



PC
DEPOT



Presentation of Financial Results for the Second Quarter of the Year Ending March 2018

November 14, 2017
November 22, 2017 Results Briefing



PC
DEPOT



PC
DEPOT

PC DEPOT CORPORATION

Security Code 7618



PC

FY2017 2Q Financial Results Highlight



Decrease in both
sales and profits

- ◆ Last year's performance had positive factors such as demand for support prior to the Windows 10 free upgrade till July 29, 2016, as well as demand for replacement
 - ◆ Windows Vista support termination on April 10, 2017 → Limited impact on the support service and replacement demand
 - ◆ Product sales → Sequentially Improvement in 2Q
 - ◆ Solution service sales → On September 22, we simultaneously launched "Value Pack (integrated member service product)" which bundled premium service* and a device together, such as Mac premium member Value Pack, Windows PC premium member Value Pack.
- * premium service is our original monthly membership based maintenance service

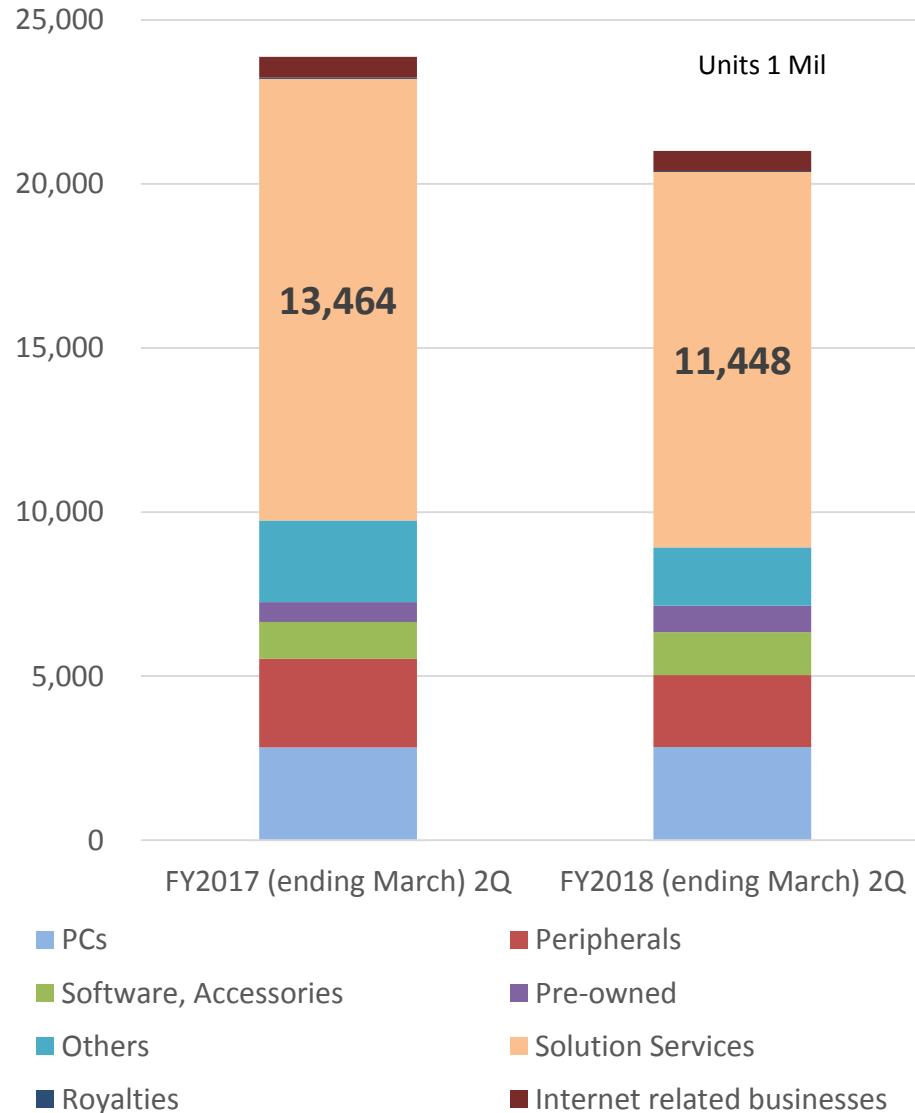
Million yen, %	2Q of FY2016 (cumulative)	2Q of FY2017 (cumulative)	Changes	YoY changes
Net sales	23,883	21,018	△2,864	88.0
Operating income	2,133	1,180	△953	55.3
Ordinary income	2,191	1,228	△962	56.1
Net income belonging to parent company shareholders	1,453	819	△633	56.4

