



Presentation of Financial Results for the Second Quarter of the Year Ending March 2017

November 8, 2016
IR Briefing held on November 11, 2016



PC DEPOT CORPORATION



Securities Code: 7618



Agenda



1. Greetings

2. Results for the Second Quarter of the Year Ending March 2017

3. Earnings Forecast for the Full Year Ending March 2017

4. Q&A Session

—With regard to the 2Q results and the full-year earnings forecast—



Greetings

Takahisa Nojima
President and Chief Executive Officer

Agenda



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3. Earnings Forecast for the Full Year Ending March 2017

4. Q&A Session

—With regard to the 2Q results and the full-year earnings forecast—

Financial Highlights



1. Lower sales and higher income

1Q of higher sales and income - Increase in customers' needs for support following the end of the free upgrade to Windows 10

2Q of lower sales and higher income - 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 of use through direct mail, etc.

2. Lower sales due to voluntary restraint on sales promotion activities

During the second quarter (since late August)

- Number of visitors (product sales, technical service) ↓
- Sale of service-inclusive products ↓

Million yen, %	2Q of FY2015 (cumulative)	2Q of FY2016 (cumulative)	Changes	YoY changes
Net sales	24,540	23,847	△693	97.2
Operating income	1,678	2,300	622	137.0
Ordinary income	1,724	2,357	633	136.7
Net income belonging to parent company shareholders	1,111	1,569	458	141.1

PL (Consolidated)



2Q lower sales due to voluntary restraint on sales promotion

Million yen	FY2016		
	1Q	2Q	2Q (cumulative)
Net sales	12,598	11,249	23,847
Products	5,482	4,284	9,766
Solution services	6,782	6,623	13,405
Internet-related business (Subsidiaries)	314	322	636
Gross profit	5,970	5,442	11,412
Selling, general and administrative expenses	4,536	4,576	9,112
Operating income	1,434	866	2,300
Ordinary income	1,465	892	2,357
Net income belonging to parent company shareholders	990	579	1,569

1Q Sales

Strong sales owing to the increase in customers' last-minute needs for the free upgrade to Windows 10 before its deadline (end of July)

2Q Sales

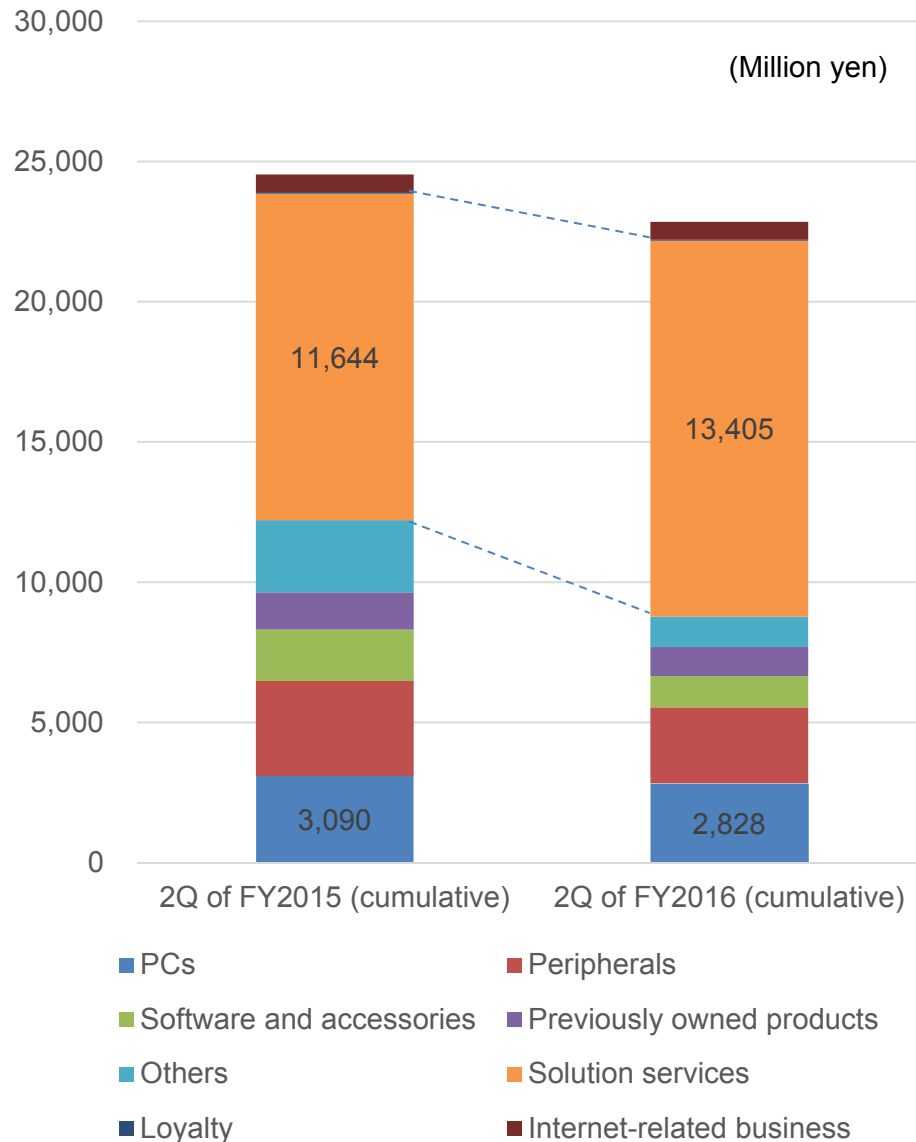
In relation to the occurrence of the incident:

