

Bridging the Digital Divide for Our Member Families

From work, school, and government to daily life, digitalization is advancing throughout society.

At present and going forward into the future, we are entering an age in which many things in society will become digitalized and convenient.

While some families are taking full advantage of this convenience to digitally enrich their daily lives, other families right next door are being left behind as they are unable to utilize digital technologies.

The COVID-19 pandemic and shrinking Japanese population have accelerated the digitalization of society. With fewer places to seek help, advances in child learning in line with revisions to government curriculum guidelines, the rise of telecommuting and online learning, traditional family life is being transformed.

Given current trends, the digital divide (information gap) that exists between families has been identified as a social issue. PC DEPOT has decided to make the resolution of this issue its core business, which aims to enrich family life and create happy families using digital technologies.

PC DEPOT stands alongside families living in the digital era.

As society transitions from having places to seek help and assistance with finding solutions to a time when there are no places to seek help, and families must find solutions on their own, we will resolve social issues by assigning digital assistants to every home.



About PC DEPOT

Our History	03
Philosophy System	05
Digital Life Planners	06
Top Message	07

PC DEPOT Strategy

Value Creation Model	13
PC DEPOT Strategy	15
Transformation	17
Providing Five Values	21

Corporate Governance

Corporate Governance	29
Risk Management	31
Board of Directors	33
Message from the Vice President	35
Messages from Independent Outside Directors	36
Message from Director and Senior Managing Executive Officer	37
Store Formats	38
Group Company Initiatives	39

Financial Information

Highlights	41
Eleven-Year Financial Summary	43
Share Information	45
Corporate Information	46



Making Lifestyles Richer through Digital Technologies

Vision

Eliminate the digital divide.

Mission

Bring digital consultants to all homes.

Strategy

Shifting to management focused on Lifetime Value (LTV).

We formulated the above Vision and Mission as a company supporting various changes in social structures to realize customer success (enhancing the value of future digital lifestyles).

We will design sustainable management that ensures our presence as a sustainable company having significance in society with ethics and morals common to all stakeholders to envision future prospects. We will contribute to the creation of a rich family life through digital technologies facilitated via "one digital consultant per family."



Advice when shopping



Arrangement of monthly charges for telecommunications equipment



Digital environment consultations in all aspects of life



Assistance with online reservation procedures



Security measures



Ordering of optimal equipment for customers



Backup of memories and other important data



Formulation of purchase plans for educational purposes

Digital Life Planners Intimately Connected to Your Life

Digital Life Planner

Despite the advance of digital technologies, the number of mobile phone shops and public transportation functions is declining.

Although digitalization is convenient, it becomes an inconvenience for those in society who are unable to use it. Our digital consultants eliminate this "digital divide" so that families can lead richer lives with more time to spend together.



Reliable trade-in of idle equipment



On-site services in times of need



Advice on social media usage and online shopping

Planner Higashi
Minato Mirai Store



Lectures on high-tech equipment operation



Eliminating device troubles Consultations on every issue



PC DEPOT's purpose is to "enrich people's lives through digitalization," and to eliminate the digital divide, Digital Life Planners will be assigned to every household to provide unwavering digital support to members' families.

The value creation model comprising these three axes aims to resolve social issues more rooted in people's lives and realize the expansion of the "role of Digital Life Planners" to enhance "abundant lifestyles" in response to "social changes" and demonstrate our efforts to transform the value we provide.

Abundant lifestyles

Intended to further enhance abundant lifestyles.



Value through merchandise

Member support

On-site service for each problem



Digital Life Planners
Subscription model based on customer Lifetime Value (LTV)

Digital Consultants

Works: 3-5 member teams
Members covered by Works: 500-800 households
500 works (1,500-2,500 people): 250,000-400,000 households covered

Transformation of value provided (FORCE 2025)

Memberships (subscription-based business)

Media business

IT business

Value through people

Enriching the lives of families

Key Station concept

LTV management

Handling the digital lives of 400,000 people

Uninterrupted lifestyles

Role of planners

We will advance from the provision of value through conventional "merchandise" to increased involvement in the enrichment of people's lives in line with social changes through the "people" comprising Digital Life Planners.

Resolution of more deeply rooted social issues

Social changes (Digital developments)
Envisioning the spread of PCs and the Internet, the general use of smartphones, as well as future advances toward Web 3 and Society 5.0.

Changes in curriculum guidelines

Blockchain

etc.

Security measures

Overly rapid digitalization

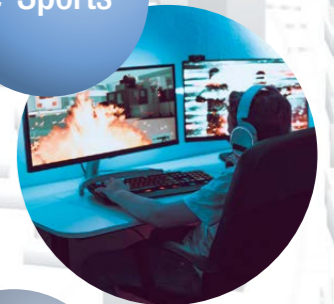
Decreasing number of contact points for finance, transportation, etc.

