



# Medium-Term Management Plan

2021-2024

## CHALLENGE NEXT 100

14 May 2021

**Sankyo Seiko Co., Ltd.**

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# 01 CORPORATE PHILOSOPHY

## - Mission -

As a company that invests in the culture of living, SSC Group will contribute to improving the quality of life of people and to the realization of a prosperous and hopeful society.

### **Company for People**

We will create an environment where all employees are confident, proud, free and creative

### **Company for Challenges**

We will continue to take on endless challenges in every aspect in order to improve people's way of life

### **Company of Mutual Coexistence**

We wish for the development of all our business partners and related companies through mutual cooperation

### **Company with Social Responsibility**

We will contribute to society with stable and expanding management by sincerely following social ethics and norms

# 02 IDEAL IMAGE OF THE COMPANY

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## - Vision -

We will make new values that keep moving with the times and will become commonplace in the future.

SSC Group aim to stay innovative by having each employee think and implement what they can do for children who will live in the next 100 years.

# Innovation

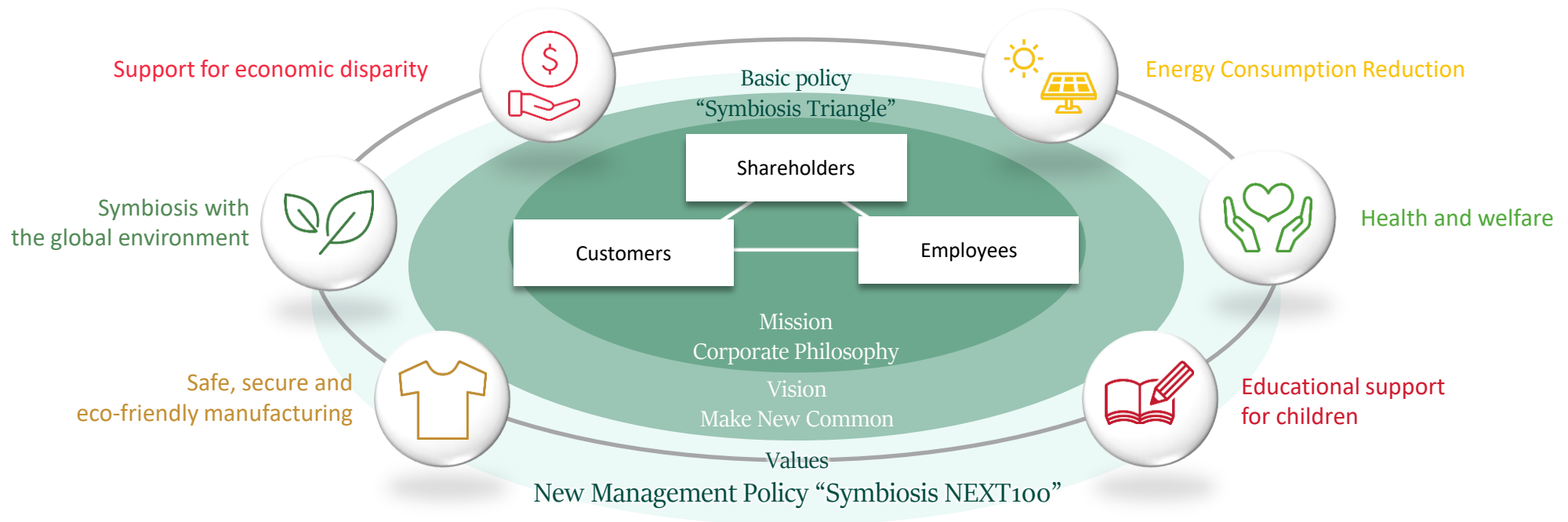
## - Tomorrow's World Today

for children who will live in the next 100 years.

# 03 MANAGEMENT POLICY

## - Values -

SSC Group will develop the basic policy of symbiosis of our shareholders, customers, and employees, establish a new management policy “Symbiosis NEXT100” which seeks to harmonize with society, and identify our materiality. We will promote SDGs management from a long-term perspective in order to tackle all the issues of society surrounding our group, aiming to make the world sustainable.



# 04 BASIC STRATEGY

SSC Group has formulated a medium-term management plan “Challenge NEXT 100” up until the fiscal year ending March 2024. We will increase corporate value by strategic investment with our strengths and reinforcement of the business infrastructure.

