

April 28, 2020

To whom it may concern,

SCSK Corporation

Notification of Establishment of SCSK Group Medium-Term Management Plan (FY2020–FY2022)

Goal of Becoming “Co-Creative IT Company in 2030”

SCSK Corporation (Head Office: Koto-ku, Tokyo; Representative Director, President and Chief Operating Officer: Tooru Tanihara; hereinafter SCSK) announces the establishment of SCSK Group Medium-Term Management Plan (FY2020–FY2022).

The advent of a digital society has created a need for sweeping structural changes across the IT services industry. Recognizing that this situation requires the SCSK Group to undergo drastic transformation, we have clarified the social significance of the SCSK Group and the vision it should aspire to over the long term. The new medium-term management plan has been positioned as the first step toward accomplishing this vision.

1. Overview of Management Plan

The SCSK Group views sustainability management as a growth strategy.

Looking ahead, achieving ongoing growth for the SCSK Group will require a long-term perspective accounting for the values of various stakeholders and the social impacts of companies and by management that contributes to the resolution of social issues.

Moreover, we have defined material issues for the SCSK Group for the purpose of encouraging reflection on and implementation of our corporate philosophy of “Create Our Future of Dreams” by illustrating a long-term growth vision. Based on the direction of put forth by these material issues, the SCSK Group established Grand Design 2030, a vision for the Group in 2030, and the new medium-term management plan, a roadmap for the accomplishment of this vision.



2. Implementation of Corporate Philosophy—Material Issues

Adhering to its corporate philosophy of “Create Our Future of Dreams,” the SCSK Group has consistently engaged in management that values employees and that emphasizes contributions

to society from a forward-looking perspective. In conjunction the establishment of the new medium-term management plan, the Group defined seven material issues that indicate social issues to be addressed by implementing the corporate philosophy based on the Group’s business and strengths and its role in society.

Achieving Sustainable Business Growth with Society

- Innovating for a Brighter Society
- Building Trust for a Safe and Secure Society
- Creating an Inclusive Society

Foundation Supporting Sustainable Growth

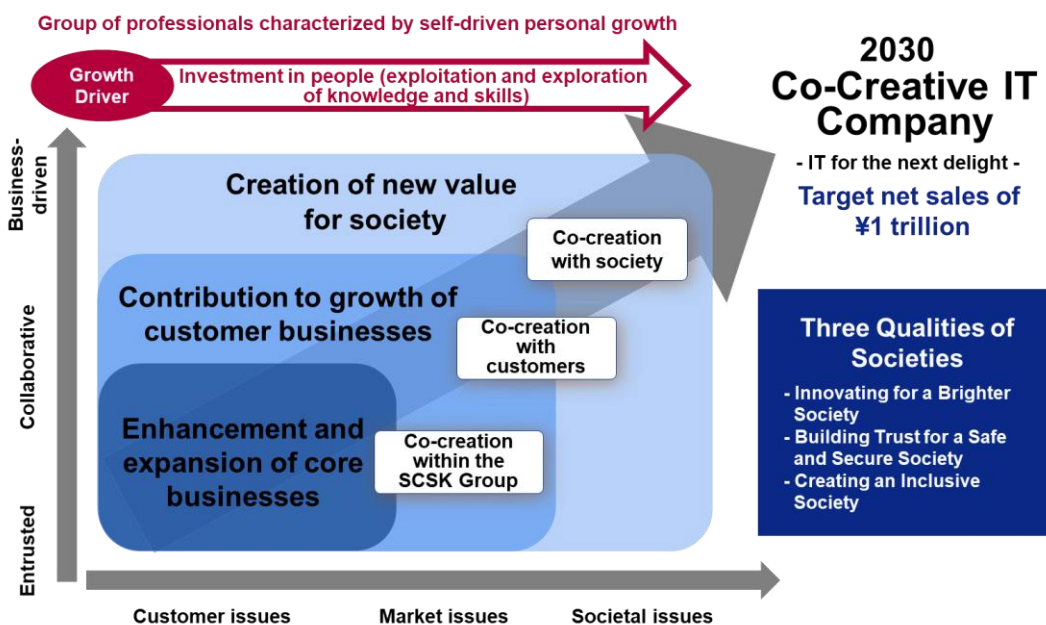
- Global Environmental Contributions
- Diverse Team of Professionals
- Sustainable Value Chain
- Transparent Governance

Note: For more information, please refer to “SCSK Group Specifies Seven Material Issues for Implementing Its Corporate Philosophy”.

