

To Our Shareholders,

NOTICE OF CONVOCAION OF GENERAL MEETING OF SHAREHOLDERS

It is our pleasure to extend to you a cordial invitation to attend our General Meeting of Shareholders of SCSK Corporation (hereinafter “We,” “SCSK” or the “Company”) for the financial period ended March 31, 2019, which will be held as set forth below.

If you are unable to attend the meeting in person, you can exercise your voting rights in writing or electronically (please refer to pages 52 and 53 for more details). 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 Monday June 24, 2019.

With highest regards,

Tooru Tanihara
President
SCSK Corporation
3-2-20 Toyosu, Koto-ku, Tokyo, Japan

1. Date and time Tuesday June 25, 2019, 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, 2019 (April 1, 2018, to March 31, 2019)

Report No. 2 Non-consolidated Financial Statements for the fiscal year ended March 31, 2019 (April 1, 2018, to March 31, 2019)

Matters to be resolved:

Proposition No. 1 Election of seven (7) Directors (excluding Directors that are Audit and Supervisory Committee Members)

Proposition No. 2 Election of three (3) Directors that are Audit and Supervisory Committee Members

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(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 (<http://www.scsk.jp>) and do not appear in this Notice of Convocation.
  - Information regarding decisions on systems for ensuring appropriate business reporting procedures
  - Overview of implementation of systems for ensuring appropriate business reporting procedures
  - 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, 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 (<http://www.scsk.jp>).

## Reference Documents for the General Meeting of Shareholders

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

#### **Proposition No. 1: Election of seven (7) 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. Accordingly, we hereby request that seven (7) Directors be elected. The number of Directors is to be decreased by one (1) in order to further separate supervisory and execution functions and 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             | Masao Tabuchi<br><Reappointment>                                                 | Representative Director<br>Chairman and Chief Executive Officer<br>Chief Health Officer                                                                                                              | 100%<br>(11/11)                           |
| 2             | Tooru Tanihara<br><Reappointment>                                                | Representative Director<br>President and Chief Operating Officer                                                                                                                                     | 92%<br>(12/13)                            |
| 3             | Tetsuya Fukunaga<br><Reappointment>                                              | Director<br>Senior Managing Executive Officer<br>Corporate Coordination Officer<br>General Manager (Finance & Business Investment Promotion)                                                         | 100%<br>(13/13)                           |
| 4             | Kei Kato<br><New appointment>                                                    | Senior Managing Executive Officer<br>General Manager, Global System Solutions & Innovation Business Group<br>Deputy General Manager (DX & Innovation Business Center, Research & Development Center) | —                                         |
| 5             | Tatsuro Tamura<br><New appointment>                                              | Managing Executive Officer<br>General Manager (Corporate Planning)                                                                                                                                   | —                                         |
| 6             | Kazumasa Watanabe<br><New appointment>                                           | —                                                                                                                                                                                                    | —                                         |
| 7             | Kiyoto Matsuda<br><Reappointment><br><Outside Director><br><Independent officer> | Outside Director                                                                                                                                                                                     | 100%<br>(13/13)                           |

| Candidate No. 1                                                                                                                                                                                                                                                                                                                                                                                                                 | Date of birth                                                                                                                                                  | Number of Company shares owned                                                            | Special interests with the Company                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Masao Tabuchi<br><Reappointment>                                                                                                                                                                                                                                                                                                                                                                                                | Jul. 14, 1957                                                                                                                                                  | 1,000 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% (11 out of 11 meetings)                                                                                                                                   | 1 year                                                                                    |                                                                                                                                                    |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                |                                                                                           |                                                                                                                                                    |
| Apr. 1980                                                                                                                                                                                                                                                                                                                                                                                                                       | Joined Sumitomo Corporation                                                                                                                                    | Apr. 2017                                                                                 | Representative Director of Sumitomo Corporation                                                                                                    |
| Apr. 2008                                                                                                                                                                                                                                                                                                                                                                                                                       | Corporate Officer of Sumitomo Corporation                                                                                                                      |                                                                                           | Senior Managing Executive Officer, Chief Strategy Officer and Chief Information Officer                                                            |
| Apr. 2012                                                                                                                                                                                                                                                                                                                                                                                                                       | Executive Officer of Sumitomo Corporation<br>General Manager, Automotive Division, No.1                                                                        | Apr. 2018                                                                                 | Representative Director of Sumitomo Corporation<br>Assistant to President and CEO<br>Concurrent position as Advisor of SCSK                        |
| Apr. 2013                                                                                                                                                                                                                                                                                                                                                                                                                       | Executive Officer of Sumitomo Corporation<br>General Manager, Ship, Aerospace & Transportation Systems Division                                                | Jun. 2018                                                                                 | Representative Director of SCSK<br>Chairman and Chief Executive Officer                                                                            |
| Apr. 2015                                                                                                                                                                                                                                                                                                                                                                                                                       | Managing Executive Officer of Sumitomo Corporation<br>Chief Strategy Officer, Managing Executive Officer Responsible for Chubu Region                          | Apr. 2019                                                                                 | <b>Representative Director of SCSK (present)</b><br><b>Chairman and Chief Executive Officer (present)</b><br><b>Chief Health Officer (present)</b> |
| Jun. 2015                                                                                                                                                                                                                                                                                                                                                                                                                       | Representative Director of Sumitomo Corporation<br>Managing Executive Officer, Chief Strategy Officer, Managing Executive Officer Responsible for Chubu Region |                                                                                           |                                                                                                                                                    |
| Apr. 2016                                                                                                                                                                                                                                                                                                                                                                                                                       | Representative Director of Sumitomo Corporation<br>Managing Executive Officer, Chief Strategy Officer                                                          |                                                                                           |                                                                                                                                                    |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                |                                                                                           |                                                                                                                                                    |
| Mr. Masao Tabuchi became Representative Director and Chairman and Chief Executive Officer of the Company in June 2018, a position in which he was responsible for drafting medium- to long-term strategies and overseeing management. We believe that the experience and knowledge accumulated throughout his career will be viable to the management of the Company, and we have thus selected him to be a Director candidate. |                                                                                                                                                                |                                                                                           |                                                                                                                                                    |

| Candidate No. 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Date of birth                                                                    | Number of Company shares owned                                                            | Special interests with the Company                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Tooru Tanihara<br><Reappointment>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Dec. 24, 1959                                                                    | 2,880 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) |                                                                                                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 92% (12 out of 13 meetings)                                                      | 7 years, 9 months                                                                         |                                                                                                            |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                  |                                                                                           |                                                                                                            |
| Apr. 1982                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Joined COMPUTER SERVICE CORPORATION                                              | Oct. 2011                                                                                 | Director of SCSK, Senior Managing Executive Officer                                                        |
| Jun. 2003                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Executive Officer of CSK CORPORATION                                             | Apr. 2016                                                                                 | Representative Director & President of SCSK                                                                |
| Oct. 2005                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Executive Officer of CSK SYSTEMS CORPORATION                                     | Apr. 2017                                                                                 | Representative Director of SCSK President                                                                  |
| Jun. 2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Representative President of CSK-IT MANAGEMENT CORPORATION                        | Jun. 2018                                                                                 | <b>Representative Director of SCSK</b> (present)<br><b>President and Chief Operating Officer</b> (present) |
| Mar. 2009                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Executive Officer of CSK HOLDINGS CORPORATION                                    |                                                                                           |                                                                                                            |
| Oct. 2010                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Senior Managing Executive Officer of CSK CORPORATION                             |                                                                                           |                                                                                                            |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                  |                                                                                           |                                                                                                            |
| Mr. Tooru Tanihara assumed the position of President in April 2016 and later became President and Chief Operating Officer, a position in which he was responsible for overseeing operations. In this capacity, he is currently playing a leading role in advancing business strategies based on our Medium-Term Management Plan, which sets forth targets for FY2019. We have selected Mr. Tooru Tanihara as a Director candidate based on the belief that he will be able to utilize his accumulated experience and knowledge as a manager of the Company. |                                                                                  |                                                                                           |                                                                                                            |

| Candidate No. 3                                                                                                                                                                                                                                                                                                                                                                                              | Date of birth                                                                                 | Number of Company shares owned                                                            | Special interests with the Company                                                                                                                                                                                              |
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| Tetsuya Fukunaga<br><Reappointment>                                                                                                                                                                                                                                                                                                                                                                          | Feb. 1, 1960                                                                                  | 10,060 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% (13 out of 13 meetings)                                                                  | 14 years                                                                                  |                                                                                                                                                                                                                                 |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                |                                                                                               |                                                                                           |                                                                                                                                                                                                                                 |
| Apr. 1983                                                                                                                                                                                                                                                                                                                                                                                                    | Joined The Long-Term Credit Bank of Japan, Ltd.                                               | Jun. 2008                                                                                 | Concurrent position as <b>Outside Director of ARGO GRAPHICS Inc.</b> (present)                                                                                                                                                  |
| Oct. 1999                                                                                                                                                                                                                                                                                                                                                                                                    | Vice President, Corporate & Investment Banking Group, Chase Manhattan Bank                    | Apr. 2014                                                                                 | Director of SCSK,<br>Senior Managing Executive Officer                                                                                                                                                                          |
| Jun. 2000                                                                                                                                                                                                                                                                                                                                                                                                    | CFO, Lycos Japan Inc.                                                                         | Apr. 2017                                                                                 | Director of SCSK, Executive Officer<br>Chief Financial Officer                                                                                                                                                                  |
| Dec. 2002                                                                                                                                                                                                                                                                                                                                                                                                    | Adviser to Sumisho Electronics Co., Ltd.                                                      | Jun. 2017                                                                                 | Director of SCSK<br>Senior Managing Executive Officer                                                                                                                                                                           |
| Feb. 2003                                                                                                                                                                                                                                                                                                                                                                                                    | Director of Sumisho Electronics Co., Ltd.,<br>Managing Executive Officer                      | Apr. 2019                                                                                 | <b>Director of SCSK</b> (present)<br><b>Senior Managing Executive Officer</b><br>(present)<br><b>Corporate Coordination Officer</b> (present)<br><b>General Manager (Finance &amp; Business Investment Promotion)</b> (present) |
| Apr. 2005                                                                                                                                                                                                                                                                                                                                                                                                    | Executive Officer of SCSK<br>Concurrent position as Director of Sumisho Electronics Co., Ltd. |                                                                                           |                                                                                                                                                                                                                                 |
| Jun. 2005                                                                                                                                                                                                                                                                                                                                                                                                    | Director of SCSK, Executive Officer                                                           |                                                                                           |                                                                                                                                                                                                                                 |
| Apr. 2008                                                                                                                                                                                                                                                                                                                                                                                                    | Director of SCSK, Managing Executive Officer                                                  |                                                                                           |                                                                                                                                                                                                                                 |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                               |                                                                                           |                                                                                                                                                                                                                                 |
| Mr. Tetsuya Fukunaga has been in charge of our corporate divisions, including IR, finance, and risk management divisions, for many years and has a wealth of experience and extensive knowledge. 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. |                                                                                               |                                                                                           |                                                                                                                                                                                                                                 |

