



# Investor's Guide

Financial Results for Fiscal Year 2015

(April 1, 2015 to March 31, 2016)



PC DEPOT CORPORATION

Securities Code : 7618

# To Our Shareholders



## Business Results for the Year Ended March 31, 2016

### Summary of Business Activities for the Year Ended March 2016

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

During the consolidated fiscal year under review (April 1, 2015 to March 31, 2016), the Japanese economy showed a gradual recovery through a certain amount of influence of economic measures taken by the government. While consumer spending showed signs of recovery, growth slowed to a low level, and uncertainty about the economy increased.

Against this backdrop, we in the PC DEPOT Group stepped up the sales of Internet devices such as PCs, smartphones, and tablets and actively developed related services. We are continuing with our aim to become a "smart life partner" for customers, providing both products and services from a single outlet.

In terms of store development, we renovated existing PC DEPOT stores mainly in Tokyo and Kanagawa prefectures into PC DEPOT Smart Life Stores (a new type of outlet that focuses more on providing services). Moreover, we opened two new stores in the central Tokyo area: the PC DEPOT Smart Life Aoyama Store (Shibuya-ku, Tokyo) and the PC DEPOT Smart Life Azabu-Juban Store (Minato-ku, Tokyo). As a result, the total number of PC DEPOT Smart Life Stores was 25 as of the end of March 2016.

In terms of solutions services sales, we focused on offering

solution services where cloud and content services are provided with Internet devices. We started selling fiber-optic network services as a Fixed Virtual Network Operator (FVNO) in February 2015 and have engaged in full scale sales in this service. We have also launched a new brand called "JUST PRICE FON," under which combinations of low-priced smartphones and our network services as a Mobile Virtual Network Operator (MVNO) are provided along with support services. In this manner, we have been providing comprehensive services that integrate network services, devices, and support.

As a result, sales for existing stores and those from solutions services\* continued to be favorable, registering a year-on-year decrease of 0.8% and an increase of 25.0%, respectively, while year-on-year gross profit rose by 12.6%. In terms of expenses, personnel expenses grew due to the recruitment of additional staff to sell our service products in step with an increase in service sales. As a result, selling, general, and administrative expenses rose by 7.5% year-on-year.

Moreover, based on our in-house basic policy for internal control, we continued to focus our efforts on strengthening governance and ensuring compliance. We continually reviewed and dealt with the major risk factors that could influence the operating results, share prices, and financial conditions of the Group. We will promote further improvement in the internal

control system in the future.

As a result of the above, we posted record-high operating income, ordinary income, and net income belonging to parent company shareholders for three consecutive periods. On a consolidated basis, net sales were 51.784 billion yen (up 1.0% year-on-year (YoY)), operating income was 4.314 billion yen (up 39.7% YoY), and ordinary income was 4.366 billion yen (up 36.2% YoY). Net income belonging to parent company shareholders for the fiscal year under review was 2.867 billion yen (up 47.7% YoY).

### **Forecast for this Consolidated Fiscal Year and our Policies**

During the next consolidated fiscal year, there are uncertainties such as the situation of the world economy, and foreign exchange rates.

We expect the advancement of the IoT (Internet of Things) environment including our main products—PCs, tablets, and smartphones. In light of the above, we also expect that the demand for services that enable consumers to use smart devices in a convenient way will continue to increase.

During the next consolidated fiscal year, the Group will continue to step up sales of Internet devices. We will also continue to strengthen our ability to provide solutions for difficulties that Internet device users are facing. Microsoft Corporation has decided to terminate the free upgrade to Windows 10 on July 29, 2016 and support for Windows Vista will end on April 11, 2017. For these reasons, we expect that there will be a certain amount of Windows users' support needs during the next consolidated fiscal year. We will promote technical services to respond to the potential customer demands.

As for smartphones, we have launched our own line of smartphones, "JUST PRICE FON." This is not a mere low-priced smartphone but includes support for using smartphones, solutions for difficulties in any situation, and convenience. In this manner, we will expand our area of support to cover smart devices and increasingly common IoT devices.