https://www.scsk.jp/ir_en/news/2020/pdf/20200428_2e.pdf

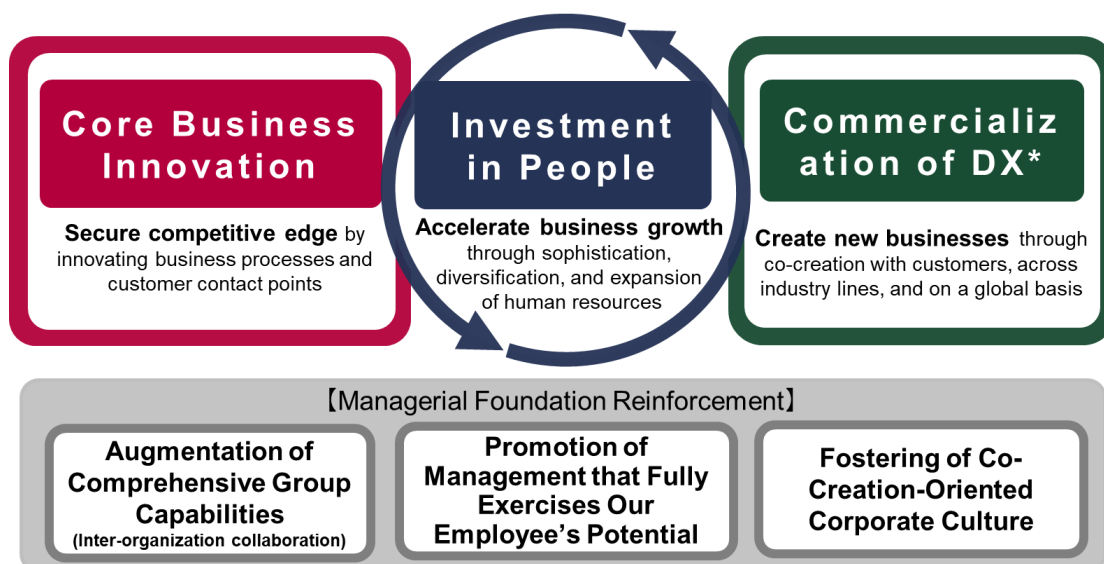
3. Grand Design 2030

Positioning the corporate philosophy and material issues as the SCSK Group’s purpose, we will pursue our vision of becoming a co-creative IT company in 2030 with the goal of achieving sustainable development together with society. This undertaking will see the Group expanding the creation of value for customers and society through its core IT services businesses and advancing self-driven social value creation initiatives as it seeks to grow together with customers and society. Through these efforts, we aim to achieve net sales of ¥1 trillion in the fiscal year ending March 31, 2031.



4. SCSK Group Medium-Term Management Plan (FY2020–FY2022)

As the first step toward accomplishing its vision of becoming a co-creative IT company in 2030, the SCSK Group will advance the following three core strategies and managerial foundation reinforcement measures over the three-year period beginning with the fiscal year ending March 31, 2021, and thereby expand its business on a global scale.



Core Strategy 1: Core Business Innovation—Secure Competitive Edge by Innovating Business Processes and Customer Contact Points in Core Businesses

- Business processes: Provide diverse IT services boasting high levels of quality, productivity, and flexibility centered on S-Cred⁺*1 proprietary *Monozukuri* innovation platform (*Monozukuri* innovations)
- Customer contact points: Transform subdivisions^{*2} from full-time support organizations to value-co-creating organizations supporting customer business and IT strategies (subdivision innovations)

*1 S-Cred+ = Smart Co-work on Relationship, Engineering and Design Plus

*2 Subdivisions = Bases positioned on customer premises on a full-time basis

Core Strategy 2: Commercialization of DX—Create New Businesses through Co-Creation with Customers, Across Industry Lines, and on a Global Basis

- Co-create new value through approach of driving businesses while leveraging strengths of core SCSK Group businesses
- Advance initiatives for commercializing digital transformations with an eye to co-creation with customers, cross-industry co-creation targeting specific industries, and global co-creation with Sumitomo Corporation etc.
- Examine potential for business creation in four priority fields of mobility, financial services platforms, healthcare, and customer experiences (increase and revise priority fields on an ongoing basis)

Core Strategy 3: Investment in People—Accelerate Business Growth Through Sophistication, Diversification, and Expansion of Human Resources

- Accelerate business growth through proactive investments in human resources—the SCSK Group’s greatest asset and growth driver—with particular focus on the following three targets:
 - Reinvention of SCSK’s human resource systems
 - Co-creative organization development spurred by diverse human resources
 - Expanding of worldwide human resources

Managerial Foundation Reinforcement: Construction of Foundations for Supporting Three Core Strategies

▪ Augmentation of Comprehensive Group Capabilities

- Combine the SCSK Group’s diverse resources and insight to create substantial value and exercise comprehensive Group capabilities that other companies cannot mimic

▪ Promotion of Management that Fully Exercise Our Employee’s Potential

- Contribute to the “creating an inclusive society” as defined in material issues
- Increase work motivation and engagement alongside prior health and productivity management and workplace comfort improvement initiatives

▪ Fostering of Co-Creation-Oriented Corporate Culture

- Foster culture of autonomously linking and merging individual strengths to evolve SCSK Group into a conglomerate that can co-create value

Investment Targets

- Continue proactive investment stance targeting three-year total of ¥100.0 billion for advancing core strategies in pursuit of ongoing growth

Management Targets

	FY2019		FY2022
Net Sales	387.0	→	500.0 or more
Operating Profit Margin	10.9%	→	10.0 – 12.0%
ROE	15.6%	→	15.0% or more

*ROIC maintenance target level: 10 – 12 %

Note: For more information, please refer to “SCSK Group Medium-Term Management Plan(April 2020 – March 2023)” .

https://www.scsk.jp/ir_en/library/archives/pdf/scsk/20200428_presentation_e_1.pdf

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