and network technologies is expected to drive the diversification of connection devices and increases in the number of devices connected to networks. This trend is anticipated to increase both the importance and the complexity of IT infrastructure and network and information security systems. Accordingly, we anticipate consistent hardware replacement demand over the foreseeable future. In the near future, meanwhile, we expect a transition for the current hardware-centered approach toward IT to a software-centered approach characterized by offerings such as software-defined networks.

As you are aware, Net One Systems is a leading Japanese company in terms of network security hardware technologies while SCSK excels in software development. Given our current outlook, we expect that the combination of these strengths will enable us to demonstrate unique strengths in IT infrastructure and other network security fields. We plan to capitalize on these strengths to formulate strategies for providing unparalleled value.

In conjunction with the transition to a software-centered IT approach, we anticipate the emergence of opportunities to deploy new digital services for addressing social issues. As illustrated in the upper-righthand corner of this slide, these services will merge sophisticated, cutting-edge IT infrastructure technologies with application development as will be required in a digital society in which people, things, and experiences are intrinsically interconnected.

For example, it may be possible to provide integrated services merging core systems and factory network security for the manufacturing industry, an area of strength for SCSK, or even unique mobility services that provide safety and security both inside and outside of vehicles. We also see the potential for the SCSK Group to supply distinctive new value in various other areas.

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Let us now look at the next slide.

■ Core Strategy II Maximizing Value through IT Infrastructure × Information Security × Applications (slide 14)

The lefthand side of this slide details SCSK's capabilities after the integration of its IT infrastructure and information security operations. On the righthand side, you will see the sophisticated IT infrastructure and information security environments these capabilities enable us to supply.

This integration will make it possible for SCSK to offer one-stop service for optimized digital services ranging for engineering and development of sophisticated IT infrastructure, network, and security systems prefaced on mega cloud connectivity to consulting and cloud native application development and operation.

Furthermore, as shown in the diagram on this slide, SCSK aims to utilize cutting edge domestic data center services that boast competitive mega cloud connectivity as the basis for its services. At the same time, we will provide offerings including security operation center and network operation center services that minimize down time and allow for quick identification of causes and restoration of operation in the event of a service disruption as well as other sophisticated managed services that support around-the-clock monitoring and operation. In these manners, we are able to provide distinctive new value that is made possible by uniting the sophisticated human resources, intellectual properties, insight, and digital services of Net One Systems and SCSK.

We will now take a look at the next slide.

■ Core Strategy III Progress of GX Businesses (slide 15)

Next, I will explain some of our initiatives under core strategy 3, which entails exploring new businesses. In particular, I would like to focus on our initiatives in the area of green transformation.

SCSK is promoting the social implementation of digital technologies for achieving carbon neutrality. To date, we have developed a track record in the areas of market transactions under the I-REC international renewable energy certification platform and ZEBiT decarbonization solutions for small to medium-sized commercial buildings.

We have also launched a new eco supply chain platform business in which we offer carbon management platforms. In this business, we hope to help customers cut environmental costs using AI algorithms and develop decarbonization ecosystem platform infrastructure through coordination between financial institutions, local government agencies, and major companies.

SCSK also plans to commence supply of its first greenhouse gas emissions calculation services in July 2025. These innovative digital services will reduce the amount of work associated with calculating emissions by roughly 80% in comparison to conventional methods. Moreover, these services directly cater to the needs of small to medium-sized enterprises to track CO2 emissions amid the rising importance of implementing environmental measures as a management priority.

At the same time, we will advance initiatives in regard to incorporating digital technologies into regional coordination, an area projected to come to represent a market with a scale of ¥1 trillion in 2030, with the goal of cementing a position as a digital infrastructure provider for the

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decarbonization transition period.

Let us now look at the next slide.

■ **FY2025 Business and Dividend Forecasts (slide 16)**

At the end of the presentation slides, you will find an appendix that contains more-detailed information on the progress of our efforts to strengthen the management foundations on which we will advance the three core strategies of the Medium-Term Management Plan. I invite you to look through this appendix at your convenience.

This concludes my portion of today's presentation.

I hope you will continue to offer your support and understanding to SCSK.

END

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