

To Our Shareholders,

## **NOTICE OF CONVOCAION OF GENERAL MEETING OF SHAREHOLDERS**

It is our pleasure to announce the General Meeting of Shareholders of SCSK Corporation (hereinafter “We,” “SCSK” or the “Company”) for the fiscal year ended March 31, 2022, which will be held as set forth below.

**It is possible to exercise your voting rights in writing or electronically, without physically attending the meeting. Should you choose exercise your voting rights in this manner, please refer to pages 67 and 68 for details on these voting methods. Please take the time to examine the Reference Documents for the General Meeting of Shareholders on the following pages and exercise your voting rights no later than 5:30 p.m. on Wednesday, June 22, 2022.**

With highest regards,

Masao Tabuchi  
Representative Director, Chairman and Chief Executive Officer  
SCSK Corporation  
3-2-20 Toyosu, Koto-ku, Tokyo, Japan

- 1. Date and time** Thursday, June 23, 2022, at 10:00 a.m.
- 2. Venue** SCSK Meeting Room, 14F, Toyosu Front  
3-2-20 Toyosu, Koto-ku, Tokyo, Japan
- 3. Purpose of the Meeting**
- Matters to be reported:**
- Report No. 1 Business Report, Consolidated Financial Statements, and Audit Reports by the Independent Auditor and the Audit and Supervisory Committee regarding the Consolidated Financial Statements for the fiscal year ended March 31, 2022 (April 1, 2021, to March 31, 2022)
- Report No. 2 Non-consolidated Financial Statements for the fiscal year ended March 31, 2022 (April 1, 2021, to March 31, 2022)
- Matters to be resolved:**
- Proposition No. 1 Partial amendment of Articles of Incorporation
- Proposition No. 2 Appointment of six (6) Directors (excluding Directors that are Audit and Supervisory Committee Members)
- Proposition No. 3 Appointment of three (3) Directors that are Audit and Supervisory Committee Members
- Proposition No. 4 Implementation of restricted stock compensation system for Directors (excluding Directors that are Audit and Supervisory Committee Members)

Notes:

1. If you attend the Meeting in person, please submit the enclosed voting form to the receptionist.
2. Of the items that are required to be submitted with this Notice of Convocation, in accordance with laws and regulations and Article 17 of our Articles of Incorporation, the following items are posted on our website ([https://www.scsk.jp/index\\_en.html](https://www.scsk.jp/index_en.html)) and do not appear in this Notice of Convocation.
  - Important matters regarding new stock acquisition rights, etc. of the Company in the business report
  - Information regarding decisions on systems for ensuring appropriate business procedures in the business report
  - Overview of implementation of systems for ensuring appropriate business procedures in the business report
  - Consolidated statements of change in net assets and notes to the consolidated financial statements
  - Non-consolidated statements of change in net assets and notes to the non-consolidated financial statements
3. The Audit and Supervisory Committee and the Independent Auditor audit information posted on the Company's website and other applicable items.
4. If any of the items included in the following reference documents for the Meeting, the business report, consolidated financial statements, or non-consolidated financial statements require amendment up to and including the day before the Meeting, the amended items will be posted on our website ([https://www.scsk.jp/index\\_en.html](https://www.scsk.jp/index_en.html)).

## **Live Stream of General Meeting of Shareholders**

The General Meeting of Shareholders will be made available for viewing via live streaming. The live stream will be in a one-way viewing format. Accordingly, please exercise your voting rights via the internet or other methods prior to the meeting and submit any questions if you have in advance.

### **Date**

The live stream will be commenced at 9:30 a.m. on Thursday, June 23, 2022, 30 minutes prior to the scheduled start of the General Meeting of Shareholders at 10:00 a.m., and will end with the conclusion of the meeting.

### **How to Participate**

1. Access the following live stream viewing website (available in Japanese only) via computer or smartphone  
<https://9719.ksoukai.jp>

2. Login by inputting your ID and password

ID: Shareholder number (nine-digit number shown on voting form)

Password: Postal code (seven-digit postal code of registered address)

### **Note to Shareholders Physically Attending General Meeting of Shareholders**

Video of the proceedings of the General Meeting of Shareholders will be recorded from a position nearby the Company representatives in order to help prevent shareholders from being shown in videos against their will. Please be aware that you may be shown on the stream under unavoidable circumstances.

### **Note to Shareholders Watching Live Stream**

1. We ask that only shareholders registered in the shareholder registry on March 31, 2022, view the live stream of the General Meeting of Shareholders.
2. Shareholders viewing the live stream of the General Meeting of Shareholders will not be deemed to be in attendance of the meeting as stipulated in the Companies Act of Japan. Accordingly, such shareholders will be unable to exercise voting rights, propose motions, or ask questions on the day of the meeting. When exercising voting rights, please take the time to examine the Reference Documents for the General Meeting of Shareholders on pages 67 and 68 and exercise your voting rights in writing or electronically (via the internet etc.) no later than 5:30 p.m. on Wednesday, June 22, 2022.
3. We ask that shareholders refrain from sharing the live stream viewing website URL with others and from recording or distributing videos or audio of live stream of the General Meeting of Shareholders.
4. It is possible that disruptions or halts to videos or audio of the General Meeting of Shareholders may occur as a result of system failures, connection issues, or other factors.
5. The Company assumes no responsibility for damages to shareholders as a result of system failures, connection issues, or other factors.
6. All reasonable precautions will be taken with regard to the live stream of the General Meeting of Shareholders. However, it is possible that shareholders may be unable to view the live stream or that the live stream may be halted due to system failures, connection issues, or other factors.
7. Should the live stream of the General Meeting of Shareholders be halted, notification will be provided on the live stream viewing website.
8. All equipment, internet connection, communications, and other costs incurred in the viewing of the live stream of the General Meeting of Shareholders are to be paid by the shareholder.
9. The live stream of the General Meeting of Shareholders will be conducted in Japanese only.

**Contact for Inquiries Regarding Live Stream Viewing**

Any questions regarding the viewing of the live stream of the General Meeting of Shareholders should be directed toward V-cube, Inc. (Tel: 03-6385-8736) over the period from 9:00 a.m. on Thursday, June 23, 2022, until the conclusion of the meeting.

**Advance Submission of Questions for General Meeting of Shareholders**

It is possible to submit questions to be answered at the General Meeting of Shareholders in advance of the meeting. However, we ask that questions be limited to those that coincide with the purpose of the meeting. We plan to offer responses to those questions deemed to be of high interest to shareholders on the day of the General Meeting of Shareholders, but we do not promise to provide responses to all questions. Questions for which responses are not provided will be referenced for future engagement activities. No responses will be offered to questions on an individual basis.

Questions should be submitted over the period beginning at 10:00 a.m. on Wednesday, June 1 and ending on 5:30 on Thursday, June 16, 2022.

**Process for Submitting Questions**

1. Login to the live stream viewing website (available in Japanese only) by following the instructions on page 3
2. Click on the “事前質問を行う” button
3. Input the necessary information and click the “申し込む” button

## Reference Documents for the General Meeting of Shareholders

### Propositions to be Voted Upon and References Relating Thereto

#### **Proposition No. 1: Partial Amendment of Articles of Incorporation**

##### 1. Reason for Proposition

###### (1) Change in Conjunction with Addition of New Business Purpose

In order to accommodate the expansion of the SCSK Group's business along with future business development, the Company proposes the addition of a new business purpose to Article 3 (Purpose) of the Articles of Incorporation along with a change to the number of paragraphs in this article to reflect this addition.

###### (2) Change in Conjunction with Start of Shareholders' Meetings without a Location

The Act for Partially Amending the Industrial Competitiveness Enhancement Act and Other Related Acts has made it possible for listed companies to hold shareholders' meetings without a location (so-called virtual-only shareholders' meetings) granted that these companies meet the requirements defined by the Ministry of Economy, Trade and Industry and the Ministry of Justice. The Company proposes a partial revision to its Articles of Incorporation in order to allow for the holding of shareholders' meetings without a location. This move is meant to help mitigate risks associated with infectious diseases and natural disasters while facilitating more active, efficient, and smoothly run shareholders' meetings by making it easier for shareholders residing long distances away and a wide variety of other shareholders to participate.

###### (3) Change Accompanying the Start of Provision of Shareholders' Meetings Materials in an Electronic Format

Item 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No.70 of 2019) will come into effect on September 1, 2022. Accordingly, the Company proposes the following revisions to its Articles of Incorporation in order to prepare for the provision of shareholders' meetings materials in an electronic format.

- i. Addition of provisions indicating that the information contained in shareholders' meetings materials will be provided in an electronic format (Article 17-1)
- ii. Addition of provisions allowing for the limitation of the scope of information contained in documents submitted to shareholders who have requested such documents (Article 17-2)
- iii. Deletion of the prior provisions related to internet-based disclosure and deemed delivery of reference materials given that such provisions are no longer necessary (current Article 17)
- iv. Inclusion of additional information pertaining to effective dates, etc. in reflection of the aforementioned changes

## 2. Details of Amendment

If this proposition is approved, the Company's Articles of Incorporation shall be amended as follows.

(Amended text is underlined)

Current Text	Proposed Text
Articles 1–2 (Omitted)	Articles 1–2 (Unchanged)
Article 3: Purpose	Article 3: Purpose
The purpose of the Company is to engage in the following businesses activities:	The purpose of the Company is to engage in the following businesses activities:
1.–26. (Omitted)	1.–26. (Unchanged)
(New)	<u>27. Financial service intermediation</u>
<u>27. Planning, surveys, research, training and consulting concerning the preceding items; and</u>	<u>28. Planning, surveys, research, training and consulting concerning the preceding items; and</u>
<u>28. All other work incidental to the preceding items.</u>	<u>29. All other work incidental to the preceding items.</u>
Articles 4–13 (Omitted)	Articles 4–13 (Unchanged)
Article 14: Convocation	Article 14: Convocation
1.–2. (Omitted)	1.–2. (Unchanged)
(New)	<u>3. The Company may hold a general meeting of</u>
	<u>shareholders without a designated location.</u>
Articles 15–16 (Omitted)	Articles 15–16 (Unchanged)
	(Deleted)
<u>Article 17: Internet-based Disclosure and Deemed Delivery of Reference Materials, etc. for General Meetings of Shareholders</u>	
<u>Upon convening a general meeting of shareholders, it may be deemed that the Company has provided the shareholders with information relating to matters that should be described or indicated in the reference materials for the general meeting of shareholders, business reports, non-consolidated financial statements and consolidated financial statements, on the condition that such information is disclosed through the Internet in accordance with the ordinance of the Ministry of Justice.</u>	
(New)	<u>Article 17: Electronic Provision of Information, etc.</u>
	<u>1. Upon convening a general meeting of shareholders, the Company shall provide the information contained in reference materials, etc. for the general meeting of shareholders in an electronic format.</u>
	<u>2. Of the items subject to electronic disclosure, the Company may omit any or all of the items defined in the ordinances of the Ministry of Justice from the documents sent to shareholders requesting documents prior to the record date for voting rights.</u>
Articles 18–37 (Omitted)	Articles 18–37 (Unchanged)
	Supplementary Provisions
	<u>Transitional Measures Concerning Electronic Provision of Information</u>
(New)	<u>1. The deletion of the prior Article 17 (Internet-based Disclosure and Deemed Delivery of Reference Materials, etc. for General Meetings of Shareholders) and the addition of the new Article 17 (Electronic Provision of Information, etc.) shall become effective on the date of implementation of Item 1 of the supplementary provisions of the Act Partially Amending the Companies Act (September 1, 2022).</u>
	<u>2. Regardless of the above paragraph, the prior Article 17 (Internet-based Disclosure and Deemed Delivery of Reference Materials, etc. for General Meetings of Shareholders) shall apply to all general</u>

- meetings of shareholders held within six months of the aforementioned date of implementation.
3. These transitional measure provisions will be deleted six months after the aforementioned date of implementation or three months after any general meetings of shareholders held within six months of the aforementioned date of implementation (whichever comes later).

## **Proposition No. 2: Appointment of Six (6) Directors (Excluding Directors that are Audit and Supervisory Committee Members)**

At the close of this Ordinary General Meeting of Shareholders, the terms of all eight (8) current Directors (excluding Directors that are Audit and Supervisory Committee Members, “Directors” shall exclude Directors that are Audit and Supervisory Committee Members for the remainder of this proposition) shall expire. We hereby request that six (6) Directors be appointed. The decrease in the number of Directors is meant to facilitate the further separation of the oversight functions from the operational execution function and to allow for more flexible decision-making.

The candidates for positions as Directors are as follows.

Candidate No.	Name	Position at the Company	Attendance at Board of Directors meetings
1	Hideki Yamano < New appointment >	Advisor	—
2	Takaaki Tsuma < New appointment >	President and Chief Operating Officer	—
3	Koji Tamefusa < Reappointment >	Director Executive Vice President Chief Information Security Officer General Manager, Planning	100% (12/12)
4	Tetsuya Fukunaga < Reappointment >	Director Executive Vice President General Manager, Business Investment Promotion	100% (14/14)
5	Shunichi Aramaki < New appointment >	—	—
6	Tetsuya Kubo < Reappointment > < Outside Director > < Independent Director >	Outside Director	100% (12/12)

Note: Director and officer liability insurance contracts have been concluded with insurance firms offering coverage for damages or payments for which the applicable officers may become liable as a result of performing their duties. If appointed, all of the abovementioned Director candidates shall be applicable under these contracts. These contracts are scheduled to be renewed under the same terms. Please refer to the page 52 of the Company’s business report for more information on these contracts.

Candidate No. 1	Date of birth	Number of Company shares owned	Special interests with the Company
Hideki Yamano < New appointment >	Feb. 23, 1960	0 shares	Yes
	Attendance rate of Board of Directors meetings (attendance/no. of meetings held)	No. of years in office as Director (until the end of the General Meeting of Shareholders)	
	—	—	
Resume, current position and responsibilities			
Apr. 1983 Apr. 2014 Apr. 2016 Apr. 2018 Jun. 2018	Joined Sumitomo Corporation Corporate Officer of Sumitomo Corporation General Manager, Environment & Infrastructure Project Business Division Executive Officer of Sumitomo Corporation General Manager, Corporate Planning & Coordination Department Managing Executive Officer of Sumitomo Corporation Chief Strategy Officer and Chief Information Officer Representative Director of Sumitomo Corporation Managing Executive Officer, Chief Strategy Officer and Chief Information Officer	Apr. 2020  Apr. 2022  Jun. 2022	Representative Director of Sumitomo Corporation Senior Managing Executive Officer, Chief Strategy Officer and Chief Information Officer <b>Director of Sumitomo Corporation</b> (present) <b>Senior Managing Executive Officer</b> (present) <b>Assistant to General Manager, Media &amp; Digital Business Unit</b> (present) <b>Concurrent position as Adviser of SCSK</b> (present) Resigned from position as Director and Senior Managing Executive Officer of Sumitomo Corporation (tentative)
Reason for appointment			
Mr. Hideki Yamano possesses robust management experience and wide-ranging knowledge gained in positions as a representative director and as a manager of domestic and overseas businesses at Sumitomo Corporation. We believe that the experience and knowledge accumulated throughout his career make him suited to the management of the Company, and we have thus selected him to be a Director candidate.			
Other			
Mr. Hideki Yamano is an executive of Sumitomo Corporation. A business relationship between the Company and Sumitomo Corporation exists primarily in the areas of software development, data processing services, and hardware and software sales.			



Candidate No. 2	Date of birth	Number of Company shares owned	Special interests with the Company
Takaaki Touma < New appointment >	Feb. 17, 1965	3,300 shares	None
	Attendance rate of Board of Directors meetings (attendance/no. of meetings held)	No. of years in office as Director (until the end of the General Meeting of Shareholders)	
	—	—	
Resume, current position and responsibilities			
Apr. 1987	Joined Sumisho COMPUTER SERVICE CORPORATION	Apr. 2018	Managing Executive Officer of SCSK, General Manager, Manufacturing & Telecommunication Systems Business Group
Apr. 2013	Executive Officer of SCSK	Apr. 2020	Managing Executive Officer of SCSK, General Manager, Human Resources & General Affairs Group and Human Resources Development Group
Apr. 2016	Senior Executive Officer of SCSK	Apr. 2021	Managing Executive Officer of SCSK
		Apr. 2022	<b>President and Chief Operating Officer of SCSK (present)</b>
Reason for appointment			
Mr. Takaaki Touma possesses a breadth of management experience and wide-ranging knowledge gained in part during his time overseeing industrial service businesses and human resource and general affairs department and in his current position as President and Chief Operating Officer. We believe that the experience and knowledge accumulated throughout his career make him suited to the management of the Company, and we have thus selected him to be a Director candidate.			