| Candidate No. 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Date of birth                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of Company shares owned                                                           | Special interests with the Company |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------|
| <b>Kei Kato</b><br><New appointment>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Dec. 13, 1958                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 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. 1982    Joined Sumitomo Corporation<br>Apr. 2014    Assistant to General Manager for the Americas, Sumitomo Corporation<br>May. 2015    General Manager, Business Development Group in Sumitomo Corporation of Americas Group, Sumitomo Corporation of Americas<br>Apr. 2018    Assistant General Manager for the Americas<br>Corporate Officer of Sumitomo Corporation<br>Assistant to General Manager, ICT Business Division<br>Concurrent position as Managing Executive Officer of SCSK<br>Concurrent position as General Manager, Global System Solutions & Innovation Business Group<br>Concurrent position as General Manager, Global Business Development Division | Oct. 2018    Corporate Officer of Sumitomo Corporation<br><b>Assistant to General Manager, Digital Business Division</b> (present)<br>Apr. 2019    Concurrent position as <b>Senior Managing Executive Officer of SCSK</b> (present)<br>Concurrent position as <b>General Manager, Global System Solutions &amp; Innovation Business Group</b> (present)<br>Concurrent position as <b>Deputy General Manager (DX &amp; Innovation Business Center, Research &amp; Development Center)</b> (present) |                                                                                          |                                    |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                          |                                    |
| Mr. Kei Kato has been in charge of our Global System Solutions & Innovation Business Group and has a wealth of specialized and wide-ranging knowledge pertaining to global businesses. 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                          |                                    |
| Mr. Kei Kato 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. 5                                                                                                                                                                                                                                                                                                                  | Date of birth                                                                                                                                                                                      | Number of Company shares owned                                                           | Special interests with the Company                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tatsuro Tamura<br><New appointment>                                                                                                                                                                                                                                                                                              | Oct. 12, 1963                                                                                                                                                                                      | 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. 1987<br>Jul. 2015<br>Apr. 2017                                                                                                                                                                                                                                                                                              | Joined Sumitomo Corporation<br>General Manager, Investor Relations Department, Sumitomo Corporation<br>Corporate Officer of Sumitomo Corporation<br>General Manager, Investor Relations Department | Apr. 2019                                                                                | <b>Corporate Officer of Sumitomo Corporation</b> (present)<br><b>Assistant to General Manager, Digital Business Division</b> (present)<br>Concurrent position as <b>Managing Executive Officer of SCSK</b> (present)<br>Concurrent position as <b>General Manager (Corporate Planning)</b> (present) |
| Reason for appointment                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                    |                                                                                          |                                                                                                                                                                                                                                                                                                      |
| Mr. Tatsuro Tamura has a wealth of specialized and wide-ranging knowledge pertaining to finance, accounting, and IR. 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                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                    |                                                                                          |                                                                                                                                                                                                                                                                                                      |
| Mr. Tatsuro Tamura 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. 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Date of birth                                                                                                                                                                                                                                                     | Number of Company shares owned                                                           | Special interests with the Company                                                                                                                                                                                                                                |
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| <b>Kazumasa Watanabe</b><br><New appointment>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Apr. 9, 1964                                                                                                                                                                                                                                                      | 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. 1987                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Joined Sumitomo Corporation                                                                                                                                                                                                                                       | Oct. 2016                                                                                | General Manager, IT Service Business Department                                                                                                                                                                                                                   |
| Apr. 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Assistant to General Manager, IT Solution Department, Sumitomo Corporation<br>Concurrent position as Corporate Officer of SCSK<br>Concurrent position as Deputy General Manager, IT Architecture Integration Division, IT Management Group                        | Apr. 2017                                                                                | General Manager, Open Innovation Department, Sumitomo Corporation<br>Corporate Officer of Sumitomo Corporation<br>Deputy General Manager, ICT Business Division<br>General Manager, IT Service Business Department<br>General Manager, Open Innovation Department |
| Apr. 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Concurrent position as Corporate Officer of SCSK<br>Concurrent position as General Manager, Business Promotion Division, Distribution Systems Business Group<br>Concurrent position as General Manager, IT Architecture Integration Division, IT Management Group | Apr. 2018                                                                                | Corporate Officer of Sumitomo Corporation<br>General Manager, ICT Business Division                                                                                                                                                                               |
| Apr. 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | General Manager, IT Solution Department<br>General Manager, Investment Development Department, Sumitomo Corporation                                                                                                                                               | Oct. 2018                                                                                | <b>Corporate Officer of Sumitomo Corporation</b> (present)<br><b>General Manager, Digital Business Division</b> (present)                                                                                                                                         |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                   |                                                                                          |                                                                                                                                                                                                                                                                   |
| Mr. Kazumasa Watanabe has been in charge of our IT Management Group and has a wealth of specialized and wide-ranging knowledge pertaining to the IT services industry. 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. Kazumasa Watanabe 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.<br>2. If this proposed resolution is approved, SCSK plans to enter into a liability limitation agreement with Mr. Kazumasa Watanabe to limit the amount of his liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. |                                                                                                                                                                                                                                                                   |                                                                                          |                                                                                                                                                                                                                                                                   |

| Candidate No. 7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Date of birth                                                                                                                                                                                                                                                        | Number of Company shares owned                                                           | Special interests with the Company |
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| <p style="text-align: center;"><b>Kiyoto Matsuda</b><br/>           &lt;Reappointment&gt;<br/>           &lt;Outside Director&gt;<br/>           &lt;Independent officer&gt;</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Sep. 6, 1952                                                                                                                                                                                                                                                         | 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% (13 out of 13 meetings)                                                                                                                                                                                                                                         | 2 years                                                                                  |                                    |
| <b>Resume, current position and responsibilities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                      |                                                                                          |                                    |
| Apr. 1975    Joined The Industrial Bank of Japan, Ltd.<br>Apr. 2002    Executive Officer of Mizuho Corporate Bank, Ltd.<br>Apr. 2004    Managing Executive Officer of Mizuho Corporate Bank, Ltd. (resigned in March 2007)<br>Apr. 2007    Deputy President of Mizuho Securities Co., Ltd. (resigned in March 2008)<br>Apr. 2008    Partner of Unison Capital, Inc. (resigned in March 2018)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Mar. 2010 <b>Outside Director of SANYO SHOKAI LTD.</b> (present)<br>Dec. 2012 <b>Chairman of the Board of TOPAZ CAPITAL, INC.</b> (present)<br>Jun. 2017 <b>Outside Director of SCSK</b> (present)<br>Mar. 2018 <b>Outside Director of Hotto Link Inc.</b> (present) |                                                                                          |                                    |
| <b>Reason for appointment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                      |                                                                                          |                                    |
| <p>Mr. Kiyoto Matsuda has a breadth of experience and a wealth of knowledge regarding corporate management. We believe that the experience and knowledge accumulated through his work qualifies him to help maintain and enhance the functions that supervise the execution of the Company's operations, and we have thus selected him to be an Outside Director candidate.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                      |                                                                                          |                                    |
| <b>Other matters concerning candidate Outside Directors</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                      |                                                                                          |                                    |
| <ol style="list-style-type: none"> <li>SCSK has designated Mr. Kiyoto Matsuda as an independent director that is unlikely to have any conflict of interest with respect to general shareholders and notified the Tokyo Stock Exchange, as it is obliged to do by the Exchange.</li> <li>SCSK has entered into a liability limitation agreement with Mr. Kiyoto Matsuda 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. Kiyoto Matsuda was an executive of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.), a major lender to the Company, up until March 2007. More than five years have passed since he resigned from Mizuho Bank and he has not been involved in the management of this company after resigning. The Company has thus judged that this history does not impact the independence of Mr. Kiyoto Matsuda in the present. In addition, Mr. Kiyoto Matsuda was previously an executive of Mizuho Securities Co., Ltd. However, more than five years have passed since he resigned from Mizuho Securities and he has not been involved in the management of this company after resigning. Moreover, the amount of transactions between Mizuho Securities and the Company equate to less than 1% of the consolidated operating revenues of Mizuho Securities and the consolidated net sales of the Company. Accordingly, we have judged that Mr. Kiyoto Matsuda is sufficiently independent from the Company. Furthermore, Mr. Kiyoto Matsuda previously held a position as an executive at Unison Capital, Inc., and is currently an executive at TOPAZ CAPITAL, INC., but the Company does not have any business relationship with either of these companies.</li> </ol> |                                                                                                                                                                                                                                                                      |                                                                                          |                                    |

## **Proposition No. 2: Election of three (3) Directors that are Audit and Supervisory Committee Members**

At the close of this Ordinary General Meeting of Shareholders, the terms of three (3) of the four (4) Directors that also serve as Audit and Supervisory Committee Members, Mr. Yasunori Anzai, Mr. Kimitoshi Yabuki, and Mr. Masaichi Nakamura, shall expire. Accordingly, we hereby request that three (3) Directors that also serve as Audit and Supervisory Committee Members be elected.

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

The candidates for positions 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>Yasunori Anzai</b><br><Reappointment>                                                   | Director<br>(Audit and Supervisory Committee Member) | 100%<br>(13/13)                           | 100%<br>(16/16)                                        |
| 2             | <b>Kimitoshi Yabuki</b><br><Reappointment><br><Outside Director><br><Independent officer>  | Director<br>(Audit and Supervisory Committee Member) | 92%<br>(12/13)                            | 88%<br>(14/16)                                         |
| 3             | <b>Masaichi Nakamura</b><br><Reappointment><br><Outside Director><br><Independent officer> | Director<br>(Audit and Supervisory Committee Member) | 92%<br>(12/13)                            | 100%<br>(16/16)                                        |

| Candidate No. 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Date of birth                                                                                                                                                                                                                                                                                                                                 | Number of Company shares owned                                                                   | Special interests with the Company                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Yasunori Anzai<br><Reappointment>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Jan. 11, 1959                                                                                                                                                                                                                                                                                                                                 | 0 shares                                                                                         | Yes                                                                                                                                                                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Attendance rate of Board of Directors meetings<br>(attendance/no. of meetings held)                                                                                                                                                                                                                                                           | Attendance rate of Audit and Supervisory Committee meetings<br>(attendance/no. of meetings held) | No. of years in office as Outside Director (from the end of the General Meeting of Shareholders)                                                                                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 100%<br>(13 out of 13 meetings)                                                                                                                                                                                                                                                                                                               | 100%<br>(16 out of 16 meetings)                                                                  | 2 years                                                                                                                                                                           |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                   |
| Apr. 1981<br>Jun. 2012<br>Jun. 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Joined Sumitomo Corporation<br>General Manager, Corporate Auditors' Administration Department, Sumitomo Corporation<br>Assistant General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit, Sumitomo Corporation<br>Concurrent position as <b>Director (Audit and Supervisory Committee Member) of SCSK</b> (present) | Apr. 2018<br>Oct. 2018                                                                           | Assistant General Manager, Media & ICT Business Unit, Sumitomo Corporation<br><b>Assistant General Manager, Media &amp; Digital Business Unit, Sumitomo Corporation</b> (present) |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                   |
| Mr. Yasunori Anzai has accumulated significant experience and knowledge through his career to date. We believe that the experience and knowledge accumulated through his work qualifies him to audit the execution of duties by Directors from an objective standpoint, 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.                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                   |
| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                   |
| <ol style="list-style-type: none"> <li>Mr. Yasunori Anzai 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.</li> <li>SCSK has entered into a liability limitation agreement with Mr. Yasunori Anzai 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> </ol> |                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                   |

| Candidate No.2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Date of birth                                                                                                                                                                                                                                                  | Number of Company shares owned                                                                | Special interests with the Company                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>Kimitoshi Yabuki</b><br><Reappointment><br><Outside Director><br><Independent officer>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Aug. 22, 1956                                                                                                                                                                                                                                                  | 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) |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 92%<br>(12 out of 13 meetings)                                                                                                                                                                                                                                 | 88%<br>(14 out of 16 meetings)                                                                | 2 years                                                                                          |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                |                                                                                               |                                                                                                  |
| Apr. 1987    Joined Nagashima & Ohno<br>May 1996 <b>Partner of Yabuki Law Offices</b> (present)<br>Jun. 2008    Outside Director of Eisai Co., Ltd.<br>Apr. 2010    Professor at Graduate School of International Corporate Strategy, Hitotsubashi University                                                                                                                                                                                                                                                                                                                             | Jun. 2013    Outside Audit & Supervisory Board Member of Ricoh Company, Ltd.<br>Jul. 2015 <b>Outside Director of Sumitomo Life Insurance Company</b> (present)<br>Jun. 2017 <b>Outside Director (Audit and Supervisory Committee Member) of SCSK</b> (present) |                                                                                               |                                                                                                  |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                |                                                                                               |                                                                                                  |
| <p>Mr. Kimitoshi Yabuki has specialized knowledge and experience as an attorney. We believe that the experience and knowledge accumulated through his work qualifies him to audit the execution of duties by Directors from an objective standpoint, and we have thus selected him to be a candidate for the position of Outside Director that also serves as an Audit and Supervisory Committee Member.</p>                                                                                                                                                                              |                                                                                                                                                                                                                                                                |                                                                                               |                                                                                                  |
| Other matters concerning candidate Outside Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                |                                                                                               |                                                                                                  |
| <ol style="list-style-type: none"> <li>SCSK has designated Mr. Kimitoshi Yabuki as an independent director that is unlikely to have any conflict of interest with respect to general shareholders and notified the Tokyo Stock Exchange, as we are obliged to do by the Exchange.</li> <li>SCSK has entered into a liability limitation agreement with Mr. Kimitoshi Yabuki 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> </ol> |                                                                                                                                                                                                                                                                |                                                                                               |                                                                                                  |

