



May 25, 2018

To our stakeholders:

I hope this announcement finds you in good spirits.

I would like to inform you of our guiding principles for ensuring the continuous growth and longevity of our business.

PC DEPOT Group's guiding principles are "We exist for our customers," "Individual growth is Company growth," and "Our growth contributes to society." Our basic CSR policy is to use our stores to eliminate the disparities in the information society (the "digital divide") that arise due to differences in age, gender, income, education, place of residence, and other factors. Supported by these principles, our management strategy aims for our business to be productive in creating long-time value, to contribute actively and continuously to stakeholders and local communities, and to be an organization that recognizes our mission and the meaning of our existence in society, which is an organization based on people. We view these responsibilities as important elements for growing and continuing our business. In 2018, based on such an understanding, and with forthcoming changes in sight such as the spread of IoT equipment, Japan's declining and aging population, regional divides, global overpopulation, the shift to AI and robots, climate change, environmental issues, and world affairs, we embarked on "Year Ahead 2018-20: Integrated work-style, productivity and educational reform based on our CSR philosophy," which we are convinced is the approach we should take to achieve our next stage of growth, with the prospect of expanding the scope of production only humans can do

What lies ahead is creating customer value and prospects for realizing a cycle between customers, the company, and society—in other words, prospects for our customers to see value in us in the future, prospects for the company's sustainability and growth, prospects for stabilizing our employees' livelihoods, and positive prospects for all stakeholders.

We will design sustainable management so that we will be a sustainable, socially meaningful company with shared ethics and morality that brings future prospects to all our stakeholders.

Below, we would like to illustrate our approach for creating value, responding to issues, and encouraging action.

First, we defined the growth areas we should approach, which we did not just in terms of industrial frameworks but from all angles—including our corporate perspective, employee ethics, and affinity with society—to ensure the resulting approaches are viable for us. We identified the following five values:

- 1) Sociality and social contributions (Social),
- 2) environmental issues (Environment),
- 3) work and education styles (Education),
- 4) creating more entertainment value (Entertainment), and
- 5) Corporate governance (Governance).

We will look at each of these issues from many angles and evaluate how to respond while staying true to our unwavering corporate philosophy, then tackle our goals accordingly.

1. Social: How we respond to society, and our approach to changes in future social environment

We have set the following goals for our contributions in our business domains and local communities.

First, given the changing demography, we will aim to diminish generational gaps—differences in skill levels among generations when using digital equipment as well as related issues that will arise from Japan's declining, aging population. Recent observations indicate that senior citizens are relatively at ease with computers and digital cameras, while younger generations are not, and the opposite is true for smartphones. Generational gaps in terms of the equipment that people can use are widening, which is expected to increase

generational gaps in household communication as well. Our staff members can serve as intermediaries to fill in these gaps.

Second, regional gaps in industry and infrastructure (due to a lack of stores, transportation issues, and households becoming smaller) are expected to widen. As the Internet and digital devices become essential in daily life, the need for support to help people develop skills to use these devices also increases. Furthermore, invisible risks such as viruses, hacking, and identity forgery on the Internet are likely to increase. We aim to ensure device security as well as to serve as a local go-to team for all kinds of security and technological concerns.

Third, due to structural changes in industries and businesses, the shift to superstores and e-commerce will accelerate. We will continue to engage in our business so that we can respond to device repair needs that may remain unfulfilled by these industrial and business changes as well as minor concerns.

Fourth is education-style reform as presented by the new government curriculum guidelines. Recognizing educational-style reform as something to be integrated with work-style reform makes us aware of the role we should fulfill. We feel that education and educational styles for future generations should not be limited to studying Internet devices—rather, education should be developing the whole person, including ICT education (e.g., on programming, which supports Internet devices) as well as developing people's capacity as a whole, including the ability to think for themselves and to summarize ideas ethically. On top of the business contributions our employees can offer (e.g., technical support), our employees' capacity to create new value by thinking and being aware is not just a benefit to each employee but rather a kind of value for all stakeholders. To continue contributing to society, we will prioritize employee re-education.