Candidate No. 3	Date of birth	Number of Company shares owned	Special interests with the Company
Koji Tamefusa <Reappointment>	Dec. 25, 1958	0 shares	None
	Attendance rate of Board of Directors meetings (attendance/no. of meetings held)	No. of years in office as Director (until the end of the General Meeting of Shareholders)	
	100% (12 out of 12 meetings)	1 year	
Resume, current position and responsibilities			
Apr. 1983	Joined Sumitomo Corporation	Oct. 2018	Executive Officer of Sumitomo Corporation Assistant to General Manager, Media & Digital Business Unit
Apr. 2012	Corporate Officer of Sumitomo Corporation General Manager, New Industry Development & Cross-function Business Unit		Concurrent position as Director and Senior Managing Executive Officer of SCSK
Apr. 2013	Corporate Officer of Sumitomo Corporation Assistant General Manager for Europe, Middle East, Africa & CIS General Manager, European Corporate Management Unit, Sumitomo Corporation Europe Group	Apr. 2019	Managing Executive Officer of Sumitomo Corporation Assistant CFO, Risk Management Concurrent position as Director of SCSK
Apr. 2016	Corporate Officer of Sumitomo Corporation General Manager, Risk Management Department No. 5	Jul. 2019	Managing Executive Officer of Sumitomo Corporation Assistant CFO, Risk Management
Apr. 2017	Executive Officer of Sumitomo Corporation Assistant to CFO	Apr. 2021	Senior Managing Executive Officer of Sumitomo Corporation Assistant to General Manager, Media & Digital Business Unit
May 2017	Executive Officer of Sumitomo Corporation Assistant to General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit Concurrent position as Advisor of SCSK		Concurrent position as Executive Vice President of SCSK
Jun. 2017	Concurrent position as Director and Senior Managing Executive Officer of SCSK	Jun. 2021	Director of SCSK Executive Vice President
Apr. 2018	Executive Officer of Sumitomo Corporation Assistant General Manager, Media & ICT Business Unit Concurrent position as Director and Senior Managing Executive Officer of SCSK	Apr. 2022	<b>Director of SCSK</b> (present) <b>Executive Vice President</b> (present), <b>Chief Information Security Officer</b> (present) <b>General Manager, Planning</b> (present)
Reason for appointment			
Mr. Koji Tamefusa has a strong background in legal affairs and risk management as well as wide-ranging knowledge pertaining to environmental, social, and human rights issues gained in a position overseeing sustainability initiatives. We believe that the experience and knowledge accumulated throughout his career make him suited to the management of the Company, and we have thus selected him to be a Director candidate.			

Candidate No. 4	Date of birth	Number of Company shares owned	Special interests with the Company
Tetsuya Fukunaga <Reappointment>	Feb. 1, 1960	31,280 shares	None
	Attendance rate of Board of Directors meetings (attendance/no. of meetings held)	No. of years in office as Director (until the end of the General Meeting of Shareholders)	
	100% (14 out of 14 meetings)	17 years	
Resume, current position and responsibilities			
Apr. 1983	Joined The Long-Term Credit Bank of Japan, Ltd.	Apr. 2017	Director of SCSK, Executive Officer Chief Financial Officer
Oct. 1999	Vice President, Corporate & Investment Banking Group, Chase Manhattan Bank	Jun. 2017	Director of SCSK Senior Managing Executive Officer
Jun. 2000	CFO, Lycos Japan Inc.	Apr. 2019	Director of SCSK Senior Managing Executive Officer
Dec. 2002	Adviser to Sumisho Electronics Co., Ltd.		Corporate Coordination Officer
Feb. 2003	Director of Sumisho Electronics Co., Ltd., Managing Executive Officer	Apr. 2020	Director of SCSK Senior Managing Executive Officer
Apr. 2005	Executive Officer of SCSK Concurrent position as Director of Sumisho Electronics Co., Ltd.	Apr. 2021	Director of SCSK Senior Managing Executive Officer
Jun. 2005	Director of SCSK, Executive Officer	Apr. 2021	<b>Director of SCSK (present)</b> <b>Executive Vice President of SCSK (present)</b> <b>General Manager, Business Investment Promotion Division (present)</b>
Apr. 2008	Director of SCSK, Managing Executive Officer		
Jun. 2008	<b>Concurrent position as Outside Director of ARGO GRAPHICS Inc. (present)</b>		
Apr. 2014	Director of SCSK, Senior Managing Executive Officer		
Reason for appointment			
Mr. Tetsuya Fukunaga possesses a breadth of experience and wide-ranging knowledge pertaining to finance, accounting, legal affairs, and risk management gained during his long history in corporate divisions. We believe that the experience and knowledge accumulated throughout his career make him suited to the management of the Company, and we have thus selected him to be a Director candidate.			

Candidate No. 5	Date of birth	Number of Company shares owned	Special interests with the Company
Shunichi Aramaki <New appointment>	Jan. 19, 1972	0 shares	Yes
	Attendance rate of Board of Directors meetings (attendance/no. of meetings held)	No. of years in office as Director (from the end of the General Meeting of Shareholders)	
	—	—	
Resume, current position and responsibilities			
Apr. 1996	Joined Sumitomo Corporation	Apr. 2018	General Manager, Digital Solution Business Department, ICT Business Division, Media & ICT Business Unit of Sumitomo Corporation
Apr. 2012	President & CEO of Presidio Ventures, Inc.		General Manager, Innovation & Investment Department
Apr. 2014	Concurrent position as General Manager, Business Strategy Group Big Data Strategic Office of SCSK	Apr. 2019	General Manager, Digital Business Planning Department, Digital Business Division, Media & Digital Business Unit of Sumitomo Corporation
Apr. 2015	Concurrent position as General Manager, Business Strategy Center Business Innovation Division of SCSK	Apr. 2021	Corporate Officer of Sumitomo Corporation Assistant General Manager, Digital Business Division
Apr. 2016	Concurrent position as General Manager, Business Strategy Center Business Innovation Division of SCSK	Apr. 2022	General Manager, Digital Business Planning Department, Media & Digital Business Unit
Apr. 2017	Concurrent position as Assistant Managing Officer, Automotive Systems Business Division, Business Solutions Group of SCSK		<b>Corporate Officer of Sumitomo Corporation (present)</b> <b>General Manager, Digital Business Division, Media &amp; Digital Business Unit (present)</b> <b>General Manager, Innovation &amp; Investment Department (present)</b>
	General Manager, QINeS Business Planning Division		
	General Manager, QINeS Business Planning Division		
Reason for appointment			
Mr. Shunichi Aramaki possesses robust experience gained overseeing new development of domestic and overseas businesses at Sumitomo Corporation along with wide-ranging knowledge pertaining to global businesses and marketing. We believe that the experience and knowledge accumulated throughout his career qualifies him to supervise the operation execution of the Company, and we have thus selected him to be a Director candidate.			
Other			
1. Mr. Shunichi Aramaki is an executive of Sumitomo Corporation. A business relationship between the Company and Sumitomo Corporation exists primarily in the areas of software development, data processing services, and hardware and software sales.			
2. If this proposed resolution is approved, SCSK intends to enter into a liability limitation agreement with Mr. Shunichi Aramaki to limit the amount of his liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act.			

Candidate No. 6	Date of birth	Number of Company shares owned	Special interests with the Company
<p style="text-align: center;"><b>Tetsuya Kubo</b>            &lt;Reappointment&gt;            &lt;Outside Director&gt;            &lt;Independent Director&gt;</p>	Sep. 24, 1953	0 shares	None
	Attendance rate of Board of Directors meetings (attendance/no. of meetings held)	No. of years in office as Director (from the end of the General Meeting of Shareholders)	
	100% (12 out of 12 meetings)	1 year	
<b>Resume, current position and responsibilities</b>			
<p>Apr. 1976    Joined The Sumitomo Bank, Ltd.            Jun. 2003    Executive Officer of Sumitomo Mitsui Banking Corporation                              General Manager, Hong Kong Branch            Jul. 2006    Managing Executive Officer of Sumitomo Mitsui Banking Corporation            Apr. 2008    Concurrent position as Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc.            Apr. 2009    Director and Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation                              Concurrent position as Senior Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc.            Apr. 2011    Director and Deputy President of Sumitomo Mitsui Banking Corporation (resigned in March 2013)                              Concurrent position as Deputy President and Executive Officer of Sumitomo Mitsui Financial Group, Inc.                              Concurrent position as Director of SMBC Nikko Securities Inc.</p>	<p>Jun. 2011    Concurrent position as Director of Sumitomo Mitsui Financial Group, Inc. (resigned in March 2013)            Apr. 2013    Representative Director, President &amp; CEO of SMBC Nikko Securities Inc.            Apr. 2016    Representative Director, Chairman of SMBC Nikko Securities Inc.            Jun. 2016    Director of Sumitomo Mitsui Financial Group, Inc. (resigned in June 2020)                              Concurrent position as Representative Director, Chairman of SMBC Nikko Securities Inc. (resigned in March 2020)            Apr. 2020    Advisor of SMBC Nikko Securities Inc.            Jan. 2021    <b>Director, Chairman of GCM Investments Japan K.K.</b> (present)            Jun. 2021    <b>Outside Director of SCSK</b> (present)</p>		
<b>Reason for appointment and expected roles</b>			
<p>Mr. Tetsuya Kubo possesses robust management experience gained over years of serving in important positions at major financial institutions as well as wide-ranging knowledge pertaining to global businesses. We believe that the experience and knowledge accumulated throughout his career qualifies him to help enhance the functions that supervise the execution of the Company's operations and to offer advice on all areas of management, and we have thus selected him to be an Outside Director candidate.</p>			
<b>Other matters concerning candidate Outside Director</b>			
<ol style="list-style-type: none"> <li>SCSK has designated Mr. Tetsuya Kubo as an independent director that is unlikely to have any conflict of interest with respect to general shareholders and notified the Tokyo Stock Exchange with this regard as it is obligated to do.</li> <li>SCSK has entered into a liability limitation agreement with Mr. Tetsuya Kubo to limit the amount of his liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. If this proposed resolution is approved, this agreement will be renewed.</li> <li>Mr. Tetsuya Kubo was a director at SMBC Nikko Securities Inc. until March 2020. In March 2022, this company was prosecuted by the Tokyo District Public Prosecutors Office for violations of the Financial Instruments and Exchange Act (stabilizing transactions) with regard to securities transactions conducted over a period that included the time during which Mr. Tetsuya Kubo was serving as a director of this company.</li> <li>Mr. Tetsuya Kubo was an executive of Sumitomo Mitsui Banking Corporation, a major lender to the Company, up until March 2013. More than five years have passed since he resigned from Sumitomo Mitsui Banking Corporation and he has not been involved in the management of this company after resigning. Accordingly, the Company has judged that this past relationship does not have an impact on the independence of Mr. Tetsuya Kubo. In addition, Mr. Tetsuya Kubo was a director of Sumitomo Mitsui Financial Group, Inc., parent company of Sumitomo Mitsui Banking Corporation, until June 2020. However, no business relationships exist between Sumitomo Mitsui Financial Group and the Company. Furthermore, Mr. Tetsuya Kubo was an executive of SMBC Nikko Securities Inc., until March 2020, but he has not been involved in the management of this company after resigning. Moreover, the amount of transactions between SMBC Nikko Securities and the Company equate to less than 1% of the consolidated operating revenue of SMBC Nikko Securities and the consolidated net sales of the Company. Accordingly, we have judged that Mr. Tetsuya Kubo is sufficiently independent from the Company.</li> </ol>			

### Proposition No. 3: Appointment of Three (3) Directors that are Audit and Supervisory Committee Members

At the close of this Ordinary General Meeting of Shareholders, the term of Director and Audit and Supervisory Committee Member Ms. Kazuko Shiraishi shall expire. Accordingly, we hereby request that three (3) Directors that also serve as Audit and Supervisory Committee Members be appointed. This proposition will increase the number of Directors that also serve as Audit and Supervisory Committee Members by two (2) for the purpose of ensuring the transparency of management and enhancing the Company's corporate governance system.

Advance consent has been received from the Audit and Supervisory Committee with regard to this proposition.

The candidates for the position as Directors that are Audit and Supervisory Committee Members are as follows.

Candidate No.	Name	Position at the Company	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings
1	<b>Kazuko Shiraishi</b> <Reappointment> <Outside Director> <Independent Director>	Director (Audit and Supervisory Committee Member)	100% (14/14)	100% (15/15)
2	<b>Yasuo Miki</b> <New appointment> <Outside Director> <Independent Director>	—	—	—
3	<b>Sadayo Hirata</b> <New appointment> <Outside Director> <Independent Director>	—	—	—

Note: Director and officer liability insurance contracts have been concluded with insurance firms offering coverage for damages or payments for which the applicable officers may become liable as a result of performing their duties. If appointed, all of the abovementioned Director candidates shall be applicable under these contracts. These contracts are scheduled to be renewed under the same terms. Please refer to the page 52 of the Company's business report for more information on these contracts.

Candidate No. 1	Date of birth	Number of Company shares owned	Special interests with the Company
<b>Kazuko Shiraishi</b> <Reappointment> <Outside Director> <Independent Director>	Aug. 18, 1951	2,500 shares	None
	Attendance rate of Board of Directors meetings (attendance/no. of meetings held)	Attendance rate of Audit and Supervisory Committee meetings (attendance/no. of meetings held)	No. of years in office as Outside Director (from the end of the General Meeting of Shareholders)
	100% (14 out of 14 meetings)	100% (15 out of 15 meetings)	4 years
Resume, current position and responsibilities			
Apr. 1974 Entered the Ministry of Foreign Affairs Aug. 1997 First Secretary, Embassy of Japan in Poland Jan. 2001 Consul General, Consulate-General of Japan in Atlanta Jun. 2003 General Manager, International Economic Treaty Office, International Economic Treaty Agreement Division, Treaty Bureau Sep. 2004 Policy Coordinator, Policy Coordination Division, Foreign Policy Bureau Oct. 2005 General Manager, WTO Dispute Settlement Division, International Trade Division, Economic Affairs Bureau	Apr. 2007 Councilor, Embassy of Japan in Poland Jan. 2012 Ambassador Extraordinary and Plenipotentiary to Lithuania Jun. 2015 Ambassador for Women, Human Rights and Humanitarian Affairs and Ambassador in Charge of Arctic Affairs Jun. 2016 Ambassador in Charge of Arctic Affairs, Ministry of Foreign Affairs Jun. 2018 <b>Outside Director (Audit and Supervisory Committee Member) of SCSK (present)</b> Mar. 2019 <b>Outside Director of MODEC, Inc. (present)</b>		
Reason for appointment			
<p>Ms. Kazuko Shiraishi possesses a strong, global background as well as wide-ranging knowledge pertaining to environmental, social, and human rights issues gained in her role as a diplomat. We believe that the experience and knowledge accumulated throughout her career qualifies her to help enhance the functions that supervise the execution of the Company's operations and to offer advice on all areas of management, and we have thus selected her to be a candidate for the position of Director that also serves as an Audit and Supervisory Committee Member.</p>			
Other			
<ol style="list-style-type: none"> <li>SCSK has designated Ms. Kazuko Shiraishi as an independent director that is unlikely to have any conflict of interest with respect to general shareholders and notified the Tokyo Stock Exchange with this regard as it is obligated to do.</li> <li>SCSK has entered into a liability limitation agreement with Ms. Kazuko Shiraishi to limit the amount of her liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. If this proposed resolution is approved, this agreement will be renewed.</li> <li>The Company became aware of unauthorized collection and use of customer information perpetrated by a former employee of the Company while Ms. Kazuko Shiraishi was serving as an Outside Director. Ms. Kazuko Shiraishi has continued to advise the Board of Directors on how to enhance compliance with information security rules and other regulations throughout the duration of her term as an Outside Director. Following the discovery of these acts of misconduct, Ms. Kazuko Shiraishi offered advice on measures for preventing reoccurrence and for otherwise addressing this issue, monitored the implementation of these measures, and requested reports as deemed necessary.</li> </ol>			

Candidate No. 2	Date of birth	Number of Company shares owned	Special interests with the Company
<p style="text-align: center;"><b>Yasuo Miki</b>            &lt;New appointment&gt;            &lt;Outside Director&gt;            &lt;Independent Director&gt;</p>	Mar. 1, 1955	100 shares	None
	Attendance rate of Board of Directors meetings (attendance/no. of meetings held)	Attendance rate of Audit and Supervisory Committee meetings (attendance/no. of meetings held)	No. of years in office as Outside Director (from the end of the General Meeting of Shareholders)
	—	—	—
<b>Resume, current position and responsibilities</b>			
Apr. 1977    Joined NEC Corporation Apr. 2004    General Manager, Process and CPG Solutions Business Department of NEC Corporation Oct. 2005    President of VMware K.K. Mar. 2015    Chairman of VMware K.K. (resigned in May 2020)	Oct. 2018    Concurrent position as Chief Technology Innovation Officer of The Tokyo Organising Committee of the Olympic and Paralympic Games (resigned in September 2021)		
<b>Reason for appointment and expected roles</b>			
<p>Mr. Yasuo Miki possesses a breadth of experience in managing IT companies as well as wide-ranging technology knowledge. We believe that the experience and knowledge accumulated throughout his career qualifies him to help enhance the functions that supervise the execution of the Company's operations and to offer advice on all areas of management, and we have thus selected him to be a candidate for the position of Director that also serves as an Audit and Supervisory Committee Member.</p>			
<b>Other matters concerning candidate Outside Director</b>			
<ol style="list-style-type: none"> <li>1. If this proposed resolution is approved, SCSK intends to designate Mr. Yasuo Miki as an independent director that is unlikely to have any conflict of interest with respect to general shareholders and intends to notify the Tokyo Stock Exchange with this regard as it is obligated to do.</li> <li>2. If this proposed resolution is approved, SCSK intends to enter into a liability limitation agreement with Mr. Yasuo Miki to limit the amount of his liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act.</li> </ol>			



Candidate No. 3	Date of birth	Number of Company shares owned	Special interests with the Company
<b>Sadayo Hirata</b> <New appointment> <Outside Director> <Independent Director>	Aug. 4, 1963	0 shares	None
	Attendance rate of Board of Directors meetings (attendance/no. of meetings held)	Attendance rate of Audit and Supervisory Committee meetings (attendance/no. of meetings held)	No. of years in office as Outside Director (from the end of the General Meeting of Shareholders)
	—	—	—
<b>Resume, current position and responsibilities</b>			
Apr. 1987    Joined Fujitsu Limited Apr. 2011    Guest Associate Professor at Housei Business School of Innovation Management Apr. 2013 <b>Associate Professor, Graduate School of Engineering and Science at Shibaura Institute of Technology</b> (present) Oct. 2017 <b>Member of Science Council of Japan</b> (present) Mar. 2019    Special Researcher at Japan Society for the Promotion of Science	Apr. 2020 <b>Project Associate Professor, Graduate School of Engineering Department of Management Science and Technology, Tohoku University</b> (present) Apr. 2021 <b>Committee Member, High-Performance Computing Infrastructure Planning Committee of Ministry of Education, Culture, Sports, Science and Technology</b> (present)		
<b>Reason for appointment and expected roles</b>			
<p>Ms. Sadayo Hirata has a wealth of experience as an engineer as well as academic insight pertaining to IT and technology management. We believe that the experience and knowledge accumulated throughout her career qualifies her to help enhance the functions that supervise the execution of the Company's operations and to offer advice on all areas of management, and we have thus selected her to be a candidate for the position of Director that also serves as an Audit and Supervisory Committee Member.</p>			
<b>Other matters concerning candidate Outside Director</b>			
<ol style="list-style-type: none"> <li>1. If this proposed resolution is approved, SCSK intends to designate Ms. Sadayo Hirata as an independent director that is unlikely to have any conflict of interest with respect to general shareholders and intends to notify the Tokyo Stock Exchange with this regard as it is obligated to do.</li> <li>2. If this proposed resolution is approved, SCSK intends to enter into a liability limitation agreement with Ms. Sadayo Hirata to limit the amount of her liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act.</li> </ol>			

## **Input from the Audit and Supervisory Committee on Nomination and Remuneration of Directors that are Not Audit and Supervisory Committee Members**

Based on reports from relevant officers regarding Director nomination proposals and policies, the Audit and Supervisory Committee discussed matters concerning the nomination of Directors that are not Audit and Supervisory Committee Members. Through such discussions, the Audit and Supervisory Committee reached the conclusion that the Director candidates named in this proposal were sufficiently qualified based on factors including the composition of the Board of Directors and the specialized knowledge, experience, and past performance of candidates.