| Candidate No.3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Date of birth                                                                                                                                                                 | Number of Company shares owned                                                                | Special interests with the Company                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Masaichi Nakamura<br><Reappointment><br><Outside Director><br><Independent officer>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Jan. 9, 1957                                                                                                                                                                  | 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)                                                                                                                                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 92%<br>(12 out of 13 meetings)                                                                                                                                                | 100%<br>(16 out of 16 meetings)                                                               | 2 years                                                                                                                                                                                                                                                                                                                               |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                               |                                                                                               |                                                                                                                                                                                                                                                                                                                                       |
| Oct. 1983<br>May 1999<br>Aug. 2008<br>Jul. 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Joined Tetsuzo Ota & Co<br>Employee of Showa Ota & Co<br>Executive Director of Ernst & Young ShinNihon LLC<br>Representative and Vice Director of Ernst & Young ShinNihon LLC | Sep. 2016<br>Jun. 2017<br>Jun. 2019                                                           | <b>Representative of Masaichi Nakamura CPA Office</b> (present)<br><b>Outside Director (Audit and Supervisory Committee Member) of SCSK</b> (present)<br><b>External Corporate Auditor of Sumitomo Heavy Industries, Ltd.</b> (present)<br>Independent Director (Audit/Supervisory Committee Member) of Terumo Corporation (assuming) |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                               |                                                                                               |                                                                                                                                                                                                                                                                                                                                       |
| Mr. Masaichi Nakamura has specialized knowledge and experience as a certified public accountant. We believe that the experience and knowledge accumulated through his work qualifies him to audit the execution of duties by Directors from an objective standpoint, and we have thus selected him to be a candidate for the position of Outside Director that also serves as an Audit and Supervisory Committee Member.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                               |                                                                                               |                                                                                                                                                                                                                                                                                                                                       |
| Other matters concerning candidate Outside Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                               |                                                                                               |                                                                                                                                                                                                                                                                                                                                       |
| <ol style="list-style-type: none"> <li>SCSK has designated Mr. Masaichi Nakamura as an independent director that is unlikely to have any conflict of interest with respect to general shareholders and notified the Tokyo Stock Exchange, as we are obliged to do by the Exchange.</li> <li>SCSK has entered into a liability limitation agreement with Mr. Masaichi Nakamura 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. Masaichi Nakamura serves as an External Corporate Auditor at Sumitomo Heavy Industries, Ltd. Beginning in September 2018, the companies that comprise its corporate group were found to have been engaged in inappropriate inspections. Mr. Masaichi Nakamura was unaware of these activities until they came to light, and he had been providing advice from a compliance perspective at meetings of the Board of Directors of Sumitomo Heavy Industries. Furthermore, after this issue came to light, Mr. Masaichi Nakamura proceeded to help formulate measures for preventing reoccurrence and confirm their progress, to call for increased discipline and corporate ethics awareness throughout operations at meetings of the Board of Directors, and to otherwise perform his duties for preventing reoccurrence.</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.

## **Business report for FY2018 (April 1, 2018 to March 31, 2019)**

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

#### 1-1 Progress of Operations and Operating Results

In the fiscal year ended March 31, 2019, the Company judged that the domestic economy was experiencing an ongoing modest recovery trend stimulated by economic conditions that were beneficial despite the sluggish conditions in certain export and production sectors. Specific examples of strong conditions included an upward trend in capital investment for implementing labor-saving measures to address labor shortfalls and the continuous improvement of the job market, which drove up wages and spurred a gradual recovery in consumer spending.

Our outlook for the domestic economy projects that, in the midst of strong internal demand exhibited through capital investment and consumer spending, the modest recovery trend will continue.

However, a growing sense of uncertainty is plaguing the global political and economic climate. Prominent concerns include the risks of increased trade friction and economic recession in countries such as the United States and China stemming from the protectionist trade policies of the United States, issues surrounding the United Kingdom's decision to leave the European Union, the threat of economic downturn in emerging and resource-rich countries, the potential for fluctuations in financial capital markets, and geopolitical risks. Accordingly, ongoing scrutiny is imperative in judging economic trends for the purpose of making management decisions going forward.

In this environment, the IT services market experienced robust system demand for the purposes of automation, labor saving, and productivity improvement to address labor shortfalls through means including the implementation of working style reforms. We also saw the emergence of operational system upgrade demand aimed at addressing software and hardware that will be reaching the ends of their service periods and at transforming certain legacy systems into open systems.

At the same time, strategic IT investment demand, for applications such as reinforcing strategic businesses or securing a competitive edge, continues to rise among customer companies. In this manner, there was a general upward trend in overall IT investment demand.

In the manufacturing industry, there was a strong trend in demand for IoT-related projects as well as for automotive embedded software development projects, which are increasingly involving highly functional vehicles and electric automotive systems. In addition, we witnessed a robust deal flow in various areas of IT services businesses serving the manufacturing industry that was stimulated by a rise in demand for verification services for pre-market products, which are growing ever more sophisticated, and for business process outsourcing (BPO) services related to products and services.

In distribution, service, and other industries, IT services demand for reinforcing businesses showed a smooth rise, particularly among customer companies engaging in consumer businesses. This demand was largely associated with investment related to e-commerce, customer relationship management (CRM), and big data analysis for the purposes of enhancing digital marketing initiatives and facilitating omni-channel retailing.

In the financial industry, performance was impacted by the rebound from previously strong investment trends following the conclusion of large-scale development projects for certain financial institutions, and

numerous financial institutions limited their total investment expenditures in response to Japan's negative interest rate policy. Looking ahead, demand for IT investment for augmenting operations is expected to show robust growth going forward. Targets of this investment will include measures for realizing more sophisticated online banking and Internet services, such as the application of FinTech, artificial intelligence (AI), and other new IT technologies, as well as the diversification of payment methods and the reinforcement and expansion of overseas operations.

In addition, demand for various cloud-based IT services has been on the rise in IaaS, PaaS, and other IT infrastructure sectors against a backdrop of shortages of in-house IT engineers at customer companies and a strong appetite among these companies for investment to heighten operational efficiency. A similar increase was seen in demand for core systems and in demand for system operation outsourcing services and other IT services in the operational system field, although here it was limited to certain sectors.

In the fiscal year ended March 31, 2019, increases were achieved in net sales, operating profit, and ordinary profit as a result of the aforementioned strong operating environment and IT investment demand trends, making for the seventh consecutive year of higher sales and profit.

Net sales increased 6.5% year on year, to ¥358,654 million, due in part to robust performance in systems development businesses and in maintenance and operation and services businesses against a backdrop of brisk demand for IT investment among customers in the manufacturing and distribution industries, an area in which an upward trend in demand emerged during the second half of the fiscal year ended March 31, 2018, and continued on throughout the fiscal year ended March 31, 2019. In addition, system sales increased centered on communications industry customers.

Operating profit was up 10.9% year on year, to ¥38,378 million, due to the higher net sales coupled with improved profitability attributable to increased development productivity, which itself stemmed from efforts to boost work quality and streamline operations.

Ordinary profit grew 6.5%, to ¥38,650 million, as a result of the increase in operating profit. However, profit attributable to owners of parent decreased 14.1%, to ¥27,892 million, due to the absence of the extraordinary income recorded in the previous fiscal year in association with the transference of shares in QUO CARD Co., Ltd.



Consolidated business results for the period to March 31, 2019

(Millions of yen)

| Business Results by segment                        | FY2017<br>(50th Period) |                | FY2018<br>(51th Period) |                | Year-on-year change |                |
|----------------------------------------------------|-------------------------|----------------|-------------------------|----------------|---------------------|----------------|
|                                                    | Sales                   | Segment Profit | Sales                   | Segment Profit | Sales               | Segment Profit |
| Manufacturing & Telecommunication Systems Business | 38,404                  | 5,266          | 43,369                  | 6,346          | 4,965               | 1,079          |
| Distribution & Media Systems Business              | 58,176                  | 7,019          | 63,054                  | 6,599          | 4,877               | -420           |
| Financial Systems Business                         | 62,351                  | 6,290          | 63,932                  | 7,375          | 1,580               | 1,084          |
| Global System Solutions & Innovation Business      | 13,260                  | 2,243          | 15,560                  | 2,558          | 2,300               | 314            |
| Business Solutions                                 | 63,519                  | 4,645          | 68,198                  | 4,650          | 4,679               | 4              |
| IT Platform Solutions                              | 55,039                  | 6,176          | 59,058                  | 7,208          | 4,019               | 1,032          |
| IT Management                                      | 42,184                  | 5,096          | 44,780                  | 5,877          | 2,596               | 781            |
| Others                                             | 3,716                   | 378            | 699                     | -41            | -3,017              | -420           |
| Adjustments                                        | —                       | -2,515         | —                       | -2,196         | —                   | 318            |
| <b>Total</b>                                       | <b>336,654</b>          | <b>34,602</b>  | <b>358,654</b>          | <b>38,378</b>  | <b>22,000</b>       | <b>3,775</b>   |

(Notes) 1. A partial revision of the Company's segments was instituted in FY2018. Accordingly, the sales and segment income figures for FY2017 displayed above have been restated to reflect the revised segments.

2. Sales by segment indicate sales to outside customers.

3. Adjustments to segment income represent general corporate expenses that have not been allocated to the reported segments.

## Overview of business results by segment

### ○ Manufacturing & Telecommunication Systems Business

Sales ¥43,369 million Net sales increased 12.9% year on year, to ¥43,369 million, and segment  
Percentage of total: profit rose 20.5%, to ¥6,346 million. This segment benefited from the strong  
12.1% IT investment demand from automotive, electronic component, and  
construction industry customers seen throughout the fiscal year. In addition,  
orders from power and gas providers, which are included in this segment,  
continued to grow over the course of the fiscal year.

### ○ Distribution & Media Systems Business

Sales ¥63,054 million Net sales rose 8.4% year on year, to ¥63,054 million, following brisk orders  
Percentage of total: from customers in various industries engaged in consumer businesses and,  
17.6% on a customer industry basis, higher media system sales to communications  
industry customers. Segment profit, meanwhile, declined 6.0%, to ¥6,599  
million, due to a rise in business investment expenses and diminished  
profitability in systems sales.

### ○ Financial Systems Business

Sales ¥63,932 million Net sales rose 2.5% year on year, to ¥63,932 million, and segment profit  
Percentage of total: grew 17.2%, to ¥7,375 million, thanks to the commencement of projects  
17.8% targeting insurance industry customers and system upgrade demand from  
leasing industry customers, which offset the impacts of the rebound from  
the conclusion of large-scale projects.

### ○ Global System Solutions & Innovation Business

Sales ¥15,560 million Net sales were up 17.3% year on year, to ¥15,560 million, and segment  
Percentage of total: profit rose 14.0%, to ¥2,558 million, as a result of the steady flow of orders  
4.3% from the parent company and the strong performance of overseas  
consolidated subsidiaries.

### ○ Business Solutions

Sales ¥68,198 million Net sales increased 7.4% year on year, to ¥68,198 million, as a result of the  
Percentage of total: brisk demand for enterprise resource planning-related system upgrade  
19.0% investments and for outsourcing services as well as in service-oriented  
businesses. However, segment profit was relatively unchanged year on year  
at ¥4,650 million, due to the early depreciation of automotive systems basic  
software and other business assets.