- Decreased sales from products due to voluntary restraint on sales promotion and realignment of sales staffs to the quality control department
- Decreased sales from technical service and service-inclusive products due to increased focus on the provision of support to existing members
- Sales from premium services with monthly charges increased
- Impact of postponing new store openings and renovation is minor

2Q Selling, general and administrative expenses

- Personnel expenses
Increased due to provision of support to existing members
- Advertising expenses
Decreased due to voluntary restraint on sales promotion activities
- Additional costs to deal with the incident

Sales by Product



Since mid-August

- Voluntary restraint on advertising through newspaper
- Voluntary restraint on sales promotion activities

■ Sales from PCs (Year-on-year change)

1Q 93.7%

2Q 88.8% Affected by voluntary restraint on sales promotion activities

Cumulative total 91.5%

■ Sales from solution services (Year-on-year change)

1Q 120.0%

Increase in customers' needs for technical service in connection with the end of the free upgrade to Windows 10

2Q 110.5%

Decreased sales from service-inclusive products due to voluntary restraint on sales promotion activities, as well as decreased number of new members for premium services

Cumulative total 115.1%

BS (Consolidated)



Liability decreased due to voluntary restraint on sales promotion

Million yen	As of March 31, 2016	As of June 30, 2016	As of September 30, 2016
Total current assets	25,652	24,810	25,541
Accounts receivable	13,734	14,243	13,884
Inventories	6,128	6,551	5,895
Total non-current assets	9,622	9,748	9,687
Property, plants and equipment	5,041	5,089	5,034
Intangible assets	804	786	763
Investments and other assets	3,776	3,872	3,889
Total assets	35,275	34,559	35,228
Total current liabilities	12,271	11,003	9,894
Total non-current liabilities	1,347	1,178	2,373
Total liabilities	13,619	12,182	12,267
Total shareholders' equity	21,573	22,284	22,863
Total net assets	21,656	22,376	22,961
Total liabilities and net assets	35,275	34,559	35,228

Accounts receivable for service-inclusive products

- As of March 31, 2016 → as of June 30 +500 million yen
- As of June 30, 2016 → as of September 30 Δ200 million yen

→The increase of accounts receivable has slowed down due to the decreased sales of service-inclusive products in connection with the voluntary restraint on sales promotion activities and loss of sales opportunities. However, the collection of such accounts receivables is going well.

Decrease in inventories resulting from the decreased sales due to voluntary restraint on sales promotion activities

2Q
New store opening - None
Renovation to change to PC DEPOT Smart Life Store - 1

In connection with improvement in CF from operating activities:

- Short-term loans payable decreased
- Long-term loans payable increased

CF (Consolidated)



CF from operating activities improved

(Million yen)	Year ending March 2017			Year ended March 2016 2Q (Cumulative) Results	Changes
	1Q	2Q	2Q Results		
CF from operating activities	109	1,152	1,261	504	757
CF from investing activities	△505	△184	△689	△409	△280
CF from financing activities	△1,365	779	△586	△553	△33
Cash and cash equivalents at end of period	2,991	1,748	4,739	1,911	2,828