In addition, discussions regarding the remuneration of Directors that are not Audit and Supervisory Committee Members were held based on reports from relevant officers on remuneration systems and amounts. These discussions led the Audit and Supervisory Committee to conclude that the amounts of remuneration paid to Directors that are not Audit and Supervisory Committee Members were appropriate because these amounts were based on Directors' roles and duties, at a level that considered the Company's performance, and calculated through impartial methods.

### **Reference 1: Skills Required of the Board of Directors**

The Company decides the size of its Board of Directors and its membership based on consideration of the diversity and balance of the skills of members. To assist in this process, the following list has been prepared of the skills deemed necessary in order to ensure that the Board of Directors is equipped with the knowledge, experience, and capacities required to advance the SCSK Group's growth strategies.

Skill	Display Name	Reason for Selection
Corporate management experience	Corporate management	Corporate management experience is necessary for assessing the opportunities and risks in the Company's diverse businesses and for guiding investments to help ensure ongoing growth. SCSK is promoting sustainability management as a growth strategy, meaning that it must position the resolution of various social issues as an earnings opportunity and actively contribute to the resolution of these issues. Corporate management experience is imperative for making appropriate management resource investment and other management decisions for this purpose.
Financial and accounting expertise and experience	Finance / accounting	Financial and accounting expertise and experience are crucial for accessing business growth potential and profitability in pursuit of high capital efficiency and for practicing timely and appropriate disclosure and highly transparent corporate governance.

Skill	Display Name	Reason for Selection
Technological expertise, foresight, and experience	Technology	Technological expertise, foresight, and experience are needed for making appropriate management decisions pertaining to the introduction technologies in various fields for use in resolving corporate and social issues.
Organization and human resource management expertise and experience	Organization / human resources	Organization and human resource management expertise and experience are required to ensure that the Company can offer opportunities and organizations in which professionals with diverse skills and backgrounds can share a common set of values and grow and succeed while exercising their individuality and expertise.
Expertise and experience pertaining to market and economic environments and trends	Marketing	Expertise and experience pertaining to market and economic environments and trends are necessary to identify the issues that may emerge from social or economic changes and to guide the appropriate development and provision of solutions for addressing these issues.
Expertise and experience pertaining to environmental, social, and human rights issues	Environmental / social / human rights	Expertise and experience pertaining to environmental, social, and human rights issues are imperative to accurately assessing social issues related to global warming, human rights, regional disparities, and other factors and to identifying the areas in which SCSK can contribute to the resolution of such issues. These skills are also vital to enabling SCSK to develop sound value chains and fulfill other social responsibilities.
Legal and risk management expertise and experience	Legal / risk management	Legal and risk management expertise and experience are required to ensure strict compliance and highly effective oversight of management as well as to the development and implementation of appropriate management systems for risks and other matters.
Global business expertise and experience	Global	Global business expertise and experience are vital to the Company's efforts to capitalize on the growth opportunities presented by global digitization trends.

## Reference 2: Director Skills (Skill Matrix)

Should propositions 2 and 3 be approved as proposed, the membership and skills of the Board of Directors will be as follows.

Name	Position within the Company	Corporate management	Finance / accounting	Technology	Organization / human resources	Marketing	Environmental / social / human rights	Legal / risk management	Global
Hideki Yamano	Representative Director Chairman and Chief Executive Officer	•			•	•	•		•
Takaaki Touma	Representative Director President and Chief Operating Officer	•		•	•	•			
Koji Tamefusa	Director Executive Vice President						•	•	•
Tetsuya Fukunaga	Director Executive Vice President		•					•	•
Shunichi Aramaki	Director					•			•
Tetsuya Kubo	Outside Director	•	•						•
Yasunori Anzai	Director (Audit and Supervisory Committee Member)		•					•	
Kimitoshi Yabuki	Outside Director (Audit and Supervisory Committee Member)						•	•	
Masaichi Nakamura	Outside Director (Audit and Supervisory Committee Member)		•					•	
Kazuko Shiraishi	Outside Director (Audit and Supervisory Committee Member)						•		•
Yasuo Miki	Outside Director (Audit and Supervisory Committee Member)	•		•					
Sadayo Hirata	Outside Director (Audit and Supervisory Committee Member)			•	•				

**Proposition No. 4: Implementation of Restricted Stock Compensation System for Directors (Excluding Directors that are Audit and Supervisory Committee Members)**

At the General Meeting of Shareholders held on June 28, 2016, an upper limit for the compensation of Directors (excluding Directors that are Audit and Supervisory Committee Members) of ¥960 million was approved (excluding employee salaries paid to Directors who are also employees). As one part of the compensation to be paid within this limit, the Company proposes the implementation of a restricted stock compensation system for applicable Directors (Directors that are not Outside Directors, part-time Directors, or Directors that are Audit and Supervisory Committee Members). This system is meant to provide incentive for pursuing the ongoing improvements in corporate value described in Grand Design 2030 as well as to facilitate greater sharing of value with shareholders.

The monetary compensation claims to be issued to applicable Directors through the proposed system shall be allocated entirely in the form of in-kind contributions, which shall be processed as issuance or disposal of common shares of the Company's stock. The upper limit for the issuance of restricted stock compensation to applicable Directors shall be set at ¥150 million a year, an amount that has been deemed appropriate for the aforementioned purpose of this proposition. Accordingly, the number of common shares of the Company's stock issued or disposed of through this system shall not exceed 100,000 shares per year. Should the total number of issued shares of the Company's stock change as a result of share consolidations or share splits (including share allocations without contributions), the aforementioned upper limits shall be adjusted by an appropriate amount to reflect this change. The paid-in amount for the issuance or disposal of shares through this system shall be based on the closing price for common shares of the Company's stock on the Tokyo Stock Exchange on the last business day before the related resolution by the Board of Directors (if transactions were not conducted on said day, the closing price on the most recent day on which transactions were conducted shall be used). This amount is to be decided by the Board of Directors in a manner that does not give undue benefit to applicable Directors.

Actual amounts of allocation to applicable Directors shall be decided by the Board of Directors based on the applicable compensation systems.

Currently, three (3) Directors would be applicable under this system. If Proposition 2 is approved as proposed, the number of applicable Directors will increase to four (4).

Contracts containing the following provisions shall be concluded with applicable Directors (hereinafter "Allocating Contract") when allocating restricted shares in accordance with this proposition.

- (1) Applicable Directors may not transfer, assign as a security interest, or otherwise dispose (hereinafter "Transfer Restriction") of the common shares of the Company's stock allocated based on the Allocating Contract (hereinafter "Allocated Share") during a transfer restriction period commencing on the allocation date and ending with the day that said director resigns from their position as a Director or from another position defined by Board of Directors of the Company. Should an applicable Director resign within three months after the end of the fiscal year during which the Allocated Shares were allocated, a transfer restriction period with a different date of conclusion shall be set by the Board of Directors within six months of the end of said fiscal year (hereinafter "Transfer Restriction Period").
- (2) Should an applicable Director resign from a position defined in (1) above prior to the conclusion of the

service period set by the Board of Directors (hereinafter “Service Period”), the Allocated Shares shall be reclaimed by the Company without compensation, except in cases in which the reason for resignation was deemed appropriate by the Board of Directors.

- (3) The Transfer Restrictions imposed on all of the Allocated Shares shall be lifted at the end of the Transfer Restriction Period on the condition that the Applicable Director continued to serve in the position defined in (1) above throughout the duration of the set service period. Should an applicable Director resign from the position defined in (1) above prior to the conclusion of the set Service Period for a reason deemed appropriate by the Board of Directors as provided for in (2) above, the number of Allocated Shares for which the Transfer Restriction may be lifted shall be reasonably adjusted as necessary.
- (4) All Allocated Shares for which the Transfer Restrictions have not be lifted at the end of the Transfer Restriction Period in accordance with (3) above shall be reclaimed by the Company without compensation.
- (5) Allocated Shares shall be reclaimed without compensation in the event that applicable Director is found to have engaged in violations of a law, internal regulation, or the Allocating Contract or any event judged by the Board of Directors to be an event that makes it appropriate to reclaim Allocated Shares during the Transfer Restriction Period.
- (6) Regardless of the provisions described in (1) above, the Transfer Restrictions on Allocated Shares may be lifted in the event that a merger agreement resulting in the Company being absorbed, a share exchange agreement or share transfer plan resulting in the Company becoming a wholly owned subsidiary of another entity, or other corporate reorganization be approved at a general meeting of shareholders (or at a meeting of the Board of Directors in cases not requiring approval at a general meeting of shareholders). In these cases, the Board of Directors shall decide the number of shares for which Transfer Restrictions are to be lifted by determining a rational amount based on the period beginning with the start of the set Service Period and ending with the day of approval of the corporate reorganization, and the Transfer Restrictions shall be lifted on the applicable shares prior to the effective date of the corporate reorganization.
- (7) Should the provisions described in (6) above be applied, all Allocated Shares for which the Transfer Restrictions have not been lifted in accordance with (6) above shall be reclaimed by the Company without compensation immediately after the lifting of restrictions.

### Reason for Judging Implementation of Restricted Stock Compensation System to be Appropriate

The implementation of a restricted stock compensation system is proposed to provide applicable Directors with incentive for pursuing the ongoing improvements in corporate value described in Grand Design 2030 as well as to facilitate greater sharing of value with shareholders.

Policies for the compensation of individual Directors (excluding Directors who are Audit and Supervisory Committee Members) were approved at the meeting of the Board of Directors held on February 24, 2022. Information on these policies can be found in the reference section beginning on page 48 of Business Report for the Fiscal Year Ended March 31, 2022. The proposed restricted stock compensation system has been deemed necessary and rational given the aforementioned policies. Based on this proposition, the upper limit

for the annual amount of shares issued or disposed of shall be 0.03% of the total number of shares issued (312,545,409 shares on March 31, 2022), and the share dilution ratio shall be minimal.

Based on the above reasons, this proposition has been judged to be appropriate.

#### Reference

The Company also plans to implement a restricted stock compensation system for executive officers and senior corporate officers.

# Business Report for the Fiscal Year Ended March 31, 2022

## 1-1. Matters Regarding the Current Status of the SCSK Group

### (1) Operating Performance and Segment Information

In the fiscal year ended March 31, 2022, the Japanese economy showed signs of a gradual recovery, such as improved business sentiment seen amid COVID-19 vaccine rollouts. Regardless, the volatile global political and economic conditions resulted in economic stagnation.

The Japanese economy is anticipated to continue to see a recovery while social and economic activities return to normal, due in part to the support of ongoing government finance and fiscal measures. However, raw material prices are rising and the monetary easing policies of overseas countries are being revised as a result of Russia's invasion of Ukraine. These factors are having economic repercussions in the form of yen depreciation and ensuing commodity price increases. There is thus a need to carefully monitor these impacts along with the supply limitations resulting from supply chain disruptions.

In this economic environment, IT investment by client companies continues to expand in the IT services market. Investment is expected to accelerate in conjunction with economic recovery going forward as customer's exhibit increasing appetites for IT investment for purposes including growing business operations, by means such as redeveloping systems in response to the swift development of a digital society, and bolstering competitiveness as they explore the new normal emerging amid the COVID-19 pandemic. These trends are anticipated to advance amid efforts to ascertain the performance repercussions of rising raw material prices as well as the business impacts of prolonged global supply chain disruption.

Customers in the manufacturing industry exhibited strong demand for IT investment. Targets of this investment demand included digitization as well as the redevelopment of core systems and production management systems for strengthening operating foundations. In the financial industry, IT investment demand continues to show a growth trend due in part to the ongoing presence of projects for reinforcing and expanding overseas operations largely from banks. IT demand is also rising in the communications industry, with specific focuses of this demand including investment for enhancing online and other customer contact points and for bolstering networks.

In addition, demand has been consistent for cloud-based IT services as well as for core system redevelopment projects for addressing software approaching the end of service periods. The backdrop for this demand was characterized by a strong appetite for investment for heightening operational efficiency and productivity and by shortages of in-house IT engineers at client companies. Meanwhile, digitization investment is accelerating in response to the new normal emerging amid the COVID-19 pandemic, as seen in moves to accommodate remote work and other non-face-to-face and contact-free workstyles.

Looking ahead, strategic IT investment, particularly investment for enhancing client contacts points and redeveloping systems in preparation for digital transformations, is expected to continue.

In the fiscal year ended March 31, 2022, net sales increased 4.4% year on year, to ¥414,150 million. This increase was a result of higher sales in the Systems Development, System Maintenance and Operation / Services, and Packaged Software / Hardware Sales segments achieved amid growth in systems development demand among manufacturers; higher IT investment demand among banks, securities companies, and other financial industry customers; and rises in systems development demand among communications industry



customers. Other factors included network equipment sales to communications industry customers and large-scale hardware sales to automotive companies and academic research institutions.

Gross profit rose as a result of higher net sales and increased productivity stemming from efforts to improve operational quality. Selling, general and administrative (SG&A) expenses were up due to business investments in line with the core strategies of SCSK's medium-term management plan. Regardless, operating profit increased 3.7% year on year, to ¥47,555 million, because of the higher net sales and improvements in productivity.

Profit attributable to owners of parent increased 0.1% year on year, to ¥33,470 million, as a result of the decrease in corporate income taxes associated with tax exemptions for wage increases applied in the previous fiscal year.

### Consolidated business results for the fiscal year ended March 31, 2022

(Millions of yen)

Business Results by segment	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		Year-on-year change	
	Sales	Segment Profit	Sales	Segment Profit	Sales	Segment Profit
Industrial IT Business	132,249	16,214	135,768	16,676	3,519	462
Financial IT Business	52,768	6,243	56,526	6,653	3,757	410
IT Business Solutions	54,783	5,583	56,872	5,559	2,089	-24
IT Platform Solutions	77,444	10,904	83,969	11,884	6,525	980
IT Management Service	56,728	6,983	58,477	7,412	1,749	429
Other	22,886	1,936	22,713	1,599	-173	-336
Adjustments	-7	-1,987	-177	-2,232	-170	-245
<b>Total</b>	<b>396,853</b>	<b>45,878</b>	<b>414,150</b>	<b>47,555</b>	<b>17,297</b>	<b>1,677</b>

Notes:

1. A partial revision to the Company's segments was instituted in the fiscal year ended March 31, 2022. Accordingly, the sales and segment profit figures for the fiscal year ended March 31, 2021, displayed above have been restated to reflect the revised segments.
2. Segment sales figures represent sales to external customers.
3. Adjustments to segment profit represent general corporate expenses that have not been allocated to the reported segments.

## Overview of business results by segment

### ○Industrial IT Business

Sales ¥135,768 million  
Percentage of total:  
32.8%

Despite the conclusion of development projects for the gas industry, net sales increased 2.7% year on year, to ¥135,768 million, and segment profit grew 2.9%, to ¥16,676 million. Factors behind this outcome included higher systems development sales to the automotive and communications industries as well as increased sales of verification services.

