

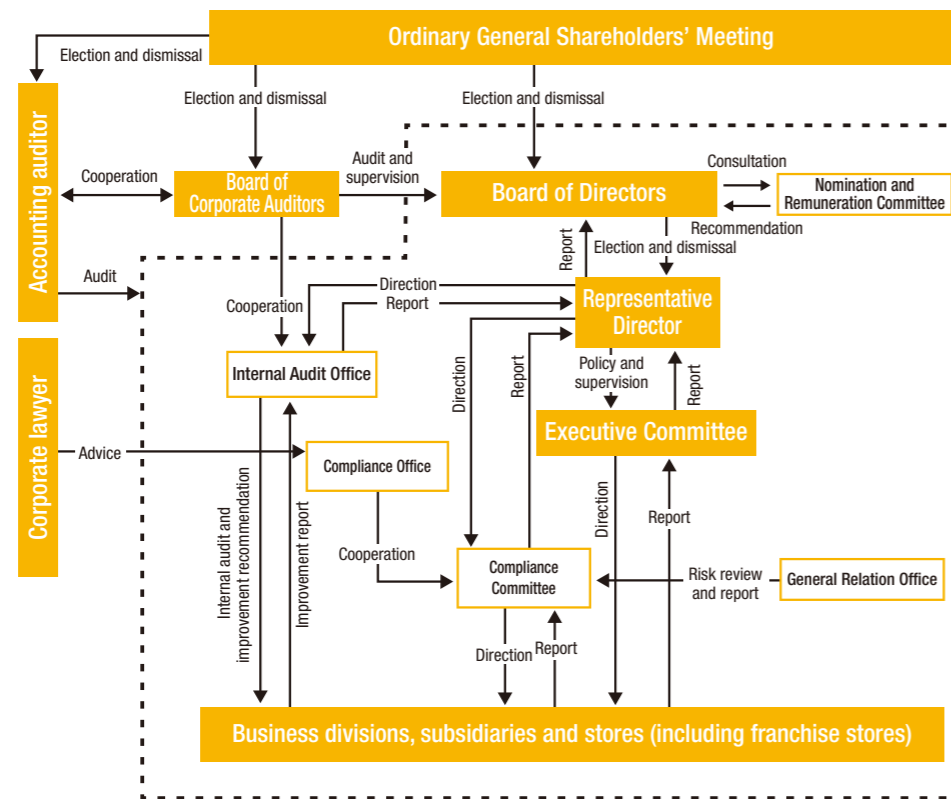
Corporate Governance

Overview of Corporate Governance

PC DEPOT is strengthening corporate governance by promoting prompt management while strengthening the supervisory function of the Board of Directors to maintain transparent, sound, and fair management. Toward this end, we emphasize ensuring management transparency through timely and appropriate information disclosure and reinforcing the control environment. Going forward, the Company will continue to regularly reassess its corporate governance system to enhance corporate value.

PC DEPOT has adopted a Board of Corporate Auditors system and ensures an unbiased executive monitoring system by inviting outside directors and auditors into its governance structure.

Corporate Governance Structure



■ Board of Directors

The Board of Directors meets once a month in principle and convenes ad hoc meetings as needs dictate. The execution of duties based on decisions made by the Board of Directors is defined in the rules regarding segregation of duties that stipulate the respective lines of responsibility and execution. The Board of Directors is chaired by Representative Director, President & CEO Takahisa Nojima and currently comprises five members, including two outside directors. In addition, four corporate auditors attend board meetings to monitor directors in the execution of their duties.

■ Board of Corporate Auditors

The Board of Corporate Auditors is chaired by Takatsugu Asayama, a statutory corporate auditor, and currently comprises one statutory and three non-statutory corporate auditors. Corporate auditors monitor the execution of duties by directors and confirm the legal compliance of the Company's overall business execution while also investigating the status of its assets.

■ Executive Committee

The Executive Committee meets as frequently as necessary to share information based on reports delivered by the relevant departments to accelerate decision-making. Important decisions regarding business operations and related matters are made following due deliberation. The Committee is chaired by President Takahisa Nojima and currently comprises two directors and 10 executive officers.

Committee activities

■ Compliance Committee

The Compliance Committee meets regularly once per month in principle and coordinates with the Compliance Office. The committee reviews laws and regulations and reported risks as necessary and implements countermeasures.

■ Nomination and Remuneration Committee

The Nomination and Remuneration Committee is an advisory body to the directors comprising three or more directors, the majority of whom are outside directors. The committee deliberates on the nomination and remuneration of directors and other related issues while taking advantage of the knowledge and advice of outside directors. The committee also ensures the objectivity and transparency of the procedures for nominating and determining the remuneration of directors, etc., and improves the supervisory function of the Board of Directors, thereby further enhancing PC DEPOT's corporate governance functions.

■ Sustainability Committee

Established in 2022, the Sustainability Committee plans, implements, and evaluates activities to realize PC DEPOT's Five Values and sets medium- and long-term achievement targets.

Outside executives

The Company's governance structure has two outside directors out of five directors and three outside corporate auditors out of four corporate auditors. By appointing five of the outside directors as independent directors and corporate auditors, it has endeavored to strengthen corporate governance and protect the interests of general shareholders.

Based on Japan's Corporate Governance Code (Principle 4-9) and the Independence Standards, we have established and are meeting PC DEPOT's "Standards for the Independence of Independent Outside Directors and Outside Corporate Auditors" to ensure the independence of our independent outside directors and corporate auditors.

Overview of the Board of Directors' resolution on the establishment of an internal control system

The Company will strive to enhance its internal control system by ensuring that directors and employees thoroughly comply with laws, regulations, and its Articles of Incorporation, as well as by strengthening its risk management system. At the Board of Directors' meeting held once a month, directors confirm the dos and don'ts from the viewpoint of legal compliance, and executive officers and employees sign a written pledge every six months to reconfirm their commitment to compliance and work ethics. Necessary education and training are also provided.

The Risk Management Committee, which meets regularly, ranks risk levels according to their magnitude and urgency of the potential impact on the Group and implements preventive measures according to each level. Furthermore, the Compliance Committee undertakes preventive measures to ensure that the Company conducts its business activities in compliance with applicable laws and regulations.

Policies and other systems for the management of risk of loss of the Company

• Internal Audit & Internal Control Division

The Internal Audit & Internal Control Division promotes the establishment, maintenance, and operation of the control environment for the entire Group, including its subsidiaries. It also serves as the primary owner of the cross-organizational control function.

The Internal Audit Department is responsible for conducting periodic on-site audits of each department and each store. The results of such audits are reported to the Representative Director and Corporate Auditors on a regular basis.

Furthermore, the audited departments are notified of audit findings and receive reports on measures to prevent recurrence and their implementation. Such findings are also reflected in internal policies as necessary to prevent recurrence.

• Internal consultation contact, whistle-blowing contact, legal hotline

The Company operates these services as a framework for leveraging a self-cleansing function through mutual checks and balances.

PC DEPOT's Whistle-blowing Policy prohibits any retaliation or unfair treatment of any person who reports fraudulent or inappropriate actions.