Intelligence business

Web 3

Society 5.0

e-Sports



Metaverse



PC DEPOT Vision, Mission and Strategy

<p>Vision</p> <p>Eliminate the digital divide.</p>	<p>Mission</p> <p>Bring digital consultants to all homes.</p>	<p>Strategy</p> <p>Shifting to management focused on Lifetime Value (LTV).</p>
---	--	---

Membership-based/Subsription-based/Circulation-based



Built in

Creating demand through planned proposals

- More members will continue to struggle with mastering digital technologies
- Subscription model implemented 10 years ahead of schedule
- Support for digital devices owned by members
- Healthy balance sheet and investment capacity

Sources of strategic capabilities

Strategy

Management Focused on Lifetime Value (LTV)

1. Store/area expansion, new store development

- Promote Key Station concept—establish family member value creation networks
- Promote renovations to create Smart Life stores
- Develop new store concepts (Connected Mobile Stores)



2. Develop new services, expand advertising efforts

- Strengthen collaborations with Asahi Culture Center, Kanagawa Shimbun, etc.
- Participate in the SMBC Elder Program
- Provide Benefit One services



3. Expand human resource recruitment and training

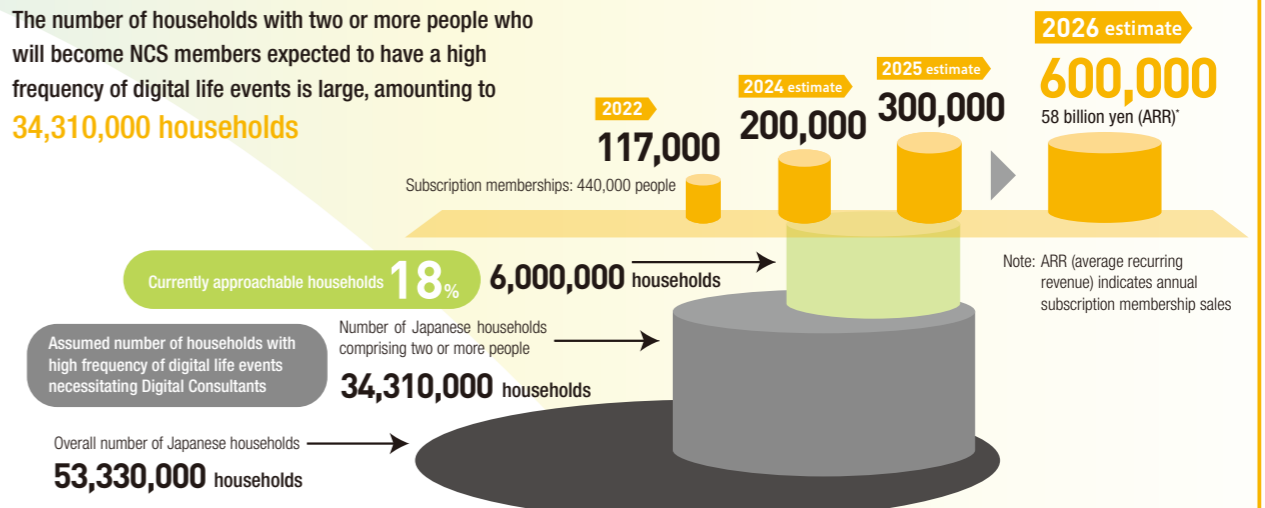
- Enhance new graduate recruitment
- Begin mid-career recruitment
- Enhance Digital Life Planner skills



Future Market Opportunities

As New Customer Success (NCS) membership sales account for 52.7% of subscription-related sales, which account for 68% of overall sales, increasing NCS member numbers will lead to higher NCS membership sales.

The number of households with two or more people who will become NCS members expected to have a high frequency of digital life events is large, amounting to **34,310,000 households**



Transforming Our Business Model from Merchandise to People

Founding~2006

Merchandise sales

Mass consumer and mass retail era

2006~

- Continuous model
- Maintenance
- Service model
- Development

Experience Level 1.0

Transition to service business era

- Resolving problems
- Sales and marketing to customers

2019~

- Proposal model
- Continuous model
- Future planning model
- Consulting

Experience Level 2.0

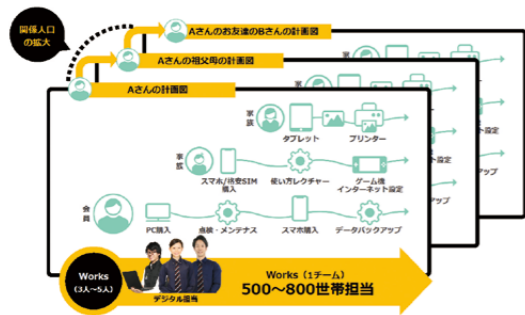
- Producing customer value
- Creating demand with **planned proposals**

About planned proposals

Systematic proposal of experiences/merchandise/services that will be necessary in the future

2022~


Maintain and increase NCS memberships



Works (3人~5人) 500~800世帯担当

Creating demand opportunities for individual customers by identifying potential future needs and not relying on merchandise

