



Taking on the challenge of creating new value based on the team spirit of 20,000 members who share the same passion for customers.

Toshihiro Hisada, Chairman and CEO

I would like to first introduce our history to date as we publish our first Integrated Report, which will explain DCM's value creation story and medium- to long-term business strategy to our stakeholders.

After dawning in the 1970s, Japan's home improvement retail industry enjoyed remarkable growth in the 1980s and 1990s. The home center market expanded rapidly as many companies from various business formats entered the market nationwide. By 2000, however, the market had transitioned from a growth phase to a maturity, and there was a growing awareness of the inevitable impact of a declining population on the future. With this long-term outlook, the starting point for the DCM Group was a group of like-minded individuals who came together to "establish an overwhelming No. 1 position in the Japanese home improvement retail industry and grow toward the future." These individuals were representatives of Kahma Co., Ltd., Daiki Co., Ltd. and Homac Corporation.

We first established a joint purchasing company, DCM Japan Co., Ltd., in 2003 to strengthen our procurement capabilities.

At that time, the name "DCM" was chosen to represent "Demand Chain Management," or reforming logistics from the perspectives of customers, rather than the conventional concept of retail of efficiently purchasing and selling products made by manufacturers. In 2006, DCM Japan Holdings Co., Ltd. (renamed DCM Holdings Co., Ltd. in 2010), a joint holding company, was established for the purpose of implementing more unified business operations, and group management was launched with three operating companies under its umbrella.

I am occasionally asked how DCM was able to successfully integrate three listed companies as if they had originally been a single entity? Indeed, all three operating companies were already well established in their respective markets at the time, and their employees were proud to work for them. In promoting the management integration of these three companies, our basic policy was to consider how we could achieve this,

theorizing the ideal state of how we should be for the sake of customers as the central axis. We tried to keep our thinking focused on the customer, rather than aligning to the way one of the operating companies conducts business.

Furthermore, rather than presenting the ideal state top-down, each person in charge had repeated discussions to find the optimal solution from the customer's perspective through trial and error until they were satisfied. Therefore, although it took time, I believe we were able to construct the new style of DCM objectively while integrating the three companies as the issues were cleared one by one. At the core of our actions was ambition to "leave the past behind, cooperate, and create something new to become the overwhelming No. 1." Therefore, we now have a corporate culture that does not care about which company employees originally came from. In this way, we have been able to deepen our product development, shelf space allocation, and new services through trial and error—all aimed at increasing customer convenience. It is truly gratifying that we were able to move forward to the 2021 integration after having prepared well.

We believe home centers will be called upon even more to evolve beyond being a retailer of goods to becoming a form of lifestyle infrastructure in light of the social issues facing Japan, such as a declining birthrate, aging population, and depopulation of rural areas. To achieve this, we must continually address our customers' changing needs and provide solutions that surpass their expectations. Through discussions and trial and error in the process of management integration, we have been able to accumulate the ability to respond to changes in the environment, as well as develop the power to think about how to solve problems. Based on the solid management foundation we have built and the lofty aspirations of all our employees, we at DCM will strive to realize our Company Philosophy, "Do Create Mystyle: Giving Shape to Your Dreams for Life," and to achieve sustainable growth. We look forward to your continued support.

History of DCM