2. Environment: Our view on the environment and energy

As can be seen in the shift toward energy-saving measures, social infrastructure is changing. Smart devices such as PCs and IoT equipment have the potential to create a paperless society and reduce transport-related energy usage. Through our operations, we can play a role in saving energy and making society more environmentally friendly. For example, consider use and reuse of dormant assets. People have many pieces of unused or so-called dormant equipment in their homes. We can urge consumers to start reusing such equipment by helping them by providing instructions or to buy/resell/repair used equipment and promote reuse, including for products they bought elsewhere. At this moment, many devices such as smartphones are becoming unused, dormant assets. Reuse of dormant assets is also an approach that can be applied to store launches. If we renovate and reuse existing assets (avoiding "scrap & build"), it is psychologically easy for our customers because they see a familiar store in the same location.

We will abolish the practice of temporary decorative store design and reduce limited-time sales. We will continue to use the same facilities in the same locations and prioritize store design and operational design that create new value. In principle, our operating energy at all stores will be all electric, all LED, low-fuel vehicles, and all-electronic. We will also survey energy needs when discussing new ideas and raise each individual's awareness (by eco-subsidies, energy-saving systems, and provision of support to employees on actions to save energy) so that it becomes part of our corporate culture. We will continue to make efforts for the environment and to reduce energy consumption.

To put in place emergency and evacuation plans for natural disasters and pandemics, such as mega typhoons caused by climate change, viruses and infections caused by ecosystem changes, and earthquakes and other hazards as well as to ensure employee safety and business continuity, executing a temporary termination of operations during an early stage is important. Given the potential risk of considerable damage to infrastructure and electronic devices, we will incorporate an offline, non-real, non-network batch-processing design concept into systems in order to build a seawall through a non-automated approach.

We will also raise employee awareness of safety and prevention issues through thinking drills and experiments to tackle these social changes.

3. Education: Our view on work-style, productivity, and learning-style reform

We take the work-style reform and productivity reform being promoted by the Japanese government to be one of our important businesses. We have added educational style reform and intend to drive all three as a

single effort. Based on our CSR philosophy, our business's character is to achieve stable livelihoods that improve productivity, and improved humanity that also improves productivity. We will also promote an overarching structure in which every employee and staff member can design their own futures.

Driven by highly knowledgeable, experienced, and technologically excellent individuals with high work ethics, we have continued to develop and maintain our business as a computer superstore to this day. We also promote the "Smart Life store," a business structure model that we established in 2013. Looking at the future as a whole, our greatest mission is to integrate work-style, productivity, and educational-style reform as well as to promote them together in a concrete manner. We will concentrate our assets and focus on our business and CSR philosophy cores, and we will design our work styles and the future of production in order to achieve continuous business growth.

As for our initiatives to ensure stable employee livelihoods and improved productivity, we have defined stable livelihoods as "more income, diverse work-styles, meaningful and worthwhile work, and lives that enable employees to visualize, design, and create their own futures." Since the company's establishment, all full-time employees have been hired as specialists regardless of gender. Promotion to managerial posts has been scored solely based on performance—not age, academic background, or gender. However, we could have done and should do more in consideration of the continuous growth and sustainability in the future that work-style reform represents. For the next generation (where the average lifespan is expected to stretch to 100 years), we have set our next goal as Vision 2018-20, which responds to diverse work styles that transcend gender, region, and age. We will introduce new systems in cooperation with the group's union.

- Helping employees draw up diverse future plans by supporting diverse work styles and creating more diverse work-style posts

We aim to realize work styles through which each individual exercises authority over office entry times (with possible reductions in the total number of hours worked), can visualize results, and shares a future vision. To achieve this, we will gradually increase independent, new work-style posts that can create value (e.g., consultant designers, engineering designers, and consultant operators). By doing so, we will hire more women and special-skilled and senior (age 55-70) staff members as well as extend the retirement age (to 70) in order to reform our system in a concrete manner.

This approach will allow working parents, staff members taking care of elderly family members, and all members with excellent skills and high work ethics to visualize a future with a steady livelihood and improved productivity. At the same time, in addition to the current store team and category managers as well as managers of headquarter blocks, we will develop such designers with assistants in order to boost the total number of managerial jobs with authority and their own capacities to create value.

- Organizing a structure to fully support goal-setting and designing one's future

Childcare: We will organize a childcare support system that helps parents take days off, support their relatives, and return to work after leave. We will organize an overarching structure that includes image training for parents on leave as well as an hourly work system and associated allowances. For staff members taking care of elderly family members, we will also organize a system with diverse options, including planning their work starting before they begin nursing care, and appropriate allowances. Together with our employees, we will drive our flexible future design initiatives forward, which will include considerations for better income, self-development, stable lifestyles, performance evaluation, and assessment.

