



# Investors' Guide

First Half of the Fiscal Year Ending March 31, 2016  
(April 1, 2015 to September 30, 2015)



PC DEPOT CORPORATION

Securities Code : 7618

# To Our Shareholders



## Business Results for the Six Months Ended September 30, 2015 and Notice of Change of Listing to the Tokyo Stock Exchange First Section

### Summary of the business activities for the six months ended September 30, 2015

I would like to take this opportunity to extend our heartfelt thanks for your invaluable support.

Please find below a summary of the PC DEPOT Group's business results for the six months ended September 30, 2015.

During the period under review, the Japanese economy continued to recover, although slowly, supported to a certain extent by the government's economic stimulus measures. However, consumer spending, despite signs of rebounding, grew only marginally, affected by unusually hot weather and also the persisting uncertainties about the future.

In these circumstances, in the PC DEPOT Group, we stepped-up efforts to sell internet devices such as PCs, smartphones and tablets while providing relevant services in earnest. We also worked continuously on the Smart Life Partner (SLP) initiative to offer products and services on a one-stop basis.

For store development, we continued to remodel existing PC DEPOT stores, mostly those in Kanagawa and Tokyo, into PC DEPOT Smart Life Stores, which are a new type of outlet that focuses more on providing services, and to open new PC DEPOT Smart Life Stores. As of September 30, 2015, there were 18 PC DEPOT Smart Life Stores. In addition, following on from the previous fiscal year, we continued to introduce the "Smart x Solution (S x S)," which a format that applies the new store category's expertise to large-sized stores, and we introduced this solution at 26 stores. Accordingly, comprehensive sales at large PC DEPOT stores accelerated, based on a combination of support for smart devices and relevant services and content. For service products, we worked

to shift to solution-based services that offer content and Cloud computing services. We actively provided comprehensive services combining communication lines, hardware and support services, based on the fixed virtual network operator (FVNO) service that was launched following the start in February 2015 of NTT optical line wholesales.

Existing store sales stood at 98.4% of the same period a year ago, while solution service sales were strong, at 126.8% of the same period a year ago, and gross profit was 108.1% of the same period a year ago. In expenses, personnel expenses grew as we stepped-up the provision of services that distinguishes the PC DEPOT Group, while actively securing staff to be responsible for the rise in services we are offering. Accordingly, selling, general and administrative expenses stood at 109.1% of the same period a year ago.

Under its internal control basic policy, the PC DEPOT Group made significant efforts to bolster corporate governance and to rigorously ensure compliance. We continued to deliberate and address potential risk factors that might affect the Group's operating results, share price and financial position, while striving to deal with potential business risks. In the coming years, we will further upgrade our internal controls.

### Forecast for the Coming Years and our Policies

While uncertainty over sales persisted from October 2015 onwards, we continued to provide unique services based on a combination of our support service and various internet devices, such as internet communication lines, PC, Mac hardware, iPhone and iPad, while also delivering solutions. We actively provided services designed to meet potential customer needs. This took the

form of beginning to offer, for a preferential fee rate, our technical support and periodic inspection services to customers who bought a product only to find that they were unable to set it up themselves, among other such post-purchase problems. As a result, steady growth was recorded by: 1) solution services, such as Premium Services, Cloud computing services, and digital magazine, video content and IP telephone services; 2) MVNO-based mobile communication services and FVNO-based optical line communication services; and 3) technical support services for PCs and other smart devices. Consequently, operating income, ordinary income and net income are each forecast to achieve record highs.

For store development, in FY2015, we plan to renovate 5 to 10 existing stores into PC DEPOT Smart Life Stores, which are a new store category intended to meet even more needs at a time when service demand is growing due to increasingly diverse internet devices. We plan to open five new stores, including in a central Tokyo location. The PC DEPOT Smart Life Aoyama Store is scheduled to be opened on December 4, 2015.

#### Towards becoming a company indispensable to local communities

Our basic corporate social responsibility (CSR) policy, which is in place as our mission, is to use our stores to eliminate citizens' information society disparities (which is referred to as "the digital divide" ) that arise due to differences in age, gender, income, education, place of residence and other factors.

Based on this approach, we will continue to conduct operations from the perspective of CSR through efforts to enhance store quality control and products and services, to increase users of our services, and to raise the security of internet devices and internet data network.