Structure to ensure efficient execution of duties by directors

As a general rule, the Board of Directors meets once per month to decide on important matters and supervise the execution of duties by each director. The term of office for directors is set at one year to clarify their responsibilities in the execution of business.

Also, the Company stipulates the details of each director's responsibilities and execution procedures for the execution of duties based on decisions made by the Board of Directors in the policy on segregation of duties and other policies.

Evaluation of the efficacy of the Board of Directors

The Company evaluates the effectiveness of the Board of Directors as a whole, including its role, function, size, composition, and operation. After deliberation by the Board of Directors, the Company publishes an overview of the results and applies them to improve the board's operation.

A questionnaire was sent to all current directors (8) and corporate auditors (4) in office as of March 2022 as an overview of the evaluation of the effectiveness of the Board of Directors conducted in fiscal 2021. Based on the deliberations of the Board of Directors, it was confirmed that the board is generally operating in an effective manner. Meanwhile, improvements in succession planning and board meeting operation were among the issues identified as requiring attention.

Executive remuneration system

The Company's Board of Directors has adopted a policy for determining the details of individual director remuneration. This policy is deliberated by the Nomination and Remuneration Committee, the majority of which is composed of outside directors. The chair of the committee is also appointed from among outside directors. The Nomination and Remuneration Committee deliberates and determines the amount of remuneration for individual directors based on their position, duties in charge, performance in each fiscal year, contribution to the Company, and other factors, taking into consideration other companies' remuneration levels and the business environment.

Basic policy for determining remuneration

PC DEPOT's policy is to determine the remuneration and related matters of directors as basic remuneration, performance-linked remuneration, etc., as fixed remuneration in cash, and non-monetary remuneration, etc., at appropriate levels according to the size and scale of their areas of responsibility.

Total amount of remuneration, etc. by category of executive, total remuneration, etc. by type of remuneration, etc., and number of eligible executives

Category of executive	Total remuneration (Millions of yen)	Amount of remuneration by type (Millions of yen)			Number of eligible executives
		Basic remuneration	Performance-linked remuneration	Restricted stock remuneration	
Directors (Excluding Outside Directors)	121	57	34	29	5
Corporate Auditors (Excluding Outside Auditors)	11	11	—	—	2
Outside Executives	27	27	—	—	7

(Notes) 1. The amount paid to directors does not include the amount of employee salaries for directors who concurrently serve as employees.
 2. The performance indicators referenced as the basis for calculating the amount of performance-linked remuneration are ordinary income, ordinary income margin, return on equity, and market capitalization, and these indicators were selected because they are indicators of current company expansion and medium-term targets.
 3. The amount of performance-linked remuneration, etc. is determined based on the performance indicators and with reference to tables compiling "results of recruitment of talent of the future and their accomplishments," "results of future company growth," and "results through duties" as stipulated in the internal policies on executive remuneration.
 4. Restricted stock is issued to directors as non-monetary compensation.

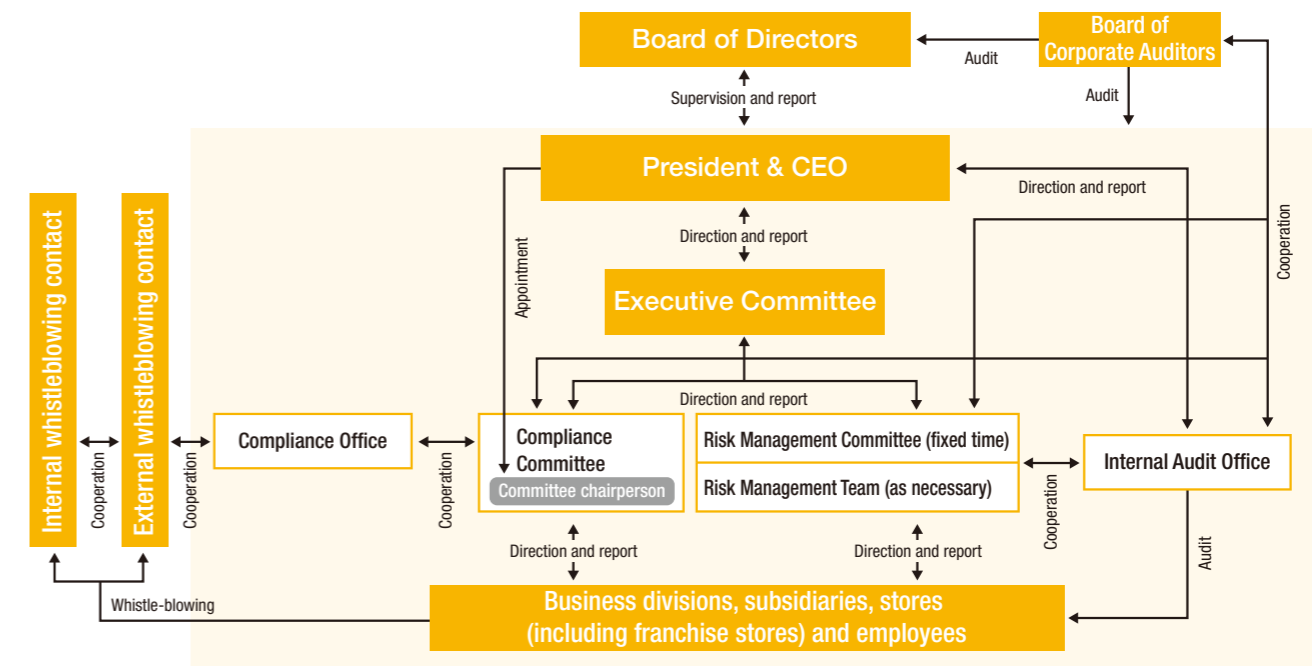
Risk Management

Risks in business and other risks

The following are the major risks that PC DEPOT recognizes as having the potential to significantly affect the financial position, operating results, and cash flows of the consolidated companies. The Group is fully aware of the potential for occurrence of risks and strives to avoid them as much as possible. And if they should materialize, it will take appropriate measures to minimize the resultant damage.

PC DEPOT's risk management system consists of the Integrated Relations Office, which examines internal and external risks and reports to the Compliance Committee based on risk level ratings according to the size and urgency of the impact on the Company. A Risk Management Team is assembled when necessary, and preventive measures are taken according to each level.