In terms of store development, we will focus on meeting

customer demands for services arising from the diversification of Internet devices. To revitalize existing PC DEPOT stores, we plan to renovate 5 to 10 PC DEPOT stores into PC DEPOT Smart Life Stores. With regard to new store openings, we plan to open about four PC DEPOT Smart Life Stores mainly in the central Tokyo area and five or so PC DEPOT PC Clinic stores on the premises of volume electronics retailers.

Our consolidated earnings forecast for the entire fiscal year ending March 2017 is as follows: consolidated net sales of 54 billion yen, consolidated operating income of 4.92 billion yen, consolidated ordinary income of 5 billion yen, and net income belonging to parent company shareholders of 3.37 billion yen. In addition, Our Group will strive to improve its corporate value, aiming for the ratio of ordinary profit to sales of 10% and ROE (return on equity) of 15% or more as mid-term goals.

The Group's basic CSR policy defines our mission as using our stores to eliminate the information disparities (bridging the so-called "digital divide") that arise from differences in the age, gender, income, education, place of residence, and other factors of local customers. In accordance with this policy, we will improve quality control at stores and expand our products and services so that we attract more customers. We will also improve the level of safety of Internet devices and Internet data networks. In this way, we will promote group management from a CSR perspective.

The Company was upgraded from the JASDAQ Securities Exchange to the First Section of the Tokyo Stock Exchange (TSE) on November 5, 2015. We will strive to continue enhancing our corporate value to meet customers' expectations until the Company becomes indispensable to local communities. We appreciate the continued support and cooperation of our shareholders.

Takahisa Nojima  
President and Chief Executive Officer

# Summary of the business results for the year ended March 31, 2016

Net sales, operating income, ordinary profit, and net income belonging to parent company shareholders for the year ended March 31, 2016 exceeded the results from the previous year. We posted a record-high operating income, ordinary profit, and net income belonging to parent company shareholders for three consecutive periods.

	FY2014 (Year ended March 31, 2015) (In million yen)	FY2015 (Year ended March 31, 2016) (In million yen)	YoY percentage change
Consolidated net sales	51,285	51,784	+1.0%
Consolidated operating income	3,089	4,314	+39.7%
Consolidated ordinary profit	3,205	4,366	+36.2%
Net income belonging to parent company shareholders	1,941	2,867	+47.7%

## Listed on the Tokyo Stock Exchange First Section

The Company was upgraded from the JASDAQ Securities Exchange to the First Section of the Tokyo Stock Exchange (TSE) on November 5, 2015. We will strive to continue enhancing our corporate value to meet customers' expectations until the Company becomes indispensable to local communities. We appreciate the continued support and cooperation of our shareholders.



## Major news regarding the PC DEPOT Group

### Opened three new stores

December 2015: PC DEPOT Smart Life Aoyama Store  
 March 2016: PC DEPOT Smart Life Azabu-Juban Store  
 PC DEPOT Smart Life Tokai Store

### Renovating seven existing stores

June 2015: PC DEPOT Smart Life Mitaka Store  
 September 2015: PC DEPOT Smart Life Shonandai Store and Inagiwakabadai Store  
 November 2015: PC DEPOT Smart Life Higashiyamato Store  
 March 2016: PC DEPOT Smart Life Nishiarai Store, Kannana Okudo Store, and Tokaichiba Store

### Topics

June 2015: Hired senior staff in their second careers  
 August 2015: Provided free emergency inspection services at shop counters and other emergency services for the upgrade to Windows 10  
 September 2015: Opened a new store format where we have developed a new type of outlet to respond to the IoT market (Inagi-shi, Tokyo)  
 October 2015: Awarded for Excellence in Corporate Disclosure by the Securities Analysts Association of Japan Selected as an excellent company in the category of stocks in the emerging market  
 November 2015: Upgraded to the First Section of the TSE  
 December 2015: First store opening in downtown Tokyo (Shibuya-ku, Tokyo)  
 March 2016: Developed a small urban-style store and opened "PC DEPOT Smart Life Ver. 0" (second urban-style store in Minato-ku, Tokyo)