CF from operating activities

- Level of accounts receivable decreased in connection with the decreased sales from service-inclusive products. An improvement of approx. 1,300 million yen.
- An improvement worth 600 million yen owing to the decreased accounts payable

CF from investing activities

- Increased in connection with the openings of new stores and renovation to PC DEPOT Smart Life Store

CF from financing activities

- Long-term loans payable increased
- Short-term loans payable decreased

Premise Comparison



1Q was in line with the plan, but 2Q was affected by the voluntary restraint on sales promotion activities

	FY2016			
	Full-year prospects	1Q results	2Q results	2Q (cumulative) results
Sales for existing stores for the previous fiscal year	100.0%	103.0%	91.9%	96.9%
Sales from solution services (SLP concept) for the previous fiscal year	118.0%	120.0%	110.5%	115.1%
Gross profit margin	45.4%	47.4%	48.4%	47.9%
Capital investments	—	—	—	610 million yen
Balance of interest-bearing liabilities	—	—	—	6,680 million yen
Renovation to SLP*	5 to 7 stores	1 store	September - 1 store	2 stores
Opening of new SLP*	4 stores	2 stores	—	Postponed openings of new stores and renovation due to voluntary restraint on sales promotion activities

* SLP stands for PC DEPOT Smart Life Store

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Revised Prospects for FY2016

Lower Sales and Lower Income



Million yen, %	FY2016 Revised full-year prospect		FY2016 Prospect announced on May 10, 2016		YoY changes before revision	Changes before revision in percentage
	Revised prospect	YoY changes	Prospect	YoY changes		
Net sales	45,500	87.9	54,000	104.3	Δ8,500	Δ15.7
Operating income	2,950	68.4	4,920	114.0	Δ1,970	Δ40.0
Ordinary income	3,000	68.7	5,000	114.5	Δ2,000	Δ40.0
Net income belonging to parent company shareholders	1,990	69.4	3,370	117.5	Δ1,380	Δ40.9

[Premise] Second half YoY changes Existing stores (YoY changes) 79%

Products

Solution services

(Details)