### ○Financial IT Business

Sales ¥56,526 million  
Percentage of total:  
13.6%

Net sales were up 7.1% year on year, to ¥56,526 million, following a rise in the number of systems development projects for banks and securities industries, and segment profit rose 6.6%, to ¥6,653 million.

### ○IT Business Solutions

Sales ¥56,872 million  
Percentage of total:  
13.7%

Despite the conclusion of development projects for the distribution industry, net sales were up 3.8% year on year, to ¥56,872 million, due to the firm performance of business process outsourcing (BPO) operations and core systems development projects. Segment profit down -0.4%, to ¥5,559 million, due to the investment related expenses for expanding contact center business bases that continued to be incurred from the first half of the fiscal year forward.

### ○IT Platform Solutions

Sales ¥83,969 million  
Percentage of total:  
20.3%

Net sales were up 8.4% year on year, to ¥83,969 million, and segment profit grew 9.0%, to ¥11,884 million, due to the higher sales of network equipment to the communications industry and increased sales of large-scale hardware products to the automotive industry and academic research institutions.

### ○IT Management Service

Sales ¥58,477 million  
Percentage of total:  
14.1%

Net sales were up 3.1% year on year, to ¥58,477 million, and segment profit grew 6.2%, to ¥7,412 million primarily due the growth of the data center business in response to demand for cloud services.

### ○Others

Sales ¥22,713 million  
Percentage of total:  
5.5%

Net sales were down -0.8% year on year, to ¥22,713 million, as a result of segment changes following a Group reorganization and segment profit fell -17.4%, to ¥1,599 million, due to expenses incurred in relation to the merging of subsidiaries that formed SCSK Minori Solutions Corporation.

Net sales in the sales segments of Systems Development, System Maintenance and Operation/Services, and Packaged Software/Hardware Sales are described below.

Sales by service type	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		Year-on-year change	
	Amount (millions of yen)	Percentage of total (%)	Amount (millions of yen)	Percentage of total (%)	Amount (millions of yen)	Change (%)
Systems Development	163,090	41.1	167,967	40.6	4,876	3.0
System Maintenance and Operation/Services	152,518	38.4	162,407	39.2	9,888	6.5
Packaged Software/Hardware Sales	81,243	20.5	83,776	20.2	2,532	3.1
Total	396,853	100.0	414,150	100.0	17,297	4.4

In Systems Development, net sales increased 3.0% year on year, to ¥167,967 million. This increase was seen as a result of the contributions of core systems development projects and production management system redevelopment projects for reinforcing operating foundations and the IT investment for strengthening customer contact points seen amid consistently strong IT investment demand from communications and manufacturing industry customers as well as from banking industry customers.

In System Maintenance and Operation / Services, net sales increased 6.5% year on year, to ¥162,407 million. Sales were up because of the steady performance in BPO operations stemming from higher contact center demand witnessed amongst the shift toward contact-free, non-face-to-face operations. Another beneficial factor was increases in the sales of data center business, management services, and verification services.

In Packaged Software / Hardware Sales, net sales increased 3.1% year on year, to ¥83,776 million, due to the higher sales of large-scale hardware products to the automotive industry and academic research institutions and increased sales of network equipment to the communications industry.

## 1-2 Procurement of Funds

### (1) Fund Procurements

In the fiscal year ended March 31, 2022, a total of ¥11,500 million in bank borrowings were refinanced and ¥5,000 million worth of green bonds was issued (with an issuance date of June 8, 2021).

### (2) Capital Investment

Capital investment by the SCSK Group totaled ¥25,708 million in the fiscal year ended March 31, 2022.

### 1-3 Assets, Profits and Losses

#### (1) SCSK Group Assets, Profits and Losses

##### IFRS

Category		Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	(million yen)	385,295	396,853	414,150
Operating profit	(million yen)	40,048	45,878	47,555
Profit before tax	(million yen)	40,578	46,557	48,315
Profit attributable to owners of parent	(million yen)	28,765	33,435	33,470
Basic earnings per share	(yen)	92.13	107.09	107.20
Total assets	(million yen)	362,241	380,399	407,609
Total equity attributable to owners of parent	(million yen)	200,047	226,874	246,921
Equity attributable to owners of parent per share	(yen)	640.85	726.77	790.86

Notes:

- Effective April 1, 2020, the Company adopted International Financial Reporting Standards (IFRS). Figures for the fiscal year ended March 31, 2020, have been restated to reflect this change.
- Effective October 1, 2021, a three-for-one stock split of the Company's common shares of stock was conducted. Per share information has been calculated assuming the aforementioned stock split was conducted with an effective date of April 1, 2020.

##### J-GAAP

Category		Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	(million yen)	358,654	387,003	396,381
Ordinary profit	(million yen)	38,650	43,014	43,741
Profit attributable to owners of parent	(million yen)	27,892	31,201	30,812
Net profit per share	(yen)	89.55	100.17	98.92
Total assets	(million yen)	314,844	342,485	346,444
Net assets	(million yen)	194,468	208,072	232,359
Net assets per share	(yen)	620.93	666.72	744.38

Notes:

- The value of net profit per share for each fiscal year is calculated using the average number of shares from the respective fiscal year. The value of net assets per share is calculated using the number of shares issued as of the end of the respective fiscal year (excluding treasury stock).
- Effective October 1, 2021, a three-for-one stock split of the Company's common shares of stock was conducted. Per share information has been calculated assuming the aforementioned stock split was conducted with an effective date of April 1, 2018.

(2) SCSK Assets, Profits and Losses

Category	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales (million yen)	284,145	304,637	316,888	332,153
Ordinary profit (million yen)	31,933	34,859	36,396	41,388
Profit (million yen)	24,728	25,025	31,641	29,195
Net profit per share (yen)	79.22	80.17	101.36	93.53
Total assets (million yen)	318,397	346,486	351,734	373,358
Net assets (million yen)	189,484	201,581	220,336	234,636
Net assets per share (yen)	606.89	645.67	705.75	751.57

Notes:

1. The value of net profit per share for each fiscal year is calculated using the average number of shares from the respective fiscal year. The value of net assets per share is calculated using the number of shares issued as of the end of the respective fiscal year (excluding treasury stock).
2. Effective October 1, 2021, a three-for-one stock split of the Company's common shares of stock was conducted. Per share information has been calculated assuming the aforementioned stock split was conducted with an effective date of April 1, 2018.

## 1-4 Issues to be Addressed

### (1) Operating Environment and Tasks to Be Addressed

The permeation of IT and digital technologies throughout society has spread to business activities and to lifestyles, and this trend has accelerated amid the COVID-19 pandemic. Digital technologies are now employed to make use of data in all facets of our lives. Meanwhile, various companies are engaging in cross-industry collaboration to ensure their survival as companies are now expected to restructure their business models in conjunction with industry structure changes.

In the domestic IT services market, qualitative changes are being seen in corporate IT strategies and investment trends as cloud services become more common and the digitization and digital transformation trends accelerate. These changes are creating an even more intimate relationship between business and IT. Meanwhile, the effective utilization of digital technologies is becoming an important factor to achieving a new normal in which economic activities can continue while at the same time preventing the spread of COVID-19.

It can also be expected that competition to recruit IT personnel will intensify, with customers being involved in this competition, as the type of human resources desired for providing IT services changes from problem solving-oriented personnel to value creation-oriented personnel. In addition, customers are projected to increasingly seek in-house options for their IT service needs in response to the expanded provision of integrated and shared cross-industry services to be seen in conjunction with the acceleration of digital transformations at customers.

Achieving sustainable growth amid this rapidly changing and uncertain operating environment will require companies to address the fundamental changes to society from a longer-term perspective. Based on this perspective, companies will need to help resolve various pertinent social issues through their business activities while working to create new value. Accordingly, the SCSK Group has defined material issues to share the areas it should prioritize when addressing social issues during the course of practicing sustainability management based on its corporate philosophy of “Create Our Future of Dreams.” Together with these material issues, Grand Design, the Group’s vision for 2030, and the Medium-Term Management Plan, the first-step roadmap for achieving this vision, were announced in April 2020.

### <Material Issues>

Based on the SCSK Group's business and strengths and its role in society, we have defined three material issues for achieving sustainable business growth with society (innovating for a brighter society, building trust for a safe and secure society, and creating an inclusive society) and four material issues for building a foundation supporting sustainable growth (making global environmental contributions, utilizing a diverse team of professionals, creating a sustainable value chain, and practicing transparent governance).

### <Grand Design 2030>

Positioning the corporate philosophy and material issues as the SCSK Group's purpose, the Group will pursue its vision of becoming a co-creative IT company in 2030 with the goal of achieving sustainable development together with society.

This undertaking will see the Group expanding the creation of value for customers and society through its core IT services businesses and advancing self-driven social value creation initiatives as it seeks to grow together with customers and society. Through these efforts, we aim to achieve net sales of ¥1 trillion in the fiscal year ending March 31, 2031.

### (2) Medium-Term Management Plan Progress

As the first step toward accomplishing its vision of becoming a co-creative IT company in 2030, the SCSK Group will advance three core strategies (core business innovation, commercialization of digital transformation, and investment in people) and three managerial foundation reinforcement measures (augmentation of comprehensive Group capabilities, promotion of management that fully exercises our employees' potential, and fostering of a co-creation-oriented corporate culture) over the three-year period beginning with the fiscal year ended March 31, 2021, and thereby expand its business on a global scale. At the same time, SCSK will maintain a proactive stance toward investment in target areas, aiming to conduct a total of ¥100.0 billion worth of growth investments over the three-year period of the medium-term management plan. The SCSK Group will pursue the management targets of net sales of ¥500.0 billion or more, an operating profit margin of between 10.0% and 12.0%, and return on equity of 15.0% or more (return on invested capital is to be maintained at the level of between 10.0% and 12.0% over the period of the medium-term management plan) with the goal of improving corporate value through ongoing business growth and the ambitious pursuit of new pinnacles of growth.

### <Core Strategies>

#### (i) Core Business Innovation

In addition to continuing to enhance and expand its core businesses, the SCSK Group will need to offer strong support to customers in resolving various issues as an IT service provider if it is to achieve ongoing growth moving forward. These issues include legacy system issues, such as the so-called "2025 Digital Cliff," which refers to the issues that will occur when many of the engineers that developed companies' current legacy systems retire. Other issues include the inability to coordinate and utilize data through individual system optimization as well as IT engineer shortages. To this end, the SCSK Group will pursue innovation in its core

businesses from the following two perspectives in order to enhance business processes and customer contact points and thereby secure a competitive edge that allows the Group to address customer needs.

### 1. *Monozukuri* Innovations

The SCSK Group will advance initiatives to achieve massive increases in service productivity, quality, and flexibility and thereby heighten responsiveness to business changes, diversify services models, and optimize systems of engagement and systems of record. SCSK's newly developed S-Cred+ (Smart Co-work on Relationship, Engineering and Design Plus) *Monozukuri* innovation platform is central to these initiatives.

### 2. Subdivision Innovations

Subdivisions\* are a major characteristic and strength of the SCSK Group with its focus on frontline operations. The Group aims to transform subdivisions from full-time support organizations to value-co-creating organizations that support customer business and IT strategies. To this end, the Group will enhance customer contact points by positioning service managers, who will be responsible for gaining a deeper understanding of customer strategies and needs, and highly skilled engineers, who will swiftly deliver the ideal services needed to respond to business changes, on customer premises on a full-time basis.

Subdivisions will coordinate with SCSK bases to further the Group's evolution toward the next stage of co-creation with customers.

\* Subdivisions are bases positioned on customer premises on a full-time basis.

### (ii) Commercialization of Digital Transformations

Recent progress in digital technologies has stimulated a rise in aggressive IT investment for capitalizing on the progress in digital technologies to boost competitiveness or to undertake business model transformations. This trend has also triggered a rise in cross-industry, inter-company co-creation that goes beyond conventional frameworks to create new businesses and services. Viewing these market changes as opportunities for further growth, the SCSK Group will act as the driver behind its business as it seeks to develop operations that co-create new value for society while leveraging the strengths of its core business.

The SCSK Group's approach toward the commercialization of digital transformations will be focused on co-creation with customers, cross industry co-creation targeting specific industries, and global co-creation with Sumitomo Corporation. For this approach, the Group has identified the four priority fields of mobility, financial service platforms, healthcare, and customer experiences, and efforts are being made to develop value-generating businesses by addressing social issues in these fields.

### Initiative Examples

#### <Mobility>

SCSK boasts a robust track record of developing automotive software systems for Japanese automobile manufacturers and suppliers. Leveraging this track record, we were among the first to begin model-based development, a development approach that contributes to improved quality and efficiency, and we have continued to steadily grow our business since. In addition, in October 2015, we commenced sales of QINeS BSW, a proprietary developed, domestically produced basic software for automotive applications that



features a real-time operating system and is compliant with the AUTOSAR, a standardized architecture for automotive software. We also began providing system development support services at this time. The automotive software system development and verification expertise and experience accumulated through this process is being combined with services in the connected car and telematics business to develop digital transformation operations in the mobility as a service field.

#### <Financial Service Platforms>

SCSK is developing a Japanese turnkey asset management program (TAMP) business aimed at building and operating business support platforms that are equally applicable to any financial institution. These platforms will be provided to independent financial advisors, which are projected to increase in number over the medium to long term in response to rising demand for specialized wealth management advisory services that support the portfolio building and management efforts of general consumers. The platforms will also be supplied to the financial instrument and service intermediary market, which is expected to see participation from life insurance companies, insurance agents, and regional banks. We commenced this business in August 2021, and offering advisory services to independent financial advisors will our first step in this business. In addition, the SCSK Group launched its Efukuri Asset Building Lounge platform service for building assets through one's work in April 2022. This service is designed to respond to needs arising amid the increased interest in social welfare programs as well as in saving for old age. Such needs include the need for companies to support the asset building efforts of employees and otherwise provide welfare benefits that help employees live richer lives. Another such need is that of employees seeking to formulate their own life plans that include old age through precise financial simulations.

#### <Healthcare>

The SCSK Group is advancing the Dr2GO project as an initiative for promoting the digital transformation of healthcare institutions in order to reform medical professionals workstyles and streamline regional healthcare systems. Released in 2020, the Dr2GO communication functions were developed to provide a framework for efficient communication in team healthcare settings as part of our efforts to reform healthcare practitioner workstyles. At the same time, we are taking steps to alleviate the overconcentration of patients at hospitals offering cutting-edge healthcare services, an issue impeding regional healthcare coordination, by introducing Dr2Go regional healthcare coordination functions at multiple hospitals within given regions in order to facilitate the digital transformation of regional healthcare systems.

#### <Customer Experience>

SCSK has been offering altcircle, a service specially designed to enhance customer contact points in the manner required in the era of digital transformations, since December 2020. Through altcircle, we provide one-stop service for consulting, systems, operation support, and outsourcing related to customer contact points, including such venues as customer attraction, customer service, and sales activities. In addition, the Company concluded a basic agreement regarding a business alliance with MicroAd, Inc., in May 2021. We have since embarked on joint digital transformation support business initiatives that utilize data analysis technologies to provide the services required in the current era of omnichannel retailing. Moreover, the

PrimeAgent artificial intelligence-powered chatbot service was launched in September 2021. This service can be used to guide smooth resolutions of user issues via seamless coordination between automated responses and responses by staff through digital contact points like social media and websites. By swiftly delivering services finely tuned to create the ultimate customer experience, SCSK will help clients shift to digital technologies and expand customer-oriented businesses.

### (iii) Investment in People

The SCSK Group's greatest asset and the driver behind its growth is its people. The Group will therefore be proactively investing in people, with a particular focus on enhancing, diversifying, and expanding human resources, in order to accelerate business growth. The SCSK Group is also working to bolster its domestic staff by actively expanding recruitment outside of major urban centers. A major aim of these efforts will be to invigorate rural economies by creating employment opportunities, encouraging employees to relocate to rural regions, and fostering IT staff.

### <Managerial Foundation Reinforcement Measures>

The SCSK Group will move forward with the augmentation of comprehensive Group capabilities, the promotion of management that fully exercises our employees' potential, and the fostering of a co-creation-oriented corporate culture as managerial foundation reinforcement measures to facilitate the advancement of the aforementioned three core strategies.

As one facet of these efforts, wholly owned subsidiary Minori Solutions Co., Ltd., absorbed WinTechnology Corporation and CSI SOLUTIONS Corporation on October 1, 2021, to form SCSK Minori Solutions Corporation. This business combination was undertaken with the goal of exploring new markets through Group reorganizations. On the same date, Minori Solutions' operations in Kyushu were spun off and transferred to SCSK KYUSHU CORPORATION. The SCSK Group's target customer base is medium-sized companies with room to grow. Going forward, these companies are expected to exhibit increased demand for IT investment aimed at commencing full-fledged IT utilization for digitization, workstyle reform, and crisis management purposes and at transforming business models to accommodate trends during and after the global COVID-19 pandemic. The various assets, resources, and insight accumulated in this market will be utilized to roll out initiatives for expanding related businesses and to contribute to the healthy development of this market, which is imperative to the ongoing growth of the Japanese economy.

