

January 31, 2024

To whom it may concern:

Company: SCSK Corporation
Representative: Takaaki Touma
President and Representative Director
Code: 9719 (TSE Prime Section)
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Notice of Regarding Company Split (Simple Absorption-Type Company Split)

SCSK Corporation resolved at a meeting of the Board of Directors held today to perform a company split (simple absorption-type company split) with a tentative effective date of April 1, 2024, to separate its cybersecurity service development and sales operations and cybersecurity product sales operations, which will be succeeded by wholly owned subsidiary SCSK Security Corporation.

This company split will take the form of a simple absorption-type company split in which the split businesses will be succeeded by a wholly owned subsidiary. Accordingly, certain disclosure items and details have been omitted.

1. Purpose of Company Split

The recent trend toward digital transformation and the resulting new security risks have placed even greater importance on effectively controlling such risks.

At the same time, we are constantly seeing the emergence of new cyberattacks that employ increasingly sinister and sophisticated methods.

This reality, coupled with the shortages of cybersecurity professionals at various companies and organizations, has created a need for lasting and efficient cybersecurity measures.

SCSK has long been engaged in cybersecurity service development and sales operations that entail security assessment, analysis, development, operation, and consulting services as well as in cybersecurity product sales operations in which it utilizes the advanced technologies of product vendors.

In August 2023, the Company established a preparatory company as part of the process of developing a dedicated cybersecurity business. SCSK's insight into the aforementioned areas of operations has been consolidated into this company and is scheduled to be transferred to SCSK Security through the company split.

The aim of this reorganization is to enable SCSK to better help companies in need of lasting and efficient cybersecurity measures mitigate security risks and to maximize investment benefits and thereby contribute to a safer and more secure society.

2. Overview of Company Split

(1) Schedule of company split

Date of merger resolution by the Board of Directors	January 31, 2024
Conclusion of absorption-type company split agreement	January 31, 2024
Planned effective date of company split	April 1, 2024

Note: The company split is a simple absorption-type company split conducted in accordance with the provisions of Paragraph 2, Article 784, of the Companies Act, and therefore does not require approval from a General Meeting of Shareholders.

(2) Form of company split

The company split is expected to take the form of a simple absorption-type company split with SCSK Security Corporation as the succeeding company.

(3) Allotments related to the company split

No plans exist to issue new shares in relation to the company split, nor is any money expected to be delivered due to the company split.

(4) Handling of share warrants and bonds with share warrants in relation to company split

There are no applicable share warrants and bonds with share warrants.

(5) Changes in capital as a result of company split

There will be no changes in the capital of the Company as a result of the company split.

(6) Rights and obligations inherited by succeeding company

SCSK Security Corporation will inherit the asset, liability, and other rights and obligations described in the absorption-type company split agreement.

(7) Outlook for repayment of liabilities

There are expected to be no issues with regard to the repayment of liabilities attributed to the Company or to SCSK Security Corporation as a result of this company split.

3. Overview of Companies Subject to Company Split (as of March 31, 2023)

	Splitting company	Succeeding company
(1) Company name	SCSK Corporation	SCSK Security Corporation
(2) Address	3-2-20, Toyosu, Koto-ku, Tokyo 135-8110, Japan	3-2-20, Toyosu, Koto-ku, Tokyo 135-8110, Japan
(3) Representative name, position	Takaaki Touma President and Representative Director	Masaki Komine President and Representative Director
(4) Business activities	Provision of IT consulting, systems development, verification, IT infrastructure development, IT management, IT hardware and software sales, business process outsourcing, and other services	Cybersecurity service (consulting, vulnerability diagnosis/assessment, training, etc.) development and sales and cybersecurity product sales
(5) Capital	¥21,285 million	¥50 million
(6) Data of establishment)	October 25, 1969	August 1, 2023
(7) Shares issued	312,665,639 shares	2,000 shares
(8) Fiscal year-end	March 31	March 31
(9) Major shareholders (percentage ownership)	SUMITOMO CORPORATION (50.62%) The Master Trust Bank of Japan, Ltd. (Trust Account) (8.78%) Custody Bank of Japan, Ltd. (Trust Account) (6.37%) SCSK Group Employee Stock Ownership Association (2.25%)	SCSK Corporation (100%)
(10) Financial position and operating performance in most recent fiscal year	Fiscal year ended March 31, 2023 (consolidated, IFRS)	—
Total equity	¥272,403 million	—
Total assets	¥435,469 million	—
Equity attributable to owners of parent per share	¥870.56	—
Net sales	¥445,912 million	—
Operating profit	¥51,361 million	—
Profit before tax	¥53,336 million	—
Profit	¥37,337 million	—
Basic earnings per share	¥119.44	—

4. Overview of Business to be Split from the Company

(1) Business to be split from the Company

Cybersecurity service development and sales and cybersecurity product sales operations

(2) Performance of business to be split from the Company (fiscal year ended March 31, 2023)

Net sales: ¥4,896 million

(3) Assets and liabilities to be split for the Company (as of December 31, 2023)

Assets		Liabilities	
Current assets	¥1,652 million	Current liabilities	¥1,252 million
Non-current assets	¥19 million	Non-current liabilities	—
Total	¥1,671 million	Total	¥1,252 million

Note: The above amounts are as of December 31, 2023, and include trade and other receivables and trade and other payables. The amounts of assets and liabilities to be transferred to SCSK Security Corporation via the company split will not include trade and other receivables or trade and other payables and will be adjusted to reflect asset and liabilities amounts on the day before to the split.

5. Conditions Post-Company Split

(1) SCSK Corporation

There will be no change to the company name, business activities, address, representative, capital, or fiscal year-end of the SCSK Corporation as a result of the company split.

(2) Succeeding Company

There will be no change to the company name, business activities, address, representative, capital, or fiscal year-end of the succeeding company as a result of the company split.

6. Future Outlook

As the succeeding company is a wholly owned subsidiary of the Company, the impact of the company split on consolidated performance is expected to be minimal.

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