

SCSK Corporation
Consolidated Financial Results
for the Three Months Ended June 30, 2025

Date: July 29, 2025 4:00-5:00 PM

Speaker: Yasuhiko Oka, Managing Executive Officer

■ **Contents (slide 1)**

Greetings, my name is Yasuhiko Oka, and I am a managing executive officer of SCSK corporation.

■ **Summary of Financial Results (PL/Incoming Orders/Backlog) (slide 2)**

Looking first at slide 2, I would like to begin by providing an overview of consolidated performance in the three-month period ended June 30, 2025.

In the period under review, SCSK posted net sales of ¥177.4 billion, up 44.8% year on year; operating profit of ¥20.1 billion, up 55.7%; and profit attributable to owners of parent of ¥13.4 billion, up 45.5%.

In addition, earnings before interest, tax, depreciation, and amortization (EBITDA) increased 54.8% year on year, to ¥28.4 billion. We chose to disclose this indicator this time for reference purposes.

Incoming orders in the three-month period ended June 30, 2025, increased 49.6% year on year, to ¥173.1 billion, while the order backlog rose 71.4%, to ¥309.8 billion.

This slide alone does not paint the clearest picture of the effective changes in these items. Accordingly, we have provided a look at the performance of Net One Systems in the previous equivalent period on a pro forma basis arrived at via simple addition for reference purposes. I would now like to briefly explain the net sales and operating profit figures based on this calculation.

Let us now look at slide 3.

■ **FY2025 Q1 Proforma Consolidated Financial Forecasts (slide 3)**

On a consolidated, proforma basis, we showed a 5.5% year on year increase in net sales as well as a 21.9% rise in operating profit when including PPA (purchase price allocation) and other merger costs.

As shown on this slide, Net One Systems posted a massive increase in net other income. However, this increase is largely a result of ¥1.7 billion in reversal of a previously recorded provision for loss following the settlement of the lawsuit described in the news release issued in May 2025.

When this one-time factor is excluded, both SCSK and Net One Systems recorded increases in sales, profit, and profit margins in the three-month period ended June 30, 2025. We therefore feel that we got off to a strong start in the fiscal year ending March 31, 2026.

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I would now like to go into SCSK's performance in a little more detail.

Please turn to slide 4.

■ Net Sales Analysis (slide 4)

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

The Systems Development segment posted growth of 5.9% in net sales, despite the absence of previously recorded orders from the distribution and life and non-life insurance 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 6.9% 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.

Net sales in the Packaged Software / Hardware Sales segment rose 1.2% year on year due to increases in sales of security products and in hardware sales to academic research institutions, 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 three-month period ended June 30, 2025.

When first-quarter net sales of Net One Systems of ¥48.3 billion are included, consolidated net sales rose 44.8%, to ¥177.4 billion.

Although not shown on this slide, the pro forma basis three-month performance figures for Net One Systems displayed on slide 3 included an increase of ¥2.6 billion in net sales centered on the public segment coupled with higher sales in all three sales segments.

Let us look next at slide 5.

■ Operating Profit Analysis (slide 5)

Next, slide 5 shows factors affecting operating profit in the three-month period ended June 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 ¥1.6 billion.

In terms of factors affecting the gross profit margin, the main reasons included that systems development profit margins improved while system sales were affected by selective product purchasing by certain customers. In addition, costs were down in PROACTIVE and BPO operations as they transitioned from the investment phase to the sales phase, and improvements were seen in data center service profitability. As a result, the gross profit margin increased 1.8 percentage points, leading to a ¥2.3 billion rise in gross profit.

Selling, general and administrative (SG&A) expenses were up ¥1.2 billion as a result of the factors displayed on this slide. Particularly noteworthy factors included the higher personnel

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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, operating profit in the three-month period ended June 30, 2025, rose ¥2.2 billion, to ¥15.1 billion, and the operating margin came to 11.7%.

Adding to this amount the ¥6.6 billion in operating profit for Net One Systems explained on slide 3, which includes the one-time gain of ¥1.7 billion related to lawsuits, and then deducting ¥1.7 billion in amortization on PPA and merger-related expenses, we arrive at the figure of ¥20.1 billion for operating profit, a year-on-year increase of ¥7.2 billion, which makes for an operating margin of 11.3%.

Please look at slide 6.

■ 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, both incoming orders and order backlog were relatively unchanged year on year. Although growth was seen in systems development orders from automotive and communications industry customers, this growth was counteracted by the impacts of delays in contract timings for development projects for the distribution, shopping credit/leasing, and insurance industries.

Despite a reactionary decline in the BPO business, incoming orders in the System Maintenance and Operation / Services segment were up 12.6% and order backlog grew 5.4% due to strong performance in management service, verification 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 7.2% due to a decrease in network equipment orders as a result of selective product purchasing on certain customers in the communications industry. Order backlog in this segment, meanwhile, increased 23.3%, as a result of orders for network equipment orders from certain communications industry customers recorded ahead of schedule in the previous fiscal year as well as high-performance computing and other hardware orders, also received in the previous fiscal year.

As shown on this slide, the consolidation of Net One Systems boosted total incoming orders by ¥54.5 billion and order backlog by ¥117.9 billion.

■ Business Performance by Reportable Segment(Net Sales/Operating Profit/Operating Profit Margin) (slide 7)

I would next like to talk about performance by segment with slide 7.

The Industrial IT Business segment posted increases in both net sales and segment profit. These increases were a result of higher project numbers supported by growth in systems development

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investment demand seen among automotive and other manufacturing industry customers as well as communications industry customers. Another contributing factor was favorable performance for verification services. These factors counteracted the impacts of the discontinuation of certain projects for the distribution industry.