On November 5, 2015, the listing exchange for shares of the PC DEPOT Corporation was changed to the First Section of the Tokyo Stock Exchange, following a recent listing designation.

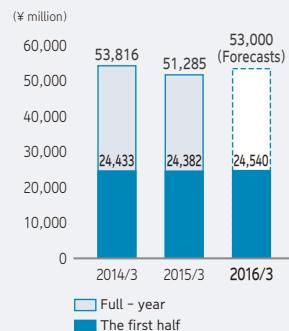
I would like to take this opportunity to express my heartfelt gratitude to shareholders for their kind support over the years, which has helped us achieve the above-mentioned designation.

We look forward to the continued support of our shareholders as we make further progress in our efforts.

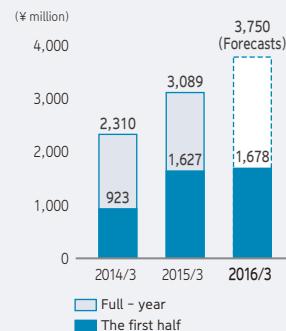
Takahisa Nojima  
President and Chief Executive Officer

	Six months ended September 30, 2014 (¥ million)	Six months ended September 30, 2015 (¥ million)	Rate of increase/ decrease
Consolidated net sales	24,382	24,540	+ 0.7 %
Consolidated operating income	1,627	1,678	+ 3.1 %
Consolidated ordinary profit	1,681	1,724	+ 2.6 %
Net income belonging to parent company shareholders	1,043	1,111	+ 6.5 %

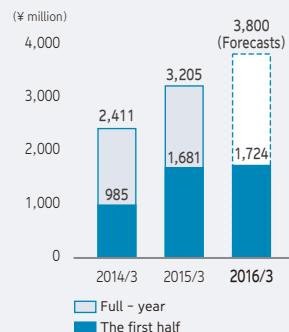
#### Net sales



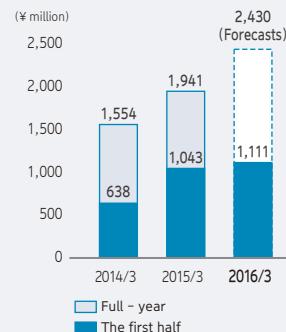
#### Operating income



#### Ordinary income



#### Net income belonging to parent company shareholders



# PC DEPOT new stores



**PC DEPOT Smart Life Store Mitaka**  
(Opened on June 26, 2015)



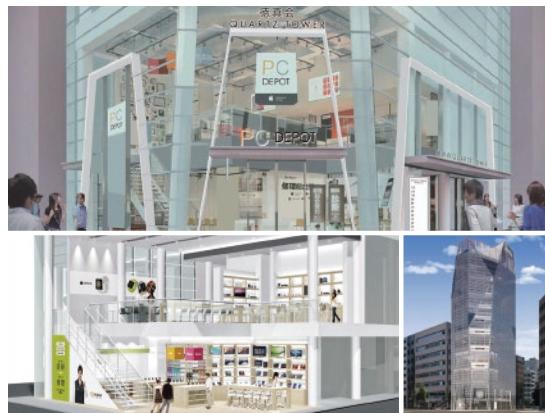
**PC DEPOT Smart Life Store shonandai**  
(Opened on September 4, 2015)



**PC DEPOT Smart Life Store Inagi - wakabadai**  
(Opened on September 16, 2015)



**PC DEPOT Smart Life Store Aoyama**  
(Scheduled to be opened on December 4, 2015)



- **PC DEPOT Smart Life Store Higashiyamato**  
(Scheduled to be opened on November, 2015)

**PC DEPOT** 49 Stores (FC 3 Stores)  
**PC DEPOT Smart Life** 18 Stores  
**PC DEPOT PC Clinic** 58 Stores (FC 6 Stores)

Number of stores **125** Stores  
 (As of November 30, 2015)

[www.pcdepot.co.jp/shop](http://www.pcdepot.co.jp/shop)