## Asian Market

Focusing on the brand business in the Asian market

- ❑ To increase sales of the “DAKS” brand
- ❑ Further investment to upgrade the “DAKS” brand
- ❑ New market development

## Digital Transformation

Building up a new business model through DX

- ❑ Focusing on the online sale activity
- ❑ Promotion of the digital marketing
- ❑ Expansion of sales channels

## Company-Wide Strategy

Maximum use of management resources and organizational change across groups

- ❑ Human Resources Management Strategy
- ❑ Financial Strategy
- ❑ Cross-Group Strategy

2024

CHALLENGE NEXT 100

# 05 DIVISIONAL STRATEGY

## FASHION BUSINESS

### BASIC POLICY

- ① Focusing on the Asian Market
- ② Sales Expansion Through DX
- ③ Sustainability

#### Group Companies Belonging

Sankyo Seiko Co., Ltd. / Sankyo Seiko Fashion Service Co., Ltd. / Hokuriku Sankyo Seiko Co., Ltd.  
DAKS Simpson Ltd. / Sankyo Seiko (Asia Pacific) Co., Ltd.

#### Main Measures

### 1 Focusing on the Asian Market

- ▶ Opening new concept stores in major cities in Asia
- ▶ Accelerating store openings in China (Goal: 50 stores)
- ▶ Development of “DAKS 10” line

### 2 Sales Expansion Through DX

- ▶ Online sales for 20% of domestic sales
- ▶ Omni-channel

### 3 Sustainability

- ▶ Increasing the percentage of fixed-price sales to 70%
- ▶ Charity events
- ▶ Sustainable Products

# 05 DIVISIONAL STRATEGY

## TEXTILE BUSINESS

### BASIC POLICY

- ① Reinforcement of Efforts to Businesses other Than Apparel
- ② “China +1”
- ③ Sales Expansion Through Digital Transformation (DX)

Group company belonging  
Sankyo Seiko Apparel Fashion Co., Ltd.

### Main Measures

#### 1 Reinforcement of Efforts to Businesses other Than Apparel

- ▶ Development of on trend outdoor products
- ▶ Expansion of miscellaneous goods reflecting the stay-home demands

#### 2 “China +1”

- ▶ Reduction of the risk of relying on China as a production base
- ▶ Expand sales channels in Asia

#### 3 Sales Expansion Through DX

- ▶ Expanding global sales channels by focusing on the online sale activity
- ▶ Establishment of QR code system



# 05 DIVISIONAL STRATEGY

## REAL ESTATE BUSINESS

### BASIC POLICY

- ① Improving the Asset Value and Profitability of Real Estates We Own
- ② Improvement of Occupancy Rate of Event Halls We Own
- ③ Coexistence with the Local Community

#### Group companies belonging

Sankyo Seiko Co., Ltd. / San Lets Co., Ltd.

Yokohama Textile Club Co., Ltd. / Hokuriku Sankyo Seiko Co., Ltd.