Technical service including repair

Service-inclusive products

Premium services

Gross profit margin

Selling, general and administrative expenses

Ordinary income

[Revised] Premise Comparison

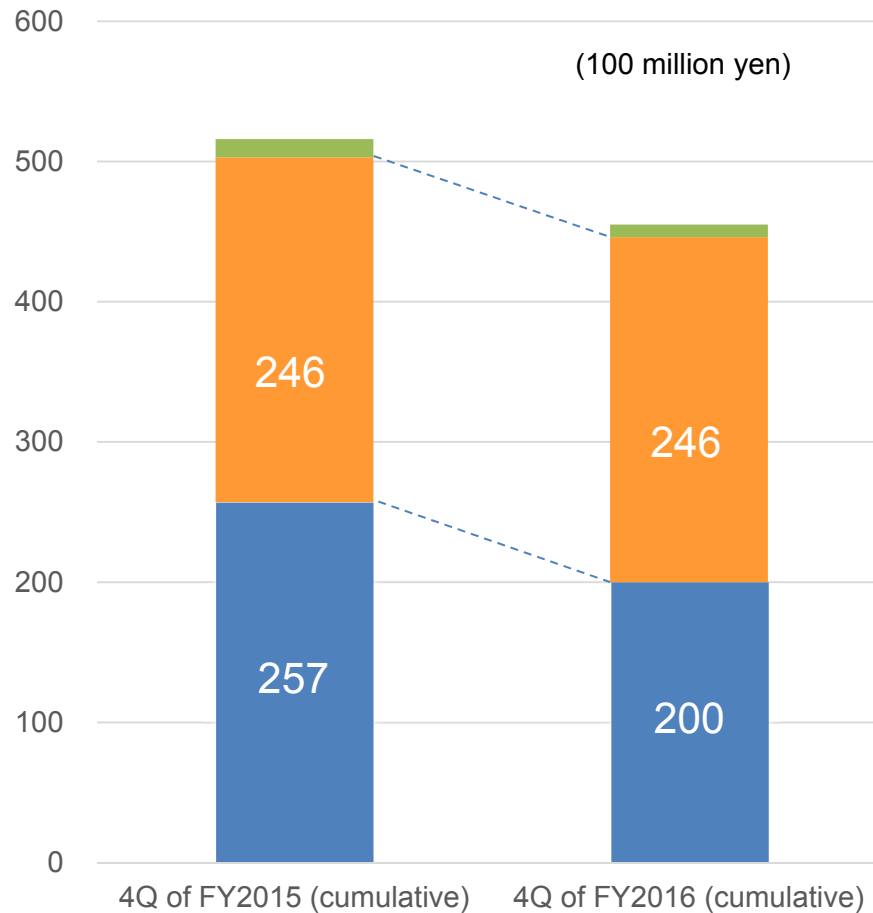


Change of premises due to downward revision

	FY2016		
	Full-year prospects	Revised full-year prospects	2Q (cumulative) results
Sales for existing stores for the previous fiscal year	100.0%	88.0%	96.9%
Sales from solution services (SLP concept) for the previous fiscal year	118.0%	100.0%	115.1%
Gross profit margin	45.4%	47.0%	47.9%
Capital investments	—	—	610 million yen
Balance of interest-bearing liabilities	—	—	6,680 million yen
Renovation to SLP*	5 to 7 stores	Renovation of 3 stores completed ^{*2} Plans for 2 stores to be renovated	2 stores Postponed openings of new stores and renovation due to voluntary restraint on sales promotion activities
Opening of new SLP ^{*1}	4 stores	2 stores already opened Opening of 2 stores postponed	
Opening of new PC Clinics	5 stores	1 store already opened	