### ○ IT Platform Solutions

Sales ¥59,058 million Net sales increased 7.3% year on year, to ¥59,058 million, and segment  
Percentage of total: profit rose 16.7%, to ¥7,208 million, due to increased sales of IT products to  
16.5% the manufacturing industry and hardware to academic research institutions.

○ IT Management

Sales ¥44,780 million      Net sales were up 6.2% year on year, to ¥44,780 million, and segment profit  
 Percentage of total:      grew 15.3%, to ¥5,877 million, thanks to firm demand for an array of  
 12.5%                              platform system development and cloud IT services.

○ Others

Sales ¥699 million      All shares of stock in QUO CARD Co., Ltd., were transferred on December  
 Percentage of total:      1, 2017, and this company therefore had no impact on performance in the  
 0.2%                              fiscal year ended March 31, 2019. As a result, net sales of ¥699 million, a  
                                                  year-on-year decrease of 81.2%, and segment loss of ¥41 million were  
                                                  recorded in the “Other” category.

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

| Sales by service type                        | FY2017<br>(50th Period)     |                            | FY2018<br>(51th Period)     |                            | Year-on-year change         |            |
|----------------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|------------|
|                                              | Amount<br>(millions of yen) | Percentage<br>of total (%) | Amount<br>(millions of yen) | Percentage<br>of total (%) | Amount<br>(millions of yen) | Change (%) |
| Systems Development                          | 128,387                     | 38.1                       | 140,092                     | 39.1                       | 11,704                      | 9.1        |
| System Maintenance and<br>Operation/Services | 129,071                     | 38.3                       | 134,132                     | 37.4                       | 5,061                       | 3.9        |
| Packaged Software/Hardware<br>Sales          | 76,247                      | 22.6                       | 84,430                      | 23.5                       | 8,182                       | 10.7       |
| Prepaid Card                                 | 2,948                       | 0.9                        | —                           | —                          | -2,948                      | -100.0     |
| Total                                        | 336,654                     | 100.0                      | 358,654                     | 100.0                      | 22,000                      | 6.5        |

In Systems Development, despite the absence of previously recorded large-scale development orders from certain financial industry customers, net sales rose 9.1%, to ¥140,092 million, due to solid performance in projects for customers in the manufacturing industry, the distribution industry, the financial industry, and the communications industry.

In System Maintenance and Operation / Services, as a result of strong performance in BPO services, particularly in the distribution and financial industries, combined with robust demand for core systems and various cloud services related to IT infrastructure, net sales increased 3.9%, to ¥134,132 million.

In Packaged Software / Hardware Sales, net sales increased 10.7%, to ¥84,430 million, due to solid trends in sales of network IT equipment to certain communications industry customers and sales of hardware for academic research institutions.

In Prepaid Card, all shares of stock in QUO CARD were transferred on December 1, 2017, and this company therefore had no impact on performance in the fiscal year ended March 31, 2019.

## 1-2 Procurement of Funds

### (1) Fund Procurements

In FY2018, we refinanced a total of ¥15,000 million in bank borrowings and, on September 14, 2018, issued ¥10,000 million worth of straight bonds.

### (2) Capital Investment

Capital investment by the SCSK Group totaled ¥15,163 million in FY2018.

### (3) Acquisition and Disposal of Stocks and Other Equity Holdings, Share Warrants, etc., in Other Companies

1. On December 5, 2018, the name of equity-method affiliate Asian Frontier Co., Ltd., was changed to Gran Manibus Co., Ltd. In addition, this company was converted from an equity-method affiliate into a non-consolidated equity-method subsidiary following the acquisition of additional shares of this company's stock on December 6, 2018.
  
2. JIEC Co., Ltd., and VeriServe Corporation were delisted from stock exchanges on April 18, 2019, and converted into wholly owned subsidiaries on April 23, 2019, following tender offers for the common shares of these companies' stock that took place over the period from February 1 to March 18, 2019, and a cash-out request issued on March 27, 2019.

### 1-3 Assets, Profits and Losses

#### (1) SCSK Group assets, profits and losses

| Category                                                             | FY2015<br>(48th Period) | FY2016<br>(49th Period) | FY2017<br>(50th Period) | FY2018<br>(51th Period) |
|----------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Sales (million yen)                                                  | 323,945                 | 329,303                 | 336,654                 | 358,654                 |
| Ordinary income (million yen)                                        | 33,610                  | 36,121                  | 36,291                  | 38,650                  |
| Net income attributable to parent company shareholders (million yen) | 26,956                  | 28,458                  | 32,488                  | 27,892                  |
| Net income per share (yen)                                           | 259.72                  | 274.16                  | 312.95                  | 268.64                  |
| Total assets (million yen)                                           | 352,676                 | 389,537                 | 303,914                 | 314,844                 |
| Net assets (million yen)                                             | 151,546                 | 173,674                 | 196,600                 | 194,468                 |
| Net assets per share (yen)                                           | 1,401.00                | 1,607.74                | 1,822.54                | 1,862.78                |

(Note) The value of net income per share is calculated from the average number of shares during the period under review. The value of net assets per share is calculated from the number of shares issued as of March 31, 2019 (excluding treasury stock).

#### (2) SCSK assets, profits and losses

| Category                      | FY2015<br>(48th Period) | FY2016<br>(49th Period) | FY2017<br>(50th Period) | FY2018<br>(51th Period) |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Sales (million yen)           | 256,115                 | 258,348                 | 263,069                 | 284,145                 |
| Ordinary income (million yen) | 25,423                  | 31,036                  | 29,043                  | 31,933                  |
| Net income (million yen)      | 22,737                  | 24,866                  | 31,960                  | 24,728                  |
| Net income per share (yen)    | 218.60                  | 239.04                  | 307.21                  | 237.66                  |
| Total assets (million yen)    | 294,152                 | 323,648                 | 293,694                 | 318,397                 |
| Net assets (million yen)      | 135,913                 | 153,080                 | 175,118                 | 189,484                 |
| Net assets per share (yen)    | 1,305.71                | 1,470.76                | 1,682.63                | 1,820.67                |

(Note) The value of net income per share is calculated from the average number of shares during the period under review. The value of net assets per share is calculated from the number of shares issued as of March 31, 2019 (excluding treasury stock).

## 1-4 Issues to be Addressed

### (1) Progress of Medium-Term Management Plan

The domestic IT services market is anticipated to continue to experience modest growth. At the same time, IT services companies will be pressed to undergo structural changes in order to respond to the diversification of companies' IT needs, the shift from system ownership to usage, the chronic lack of engineers in Japan, and other market conditions. SCSK views such market changes as opportunities for proactive growth, which prompted the Company to launch a medium-term management plan delineating the following three core strategies in April 2015.

#### (Core strategies)

##### 1. Shift to service-oriented businesses

SCSK is moving away from conventional business models, as represented by labor-intensive, contract development, and shifting toward service-oriented businesses that are not dependent on the supply of engineers. Through this shift, the Company aims to address the shortage of engineers in Japan and respond to the diversifying IT needs of customers. We also look to secure surplus growth potential to achieve the rapid growth and high profitability called for by the medium-term management plan. We leverage the intellectual properties cultivated to date as well as our industry-specific operational know-how to offer shared-use and pay-per-usage IT services and create other highly original, high-value-added services that are unique to SCSK. At the same time, SCSK is expanding its business through stable, long-term relationships with customers. These measures are part of our approach toward boosting SCSK's competitiveness.

#### Service Examples

##### - Desse Next-Generation Contact Center and Multilanguage AI-Powered Interactive Web Agent

Desse functions as a next-generation contact center for realizing smooth customer support in response to inquiries from a wide range of channels, including telephones, email, and social media, which have become more common forms of contact as use of smartphones and the Internet spread. In addition, this service features an automated response system that combines a voice recognition system and AI technologies in order to realize efficient user support for a variety of products and services.

##### - Next Trend Omni-Channel Retailing and Support Service for the Distribution Industry

Next Trend offers total support omni-channel systems, such as Internet and e-commerce systems and contact centers; analysis, planning, and implementation services for the sales and marketing fields; and data linkage and management analysis platforms for customer relationship management and customer management.

##### 2. Promote strategic businesses that capture the changing times

We will prioritize the allocation of management resources to growth industries and fields in which we can demonstrate our strengths, while being mindful of the future potential and growth potential of each area, in order to cultivate future core businesses.

## Automotive Software Systems Business

SCSK has a strong track record in the development of automotive systems for Japanese automakers. Leveraging this track record, we were among the first to begin model-based development, an approach that contributes to higher quality and efficiency in development, 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 AUTOSAR (AUTomotive Opn System ARchitecture), a standardized architecture for automotive software. We also began providing system develop support services at this time. SCSK is able to supply a full lineup of basic software that forms the foundation of automotive systems and model-based development services that support the development of automotive software systems. In this capacity, we will bolster our staff while investing in research and development and in our business so that SCSK can better contribute to increased competitiveness for Japan's automotive industry.

### 3. Enter into the second stage of global business expansion

SCSK is committed to capturing the IT services demand resulted from customers' overseas expansion efforts or, in other words, the trend toward Japanese companies growing their businesses overseas while maintaining their focus on the Japanese market (SCSK refers to the segment of the market represented by this demand as the "greater Japanese market"). To this end, we are implementing a global strategy of providing high-quality support based on Japanese standards in order to increase the ratio of sales from our global business. Furthermore, in October 2018 SCSK concluded a memorandum of understanding with FPT Corporation (head office: Hanoi, Vietnam), Vietnam's largest ICT company, pertaining to a comprehensive IT services business partnership in the Asia-Pacific region. Through this partnership, we aim to expand our business by bolstering our ability to supply engineers and expanding the scope of the services we provide in the Asia-Pacific region.

### (2) Response to Digital Transformations

Recent advancements in artificial intelligence, Internet of Things, and other digital technologies have stimulated a rise in demand for IT investment aimed at improving the efficiency of conventional operations as well as in aggressive IT investment for utilizing IT investments to boost competitiveness or to undertake digital business model transformations. Furthermore, digital technologies have triggered a rise in cross-industry, inter-company co-creation that goes beyond conventional frameworks to create new businesses and services. SCSK seeks to respond to this market change through an ongoing effort to enhance core businesses while shifting management resources to digital transformation-related fields. At the same time, we are reinforcing business foundations in these fields as we engage in co-creation with customers and deploy new services and solutions to generate new value for customers.

### 1. Enhancement of Business Operations through Manufacturing Innovations

SCSK established the DevOps Innovation Center in April 2019. This organization is tasked with carrying on prior efforts to create proprietary software engineering environments for Companywide application and accelerating initiatives that utilize these environments to realize development that does not entail as much effort and infrastructure that does not need a builder. Moreover, the center will play an important role in enhancing and expanding core businesses and in shifting management resources to digital transformation-related businesses.

## 2. Reinforcement of Business Foundations in Digital Transformation-Related Fields

Established in November 2018, the DX & Innovation Business Committee is responsible for formulating strategies and promoting commercialization efforts in digital transformation-related fields. This committee is complemented by the DX Center, a dedicated organization established in April 2019 to broaden our insight into digital technologies and their application, bolster our digital technology-related staff, and otherwise reinforce our business foundations in digital transformation-related fields. The DX Center is a central organization in SCSK's promotion of digital transformations. It is thus tasked with utilizing digital technologies to support the transformation of customers' business models and processes, developing new services and solutions employing SCSK's intellectual properties, and establishing new businesses through co-creation with customers and parent company Sumitomo Corporation.

## 3. Partnership with Plug and Play

In November 2018, SCSK concluded a partnership agreement with Plug and Play (head office: Sunnyvale, California, United States), a world-leading venture capital and accelerator firm that supports start-ups together with major companies. The goal of this partnership is to enhance and expand upon the Group's operations in existing service and technological fields. Through this partnership, we will seek to gain information and insight from Plug and Play's U.S. head office while creating business opportunities primarily in digital transformation-related fields.

