



Investor's Guide

Financial Results for Fiscal Year 2016

(April 1, 2016 to March 31, 2017)



PC DEPOT CORPORATION

Securities Code : 7618

To Our Shareholders

Business Results for the Year Ended March 31, 2017



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 fiscal year ended March 31, 2017.

During the fiscal year under review, the Japanese economy continued to recover, although slowly, supported to a certain extent by the government's economic stimulus measures. Meanwhile, consumer spending grew only marginally amid persistent uncertainties about the future.

In these circumstances, the PC DEPOT Group continued to deliver comprehensive solution proposals for sales and related services of internet devices, including PCs, smartphones and tablets, while also providing sales and support services. We worked continuously on the Smart Life Partner (SLP) initiative to offer products and services on a one-stop basis. Moreover, in addition to providing technical services to customers who wanted to upgrade to Windows 10, we worked actively to resolve a problem occurring at the time each customer upgraded. Microsoft's support for Windows Vista ended in April 2017, so we stepped-up our support for customers buying replacement devices and experiencing problems because of this. On the smart device front, we delivered comprehensive services combining communication lines, hardware and support services in the form of selling JUST PRICE FON products (a new original brand of PC DEPOT), based on a combination of an "inexpensive smartphone" and mobile virtual network operator (MVNO) functions, coupled with support services.

Despite working on the above-mentioned business efforts, the PC DEPOT Group encountered a series of incidents related to its Premium Services, as notified on its official website on August 17 and 25, 2016. Thus, to further improve our customer services, the

Group strove to build a platform for operating stores and to enhance organizational capabilities toward delivering higher quality. Specifically, we worked to provide preferential support to the total of approximately 400,000 existing member customers by sending them direct mails (DMs), appointing dedicated staff to provide a consultation service for customers experiencing problems, and bolstering our headquarters functions. We gave top priority to reinforcing support activities and conducted a staff reassignment program. In our sales operations, because we did not have a sufficient number of sales staff members, we narrowed the scope of product offerings and downsized advertising efforts, thus prioritizing customer support and safety above our sales activities.

For store development, the PC DEPOT Group opened in June 2016 the PC DEPOT Smart Life Store, which is the inaugural collaboration-based Smart Life store, within Books Kinokuniya LaLaport Toyosu Store (Tokyo, Japan). We relocated the Mito Store within the same area before reopening it under the name of PC DEPOT Smart Life Mito Store (Ibaraki, Japan). Through renovation, we reopened four stores; namely, the Fujimino Store (Saitama, Japan) in June 2016 and the Matsudo Store (Chiba, Japan) in September 2016, as well as the Funabashi Store (Chiba, Japan) and the Niiza Store (Saitama, Japan) in February 2017. In addition, within the K'S DENKI Oamishirasato Store, we installed the PC DEPOT PC Clinic on a trial basis, which is a counter-based PC clinic store in a consumer electronics superstore (in-shop PC support counter).

As a result, for the fiscal year ended March 31, 2017, PC DEPOT Group net sales were 46.417 billion yen (down 10.3% YoY), operating income was 3.402 billion yen (down 16.7% YoY), ordinary income was 3.467 billion yen (down 16.2% YoY), and net income related to parent company shareholders was 2.269 billion yen

(down 15.7% YoY).

Forecasts for FY2017 and our Policies

The Japanese economy in FY2017 is forecast to continue its moderate recovery trend. However, there are uncertainties about the future of the world economy and foreign exchange rates. Amid this situation, the internet of things (IoT) environment involving PCs, smartphones and tablets, a set of items we offer as our flagship products, is likely to further evolve. Against this background, we think demand will grow for services designed to enhance convenience for consumers' use of smart devices.

The PC DEPOT Group will continue to step-up efforts to offer internet devices. We will keep enhancing our services to solve the problems facing internet device users.

On the sales front, we will continue efforts to sell JUST PRICE FON, our proprietary smart phone product, which is not merely an "inexpensive smart phone," but a product for which we provide support for its use and deliver solutions to a problem in any situation, as well as a sense of convenience. We will widen the scope of our support for such smart devices and routine IoT hardware.