Net sales in the Financial IT Business segment were on par with the previous equivalent period as the declines in orders for the non-life insurance industry were counterbalanced by orders acquired from the securities, credit, and leasing 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.

Despite the impacts of certain contract cancelations in BPO operations, the IT Business Solutions segment achieved sales growth and a return to profitability due to strong growth in projects in PROACTIVE operations, reductions in costs, and the benefits of newly consolidated companies in e-commerce businesses.

The IT Platform Solutions segment showed increases in net sales and operating profit as a result of firm sales of security products and hardware for academic research institutions. The benefits of these factors offset the declines in network equipment sales attributable to selective product offerings for specific customers. Net One Systems contributed ¥48.3 billion to net sales and ¥5.0 billion to segment profit in this segment. These figures account for the provision reversal associated with the lawsuit, amortization on PPA, and merger expenses.

Net sales were up in the IT Management Service segment following increases in management service sales to the financial industry and cloud service license sales to the distribution industry. Improvements were also seen in segment profit and in the profit margin due to the benefits of increases in sales and profitability in data center services.

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

Moving on to slide 8, we will look next at trends in incoming orders and order backlog by segment.

The Industrial IT Business segment posted increases of 2.4% increase in incoming orders, while its order backlog decreased by 1.0%. These results were supported by firm demand from automotive, electrical machinery, and other manufacturers as well as for verification services. This demand helped the segment overcome the impacts of the discontinuation of certain distribution industry projects.

In the Financial IT Business segment, incoming orders were down 9.5%, despite the acquisition of orders related to Japan's Nippon Individual Savings Account (NISA) program, a tax exemption program for small investments, and to measures for addressing aging infrastructure in the banks. The decrease was a result of the conclusion of certain projects for the shopping credit/leasing industries and delays in contract timings for development projects for the non-life insurance industries. Although also impacted by these factors, order backlog was up 3.9% due to the fact that annual contracts with non-life insurance industry customers were renewed on March 31, 2025.

Incoming orders and order backlog in the IT Business Solutions segment were down 1.1% and 6.7%, respectively, because of certain customers canceling or downsizing their contracts for BPO

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services. This factor outweighed the increase in orders attributable to the benefits of newly consolidated companies in e-commerce businesses.

The IT Platform Solutions segment achieved large increases in incoming orders and order backlog due to the inclusion of Net One Systems in the scope of consolidation, the benefits of which offset the declines in network equipment sales attributable to selective product purchasing on certain customers and in sales of security products for the banks.

The inclusion of Net One Systems in the scope of consolidation boosted incoming orders in this segment by ¥54.5 billion and order backlog by ¥117.9.

The IT Management Service segment posted large increases of 29.6% in incoming orders and 23.6% in order backlog due to the rise in demand for data center services and growth in management service orders.

■ Business Performance by Reportable Segment Analysis (slide 9 to 10)

Slides 9 and 10 offer a summary of the factors affecting segment performance that I just explained. I will not be offering any additional comments on these slides.

Let us take a look at slide 11.

■ PROACTIVE: Status Update (slide 11)

Moving on, please allow me to explain the progress of our PROACTIVE operations.

In April 2025, we released PROACTIVE (Sales & Distribution) and PROACTIVE AI.

PROACTIVE templates for wholesalers and trading companies were released as planned, and we have gotten off to an incredibly smooth start with these new PROACTIVE offerings. This smooth start is exemplified by the large number of inquiries from customers, including those migrating from prior PROACTIVE systems. In the fiscal year ending March 31, 2026, we will look to further advance our PROACTIVE operations through means such as increasing the range of AI scenarios where PROACTIVE AI can be applied and updating our process- and industry-specific offerings.

Our strategies for expanding our PROACTIVE operations will be tailored to the specific customer industries we target.

For example, wholesalers and trading companies, leveraging the expertise gained from having unified subsidiary systems for companies such as Sumitomo Corporation, for developing shared systems for their subsidiaries. We will work to respond to this demand by promoting sales of an industry-standard platform that consolidates the industry's needs to offer standard functions. For manufacturing industry customers, meanwhile, we intend to support the transition from SAP systems to our offerings by enhancing application programming interface functions to create an ecosystem that contributes to customer retention. In this manner, we will be expanding our PROACTIVE operations by approaching each target industry and customer group with a clear aim based on their needs.

Also, I would like to mention that, as part of our solution strategy, we have formed alliances with various partners. News releases describing these alliances were issued in the first quarter of the fiscal year ending March 31, 2026. SCSK will continue to bolster coordination with partners going

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forward.

We will now take a look at the next slide.

■ **FY2025 Consolidated Financial/Dividend Forecasts (slide 12)**

With slide, I would like to explain our performance forecasts for the fiscal year ending March 31, 2026.

As detailed in a news release issued on June 10, 2025, we raised the forecast for profit attributable to owners of parent in the fiscal year ending March 31, 2026, from the prior level of ¥5.9 billion to ¥63.5 billion to reflect the sale of stock in ARGO GRAPHICS Inc. At the moment, there are no plans to further revise this forecast.

Meanwhile, corporate IT investment demand remains robust. We believe our Group made a solid start in the first quarter, successfully meeting customer expectations amidst this business environment. Therefore, we intend to re-evaluate our future performance forecasts after carefully observing trends in the second quarter.

■ **Finance Policy (slide 13)**

Lastly, slide 13 details the financial impact of the tender offer bid for Net One Systems. We invite you to look over this slide at your own convenience later.

Finally, I would like to announce a briefing session regarding the business integration of SCSK and Net One Systems. Although the date is about two months from now, it is scheduled to be held on Friday, September 19, starting at 4:00 PM.

This concludes my portion of today's presentation. SCSK looks forward to your ongoing support and encouragement.

We greatly appreciate you taking the time to join us today.

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