Furthermore, the SCSK Group's Okinawa Center was established in Urasoe City, Okinawa Prefecture on October 26, 2021, to assist in growing the Group's business while creating employment and co-creation opportunities in Okinawa Prefecture. The Okinawa Center is equipped with state-of-the-art facilities for providing a safe, secure, and comfortable working environment while also incorporating SCSK's industry-leading workstyle reform practices. With this environment, we hope to promote workstyle reforms and offer employment opportunities in Okinawa Prefecture in accordance with our health and productivity management philosophy, which is based on the belief that we can only provide the best services that make our customers happy and impressed if our employees are mentally and physically healthy, take pride in their work, and can deliver their best performance.

### 1-5 Major Businesses (as of March 31, 2022)

The SCSK Group offers services in the areas of IT consulting, systems development, verification service, IT infrastructure construction, IT management, IT hardware and software sales, and business process outsourcing through collaboration among the Industrial IT Business, Financial IT Business, IT Business Solutions, IT Platform Solutions, IT Management Service, and Other segments.

### 1-6 Major Branches (as of March 31, 2022)

#### (1) Major SCSK Offices

1. Toyosu Head Office	Koto-ku, Tokyo
2. Branch offices	Minato-ku, Tokyo; Tama-shi, Tokyo; Osaka-shi, Osaka; Toyonaka-shi, Osaka; Nagoya-shi, Aichi Prefecture; Hiroshima-shi, Hiroshima Prefecture; Fukuoka-shi, Fukuoka Prefecture; Urasoe-shi, Okinawa Prefecture
3. Data centers	Chiyoda-ku, Tokyo; Bunkyo-ku, Tokyo; Koto-ku, Tokyo; Edogawa-ku, Tokyo; Inzai-shi, Chiba Prefecture; Toyonaka-shi, Osaka; Sanda-shi, Hyogo Prefecture

#### (2) Main Offices of Important Subsidiaries, etc.

The main offices of important subsidiaries are those listed in (4) Status of Important Subsidiaries in Section 1-7, Information Regarding Status of Parent Company and Important Subsidiaries.

#### (3) Employees

##### 1. SCSK Group Employees

No. of employees	Year-on-year change
14,938	Increase of 388

Segment	No. of employees
Industrial IT Business	4,850
Financial IT Business	1,644
IT Business Solutions	3,057
IT Platform Solutions	775
IT Management Service	1,887
Others	2,725
Total	14,938

Note: "Others" means the number of people working in management and other departments.

##### 2. SCSK Employees

No. of employees	Year-on-year change	Average age	Average length of employment
8,462	Increase of 105	43 years, 8 months	18 years, 5 months

## 1-7 Information Regarding Status of Parent Company and Important Subsidiaries (as of March 31, 2022)

### (1) Status of Parent Company

Our parent company is Sumitomo Corporation. At the end of the fiscal year under review, Sumitomo Corporation held 158,091,000 of the Company's shares (capital contribution ratio of 50.58%).

Transactions with the parent company mostly involve software development, data processing services, and sales of hardware, software, and other products.

### (2) Matters Regarding Transactions with the Parent Company

#### 1. Provisions for Preventing Transactions that Go Against the Interests of the Company

In principle, transactions with the parent company are to utilize appropriate conditions based on the conditions of standard transactions with arm's length parties. For IT solutions provision, the Company submits price estimates based on market prices and cost ratios, and price negotiations take place with regard to every project.

#### 2. Judgment by Board of Directors and Reasons for Judgment that Transactions Do Not Go Against the Interests of the Company

Based on internal regulations, decisions regarding major transactions with the parent company are to be made at meetings of the Board of Directors, which are attended by the Company's five (5) Outside Directors. Prior to decisions, the Board of Directors is to consult with and receive reports regarding the transaction in question from the Governance Committee, which is membered by Outside Directors that are designated as Independent Directors and external experts that are independent from the Company. Through this process, it has been decided that such transactions do not go against the interests of the Company.

In addition, the Company makes reports on applicable transactions periodically to the Governance Committee. This committee monitors these transactions to ensure that they do not go against the interests of the Company.

#### 3. Differences in Opinions between Board of Directors and Outside Directors

Not applicable

### (3) Contracts Concluded with Parent Company with Regard to Important Financial and Business Policies

The Company has concluded contracts with the parent company with regard to important financial and business policies that provide for the following.

Parent company Sumitomo Corporation respects the autonomous management of group companies while contributing to important decision-making by the boards of directors of group companies based on the relationships of trust established through active dialogue as a stakeholder. Moreover, the parent company acts in accordance with a group management policy of pursuing the creation of new value through strong coordination with group companies. To address the risks of conflicts of interests between the parent company and general shareholders of the Company, the Company implements effective corporate governance systems that utilize Outside Directors who are independent from both the parent company and the management of the Company to ensure the independence of decision-making.

Meanwhile, the independence of decision-making is a top priority. At the same time, the Company recognizes the need to manage risks through the construction and operation of internal controls for the entire group by the parent company and to improve corporate value. Accordingly, the parent company is consulted with and

reported to prior to decisions regarding execution of important operations, compliance issues, or other projects with the potential to seriously affect the Company's corporate value.

## (4) Status of Important Subsidiaries

Company name	Location	Equity	Capital contribution ratio (%)	Main business
SCSK ServiceWare Corporation	Koto-ku, Tokyo	¥100 million	100.00	Contact center services and BPO services
VeriServe Corporation	Chiyoda-ku, Tokyo	¥792 million	100.00	Product verification services and security verification services, etc.
SCSK Minori Solutions Corporation	Koto-ku, Tokyo	¥480 million	100.00	Software development, system operation, hardware sales, etc.
SCSK KYUSHU CORPORATION	Fukuoka-shi, Fukuoka Pref.	¥200 million	100.00	Software development and data processing
SCSK HOKKAIDO CORPORATION	Sapporo-shi, Hokkaido	¥100 million	100.00	Software development and data processing
SCSK PRESCENDO CORPORATION	Koto-ku, Tokyo	¥100 million	100.00	EC fulfillment services
SCSK USA Inc.	New York State, USA	US\$11,850,000	100.00	Software development and data processing
SCSK Europe Ltd.	London, UK	Stg£1,400,000	100.00	Software development and data processing
SCSK Shanghai Limited	Shanghai, China	US\$500,000	100.00	Software development and data processing
SCSK Asia Pacific Pte. Ltd.	Singapore	¥200 million	100.00	Software development and data processing
PT SCSK Global Indonesia	Jakarta, Indonesia	Rp60,000 million	100.00	Software development and data processing
SCSK Myanmar Ltd.	Yangon, Myanmar	US\$3,600,000	100.00	Software development and data processing
Skeed Co., Ltd.	Meguro-ku, Tokyo	¥100 million	100.00	Software and solutions planning, development, sales, etc. using autonomous and dispersed network technologies as a core competency
Allied Engineering Corporation	Koto-ku, Tokyo	¥242 million	100.00	Consulting and packaged software development and sales
SCSK SYSTEM MANAGEMENT CORPORATION	Koto-ku, Tokyo	¥100 million	100.00	Systems operation services
VA Linux Systems Japan K.K.	Koto-ku, Tokyo	¥194 million	100.00	Software development (Open-source software consulting)
SDC Corporation	Koto-ku, Tokyo	¥96 million	50.10	Network building and operation services
Gran Manibus Co., Ltd.	Chiyoda-ku, Tokyo	¥90 million	94.29	Consulting and cutting-edge solutions services
SCSK Nearshore Systems Corporation	Koto-ku, Tokyo	¥100 million	100.00	Software development and maintenance services

Notes:

1. We have a total of 23 consolidated subsidiaries, including the important subsidiaries listed above.

2. Effective October 1, 2021, Minori Solutions Co., Ltd., absorbed WinTechnology Corporation and CSI SOLUTIONS Corporation to form SCSK Minori Solutions Corporation.
3. Effective April 1, 2022, SCSK NEC Data Center Management, Ltd., was established as a consolidated subsidiary.

#### 1-8 Principal Lenders and Loans Payable (as of March 31, 2022)

Name of lender	Loans payable (in millions of yen)
Sumitomo Mitsui Trust Bank, Limited	4,500
Sumitomo Mitsui Banking Corporation	4,500
Mizuho Bank, Ltd.	2,500
Total	11,500

#### 1-9 Policy Regarding the Exercise of the Rights of the Board of Directors Pursuant to the Articles of Incorporation (in Accordance with Article 459, Paragraph 1 of the Companies Act) to Distribute Surpluses as Dividends, etc.

In determining dividends, the Company aims to increase returns to shareholders in response to stronger consolidated results. In that process, the Company gives comprehensive consideration to its financial position, earnings trends, dividend payout ratio as well as reserves for future business investment.

The Company pays dividends twice a year from its surplus: an interim dividend and a year-end dividend. The decision-making authority regarding dividends lies with the Board of Directors. For the fiscal year ended March 31, 2022, the Company will issue year-end dividend of ¥23.34 per share. This figure reflects the three-for-one stock split of the Company's common shares of stock that was conducted with an effective date of October 1, 2021. Combined with the previously issued interim dividend of ¥70.00 per share (pre-stock split), this year-end dividend will make for a total dividend of ¥46.67 per share when calculated assuming the stock split was conducted on April 1, 2021 (¥140.00 per share when calculated excluding the effects of the stock split). For the fiscal year ending March 31, 2023, we intend to issue an annual dividend of ¥52.00 per share.

The Company regards the acquisition of treasury shares as one means of returning profits to shareholders, and will consider any such acquisitions taking into account share price trends and above issues, and shareholder returns via dividend payments.



## 2. Particulars Regarding the Shares of the Company

### 2-1 Total Number of Shares Authorized

600,000,000 shares

Note: The number of shares authorized increased by 400,000,000 following the three-for-one stock split of the Company's common shares of stock conducted with an effective date of October 1, 2021.

### 2-2 Total Number of Shares Issued

312,545,409 shares  
(including 376,837 shares of treasury stock)

Note: The number of shares issued increased by 208,363,606 following the three-for-one stock split of the Company's common shares of stock conducted with an effective date of October 1, 2021.

### 2-3 Number of Shareholders on the Last Day of the Fiscal Year

26,880 people

### 2-4 Top 10 Shareholders

Name of shareholder	Shares owned	Shareholding ratio
	Shares	%
Sumitomo Corporation	158,091,477	50.64
The Master Trust Bank of Japan, Ltd. (trust account)	25,347,200	8.12
Custody Bank of Japan, Ltd. (trust account)	18,164,200	5.82
SCSK Group Employee Stock Ownership Association	7,010,677	2.25
SSBTC CLIENT OMNIBUS ACCOUNT	4,965,032	1.59
STATE STREET CLIENT OMNIBUS ACCOUNT OM02	4,073,710	1.30
ARGO GRAPHICS Inc.	3,046,500	0.98
STATE STREET BANK WEST CLIENT – TREATY 505234	2,489,276	0.80
STATE STREET BANK AND TRUST COMPANY 505001	2,379,705	0.76
JP MORGAN CHASE BANK 385047	1,929,174	0.62

Note: The shareholding ratio is calculated by dividing the number of shares held by the number of shares outstanding which is derived by deducting treasury stock (376,837 shares) from the total number of issued shares.

### 3. Particulars Regarding the Company's Officers

#### 3-1 Directors and Corporate Auditors

Name	Position in the Company	Significant concurrently held posts
Masao Tabuchi	*1 Director	
Toru Tanihara	*1 Director	
Koji Tamefusa	Director	
Tetsuya Fukunaga	Director	Outside Director of ARGO GRAPHICS Inc.
Kei Kato	Director	
Bin Haga	Director	Managing Executive Officer of Sumitomo Corporation; Assistant General Manager, Media & Digital Business Unit; General Manager, Digital Business Division
Kiyoto Matsuda	*2 Director	Chairman of the Board of TOPAZ CAPITAL, INC.; Outside Director of Hotto Link Inc.
Tetsuya Kubo	*2 Director	Director, Chairman of the Board of GCM Investments Japan K.K.
Yasunori Anzai	Director (Audit and Supervisory Committee Member) (full-time)	
Kimitoshi Yabuki	*2 Director (Audit and Supervisory Committee Member)	Partner of Yabuki Law Offices; President of Tokyo Bar Association
Masaichi Nakamura	*2 Director (Audit and Supervisory Committee Member)	Representative of Nakamura Masaichi CPA Office; External Corporate Auditor of Sumitomo Heavy Industries, Ltd.; Independent Director (Audit/Supervisory Committee Member) of Terumo Corporation
Kazuko Shiraishi	*2 Director (Audit and Supervisory Committee Member)	External Director of MODEC, Inc.

Notes:

- \*1 = Representative Director
- \*2 = Outside Director, as defined by laws and regulations
- Directors Mr. Kiyoto Matsuda and Mr. Tetsuya Kubo and Directors (Audit and Supervisory Committee Members) Mr. Kimitoshi Yabuki, Mr. Masaichi Nakamura, and Ms. Kazuko Shiraishi are Independent Directors that are unlikely to have any conflict of interest with respect to general shareholders, an assurance we are obliged to provide by the Tokyo Stock Exchange.
- Director (Audit and Supervisory Committee Member) Mr. Masaichi Nakamura has the qualification of being a certified public accountant and possesses a high degree of knowledge related to finance and accounting.
- Mr. Yasunori Anzai was appointed as a full-time Audit and Supervisory Committee Member to allow him to perform an array of duties. These duties include attending important meetings; reviewing reports on operational execution matters from Directors (excluding Directors that are Audit and Supervisory Committee Members) and employees; examining important

resolution documents; collecting information through meetings held with the auditors of subsidiaries; and sharing information with the Audit and Supervisory Committee.

6. Mr. Koji Tamefusa resigned from his position as an executive of Sumitomo Corporation on June 22, 2021.
7. Mr. Kiyoto Matsuda resigned from his position as an outside director of SURUGA bank Ltd. on June 29, 2021.
8. Mr. Kimitoshi Yabuki resigned from his position as President of Tokyo Bar Association on March 31, 2022.
9. Other than those listed above, there are no relationships between the Company and entities at which Outside Directors hold significant posts that require disclosure.
10. Officers holding significant concurrent posts not listed above: not applicable

Changes during the fiscal year under review

1. New appointment           Appointed June 23, 2021  
  Koji Tamefusa (Director)   Tetsuya Kubo (Director) (part time)
2. Retirement                   Retired June 23, 2021  
  Tatsuro Tamura (Director) (part time)

Executive Officers and Corporate Officers of the Company

The positions and/or areas of responsibility of numerous executive officers and corporate officers have been revised effective April 1, 2022. Shown below are posts/assignments as of March 31, 2022 (before the revision) and April 1, 2022 (current status).

Current position in company (as of April 1, 2022)	Name	Areas of responsibility and significant posts concurrently held	
		As of March 31, 2022	As of April 1, 2022 (current)
Chairman and Chief Executive Officer* <sup>1</sup>	Masao Tabuchi	Chief Health Officer	Chief Health Officer
President and Chief Operating Officer	Takaaki Touma	General Manager, Human Resources & General Affairs	
Executive Vice President * <sup>1</sup>	Koji Tamefusa	General Manager, Planning, Legal & Risk Management	Chief Information Security Officer; General Manager, Planning
Executive Vice President * <sup>1</sup>	Tetsuya Fukunaga	General Manager, Finance & Accounting; General Manager, Finance & Business Investment Promotion Division; Outside Director of ARGO GRAPHICS Inc.	General Manager, Business Investment Promotion; Outside Director of ARGO GRAPHICS Inc.
Senior Managing Executive Officer	Tetsuya Ueda	General Manager, Solution Business Group	General Manager, Global Digital Solution & Innovation Business Group
Senior Managing Executive Officer	Atsushi Watanabe	General Manager, Global Digital Solution & Innovation Business Group	Representative Director and President of SCSK ServiceWare Corporation
Managing Executive Officer	Toshiaki Kudo	General Manager, Financial Business Group	General Manager, Financial Business Group
Managing Executive Officer	Hideki Tazai	Managing Officer, Research & Development Center; Assistant General Manager, Core Business Innovation Group (Internal IT System Officer); Representative Director and CEO of Skeed Co., Ltd.	Managing Officer, Research & Development Center
Managing Executive Officer	Makoto Nakamura	General Manager, Mobility Systems Group	Assistant General Manager, Human Resources & General Affairs (Human Resources Development)
Managing Executive Officer	Yasushi Shimizu	Representative Director and President of SCSK ServiceWare Corporation	General Manager, Human Resources & General Affairs
Managing Executive Officer	Yasuo Sugahara	Assistant General Manager, Planning, Legal & Risk Management (Legal & Risk Management)	General Manager, Legal & Risk Management
Managing Executive Officer	Yoshiyuki Shinbori	Chief Executive Officer of VeriServe Corporation	Chief Executive Officer of VeriServe Corporation
Managing Executive Officer	Yasuhiko Oka	Assistant General Manager, Finance & Accounting (Accounting & IR)	General Manager, Finance, Accounting, & IR
Managing Executive Officer	Tadashi Miyagawa	General Manager, Telecommunication & Public Sector Systems Business Division, Industrial Business Group	General Manager, Industrial Business Group

