



Investors' Guide

First Half of the Fiscal Year Ending March 31, 2018
(April 1, 2017 to September 30, 2017)



PC DEPOT CORPORATION

Securities Code : 7618



To Our Shareholders

Business Results for the Six Months Ended September 30, 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 six months ended September 30, 2017. During the period under review, the Japanese economy continued to recover, although slowly, supported by the government's economic stimulus measures to a certain extent. Meanwhile, the consumer-spending environment remained challenging amid the uncertainties about the future.

In these circumstances, the PC DEPOT Group continued the Smart Life Partner (SLP) initiative to provide one-stop support services for sales, repairs and the internet.

In the PC Sales Business, in addition to selling PCs and peripheral devices, we provide a service to help customers transfer their previous PC's data and environment to a new PC and use them in the same way as before. Moreover, we provide a home PC setup service in which our engineers visit the customer at home or other specified place to resolve a problem. As part of our smartphone-related sales and services, we enable the customer to transfer a telephone directory from their previous mobile phone or smartphone to a new smartphone. To meet customer needs for an inexpensive SIM card, we sell our private brand smartphones while delivering an inexpensive SIM card service bundled with support. We continued to work on these initiatives in order to actively meet customer needs for support services.

One of the highlights of the six months ended September 30, 2017 was the rollout of iPhone 8 and iPhone 8 Plus on September 22. Coinciding with this, the PC DEPOT Group launched the following new service product: 1) Mac Premium Member Value Pack (a member service-bundled product), a combination of our premium services (maintenance services provided on a monthly membership fee basis) and Apple's Mac product; and 2) Windows PC Premium Member Value Pack, a combination of our premium services and Windows PC. Taking the form of an all-in-one format, these products can be used by many customers; namely, not only first-time premium service users, but also existing member customers opting to use these products. We will strive

to support customers' smart IT life experiences through providing them with member service-bundled products, such as the Value Pack series.

We continue to provide members with preferential treatment using our existing premium services. During the six months under review, we continued to support customers' smart IT life experiences while giving top priority to resolving customer problems. Specifically, we provided products based on a combination of our premium services and hardware, physical damage guarantee and communication line services. Moreover, we worked to increase the number of regular customers by delivering a free-of-charge consultation service for customer problems, such as a failure of hardware, including PC and smartphone bought from other company, and the internet currently in use.

As a result, for the six months ended September 30, 2017, net sales were 21.018 billion yen (down 12.0% YoY), operating income was 1.180 billion yen (down 44.7% YoY), ordinary income was 1.228 billion yen (down 43.9% YoY), and net income related to parent company shareholders was 0.819 billion yen (down 43.6% YoY).

Forecasts for the Second Half of FY2017 and our Policies

Following on from the first half of FY2017, the Japanese economy in the second half is forecast to continue its moderate recovery trend. However, there are uncertainties about the world economy and foreign exchange rates. Amid this situation, the IoT environment involving PCs, smartphones and tablets, as well as the setting for internet devices, will likely evolve further. Against this background, we think demand will grow for services and devices designed to enhance convenience for consumers' use of smart hardware, enriching their lives.

The PC DEPOT Group will continue to step-up its efforts to offer internet devices. We will keep enhancing our services for customers and program members, while giving top priority to solving user problems.

For store development, we will continue to remodel existing PC DEPOT stores into PC DEPOT Smart Life Stores, which are a new type of outlet that focuses more on providing services, in an effort to meet the growing need for services that is arising from the increasingly diverse internet devices. We will flexibly open new PC DEPOT Smart Life Stores

and PC DEPOT PC Clinics, based on the situation.

In the Internet-related 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, in addition to revitalizing the internet service provider business. No change has been made to the initial earnings forecasts released at the start of the current fiscal year, of consolidated net sales of 46.600 billion yen, consolidated operating income of 2.420 billion yen, consolidated ordinary income of 2.500 billion yen, and net income related to parent company shareholders of 1.650 billion yen. In its Medium-Term Business Plan, the Group has 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 will strive to deliver improved enterprise value.

Towards becoming a reliable, convenient and kind company indispensable to local communities

Our basic corporate social responsibility (CSR) policy 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 conduct 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.

We have set the goal of contributing to local communities by making the utmost efforts to support the enriched smart IT life experiences of member customers. This will be through utilizing the skills, experience and knowledge we have accumulated to date while ensuring that each staff member adheres to the customer-first principle.