### (3) Human Resource Development and Workplace Cultivation

Changes in the domestic IT services market are driving diversification in the types of IT human resources needed. It can therefore be expected that there will be a rise in demand for human resources that are talented at creating value, by supporting the innovation of customers' businesses or working with customers to create new value, along with demand for traditional human resources adept at resolving issues. SCSK thus sees a need to implement human resource development measures that are matched to the changing market while helping all of its employees better exercise their talents and individuality and feel energized in their work. Through these efforts, we aim to realize a virtuous cycle in which we generate higher value for customers and are thereby able to achieve more substantial corporate performance and growth and subsequently issue greater returns to stakeholders. This is one of the reasons we are focused on cultivating a workplace environment in which employees can more easily exercise their talents.

As part of our efforts on this front, we are promoting health and productivity management and working style reforms, which are focused on reducing overtime work, encouraging employees to use their paid vacation days, and implementing a remote work program that allows employees to work at home or at other



locations. Other examples of working style reforms include programs that support employees in balancing their work with childrearing or nursing care, systems enabling employees to take side jobs, the implementation and expansion of employee career development support programs, and the cultivation of workplace environments that are conducive to work by employees of all ages, genders, physical and mental capacities, and nationalities. We continue to expand the scope of our working styles reforms while promoting such reforms.

These efforts and their results have earned recognition from a variety of organizations. For example, SCSK was selected for inclusion among other companies that promote ongoing, Companywide diversity management in the Diversity Management Selection 100 Prime program sponsored by the Ministry of Economy, Trade and Industry. SCSK also received the Human Resources Prize at the NIKKEI Smart Work Awards 2019 organized by Nikkei Inc. as well as a special encouragement award in the Minister of Health, Labour and Welfare's awards for enterprises that promote telework. Furthermore, the Company has been granted the Nadeshiko Brand and Health and Productivity Management Brand designations, organized jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, for five consecutive years.

### 1-5 Major Businesses (as of March 31, 2019)

SCSK provides IT infrastructure, application development, business process outsourcing, and other services through coordination between its Manufacturing & Telecommunication Systems Business, Distribution & Media Systems Business, Financial Systems Business, Global System Solutions & Innovation Business, Business Solutions, IT Platform Solutions, IT Management, and other segments.

### 1-6 Major Branches (as of March 31, 2019)

#### (1) Major SCSK offices

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

#### (2) Main offices of important subsidiaries, etc.

The main offices of important subsidiaries are those listed in (3) 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    |
|------------------|------------------------|
| 12,365 people    | Increase of 311 people |

| Segment                                            | No. of employees |
|----------------------------------------------------|------------------|
| Manufacturing & Telecommunication Systems Business | 1,263 people     |
| Distribution & Media Systems Business              | 882 people       |
| Financial Systems Business                         | 2,271 people     |
| Global System Solutions & Innovation Business      | 540 people       |
| Business Solutions                                 | 3,781 people     |
| IT Platform Solutions                              | 777 people       |
| IT Management                                      | 1,764 people     |
| Others                                             | 1,087 people     |
| Total                                              | 12,365 people    |

(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 |
|------------------|----------------------|--------------------|------------------------------|
| 7,280 people     | Increase of 7 people | 43 years, 4 months | 18 years, 5 months           |

## 1-7 Information Regarding Status of Parent Company and Important Subsidiaries (as of March 31, 2019)

### (1) Status of Parent Company

Our parent company is Sumitomo Corporation. At the end of the year under review, Sumitomo Corporation held 52,697,000 of the Company's shares (capital contribution ratio of 50.58%). Sales to the parent company mostly involve software development, data processing, 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. For software development, the Company submits price estimates based on market prices and cost ratios, and price negotiations take place with regard to every project, after which appropriate and fair decisions are made based on rational judgments.

#### 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, deliberations with regard to major transactions with the parent company are carried out as necessary at meetings of the Board of Directors, which are attended by the Company's four Outside Directors. Through these deliberations, it has been decided that such transactions do not go against the interests of the Company.

In regard to transactions with the parent company, reports on applicable transactions are periodically submitted to the Governance Committee, which is membered by a majority of Outside Directors that are designated as independent directors and external experts that are independent from the Company. 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) Status of Important Subsidiaries

| Company name                       | Location                   | Equity         | Capital contribution ratio (%) | Main business                                                                            |
|------------------------------------|----------------------------|----------------|--------------------------------|------------------------------------------------------------------------------------------|
| 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   | 82.63                          | EC Fulfillment services                                                                  |
| JIEC Co., Ltd.                     | Shinjuku-ku, Tokyo         | ¥674 million   | 97.90                          | Design and building of data systems where fundamental technology is the core competence  |
| 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 Ltd.                 | 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                                                 |
| SCSK ServiceWare Corporation       | Koto-ku, Tokyo             | ¥100 million   | 100.00                         | Contact center services and BPO services                                                 |
| VeriServe Corporation              | Shinjuku-ku, Tokyo         | ¥792 million   | 94.77                          | Product verification services and security verification services, etc.                   |
| Allied Engineering Corporation     | Koto-ku, Tokyo             | ¥242 million   | 100.00                         | Consulting and Package Software sales and development                                    |
| CSI SOLUTIONS Corporation          | Shinjuku-ku, Tokyo         | ¥210 million   | 100.00                         | System integration, and the sale and maintenance of hardware, etc.                       |
| WinTechnology Corporation          | Shinjuku-ku, Tokyo         | ¥100 million   | 100.00                         | Consulting in Windows platforms, system design and development, and maintenance services |
| 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                                                  |
| SCSK Nearshore Systems Corporation | Koto-ku, Tokyo             | ¥100 million   | 100.00                         | Software development and maintenance services                                            |

(Note) We have a total of 20 consolidated subsidiaries, including important subsidiaries listed above.

#### 1-8 Principal Lenders and Loans Payable (as of March 31, 2019)

| Name of lender                      | Loans payable (in millions of yen) |
|-------------------------------------|------------------------------------|
| Sumitomo Mitsui Trust Bank, Ltd.    | 4,500                              |
| Sumitomo Mitsui Banking Corporation | 4,500                              |
| MUFG Bank, Ltd.                     | 3,500                              |
| Mizuho Bank Co., Ltd.               | 2,500                              |
| Total                               | 15,000                             |

#### 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 on whether to pay dividends lies with the Board of Directors. The Company has chosen to issue a year-end dividend of ¥50 per share, which will make for a full-year dividend of ¥100 per share when including the previously issued interim dividend of ¥50 per share. In addition, we will issue a commemorative dividend of ¥20 per share to commemorate the 50th anniversary of SCSK's founding, which will be celebrated in October 2019, and to express our appreciation to shareholders. As a result, the dividend for FY2019 will total ¥130 per share when combining the ordinary dividend of ¥110 per share with the commemorative dividend of ¥20 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

200,000,000 shares

### 2-2 Total Number of Shares Issued

104,051,299 shares  
(excluding 130,504 shares of treasury stock)

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

28,694 people

### 2-4 Top 10 Shareholders

| Name of shareholder                                                                        | Shares owned | Shareholding ratio |
|--------------------------------------------------------------------------------------------|--------------|--------------------|
|                                                                                            | Shares       | %                  |
| Sumitomo Corporation                                                                       | 52,697,159   | 50.65              |
| Japan Trustee Services Bank, Ltd. (trust account)                                          | 6,632,300    | 6.37               |
| The Master Trust Bank of Japan, Ltd. (trust account)                                       | 3,998,800    | 3.84               |
| SCSK Group Employee Stock Ownership Association                                            | 2,464,250    | 2.37               |
| BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDE C/ABERDEEN STANDARD SICAV I CLIENT ASSETS | 1,079,000    | 1.04               |
| Argo Graphics Inc.                                                                         | 1,015,500    | 0.98               |
| Japan Trustee Services Bank, Ltd. (trust account 5)                                        | 1,014,900    | 0.98               |
| Japan Trustee Services Bank, Ltd. (trust account 7)                                        | 967,000      | 0.93               |
| THE BANK OF NEW YORK 133972                                                                | 877,500      | 0.84               |
| JAPAN POST INSURANCE Co., Ltd.                                                             | 870,400      | 0.84               |

(Note) The amount of treasury stock is excluded from the calculation of the shareholding ratios of the top 10 shareholders listed above. The shareholding ratio is calculated by dividing the number of shares held by shareholder by the number of shares outstanding (shares outstanding = total number of issued shares - treasury stock).

### 3. Important Matters Regarding New Stock Acquisition Rights, etc., of the Company

Matters regarding stock acquisition rights by company officers, etc., as of March 31, 2019

• Overview of stock acquisition rights (share-based remuneration)

| Date of issuance    | Number of new stock acquisition rights | Type and number of shares subject to the new stock acquisition rights | Number of new shares per stock acquisition right | Issuing price    | Amount to be paid for the exercise of each new acquisition right | Exercise period                      |
|---------------------|----------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|------------------|------------------------------------------------------------------|--------------------------------------|
| July 27, 2007 (2nd) | 6 rights                               | 600 ordinary shares                                                   | 100 shares                                       | No consideration | ¥1                                                               | From July 28, 2007, to July 26, 2027 |
| July 29, 2008 (4th) | 13 rights                              | 1,300 ordinary shares                                                 | 100 shares                                       | No consideration | ¥1                                                               | From July 30, 2008, to July 28, 2028 |
| July 30, 2009 (6th) | 57 rights                              | 5,700 ordinary shares                                                 | 100 shares                                       | No consideration | ¥1                                                               | From July 31, 2009, to July 29, 2029 |
| July 30, 2010 (8th) | 117 rights                             | 11,700 ordinary shares                                                | 100 shares                                       | No consideration | ¥1                                                               | From July 31, 2010, to July 29, 2030 |

(Note) The amount to be paid for the exercise of each new stock acquisition right shall be the product of the exercise price per share and the number of shares conveyed by each right.

• Numbers of Company officers and holdings of stock acquisition rights (share-based remuneration) by Company officers (by classification)

| Date of issuance    | Directors (excluding Audit and Supervisory Committee Members and Outside Directors) |               | Outside Directors (excluding Audit and Supervisory Committee Members) |               | Directors (Audit and Supervisory Committee Members) |               | Executive officers (excluding Directors) |               |
|---------------------|-------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------|---------------|-----------------------------------------------------|---------------|------------------------------------------|---------------|
|                     | No. of holders                                                                      | No. of rights | No. of holders                                                        | No. of rights | No. of holders                                      | No. of rights | No. of holders                           | No. of rights |
| July 27, 2007 (2nd) | 1 person                                                                            | 6 rights      | 0 people                                                              | 0 rights      | 0 people                                            | 0 rights      | 0 person                                 | 0 rights      |
| July 29, 2008 (4th) | 1 person                                                                            | 13 rights     | 0 people                                                              | 0 rights      | 0 people                                            | 0 rights      | 0 person                                 | 0 rights      |
| July 30, 2009 (6th) | 1 people                                                                            | 13 rights     | 0 people                                                              | 0 rights      | 0 people                                            | 0 rights      | 4 people                                 | 44 rights     |
| July 30, 2010 (8th) | 2 people                                                                            | 53 rights     | 0 people                                                              | 0 rights      | 0 people                                            | 0 rights      | 4 people                                 | 64 rights     |