In our overall solution services, we will enhance our secure and reliable support with a focus on solving customer problems. Specifically, we will: 1) examine and repair local customers' internet devices, such as PCs and smartphones; 2) create products that meet the needs of users of Premium Services (maintenance services provided on a monthly membership fee basis); 3) raise customer satisfaction for member support services; and 4) bolster our solution-based service that offers a combination of products and support involving content, optical lines and inexpensive smart phones. Moreover, we will continue to strengthen the sales, support and administration platforms in order to respond promptly to customer needs.

For store development, we will work to mainly meet service needs arising due to increasingly diverse internet devices. To revitalize existing PC DEPOT stores, we plan to renovate 5 to 10 of these stores into PC DEPOT Smart Life Stores. Based on the circumstances, we adopt a flexible approach to new store openings for this store category, as well as for PC DEPOT PC Clinics, which a category of store installed within consumer electronics superstores.

In the Internet-related business, in addition to revitalizing the internet service provider business, we will continue to solidify our

operations by further upgrading the collaborations between group companies for the backup and service platforms for Premium Services provided by the PC DEPOT Group.

For the fiscal year ending March 31, 2018, consolidated net sales are forecast to be 46.600 billion yen, consolidated operating income 2.420 billion yen, consolidated ordinary income 2.500 billion yen, and net income related to parent company shareholders 1.650 billion yen. In the Medium-Term Business Plan, the Group set the targets of a ratio of ordinary income to sales of 10% or more and a return on equity (ROE) of 15% or more, and it is striving to deliver improved enterprise value.

Towards becoming a reliable, convenient and kind company that is 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 have been conducting our operations in an effort to become a reliable, convenient and kind company as a solution store operator for local citizens' PC, internet and smart devices. In the coming years, we will strive on a Group-wide basis to improve the financial results in order for the PC DEPOT Group to become a reliable, convenient and kind store operator indispensable to local communities in the eyes of customers and shareholders, as well as other relevant parties.

Through our stores, we will deliver products, services and support to customers who are "unable to use an intended item" and have "lost the ability to use a product that they used before," which represents the starting point of the PC DEPOT Group' s foundation. Thus, each of our stores will contribute to local citizens as a community-focused IT solutions store.

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

Summary of business results and forecast

Summary of business results for the fiscal year ended March 31, 2017

Net sales, operating income, ordinary income and net income related to parent company shareholders for the fiscal year ended March 31, 2017, declined year on year as follows:

(In million yen)	FY2015 (Year ended March 31, 2016)	FY2016 (Year ended March 31, 2017)	YoY percentage change
Consolidated net sales	51,729	46,417	-10.3%
Consolidated operating income	4,086	3,402	-16.7%
Consolidated ordinary profit	4,139	3,467	-16.2%
Net income belonging to parent company shareholders	2,693	2,269	-15.7%

Forecasts for the fiscal year ending March 31, 2018

Shown below are our consolidated earnings forecasts for the fiscal year ending March 31, 2018.

(単位: 百万円)	First half	Second half	Forecasts for the fiscal year ending March 31, 2018	Year-on-year changes
Consolidated net sales	22,000	24,600	46,600	100.4%
Consolidated operating income	1,050	1,370	2,420	71.1%
Consolidated ordinary profit	1,100	1,400	2,500	72.1%
Net income belonging to parent company shareholders	725	925	1,650	72.7%

Year-on-year existing store change:
100.0% (89.7% for the previous fiscal year)

Solution service sales:
100.0% (101.4% for the previous fiscal year)

Gross profit rate:
44.0% (45.7% for the previous fiscal year)

