

September 26, 2019

To whom it may concern:

Company: SCSK Corporation
Representative: Tooru Tanihara
(Representative Director, President and Chief Operating Officer)
(Securities Code: 9719; First Section, TSE)
Contact: Yuka Hirose
General Manager, Corporate Communications Dept.
(Tel: +81-3-5166-2500)

Notice Concerning Absorption (Simple Merger / Short-Form Merger) of Wholly Owned Subsidiary (JIEC Co., Ltd.)

SCSK Corporation resolved at the meeting of the Board of Directors held today to absorb wholly owned subsidiary JIEC Co., Ltd., through an absorption-type merger effective April 1, 2020. Details are as follows.

This absorption-type merger qualifies as a simple merger of a wholly owned subsidiary. For this reason, certain disclosure items and details have been omitted.

1. Purpose of Merger

Founded in 1985, JIEC has proceeded to leverage the strength of its sophisticated fundamental technologies to provide cutting-edge IT services that address the various issues faced by customers and society based on its corporate credo of “Professional Service.”

Previously a listed consolidated subsidiary of the Company, JIEC was converted into a wholly owned subsidiary on April 23, 2019. This move was meant to eliminate issues pertaining to conflicts of interests with minority shareholders arising from both companies being listed while simultaneously allowing for the flexible mutual utilization of the management resources of both companies.

The decision for the Company to absorb JIEC effective April 1, 2020, was made with the goal of facilitating the swifter and more integrated development of the complementary businesses of the companies and of enabling business strategies that merge their business foundations and customer bases. These capabilities are anticipated to allow the Company to respond to future changes in the IT services market and to thereby contribute to the medium- to long-term growth of the Group.

Through this merger, we aim to realize an expanded lineup of even higher-value-added services by consolidating the human and technological resources of SCSK and JIEC. Specific initiatives will entail enhancing systems to support customers’ digital transformations as well as reinforcing system coordination services that leverage JIEC’s

strengths in fundamental technologies.

Going forward, the SCSK Group will advance business structure reforms and business foundation reinforcements on a Groupwide basis to boost competitiveness from a medium- to long-term perspective and achieve sustainable growth.

2. Overview of Merger

(1) Merger schedule

Board of Directors resolution: September 26, 2019

Merger agreement conclusion: September 26, 2019

Effective date: April 1, 2020 (tentative)

Note: The merger constitutes a simple merger as described in Paragraph 2, Article 796 of the Companies Act for the Company and a short-form merger as described in Paragraph 1, Article 784 for JIEC. Accordingly, the companies are not required to convene a general meeting of shareholders to approve the merger agreement.

(2) Form of merger

The merger is expected to take the form of an absorption-type merger, with SCSK Corporation as the surviving company and JIEC Co., Ltd., being dissolved.

(3) Allocations related to the merger

As JIEC Co., Ltd., is a wholly owned subsidiary of the Company, no payments will be made for the purpose of the merger.

(4) Handling of stock options and bonds with stock options of the absorbed company

Not applicable

3. Overview of Companies Involved in the Merger (As of March 31, 2019)

(1) Name	SCSK Corporation (Surviving company)	JIEC Co., Ltd. (Absorbed company)
(2) Location	3-2-20, Toyosu, Koto-ku, Tokyo	6-24-1, Nishi Shinjuku, Shinjuku-ku, Tokyo
(3) Name and title of representative	Tooru Tanihara Representative Director, President and Chief Operating Officer	Atsushi Innami Representative Director and President
(4) Description of business	Provision of full lineup of IT services necessary for business including consulting, systems development, IT infrastructure development, IT management, business process outsourcing, and IT hardware and software sales	Design and development of information systems leveraging core competence in fundamental technologies