Risk Management Structure



Key risks by business	Details of risks
Risks related to the business environment	The Group's earnings will be affected if competitors infringe on PC DEPOT's intellectual property (IP) rights and engage in similar businesses, or if they do not infringe its IP rights but engage in similar businesses causing competition to intensify.
	The Group's business and earnings will be affected if membership churn increases sharply due to delays in the development or provision of service products, discontinuation or termination of related content, or if the provision of services is hampered by a disruption in the service provision system.
	The Group's earnings will be affected by new store openings, store closings, and the bankruptcy or insolvency of renters of leased properties.
	The Group's earnings will be affected by adjustments or delays in store openings and store operations, new costs incurred in response, or restrictions on business activities stemming from unforeseen enactment or revision of laws and regulations, changes in administrative guidance policies, or demand for self-regulation in the future.
Supply chain (Risk related to the business environment, risks stemming from business partners)	Business will be affected in terms of reduced sales and incurred expenses as well as from the perspective of business continuity if store operations are disrupted by natural disasters, such as earthquakes, typhoons, floods, tsunamis, pollution, or other natural disasters beyond expectations, fires, power outages, planned power outages due to electricity shortages, or infrastructure disruptions.
	Product sales may be reduced and lost sales opportunities for membership subscriptions, technical support services, and other services associated with the products could occur if the range of products handled is reduced due to a limited number of products available for sale due to the business relationship with manufacturers, or if there are delays in receiving products due to stagnation in the manufacturers' supply chains, etc.
Information security (System issues, protection of personal information)	The Group's earnings will be affected if increased dependence on a particular supplier or product hampers its ability to source popular products due to changes in the manufacturer's policies, such as whether or not to handle the product in question, or the stable supply of the product, which will affect our ability to fully address customer demand.
	Provision of premium memberships and other service products may be suspended, and invoices may be suspended or receivables uncollected and store operations may be interrupted in the event of a system failure due to natural disasters such as earthquakes, power outages, and other infrastructure disruptions, hardware and software malfunctions, system overloads caused by concentrated user access attempts, computer virus infection or external cyberattacks, or loss of system data.
Risks related to the management structure	The Group may be held liable for damages, etc., or the Group's credibility may be significantly damaged, which may affect the Group's business and earnings, if personal information is leaked or fraudulently used outside the Group due to the intentional or negligent actions of parties associated with the Group or unforeseen circumstances, such as unauthorized system access or computer virus infection.
	Competitiveness may decline and further business expansion may be constrained if the quality of human resources is not improved, if the Group is unable to secure sufficient staffing, if it becomes challenging to secure human resources that can respond to the diversification of society in the future, or if it becomes difficult to allocate human resources appropriately.
	The Group's business and earnings will be affected if the brand image of the Group as a whole were to deteriorate resulting in a loss of trust in the Group, an outflow of human resources, and difficulty in recruiting human resources, etc.
	The Group's business and earnings could be affected by the risk of acquisition by a larger company, and the risk of acquisition by a company in a different industry due to the further changes in the social structure with an emphasis on digital technology.

Corporate Governance



Board of Directors

1 Takahisa Nojima Representative Director, President & CEO

Attendance at Board of Directors' Meetings: 93% (13/14)

Reason for choosing this candidate to be elected as a Director
He is the founder of the Company and has been directing the Group's corporate management over the past 27 years as a Representative Director, and established subscription-based Premium Membership, an innovative and unrivaled business model. The Company has chosen him as a candidate for election to continue as Director as he is demonstrating strong leadership toward further development and reform of the entire Group without being confined to preconceived notions.

2 Yasuyo Kaneko Director, Vice President

Attendance at Board of Directors' Meetings: —

New

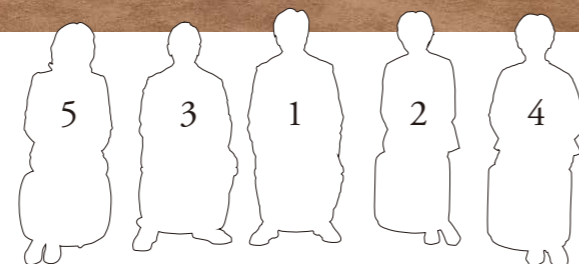
Reason for choosing this candidate to be elected as a Director
The Company has chosen her as a candidate for election as Director because she is deemed capable of expanding the Group's scope of business and strengthening governance of the Company, as well as restructuring the Corporate Division, based on her extensive background and high-level insight as a manager of a business company.

4 Yumiko Masuda Independent Outside Director

Attendance at Board of Directors' Meetings: 100% (14/14)

Outside Independent

Reason for choosing this candidate to be elected as an Outside Director
The Company has chosen her as a candidate for election to continue as Outside Director because, as she is qualified as a consumer lifestyle advisor on the basis of her extensive customer service, she is an expert in consumer- and customer-first management and customer interfaces and is expected to provide more appropriate governance to the Company. She may also increase management transparency in order for the Company to propose a future digital life plan for the customer.



As of October 1, 2022

3 Hideki Saitoh Director, Senior Managing Executive Officer

Attendance at Board of Directors' Meetings: 100% (14/14)

Reason for choosing this candidate to be elected as a Director
He has a broad knowledge of merchandising, and the Company can expect him to maximize the value of subscription-based Premium Membership and to develop human resources as the person in charge of store operations and marketing. The Company has chosen him as a candidate for election to continue as Director because we judged that he would be a key person to realize customer success through these activities.

5 Emiko Magoshi Independent Outside Director

Attendance at Board of Directors' Meetings: —

New Outside Independent

Reason for choosing this candidate to be elected as an Outside Director
She was nominated as a candidate for Outside Director based on our expectation of her strengthening the supervisory and decision-making function of the Company's Board of Directors by providing supervision and advice from an independent standpoint based on her extensive knowledge and experience in advancing the Company's Purpose Management.

New Director Outside Outside Director Independent Independent Officer

Corporate Auditors

As of October 1, 2022

Takashi Asayama Fulltime Corporate Auditor

Attendance at Board of Directors' Meetings: 100% (14/14)

Reason for choosing this candidate to be elected as a Corporate Auditor
In his previous positions, he held oversight and executive responsibility for corporate planning and management and has broad and appropriate knowledge and experience in all aspects of management.

Yoshinari Noguchi Independent Outside Auditor

Attendance at Board of Directors' Meetings: 100% (14/14)

Reason for choosing this candidate to be elected as a Corporate Auditor
He has considerable knowledge and experience as an expert in corporate governance with many years of experience in internal control and audit roles at domestic and foreign companies.

Masaki Nishimura Independent Outside Auditor, Attorney

Attendance at Board of Directors' Meetings: 93% (13/14)

Reason for choosing this candidate to be elected as a Corporate Auditor
He is a licensed attorney and has considerable knowledge and experience as an expert in legal and compliance matters.

Satoshi Tamai Independent Outside Auditor

Attendance at Board of Directors' Meetings: 100% (14/14)

Reason for choosing this candidate to be elected as a Corporate Auditor
He is a certified public accountant and has considerable knowledge and experience as an expert in the fields of finance and accounting.