Current position in company (as of April 1, 2022)	Name	Areas of responsibility and significant posts concurrently held	
		As of March 31, 2022	As of April 1, 2022 (current)
Managing Executive Officer	Koji Watanabe	General Manager, Mobility Systems Division I, Mobility Business Group; Deputy General Manager, Connected Business Development Center	General Manager, Mobility Business Group;
Managing Executive Officer	Mineo Yokoyama	General Manager, AMO Business Division II, Solution Business Group	General Manager, Core Business Innovation Group; Representative Director and Chairman of the Board of SCSK Nearshore Systems Corporation
Managing Executive Officer	Ken Takano	General Manager, IT Architecture Service Division, Solution Business Group; General Manager, IT Management Business Promotion Division	General Manager, Solution Business Group
Managing Executive Officer	Masaki Komine	General Manager, IT Products & Services Division, IT Platform Business Group	General Manager, IT Platform Business Group
Senior Corporate Officer	Yoshinori Kawashima	Director and Managing Executive Officer of SCSK Minori Solutions Corporation	Managing Officer, Internal Auditing
Senior Corporate Officer	Akihiko Harima	Senior Managing Executive Officer of SCSK Minori Solutions Corporation	Senior Managing Executive Officer of SCSK Minori Solutions Corporation
Senior Corporate Officer	Takayuki Okuhara	Director of Gran Manibus Co., Ltd.	Director of Gran Manibus Co., Ltd.
Senior Corporate Officer	Takaya Yamamoto	General Manager, Global Digital Solution & Innovation Business Promotion Division, Global Digital Solution & Innovation Business Group	General Manager, Global Digital Solution & Innovation Business Promotion Division, Global Digital Solution & Innovation Business Group
Senior Corporate Officer	Toshihiko Mitsuishi	General Manager, Connected Business Development Center, Mobility Business Group	General Manager, Mobility Service Business Development Center, Mobility Business Group
Senior Corporate Officer	Yukihiko Saito	General Manager, AMO Business Division I, Solution Business Group	Assistant General Manager, Solution Business Group; General Manager, AMO Business Division
Senior Corporate Officer	Kan Takahashi	General Manager, Financial Systems Business Division II, Financial Business Group	General Manager, Financial Systems Business Division IV, Financial Business Group
Senior Corporate Officer	Masahiro Otani	General Manager, ProActive Business Solutions Division, Business Solutions Group	General Manager, ProActive Business Solutions Division, Solutions Business Group
Senior Corporate Officer	Masaaki Mori	General Manager, Media Business Division, Industrial Business Group	General Manager, Media Business Division, Industrial Business Group
Senior Corporate Officer	Takaaki Ishida	General Manager, MONOKAKU Center, Core Business Innovation Group	General Manager, MONOKAKU Center, Core Business Innovation Group
Senior Corporate Officer	Eri Kawanabe	Deputy General Manager, Development Center (Offshore Development), Core Business Innovation Group	General Manager, Resource Strategic Management Center, Core Business Innovation Group; Managing Executive Officer of SCSK Nearshore Systems Corporation
Senior Corporate Officer	Junichi Horie	General Manager, SE Plus Center, Core Business Innovation Group; Deputy General Manager, MONOKAKU Center, Core Business Innovation Group	General Manager, SE Plus Center, Core Business Innovation Group

Current position in company (as of April 1, 2022)	Name	Areas of responsibility and significant posts concurrently held	
		As of March 31, 2022	As of April 1, 2022 (current)
Senior Corporate Officer	Kenji Toda	General Manager, Manufacturing Systems Business Division, Industrial Business Group	General Manager, Telecommunication & Public Sector Systems Business Division, Industrial Business Group
Senior Corporate Officer	Shoji Shiuchi	General Manager, Nishinohon Industrial Systems Business Division, Industrial Business Group; General Manager, Nishinohon Branch	General Manager, Nishinohon Industrial Systems Business Division, Industrial Business Group; General Manager, Nishinohon Branch
Senior Corporate Officer	Kenji Ichiba	General Manager, Platform Business Promotion Division, IT Platform Business Group	General Manager, IT Products & Services Division, IT Platform Business Group
Senior Corporate Officer	Shu Wei	Managing Director of SCSK Asia Pacific Pte. Ltd.; Chairman of SCSK Shanghai Limited	Managing Director of SCSK Asia Pacific Pte. Ltd.; Chairman of SCSK Shanghai Limited
Senior Corporate Officer	Shunichiro Fukushima	Assistant General Manager, Planning, Legal & Risk Management (Planning); General Manager, Planning Division	Assistant General Manager, Planning; General Manager, Planning Division
Senior Corporate Officer	Ikuo Uchiyama	General Manager, Mobility Business Promotion Division, Mobility Business Group	General Manager, Mobility Business Promotion Division, Mobility Business Group
Senior Corporate Officer	Toshihiko Kusakabe	General Manager, Global Business Development Division, Global Digital Solution & Innovation Business Group	General Manager, Global Business Development Division, Global Digital Solution & Innovation Business Group
Senior Corporate Officer	Osamu Kubo	General Manager, Financial Systems Business Division III, Financial Business Group	General Manager, Financial Systems Business Division III, Financial Business Group
Senior Corporate Officer	Yoshinari Kobayashi	General Manager, Human Resources & General Affairs Division	General Manager, Human Resources & General Affairs Division
Senior Corporate Officer	Yousuke Tsutaya	General Manager, CX Business Division, Global Digital Solution & Innovation Business Group	General Manager, CX Business Division, Global Digital Solution & Innovation Business Group
Senior Corporate Officer	Tomoyuki Naruke	Managing Executive Officer of SCSK ServiceWare Corporation	Director and Managing Executive Officer of SCSK ServiceWare Corporation
Senior Corporate Officer	Masayuki Tanabe	General Manager, Mobility Systems Division II, Mobility Business Group; General Manager, Chubu Branch	General Manager, Mobility Systems Division II, Mobility Business Group; General Manager, Chubu Branch
Senior Corporate Officer	Hideya Nakashima	Assistant General Manager, Global Digital Solution & Innovation Business Group (Special Appointment), General Manager, Okinawa Branch.	Assistant General Manager, Global Digital Solution & Innovation Business Group (Special Appointment), General Manager, Okinawa Branch.
Senior Corporate Officer	Yoshihiro Jinbo	Managing Executive Officer of SCSK Minori Solutions Corporation	Managing Executive Officer of SCSK Minori Solutions Corporation
Senior Corporate Officer	Toshiyuki Takahashi	President & CEO, SCSK USA Inc.	President & CEO, SCSK USA Inc.
Senior Corporate Officer	Mitsuru Osawa	General Manager, Industrial Solutions Business Division, Industrial Business Group	General Manager, Industrial Business Promotion Division, Industrial Business Group
Senior Corporate Officer	Hideho Masuda	General Manager, Financial Systems Business Division I, Financial Business Group	General Manager, Financial Systems Business Division I, Financial Business Group
Senior Corporate Officer	Seiji Sato	General Manager, Digital Innovation Division, Global Digital Solution & Innovation Business Group	General Manager, Digital Innovation Division, Global Digital Solution & Innovation Business Group

Current position in company (as of April 1, 2022)	Name	Areas of responsibility and significant posts concurrently held	
		As of March 31, 2022	As of April 1, 2022 (current)
Senior Corporate Officer *2	Atsushi Sugiyama	—	General Manager, Human Resources Development Division
Senior Corporate Officer *2	Kenji Inoue	—	General Manager, Legal & Risk Management Division
Senior Corporate Officer *2	Jun Kawamura	—	General Manager, IT Management Services Division II, Solutions Business Group; Representative Director and President of VA Linux Systems Japan K.K.
Senior Corporate Officer *2	Hiroshi Ogasawara	—	General Manager, netX Data Center Business Division, Solutions Business Group; Representative Director and President of SCSK NEC Data Center Management, Ltd.
Senior Corporate Officer *2	Satoshi Kitao	—	Deputy General Manager, CX Business Division, Global Digital Solution & Innovation Business Group; Representative Director and President of SCSK PRESCENDO CORPORATION
Senior Corporate Officer *2	Seiya Otsuka	—	General Manager, Chubu & Kansai IT Platform Solutions Division; General Manager, Kyushu IT Platform Business Division, IT Platform Business Group
Senior Corporate Officer *2	Tadashi Takakura	—	Deputy, General Manager, Financial Systems Business Division IV, Financial Business Group

Notes:

- \*1 = Serves jointly as Executive Officer and Director
- \*2 = Newly seated as Senior Corporate Officer on April 1, 2022
- Listed below are Executive Officers who retired as of March 31, 2022.

Position at retirement	Name	Areas of responsibility at retirement
President and Chief Operating Officer	Toru Tanihara	Chief Information Security Officer
Executive Vice President	Masatoshi Endo	Senior General Manager, Core Business Innovation Group; General Manager, Core Business Innovation Group; Representative Director and Chairman of the Board of SCSK Nearshore Systems Corporation
Senior Managing Executive Officer	Tatsuyasu Kumazaki	Managing Officer, Internal Auditing
Senior Managing Executive Officer	Kei Kato	Senior General Manager, Global Digital Solution & Innovation Business Group
Managing Executive Officer	Atsushi Innami	General Manager, Industrial Business Group

Position at retirement	Name	Areas of responsibility at retirement
Managing Executive Officer	Takashi Shinjo	General Manager, IT Platform Business Group
Managing Executive Officer	Hisanao Takei	Representative Director and Executive Vice President of SCSK Minori Solutions Corporation
Managing Executive Officer	Shigehiro Seki	Deputy General Manager, Industrial Business Group
Senior Corporate Officer	Koichi Naito	General Manager, Industrial Business Promotion Division, Industrial Business Group
Senior Corporate Officer	Hiroyuki Komiya	Evangelist, Global Digital Solution & Innovation Business Group
Senior Corporate Officer	Akira Yamano	Managing Executive Officer of VeriServe Corporation
Senior Corporate Officer	Tomishige Tamura	General Manager, Development Center, Core Business Innovation Group; Representative Director and President of SCSK Nearshore Systems Corporation
Senior Corporate Officer	Hiroyuki Miyagawa	General Manager, Engineering Solutions Division, IT Platform Business Group
Senior Corporate Officer	Tomoo Kawana	General Manager, Legal & Risk Management Division
Senior Corporate Officer	Shinji Miyanishi	Deputy General Manager, Financial Systems Business Division IV, Financial Business Group

### 3-2 Officer Remuneration

#### (1) Total Remuneration, etc., Paid to Company Officers

Category	Total remuneration	Total remuneration by type			No. of recipients
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (excluding Audit and Supervisory Committee Members) (of whom Outside Directors)	¥331 million (¥21 million)	¥230 million (¥21 million)	¥101 million (0)	0 (0)	9 (2)
Directors (Audit and Supervisory Committee Members) (of which Outside Directors)	¥57 million (¥36 million)	¥57 million (¥36 million)	0 (0)	0 (0)	4 (3)
Total			¥389 million		13

Notes:

- Basic remuneration for Directors includes officer pensions.
- The upper limit on Director remuneration as determined upon resolution at the General Meeting of Shareholders held on June 28, 2016, is, on a single business year basis, ¥960 million for Directors (excluding Audit and Supervisory Committee Members and Outside Directors), ¥40 million for Outside Directors (excluding Audit and Supervisory Committee Members), and ¥150 million for Directors (Audit and Supervisory Committee Members). At the conclusion of the General Meeting of Shareholders held on June 28, 2016, the number of Directors (excluding Audit and Supervisory Committee Members) was 15, including one Outside Director, and the number of Directors who are Audit and Supervisory Committee Members was four.
- No Outside Directors received officer remuneration, etc., from the parent company, etc., or from a subsidiary, etc., of the parent company, etc.
- Performance-linked remuneration is paid to Directors (excluding Outside Directors, part-time Directors, and Directors who are Audit and Supervisory Committee Members).

#### (2) Policies for Determining Officer Remuneration Amounts

##### 1. Method of Deciding Policies for Determining Officer Remuneration Amounts

The Company's current policies, processes, and standards for determining officer remuneration amounts as well as the related amounts were decided via resolution by the Board of Directors at a meeting held on February 25, 2021. This decision was made following consultation with the Governance Committee, which is membered by a majority of Outside Directors that are designated as Independent Directors.

##### 2. Overview of Policies for Determining Officer Remuneration Amounts



Remuneration for Directors is comprised of basic remuneration and performance-linked remuneration. Remuneration amounts are set for each rank of executive officer. Basic remuneration is paid as fixed monthly compensation. Performance-linked compensation is determined based on the Company's business performance and operating profit growth rate and adjusted based on the degree to which relevant organizations accomplished their performance targets. This performance-linked compensation is paid after the end of the relevant fiscal year.

The ratios of basic remuneration and performance-linked remuneration for each rank of executive officer for Directors that serve concurrently as executive officers are detailed in the table below.

Executive officer rank	Basic remuneration	Performance-linked remuneration	Total
Chairman and Chief Executive Officer	66%	34%	100%
President and Chief Operating Officer	66%	34%	
Executive Vice President	67%	33%	
Senior Managing Executive Officer	73%	27%	

Only basic compensation is paid to Outside Directors, part-time Directors, and Directors who are Audit and Supervisory Committee Members out of consideration for their role of supervising and auditing management from an objective standpoint.

#### Reference

At a meeting of the Board of Directors held on February 24, 2022, the following change to the Company's policies for determining officer remuneration amounts were approved. Should the proposed implementation of a restricted stock compensation system be approved at this Ordinary General Meeting of Shareholders, remuneration for Directors will be comprised of fixed remuneration, short-term performance-linked remuneration (monetary compensation), and medium- to long-term performance-linked remuneration (stock-based compensation). Remuneration amounts will be set for each rank of executive officer in the same manner as in the current system. Medium- to long-term performance-linked remuneration will be paid via a restricted stock compensation system through which shares of the Company's stock with transfer restrictions will be issued to Directors following the conclusion of each year's Ordinary General Meeting of Shareholders, in principle. The proposed ratios of fixed remuneration, short-term performance-linked remuneration (monetary compensation), and medium- to long-term performance-linked remuneration (stock-based compensation) for each rank of executive officer for Directors that serve concurrently as executive officers are detailed in the table below.

#### Proposed Breakdown of Officer Remuneration Amounts for the Fiscal Year Ending March 31, 2023

Executive officer rank	Fixed remuneration	Short-term performance-linked remuneration (monetary compensation)	Medium- to long-term performance-linked remuneration (stock-based compensation)	Total
Chairman and Chief Executive Officer	50%	25%	25%	100%
President and Chief Operating Officer	50%	25%	25%	
Executive Vice President	55%	25%	20%	

### 3. Policies and Indicators for Performance-Linked Remuneration

Emphasizing business performance and ongoing profit growth, amounts of performance-linked remuneration are made to reflect fund sources and individual evaluations and are decided based on the executive officer remuneration system. The total amount of performance-linked remuneration to be paid is calculated based on operating profit and the operating profit growth rate, and individual compensation amounts are determined

based on target achievement rates and individual evaluations for the given fiscal year after deciding the amounts of performance-linked remuneration for each rank. Target achievement rates account for 80% of performance-linked remuneration while individual evaluations account for 20%.

Target achievement rate = Target achievement rate of net sales × 30% + Target achievement rate of operating income × 70%

Individual evaluation = Payment rate based on individual evaluation in accordance with executive officer remuneration system

Net sales, operating profit, and the operating profit growth rate are used as indicators for determining performance-linked remuneration. These indicators were selected to place emphasis on business performance and ongoing profit growth. Please refer to “1-3 Assets, Profits and Losses” for information on net sales and operating profit in the fiscal year ended March 31, 2022, as well as other recent fiscal years.

#### Reference

The Company’s officer remuneration systems were revised in the fiscal year ending March 31, 2023, in order to better facilitate the growth of the SCSK Group by increasing the degree to which the successes of officers are reflected in remuneration. Under the revised systems, the target achievement rate will account for 60% of calculations for short-term performance-linked remuneration while the remaining 40% will be determined by individual evaluations.

Target achievement rate = Target achievement rate of net sales × 30% + Target achievement rate of operating income × 70%

Individual evaluation = Payment rate based on individual evaluation in accordance with executive officer remuneration system

#### 4. Matters Pertaining to Delegation of Authority for Determining Amounts of Remuneration Paid to Individual Directors

Specific amounts of remuneration paid to individual Directors (excluding Outside Directors, part-time Directors, and Directors who are Audit and Supervisory Committee Members) are determined following discussion among Chairman and Chief Executive Officer Masao Tabuchi and President and Chief Operating Officer Toru Tanihara based on the authority for determining amounts of performance-linked remuneration and individual evaluations delegated to these individuals by the Board of Directors. During periods in which there is only one Representative Director, these decisions will be made solely by said individual.

Authority is delegated as such for the purpose of facilitating broad-perspective evaluations and determining appropriate standards for performance-linked remuneration amounts based on the executive officer remuneration system from the standpoint of the individuals responsible for overseeing operational execution.

The policies, processes, and standards for determining office remuneration amounts have been decided at a meeting of the Board of Directors after consultation with the Governance Committee, which is membered by a majority of Outside Directors that are designated as Independent Directors. The Audit and Supervisory Committee has judged that the methods for determining remuneration are impartial and that the levels of remuneration are appropriately based on the roles and duties of the given officers with due consideration paid the Company’s performance. Changes to these standards shall be conducted through a similar process. Target achievement rates are to account for 80% of performance-linked remuneration while individual evaluations account for 20% as a provision to limit the authority delegated to the Representative Directors.

The aforementioned process is used to determine the amounts of remuneration paid to individual Directors (excluding Directors who are Audit and Supervisory Committee Members), and the Board of Directors has

judged that this process conforms to the Company's policies for determining officer remuneration.

### 3-3 Matters Regarding Significant Posts in Other Corporations Concurrently Held by Executive Officers and Outside Directors or Outside Corporate Auditors, etc.