# Consolidated Financial Statements (Overview)

## Consolidated balance sheet (The end of the second fiscal quarter)

(Unit: million yen)	FY2014 As of March 31, 2015	Second quarter of FY2015 As of September 30, 2015	Amount of increase/decrease
<b>Assets</b>			
Total current assets	19,920	20,399	479
Total non-current assets	9,336	9,419	82
<b>Total assets</b>	<b>29,257</b>	<b>29,818</b>	<b>561</b>
<b>Liabilities</b>			
Total current liabilities	11,647	11,907	259
Total non-current liabilities	2,428	1,803	- 624
<b>Total liabilities</b>	<b>14,075</b>	<b>13,711</b>	<b>- 364</b>
<b>Total net assets</b>	<b>15,181</b>	<b>16,107</b>	<b>926</b>
<b>Total liabilities and net assets</b>	<b>29,257</b>	<b>29,818</b>	<b>561</b>

Note: All amounts have been rounded off to the nearest unit displayed.

**Assets:** Accounts receivable grew due to sales of service - bundled products, such as Premium Services.

**Liabilities:** Long-term loans payable declined.

## Consolidated income statements (The first half)

(Unit: million yen/%)	First half of FY2014 From April 1, 2014 to September 30, 2014	First half of FY2015 From April 1, 2015 to September 30, 2015	Rate of increase/decrease
<b>Net sales</b>	<b>24,382</b>	<b>24,540</b>	<b>0.7</b>
<b>Gross profit</b>	<b>9,577</b>	<b>10,352</b>	<b>8.1</b>
Selling, general, and administrative expenses	7,949	8,674	9.1
<b>Operating income</b>	<b>1,627</b>	<b>1,678</b>	<b>3.1</b>
<b>Ordinary profit</b>	<b>1,681</b>	<b>1,724</b>	<b>2.6</b>
Income before income taxes and minority interests	1,664	1,698	2.1
<b>Net income belonging to parent company shareholders</b>	<b>1,043</b>	<b>1,111</b>	<b>6.5</b>

Note: All amounts have been rounded off to the nearest unit displayed, and percentages have been rounded off to the second decimal point.

**Net sales:** Solution service sales grew as the Company shifted to the solution format based on a combination of hardware, FVNO, content and other services.

**Selling, general, and administrative expenses:** Personnel expenses increased as the Company actively secured personnel in response to rising solution service sales.

## Consolidated cash flow statements (The first half)

(Unit: million yen)	First half of FY2014 From April 1, 2014 to September 30, 2014	First half of FY2015 From April 1, 2015 to September 30, 2015	Amount of increase/decrease
<b>Cash flow from operating activities</b>	<b>- 108</b>	<b>504</b>	<b>612</b>
<b>Cash flow from investing activities</b>	<b>- 477</b>	<b>- 409</b>	<b>68</b>
<b>Cash flow from financing activities</b>	<b>- 1,369</b>	<b>- 553</b>	<b>815</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,725</b>	<b>1,911</b>	<b>- 814</b>

Note: All amounts have been rounded off to the nearest unit displayed.

**Cash flow from operating activities:** Cash flow from operating activities grew by 504 million yen due to higher accounts receivable.

**Cash flow from investing activities:** Cash flow from investing activities declined by 409 million yen due to acquisitions of property, plant and equipment and intangible non-current assets following existing store renovations and new store openings.

**Cash flow from financing activities:** Cash flow from financing activities fell by 553 million yen due to the refinancing of long-term loans payable and short-term loans payable.

## Sales by product category (The first half)

(Unit: million yen/%)	First half of FY2014 From April 1, 2014 to September 30, 2014	First half of FY2015 From April 1, 2015 to September 30, 2015	Rate of increase/decrease
PCs	4,878	3,090	- 36.6
Peripherals	3,872	3,389	- 12.5
Accessories and supplies	1,572	1,457	- 7.3
Software	548	372	- 32.2
Previously owned products and other	3,587	3,901	8.8
<b>Total product sales</b>	<b>14,459</b>	<b>12,211</b>	<b>- 15.5</b>
Royalties and other revenue	78	56	- 28.2
Sales from solution services	9,185	11,644	26.8
<b>PC sales business</b>	<b>23,722</b>	<b>23,911</b>	<b>0.8</b>
<b>Internet-related business</b>	<b>659</b>	<b>628</b>	<b>- 4.6</b>
<b>Total</b>	<b>24,382</b>	<b>24,540</b>	<b>0.7</b>

Note: All amounts have been rounded off to the nearest unit displayed, and percentages have been rounded off to the second decimal point.