To realize this goal, we will make and continue efforts to interact with member customers on a face-to-face basis in a manner that, as befitting their daily living store, allows them to casually visit us anytime and without hesitation. This will be by way of using our unique business model based on an integration of products, services and member support activities.

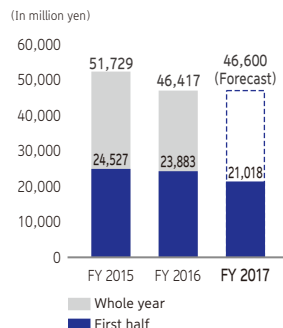
In the coming years, we will strive on a Group-wide basis to improve the financial results in order for the PC DEPOT Group to become a reliable, convenient and kind store operator indispensable to local communities in the eyes of customers and shareholders, as well as other related parties.

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

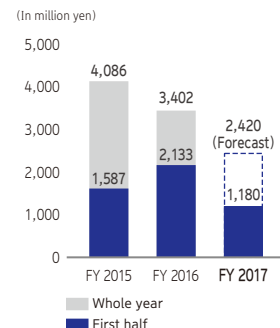
Takahisa Nojima
President and Chief Executive Officer

	First half of FY2016 (Six months ended September 30, 2016) (In million yen)	First half of FY2017 (Six months ended September 30, 2017) (In million yen)	Rate of increase/ decrease
Consolidated net sales	23,883	21,018	-12.0%
Consolidated operating income	2,133	1,180	-44.7%
Consolidated ordinary profit	2,191	1,228	-43.9%
Net income belonging to parent company shareholders	1,453	819	-43.6%

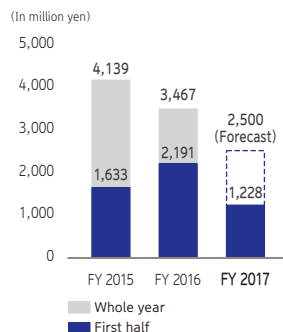
Net sales



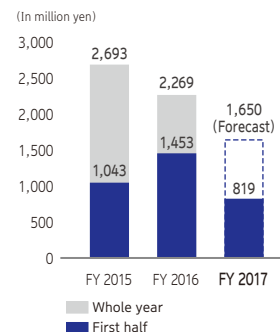
Operating income



Ordinary profit



Net income belonging to parent company shareholders



New stores



PC DEPOT Smart Life Makuhari Interchange Store
(Opened on September 9, 2017)



PC DEPOT Smart Life Koyama Store
(Opened on September 16, 2017)



PC DEPOT Smart Life Nagano Store
(Opened on September 23, 2017)



PC DEPOT Smart Life Tokorozawa Store
(Opened on September 30, 2017)



PC DEPOT

PC DEPOT Smart Life Stores

PC DEPOT PC Clinics

33 Stores (FC 3 Stores)

38 Stores

58 Stores

Total number of stores:

129 Stores

(As of November 30, 2017)

PC DEPOT shop information [Search](#)

www.pcdpot.co.jp/shop

Financial statements (summary)

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

(Unit: million yen)	FY2016	Second quarter of FY2017	Amount of increase/decrease
	As of March 31, 2017	As of September 30, 2017	
Assets			
Total current assets	26,123	24,730	- 1,392
Total non-current assets	9,506	9,494	- 11
Total assets	35,629	34,225	- 1,404
Liabilities			
Total current liabilities	6,786	6,857	70
Total non-current liabilities	5,830	4,856	- 974
Total liabilities	12,617	11,713	- 904
Total net assets	23,011	22,511	- 499
Total liabilities and net assets	35,629	34,225	- 1,403

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

Assets: Accounts receivable decreased due to lower sales of member service-bundled products. Inventories declined due to them being adjusted to properly reflect the sales situation.

Liabilities: Accounts payable also declined due to lower inventories.

Consolidated income statements (The first half)

(Unit: million yen/%)	First half of FY2016	First half of FY2017	Rate of increase/decrease
	From April 1, 2016 to September 30, 2016	From April 1, 2017 to September 30, 2017	
Net sales	23,883	21,018	- 12.0
Gross profit	11,244	9,860	- 12.3
Selling, general, and administrative expenses	9,110	8,680	- 4.7
Operating income	2,133	1,180	- 44.7
Ordinary profit	2,191	1,228	- 43.9
Income before income taxes and minority interests	2,138	1,217	- 43.1
Net income belonging to parent company shareholders	1,453	819	- 43.6

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 declined due to a reduced number of Premium Services members. Product sales improved in the second quarter of FY2017.

