

# I. Management Policy: Nojima 4.0

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# What is Nojima 4.0?

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- Anticipating social trends and changes in customer lifestyles and continually refining our course accordingly
- Current trends
  - ✓ Driven by communications technology innovations, the values surrounding human lives are about to undergo dramatic change.
  - ✓ Customers are unable to articulate what they want.

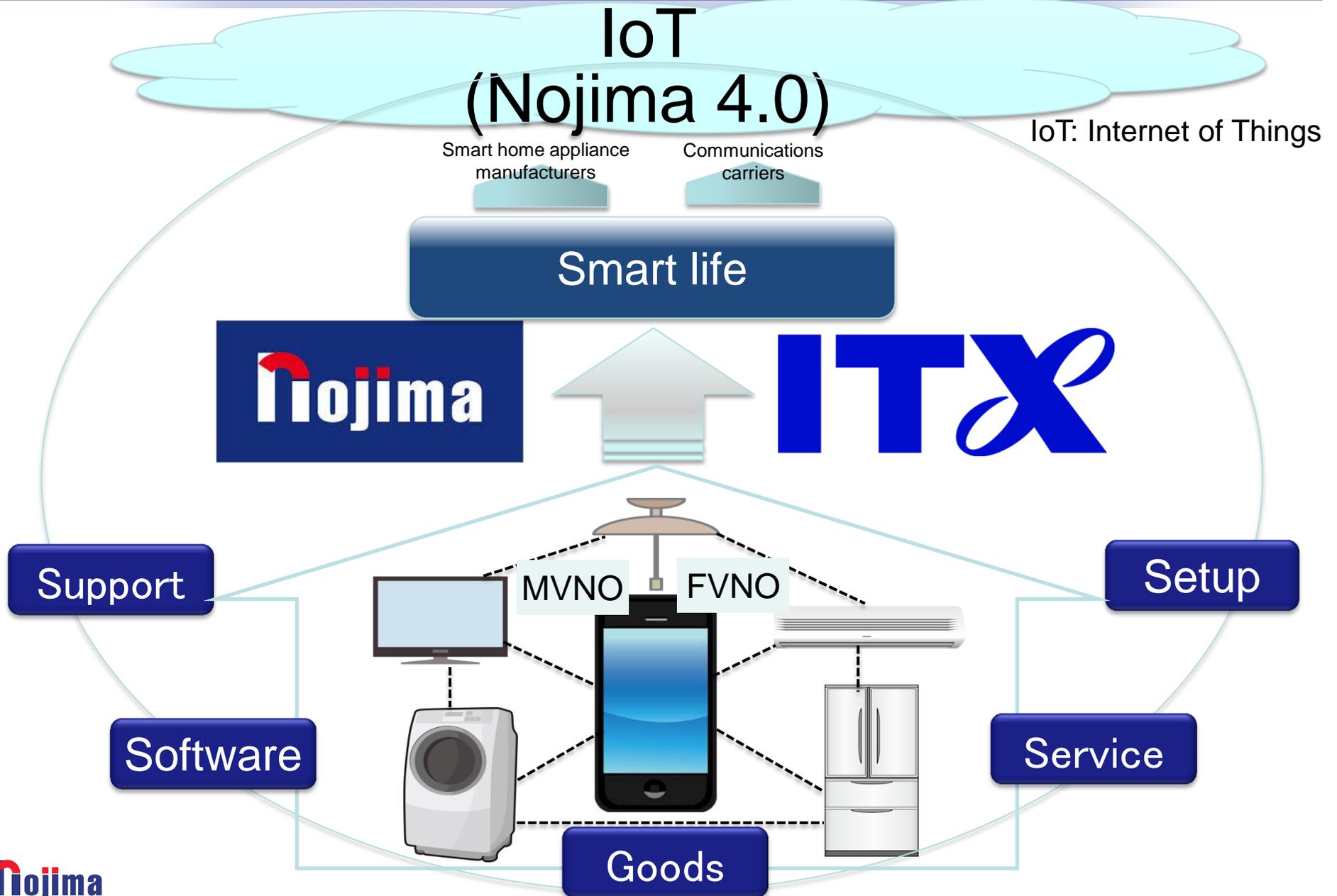
Upgrading to a new version

Nojima itself will become a portal and evolve into a node that connects to various products and solutions, becoming a company that helps customers create completely new lifestyles.