**Sales by product category:** Solution services performed strongly as a result of the Company's efforts to meet the potential needs of customers by promoting the shift to the solution format to provide a combination of support, content and technical services.

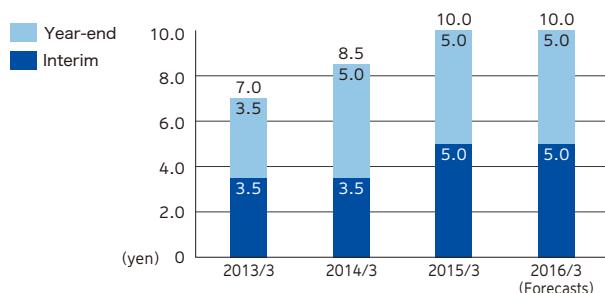
## Dividend performance

Our basic policy is to continue to return profits through stable dividends over the long term with a consolidated payout ratio of approximately 20%, while keeping in mind the importance of strengthening our financial standing and enriching retained earnings.

For the year ended March 2015, dividend per share for the second quarter is 5 yen and year-end dividend is 5 yen.

### Dividend per share (yen per share) (\* )

\* The numbers shown have been retroactively adjusted to reflect the effects of the stock splits conducted on October 1, 2013 and January 1, 2015.



## Complementary ticket for shareholders

Every year we present registered shareholders owning 100 or more shares as of March 31 with shareholder vouchers that can be used for purchases at our stores under the following conditions: these complementary tickets for shareholders can be used at PC DEPOT stores, PC DEPOT Smart Life stores, PC DEPOT PC Clinics, PC DEPOT Internet Shops, and Total Service Call Center (by mail).



Number of shares held	A - Benefits for purchases	B - Benefits for technical services
100 shares or more	Equivalent to 1,000 yen	Equivalent to 2,000 yen
400 shares or more	Equivalent to 2,000 yen	Equivalent to 4,000 yen
1,000 shares or more	Equivalent to 3,000 yen	Equivalent to 6,000 yen
5,000 shares or more	Equivalent to 10,000 yen	Equivalent to 20,000 yen
10,000 shares or more	Equivalent to 20,000 yen	Equivalent to 40,000 yen
40,000 shares or more	Equivalent to 50,000 yen	Equivalent to 100,000 yen
100,000 shares or more	Equivalent to 70,000 yen	Equivalent to 140,000 yen

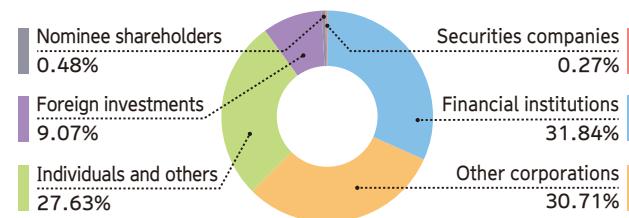
## Status of shares

**Total number of shares authorized to be issued** 133,500,000 shares  
**Total number of shares outstanding** 38,928,000 shares  
**Number of shareholders** 2,067 shares

## Major shareholders

Name of shareholder	Number of shares held (shares)	Voting rights ratio
TN HOLDINGS CO.,LTD.	9,000,000	23.25%
Takahisa Nojima	5,189,100	13.40%
THE MASTER TRUST BANK OF JAPAN, LTD.(TRUST ACCOUNT)	4,362,300	11.26%
JAPAN TRUSTEE SERVICES BANK,LTD.(TRUST ACCOUNT)	2,531,400	6.53%
K'S HOLDINGS CORPORATION	2,160,600	5.58%
Mizuho Bank, Ltd.	1,182,000	3.05%
TRUST & CUSTODY SERVICES BANK,LTD.(TRUST ACCOUNT B)	922,700	2.38%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS	835,000	2.15%
TRUST & CUSTODY SERVICES BANK,LTD.(SECURITIES INVESTMENT TRUST ACCOUNT)	820,600	2.11%
CBNY-GOVERNMENT OF NORWAY	796,400	2.05%

## Composition of shareholders







**PC DEPOT CORPORATION**

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[www.pcdepot.co.jp](http://www.pcdepot.co.jp)