## 4. Particulars Regarding the Company's Officers

### 4-1 Directors and Corporate Auditors

| Name              | Position in the Company                                       | Significant concurrently held posts                                                                                                              |
|-------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Masao Tabuchi     | *1 Director                                                   |                                                                                                                                                  |
| Tooru Tanihara    | *1 Director                                                   |                                                                                                                                                  |
| Daisuke Mikogami  | *1 Director                                                   | Managing Executive Officer of Sumitomo Corporation; Assistant General Manager, Media & Digital Business Unit                                     |
| Tetsuya Fukunaga  | Director                                                      | Outside Director of Argo Graphics Inc.                                                                                                           |
| Koji Tamefusa     | Director                                                      | Executive Officer of Sumitomo Corporation; Assistant General Manager, Media & Digital Business Unit                                              |
| Toshikazu Nambu   | Director                                                      | Senior Managing Executive Officer of Sumitomo Corporation; General Manager, Media & Digital Business Unit                                        |
| Akira Tsuyuguchi  | Director                                                      | President & CEO of Sumitomo Mitsui Auto Service Company, Ltd.; President & CEO of SMA Support Co., Ltd.; President & CEO of SMAS Fleet Co., Ltd. |
| Kiyoto Matsuda    | *2 Director                                                   | Chairman of the Board of TOPAZ CAPITAL, INC.; Outside Director of SANYO SHOKAI LTD.; Outside Director of Hotto Link Inc.                         |
| Yasunori Anzai    | Director (Audit and Supervisory Committee Member) (full-time) | Assistant General Manager, Media & Digital Business Unit, Sumitomo Corporation                                                                   |
| Kimitoshi Yabuki  | *2 Director (Audit and Supervisory Committee Member)          | Partner of Yabuki Law Offices; Outside Director of SUMITOMO LIFE INSURANCE COMPANY                                                               |
| Masaichi Nakamura | *2 Director (Audit and Supervisory Committee Member)          | Representative of Nakamura Masaichi CPA Office; External Corporate Auditor of Sumitomo Heavy Industries, Ltd.                                    |
| Kazuko Shiraishi  | *2 Director (Audit and Supervisory Committee Member)          | External Director of MODEC, Inc.                                                                                                                 |

- (Notes) 1. \*1 = Representative Director (Mr. Daisuke Mikogami resigned from his position as a Representative Director on March 31, 2019.)
2. \*2 = Outside Director, as defined by laws and regulations
3. Director Kiyoto Matsuda and Directors (Audit and Supervisory Committee Members) Mr. Kimitoshi Yabuki, Mr. Masaichi Nakamura, and Mrs. Kazuko Shiraishi are independent officers 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.
4. 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.
5. 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), Executive Officers, and other 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. Other than those listed above, there are no relationships between the Company and any entities at which Outside Directors hold significant posts that require disclosure.
7. Officers holding significant concurrent posts not listed above: not applicable



Changes during the fiscal year under review

1. New appointments      Appointed June 26, 2018  
                                  Masao Tabuchi (Director)  
                                  Toshikazu Nambu (Director) (part time)  
                                  Kazuko Shiraishi (Director (Audit and Supervisory Committee Member))  
                                  (part time)
2. Retirements              Retired June 26, 2018  
                                  Michihiko Kanegae (Director)  
                                  Masatoshi Endo (Director)  
                                  Hiroyuki Koike (Director) (part time)  
                                  Yoshiharu Takano (Director (Audit and Supervisory Committee Member))  
                                  Shigeki Yasunami (Director (Audit and Supervisory Committee Member)) (part  
                                  time)  
                                  Yuko Yasuda (Director (Audit and Supervisory Committee Member)) (part time)  
                                  Shigenobu Aikyo (Director (Audit and Supervisory Committee Member)) (part  
                                  time)

Executive Officers of the Company

The positions and/or areas of responsibility of numerous Executive Directors have been revised, effective April 1, 2019. Shown below are posts/assignments as of March 31, 2019 (before the revision) and April 1, 2019 (current status).

| Current position in company<br>(as of April 1, 2019) | Name               | Areas of responsibility and significant posts concurrently held                                                                                                         |                                                                                                                                                                         |
|------------------------------------------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                    | As of March 31, 2019                                                                                                                                                    | As of April 1, 2019 (current)                                                                                                                                           |
| Chairman* <sup>1</sup> ,<br>Chief Executive Officer  | Masao Tabuchi      |                                                                                                                                                                         | Chief Health Officer                                                                                                                                                    |
| President* <sup>1</sup><br>Chief Operating Officer   | Tooru Tanihara     |                                                                                                                                                                         |                                                                                                                                                                         |
| Executive Vice President                             | Masanori Furunuma  | General Manager, Sales Coordination Group                                                                                                                               | General Manager, Sales Coordination Group                                                                                                                               |
| Executive Vice President                             | Shozo Hirose       | General Manager, Financial Systems Business Group; Director of JIEC Co., Ltd.                                                                                           | DX & Innovation Business Officer; General Manager (DX & Innovation Business Center, Research & Development Center); Director of JIEC Co., Ltd.                          |
| Senior Managing Executive Officer                    | Tatsuyasu Kumazaki | General Manager (Accounting); General Manager, Accounting Group; Director of JIEC Co., Ltd.; Director (Audit and Supervisory Committee Member) of VeriServe Corporation | General Manager (Accounting); General Manager, Accounting Group; Director of JIEC Co., Ltd.; Director (Audit and Supervisory Committee Member) of VeriServe Corporation |
| Senior Managing Executive Officer* <sup>1</sup>      | Tetsuya Fukunaga   | General Manager (Finance & Risk Management Group and in charge of IR); General Manager of Finance & Risk Management Group; Outside Director of Argo Graphics Inc.       | Corporate Coordination Officer; General Manager (Finance & Business Investment Promotion); Outside Director of Argo Graphics Inc.                                       |

| Current position in company<br>(as of April 1, 2019) | Name             | Areas of responsibility and significant posts concurrently held                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                            |
|------------------------------------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                  | As of March 31, 2019                                                                                                                                                                                                                                                                                                                                                                                                                         | As of April 1, 2019 (current)                                                                                                                                              |
| Senior Managing Executive Officer                    | Masatoshi Endo   | Officer in charge (SE Plus Center, Development Center, Purchasing and Business Coordination); Assistant General Manager, Manufacturing & Telecommunication Systems Business Group (in charge of PMO); Assistant General Manager, Distribution & Media Systems Business Group (in charge of PMO); Assistant General Manager, Financial Systems Business Group (in charge of PMO); Chairman of the Board of SCSK Nearshore Systems Corporation | MONOKAKU Officer; General Manager (SE Plus Center, Development Center, MONOKAKU Center); Chairman of the Board of SCSK Nearshore Systems Corporation                       |
| Senior Managing Executive Officer                    | Kei Kato         | General Manager, Global System Solutions & Innovation Business Group; General Manager, Global Business Development Group                                                                                                                                                                                                                                                                                                                     | General Manager, Global System Solutions & Innovation Business Group; Deputy General Manager (DX & Innovation Business Center, Research & Development Center)              |
| Managing Executive Officer                           | Toshiaki Kudo    | Deputy General Manager, Financial Systems Business Group; General Manager, Financial Systems Business Division V                                                                                                                                                                                                                                                                                                                             | General Manager, Financial Systems Business Group                                                                                                                          |
| Managing Executive Officer                           | Tetsuya Ueda     | General Manager, IT Management Group; General Manager, Automotive Systems Business Division, Business Solutions Group                                                                                                                                                                                                                                                                                                                        | General Manager, IT Management Group                                                                                                                                       |
| Managing Executive Officer                           | Hideki Tazai     | President of SCSK ServiceWare Corporation                                                                                                                                                                                                                                                                                                                                                                                                    | General Manager, Business Solutions Group; General Manager, Contact Center Services Business Division; Chairman of the Board of SCSK ServiceWare Corporation               |
| Managing Executive Officer                           | Makoto Nakamura  | Deputy General Manager, Financial Systems Business Group; General Manager, Financial Systems Business Division I; in charge of Automotive Systems Technology, Business Solutions Group                                                                                                                                                                                                                                                       | General Manager, Mobility Systems Group; General Manager, Business Promotion Division                                                                                      |
| Managing Executive Officer                           | Atsushi Watanabe | General Manager, Distribution & Media Systems Business Group                                                                                                                                                                                                                                                                                                                                                                                 | General Manager, Distribution & Media Systems Business Group                                                                                                               |
| Managing Executive Officer                           | Takashi Shinjo   | General Manager, IT Platform Solutions Group                                                                                                                                                                                                                                                                                                                                                                                                 | General Manager, IT Platform Solutions Group                                                                                                                               |
| Managing Executive Officer                           | Yasushi Shimizu  | Director and Executive Vice President of SCSK ServiceWare Corporation                                                                                                                                                                                                                                                                                                                                                                        | President of SCSK ServiceWare Corporation                                                                                                                                  |
| Managing Executive Officer                           | Takaaki Touma    | General Manager, Manufacturing & Telecommunication Systems Business Group                                                                                                                                                                                                                                                                                                                                                                    | General Manager, Manufacturing & Telecommunication Systems Business Group                                                                                                  |
| Managing Executive Officer*2                         | Tatsuro Tamura   | —                                                                                                                                                                                                                                                                                                                                                                                                                                            | General Manager (Corporate Planning)                                                                                                                                       |
| Managing Executive Officer*2                         | Yasuo Sugahara   | —                                                                                                                                                                                                                                                                                                                                                                                                                                            | General Manager (Legal & Risk Management)                                                                                                                                  |
| Managing Executive Officer                           | Hisanao Takei    | General Manager (SE Plus Center, Development Center, Purchasing and Business Coordination, Information Systems); General Manager, Development Center                                                                                                                                                                                                                                                                                         | General Manager (Information Systems, Purchasing and Business Coordination); General Manager, Purchasing and Business Coordination Group; General Manager, MONOKAKU Center |
| Senior Executive Officer                             | Yoshinori Imai   | General Manager, Financial Systems Sales Coordination Division, Sales Coordination Group                                                                                                                                                                                                                                                                                                                                                     | General Manager, Financial Systems Sales Coordination Division, Sales Coordination Group                                                                                   |

| Current position in company<br>(as of April 1, 2019) | Name                | Areas of responsibility and significant posts concurrently held                                                                                                                  |                                                                                                                                                                         |
|------------------------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                     | As of March 31, 2019                                                                                                                                                             | As of April 1, 2019 (current)                                                                                                                                           |
| Senior Executive Officer                             | Shigehiro Seki      | General Manager, Manufacturing Systems Business Division, Manufacturing & Telecommunication Systems Business Group                                                               | General Manager, Manufacturing Systems Business Division, Manufacturing & Telecommunication Systems Business Group                                                      |
| Senior Executive Officer                             | Koichi Naito        | General Manager, Business Promotion Division, IT Management Group                                                                                                                | General Manager, Business Promotion Division, Manufacturing & Telecommunication Systems Business Group                                                                  |
| Senior Executive Officer                             | Yoshinori Kawashima | Representative Director and President of CSI SOLUTIONS Corporation                                                                                                               | Representative Director and President of CSI SOLUTIONS Corporation                                                                                                      |
| Senior Executive Officer                             | Akihiko Harima      | General Manager (Human Resources); General Manager, Human Resources Group                                                                                                        | General Manager (Human Resources)                                                                                                                                       |
| Senior Executive Officer                             | Takayuki Okuhara    | General Manager, Business Development Division, Sales Coordination Group; General Manager, SC Business Development Division, Global System Solutions & Innovation Business Group | General Manager, DX & Innovation Business Center; General Manager, SC Business Development Division, Global System Solutions & Innovation Business Group                |
| Senior Executive Officer                             | Tadashi Miyagawa    | General Manager, Telecommunication & Public Sector Systems Business Division, Manufacturing & Telecommunication Systems Business Group                                           | General Manager, Telecommunication & Public Sector Systems Business Division, Manufacturing & Telecommunication Systems Business Group                                  |
| Senior Executive Officer                             | Takaya Yamamoto     | General Manager, Financial Systems Business Division II, Financial Systems Business Group                                                                                        | General Manager, Financial Systems Business Division I, Financial Systems Business Group                                                                                |
| Senior Executive Officer                             | Koji Watanabe       | General Manager, Automotive Systems Business Division, Business Solutions Group                                                                                                  | General Manager, Mobility Systems Division I, Mobility Systems Group                                                                                                    |
| Senior Executive Officer                             | Toshihiko Mitsuishi | General Manager, Financial Systems Business Division III, Financial Systems Business Group                                                                                       | General Manager, Financial Systems Business Division III, Financial Systems Business Group                                                                              |
| Senior Executive Officer                             | Yukihiko Saito      | General Manager, AMO Business Division I, Business Solutions Group                                                                                                               | General Manager, AMO Business Division I, Business Solutions Group                                                                                                      |
| Senior Executive Officer                             | Yasuhiko Oka        | General Manager, Legal, General Affairs, Corporate Communications & CSR Group                                                                                                    | General Manager (General Affairs, IR, Corporate Communications & Sustainability); General Manager; General Affairs, IR, Corporate Communications & Sustainability Group |
| Senior Executive Officer                             | Mineo Yokoyama      | General Manager, Nishinohon Industrial Systems Business Division II, Manufacturing & Telecommunication Systems Business Group; General Manager, Nishinohon Office                | General Manager, Nishinohon Industrial Systems Business Division I, Manufacturing & Telecommunication Systems Business Group; General Manager, Nishinohon Office        |
| Senior Executive Officer                             | Hiroyuki Komiya     | General Manager, Strategy Solutions Sales Coordination Division, Sales Coordination Group                                                                                        | General Manager, Strategy Solutions Sales Coordination Division, Sales Coordination Group                                                                               |
| Executive Officer                                    | Kan Takahashi       | General Manager, Business Promotion Division, Deputy General Manager, Financial Systems Business Division I, Financial Systems Business Group                                    | General Manager, Business Promotion Division, Financial Systems Business Group                                                                                          |
| Executive Officer                                    | Naoki Ike           | General Manager, Engineering Solutions Division, IT Platform Solutions Group                                                                                                     | General Manager, Engineering Solutions Division, IT Platform Solutions Group                                                                                            |