#### Main Measures

### 1 Improving the Asset Value and Profitability of Real Estates We Own

- ▶ Environmentally friendly capital investment to real estate owned

### 2 Improvement of Occupancy Rate of Event Halls We Own

- ▶ Proposal of various utilization methods

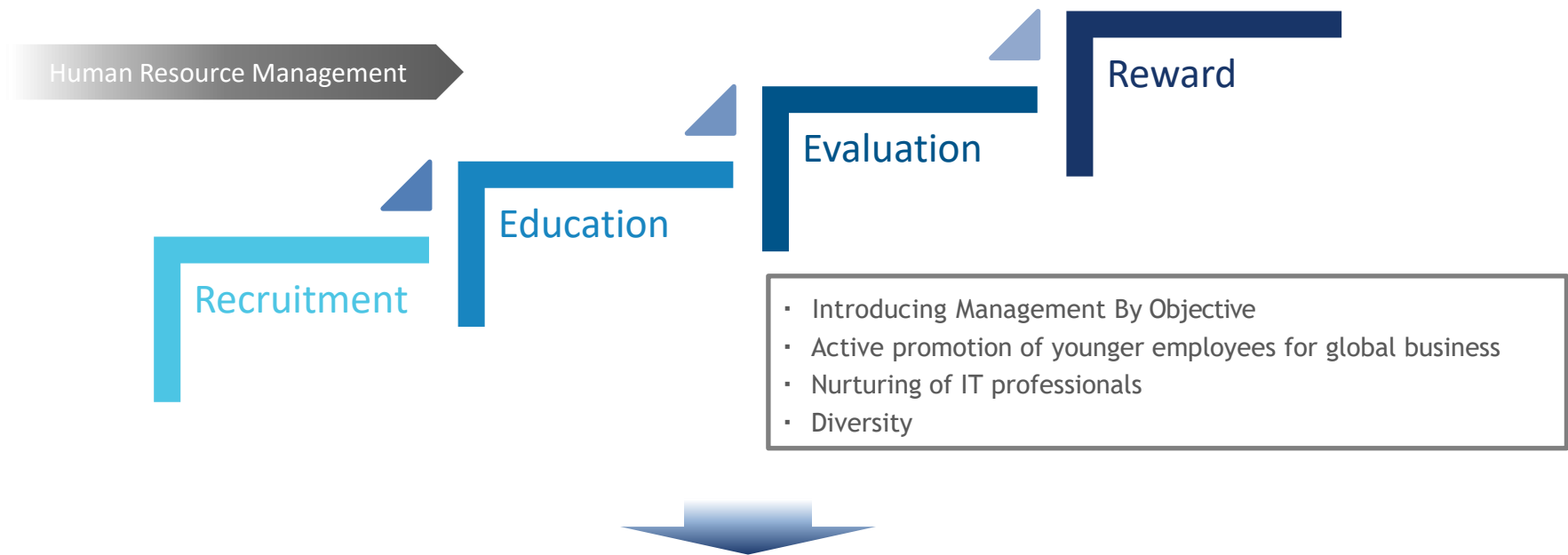
### 3 Coexistence with the Local Community

- ▶ Making better use of Sunrise Bld. In Osaka / Tokyo

# 06 COMPANY-WIDE STRATEGY

## Human Resource Management Strategy

Positioning “Employees” as the most important management resource, we will promote the development of professional human resources. We aim to be a high-quality minority elite group by effectively utilizing human resources.

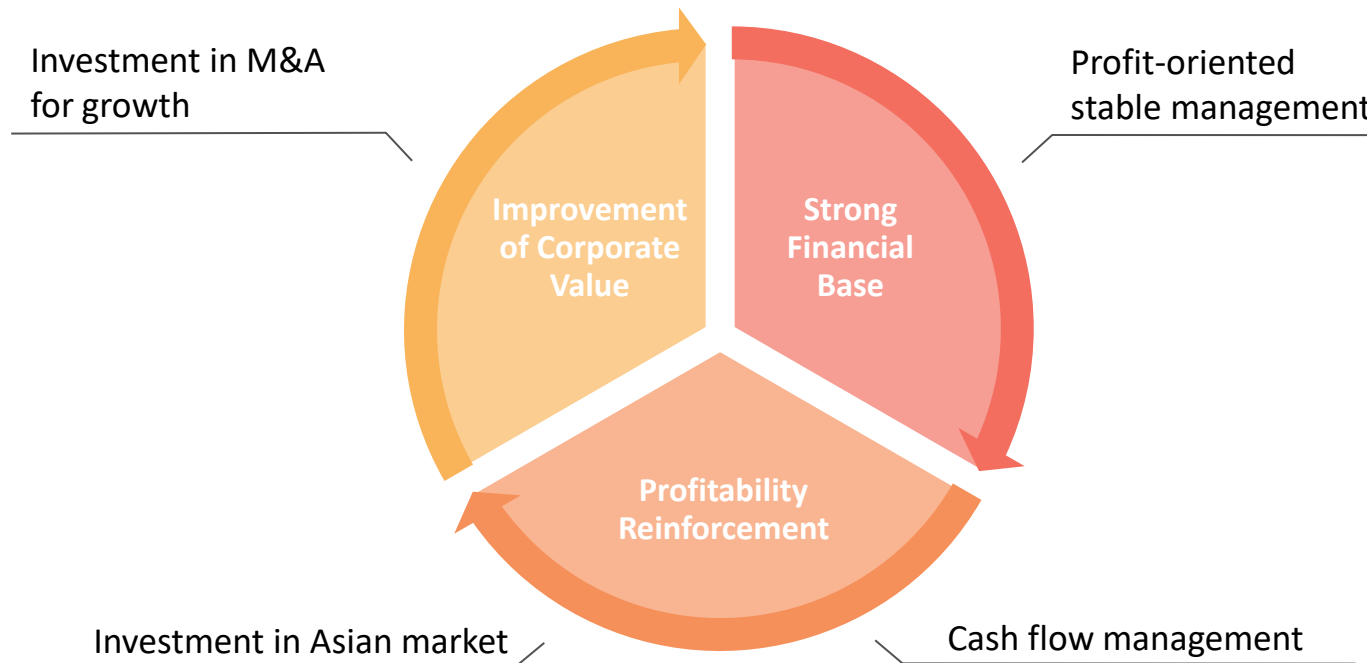


“Reward motivated and capable employees” & “Employee growth matches company growth”

# 06 COMPANY-WIDE STRATEGY

## Financial Strategy





We will aim to secure stable dividend financial resources by always identifying investment opportunities, create new growth opportunities, and strive to maintain a strong financial position even in a difficult business environment.