*1 SLP stands for PC DEPOT Smart Life Store *2 1 store was renovated in October

Prospects of Sales by Product



[Prospects] YoY changes

Products

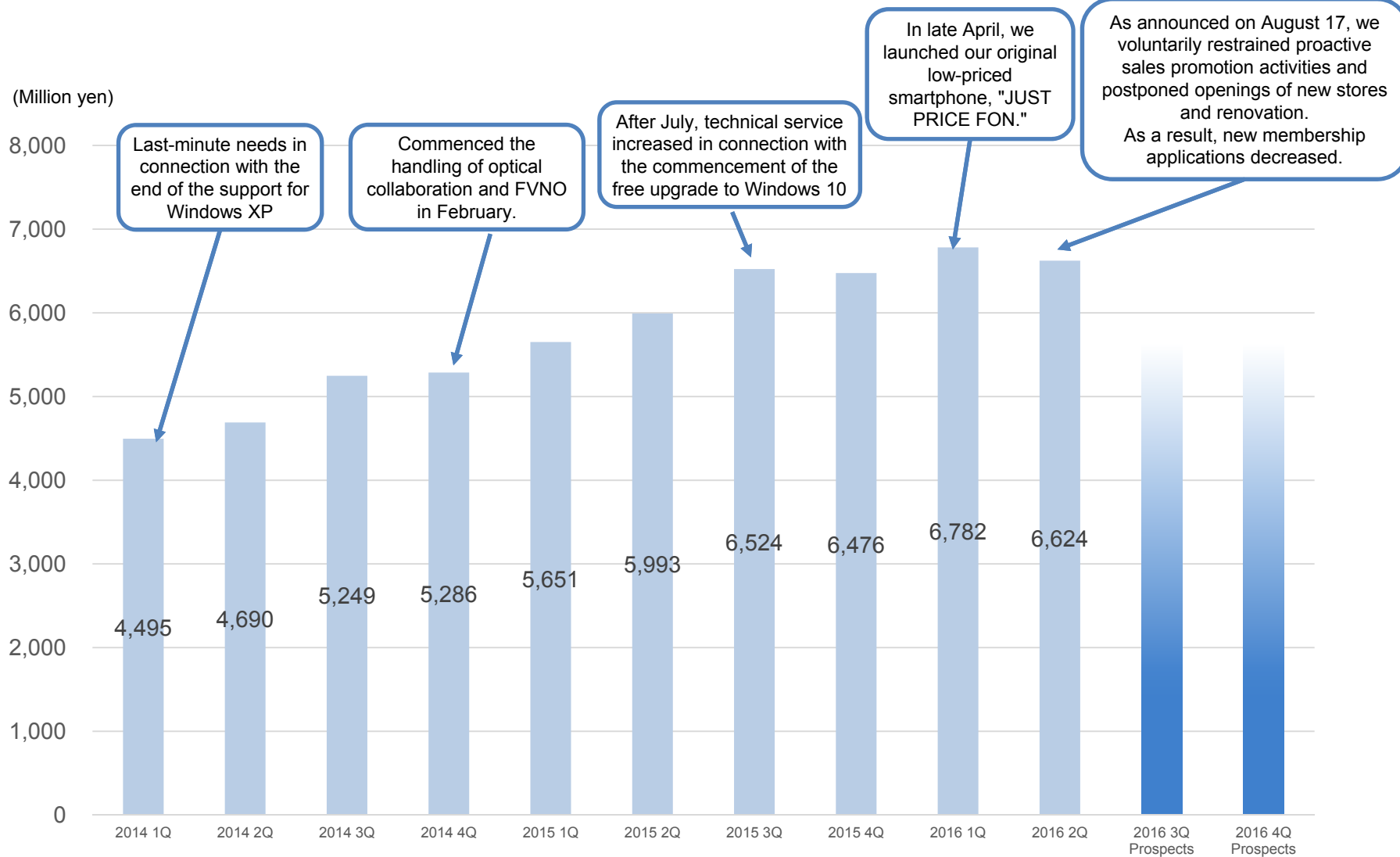
YoY change approx. 77%

Solution services

YoY change approx. 100%

■ Product sales ■ Solution services ■ Others

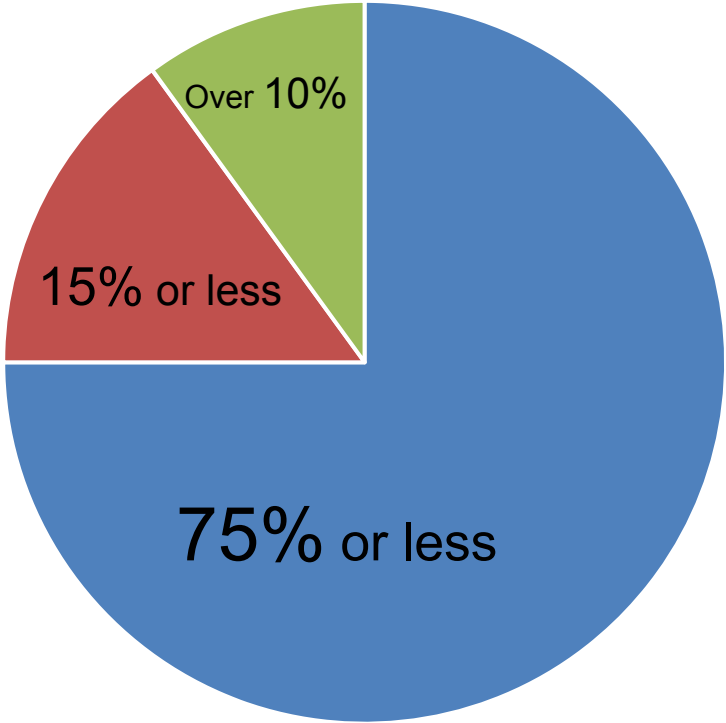
Sales of Solution Services - Changes by Quarter



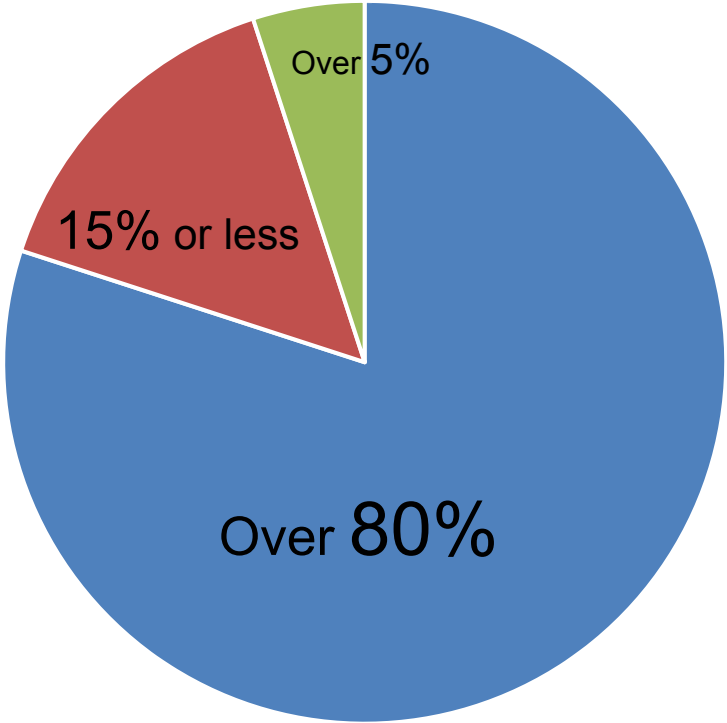
Percentage of Sales from Solution Services to Total Sales - Image