| Current position in company<br>(as of April 1, 2019) | Name               | Areas of responsibility and significant posts concurrently held                                                                                                                   |                                                                                                                                                                                   |
|------------------------------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                    | As of March 31, 2019                                                                                                                                                              | As of April 1, 2019 (current)                                                                                                                                                     |
| Executive Officer                                    | Eri Kawanabe       | General Manager, Business Promotion Division, Deputy General Manager, Global Business Development Division, Global System Solutions & Innovation Business Group;                  | General Manager, Business Promotion Division, Global System Solutions & Innovation Business Group                                                                                 |
| Executive Officer                                    | Akira Yamano       | General Manager, Research & Development Center                                                                                                                                    | General Manager, Research & Development Center                                                                                                                                    |
| Executive Officer                                    | Toshiya Uchida     | General Manager, Distribution Systems Division III, Distribution & Media Systems Business Group                                                                                   | General Manager, Distribution & Media Business Division III, Distribution & Media Systems Business Group                                                                          |
| Executive Officer                                    | Kazuhiko Abe       | General Manager, SC Systems Business Division, Global System Solutions & Innovation Business Group; Deputy General Manager, Global Business Development Group                     | General Manager, SC Systems Business Division, Global System Solutions & Innovation Business Group; Deputy General Manager, Global Business Development Division                  |
| Executive Officer                                    | Hiroyuki Miyagawa  | General Manager, Chubu IT Platform Solutions Business, IT Platform Solutions Group; General Manager, Chubu Office                                                                 | General Manager, Chubu and Kansai IT Platform Solutions Division, IT Platform Solutions Group; General Manager, Chubu Office                                                      |
| Executive Officer                                    | Junichi Horie      | General Manager, Financial Systems Business Division VI, Deputy General Manager, Financial Systems Business Division I, Financial Systems Business Group                          | General Manager, Financial Systems Business Division II, Deputy General Manager, Financial Systems Business Division I, Financial Systems Business Group                          |
| Executive Officer                                    | Kenji Toda         | General Manager, Chubu Industrial Systems Business Division, Manufacturing & Telecommunication Systems Business Group; General Manager, Business Promotion Division, Chubu Branch | General Manager, Chubu Industrial Systems Business Division, Manufacturing & Telecommunication Systems Business Group; General Manager, Business Promotion Division, Chubu Branch |
| Executive Officer                                    | Ken Takano         | General Manager, IT Architecture Integration Division, IT Management Group; Officer in charge of promotion of ITM linkage, Distribution & Media Systems Business Group            | General Manager, IT Architecture Integration Division, IT Management Group; Officer in charge of promotion of ITM linkage, Distribution & Media Systems Business Group            |
| Executive Officer                                    | Hideyuki Miyashita | Representative Director and President of SCSK Kyushu Corporation                                                                                                                  | Representative Director and President of SCSK Kyushu Corporation                                                                                                                  |
| Executive Officer                                    | Masahiro Otani     | General Manager, ProActive Business Solutions Division, Business Solutions Group                                                                                                  | General Manager, ProActive Business Solutions Division, Business Solutions Group                                                                                                  |
| Executive Officer                                    | Tomishige Tamura   | General Manager, IT Management Services Division, IT Management Group; Officer in charge of promotion of ITM linkage, Manufacturing & Telecommunication Systems Business Group    | General Manager, IT Management Services Division I, IT Management Group; Representative Director and President of SCSK SYSTEM MANAGEMENT CORPORATION                              |
| Executive Officer                                    | Masaaki Mori       | General Manager, Media Systems Business Division, Distribution & Media Systems Business Group                                                                                     | General Manager, Distribution & Media Business Division I, Distribution & Media Systems Business Group                                                                            |
| Executive Officer                                    | Takaaki Ishida     | General Manager, SE Plus Center                                                                                                                                                   | General Manager, SE Plus Center; Deputy General Manager, MONOKAKU Center                                                                                                          |

| Current position in company<br>(as of April 1, 2019) | Name                 | Areas of responsibility and significant posts concurrently held                                                                                                                               |                                                                                                                                                                                                |
|------------------------------------------------------|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                      | As of March 31, 2019                                                                                                                                                                          | As of April 1, 2019 (current)                                                                                                                                                                  |
| Executive Officer                                    | Shoji Shiuchi        | General Manager, Nishinohon Industrial Systems Business Division I, Manufacturing & Telecommunication Systems Business Group; General Manager, Business Promotion Division, Nishinohon Branch | General Manager, Nishinohon Industrial Systems Business Division II, Manufacturing & Telecommunication Systems Business Group; General Manager, Business Promotion Division, Nishinohon Branch |
| Executive Officer*2                                  | Kenji Ichiba         | —                                                                                                                                                                                             | General Manager, Global Business Development Division, Global System Solutions & Innovation Business Group; Director of JIEC Co., Ltd.; Director of VeriServe Corporation                      |
| Executive Officer*2                                  | Shu Wei              | —                                                                                                                                                                                             | Regional Officer, China & Asia; Managing Director of SCSK Asia Pacific Pte. Ltd.; Chairman of SCSK Shanghai Limited                                                                            |
| Executive Officer*2                                  | Shunichiro Fukushima | —                                                                                                                                                                                             | General Manager, Corporate Planning Group                                                                                                                                                      |
| Executive Officer*2                                  | Tomoo Kawana         | —                                                                                                                                                                                             | General Manager, Legal & Risk Management Group                                                                                                                                                 |
| Executive Officer*2                                  | Ikuo Uchiyama        | —                                                                                                                                                                                             | General Manager, Mobility Systems Division II, Mobility Systems Group                                                                                                                          |

- (Notes) 1. \*1 = Serves jointly as Executive Officer and Director  
2. \*2 = Newly seated as Executive Officer on April 1, 2019  
3. Listed below are Executive Officers who retired as of March 31, 2019.

| Position at retirement            | Name             | Areas of responsibility at retirement                                                                                               |
|-----------------------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Executive Vice President          | Masahiko Suzuki  | General Manager, Business Solutions Group; General Manager (Research & Development Center)                                          |
| Executive Vice President          | Daisuke Mikogami | Officer in charge (Information Systems); General Manager (Corporate Planning, AI Strategies)                                        |
| Senior Managing Executive Officer | Koji Tamefusa    | Officer in charge (Human Resources); General Manager (Legal, General Affairs, Corporate Communications & CSR); Chief Health Officer |
| Senior Executive Officer          | Yoshimi Jouo     | General Manager, Kyushu IT Platform Solutions Division, IT Platform Solutions Group; General Manager, Kyushu Office                 |
| Senior Executive Officer          | Noboru Itoh      | General Manager, Distribution Systems Business Division I, Distribution & Media Systems Business Group                              |
| Senior Executive Officer          | Yuji Ueno        | General Manager, IT Engineering Division, IT Platform Solutions Group                                                               |
| Senior Executive Officer          | Takashi Mizuno   | General Manager, Information Systems Group                                                                                          |

#### 4-2 Total Remuneration, etc., Paid to Company Officers in the Fiscal Year

| Category                                                                                        | No. of payees           | Total amount of remuneration, etc. |
|-------------------------------------------------------------------------------------------------|-------------------------|------------------------------------|
| Directors<br>(excluding Audit and Supervisory Committee Members)<br>(of whom Outside Directors) | 11 people<br>(1 person) | ¥351 million<br>(¥11 million)      |
| Directors<br>(Audit and Supervisory Committee Members)<br>(of which Outside Directors)          | 8 people<br>(7 people)  | ¥71 million<br>(¥45 million)       |
| Total                                                                                           | 19 people               | ¥422 million                       |

- (Notes) 1. The upper limit on officer remuneration as determined upon resolution at the General Meeting of Shareholders (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).
2. No Outside Directors received officer remuneration, etc., from the parent company, etc., or from a subsidiary, etc., of the parent company, etc.

#### 4-3 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 4-1, Directors and Corporate Auditors.

#### 4-4 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 |
|------------------------------------------------------|-------------------|-------------------------------------------|--------------------------------------------------------|
| Director                                             | Kiyoto Matsuda    | 13/13                                     | —                                                      |
| Director<br>(Audit and Supervisory Committee Member) | Kimitoshi Yabuki  | 12/13                                     | 14/16                                                  |
| Director<br>(Audit and Supervisory Committee Member) | Masaichi Nakamura | 12/13                                     | 16/16                                                  |
| Director<br>(Audit and Supervisory Committee Member) | Kazuko Shiraishi  | 11/11                                     | 13/13                                                  |

Directors voice opinions regarding all areas of management at meetings of the Board of Directors from their unique perspectives and based on the extensive experience and insight gained through management and other positions. In addition, Kimitoshi Yabuki, Masaichi Nakamura, and Kazuko Shiraishi voice opinions on all areas of auditing processes from the perspectives of operational compliance and appropriateness and based on their extensive experience and insight at meetings of the Audit and Supervisory Committee. Furthermore, the individuals mentioned above engage in exchanges of opinion with the Independent Auditor and offer suggestions as necessary.

#### 4-5 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.

## 5. Matters Regarding the Independent Auditor

### 5-1 Name

KPMG AZSA LLC

### 5-2 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                                            | ¥163 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) | ¥259 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 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 preparation of comfort letters and the provision of guidance and advice regarding International Financial Reporting Standards).
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.

### 5-3 Policy for Determination of Dismissal or Non-reappointment

In the event there is a significant adverse effect on the execution of the Independent Auditor's duties, due to reasons such as an Independent Auditor being suspended from practice by the authorities, and the situation is judged to be irremediable, the Audit and Supervisory Committee's policy is to submit a proposal to the General Meeting of Shareholders recommending that the Independent Auditor in question be dismissed or not be reappointed.

In addition, 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.