- Our view on improved humanity that also improves productivity and work-style reform as one

We feel that work-style reform, stable livelihoods, and improved productivity will only be possible when promoted together with educational-style reform. We prize basic human qualities such as honesty, patience, and diligence; in-house knowledge, experience, and technologies; and the ability to think for oneself, summarize ideas, make proposals, and interact with others. We feel these are the key to maintaining and developing our business in the future. As part of our operational policy, we aim to free up more employee time by increasing the number of days stores are closed, shortening business hours, and reducing limited-time sales and sales promotion activities so that our employees can use the time to make their lives

steady and learn new things. This way, our staff members will become able to propose better plans, which means they will be able to strategically generate customer demand.

4. Entertainment: The potential to create a future based on joy and people-to-people communication

Long-term mass production and mass consumption in our business environment has led to many new sources of value emerging, including e-commerce, the shift to superstores, personal trading of used items, guesthouses and other sharing economy facilities, and virtual currency. What supports these new changes has also become clear: the realization of wider use of the Internet, advanced automated technologies, and AI and robots. We have placed the growth of Internet and IoT at the center of our products and services, and we forecast further growth in these areas. Against such a backdrop, growth of our business field depends on human resources who have high work ethics, knowledge, experience, and technological abilities as well as direct, constant communication—not just from us but with each other. As for store management, everything from all of our products, services, and spatial arrangements to the store’s atmosphere is based on face-to-face communication. Our staff members are committed to creating and sharing joy and the future.

Given the declining, aging population, we cannot be optimistic about securing such human resources in the future. Nevertheless, we will continue our dialogue with each applicant under the hope that we can help them create a vision of the future, revolving around our philosophy of keeping at heart face-to-face communication and human contact. We will also encourage employees to be aware of their proximity to stakeholders and the need to create joy and value.

Having continued to raise the level of our social, educational, and entertainment approaches since our establishment, we will shift from the era of quantity to the era of quality by building on the characters of our unique human resources.

5. Governance: Our view on governance, compliance, and risks

Governance, compliance, and all risks are closely related to our business. We should tackle these issues across the board to ensure business continuity. Instead of seeing forthcoming structural changes in society as an extension of the past, we will predict all possibilities and set our eyes on ensuring healthy growth and business continuity. Our board of directors is committed to strengthening governance and compliance, seeing risks as positive opportunities, and serving a strategic role (including the role of auditor) to ensure management that meets stakeholder expectations.

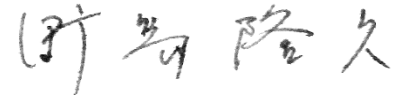
We will integrate our approach to customers, product and service quality, and governance of headquarters features. Building on our current system and the face-to-face nature of our business, in every scene we will combine our mutual dialogue (voice-to-voice) with a style in which customers and employees engage in tasks and procedures in front of each other. We are currently working to improve work efficiency and automate transmission and processing of large volumes of data. We will drive our business forward, developing human resources who can spontaneously demonstrate joy and will work hard in front of customers, based on a customer-first mentality and work ethics. We will also focus efforts on improved governance and compliance. We will concentrate resources on creating value, which in turn will make our business sustainable, and we will operate our stores and headquarters with governance that broadly reflects stakeholder needs.

The board of directors will talk to each other on a day to day basis, share our compliance awareness and CSR philosophy, and promote governance. Individuals in close contact will visibly enforce this. We also aim to be a board that is open to discussions based on our articles of incorporation, corporate mission, and strategies that form the basis of our business. In addition, to interact with our stakeholders, we will assign designated teams close to management to be closer to stakeholders, including AR (Associate Relations), PTR (Partner Relations), MR (Member Relations), and ICR (In-Company Relations) as well as the existing CCC (Customer Call Center), CR (Call Center), IR/SR (Investor Relations/Shareholder Relations), and PR (Public Relations). We will continue to integrate this overarching, compact, and speedy organizational management.

We will proceed with our shift from quantity to quality, from material richness to richness of the heart, and from current value to creating future value. We will continue to communicate with our stakeholders, deepen

our communication, and aim to achieve sustainable growth. We appreciate your kind support.

Yours sincerely,

Handwritten signature of Takahisa Nojima in Japanese calligraphy, reading '野島隆久' (Nojima Takahisa).

Takahisa Nojima
President and Chief Executive Officer, PC DEPOT CORPORATION