First half of FY2016 Results



Second half of FY2016 Prospects



- Continuous membership-based support service
- Technical service
- Service-inclusive products and others

Solution Services - Support Services-



1. PC clinic & Dr. Smart (Repair and technical support)



Free consultation

Quick repair

Products purchased at other stores are also welcome

2. Premium services (Continuous support, etc.)



We support your digital life in all aspects, not just PCs.

オールワイヤレスフルサポート PCL

パソコン、スマートフォン、タブレットのトータルサポートはもちろん、インターネットが、高速・強電波タイプの無線ルーターで、3LDK・2階建てご利用、ご家族で複数台インターネットをご利用でも快適にご利用いただけます。
・店頭サポートに加え、ご自宅でも24時間電話と遠隔操作(リモート)によるサポートが受けられます。

PCデポコーポレーション特許のルーテイングシステム
ハイスピード・強電波 通信速度が速く、電子レンジやWi-Fiなど家電の干渉を受けにくいワイヤレス機能を提供いたします。

24時間電話サポート
電話と遠隔操作でサービス加入機器のトラブルを解決します。※10歳/年まで無料

思い出スマートビデオ

データバックアップサービス
データ移行サービス
初期設定
データ移行サービス
データバックアップサービス
データ移行サービス

	初回設定料別々コース	初回設定料込々コース
1台	初回費用 23,000円 ※ 月額 3,500円 4年目以降 3,500円 期間中継続料 30,000円~10,000円 継続代金 (毎月 556円 未満)	初回費用 3,000円 月額 4,000円 4年目以降 3,500円 期間中継続料 50,000円~10,000円 継続代金 (毎月 1,117円 未満)
最大3台	初回費用 28,000円 ※ 月額 4,000円 4年目以降 4,000円 期間中継続料 30,000円~10,000円 継続代金 (毎月 556円 未満)	初回費用 3,000円 月額 4,500円 4年目以降 4,000円 期間中継続料 55,000円~10,000円 継続代金 (毎月 1,220円 未満)
最大7台	初回費用 33,000円 ※ 月額 4,500円 4年目以降 4,500円 期間中継続料 30,000円~10,000円 継続代金 (毎月 556円 未満)	初回費用 3,000円 月額 5,000円 4年目以降 4,500円 期間中継続料 60,000円~10,000円 継続代金 (毎月 1,339円 未満)
最大10台	初回費用 38,000円 ※ 月額 5,000円 4年目以降 5,000円 期間中継続料 30,000円~10,000円 継続代金 (毎月 556円 未満)	初回費用 3,000円 月額 5,500円 4年目以降 5,000円 期間中継続料 65,000円~10,000円 継続代金 (毎月 1,528円 未満)

※金額は全て税別価格となります

3. Solution services (Contents, communication, Internet service)

PC Clinic & Dr. Smart



Technical services and support department to resolve our customers' problems



Engineers, SLP (consultants), and Support desk
Over 1,000 staff (including employees and temporary employees) **assigned to stores**



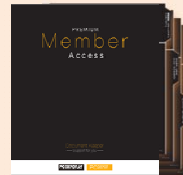
Premium Services



Digital concierge



PREMIUM Member



Any device,
no matter when you purchased it,
where you purchased it,
or who uses it in your family,

will be covered by the **services**
we provide.

- Backup
- Updates
- Account settings
- Security
- Wi-Fi connection, etc.

Full support



Premium Services



We support your digital life in all aspects, not just PCs.

If you have any questions or problems with your PC, tablet or smartphone, please feel free to ask us.