# New stores



## PC DEPOT Smart Life Aoyama Store

(Opened on December 4, 2015)



## PC DEPOT Smart Life Nishiaraei Store (renovated an existing store)

(Opened on March 12, 2016)



## PC DEPOT Smart Life Tokai Store

(Opened March 12, 2016)



## PC DEPOT Smart Life Kannana Okudo Store

(Opened March 18, 2016)



## PC DEPOT Smart Life Tokaichiba Store (renovated an existing store)

(Opened on March 25, 2016)



## PC DEPOT Smart Life Azabu-Juban Store

(Opened on March 25, 2016)



PC DEPOT  
PC DEPOT Smart Life Stores  
PC DEPOT PC Clinics

**44** stores  
(including 3 franchise stores)  
**25** stores  
**57** stores

Total number of stores:  
**126** (As of April 1, 2016)

PC DEPOT shop information [Search](#)

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

# Forecasts for the year ending March 31, 2017

## Forecasts of financial results for the year ending March 31, 2017

(In million yen)

	First half	Second half	Whole year
Consolidated net sales	<b>25,300</b>	<b>28,700</b>	<b>54,000</b>
Consolidated operating income	<b>2,260</b>	<b>2,660</b>	<b>4,920</b>
Consolidated ordinary profit	<b>2,300</b>	<b>2,700</b>	<b>5,000</b>
Net income belonging to parent company shareholders	<b>1,550</b>	<b>1,820</b>	<b>3,370</b>

Forecasts of consolidated financial results for the year ending March 31, 2017 are stated above. We estimate a record-high operating income, ordinary profit, and net income belonging to parent company shareholders for four consecutive periods. The Group will strive to improve its corporate value, aiming for an ordinary profit to sales ratio of 10% and ROE of 15% or more as our medium-term management plan.

## Business policy for the year ending March 31, 2017

- 1 Sales of new brand JUST PRICE FON that combines hardware, MVNO, services, and other products
- 2 Developing safe and secure service products, such as cloud services and device locks, and promoting IoT development
- 3 Promoting technical development in response to an increase in customer needs due to the termination of support for Windows VISTA
- 4 Opening new PC DEPOT Smart Life Ver. 0/Ver. 1 stores, renovating existing stores, and continuing test operations for a Ver. 2 store
- 5 Developing in-house technologies and securing intellectual properties such as routers and cloud services

## Sales of low-priced smartphones under our original brand name: Expanding new values and launching JUST PRICE FON



PC DEPOT 格安スマートフォン発売

JUST PRICE FON

スマートフォン 電話番号 メール... 電話番号 そのまま 移行可能

NEW 5.5インチ 20MPカメラ 4GB RAM	NEW 5.5インチ 20MPカメラ 4GB RAM	NEW 5.5インチ 20MPカメラ 4GB RAM	NEW 5.5インチ 20MPカメラ 4GB RAM
¥2,990	¥2,990	¥3,990	¥3,990
NEW 5.5インチ 20MPカメラ 4GB RAM	NEW 5.5インチ 20MPカメラ 4GB RAM	NEW 5.5インチ 20MPカメラ 4GB RAM	NEW 5.5インチ 20MPカメラ 4GB RAM
¥1,990	¥2,990	¥3,990	¥4,990

スマートフォン sat26ae

# Future store development

## ■ Store opening plans for the year ending March 31, 2017

We plan to open four PC DEPOT Smart Life Stores, targeting downtown Tokyo, and to renovate five to seven existing stores into PC DEPOT Smart Life stores. We also plan to open approximately five PC DEPOT PC Clinics, which will be set up inside electronics stores. We will strive to expand our network of stores to reach more customers and satisfy latent customer needs for services dealing with Internet-related issues.



