Explanations for 3Q (FY ending March 2017)

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1 3Q Cumulative Decrease in sales and profit

1Q Increase in sales and profit ･･･Increase in demand occurring due to termination of free upgrade to Windows 10

2Q Decrease in sales, Increase in profit･･･Decrease in sales due to voluntary restraint on sales promotion activities in relation to the incident that occurred in August. We have also concentrated on the support for existing members by verifying each member's status through direct mail, etc.

3Q Decrease in sales and profit･･･Sales promotional activities were resumed in November, but we could not stop the down trend. Gross margin has squeezed du to the inventory of product sales with lower prices. Combined-services products decreased due to shortage of available staff.

Units: Million yen, %	3Q FY2016	3Q FY 2017	Difference	YoY
Net Sales	38,201	34,796	△3,405	91.1
Operating Income	3,051	2,682	△369	87.9
Ordinary Income	3,076	2,759	△317	89.7
Net income attributable to parent company	2,109	1,811	△298	85.9

PL（Consolidated）

3Q Decrease of sales due to focus on quality control

Units: Million yen	FY ending March 2017			
	1Q	2Q	3Q	3Q Cumulative
Sales	12,598	11,249	10,949	34,796
Products	5,482	4,284	4,949	14,715
Solution Services	6,782	6,623	5,648	19,053
Internet related business (subsidiary)	314	322	316	952
Gross Profit	5,970	5,442	4,633	16,045
SG&A	4,536	4,576	4,250	13,362
Operating Income	1,434	866	383	2,682
Ordinary Income	1,465	892	402	2,759
Net income attributable to parent company	990	579	242	1,811

1Q Sales
Strong sales owing to the increase in customer's last minute needs for the free upgrade to Windows 10 (end of July)

2Q～3Q Sales
Due to matters disclosed in August
■Control of promotional activities→Resumed in November
■Reduced sales due to shortage of sales staff as more staff were focusing on quality control.
■Focusing on the support of existing members led to reduced technical sales and service sales.
■Monthly premium memberships increased
■Postponement of plans of opening new stores and upgrading existing stores had no material impact.

3Q Cumulative SG&A
■ Personnel Expenses
Failed to compensate for the shortage of staff due to change in staff placements to quality control. 105% compared to 107% of the plan（98.9% compared to 3Q of previous year）
■ Advertising expenses
Sales promotional activities resumed in November → Reduced scale compared to 3Q of previous year due to shortage of staff