オールワイヤレスフルサポート PCL

・パソコン、スマートフォン、タブレットのトータルサポートはもちろん、インターネットが、高速・強電波タイプの無線ルーターで、3LDK・2階建てご利用、ご家族で複数台インターネットをご利用でも快適にご利用いただけます。
 ・店頭サポートに加え、ご自宅でも24時間電話と遠隔操作(リモート)によるサポートが受けられます。

PC デポコオペレーション 特許のルーターシステム

- 24時間電話 リモートサポート**
電話と遠隔操作でサービス加入機器のトラブルを解決します。
※10回/年まで無料
- 思い出 スマート ビデオ**
- トラブル 復旧 サービス**
店頭1,000円 訪問3,000円
- 基本操作 店頭説明**
クイックレクチャー
- データ レスキュー サービス**
- 初期設定**
- データサポート サービス**
- ワイルス・インターネット 対策対策**
- 緊急地震 詳細通報**
- スマートデバイス サポート**
- 店頭点検 定期メンテナンス**
- oziID アカウント 登録設定**
- oziIDクラウド 連携サービス**
- 遠隔ロック 連携サービス**
- インターネット インストール サポート**

	初回設定料別々コース	初回設定料込々コース
1台	初期費用 (初回設定料・事務手数料) 23,000円 ※ 月々 3,500円 4年目以降 3,500円 期間中解除料 30,000円~10,000円 (毎月 556円減算) 機器代込	初期費用 (事務手数料) 3,000円 月々 4,000円 4年目以降 3,500円 期間中解除料 50,000円~10,000円 (毎月 1,112円減算) 機器代込
最大 3台 oziIDクラウド 1名様分	初期費用 (初回設定料・事務手数料) 28,000円 ※ 月々 4,000円 4年目以降 4,000円 期間中解除料 30,000円~10,000円 (毎月 556円減算) 機器代込	初期費用 (事務手数料) 3,000円 月々 4,500円 4年目以降 4,000円 期間中解除料 55,000円~10,000円 (毎月 1,250円減算) 機器代込
最大 7台 oziIDクラウド 2名様分	初期費用 (初回設定料・事務手数料) 33,000円 ※ 月々 4,500円 4年目以降 4,500円 期間中解除料 30,000円~10,000円 (毎月 556円減算) 機器代込	初期費用 (事務手数料) 3,000円 月々 5,000円 4年目以降 4,500円 期間中解除料 60,000円~10,000円 (毎月 1,389円減算) 機器代込
最大 10台 oziIDクラウド 2名様分	初期費用 (初回設定料・事務手数料) 38,000円 ※ 月々 5,000円 4年目以降 5,000円 期間中解除料 30,000円~10,000円 (毎月 556円減算) 機器代込	初期費用 (事務手数料) 3,000円 月々 5,500円 4年目以降 5,000円 期間中解除料 65,000円~10,000円 (毎月 1,528円減算) 機器代込

※金額は全て税別価格となります

Premium Services



Available at all PC DEPOT Stores



Premium Services



Before



Premium Services



After



Low-priced Smartphones



Integrated full support for "communications fees and smartphone"



PC DEPOT オリジナル **格安スマホ新製品**

JUST PRICE FON PRICE by pc depot

docomo au・SoftBankなど
電話番号・メール・電話帳
そのまま
即日開通

— おまかせ継続サポート —

- 電話番号そのまま
- ウィルス＆安全対策
- 店頭使い方の継続サポート
- LINEサポート
- トラブル個別サポート

500分かけ放題付

<p>NEW HUAWEI P9 lite</p> <p>5.2インチ 高速LTE 4GB 容量</p> <p>初回利用代 0円 通話料0円 追加料金なし</p> <p>本体代 基本料 全額込み 500分無料通話 月々 3,990円</p>	<p>NEW FUJITSU arrows M03</p> <p>5インチ おサイフケータイ対応</p> <p>高速LTE 4GB 容量</p> <p>初回利用代 0円 通話料0円 追加料金なし</p> <p>本体代 基本料 全額込み 500分無料通話 月々 4,990円</p>	
<p>ASUS ZenFone 2 Laser</p> <p>6インチ 高速LTE 4GB 容量</p> <p>初回利用代 0円 通話料0円 追加料金なし</p> <p>本体代 基本料 全額込み 500分無料通話 月々 4,990円</p>	<p>NEW HUAWEI P9</p> <p>5.2インチ 高速LTE 4GB 容量</p> <p>初回利用代 0円 通話料0円 追加料金なし</p> <p>本体代 基本料 全額込み 500分無料通話 月々 4,990円</p>	<p>NEW HUAWEI P8 max</p> <p>6.8インチ 高速LTE 10GB 容量</p> <p>初回利用代 0円 通話料0円 追加料金なし</p> <p>本体代 基本料 全額込み 500分無料通話 月々 5,990円</p>

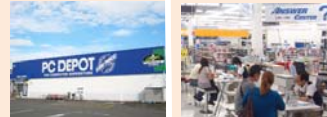
ポケモンGO 動作確認済! 設定・使い方の説明付

Store Development (PC DEPOT Smart Life Stores)



Product range - extensive

PC DEPOT
Up to 300 *tsubo*: Suburban large-scale roadside stores



PC DEPOT
500 *tsubo* or more: Suburban large-scale roadside stores



PC DEPOT Smart Life Store Ver. 1
Suburban small-scale stores in the vicinity of Tokyo

PC DEPOT Smart Life
Setagaya-Kinuta Store, Mitaka Store, etc.