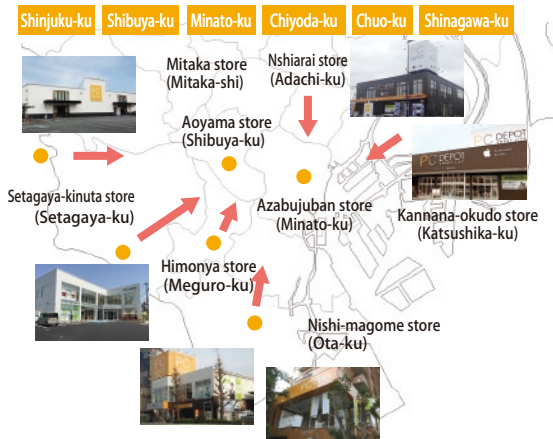
PC DEPOT Smart Life Lalaport Toyosu Store inside Kinokuniya Company Ltd. (provisional name) (pre-opening on June 24, 2016)

## ■ Store openings

Store openings including the opening of stores in downtown Tokyo

**Four in total**

Area focused on new opening stores



## Renovation: five to seven stores

Smart Life store openings in three formats

Store format (store for reference)	Floor area in m <sup>2</sup>
Ver. 0 (Aoyama Store)	Below 330 m <sup>2</sup>
Ver. 1 (Himonya Store)	330 – 990 m <sup>2</sup>
Ver. 2 (Inagiwakabada Store)	Over 1,485 m <sup>2</sup> (under testing)

# Financial statements (summary)

## Consolidated balance sheet

(Unit: million yen)	FY2014	FY2015	Amount of increase/ decrease
	As of March 31, 2015	As of March 31, 2016	
<b>Assets</b>			
Total current assets	19,920	25,652	5,732
Total non-current assets	9,336	9,622	286
<b>Total assets</b>	<b>29,257</b>	<b>35,275</b>	<b>6,018</b>
<b>Liabilities</b>			
Total current liabilities	11,647	12,271	624
Total non-current liabilities	2,428	1,347	-1,081
<b>Total liabilities</b>	<b>14,075</b>	<b>13,618</b>	<b>-457</b>
<b>Total net assets</b>	<b>15,181</b>	<b>21,656</b>	<b>6,475</b>
<b>Total liabilities and net assets</b>	<b>29,257</b>	<b>35,275</b>	<b>6,018</b>

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

**Assets:** Accounts receivable-trade increased due to the sales of Premium Service and service-inclusive products.

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

## Consolidated income statements

(Unit: million yen/%)	FY2014	FY2015	Rate of increase/ decrease
	From April 1, 2014 to March 31, 2015	From April 1, 2015 to March 31, 2016	
<b>Net sales</b>	<b>51,285</b>	<b>51,784</b>	<b>1.0</b>
<b>Gross profit</b>	<b>19,676</b>	<b>22,147</b>	<b>12.6</b>
Selling, general, and administrative expenses	16,586	17,832	7.5
<b>Operating income</b>	<b>3,089</b>	<b>4,314</b>	<b>39.7</b>
<b>Ordinary profit</b>	<b>3,205</b>	<b>4,366</b>	<b>36.2</b>
Income before income taxes and minority interests	3,171	4,458	40.6
<b>Net income belonging to parent company shareholders</b>	<b>1,941</b>	<b>2,867</b>	<b>47.7</b>

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

**Net sales:** Sales from solution services increased.

**Selling, general, and administrative expenses:** Personnel expenses increased due to our active recruitment of new personnel in response to an increase in the sales of solution services. However, we strived to keep other expenses at reasonable levels.