# 06 COMPANY-WIDE STRATEGY

## Cross-Group Strategy

We aim to create new business opportunities by activating next-generation mutual communication across our global organizations.

- “GROUP MEETS”**  
Business model sharing through remote sessions 
- “ENTREPRENEUR SEEDS”**  
Creating new business ideas by fostering entrepreneurship 
- “EC PROJECT”**  
Making opportunities by streamlining digital platforms 
- “CLOUD FUNDING”**  
Actively entering the D2C business 

Open Innovation by connections beyond the boundaries of the group

# 07

## MANAGEMENT FOR SDGs

### - SDGs Declaration -

SSC Group work actively on sustainable activities  
for children in the next 100 years.

### SUSTAINABLE DEVELOPMENT GOALS



# 07 MANAGEMENT FOR SDGs

Since our founding, we have been engaged in various social contributions all over the world.

## JAPAN



### Christmas Jumper Day

SSC participates in and promotes “the Christmas Jumper Day” hosted by Save The Children and we donate part of the sales.



### Takizo Miki Scholarship Foundation

SSC gives scholarships and supports education for children through our Public Interest Incorporated Foundation “Takizo Miki Scholarship Foundation” established by Takizo Miki, the founder of SSC.



### Waste Reduction of Sunrise Bld.



Sunrise Bld. In Osaka received an award by Osaka City as one of the properties that contributed most to waste reduction last year.

### “Upcycled” Products



Since 2020, DAKS and LEONARD launched some “upcycled” products which reuse unused materials from past collections.



# 07 MANAGEMENT FOR SDGs

## HONG KONG



### Christmas Jumper Day

To spread “the Christmas Jumper Day”, SSAP holds an event since 2017. SSAP provides Christmas Sweaters to Celebrities and donates part of the sales.



## TAIWAN



### Volunteer Activity

As a volunteer activity, Taipei Branch visited three churches where deprived children gather and played a game together that conveys the joy of working in 2016.



### Charity Campaign For Children



In 2017, SSAP opened a pop-up shop and sold children’s wear for charity. They donated part of the sales to “Save the Children”.



### Teddy Bear Charity Sell For Children



Since 2013, Taipei Branch sold teddy bears for charity. They donated part of the sales to “Eden Social Welfare Foundation” to support children.



# 07 MANAGEMENT FOR SDGs

## UNITED KINGDOM



### Donate to Duke of Edinburgh Award

DAKS Simpson Ltd. (DAKS) has been donating for more than 30 years to the DofE which enhances youth independence and self-esteem. DAKS has been elected as their Silver Partner since 2011.



### Support for Children Learning Horse-Back Riding

DAKS has been donating to The Pony Club which supports children riding horse-back in 1979,



### Christmas Jumper Day



DAKS also participates in and promotes "the Christmas Jumper Day" hosted by Save The Children and often donates.



### Support for Royal Trinity Hospice

Royal Trinity Hospice is a charity supported by the Royal Family. DAKS donate their final inventory to the apparel shop RTH owns and all of their sales are allocated to charities or their operating funds.

### Planted Cherry Trees in a school in Surrey



Royal Russel School is a private school in Surrey in which Alexander Simpson, the 2<sup>nd</sup> President of DAKS, was one of the founding investment members. DAKS visited the school and planted some cherry trees in 2019.

### Joined Ethical Trade Initiatives

DAKS is a member of Ethical Trade Initiatives (ETI) which aims to improve working conditions in supply chain. As a member of ETI, DAKS conducts its business according to ethical rules.



# 08 QUANTITATIVE GOALS

- We anticipate that the effects of COVID-19 will continue for the time being and will not get back to the original consumption level even after it has receded.
- We have maintained our management with a strong belief that we will continue to generate stable profits and pay dividends in any business environment, and we have never not had any dividends for 61 years since our listing.
- Going forward, we will continue to operate steadily, create new growth opportunities, and aim for consolidated ordinary income of 2.5 billion yen in the fiscal year ending March 2024 as a quantitative target.