Skill Matrix of Directors and Corporate Auditors

	Position	Management & Responsibility	People Development	Management	Sales & Marketing	IT DX	Financial Accounting Internal Controls	Legal Affairs Governance
Takahisa Nojima	Representative Director, President & CEO	CEO, Sustainable Designs Supervisor, Chief Manager of Integrated Business Headquarters, Membership Business Structure Supervisor	○	○	○	○		
Yasuyo Kaneko	Director, Vice President	Chief Manager of Corporate Division, Store Headquarters Restructuring Supervisor, Membership Business Family Service Supervisor	○	○			○	○
Hideki Saitoh	Director, Senior Managing Executive Officer	Chief Manager of Store Division, Store Framework Restructuring Supervisor	○		○			
Yumiko Masuda	Independent Outside Director	—	○	○		○		
Emiko Magoshi	Independent Outside Director	—	○	○			○	○
Takashi Asayama	Full-time Corporate Auditor	—		○				○
Masaki Nishimura	Independent Outside Auditor	—						○
Yoshinari Noguchi	Independent Outside Auditor	—				○	○	○
Satoshi Tamai	Independent Outside Auditor	—					○	

Executive Officers

As of October 1, 2022

Representative Director, President & CEO

Takahisa Nojima

CEO, Sustainable Designs Supervisor, Chief Manager of Integrated Business Headquarters, Membership Business Structure Supervisor

Director, Vice President

Yasuyo Kaneko

Chief Manager of Corporate Division, Store Headquarters Restructuring Supervisor, Membership Business Family Service Supervisor

Director, Senior Managing Executive Officer

Hideki Saitoh

Chief Manager of Store Division, Store Framework Restructuring Supervisor

Senior Executive Officer

Takayuki Shimano

General Manager of Store Operations and Manufacturing Headquarters, Manager of DCL Operation Department, Manager of MD Department

Senior Executive Officer

Kazuyuki Sugiura

Chief Manager of Group Finance, General Manager of Accounting and Finance Headquarters

Senior Executive Officer

Shigeru Wakabayashi

General Manager of Group DX Strategy Headquarters, Group CIO

Executive Officer

Kazuya Shinozaki

Career Center Supervisor, Compliance Office Supervisor, General Relations Office Supervisor, Chairperson of Compliance Committee, Supervisor of Collaborative Businesses

Executive Officer

Shoichi Aoki

Supervisor of Business Ethics and Quality Department, Supervisor of Collaborative Businesses

Executive Officer

Hiroshi Saijo

Head of Store Division Cooperative Development Group, Head of Manufacturing Department for Metropolitan Area

Executive Officer

Hitoshi Sakurai

Manager of Digital *Tomonokai* (Friendship Association) Business Development Department, Head of Collaborative Business Development

Executive Officer

Kiyoto Satoh

Manager of Beyond Stores and Community Relations Department, Head of Community Relations Group

Introduction of an executive officer system

PC DEPOT uses an executive officer system to conduct speedy business operations and clarify manager accountability. Executive officers attend meetings of the Board of Directors and the Executive Committee. The role of these officers is to facilitate rapid decision-making concerning management issues and submit reports on business activities.

Message from the Vice President

Fostering the talent to brighten and secure families' futures

Yasuyo Kaneko

Director, Vice President and Executive Officer



PC DEPOT's goal is to digitally enrich the lives of its members and their entire families now and on into the future. Above all, this means that we will be there for our members and help them enrich their lives by offering them a variety of proposals. We cannot accomplish this by following the same path as we did in the past, and our employees need to understand the lives of our members as if they were part of those families. A passion that springs from the bottom of our hearts to help our members will expand our touchpoints and deepen our connections with them.

When members are pleased, seeing them in that state leads to the motivation for employees to take on the next challenge. This accumulation of experiences is what makes our work meaningful. I have already seen an increase in the number of employees who feel gratified by the happiness of our members, and I would like to increase the number of such employees even further.

PC DEPOT will continue to build out its programs and evaluation processes to further increase employee satisfaction. Our talent development is based on the question, "What skills does each individual need to acquire in order to pursue the happiness of our members?" There are many things that need to be accomplished. These include setting clear goals for what is important and what actions should be taken, improving employees' skills from a long-term perspective, and establishing a qualification system to point in the direction our employees should be aiming. I am hopeful that these actions will further accelerate our employees' commitment to pushing full steam ahead toward the goal of enriching the lives of our members and their families.

The perspective of the family is vital when proposing a digitally enriched lifestyle. What is prioritized in one's lifestyle and what is needed and when it is needed are unique to each family. I would like our Digital Life Planners to have the skills to interact with our members while keeping the family perspective in mind. As a company whose core business is digital, which is used broadly in society, diversity of talent is also important.

While it is important to have wide-ranging skills to handle any situation, it is also possible to respond to both digital diversity and changes in the environment by having people who have their specific strengths and work together to augment each other's weak points. In a time where it is impossible to accurately predict the future, there is no single way to realize the digital enrichment of family life, but rather that answer is constantly changing. It is meaningful to always have leeway for growth to respond to changes in the environment and evolve the shape of our business. And with this in mind, PC DEPOT will continue to recruit and develop talent with an emphasis on diversity.

Messages from Independent Outside Directors

Exploring the ideal governance for PC DEPOT as it moves forward into a new stage of its business

In 2018, PC DEPOT made a major transformation to a subscription-based business that supports all aspects of our members' digital lives. Its employees have been asked to transform their awareness and behavior from performing a single task to helping build the foundation of the business. Although it will take some time to achieve the vision envisioned by President Takahisa Nojima, the transformation in mindset has progressed, and now it is necessary to accelerate the establishment of a framework by promoting the information linkage and visualization of operations necessary to build the foundation of the business. The Digital Life Planner, the touchpoint with members, must be able to visualize the value, in other words, the brand, that PC DEPOT delivers and at the same time make appropriate proposals to address the unique needs of members. It is important to create a system to achieve this, and I believe I can contribute to this by applying my area of expertise. Furthermore, the business, which handles personal information, requires a high level of transparency and security. As nearly 70% of current members are seniors, PC DEPOT is aware of its corporate responsibility to take proactive measures to protect its members from the risks associated with providing new and unprecedented services.

PC DEPOT established its Nomination and Remuneration Committee in 2019, which has since been chaired by an independent outside director and currently has a majority of outside directors. As a company listed on the Tokyo Stock Exchange's Prime Market, it is essential to ensure transparency regarding the nomination and remuneration of successors, and the committee is constantly discussing the issue to build a convincing institutional structure. I believe the Nomination and Remuneration Committee plays a particularly key role because it is up to the senior executives of a company to maintain, expand, and perpetuate its business.

I am constantly asking myself a question as an outside director. Human resources, strategy, and risk management, which form the core of corporate management, are also significant axes in governance. How can we best monitor these three elements? I will continue to fulfill my role as an outside director while seeking the best solutions so that we can monitor these elements not only in isolation, but also based on how they impact each other.



Yumiko Masuda

Independent Outside Director
Chairperson of Nomination and Remuneration Committee

Tackling the challenges of the information society and contributing as an outside director



Emiko Magoshi

Independent Outside Director

I assumed the role of outside director in June 2022 and have been very surprised by two things in the short time I have been in office.