## Consolidated cash flow statements

(Unit: million yen)	FY2014	FY2015	Amount of increase/ decrease
	From April 1, 2014 to March 31, 2015	From April 1, 2015 to March 31, 2016	
<b>Cash flow from operating activities</b>	<b>-2,512</b>	<b>516</b>	<b>3,028</b>
<b>Cash flow from investing activities</b>	<b>-1,436</b>	<b>-970</b>	<b>466</b>
<b>Cash flow from financing activities</b>	<b>1,637</b>	<b>2,837</b>	<b>1,200</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,370</b>	<b>4,754</b>	<b>2,384</b>

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

**Cash flow from operating activities:** Cash flow from operating activities increased by 516 million yen due to decreases in income before income taxes and minority interests, depreciation, and inventories, despite increases in payment of income and other taxes and accounts receivable.

**Cash flow from investing activities:** Cash flow from investing activities decreased by 970 million yen due to expenditure associated with the acquisition of non-current assets and expenditure for lease and guarantee deposits.

**Cash flow from financing activities:** Cash flow from financing activities increased by 2,837 million yen due to income from short-term loans payable and issuance of new shares, despite expenditure for the payment of short- and long-term loans payable.

## Sales by product category

(Unit: million yen/%)	FY2014	FY2015	Rate of increase/ decrease
	From April 1, 2014 to March 31, 2015	From April 1, 2015 to March 31, 2016	
PCs	9,387	6,218	-33.8
Peripherals	7,889	6,882	-12.8
Accessories and supplies	3,332	3,173	-4.8
Software	1,006	771	-23.4
Previously owned products and other	8,501	8,715	2.5
<b>Total product sales</b>	<b>30,116</b>	<b>25,761</b>	<b>-14.5</b>
Royalties and other revenue	138	110	-20.3
Sales from solution services	19,720	24,644	25.0
<b>PC sales business</b>	<b>49,975</b>	<b>50,516</b>	<b>1.1</b>
<b>Internet-related business</b>	<b>1,310</b>	<b>1,267</b>	<b>-3.3</b>
<b>Total</b>	<b>51,285</b>	<b>51,784</b>	<b>1.0</b>

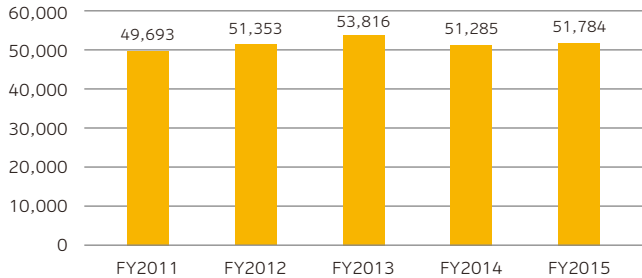
Note: All amounts have been rounded off to the nearest unit displayed, and percentages have been rounded off to the second decimal point.

**Sales from solution services:** Sales from Premium Service (maintenance services provided on a monthly membership fee basis) and service-inclusive products (a combination of equipment and services provided on a monthly membership fee basis) increased by meeting latent customer needs. As a result, sales from solution services continued to be favorable.

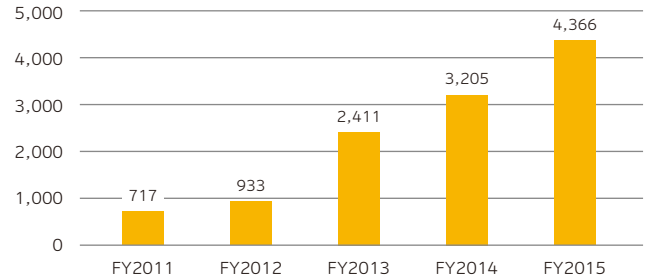


# Financial highlights

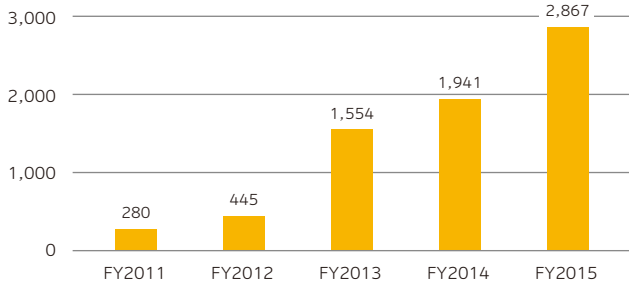
Net sales (Unit: million yen)