PC DEPOT Smart Life Store Ver. 2
Suburban stores and large-scale smart life stores

PC DEPOT Smart Life
Inagi-Wakabadai Store

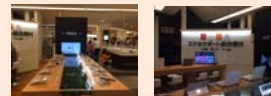


Store floor area - small

Store floor area - large

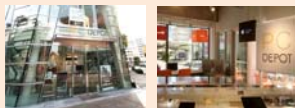
PC DEPOT Smart Life Store Ver. 0.1
Around 100 *tsubo*: In-shop type stores

PC DEPOT Smart Life Store in Books
Kinokuniya LaLaport Toyosu Store



PC DEPOT Smart Life Store Ver. 0
Less than 100 *tsubo*

PC DEPOT Smart Life Aoyama Store,
Azabu-Juban Store, etc.



[New store openings and renovation in 2Q]

In September

(Renovated) PC DEPOT Smart Life Matsudo Store

In October

(Moved) PC DEPOT Smart Life Minato-Mirai Store (Moved within the same area)

Product range - limited

PC DEPOT Smart Life Store Ver. 0

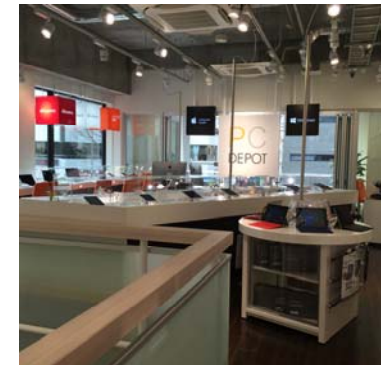


Small-sized format in central Tokyo

PC DEPOT Smart Life Aoyama Store



PC DEPOT Smart Life Azabu-Juban Store



PC DEPOT Smart Life Store Ver. 1



Suburban, small to medium-sized stores in the vicinity of Tokyo

Kanagawa

10 stores

Tokyo

11 stores



Saitama

1 store

Ibaraki

2 stores

Chiba

1 store



PC DEPOT Smart Life Store Ver. 2



Suburban, large PC DEPOT Smart Life stores (PC DEPOT Smart Life Inagi-Wakabadai Store (Inagi City, Tokyo))



View of the outside of the store



Smart x solutions (Quick lecture)



Common space



Dr. Smart (Diagnosis and repair reception counter)

Store openings and renovation



Plans for store openings and renovation for the year ending March 2017

[Store openings]
Including the store openings in
central Tokyo 4 stores during the year

Second half **2** stores
→ **Postponed**

<Target area for store openings>

- Shinjuku-ku
- Shibuya-ku
- Minato-ku
- Chiyoda-ku
- Chuo-ku
- Shinagawa-ku



[Renovation plan]
Second half
roughly **2** stores

Store Network (excluding franchise stores, as of September 30, 2016)



PC DEPOT



PC DEPOT SMART LIFE



PC DEPOT PC Clinic



Store type	Suburban large-scale stores	Small-to-medium-scale stores in the Tokyo metropolitan area	In-shop type PC clinic counter
Directly managed stores	25 stores	29 stores	53 stores
Subsidiary operation	13 stores	-	5 stores
Total	38 stores	29 stores	58 stores



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—With regard to the 2Q results and the full-year earnings forecast—

Inquires



**Corporate Planning Office
(Persons in charge: Matsuo and Takeda)**

**TEL: +81-45-472-9838
E-mail: ir@pcdepot.co.jp**



Forecast results included in this document are forecast judged based on information available at the time of the presentation of this document. They reflect a number of uncertainties, and, as a result, actual results may differ materially from these forecasts of operating results or other matters due to various factors. Investors should understand the assumptions as described above, and make any investment decisions based on their own judgment.