Summary of Financial Results – P/L (Consolidated)

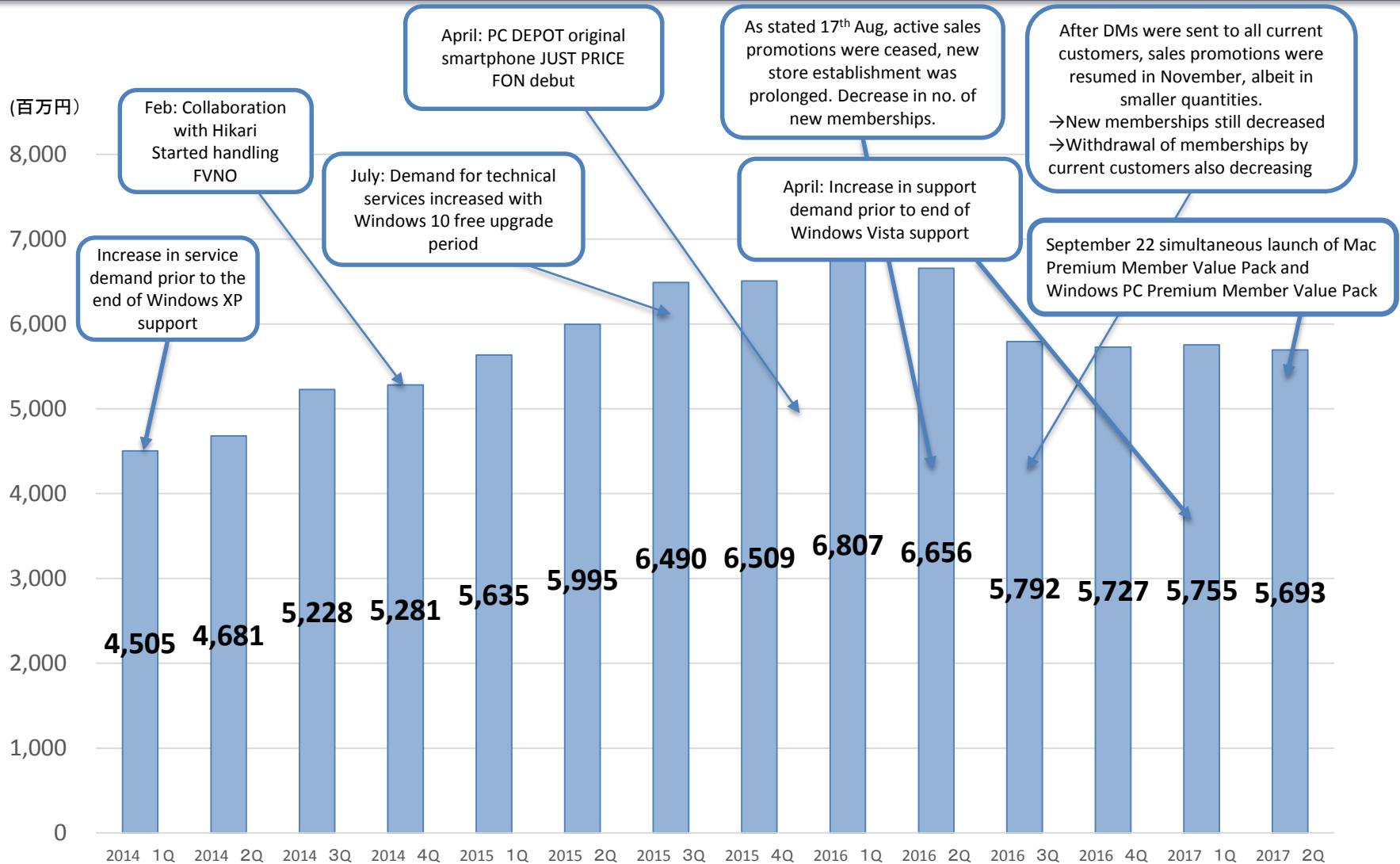


Units: mil Yen, %	FY 2017 ending March 2Q		FY 2018 ending March 2Q		FY 2018 ending March Annual forecast	
	Results	YoY	Results	YoY	prediction	YoY
Net Sales	23,883	97.4	21,018	88.0	46,600	100.4
Products	9,743	79.8	8,923	91.6	—	
Services	13,464	115.8	11,448	85.0	—	
Internet related businesses (subsidiary)	636	101.3	617	97.0	—	
Gross Profit	11,244	110.6	9,860	87.7	—	
SGA expenses	9,110	106.2	8,680	95.3	—	
Operating Profit	2,133	134.5	1,180	55.3	2,420	71.1
Ordinary Profit	2,191	134.1	1,228	56.1	2,500	72.1
Net profit attributable to parent company shareholders	1,453	139.2	819	56.4	1,650	72.7