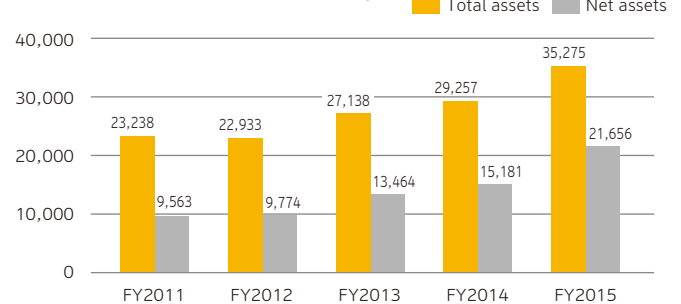
Ordinary profit (Unit: million yen)



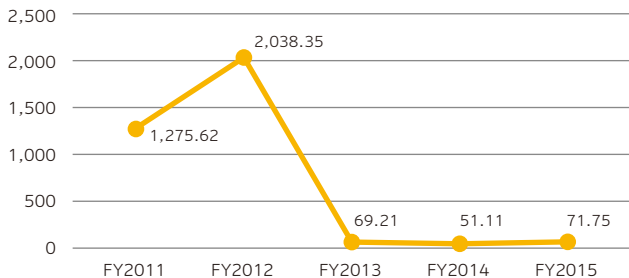
Net income belonging to parent company shareholders (Unit: million yen)



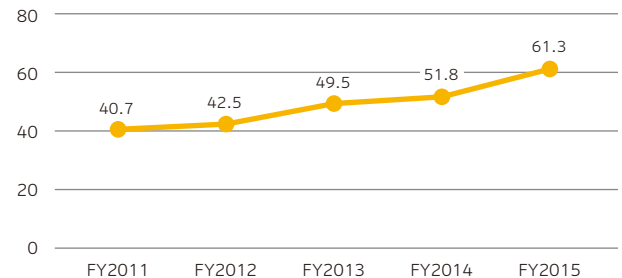
Total assets/net assets (Unit: million yen)



Net income per share (Unit: yen)



Equity capital ratio (Unit: %)



Note: In FY2013, we conducted a 1:100 stock split to change the trading unit of our common shares to 100.

# Share Information

(as of March 31, 2016)

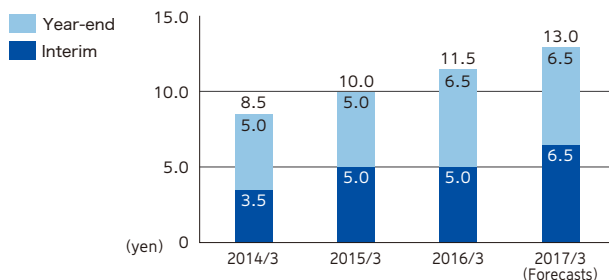
## Dividend performance

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 2016, dividend per share for the second quarter is 5 yen and year-end dividend is 6.5 yen.

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

\* The above figures show the dividends after retroactive adjustments were made, with the effects of stock split as of October 1, 2013 taken into account.



## Shareholders benefits

Every year we present registered shareholders owning 400 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, PC DEPOT PC Clinic counters, and PC DEPOT Internet Shops.