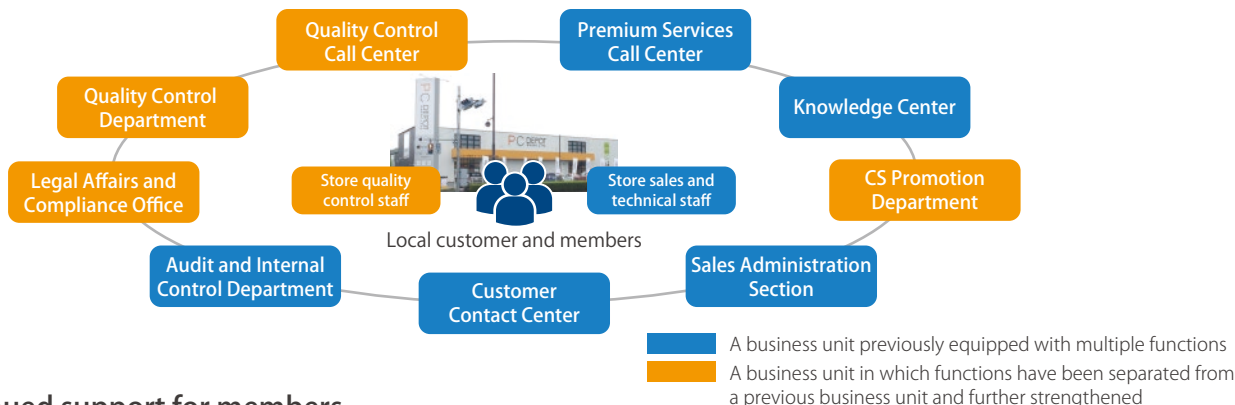
Capital expenditure amount:
1,000 million yen or more

Depreciation and amortization:
900 million yen

Schemes for compliance and quality control

To improve the quality of products and services and bolster corporate governance, in the PC DEPOT Group, we have established the Quality Control Department and appointed a director to be responsible for it. Thus, we will secure the quality of the Premium Services. We will introduce schemes designed to keep providing steady services to customers, enabling them to use them with a peace of mind.

Quality improvement structure underpinning the reliable, convenient and kind stores



Continued support for members

We will continue to resolve members' problems.

Contact with members

At least

50,000 cases a month

* Monthly average including estimated numbers

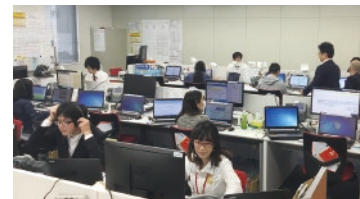
Customer visits to stores through the "use method lecture" service

Customer visits to store for repair-related examinations

Customer telephone calls to the call center about problems

Customer telephone calls on questions or problems

DM on inquiries about problems



The Shibuya Call Center

Renewed the Premium Services series from February 2017

We support not only PCs, but also the entire digital life experiences of customers.

We ask customers to consult with us on anything, including how to use their tablet and smart phone in addition to the PC, as well as on any problem.



Future store development

Renovation plan: 5 to 10 stores a year planned

Renovation-based openings

PC DEPOT Smart Life Tama new town Store (Opened on June 10, 2017)

PC DEPOT Smart Life Koshigaya Store (Opened on June 17, 2017)

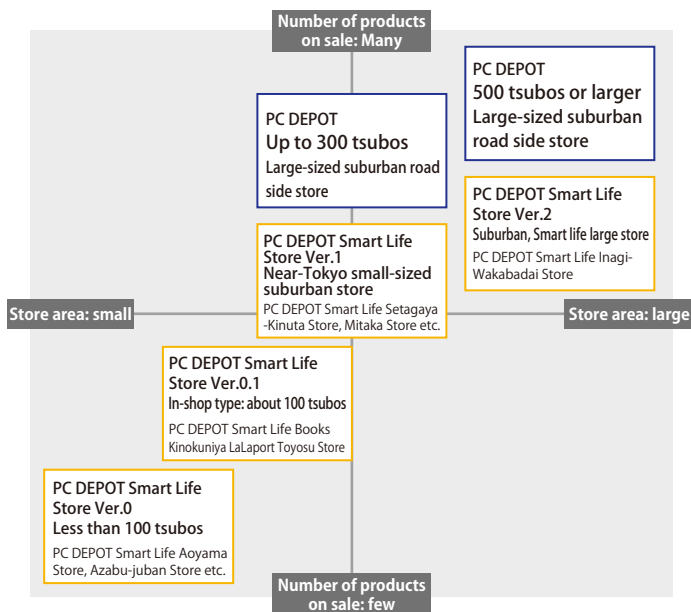
PC DEPOT Smart Life Roppongi Store (Provisional)

(To be opened in July 2017)