# History of upgrades prior to Nojima 4.0

Period	Trend	Version	Keyword	Leading products
1960	<b>&lt;Analog era&gt;</b> <ul style="list-style-type: none"> <li>• Tokyo Olympics</li> <li>• High economic growth era</li> </ul>	<b>Nojima 1.0</b> Foundation (1959)	<b>“Asking customers what they want”</b> Introducing products	<b>Washing machines</b> <b>Refrigerators</b> <b>Black and white televisions</b>
1980	<b>&lt;Digital era&gt;</b> <ul style="list-style-type: none"> <li>• Bubble economy and its collapse</li> <li>Heisei Recession</li> </ul>	<b>Nojima 2.0</b> Opening of electronics and appliance stores Sales topping 10 billion yen (1989)	<b>“Proposal-based selling”</b> Integrating products	<b>Audio</b> <b>Color televisions</b> <b>Video</b> <b>PCs</b>
2000	<b>&lt;Communications/ Internet era&gt;</b> <ul style="list-style-type: none"> <li>• Proliferation of the Internet</li> <li>• Music distribution through the Internet</li> </ul>	<b>Nojima 3.0</b> Establishment of trading company for communications devices Sales topping 80 million yen (2000)	<b>“Consulting-based sales”</b> Optimizing products	<b>Internet</b> <b>Japanese-style feature phones</b> <b>PDAs</b> <b>Flat screen LCD TVs</b>
2014 2015	<ul style="list-style-type: none"> <li>• Emergence of IoT era</li> <li>• Smartphones begin incorporating most home appliance control functions.</li> </ul>	<b>ITX acquisition</b> Sales topping 240 billion yen (2014) Sales topping 500 billion yen (2017)	<b>“Evolution of consulting-based sales”</b> <b>Proliferation of digital GS4</b>	<b>(Digital) home appliances</b> <b>Communications (smartphones)</b>
2020	<b>&lt;Full-fledged IoT era&gt;</b> <ul style="list-style-type: none"> <li>• Tokyo Olympics</li> </ul>	<b>Nojima 4.0</b> Goal: Achieve sales exceeding one trillion yen.	<b>Becoming a hub for the “smart life” of customers</b>	<b>Offering various products and services with communications positioned as a hub</b>

The Nojima Group will become a hub for the smart life of its customers.



# II. Medium-Term Management Plan

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– The road to Nojima 4.0 –



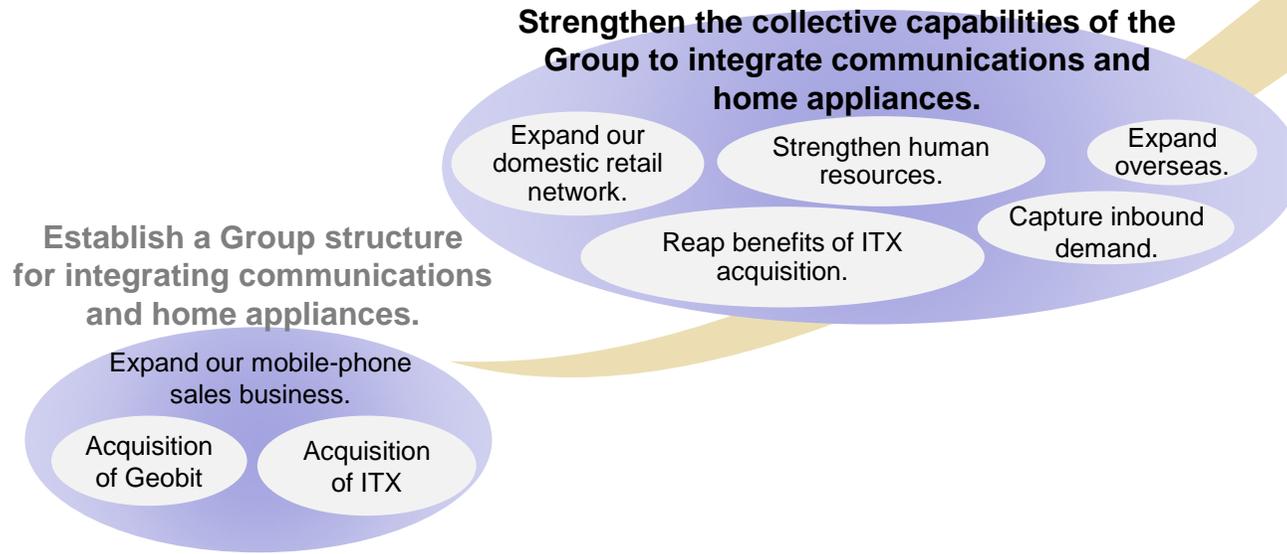
# The positioning of this medium-term management plan: Moving toward Nojima 4.0