(5) Capital	¥21,152 million	¥674 million																								
(6) Date of establishment	October 25, 1969	September 5, 1985																								
(7) Number of shares issued	104,181,803	6,859,100																								
(8) Fiscal year-end	March 31	March 31																								
(9) Major shareholders and ownership percentages*1	<table border="0"> <tr> <td>1. Sumitomo Corporation</td> <td>50.65%</td> </tr> <tr> <td>2. Japan Trustee Services Bank, Ltd. (trust account)</td> <td>6.37%</td> </tr> <tr> <td>3. The Master Trust Bank of Japan, Ltd. (trust account)</td> <td>3.84%</td> </tr> <tr> <td>4. SCSK Group Employee Stock Ownership Association</td> <td>2.37%</td> </tr> <tr> <td>5. BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/ JASDEC/ABERDEEN STANDARD SICAV I CLIENT ASSETS</td> <td>1.04%</td> </tr> <tr> <td>6. ARGO GRAPHICS Inc.</td> <td>0.98%</td> </tr> <tr> <td>7. Japan Trustee Services Bank, Ltd. (trust account 5)</td> <td>0.98%</td> </tr> <tr> <td>8. Japan Trustee Services Bank, Ltd. (trust account 7)</td> <td>0.93%</td> </tr> <tr> <td>9. THE BANK OF NEW YORK 133972</td> <td>0.84%</td> </tr> <tr> <td>10. JAPAN POST INSURANCE Co., Ltd.</td> <td>0.84%</td> </tr> </table>	1. Sumitomo Corporation	50.65%	2. Japan Trustee Services Bank, Ltd. (trust account)	6.37%	3. The Master Trust Bank of Japan, Ltd. (trust account)	3.84%	4. SCSK Group Employee Stock Ownership Association	2.37%	5. BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/ JASDEC/ABERDEEN STANDARD SICAV I CLIENT ASSETS	1.04%	6. ARGO GRAPHICS Inc.	0.98%	7. Japan Trustee Services Bank, Ltd. (trust account 5)	0.98%	8. Japan Trustee Services Bank, Ltd. (trust account 7)	0.93%	9. THE BANK OF NEW YORK 133972	0.84%	10. JAPAN POST INSURANCE Co., Ltd.	0.84%	<table border="0"> <tr> <td>1. SCSK Corporation</td> <td>97.89%</td> </tr> <tr> <td>2. Other shareholders</td> <td>2.11%*2</td> </tr> </table>	1. SCSK Corporation	97.89%	2. Other shareholders	2.11%*2
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(10) Operating results and financial condition in previous fiscal year																										
Fiscal year	Fiscal year ended March 31, 2019 (consolidated, J-GAAP)	Fiscal year ended March 31, 2019 (non-consolidated, J-GAAP)																								
Net assets	¥194,468 million	¥12,647 million																								
Total assets	¥314,844 million	¥14,689 million																								
Net assets per share	¥1,862.78	¥1,843.98																								
Net sales	¥358,654 million	¥15,262 million																								
Operating profit	¥38,378 million	¥1,297 million																								
Ordinary profit	¥38,650 million	¥1,182 million																								
Profit	¥28,688 million	¥807 million																								
Profit attributable to owners of parent	¥27,892 million	-																								

Net profit per share	¥268.64	¥117.78
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*1 Ownership percentages are calculated excluding shares of treasury stock held by both companies (130,504 shares of treasury stock held by SCSK Corporation, 233 shares of treasury stock held by JIEC Co., Ltd.).

*2 JIEC Co., Ltd., was converted to a wholly owned subsidiary effective April 23, 2019.

4. Post-Merger Status

There will be no changes to the name, location, name and title of representative, business, capital, or fiscal year-end of SCSK Corporation as a result of the merger.

5. Future Outlook

As the merger is the absorption of a wholly owned subsidiary, the impact on consolidated performance is projected to be minimal.

(Reference) Consolidated Performance Forecasts for the Fiscal Year Ending March 31, 2020 (Announced on July 29, 2019), and Performance in the Fiscal Year Ended March 31, 2019

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net profit per share
Forecasts for the fiscal year ending March 31, 2020	Millions of yen 380,000	Millions of yen 41,000	Millions of yen 41,000	Millions of yen 28,000	Yen 269.67
Performance in the fiscal year ended March 31, 2019	358,654	38,378	38,650	27,892	268.64