*Shown above is a conceptual drawing

Store format (PC DEPOT and PC DEPOT Smart Life Store)



Store development (as of March 31, 2017)

	PC DEPOT 	PC DEPOT Smart Life Store 	PC DEPOT PC clinic 
Store format	Large-sized suburban store	Small- to medium-sized store in the Tokyo metropolitan area	In-shop PC clinic counter
Directly-operated store	23store	31store	53store
Subsidiary-operated store	13store	—	5store
FC-operated store	3store	—	—
Total	39store	31store	58store

New stores

PC DEPOT PC DEPOT Smart Life Minatomirai Store (Same-area relocation)
(Opened on October 28, 2017)



PC DEPOT PC DEPOT Smart Life Funabashi Store (Existing store renovation)
(Opened on February 18, 2017)



PC DEPOT PC DEPOT Smart Life Niza Store (Existing store renovation)
(Opened on February 28, 2017)



PC DEPOT PC DEPOT Smart Life Tama New Town Store (Existing store renovation)
(Opened on June 10, 2017)



PC DEPOT PC DEPOT Smart Life Koshigaya Store (Existing store renovation)
(Opened on June 17, 2017)



PC DEPOT
PC DEPOT Smart Life Stores
PC DEPOT PC Clinics

37 stores
(including 3 franchise stores)
33 stores
58 stores

Total number of stores:
127 (As of June 17, 2017)

PC DEPOT shop information [Search](#)

www.pcdetpot.co.jp/shop

Financial statements (summary)

Consolidated balance sheet

(Unit: million yen)	FY2015	FY2016	Amount of increase/ decrease
	As of March 31, 2016	As of March 31, 2017	
Assets			
Total current assets	25,381	26,123	742
Total non-current assets	9,622	9,506	-116
Total assets	35,004	35,629	625
Liabilities			
Total current liabilities	12,322	6,786	-5,536
Total non-current liabilities	1,347	5,830	4,483
Total liabilities	13,669	12,617	-1,052
Total net assets	21,334	23,011	1,677
Total liabilities and net assets	35,004	35,629	625

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

Assets: The Company focused on sales of service-bundled products, which resulted in a slowing in the growth of accounts receivable. The collection of accounts receivable went smoothly.

Liabilities: The Company refinanced short-term and long-term loans payable.

Consolidated income statements

(Unit: million yen/%)	FY2015	FY2016	Rate of increase/ decrease
	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017	
Net sales	51,729	46,417	-10.3
Gross profit	21,715	21,249	-2.1
Selling, general, and administrative expenses	17,628	17,846	1.2
Operating income	4,086	3,402	-16.7
Ordinary profit	4,139	3,467	-16.2
Income before income taxes and minority interests	4,230	3,322	-21.5
Net income belonging to parent company shareholders	2,693	2,269	-15.7

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: Among solution service sales categories, technical and service sales performed strongly in the first quarter of FY2016 due to high needs for support services. Sales for the second and third quarters declined, as the Company to a certain extent kept down its sales promotion activities due to the incident in August 2016.

Selling, general, and administrative expenses: Selling, general and administrative expenses grew year on year as the Company worked hard to provide support to existing member customers. However, some items declined year on year from the second quarter onwards due to sales promotion activities to a certain extent being kept down.

Consolidated cash flow statements

(Unit: million yen)	FY2015	FY2016	Amount of increase/ decrease
	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017	
Cash flow from operating activities	516	4,292	3,775
Cash flow from investing activities	-970	-1,090	-120
Cash flow from financing activities	2,837	-229	-3,067
Cash and cash equivalents at the end of the period	4,754	7,726	2,971

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

Cash flow from operating activities: Cash flow from operating activities grew due to lower accounts receivable and higher net income before income taxes.

Cash flow from investing activities: Cash flow from investing activities declined due to payments for the acquisition of non-current assets, as well as expenditure from the placement of security deposits and guarantee deposits.

Cash flow from financing activities: Cash flow from financing activities declined due to repayments of short-term and long-term loans payable, as well as the payment of dividends.