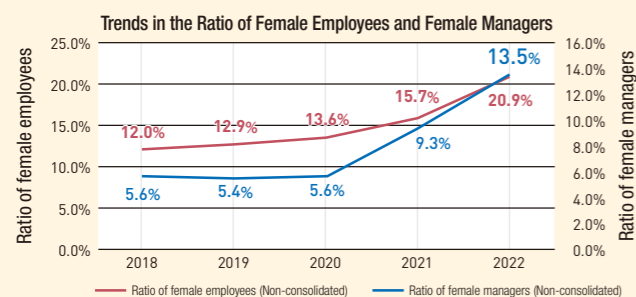
First, I have experienced outside directorships at both foreign and Japanese companies, but this is the first Japanese company I have been at where women comprise the majority of board members and can participate in board meetings free of any gender concerns. I highly evaluate this board's composition as a wise decision. Second, the atmosphere of the board meetings is very open and enables a diverse exchange of opinions. Board meetings are not limited to the initial agenda, but also expand into a wide variety of dialog that develop from those topics, which I think is excellent. This same environment permeates the Company, and I feel that diversity is being achieved in the workplace when I see women working with vigor and enthusiasm.

I also take a positive view of the Company's stance on promoting Purpose Management by setting forth its Vision and Mission. However, there is an issue as to whether the employees are able to put into practice the vision that PC DEPOT is aiming for in their daily work. Effort will be needed toward achieving the ideal state of business while also generating profits. When I came to know PC DEPOT's business model, I was reminded of Yamato Transport Co. Ltd.'s TA-Q-BIN parcel delivery services. The company redefined its delivery persons, the points of contact with the customers, as "sales drivers" and entrusted them with their own missions. This dramatically changed the role of the delivery person. The same can be said for the PC DEPOT's Digital Life Planners. They are not just salespeople who sell products and services, but rather support members as partners who accompany them in their digital lives and propose plans to them. In the rapidly developing digital society, such a presence is necessary, and I applaud this business as one that contributes to solving social issues. Due to the nature of this business, it is essential to maintain a relationship of trust with members and to manage risks, and I believe systems to prevent fraud are also necessary.

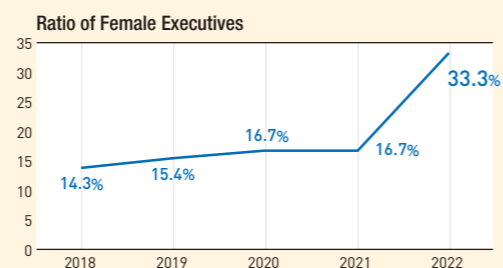
The Vision set forth by the founder President Nojima is very grand and it can take time to fully comprehend it. For, as an outside director, I will convey my candid opinions without making any fulfill my duties such that all employees can move forward together in the direction the Company needs to go.

Achievement of Diversity and the Advancement of Women

2030 Target
Ratio of female managers: **30%**



The ratio of male to female employees has improved from 88.0% male and 12.0% female in fiscal 2017 to 79.1% male and 20.9% female in fiscal 2021, while the ratio of female managers has also increased from 5.6% in fiscal 2017 to 13.5% in fiscal 2021. To achieve a 30% ratio of female managers by 2030, PC DEPOT will continue to increase the percentage of female employees while creating an environment that helps them to assume management roles that lead members in stores and as Digital Life Planners.



Message from Director and Senior Managing Executive Officer

Supporting digital life and evolving the store format

I am responsible for all operations related to customers using the store format, which is the biggest touch point with our members, and the Digital Life Planners who are in charge of them.

The Company was founded to solve the “digital problems” of local customers, but as a result of reading the times and constantly changing, its business has changed to a “people providing value” business where planners are responsible for bridging the digital divide rather than just having customers bring their PC problems to stores. In order to enrich the lives of member families, I consider it my mission to change the conventional thinking of stores and evolve the store structure.

The Yokohama Key Station is a facility/home for member families, and we are promoting the Key Station Concept centered on this. The Key Station, Store, Friendship Association, Connected Mobile Store, and Container Store (provisional name) formats are all touchpoints necessary for the advancement of the member business. We will develop them in a manner that is suitable for the member families that use them.

In particular, we are working to increase the number of member families to whom we can provide our services by collaborating with operating companies that have member organizations that share our vision of enriching the lives of their customers, such as the Kanagawa Shimbun Digital Friendship Association, Tokorozawa Keyakidai Digital Friendship Association, and Tabi-iro Club. We are also working to increase the number of member families to whom we can offer our services. In addition, PC DEPOT seeks to create a community among its members to improve the satisfaction of member families. And eventually we would like to see the community itself have an eye to external collaboration and create diverse value and lead to an increase in the number of members.

The digitally changing society will continue to evolve, and our role is to enrich the lives of families and prevent interruptions in those lives by supporting the most critical infrastructure next to water, gas, and electricity. Through our business activities, we will continue to provide value to member families that can only be created by human interactions.



Hideki Saitoh

Director, Senior Managing Executive Officer
General Manager, Store Division,
Overseeing Restructure of Store Structure

Kanagawa Shimbun: Digital Friendship Association

PC DEPOT and the Kanagawa Shimbun newspaper have collaborated to create this membership organization for Kanagawa Shimbun readers who are anxious about accessing the digital world. As a specific initiative, PC DEPOT published a special feature in the Kanagawa Shimbun’s morning edition exclusively for those who are not comfortable with digital technology.



Collaboration with HIS: Tabi-iro Club

PC DEPOT and the travel agency H.I.S. Co., Ltd. are partnering to offer a new form of travel that can only be undertaken digitally. We are holding events where visitors can experience online travel from the Yokohama Key Station and other stores. These sessions introduce travel destinations, local specialties, and other special deals using digital technology.



Store Formats



PC DEPOT Smart Life Store

Since 2013, PC DEPOT has been rolling out this format as a store specializing in listening to the IT equipment-related inconveniences that customers have experienced. The stores have a large lounge space and warm white and orange interiors designed in the expectation that even those who are not comfortable with digital technology will feel free to stop by and sit down for a consultation.



PC DEPOT

This format has continued since the Company’s foundation and offers a wide range of products, including PCs, tablets, and smartphones. The stores also offer a full lineup of detailed and easy-to-understand support, flexibly catering to all needs, from beginners to advanced computer users.



PC DEPOT PC Clinic

These stores serve as a comprehensive repair service counter for IT equipment malfunctions, virus infections, data corruption, and other problems, as well as troubleshooting issues related to various equipment settings.

PC DEPOT currently has in-shop stores in K’s Denki electronics superstore outlets, where it offers free diagnosis and repair services for PCs purchased from any location.



Regional and Corporate Co-branded Stores

We collaborate with various regions and companies to provide digital products useful for daily life to customers living in those regions and companies with which we collaborate. We help our customers enjoy a richer lifestyle through these stores.



Digital Store for Your Daily Life

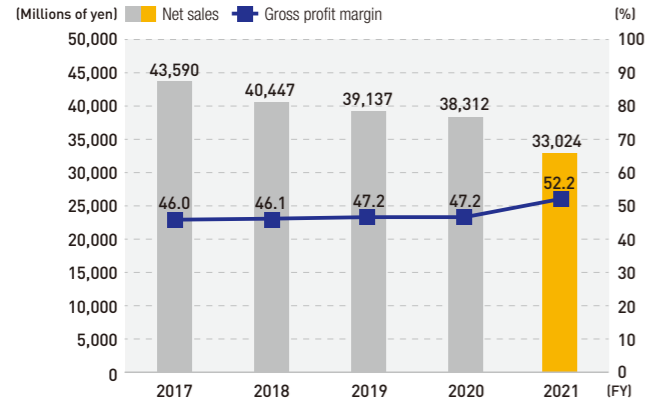
Debuting in March 2022, this format provides solutions to digital issues unique to each region and company.