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



## Consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

| Assets                                  |                | Liabilities                                           |                |
|-----------------------------------------|----------------|-------------------------------------------------------|----------------|
| <b>Current assets</b>                   | <b>201,007</b> | <b>Current liabilities</b>                            | <b>72,525</b>  |
| Cash and deposits                       | 21,170         | Notes and accounts payable- trade                     | 22,087         |
| Notes and accounts receivable-trade     | 74,698         | Short-term loans payable                              | 15,000         |
| Lease receivables and investment assets | 334            | Lease obligations                                     | 843            |
| Merchandise and finished goods          | 7,831          | Income taxes payable                                  | 4,898          |
| Work in process                         | 360            | Provision for bonuses                                 | 5,910          |
| Raw materials and supplies              | 117            | Provision for directors' bonuses                      | 57             |
| Deposits paid                           | 85,028         | Provision for loss on construction contracts          | 228            |
| Other                                   | 11,496         | Other                                                 | 23,499         |
| Allowance for doubtful accounts         | -31            |                                                       |                |
| <b>Noncurrent assets</b>                | <b>113,837</b> | <b>Non-current liabilities</b>                        | <b>47,850</b>  |
| <b>Property, plant and equipment</b>    | <b>70,833</b>  | Bonds payable                                         | 40,000         |
| Buildings and structures, net           | 43,566         | Lease obligations                                     | 1,909          |
| Tools, furniture and fixtures, net      | 9,233          | Provision for directors' retirement benefits          | 20             |
| Land                                    | 14,169         | Net defined benefit liability                         | 2,902          |
| Leased assets, net                      | 1,552          | Asset retirement obligations                          | 2,779          |
| Construction in progress                | 2,310          | Long-term lease and guarantee deposited               | 154            |
| Other, net                              | 0              | Other                                                 | 83             |
|                                         |                | <b>Total liabilities</b>                              | <b>120,375</b> |
| <b>Intangible assets</b>                | <b>8,208</b>   | <b>Net assets</b>                                     |                |
| Goodwill                                | 53             | <b>Shareholders' equity</b>                           | <b>195,681</b> |
| Other                                   | 8,155          | <b>Capital stock</b>                                  | <b>21,152</b>  |
|                                         |                | <b>Retained earnings</b>                              | <b>175,223</b> |
| <b>Investments and other assets</b>     | <b>34,794</b>  | <b>Treasury shares</b>                                | <b>-694</b>    |
| Investment securities                   | 11,773         | <b>Accumulated other comprehensive income</b>         | <b>-2,269</b>  |
| Long-term prepaid expenses              | 1,563          | Valuation difference on available-for-sale securities | 2,076          |
| Lease and guarantee deposits            | 6,759          | Deferred gains or losses on hedges                    | -21            |
| Deferred tax assets                     | 13,709         | Foreign currency translation adjustment               | -182           |
| Other                                   | 1,042          | Remeasurements of defined benefit plans               | -4,141         |
| Allowance for doubtful accounts         | -53            | <b>Subscription rights to shares</b>                  | <b>40</b>      |
|                                         |                | <b>Non-controlling interests</b>                      | <b>1,015</b>   |
|                                         |                | <b>Total net assets</b>                               | <b>194,468</b> |
| <b>Total assets</b>                     | <b>314,844</b> | <b>Total liabilities and net assets</b>               | <b>314,844</b> |

## Consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

| Subject                                                       | Amount        |
|---------------------------------------------------------------|---------------|
| Net sales                                                     | 358,654       |
| Cost of sales                                                 | 269,912       |
| <b>Gross profit</b>                                           | <b>88,742</b> |
| Selling, general and administrative expenses                  | 50,363        |
| <b>Operating profit</b>                                       | <b>38,378</b> |
| Non-operating income                                          | 1,061         |
| Interest income                                               | 65            |
| Dividend income                                               | 71            |
| Share of profit of entities accounted for using equity method | 750           |
| Other                                                         | 173           |
| Non-operating expenses                                        | 789           |
| Interest expenses                                             | 115           |
| Loss on sales of investment securities                        | 2             |
| Bond issuance cost                                            | 48            |
| Subsidiary stock acquisition-related cost                     | 495           |
| Other                                                         | 128           |
| <b>Ordinary profit</b>                                        | <b>38,650</b> |
| Extraordinary income                                          | <b>1,443</b>  |
| Gain on sales of non-current assets                           | 371           |
| Gain on sales of investment securities                        | 1,024         |
| Gain on sales of memberships                                  | 0             |
| Gain on step acquisitions                                     | 47            |
| Extraordinary losses                                          | 615           |
| Loss on retirement of non-current assets                      | 57            |
| Loss on sales of non-current assets                           | 44            |
| Loss on sales of investment securities                        | 1             |
| Loss on sales of membership                                   | 0             |
| Compensation expenses                                         | 294           |
| Disaster loss                                                 | 217           |
| <b>Profit before income taxes</b>                             | <b>39,477</b> |
| Income taxes-current                                          | 6,567         |
| Income taxes-deferred                                         | 4,221         |
| <b>Profit</b>                                                 | <b>28,688</b> |
| Profit attributable to non-controlling interests              | 796           |
| <b>Profit attributable to owners of parent</b>                | <b>27,892</b> |

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

# Non-consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

| Assets                                                         |                | Liabilities                                                  |                |
|----------------------------------------------------------------|----------------|--------------------------------------------------------------|----------------|
| <b>Current assets</b>                                          | <b>174,378</b> | <b>Current liabilities</b>                                   | <b>83,870</b>  |
| Cash and deposits                                              | 8,962          | Accounts payable-trade                                       | 19,357         |
| Notes                                                          | 532            | Short-term loans payable                                     | 15,000         |
| Accounts receivable                                            | 61,021         | Lease obligations                                            | 831            |
| Lease investment assets                                        | 334            | Accounts payable                                             | 5,183          |
| Merchandise and finished goods                                 | 7,633          | Expenses payable                                             | 1,099          |
| Work in process                                                | 174            | Income taxes payable                                         | 3,922          |
| Raw materials and supplies                                     | 110            | Consumption taxes payable                                    | 166            |
| Advance payments-trade                                         | 292            | Advances received                                            | 9,786          |
| Prepaid expenses                                               | 8,720          | Deposits received                                            | 24,957         |
| Deposits paid                                                  | 83,511         | Provision for bonuses                                        | 3,119          |
| Short-term loans receivable from subsidiaries and associates   | 949            | Provision for directors' bonuses                             | 53             |
| Other                                                          | 2,149          | Provision for loss on construction contracts                 | 206            |
| Allowance for doubtful accounts                                | -12            | Asset retirement obligations                                 | 157            |
|                                                                |                | Other                                                        | 30             |
| <b>Noncurrent assets</b>                                       | <b>144,018</b> | <b>Noncurrent liabilities</b>                                | <b>45,042</b>  |
| <b>Property, plant and equipment</b>                           | <b>68,846</b>  | Bonds payable                                                | 40,000         |
| Buildings                                                      | 41,944         | Lease obligation                                             | 1,886          |
| Structures                                                     | 336            | Provision for directors' retirement benefits                 | 7              |
| Vehicles                                                       | 0              | Provision for retirement benefits                            | 453            |
| Tools, furniture and fixtures, net                             | 8,517          | Asset retirement obligations                                 | 1,816          |
| Land                                                           | 14,169         | Long-term lease guarantee deposited                          | 877            |
| Leased assets, net                                             | 1,521          |                                                              |                |
| Construction in progress                                       | 2,356          |                                                              |                |
| <b>Intangible fixed assets</b>                                 | <b>6,478</b>   | <b>Total liabilities</b>                                     | <b>128,913</b> |
| Goodwill                                                       | 53             | <b>Net assets</b>                                            |                |
| Software                                                       | 6,277          | <b>Shareholders' equity</b>                                  | <b>187,477</b> |
| Leased assets                                                  | 28             | <b>Capital stock</b>                                         | <b>21,152</b>  |
| Telephone subscription rights                                  | 117            | <b>Capital surplus</b>                                       | <b>1,299</b>   |
| Right of using facilities                                      | 0              | Legal capital surplus                                        | 1,299          |
| Trademark rights                                               | 0              | <b>Retained earnings</b>                                     | <b>165,301</b> |
| <b>Investment and other assets</b>                             | <b>68,692</b>  | Legal retained earnings                                      | 3,988          |
| Investment securities                                          | 4,788          | Other retained earnings                                      | 161,313        |
| Shares of subsidiaries and associates                          | 41,353         | General reserve                                              | 23,310         |
| Investments in other securities of subsidiaries and associates | 53             | Retained earnings brought forward                            | 138,003        |
| Long-term loans receivable from employees                      | 33             | <b>Treasury shares</b>                                       | <b>-277</b>    |
| Long-term prepaid expenses                                     | 1,515          | <b>Valuation and translation adjustments</b>                 | <b>1,966</b>   |
| Lease and guarantee deposits                                   | 5,669          | <b>Valuation difference on available-for-sale securities</b> | <b>1,987</b>   |
| Deferred tax assets                                            | 10,979         | <b>Deferred gains or losses on hedges</b>                    | <b>-21</b>     |
| Membership rights                                              | 195            | <b>Subscription rights to shares</b>                         | <b>40</b>      |
| Lease investment assets                                        | 787            |                                                              |                |

|                                 |                |                                         |                |
|---------------------------------|----------------|-----------------------------------------|----------------|
| Prepaid pension cost            | 3,354          |                                         |                |
| Other                           | 12             |                                         |                |
| Allowance for doubtful accounts | -49            | <b>Total net assets</b>                 | <b>189,484</b> |
| <b>Total assets</b>             | <b>318,397</b> | <b>Total liabilities and net assets</b> | <b>318,397</b> |

## Non-consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

| Subject                                      | Amount        |
|----------------------------------------------|---------------|
| Sales                                        | 284,145       |
| Cost of sales                                | 213,669       |
| <b>Gross profit</b>                          | <b>70,476</b> |
| Selling, general and administrative expenses | 40,065        |
| <b>Operating income</b>                      | <b>30,411</b> |
| Non-operating income                         | 1,739         |
| Interest income                              | 27            |
| Dividend income                              | 1,498         |
| Other                                        | 214           |
| Non-operating expenses                       | 217           |
| Interest expenses                            | 46            |
| Interest on bonds                            | 68            |
| Bond issuance cost                           | 48            |
| Other                                        | 52            |
| <b>Ordinary income</b>                       | <b>31,933</b> |
| Extraordinary income                         | 1,395         |
| Gain on sales of non-current assets          | 371           |
| Gain on sales of investment securities       | 1,024         |
| Gain on sales of memberships                 | 0             |
| Extraordinary loss                           | 602           |
| Loss on retirement of non-current assets     | 43            |
| Loss on sales of non - current assets        | 44            |
| Loss on sales of investment securities       | 1             |
| Loss on sales of membership                  | 0             |
| Compensation expenses                        | 294           |
| Disaster loss                                | 217           |
| <b>Profit before income taxes</b>            | <b>32,727</b> |
| Income taxes-current                         | 3,970         |
| Income taxes-deferred                        | 4,028         |
| <b>Profit</b>                                | <b>24,728</b> |

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

# **Independent Auditor's Report**

May 13, 2019

The Board of Directors  
SCSK Corporation

KPMG AZSA LLC

Atsuji Maeno (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Isao Kamizuka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Shinya Mikami (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements of SCSK for the 51th fiscal year from April 1, 2018 to March 31, 2019 in accordance with Article 444, Section 4 of the Companies Act.

## **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 consolidated financial statements that are free from material misstatements, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as the Independent Auditor. We conducted our audit in accordance with auditing standards generally accepted to be fair and appropriate in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected are based on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, although the objective of the consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is appropriate and sufficient to provide a basis for our audit opinion.

**Opinion**

In our opinion, the 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 and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

**Relationships of Interest**

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

# **Independent Auditor's Report**

May 13, 2019

The Board of Directors  
SCSK Corporation

KPMG AZSA LLC

Atsuji Maeno (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Isao Kamizuka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Shinya Mikami (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

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 for the 51th fiscal year from April 1, 2018 to March 31, 2019 in accordance with Article 436, Section 2, Paragraph 1 of the Companies Act.

## **Management's Responsibility for the Non-consolidated Financial Statements and Others**

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and supplementary schedules 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 and supplementary schedules that are free from material misstatements, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit as the Independent Auditor. We conducted our audit in accordance with auditing standards generally accepted to be fair and appropriate in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected are based on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and supplementary schedules, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in order to design audit procedures that are appropriate for the circumstances, although the objective of the non-consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is appropriate and sufficient to provide a basis for our audit opinion.



**Opinion**

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

**Relationships of Interest**

Our firm and engagement partners have no interest in the Company which should be disclosed 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 51st fiscal year from April 1, 2018, to March 31, 2019. 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, 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 balance sheet, the consolidated statement of income, the consolidated statements of changes 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 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 14 2019

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

(Notes) 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 Monday, June 24, 2019.

## II. Exercising Voting Rights Electronically

### 1. 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.

### 2. 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.

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

Although it is acceptable to exercise voting rights electronically until 5:30 p.m. on Monday June 24, 2019, 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)