Sales by product category

(Unit: million yen/%)	FY2015	FY2016	Rate of increase/ decrease
	From April 1, 2015 to March 31, 2016	From April 1, 2016 to March 31, 2017	
PCs	6,218	5,743	-7.6
Peripherals	6,882	5,142	-25.3
Accessories and supplies	3,173	2,122	-33.1
Software	771	521	-32.4
Previously owned products and other	8,674	6,569	-24.3
Total product sales	25,720	20,099	-21.9
Royalties and other revenue	110	75	-31.8
Sales from solution services	24,631	24,984	1.4
PC sales business	50,462	45,159	-10.5
Internet-related business	1,267	1,258	-0.7
Total	51,729	46,417	-10.3

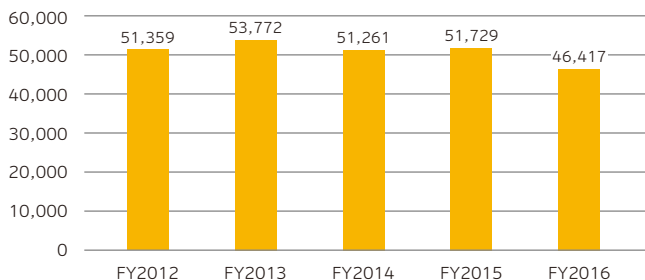
Note: All amounts have been rounded off to the nearest unit displayed, and percentages have been rounded off to the second decimal point.

Sales from solution services: Sales of merchandise, such as PCs and peripheral devices, declined from the second quarter onwards as the Company kept down its sales promotion activities. Among the solution service sales categories, technical service sales decreased. Although sales fell as the Company narrowed down the scope of its service-bundled products, it sought to improve service quality for individual instances.

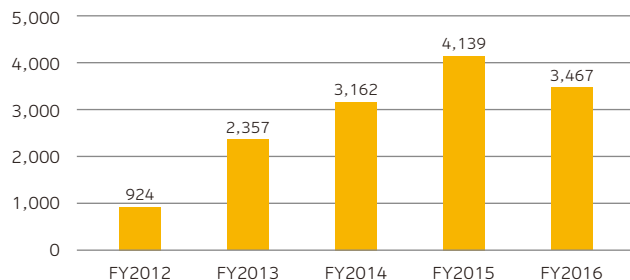
Financial highlights

*The past year's financial results have been corrected.
For details, please see our official corporate website.

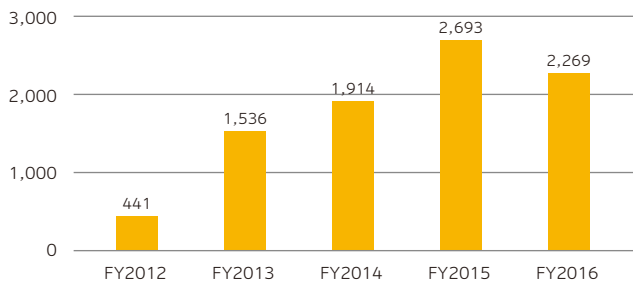
Net sales (Unit: million yen)



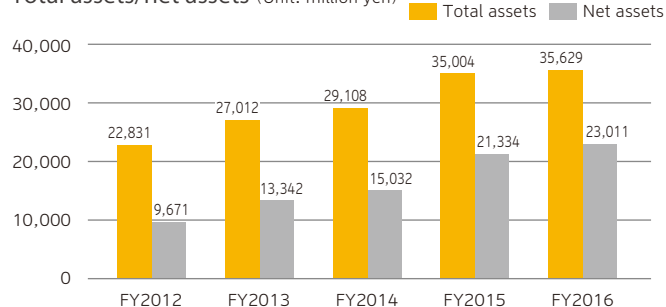
Ordinary profit (Unit: million yen)



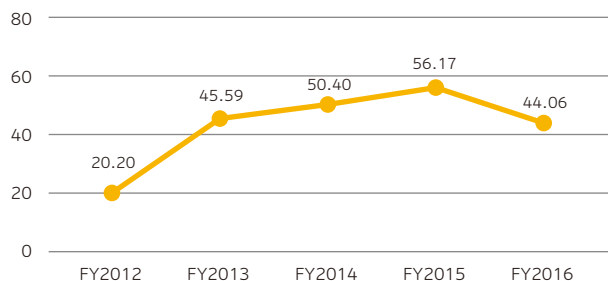
Net income belonging to parent company shareholders (Unit: million yen)