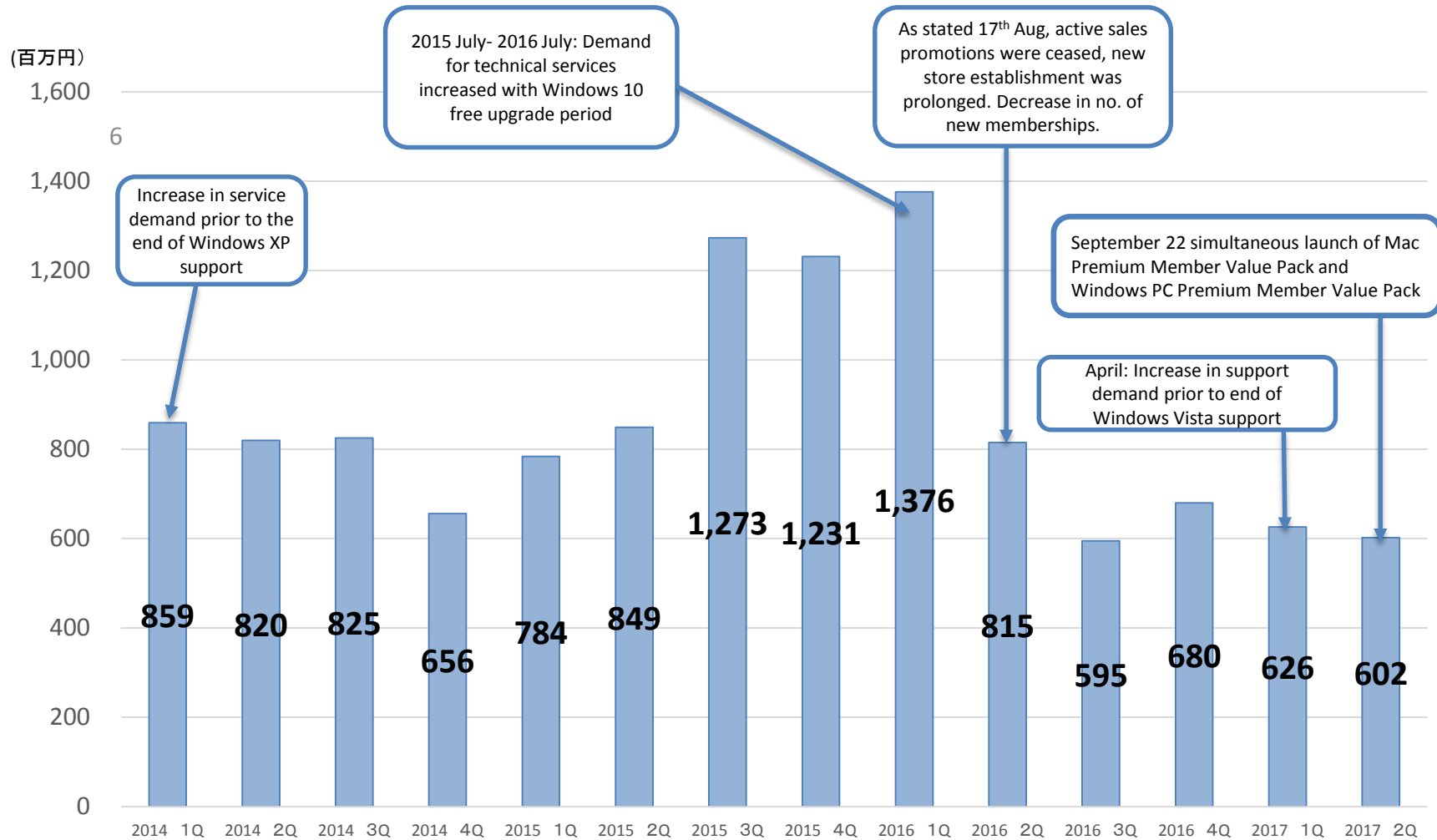
Sales by Product



Solution Service Sales Changes by Quarter



Recurring Profit changes per quarter



Balance Sheet (Consolidated)



Equity Ratio 65.6%

Units 1 Mil Yen	2017 end of March	2017 end of September	Changes
Total current assets	26,123	24,730	Δ1,392
Accounts receivable	11,202	8,651	Δ2,550
Inventory	6,103	6,059	Δ44
Total fixed assets	9,506	9,494	Δ11
Tangible fixed assets	4,857	4,925	67
Intangible fixed assets	734	661	Δ72
Investments & other assets	3,914	3,907	Δ6
Total assets	35,629	34,225	Δ1,403
Total current liabilities	6,786	6,857	70
Total tangible liabilities	5,830	4,856	Δ974
Total liabilities	12,617	11,713	Δ904
Total shareholder's equity	22,901	22,382	Δ519
Total net assets	23,011	22,511	Δ499
Total liabilities/ net assets	35,629	34,225	Δ1,403

Decrease in accounts receivable due to reduced sales of service-integrated products

2Q Share Buyback
→ acquired 1,324,200 shares with acquisition cost of 999,966,618 yen

Operating CF Increased

Units: 1 Mil Yen	FY2018 (ending March)			FY2017 (ending March) 1Q Results	Changes
	1Q	2Q	FY2018 (ending March) 2Q Results		
Operating CF	2,132	1,949	4,081	1,246	2,835