Significant concurrently held posts are shown within Section 3-1, Directors and Corporate Auditors.

### 3-4 Main Activities of Each Outside Director or Outside Corporate Auditor

Category	Name	Attendance at Board of Directors meetings	Attendance at Audit and Supervisory Committee meetings	Major activities
Director	Kiyoto Matsuda	14/14	—	Mr. Kiyoto Matsuda helps ensure active and efficient discussions in his capacity as the Chairman of the Board. He also offers advice on all areas of the Company's management from a management perspective grounded on his wealth of experience and insight as a manager at meetings of the Board of Directors and the Governance Committee.
Director	Tetsuya Kubo	12/12	—	Mr. Tetsuya Kubo offers advice on all areas of the Company's management from a management perspective grounded on his wide-ranging international business insight and his wealth of experience and insight as a manager at meetings of the Board of Directors and the Governance Committee.
Director (Audit and Supervisory Committee Member)	Kimitoshi Yabuki	14/14	15/15	Mr. Kimitoshi Yabuki helps ensure active and efficient discussions in his capacity as the chairman of the Governance Committee. He also offers advice on all areas of the Company's management and auditing activities from a legal perspective grounded on his specialized knowledge and experience as an attorney at meetings of the Board of Directors, the Audit and Supervisory Committee, and the Governance Committee.
Director (Audit and Supervisory Committee Member)	Masaichi Nakamura	12/14	15/15	Mr. Masaichi Nakamura offers advice on all areas of the Company's management and auditing activities from a financial and accounting perspective grounded on his specialized knowledge and experience as a certified public accountant at meetings of the Board of Directors, the Audit and Supervisory Committee, and the Governance Committee.
Director (Audit and Supervisory Committee Member)	Kazuko Shiraishi	14/14	15/15	Ms. Kazuko Shiraishi offers advice on all areas of the Company's management and auditing activities from an international perspective grounded on her wealth of experience and insight pertaining to international trends at meetings of the Board of Directors, the Audit and Supervisory Committee, and the Governance Committee.

Note:

The Governance Committee is a voluntarily established advisory body to the Board of Directors membered by a majority of Outside Directors that are designated as Independent Directors and external experts that are independent from the Company. This committee was established to ensure that the shared value of the Company and its shareholders is duly considered in the decisions of Directors and of the Board of Directors and that these decisions are sufficiently impartial and transparent.

### 3-5 Matters Regarding Liability Limitation Agreements

The Company, based on Article 427, Paragraph 1 of the Companies Act, and Article 29, Paragraph 2 of the Articles of Incorporation, has entered into liability limitation agreements with each Director (excluding Executive Directors, etc.) to limit the amount of their liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act.

### 3-6 Matters Regarding Director and Officer Liability Insurance Contracts

Director and officer liability insurance contracts have been concluded with insurance firms. These contracts are applicable to directors, auditors, executive officers, and corporate officers of the Company and its subsidiaries as well as officers dispatched to equity-method affiliates. Under these contracts, applicable directors are covered for any legal fees or damages that they may be required to pay in relation to lawsuits from companies, third-parties, or shareholder representatives. However, these contracts do not cover damages related to acts perpetrated by applicable officers with the knowledge that they constitute crimes or legal violations. Fees for maintaining these insurance contracts shall be paid in full by the Company.

## 4. Matters Regarding the Independent Auditor

### 4-1 Name

KPMG AZSA LLC

### 4-2 Remuneration, etc., paid to the Independent Auditor

1. Audit remuneration and other fees paid to the Independent Auditor by the Company concerning the period under review	¥170 million
2. Total amount of cash and other financial benefits payable by the Company and its consolidated subsidiaries to the Independent Auditor (inclusive of (1) above)	¥230 million

Notes:

1. The audit agreement between the Company and the Independent Auditor does not differentiate audit remuneration fees based on the Companies Act from audit remuneration fees based on the Financial Instruments and Exchange Law. The amount on Line (1) above thus includes the audit remuneration and other fees based on the Financial Instruments and Exchange Law.
2. The Company and its consolidated subsidiaries has paid the Independent Auditor for services outside those specified in Article 2, Paragraph 1 of the Certified Public Accountants Act (specifically, for services relating to the provision of advice regarding the preparation of comfort letters and of English-language consolidated financial statements and services provided on a referral basis).
3. Through the holding of the necessary hearings and the provision of the necessary reports and documents by the Independent Auditor or by the directorship, accounting, internal control, or other internal company units, the Audit and Supervisory Committee has checked the work performance of the Internal Auditor in the previous period, the contents of the audit plan for the current period, the general suitability of the audit fee estimate, and other such matters; and, having done so, the Audit and Supervisory Committee provides its consent to Independent Auditor fees, etc., in accordance with Article 399, Paragraph 1 and Paragraph 3 of the Companies Act.

### 4-3 Policy for Determination of Dismissal or Non-reappointment

In the event the Independent Auditor is found to be applicable under any of the situations stipulated in the clauses of Article 340, Section 1 of the Companies Act and the situation is judged to be irremediable, the Audit and Supervisory Committee's policy is to dismiss such Independent Auditor after receiving the consent of all Audit and Supervisory Committee Members.

In addition, in the event there is a significant adverse effect on the execution of the Independent Auditor's duties, due to sanctions or penalties from authoritative bodies imposed as a result of violations of the Companies Act, the Certified Public Accountants Act, or other laws by the Independent Auditor, the Audit and Supervisory Committee's policy is to formulate a proposal recommending that the Independent Auditor in question be dismissed or not be reappointed and to have the Board of Directors submit this proposal to the General Meeting of Shareholders.

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Values expressed in units of millions of yen have been rounded off to the nearest unit.

## Consolidated Statements of Financial Position

(As of March 31, 2022)

(Millions of yen)

| Assets                                        |                | Liabilities                                   |                |
|-----------------------------------------------|----------------|-----------------------------------------------|----------------|
| <b>Current assets</b>                         | <b>230,055</b> | <b>Current liabilities</b>                    | <b>101,175</b> |
| Cash and cash equivalents                     | 121,251        | Trade and other payables                      | 32,628         |
| Trade and other receivables                   | 74,259         | Contract liabilities                          | 14,037         |
| Contract assets                               | 10,104         | Employee benefits accruals                    | 10,540         |
| Inventories                                   | 9,125          | Bonds and borrowings                          | 16,996         |
| Other financial assets                        | 1,082          | Lease liabilities                             | 9,164          |
| Income taxes receivable                       | 0              | Other financial liabilities                   | 297            |
| Other current assets                          | 14,231         | Income taxes payable                          | 10,917         |
|                                               |                | Provisions                                    | 278            |
|                                               |                | Other current liabilities                     | 6,313          |
| <b>Non-current assets</b>                     | <b>177,553</b> | <b>Non-current liabilities</b>                | <b>59,069</b>  |
| Property, plant and equipment                 | 71,853         | Bonds and borrowings                          | 19,462         |
| Right-of-use assets                           | 41,434         | Lease liabilities                             | 33,348         |
| Goodwill and intangible assets                | 26,495         | Other payables                                | 169            |
| Investments accounted for using equity method | 10,177         | Employee benefits                             | 1,956          |
| Other receivables                             | 8,012          | Provisions                                    | 4,061          |
| Other financial assets                        | 8,280          | Other non-current liabilities                 | 70             |
| Deferred tax assets                           | 3,249          | <b>Total liabilities</b>                      | <b>160,245</b> |
| Other non-current assets                      | 8,050          | <b>Net assets</b>                             |                |
|                                               |                | Equity                                        | 21,152         |
|                                               |                | Share capital                                 | 223,300        |
|                                               |                | Retained earnings                             | -293           |
|                                               |                | Other components of equity                    | 2,761          |
|                                               |                | Total equity attributable to owners of parent | 246,921        |
|                                               |                | <b>Non-controlling interests</b>              | <b>442</b>     |
|                                               |                | <b>Total equity</b>                           | <b>247,363</b> |
| <b>Total assets</b>                           | <b>407,609</b> | <b>Total liabilities and equity</b>           | <b>407,609</b> |

## Consolidated Statements of Income

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

| Subject                                                                 | Amount         |
|-------------------------------------------------------------------------|----------------|
| Net sales                                                               | 414,150        |
| Cost of sales                                                           | -305,962       |
| <b>Gross profit</b>                                                     | <b>108,187</b> |
| Selling, general and administrative expenses                            | -60,780        |
| Other income                                                            | 315            |
| Other expenses                                                          | -167           |
| <b>Operating profit</b>                                                 | <b>47,555</b>  |
| Finance income                                                          | 94             |
| Finance costs                                                           | -587           |
| Share of profit (loss) of investments accounted for using equity method | 1,252          |
| <b>Profit before tax</b>                                                | <b>48,315</b>  |
| Income tax expense                                                      | -14,816        |
| <b>Profit</b>                                                           | <b>33,498</b>  |
| Profit attributable to                                                  |                |
| Owners of parent                                                        | 33,470         |
| Non-controlling interests                                               | 28             |
| Earnings per share                                                      |                |
| Basic earnings per share (yen)                                          | 107.20         |
| Diluted earnings per share (yen)                                        | 107.20         |

Values expressed in units of millions of yen have been rounded off to the nearest unit.

# Non-consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

| Assets                                                         |                | Liabilities                                                          |                |
|----------------------------------------------------------------|----------------|----------------------------------------------------------------------|----------------|
| <b>Current assets</b>                                          | <b>204,451</b> | <b>Current liabilities</b>                                           | <b>114,418</b> |
| Cash and deposits                                              | 31,472         | Accounts payable - trade                                             | 21,966         |
| Notes                                                          | 552            | Short-term borrowings                                                | 7,000          |
| Accounts receivable – trade                                    | 57,291         | Current portion of bonds payable                                     | 10,000         |
| Contract assets                                                | 9,626          | Lease obligations                                                    | 577            |
| Lease investment assets                                        | 241            | Accounts payable                                                     | 5,480          |
| Securities                                                     | 5,700          | Expenses payable                                                     | 1,286          |
| Merchandise and finished goods                                 | 7,938          | Income taxes payable                                                 | 11,392         |
| Raw materials and supplies                                     | 159            | Consumption taxes payable                                            | 3,513          |
| Advance payments - trade                                       | 759            | Contract liabilities                                                 | 13,599         |
|                                                                |                | Deposits received                                                    | 35,143         |
|                                                                |                | Provision for bonuses                                                | 3,786          |
| Prepaid expenses                                               | 13,560         | Provision for bonuses for directors (and other officers)             | 99             |
| Deposits paid                                                  | 73,094         | Provision for loss on construction contracts                         | 259            |
| Short-term loans receivable from subsidiaries and associates   | 300            | Asset retirement obligations                                         | 14             |
| Other                                                          | 3,754          | Other                                                                | 298            |
| <b>Non-current assets</b>                                      | <b>168,907</b> | <b>Non-current liabilities</b>                                       | <b>24,303</b>  |
| <b>Property, plant and equipment</b>                           | <b>79,644</b>  | Bonds payable                                                        | 15,000         |
| Buildings                                                      | 47,217         | Long-term loans payable                                              | 4,500          |
| Structures                                                     | 269            | Lease obligations                                                    | 778            |
| Vehicles                                                       | 0              | Provision for retirement benefits for directors (and other officers) | 7              |
| Tools, furniture and fixtures, net                             | 7,251          | Provision for retirement benefits                                    | 646            |
| Land                                                           | 14,169         | Asset retirement obligations                                         | 2,479          |
| Leased assets, net                                             | 829            | Long-term leasehold and guarantee deposits received                  | 828            |
| Construction in progress                                       | 9,905          | Other                                                                | 62             |
| <b>Intangible assets</b>                                       | <b>8,406</b>   |                                                                      |                |
| Software                                                       | 8,284          | <b>Total liabilities</b>                                             | <b>138,721</b> |
| Leased assets                                                  | 0              | <b>Net assets</b>                                                    |                |
| Telephone subscription rights                                  | 118            | <b>Shareholders' equity</b>                                          | <b>233,275</b> |
| Right of using facilities                                      | 0              | <b>Share capital</b>                                                 | <b>21,152</b>  |
| Trademark rights                                               | 2              | <b>Capital surplus</b>                                               | <b>1,299</b>   |
|                                                                |                | Legal capital surplus                                                | 1,299          |
| <b>Investments and other assets</b>                            | <b>80,856</b>  | <b>Retained earnings</b>                                             | <b>211,116</b> |
| Investment securities                                          | 6,786          | Legal retained earnings                                              | 3,988          |
| Shares of subsidiaries and associates                          | 60,225         | Other retained earnings                                              | 207,127        |
| Investments in other securities of subsidiaries and associates | 0              | General reserve                                                      | 23,310         |
| Long-term loans receivable from employees                      | 8              | Retained earnings brought forward                                    | 183,817        |
| Long-term prepaid expenses                                     | 1,281          | <b>Treasury shares</b>                                               | <b>-293</b>    |
| Leasehold and guarantee deposits                               | 6,344          | <b>Valuation and translation adjustments</b>                         | <b>1,339</b>   |
|                                                                |                | <b>Valuation difference on available-for-sale securities</b>         | <b>1,548</b>   |



|                                 |                |                                           |                |
|---------------------------------|----------------|-------------------------------------------|----------------|
| Deferred tax assets             | 674            | <b>Deferred gains or losses on hedges</b> | <b>-208</b>    |
| Membership rights               | 191            | <b>Share acquisition rights</b>           | <b>21</b>      |
| Lease investment assets         | 316            |                                           |                |
| Prepaid pension cost            | 5,069          |                                           |                |
| Other                           | 4              |                                           |                |
| Allowance for doubtful accounts | -45            | <b>Total net assets</b>                   | <b>234,636</b> |
| <b>Total assets</b>             | <b>373,358</b> | <b>Total liabilities and net assets</b>   | <b>373,358</b> |

## Non-consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

| Subject                                      | Amount        |
|----------------------------------------------|---------------|
| Net sales                                    | 332,153       |
| Cost of sales                                | 244,751       |
| <b>Gross profit</b>                          | <b>87,401</b> |
| Selling, general and administrative expenses | 48,361        |
| <b>Operating profit</b>                      | <b>39,039</b> |
| Non-operating income                         | 2,582         |
| Interest income                              | 13            |
| Interest on securities                       | 2             |
| Dividend income                              | 2,172         |
| Other                                        | 393           |
| Non-operating expenses                       | 234           |
| Interest expenses                            | 32            |
| Interest on bonds                            | 43            |
| Loss on investments in partnership           | 50            |
| Amortization of bond issuance cost           | 27            |
| Other                                        | 79            |
| <b>Ordinary profit</b>                       | <b>41,388</b> |
| Extraordinary income                         | 26            |
| Gain on sales of non-current assets          | 2             |
| Gain on sales of investment securities       | 22            |
| Gain on sales of memberships                 | 0             |
| Extraordinary losses                         | 207           |
| Loss on retirement of non-current assets     | 25            |
| Loss on sales of non-current assets          | 10            |
| Impairment loss                              | 147           |
| Compensation expenses                        | 25            |
| <b>Profit before income taxes</b>            | <b>41,207</b> |
| Income taxes - current                       | 11,494        |
| Income taxes - deferred                      | 517           |
| <b>Profit</b>                                | <b>29,195</b> |

Values expressed in units of millions of yen have been rounded off to the nearest unit.

# Independent Auditor's Report

May 12, 2022

The Board of Directors  
SCSK Corporation

KPMG AZSA LLC  
Tokyo Office, Japan

Isao Kamizuka  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Shinya Mikami  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kenji Kasajima  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

## **Audit Opinion**

We have audited the consolidated financial statements, comprising the consolidated statements of financial position, the consolidated statements of income, the consolidated statement of change in net assets, and the notes to the consolidated financial statements of SCSK Corporation for the fiscal year from April 1, 2021, to March 31, 2022, in accordance with Article 444, Section 4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with accounting standards allowing for the omission of certain disclosure items required by international standards as provided for in Article 120, Paragraph 1 of the Regulation on Corporate Accounting, present fairly, in all material aspects, the financial position and the results of operations of SCSK Corporation and its consolidated subsidiaries for the period for which the consolidated financial statements were prepared.

## **Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted to be fair and appropriate in Japan. Our responsibility under auditing standards is described in "Responsibility of Independent Auditor in Audits of Consolidated Financial Statements." Our audit firm is independent from SCSK Corporation and its subsidiaries as required by the professional ethics standards of Japan, and we fulfill other ethical obligations as an Independent Auditor. We believe that the audit evidence we have obtained is appropriate and sufficient to form the basis for our audit opinion.

## **Other Attached Materials**

This notice of convocation is supplemented by the attached business report and supplementary schedules. Management is responsible for the preparation and disclosure of these materials. The Audit and Supervisory Committee is responsible for overseeing the execution of duties by Directors pertaining to the reporting process associated with these materials.

These materials are not subject to evaluation in this the Independent Auditor's Report, and we express no opinion with regard to the content of these materials.

Our responsibility with regard to these materials is to read, in its entirety, the information contained therein and to determine whether there are any material differences between said information and the information

contained within the consolidated financial statements and the understanding we have gained through the process of auditing said consolidated financial statements. We are also expected to be attentive in identifying any other signs of material errors in the applicable information.

Should a sign of a material error be detected, this fact will be reported to the appropriate representatives within SCSK Corporation.