Connected Mobile Store

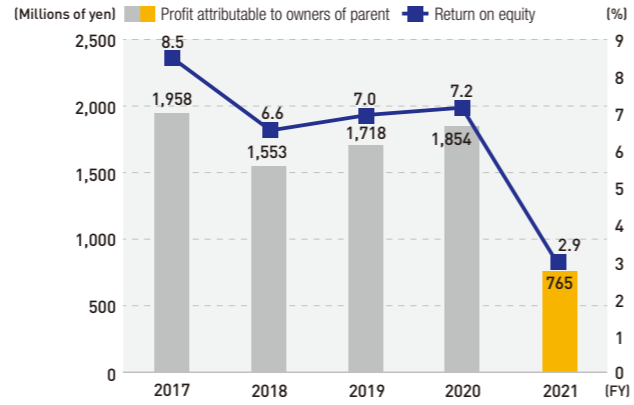
Debuting in January 2022, these vehicle-based stores can provide mobile digital consultations and are an accessible way to help local residents with their digital needs.

Financial Highlights

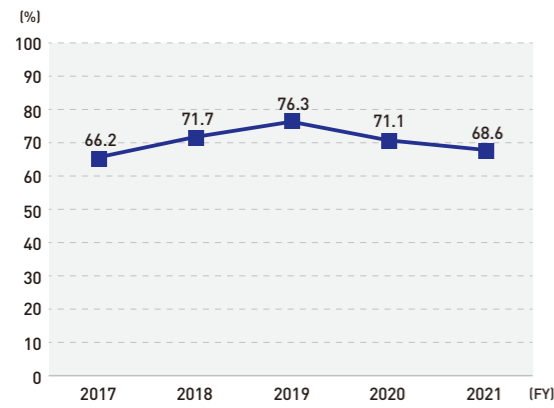
Net sales / Gross profit margin



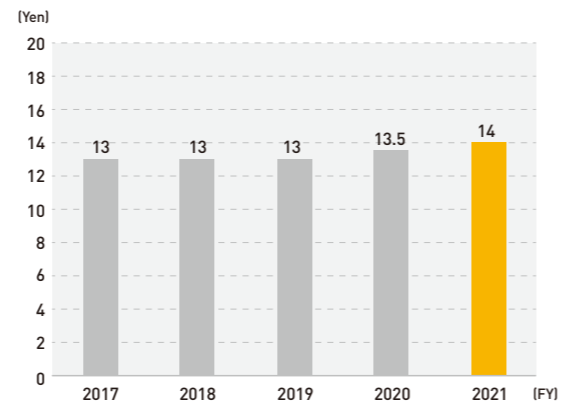
Profit attributable to owners of parent / Return on equity



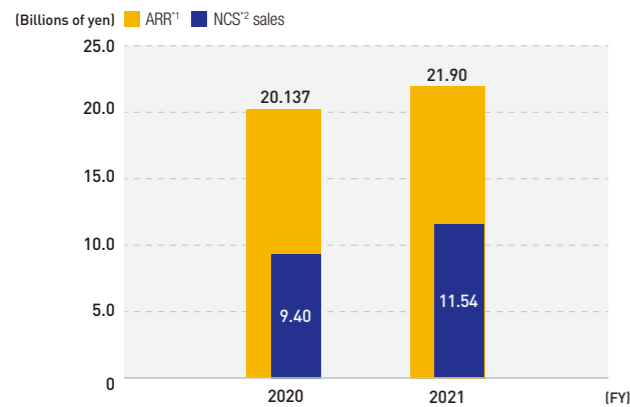
Equity ratio



Dividend per share

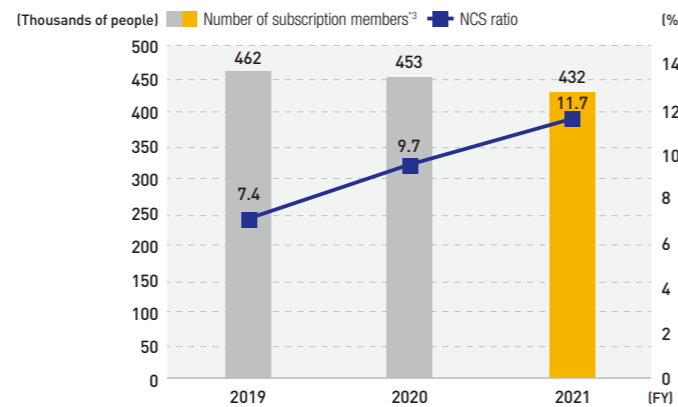


Annual sales of subscription members (ARR)¹



¹ ARR: Annual subscription membership sales
² NCS: New customer success members

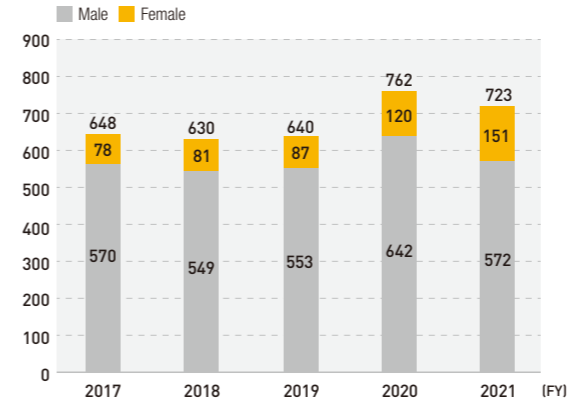
Number of subscription members / NCS ratio



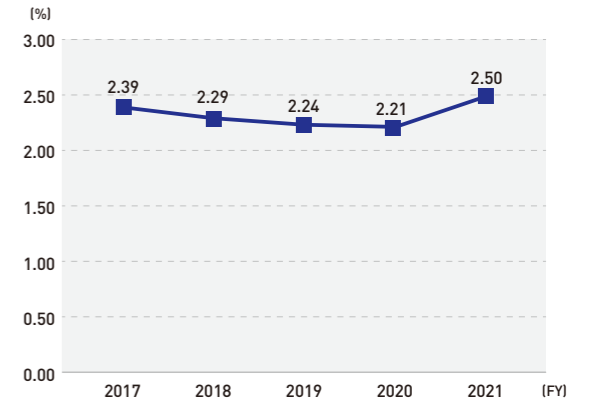
³ Subscription members: Members using flat-rate services (excluding members of Internet-related businesses)