Investment CF	△173	△196	△369	△689	319
Financial CF	△892	△1,556	△2,448	△570	△1,877
Cash or cash equivalents at end of term	8,792	8,989	8,989	4,739	4,250

Operating CF

- With the decreased sales of service-integrated products, accounts receivable also decreased

Investment CF

- PC DEPOT Smart Life Store, newly opened in Roppongi in July
- Expenditure due to renovation of two PC DEPOT smart life stores

<2017>

- Newly opened PC DEPOT Smart Life Store (2 stores)
- Renovation of PC DEPOT Smart Life Store (1 store)

Cash Flow from Financing Activities
Share buyback in 2Q

Preliminary Comparison



	FY2018 (ending March)				FY2017 (ending March)
	Annual Forecast	1Q	2Q	2Q Results	Annual Results
Existing Stores Previous years sales	100.0%	85.6%	92.1%	88.6%	89.7%
Services Previous years sales	100.0%	84.6%	85.5%	85.0%	101.4%
Gross Profit Margin	44.0%	47.0%	46.9%	46.9%	45.8%
Capital Investment	10 Bil~	—	—	514 Mil	10.2 Bil
Interest bearing debt outstanding	—	—	—	62.9 Bil	73.9 Bil
Renovation to S L P*	5~10 stores	2 stores	4 stores	6 stores	5 stores
Newly opened S L P*	Flexible	N/A	1 stores	1 stores	2 stores
Newly opened PC Clinic	Flexible	N/A	N/A	0 stores	1 stores