Selling, general, and administrative expenses: Personnel expenses decreased in accordance with the lower sales. Although store renovation cost grew due to the renovation of six stores into Smart Life Stores, sales promotion expenses decreased as usage status verification, which was conducted simultaneously for all members in the previous fiscal year, returned to normal operations.

Consolidated cash flow statements (The first half)

(Unit: million yen)	First half of FY2016	First half of FY2017	Amount of increase/decrease
	From April 1, 2016 to September 30, 2016	From April 1, 2017 to September 30, 2017	
Cash flow from operating activities	1,246	4,081	2,835
Cash flow from investing activities	- 689	- 369	319
Cash flow from financing activities	- 570	- 2,448	- 1,877
Cash and cash equivalents at the end of the period	4,739	8,989	4,250

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

Cash flow from operating activities: Accounts receivable declined due to reduced sales of member service-bundled products.

Cash flow from investing activities: Non-current assets grew as the PC DEPOT Smart Life Roppongi Store was opened and six existing stores were renovated.

Cash flow from financing activities: Cash flow from financing activities fell due to the repayment of long-term loans payable, the payment of dividends and the acquisition of treasury stock.

Sales by product category (The first half)

(Unit: million yen/%)	First half of FY2016	First half of FY2017	Rate of increase/decrease
	From April 1, 2016 to September 30, 2016	From April 1, 2017 to September 30, 2017	
PCs	2,828	2,839	0.4
Peripherals	2,706	2,195	- 18.9
Accessories and supplies	896	1,025	14.4
Software	217	275	26.9
Previously owned products and other	3,094	2,586	- 16.4
Total product sales	9,743	8,923	- 8.4
Royalties and other revenue	38	28	- 24.7
Sales from solution services	13,464	11,448	- 15.0
PC sales business	23,246	20,401	- 12.2
Internet-related business	636	617	- 3.0
Total	23,883	21,018	- 12.0

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: For the second quarter of FY2017, product sales exceeded the first quarter of FY2017. Solution service sales fell year on year due to the reduced number of Premium Services members. However, the Company resumed sales of member service-bundled products in late September 2017.

Share Information

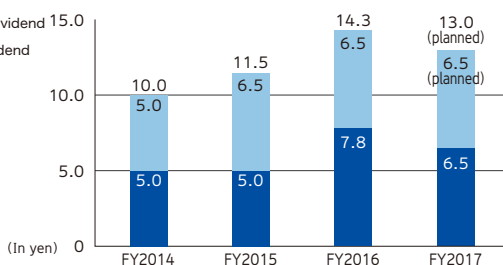
(as of September 30, 2017)

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 increasing retained earnings.

We will pay an interim dividend of 6.5 yen and the year-end dividend of 6.5 yen for the year ended March 31, 2016.

Dividend per share (yen per share)



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

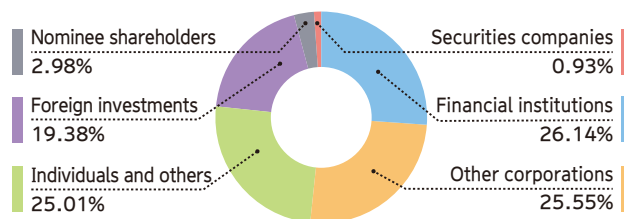
Status of shares

Total number of shares authorized to be issued 160,200,000 shares
 Total number of shares outstanding 52,622,400 shares
 Number of shareholders 6,513 people

Major shareholders

Name of shareholder	Number of shares held (shares)	Voting rights ratio
TN HOLDINGS CO, LTD.	10,800,000	21.21%
Takahisa Nojima	5,058,960	9.93%
JAPAN TRUSTEE SERVICES BANK, LTD (TRUST ACCOUNT)	3,952,100	7.76%
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	3,558,200	6.98%
THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	2,439,291	4.79%
HIKARI TSUSHIN, INC.	1,933,100	3.79%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,765,565	3.46%
MSCO CUSTOMER SECURITIES	1,654,300	3.24%
PC DEPOT CORPORATION	1,569,965	—
Mizuho Bank, Ltd.	1,418,400	2.78%

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	815(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

Contact info

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department
New Tokyo Post Office P.O. Box 29 137-8081, 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.



www.pcdepot.co.jp

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