Until the year ended  
March 2015

From the year ended March 2016 to  
the year ended March 2018

From the year  
ended March 2021

## Medium-term management plan



**Achieving Nojima 4.0  
Evolve beyond digital  
home appliance  
stores and carrier  
stores to deliver new  
value in the IoT era.**



# Targets set under this medium-term management plan

	Actual figures for the year ended March 2015	Final year of the plan Target figures for the year ended March 2018	(Comparison with the year ended March 2015)
Sales	244 billion yen	500 billion yen	(2.0 times)
EBITDA	9.5 billion yen	24.5 billion yen	(2.6 times)
Ordinary income	6.7 billion yen	15.0 billion yen	(2.2 times)
Net income before amortization of goodwill	4.2 billion yen	14.1 billion yen	(3.4 times)
ROE	11.0%	15% or higher	(Approx. +4 pts)
Equity ratio	14.3%	20% or higher	(Approx. +6 pts)

Notes:

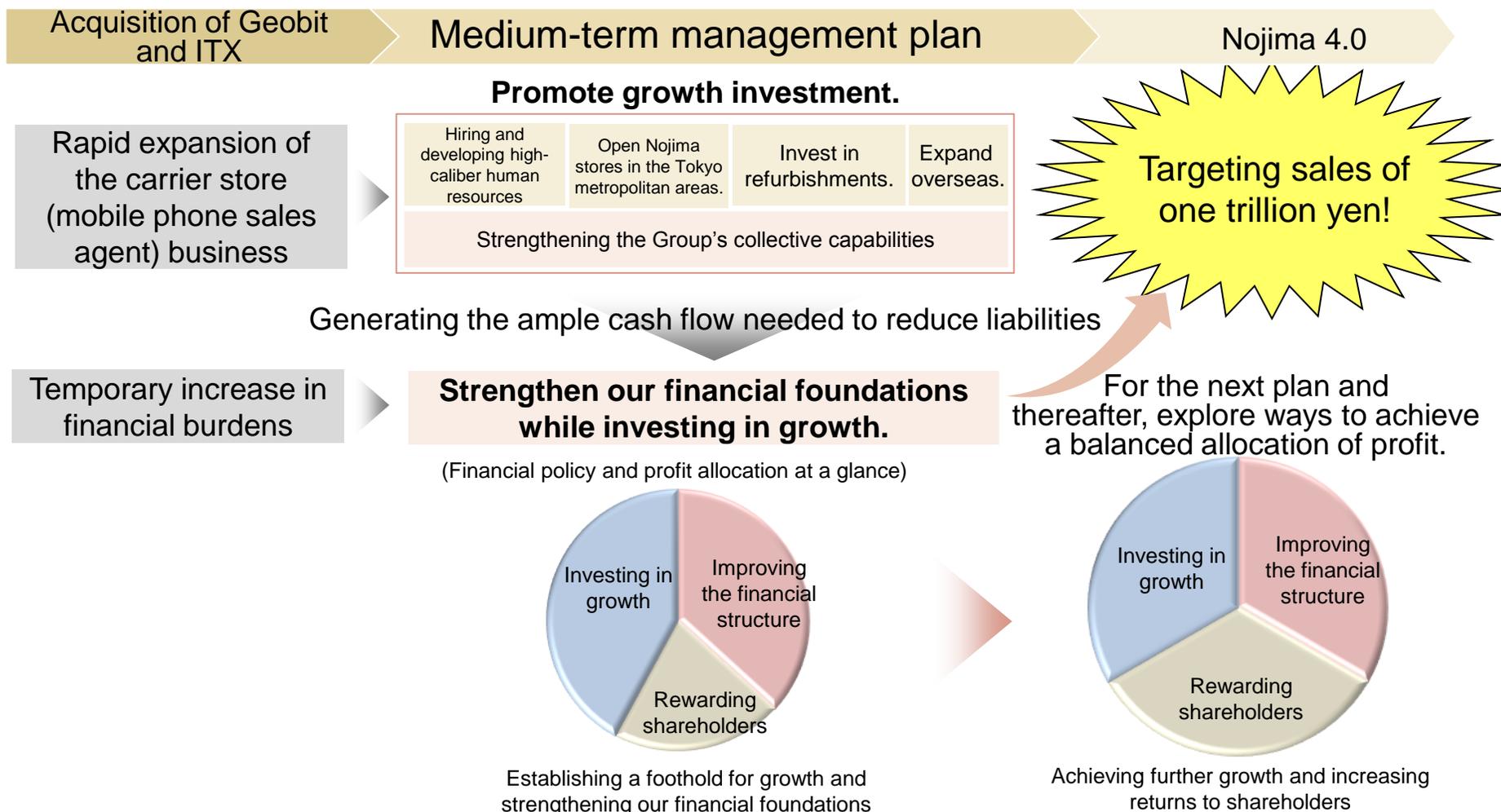
- \* These forecasts were prepared by the Company based on assumptions and information available as of May 7, 2015. We make no guarantees that they will prove to be accurate.
- \* Due to various factors, actual performance may differ significantly.
- \* EBITDA = ordinary income – (financing cost + amortization of goodwill + depreciation)
- \* Net income before amortization of goodwill = net income + amortization of goodwill
- \* The increase in the number of carrier stores and the overseas expansion mentioned on the previous page have not been incorporated into the target figures.
- \* Since amortization of goodwill for tax purposes will cease from the year ended March 2018, we expect net income before amortization of goodwill to decline from the year ended March 2016.