※ SLP PC DEPOT Smart Life Stores

FY2018 (ending March) Forecast



	FY 2017 (ending March) Results		FY 2018 (ending March) Forecast	
	Results	YoY	Forecast	YoY
Units: 1 Mil, %				
売上高	46,417	89.7	46,600	100.4
営業利益	3,402	83.3	2,420	71.1
経常利益	3,467	83.8	2,500	72.1
親会社株主に 帰属する 当期純利益	2,269	84.3	1,650	72.7

▪ Existing Stores YoY

100.0% (Previous term results 89.7%)

▪ Solution Service Sales

100.0% (Previous term results 101.4%)

▪ Gross Profit Margin

44.0% (Previous term results 45.8%)

▪ Capital Investment 10 Bil~

▪ Depreciation Amount 9 Bil



FY 2018 (ending March) Business Environment & Strategy

FY 2018 Topics (scheduled)



- April '17 Window's VISTA support period ends
- May
Cyberattacks increase world wide, causing widespread damage
Windows 10 for Folklore released.
Education Edition of Minecraft now includes code learning function
New Surface product released.
- June
New Apple products, HomePod, iPad Pro and iMac Pro were released
Worlds largest video game conference & show, Electronic Entertainment Expo (E3) was held in LA
Japan E-Sports League 2017 Summer scheduled to be held till August
- Sept.
World's largest trade show for consumer electronics, the IFA scheduled to be held in Berlin, Germany
Release of iPhone 8, 8Plus
Distribution of iOS11 commenced
- Oct.
Launch of "Google Home", "Clova WAVE"(LINE)
Vulnerability in "WPA" Wi-Fi network encryption technology discovered
Distribution of Window 10 Fall Creators Update commenced
- Nov.
Release of iPhone X
Expected launch of Amazon Echo
- Dec. Expected launch of Sony AI Speaker
- Jan. '18 Consumer Electronics Show scheduled in Las Vegas, US
- Feb. Mobile World Congress (MWC) scheduled in Barcelona
- March Largest global event for digital industry, CeBIT to be held in Germany

Topics post April 2018 (scheduled)



2020 5G communications network to start

Bring Wi-Fi to all primary, secondary and high schools in Japan (Ministry of Internal Affairs and Communications Policy)

Programming to become a compulsory class in primary schools

Digital textbooks to be implemented in some classes

Windows 7 support ends

NVIDIA and Audi aiming for Level 4 of completely automatic operation in cars

2023 E-Sport will become a medal event at the Asian Games

Support for Windows 8.1 will end

2024 Computerized university exams (CBT method) to replace traditional exam method



1

Industry-wide trend

PC
Tablets
Smartphones



PC	Above last year's level?
Tablets	Decline
Smartphones	Robust sales of iPhone

PC demand bottom out makes Positive trend

2

Market polarized between iPhone and low-priced SIM/low-priced smartphone/SIM-free



Either case, the wider spread is for our benefit.
Strengthen our support service

3

Demand for PCs will increase with the increased consumption of games and educational materials. The need for support will increase.



With the increased need for support, we will strengthen support services, and increase quality of support.

The demand for our "Member Service Inclusive Products", such as Premium Member Value Pack which bundles premium service and devices, will increase further

September 22
Simultaneous launch of
new products

Value Pack Device and Premium Service

(Multi-network plan)