We have found no matters warranting reporting with regard to other materials attached to this notice of convocation.

### **Responsibility of Management and Audit and Supervisory Committee Regarding Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards allowing for the omission of certain disclosure items required by international standards as provided for in Article 120, Paragraph 1 of the Regulation on Corporate Accounting and for the preparation and adoption of such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Management is also responsible for evaluating whether it is appropriate to prepare consolidated financial statements based on the assumption of a going concern and for disclosing information on items requiring disclosure in relation to going concerns in accordance with accounting standards allowing for the omission of certain disclosure items required by international standards as provided for in Article 120, Paragraph 1 of the Regulation on Corporate Accounting.

The Audit and Supervisory Committee is responsible for supervising the execution of duties by Directors with regard to the development and implementation of financial reporting processes.

### **Responsibility of Independent Auditor in Audits of Consolidated Financial Statements**

Our responsibility is to express an opinion on the consolidated financial statements in the Independent Auditor's Report based on our audit from our independent perspective as Independent Auditor. In this process, we must obtain reasonable assurance that, overall, the consolidated financial statements are free from material misstatements, whether due to fraud or error. Misstatements may result from fraud or from error. Misstatements will be deemed to be material should they be judged to have the potential to, independently or collectively, influence the decisions of users of the consolidated financial statements.

Through the process of performing audits based on the corporate accounting standards generally accepted to be fair and appropriate in Japan, we make judgments from our professional perspective and perform the following tasks while maintaining a sufficient degree of professional skepticism.

- We identify and evaluate risks that may result in material misstatements, whether from fraud or error; propose and implement auditing procedures that account for material misstatement risks; make decisions regarding the selection and application of auditing procedures; and acquire sufficient and appropriate audit evidence as necessary for formulating opinions.
- Although the purpose of audits of consolidated financial statements is not to express opinions on the effectiveness of internal controls, we examine internal controls regarding audits in order to propose appropriate auditing procedures based on the circumstances at the company being audited when performing risk evaluations.
- We evaluate the appropriateness of the accounting policies and application methods employed by management, the rationality of accounting estimates prepared by management, and the adequacy of related notes.
- We make judgements on whether it is appropriate for management to prepare consolidated financial statements based on the assumption of a going concern and whether material uncertainty exists regarding events or conditions that cast significant doubt on the assumption of a going concern based on the

acquired audit evidence. Should it be determined that material uncertainty exists with regard to the assumption of a going concern, we must draw attention to the notes to the consolidated financial statements in the Independent Auditor's Report. Furthermore, we must express the need to include exemption clauses regarding the consolidated financial statements should it be determined that describing the material uncertainty in the notes to the consolidated financial statements would be inappropriate. Our judgements are made based on the audit evidence available as of the date of the publication of the Independent Auditor's Report. It is possible that the status of the company being audited as a going concern could be undermined by subsequent events or conditions.

- We judge whether the consolidated financial statements and accompanying notes have been prepared in accordance with accounting standards allowing for the omission of certain disclosure items required by international standards as provided for in Article 120, Paragraph 1 of the Regulation on Corporate Accounting. We also evaluate the appropriateness of the display methods, structure, and contents of the consolidated financial statements and accompanying notes and the descriptions of the transactions and accounting events on which the consolidated financial statements are based.
- We acquire sufficient and appropriate audit evidence regarding SCSK Corporation and its consolidated subsidiaries as necessary to express our opinion on the consolidated financial statements. We are responsible for issuing instructions regarding audits of the consolidated financial statements and for overseeing and performing audits. Auditors have responsibility for their individual audit opinions.

We report to the Audit and Supervisory Committee on the planned scope and timing of audits as well as on any material auditing issues, including major internal control insufficiencies, or other matters required by audit standards identified during the audit process.

We issue reports to the Audit and Supervisory Committee to indicate that our firm is complying with the professional ethics standards of Japan regarding independence. Reports are also submitted to provide notice when we are implementing safeguards to prevent or mitigate factors that could rationally be judged to impact or impede our independence as an Independent Auditor.

### **Conflicts of Interest**

Our firm and engagement partners have no interests in SCSK Corporation or its consolidated subsidiaries that require disclosure pursuant to the provisions of the Certified Public Accountants Law of Japan.

# **Independent Auditor’s Report**

May 12, 2022

The Board of Directors  
SCSK Corporation

KPMG AZSA LLC  
Tokyo Office, Japan

Isao Kamizuka  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Shinya Mikami  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Kenji Kasajima  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

## **Audit Opinion**

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders’ equity and the related notes, and the supplementary schedules of SCSK Corporation for the 54th fiscal year from April 1, 2021, to March 31, 2022, in accordance with Article 436, Section 2, Paragraph 1 of the Companies Act.

In our opinion, the non-consolidated financial statements referred to above, which were prepared in accordance with corporate accounting standards generally accepted to be fair and appropriate in Japan, present fairly, in all material aspects, the financial position and the results of operations of SCSK Corporation for the period for which the non-consolidated financial statements were prepared.

## **Basis for Audit Opinion**

We conducted our audit in accordance with auditing standards generally accepted to be fair and appropriate in Japan. Our responsibility under auditing standards is described in “Responsibility of Independent Auditor in Audits of Non-Consolidated Financial Statements.” Our audit firm is independent from SCSK Corporation as required by the professional ethics standards of Japan, and we fulfill other ethical obligations as an Independent Auditor. We believe that the audit evidence we have obtained is appropriate and sufficient to form the basis for our audit opinion.

## **Other Attached Materials**

This notice of convocation is supplemented by the attached business report and supplementary schedules. Management is responsible for the preparation and disclosure of these materials. The Audit and Supervisory Committee is responsible for overseeing the execution of duties by Directors pertaining to the reporting process associated with these materials.

These materials are not subject to evaluation in this the Independent Auditor’s Report, and we express no opinion with regard to the content of these materials.

Our responsibility with regard to these materials is to read, in its entirety, the information contained therein and to determine whether there are any material differences between said information and the information contained within the non-consolidated financial statements and the understanding we have gained through the process of auditing said consolidated financial statements. We are also expected to be attentive in identifying

any other signs of material errors in the applicable information.

Should a sign of a material error be detected, this fact will be reported to the appropriate representatives within SCSK Corporation.

We have found no matters warranting reporting with regard to other materials attached to this notice of convocation.

### **Responsibility of Management and Audit and Supervisory Committee Regarding Non-Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with corporate accounting standards generally accepted to be fair and appropriate in Japan, and for the preparation and adoption of such internal controls as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Management is also responsible for evaluating whether it is appropriate to prepare non-consolidated financial statements based on the assumption of a going concern and for disclosing information on items requiring disclosure in relation to going concerns based on the corporate accounting standards generally accepted to be fair and appropriate in Japan.

The Audit and Supervisory Committee is responsible for supervising the execution of duties by Directors with regard to the development and implementation of financial reporting processes.

### **Responsibility of Independent Auditor in Audits of Non-Consolidated Financial Statements**

Our responsibility is to express an opinion on the non-consolidated financial statements in the Independent Auditor's Report based on our audit from our independent perspective as Independent Auditor. In this process, we must obtain reasonable assurance that, overall, the non-consolidated financial statements are free from material misstatements, whether due to fraud or error. Misstatements may result from fraud or from error. Misstatements will be deemed to be material should they be judged to have the potential to, independently or collectively, influence the decisions of users of the non-consolidated financial statements.

Through the process of performing audits based on the corporate accounting standards generally accepted to be fair and appropriate in Japan, we make judgments from our professional perspective and perform the following tasks while maintaining a sufficient degree of professional skepticism.

- We identify and evaluate risks that may result in material misstatements, whether from fraud or error; propose and implement auditing procedures that account for material misstatement risks; make decisions regarding the selection and application of auditing procedures; and acquire sufficient and appropriate audit evidence as necessary for formulating opinions.
- Although the purpose of audits of non-consolidated financial statements is not to express opinions on the effectiveness of internal controls, we examine internal controls regarding audits in order to propose appropriate auditing procedures based on the circumstances at the company being audited when performing risk evaluations.
- We evaluate the appropriateness of the accounting policies and application methods employed by management, the rationality of accounting estimates prepared by management, and the adequacy of related notes.
- We make judgements on whether it is appropriate for management to prepare non-consolidated financial statements based on the assumption of a going concern and whether material uncertainty exists regarding events or conditions that cast significant doubt on the assumption of a going concern based on the acquired audit evidence. Should it be determined that material uncertainty exists with regard to the assumption of a going concern, we must draw attention to the notes to the non-consolidated financial statements in the Independent Auditor's Report. Furthermore, we must express the need to include exemption clauses

regarding the non-consolidated financial statements should it be determined that describing the material uncertainty in the notes to the non-consolidated financial statements would be inappropriate. Our judgements are made based on the audit evidence available as of the date of the publication of the Independent Auditor's Report. It is possible that the status of the company being audited as a going concern could be undermined by subsequent events or conditions.

- We judge whether the non-consolidated financial statements and accompanying notes have been prepared in accordance with the corporate accounting standards generally accepted to be fair and appropriate in Japan. We also evaluate the appropriateness of the display methods, structure, and contents of the non-consolidated financial statements and accompanying notes and the descriptions of the transactions and accounting events on which the non-consolidated financial statements are based.

We report to the Audit and Supervisory Committee on the planned scope and timing of audits as well as on any material auditing issues, including major internal control insufficiencies, or other matters required by audit standards identified during the audit process.

We issue reports to the Audit and Supervisory Committee to indicate that our firm is complying with the professional ethics standards of Japan regarding independence. Reports are also submitted to provide notice when we are implementing safeguards to prevent or mitigate factors that could rationally be judged to impact or impede our independence as an Independent Auditor.

### **Conflicts of Interest**

Our firm and engagement partners have no interests in SCSK Corporation that require disclosure pursuant to the provisions of the Certified Public Accountants Law of Japan.



# Audit Report

The Audit and Supervisory Committee conducted an audit of the execution of duties of Directors during the 54th fiscal year from April 1, 2021, to March 31, 2022. Details regarding the audit methods and results are provided below.

## 1. Audit Methods and Other Details

The Audit and Supervisory Committee received periodic reports from Directors, employees, or other individuals on resolutions by the Board of Directors related to (b) and (c) of Article 399, Paragraph 13, Item 1 of the Companies Act and on the implementation and operation status of systems based on these resolutions (internal control systems). When necessary, Audit and Supervisory Committee Members requested explanations or voiced opinions regarding these matters. Audits were performed through the following methods.

In regard to internal control systems relating to financial reporting, the Audit and Supervisory Committee received reports on the status of evaluations and audits of these systems from Directors and KPMG AZSA LLC, and explanations were requested as necessary.

- ① In accordance with the auditing policies formulated by the Audit and Supervisory Committee and the division of duties of Audit and Supervisory Committee Members, the Audit and Supervisory Committee Members coordinate with the Company's internal control divisions as we attend important meetings and receive reports regarding the execution of duties from Directors, employees, and other individuals. When necessary, Audit and Supervisory Committee Members requested explanations regarding those reports. We also inspected documents related to important decisions and examined operations and assets at the Company's head office and major operational establishments. As for subsidiaries, we communicated and exchanged information with the Directors, Corporate Auditors, and other individuals at subsidiaries, receiving business reports from subsidiaries, as necessary.
- ② In regard to transactions with the parent company indicated in the business report, examinations were made in relation to (a) of Article 118, Item 5 of the Ordinance for Enforcement of the Companies Act as well as decisions and reasons for decisions related to (b) of the above article of the same law. The status of deliberations by the Board of Directors and other bodies was considered in this process.
- ③ Furthermore, the Audit and Supervisory Committee monitored and verified the activities of the Independent Auditor to ensure that it was maintaining an independent standpoint and implementing appropriate audits. In addition, the Audit and Supervisory Committee received reports from the Independent Auditor regarding the execution of its duties and asked for explanations as necessary. Furthermore, notice was received from the Independent Auditor indicating that a system to ensure the execution of duties is conducted in an appropriate manner (as described in the clauses of the Article 131 of the Rules of Corporate Accounting) has been established in accordance with the Quality Control Standard Regarding Audit (Business Accounting Council, October 28, 2005). Explanations were received as necessary.

Based on the aforementioned methods, the Audit and Supervisory Committee examined the business report and the supplementary schedules for the fiscal year in question along with the financial statements (the balance sheet, the statement of income, the statements of changes in net assets, and the notes to the non-consolidated financial statements) and the supplementary schedules, the consolidated financial statements (the consolidated statements of financial position, the consolidated statements of income, the consolidated statement of change in net assets, and the notes to the consolidated financial statements).

## 2. Results of Audit

### (1) Results of the audit of the business report, etc.

- ① The business report and the supplementary schedules thereto fairly present the condition of the Company in accordance with Japanese laws and regulations and the Articles of Incorporation of the Company.
- ② There has been neither unfair conduct nor any material violation of Japanese laws or regulations or of the Articles of Incorporation in the execution of duties of the Directors.
- ③ The content of the resolution by the Board of Directors regarding internal control systems is due and

proper. Furthermore, nothing has arisen that requires comment with respect to items for business reporting or the Directors' execution of internal control systems.

- ④ Nothing has arisen that requires comment with regard to provisions for preventing transactions with the parent company indicated in the business report from going against the interests of the Company or with regard to decisions or reasons behind decisions by the Board of Directors on whether or not such transactions go against the interests of the Company.

(2) Results of the audit of the non-consolidated financial statements and supplementary schedules  
The Audit and Supervisory Committee considers the methods and results of the audit by the Independent Auditor, KPMG AZSA LLC, to be due and proper.

(3) Results of the audit of the consolidated financial statements  
The Audit and Supervisory Committee considers the methods and results of the audit by the Independent Auditor, KPMG AZSA LLC, to be due and proper.

May 13, 2022

The Audit and Supervisory Committee, SCSK Corporation

Yasunori Anzai (Seal)  
Audit and Supervisory Committee Member

Kimitoshi Yabuki (Seal)  
Audit and Supervisory Committee Member

Masaichi Nakamura (Seal)  
Audit and Supervisory Committee Member

Kazuko Shiraishi (Seal)  
Audit and Supervisory Committee Member

Note: Audit and Supervisory Committee Members Kimitoshi Yabuki, Masaichi Nakamura, and Kazuko Shiraishi are Outside Directors as described in Article 2, Item 15 and Article 331, Item 6 of the Companies Act.

# Guidance for Shareholders on How to Exercise Voting Rights Either in Writing or by Electronic Means (the Internet, etc.)

## I. Exercising Voting Rights in Writing

Please indicate your approval or disapproval of each proposal on the enclosed voting form (Japanese only) and return it to reach our Registrar of Shareholders no later than 5:30 p.m. on Wednesday, June 22, 2022.

## II. Exercising Voting Rights Electronically

### 1. Exercising voting rights via so-called smart voting (Japanese only)

To exercise your voting rights via so-called smart voting, please scan the voting rights exercise website login QR code on the lower right of the enclosed voting form with a smartphone or tablet, access the URL, and follow the on-screen instructions to exercise your voting rights.

### 2. Exercising voting rights via the internet (Japanese only)

(1) To exercise your voting rights via the internet, you must use the following voting service website designated by the Company. Please note that you are also able to access and use this voting service website via a mobile phone.

Voting service website: <https://www.web54.net>

Note:

The website can be accessed from mobile phones that are equipped with a barcode reader by scanning the QR code® on the right with the mobile phone. Please see your mobile phone's user manual for further details. (The QR code is the registered trademark of Denso Wave Incorporated.)



- (2) To exercise your voting rights via the internet, please indicate whether you approve or disapprove of each proposal by using the code and password for the exercise of voting rights indicated on the enclosed voting form, and by following the instructions shown on the screen.
- (3) Provider access fees, telecommunications fees and any other fee for usage of the website to exercise your voting rights shall be borne by the shareholders.
- (4) One may be unable to use the voting service website based on their internet connection, enrolled services, or terminal.

### 3. Electronic Voting Platform (English available)

For management and trust banks or other nominee shareholders (including standing proxies), the Electronic Voting Platform operated by Investor Communications Japan, Inc. (ICJ, Inc.) is available as another online voting method for the meeting, in addition to the method of voting via the internet as described in 1. above, subject to prior application for use to ICJ, Inc.

### 4. Time limit for exercising voting rights electronically

Although it is acceptable to exercise voting rights electronically until 5:30 p.m. on Wednesday, June 22, 2022, please exercise your voting rights as early as possible to assist us with compiling the results of the voting.

## III. Treatment of Voting Rights Exercised Repeatedly

1. If you exercise your voting rights both in writing and electronically, we will only accept the exercise of your voting rights electronically as valid.
2. If you exercise your voting rights more than once electronically, we will only accept the last exercise of your voting rights as valid.

Please call the following number if you have any questions relating to this guidance.

For information about the operation of personal computers and mobile phones in the usage of the website to exercise your voting rights:

Transfer Agent Web Support, Sumitomo Mitsui Trust Bank, Limited  
Dedicated line (Tel.) 0120-652-031 (9:00 a.m. to 9:00 p.m.)

For other inquiries

For shareholder who have an account with a securities company  
Please contact your securities company.

For shareholders who do not have an account with a securities company (Shareholders who have special accounts)

Please contact the Transfer Agent Business Center, Sumitomo Mitsui Trust Bank, Limited  
(Tel.) 0120-782-031 (9:00 a.m. to 5:00 p.m. excluding weekends and Japanese public holidays)