Non-financial Highlights

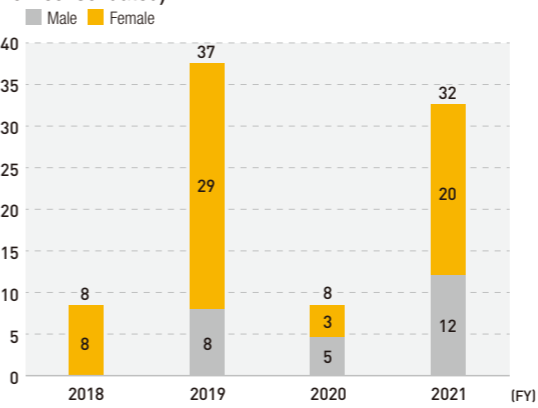
Number of employees (Non-consolidated)



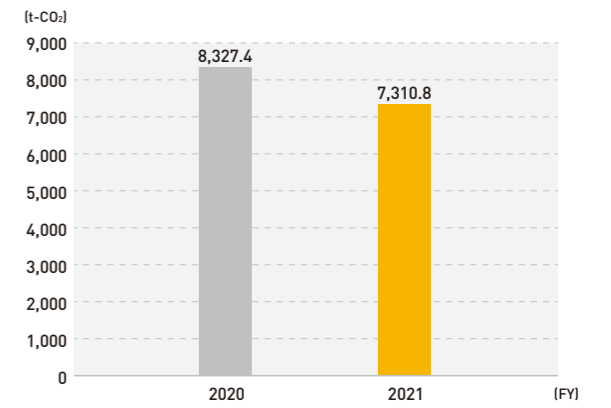
Ratio of persons with disabilities (Non-consolidated)



Number of employees who took childcare leaves of absence (Non-consolidated)

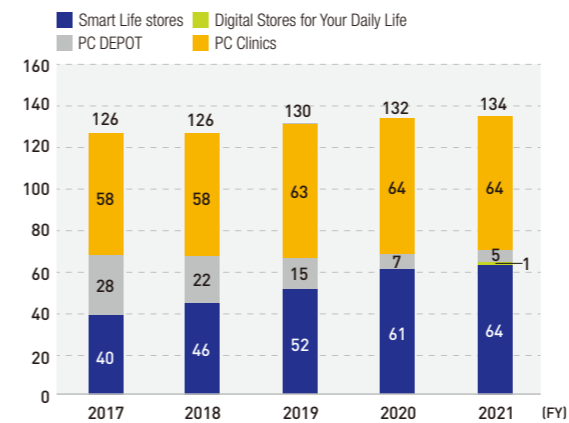


CO₂ emissions

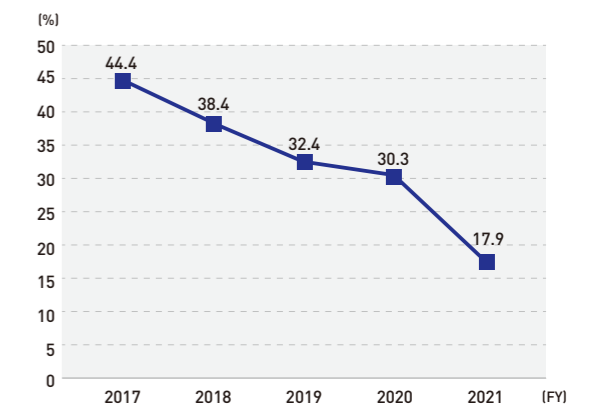


Scope of data: Smart Life stores: 64 stores, PC DEPOT: 5 stores, Head offices: 2 (Due to the relocation of the head office in 2022), Digital Stores for Your Daily Life: 2, logistics centers: 1
 * Including some assumed data in aggregation

Number of stores



Turnover rate within three years



Scope of data: New graduates who joined the company three years ago

Eleven-Year Financial Summary

Years ended March 31

(Millions of yen)	2011	2012	2013	2014		2015	2016	2017	2018	2019	2020	2021	2022
Net sales	46,872	49,631	51,359	53,772		51,261	51,729	46,417	43,590	40,447	39,137	38,312	33,024
Products	35,572	35,918	35,425	35,984		30,116	25,720	20,099	17,720	13,895	14,010	14,486	*3
Services	8,686	11,497	14,006	16,194		19,696	24,631	24,984	24,566	25,270	23,842	22,558	*3
Internet-related businesses (Subsidiaries)	2,090	1,842	1,758	1,419		1,310	1,267	1,258	1,241	1,216	1,227	1,203	*3
Gross profit	13,567	14,665	16,114	18,273		19,472	21,715	21,249	20,044	18,663	18,453	18,076	17,237
Gross profit margin	28.9	29.5	31.4	34.0		38.0	42.0	45.8	46.0	46.1	47.2	47.2	52.2
Total selling, general, and administrative expenses	12,259	14,139	15,246	16,017		16,426	17,628	17,846	17,062	16,083	15,512	15,183	15,786
Advertising expenses	1,369	1,699	1,644	1,276		1,042	1,073	842	1,030	749	638	601	757
Salaries and allowances	3,491	4,360	4,800	5,355		5,896	6,449	6,645	6,146	5,737	5,296	5,278	5,194
Operating income	1,308	526	867	2,256		3,045	4,086	3,402	2,981	2,579	2,941	2,893	1,451
Ordinary income	1,447	684	924	2,357		3,162	4,139	3,467	3,079	2,685	3,018	2,935	1,519
Ordinary income margin (%)	3.1	1.4	1.8	4.4		6.2	8.0	7.5	7.1	6.6	7.7	7.7	4.6
Profit attributable to owners of parent	683	238	441	1,536		1,914	2,693	2,269	1,958	1,553	1,718	1,854	765
Net income per share (Yen)	3,164.63	1,082.34	2,020.07	68.39		50.4	67.41	44.06	38.63	30.94	34.18	36.79	15.15
Net assets per share (Yen)	42,242.85	42,777.48	44,123.77	526.03		394.9	496.19	445.65	462.11	479.94	500.77	524.59	520.96
Return on equity^{*1} (%)	7.7	2.6	4.7	13.4		13.5	14.8	10.3	8.5	6.6	7.0	7.2	2.9
Ordinary income margin on total assets^{*2} (%)	7.7	3.2	4.0	9.5		11.3	12.9	9.8	8.7	7.8	9.1	8.4	4.0
Equity ratio (%)	47.3	40.5	42.3	49.3		51.5	60.9	64.4	66.2	71.7	76.3	71.1	68.6
Number of shares issued and outstanding as of the end of the period (Shares)	225,020	225,020	225,020	25,952,000		38,928,000	43,852,000	52,622,400	52,622,400	52,622,400	52,622,400	52,622,400	52,622,400
Number of treasury stock (Shares)	5,000	6,238	6,238	623,800		937,035	924,735	1,107,585	2,431,425	2,416,545	2,291,506	2,188,866	2,073,806
Dividends per share (Yen)	700	700	700	355		10	11.5	14.3	13	13	13	13.5	14.0
Payout ratio (%)	22.1	64.7	34.7	12.4		16.5	17.1	29.5	33.7	42.0	38.0	36.7	92.4
Market capitalization	4,489	4,635	5,058	24,732		32,466	48,281	27,995	37,941	23,312	22,575	26,048	15,944
Year-end stock price (Yen)	19,950	20,600	22,480	953		834	1,101	532	721	443	429	495	303

* The above figures for the periods in which the prior period financial statements were restated reflect the restated figures. (Applicable period: Fiscal year ended March 31, 2011, to fiscal year ended March 31, 2017)

*1 Return on equity = Net income / Average shareholders' equity at the beginning and end of fiscal year

*2 Return on assets = Ordinary income / Average total assets at the beginning and end of fiscal year

*3 Segment information has been reviewed for the fiscal year ended March 31, 2022, and individual segment disclosures have been discontinued.

