

October 27, 2023

To whom it may concern:

Company: SCSK Corporation  
Representative: Takaaki Tuma  
Representative Director, President  
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## **Notice of Regarding Company Split (Simple Absorption-Type Company Split)**

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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 January 1, 2024, to separate our transaction filtering and monitoring for fund transfer transactions and related businesses, which will be succeeded by wholly owned subsidiary SCSK RegTech Edge 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**

In response to the ongoing digitalization of the financial industry and the increasingly sinister nature of financial crimes, the Financial Action Task Force (FATF), an organization with membership by 37 countries, including the G7 countries, and two regions, has put forth international standards for measures for preventing money laundering and terrorism financing (FATF Recommendations). These recommendations call for the implementation of more sophisticated anti-money laundering measures, and financial institutions are thus finding themselves pressed to improve the effectiveness of their anti-money laundering measures. The fourth FATF Mutual Evaluation Report of Japan, conducted in 2019, identified a pressing need for the country to improve the effectiveness of its transaction monitoring and filtering measures (reduce false positives), which are a core part of anti-money laundering measures.

To address this need, on June 3, 2022, Japan formulated the Act to Partially Amend the Payment Services Act and Other Related Acts to Establish a Stable and Efficient Payment Services System (which was enacted on June 1, 2023). The goal of this legislation is to ensure sufficient quality in transaction monitoring and filtering processes in order to establish common anti-money laundering measures to enhance measures and improve efficiency. This law resulted in the introduction of a framework for foreign exchange transaction analysis businesses.

SCSK has been providing anti-money laundering solutions centered on its BankSavior series of products since 2004. These solutions are being used by more than 80 customers in banks,

funds transfer service providers, credit card companies, securities firms, insurance companies, and a wide range of other industries. SCSK RegTech Edge Corporation was established in June 2023, in conjunction with the aforementioned regulatory reform, as a preparatory company as part of the process of developing a dedicated anti-money laundering service organization. The goal of this move was to allow for the accumulation of insight and the provision of sophisticated services through a dedicated organization in order to respond to the increasingly sinister methods of criminal organizations based on the financial crime prevention insight and experience the Company has amassed over the years. The operations separated from the Company via this company split will be succeeded by SCSK RegTech Edge Corporation.

**2. Overview of Company Split**

(1) Schedule of company split

Date of merger resolution by the Board of Directors	October 27, 2023
Conclusion of absorption-type company split agreement	October 27, 2023
Planned effective date of company split	January 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. It is possible that the effective date of the company split may be altered via agreement between SCSK RegTech Edge Corporation., and the Company.

(2) Form of company split

The company split is expected to take the form of a simple absorption-type company split with SCSK RegTech Edge 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 RegTech Edge 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 RegTech Edge Corporation., as a result of this company split

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

	Splitting company	Succeeding company
(1) Company name	SCSK Corporation	SCSK RegTech Edge Corporation.
(2) Address	3-2-20, Toyosu, Koto-ku, Tokyo 135-8110, Japan	3-2-24, Toyosu, Koto-ku, Tokyo 135-8110, Japan
(3) Representative name, position	Takaaki Touma Representative Director President	Hideho Masuda Representative Director President
(4) Business activities	Provision of IT consulting, systems development, verification services, IT infrastructure construction, IT management, IT hardware and software sales, business process outsourcing, and other services	Provision of foreign exchange transaction analysis and related services
(5) Capital	¥21,285 million	¥100 million
(6) Data of establishment)	October 25, 1969	June 15, 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

Foreign exchange transaction analysis and related operations

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

Net sales: ¥1,357 million

(3) Assets and liabilities to be split for the Company (as of September 30, 2023)

Assets		Liabilities	
Current assets	¥148 million	Current liabilities	¥477 million
Non-current assets	¥499 million	Non-current liabilities	—
Total	¥648 million	Total	¥477 million

#### **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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