# Specific measures to be implemented under this medium-term management plan

1	Aggressive and strategic opening of stores in Japan	<ul style="list-style-type: none"> <li>■ Continue our dominant store-opening policy of opening ten or more Nojima stores (digital appliance stores) each year in the Tokyo metropolitan area.</li> <li>■ Refurbish or demolish/rebuild carrier stores to enhance store quality.</li> </ul> <p>* This plan does not incorporate our carrier-store opening plans.</p>
2	Recruitment and development of high-quality human resources	<ul style="list-style-type: none"> <li>■ Strengthen ITX's new-graduate hiring capabilities to secure high-quality human resources.</li> <li>■ Enhance the human resource quality by using Business Grand Works, a consolidated subsidiary, to provide training and by establishing a solid training structure.</li> </ul>
3	Benefits delivered by ITX acquisition	<ul style="list-style-type: none"> <li>■ Sell digital home appliances and services through ITX's corporate sales department.</li> <li>■ Mobilize interest in and facilitate "smart life" by leveraging Nojima's consulting-based sales capabilities and ITX's planning capabilities.</li> <li>■ Integrate Nojima and ITX's overlapping functions.</li> </ul>
4	Expanding the ELSONIC private brand	<ul style="list-style-type: none"> <li>■ Improve lineup to offer price-competitive, high-quality original products.</li> <li>■ Significantly increase the number of items sold under the brand (currently around 400).</li> </ul>
5	Propelling overseas expansion	<ul style="list-style-type: none"> <li>■ Consider opening more stores in Cambodia and Vietnam where we already operate stores.</li> <li>■ Consider opening stores in other countries, particularly in Southeast Asia.</li> </ul> <p>* This plan does not incorporate our plans to open overseas stores.</p>

# Financial policy and profit allocation approach under this medium-term management plan

■ **Targeting further growth, we will strive to generate the ample cash flow needed both to invest in growth and strengthen our financial foundations.**



Goal: Achieve sales  
of one trillion yen  
with Nojima 4.0!