Number of shares held	A. Shopping special benefit	B. Technical service special benefit
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

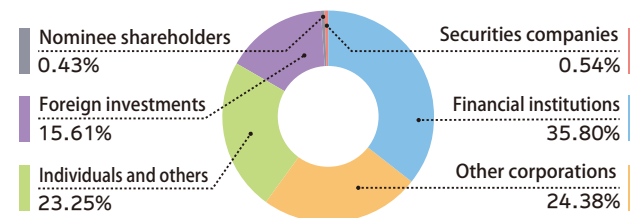
## Status of shares

Total number of shares authorized to be issued	133,500,000 shares
Total number of shares outstanding	43,852,000 shares
Number of shareholders	2,759 persons

## Major shareholders

Name of shareholder	Number of shares held (shares)	Voting rights ratio (%)
TN HOLDINGS CO.,LTD.	9,000,000	20.62%
THE MASTER TRUST BANK OF JAPAN, LTD.(TRUST ACCOUNT)	4,754,400	10.89%
JAPAN TRUSTEE SERVICES BANK,LTD (TRUST ACCOUNT)	4,319,100	9.89%
Takahisa Nojima	4,215,800	9.66%
Mizuho Bank, Ltd.	1,182,000	2.70%
TRUST & CUSTODY SERVICES BANK,LTD.(SECURITIES INVESTMENT TRUST ACCOUNT)	1,005,800	2.30%
NORTHERN TRUST CO.(AVFC) RE-HCROO	955,300	2.18%
K'S HOLDINGS CORPORATION	860,800	1.97%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS	840,000	1.92%
JAPAN TRUSTEE SERVICES BANK,LTD (TRUST ACCOUNT 9)	796,800	1.82%

## Composition of shareholders



## Company profile

<b>Corporate name</b>	PC DEPOT CORPORATION
<b>Business outline</b>	Direct management of PC DEPOT, which consists of a chain of comprehensive PC and network stores, PC DEOPT Smart Life Stores, and PC DEPOT PC Clinics, which provides PC repairmen and technical services, and management of the franchise headquarters.
<b>Head office</b>	3-1-9, Shinyokohama kohoku-ku, Yokohama-shi, Kanagawa 222-0033 Japan Phone number : 045-472-7795 (Japan)
<b>Date of establishment</b>	August 1994
<b>Date of stock exchange listings</b>	October 1999
<b>Capital</b>	¥ 4,737,610,000
<b>Number of employees</b>	777(consolidated)
<b>Consolidated subsidiaries</b>	ejworks Corporation PC DEPOT STORES CORPORATION

## Board members (As of June 23, 2016)

President and CEO	Takahisa Nojima	Outside Director	Hidehiro Takayama
Managing Director	Hideki Saito	Outside Director	Hideaki Izawa
Director	Takayuki Shimano	Outside Director	Atsuomi Obayashi
Director	Nobuyuki Tanaka	Outside Director	Mineo Hukuda
Director	Kazuya Shinozaki	Corporate Auditor	Masayuki Ishii
Director	Yuko Matsuo	Outside Auditor	Kazuo Yamamoto
Director	Tsukasa Yamaguchi	Outside Auditor	Masaki Nishimura
Director	Junichi Ishihara	Outside Auditor	***** Noguchi

## Information for shareholders

### Business Fiscal Year

From April 1 to March 31 of the following year

### Ordinary General Shareholders' Meeting

June annually

### Settlement Date of Shareholders to Whom Dividends of Retained Earnings Are Paid

September 30 and March 31

Record dates other than the above are determined through resolution of the Board of Directors.

### Method of Public Notification

Public notifications are made by electronic means (URL:<http://www.pcdepot.co.jp>). However, in the event of problems preventing electronic announcements due to an accident or other unavoidable cause, details will be published in the Nikkei newspaper.

### Administrator of Shareholder Registry / Special Account Management Institution

Mitsubishi UFJ Trust and Banking Corporation  
1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

### Contact info

Mitsubishi UFJ Trust and Banking Corporation  
Corporate Agency Department  
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, Japan  
Tel : 0120-232-711 (toll free)

## Investor Relations website

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



The "Q&A with top management" page answers questions about our strategies and businesses every month.

PC DEPOT IR Email Transmission  
Currently accepting registration at our IR website. Registered users will be sent emails with new information related to investor relations at our company. Registration is free.



**PC DEPOT CORPORATION**

3-1-9, Shinyokohama kohoku-ku,  
Yokohama-shi, Kanagawa 222-0033 Japan

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