■ Maintain relationships with 400,000 families



SMARTLIFE JOURNAL
Household Digital Consultant information magazine

■ Increase contact with members and usage opportunities

April 2022: **Hired 130** new employees

April 2023: **Plan to hire 150** new employees

⇒ **Generation Z workforce**

Renovation of existing stores

■ Implementation of cooperation and collaboration

Regional collaboration with Toyota City
Toyota Digital Store for Your Daily Life

Regional collaboration with Narita City
Digital Store for Your Daily Life at a department store

Kanagawa Shimbun Digital Friendship Association

Human Capital and Training Aimed at Business Model Transformation: Part 1

Realizing abundant lifestyles

■ Timeless training

Launch date	Held multiple times starting June 1, 2022
Participants	150 Digital Life Planners recommended by each base
Training overview	Explanation and practice of planning techniques using notebooks as a practical example of techniques leveraging personal strengths.

Envisioning the future of member lifestyles

- Families with children → Preparation for digitalization in accordance with new curriculum requirements
- Seniors → Use of smartphones and tablets making life more convenient

Participants divide into groups to discuss issues and strategies

President's lecture on "Honing skills to enhance competency and make work enjoyable"

Second session

Uninterrupted lifestyles

■ Conference training

Launch date	July 27, 2022
Participants	All employees
Training overview	Transformation of Works (small group teams) basic management style leveraging the power of individuals, and 23 booths (rooms) where participants learn about best management practices leveraging the power of individuals.

▶ Planner Yamamoto room
Practical examples of leveraging the power of individuals during home visits

▶ Planner Tanaka room
Practical examples of leveraging the power of individuals when inviting customers to become members

17 SMARTLIFE REPORT 2022

SMARTLIFE REPORT 2022 18

Human Capital and Training Aimed at Business Model Transformation: Part 2

New employee training leveraging Generation Z sensibilities

New employee training

Launch date April 2–3, 2022

Training overview Camp-style format to promote awareness regarding the role and efficacy of Digital Life Planners through the creation of recruitment videos during the training.



Teams write articles about digital life on the theme "If digital technologies had been part of my childhood..."



Teams create recruitment videos



Creating videos introducing the digital life to the customers teams will manage



Practical interaction with people in stores after training



Writing articles during training

New employee feedback and initiatives



Tomomi Hasegawa
PC Depot Smart Life
Nagaoka Store

Contributing to the company through work while also achieving personal growth

I joined the company because I wanted to contribute to society and grow as a person by working as a Digital Life Planner. I empathize with families raising children and utilize my experience as a childcare worker to interact with customers and create an atmosphere in which they can talk frankly. While aiming to become the best Digital Consultant in the community, I will be closely involved in the digital life of member families to realize their goals and make the presence of Digital Consultants commonplace in my assigned area of Nagaoka, Niigata Prefecture.



Yuto Ichikawa
PC Depot Smart Life
Tama New Town Store

Providing support engendering member family empathy

Rather than working simply to have a job, I joined the company to work for the benefit of people. Soon after joining the company, I received warm words of encouragement from member families, which helped me. I now feel connected to these families as their lives are enriched by the use of digital technologies. I hope to grow as a professional and serve as a role model for young employees who join the company in the future.

Store Innovations

New store in Tokorozawa

Tokorozawa Yurakucho CLUBHOUSE Project
Store construction using BIBox container module



Note: Completed image perspective

Creating bases closely connected to lifestyles through new store development

In 2023, the Tokorozawa Yurakucho CLUBHOUSE, a new store format for PC DEPOT, will be completed in Yurakucho, Tokorozawa City.

As of March 2022, approximately 3,000 members could only visit the Tokorozawa PC DEPOT Smart Life store, but with the construction of this new base, they will be able to visit either of two stores, one located 1.3 km from the station, and another 1 km away, facilitating a wide range of services for members and bases where Digital Life Planners can easily conduct their activities. With the establishment of both locations, the total number of households in Tokorozawa City

(approximately 140,000) will be covered within a radius of 1 km, 12.5% within 3 km, 70% within 5 km, and all households in Tokorozawa will be covered within a 5 km radius. Further, within 5 km of the CLUBHOUSE, the coverage rate will include 6.67% of the total of 2.96 million households located in Saitama Prefecture.

Compared with the coverage provided by the single location up to now, the CLUBHOUSE will reduce facility maintenance, management, and operating costs, enabling the surplus to be used for the creation of contact points with members.

Efforts to reduce electricity usage through new store formats

By shifting from a store model centered on large stores to one that combines core stores with satellite stores such as the CLUBHOUSE, we are making an effort to reduce electricity usage (CO₂ emissions) associated with lighting and in-store displays.

Currently, PC DEPOT uses 200,000 kWh per store annually. While this is less than the average annual usage of other electronics mass retailers, it is more than the 173,000 kWh used per year by a single convenience store. We will reduce the overall floorspace of large stores through the combination of core and satellite stores to reduce the amount of electricity used per store.