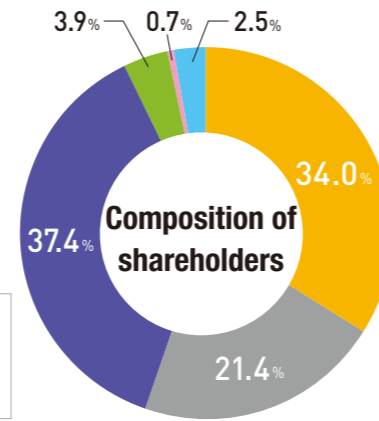
	2011	2012	2013	2014		2015	2016	2017	2018	2019	2020	2021	2022
Stores													
Total number of stores (Directly managed and subsidiaries)	78	106	111	111		116	123	125	126	126	130	132	134
Smart Life stores	–	–	–	4		15	25	31	40	46	52	61	64
Digital Stores for Your Daily Life	–	–	–	–		–	–	–	–	–	–	–	1
PC DEPOT	48	59	61	57		49	41	36	28	22	15	7	5
PC Clinic	30	47	50	50		52	57	58	58	58	63	64	64

Share Information

As of March 31, 2022

Status of shares

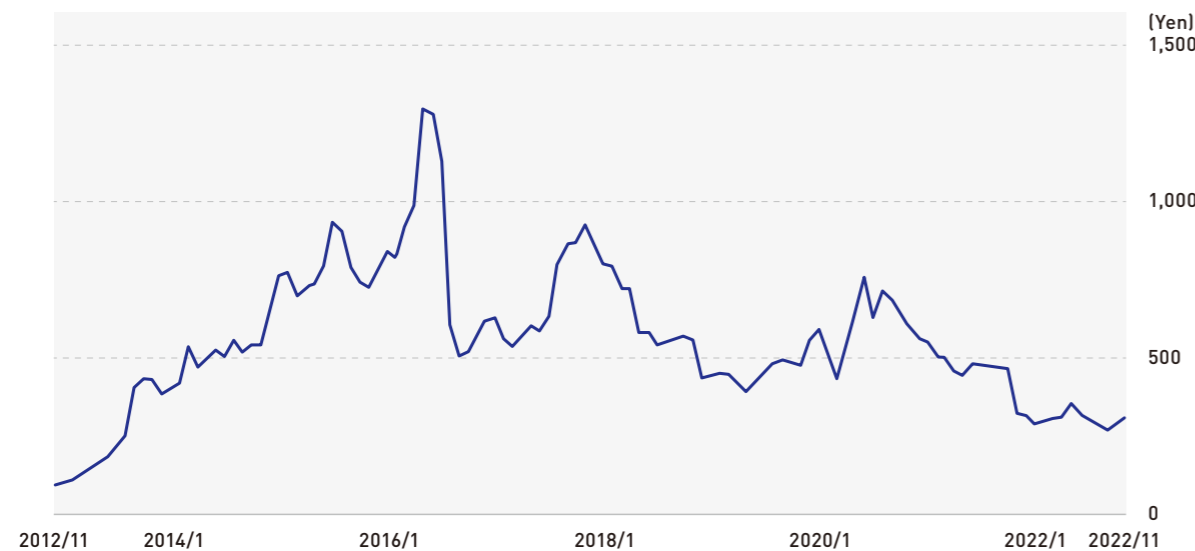
Total number of shares authorized to be issued **160,200,000 shares**
 Total number of shares outstanding **52,622,400 shares**
 Number of shareholders **13,738 persons**



Major shareholders

	Name of shareholder	Number of shares held (shares)	Voting rights ratio (%)
1	TN HOLDINGS CO., LTD.	11,689,100	22.21%
2	Takahisa Nojima	6,470,060	12.29%
3	THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	6,356,400	12.07%
4	HIKARI TSUSHIN, INC.	4,629,900	8.79%
5	UH Partners 2, Inc.	2,776,700	5.27%
6	Custody Bank of Japan, Ltd. (TRUST ACCOUNT B)	1,779,100	3.38%
7	Custody Bank of Japan, Ltd. (TRUST ACCOUNT)	1,494,400	2.83%
8	PC DEPOT CORPORATION	1,339,106	2.54%
9	Custody Bank of Japan, Ltd. (Trust Account E)	734,700	1.39%
10	Keiko Nojima	432,000	0.82%

Stock price trends



Corporate Information

As of March 31, 2022

Company Name	PC DEPOT CORPORATION
Established	August 1994
Head Office	YOKOHAMA GATE TOWER 19F, 1-2-5, Takashima Nishi-ku, Yokohama, Kanagawa, Japan
Paid-in Capital	¥4,737 million
Year End	March 31
Audit Corporation	SHINSOH Audit & Co
Main Business	<ul style="list-style-type: none"> Digital lifestyle proposals for households, provision of related products and services Community-based digital lifestyle proposals
Security Code	7618
Listed Security Exchange	Prime market of Tokyo Stock Exchanges
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
Ordinary General Shareholders' Meeting	June annually
Subsidiaries and Affiliated Companies	<ul style="list-style-type: none"> ejworks Corporation YOKOHAMA GATE TOWER 18F, 1-2-5, Takashima Nishi-ku, Yokohama, Kanagawa, Japan TEL: +81-45-522-2879 FAX: +81-45-522-2869 PC DEPOT STORES CORPORATION YOKOHAMA GATE TOWER 19F, 1-2-5, Takashima Nishi-ku, Yokohama, Kanagawa, Japan FUTURE DESIGN INVESTMENT CORPORATION YOKOHAMA GATE TOWER 19F, 1-2-5, Takashima Nishi-ku, Yokohama, Kanagawa, Japan
Number of Stores	136 (As of April 4, 2022) (Including two franchise stores)
Number of Employees	898

Editorial Policy

This report has been compiled to provide our members and a wide range of stakeholders with information on how PC DEPOT approaches and implements resolutions to social issues and enriches people's lives, while deepening the readers' understanding of Group activities.

Scope of the Report
PC DEPOT Corporation and Group companies

Term Covered
The report focuses on results for fiscal 2021 (April 1, 2021, to March 31, 2022), but also includes some information on initiatives from prior years and the most recent activity reports.

Reference Guidelines
Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry (METI) of Japan
Global Reporting Initiative (GRI) Sustainability Reporting Standards
ISO 26000

Publication
December 2022 (next report scheduled for November 2023)

Caution Regarding Forward-Looking Statements
This report contains projections and forward-looking statements about PC DEPOT Corporation and its Group companies. These statements are based on information available at the time of publication and are based on company judgments and expectations. Actual results may differ from these forecasts due to various external factors and other reasons.

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