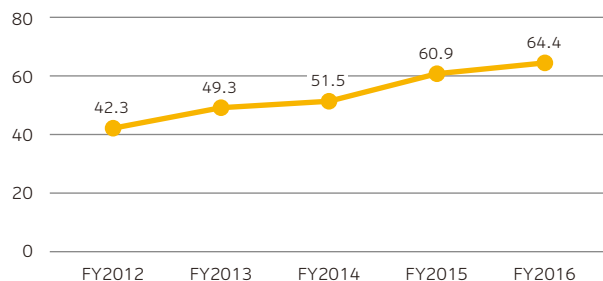
Total assets/net assets (Unit: million yen)



Net income per share (Unit: yen)



Equity capital ratio (Unit: %)



*The Company conducted a 1-for-100 common stock split in October 2013, a 1-for-1.5 common stock split in January 2015, and 1-for-1.2 common stock split in October 2016. The figures shown above were calculated as if each stock split had been conducted at the start of the immediately-preceding fiscal year.

Share Information

(as of March 31, 2017)

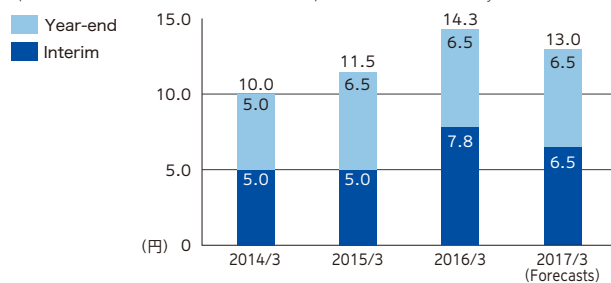
Dividend performance

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 2017, dividend per share for the second quarter is 7.8 yen and year-end dividend is 6.5 yen.

Dividend per share (yen per share) (*)

*The Company conducted a stock split (1 for 1.2) on October 1, 2016, and it will pay dividends for the six months ended September 30, 2016, based on the number of shares outstanding prior to the stock split. Therefore, the per-share dividend of 7.8 yen for the period will be identical in amount to the final per-share dividend of 6.5 yen.



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

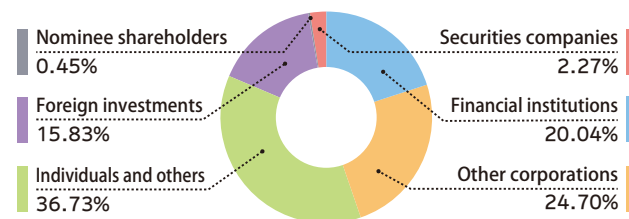
Status of shares

Total number of shares authorized to be issued	160,200,000 shares
Total number of shares outstanding	52,622,400 shares
Number of shareholders	11,167 persons

Major shareholders

Name of shareholder	Number of shares held (shares)	Voting rights ratio (%)
TN HOLDINGS CO, LTD.	10,800,000	20.69%
Takahisa Nojima	5,058,960	9.69%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG / JASDEC / HENDERSON HHF SICAV	2,581,700	4.94%
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	2,223,400	4.25%
MSCO CUSTOMER SECURITIES	2,196,986	4.20%
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	2,161,100	4.14%
Mizuho Bank, Ltd.	1,418,400	2.71%
HIKARI TSUSHIN, INC.	1,216,700	2.33%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	950,290	1.82%
Kinuyo Nojima	872,100	1.67%

Composition of shareholders



Company profile

Corporate name	PC DEPOT CORPORATION
Business outline	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.
Head office	3-1-9, Shinyokohama kohoku-ku, Yokohama-shi, Kanagawa 222-0033 Japan Phone number : 045-472-7795 (Japan)
Date of establishment	August 1994
Date of stock exchange listings	October 1999
Capital	¥ 4,737,610,000
Number of employees	797(consolidated)
Consolidated subsidiaries	ejworks Corporation PC DEPOT STORES CORPORATION

Board members (As of June 28, 2017)

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

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/



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