**Consolidated Ordinary Income 2.5 billion**

# 09 SHAREHOLDER RETURN POLICY

- SSC Group has positioned dividends to shareholders as one of the most important management issues, and has continued to pay dividends for 61 years since its listing.
- Under the new management policy "Challenge NEXT 100," we will contribute to society as well as our shareholders by practicing management in accordance with the SDGs and continuing to pay stable dividends.
- Until now, we have set a consolidated payout ratio of 30% as the lower limit of annual dividends on a net income basis excluding extraordinary gains and losses. However, since we want to contribute to the realization of a better society through our dividends more than ever, we will return the consolidated dividend payout ratio based on the net income attributable to owners of the parent to 50% as a guideline.



**Consolidated Dividend Payout Ratio**

**30%**

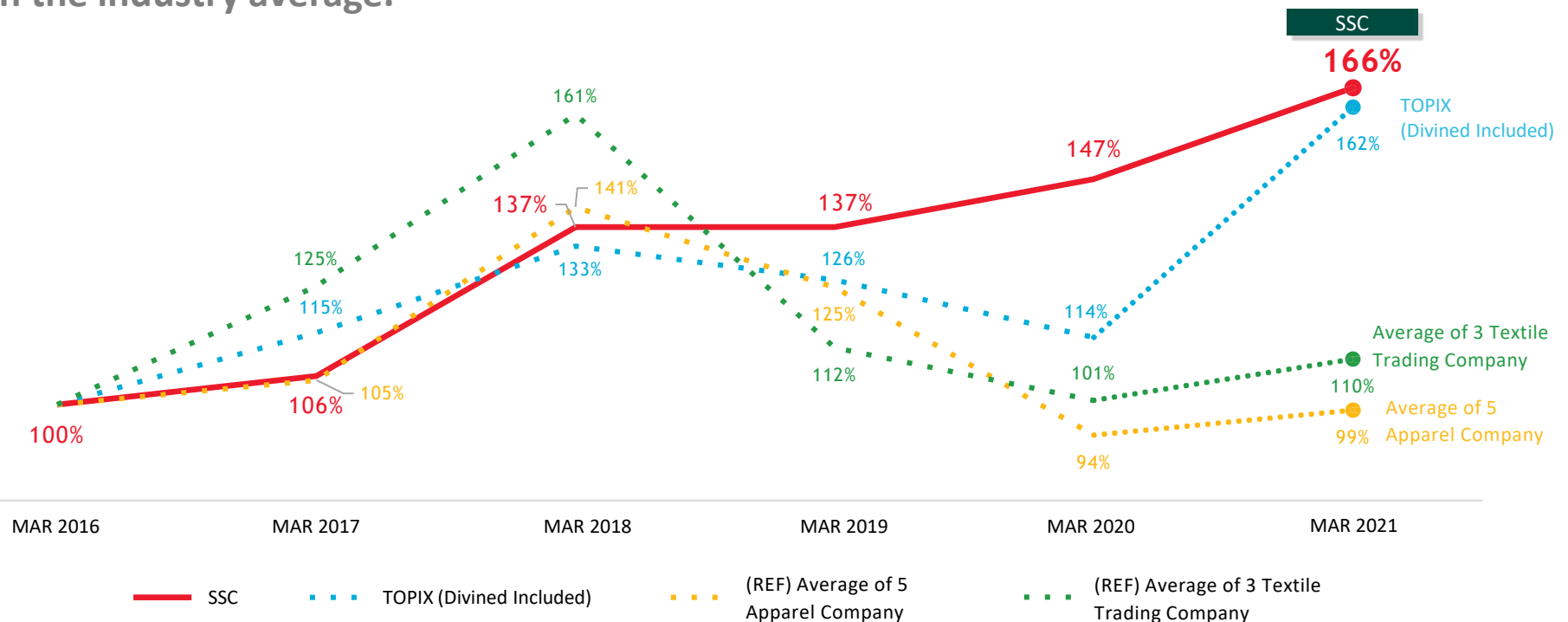


**50%**

# 10 TOTAL SHAREHOLDER YIELD

## Total Shareholder Yield

The total share price yield is the ratio of the profit (dividend and stock price increase) obtained from shareholder investment divided by the stock price for the five fiscal years, and the total share price yield of the Company has reached 166%, which is much higher than the industry average.



# INNOVATION

- TOMORROW'S WORLD TODAY

**Sankyo Seiko Co., Ltd.**