Premium Member

セットコース

パソコン本体～メンバーシップサポートまで

Member サポート Value Pack

Apple 家中・スマホまるごとサポート

SSD 128GBモデル付 マルチネットワークプラン

Apple

MacBook Air

13インチ 128GB

MQD32J/A

macOS Sierra
Core i5
メモリ: 8GB
SSD: 128GB
重量: 1.35kg

Membership サポート マルチネットワークプラン

初期設定
システム
アップデート

応用使い方
レクチャー

定期
メンテナンス

24時間
電話サポート

トラブル解決
サポート

安全対策
バックアップ

データサポート
インターネット

ワイヤレス
インターネット
設定

スマホ
サポート

その他多数 最大 (他店購入品 OK)
メンバーシップ サポート **5台まで**

店頭
支払代金^{※1}

本体
+
サポート代金

0円

MacBook (本体)付マルチネットワーク
プラン

月々 **5,500円**

初回事務手数料 5,000円

本プラン
ご利用期間中ずっと^{※2}

物損修理保証

ご利用期間中、故障や
水濡れ・破損等してしまった際
修理代金を還元いたします。

免責金額
1回目 20,000円
2回目～25,000円

本代^{※1}込み

月額料金に
本体の購入代金が
含まれています。

※1 別途作業代金が掛かる場合がございます。※2 詳しくは別紙「機器故障・水濡れ・破損修理保証規約」も必ずお読みください。

家中・スマホまるごとサポート マルチネットワークプラン

- パソコン・タブレットサポート
- スマホサポート
- トラブル解決サポート
- データサポート
- インターネット安全サポート
- 専用多機能ルーター付
- 最大5台までサポート

初回事務手数料
5,000円

3年
プラン

月々

4,500円

1年プラン 月々5,800円

16

Member Solution Hard Plan



プレミアムサービスシリーズ メンバーソリューションハード追加プラン

会員特典 Benefit

iPhone8 プレミアムサービスシリーズ マルチネットワークプラン ご利用のメンバー様専用

docomo au SoftBank

iPhone8
本体 64GB

4年プラン 半年後 格安SIM乗換OK ※ 2年後 機種プラン変更OK

※適性キャリアの解約金が掛かります

Membership サポート対応※

- 使い方のレクチャー
- データバックアップ
- インターネット安全対策
- LINEデータ移行サポート
- ワイヤレスインターネット接続サポート

※ご利用プランのサポートが受けられます。サービスファイルにてご確認ください

店頭支払代金*1

本体 + サポート代金 **20,000円**

初回事務手数料 3,000円

全部込み
メンバーソリューションハードプラン

月々 **2,000円**

キャリア通信料金別

表記の価格はすべて税別となります

本プランご利用期間中ずっと*2 物損修理保証 込み

ご利用期間中、故障や水濡れ・破損等してしまった際修理代金を還元いたします。

免責金額 1回目 15,000円 2回目~20,000円

Membership サポート付

- 初期設定
- 定期メンテナンス
- システムアップデート
- 住所録、写真データ移行サポート
- トラブル解決サポート

プレミアムサービスシリーズ

会員特典 Benefit

プレミアムサービスシリーズ ご利用のメンバー様専用

メンバーソリューションハードプラン

Membership サポート付

- 初期設定
- ワイヤレスインターネット AppleID アカウント設定
- 店頭使用の方レクチャー
- インターネット詐欺対策

iPad 2017
9.7 インチ
32GB

MPGT2J/A
MP2F2J/A
MP2G2J/A

CPU : Apple A9
OS : iOS
重量 : 469 g

店頭支払代金*1

本体 + サポート代金 **0円**

全部込み
メンバーソリューションハードプラン

月々 **1,000円** *4

初回事務手数料 1,000円

表記の価格はすべて税別となります

本プランご利用期間中ずっと*2 物損修理保証 込み

ご利用期間中、故障や水濡れ・破損等してしまった際修理代金を還元いたします。

免責金額 1回目 10,000円 2回目~15,000円

安心設定 継続サポート付*3

- 初期設定
- インターネット詐欺対策
- システムアップデート
- 24時間遠隔ロック
- テザリングサポート
- 電話サポート
- 遠隔消去

Store development



New Store Openings & Renovations

1 new store opening and 6 renovation stores in 1H

(plan for 5-10 store renovations annually)

New store

21th July PC DEPOT Smart Life Roppongi Store



Renovations

① 10th June PC DEPOT Smart Life Tama New Town Store



② 17th June PC DEPOT Smart Life Koshigaya Store



③ 9th Sep. PC DEPOT Smart Life Makuhari inter Store



④ 16th Sep. PC DEPOT Smart Life Koyama Store



⑤ 23th Sep. PC DEPOT Smart Life Nagano Store



⑥ 30th Sep. PC DEPOT Smart Life Tokorozawa Store



Store Development

(Excluding FC, as of 31st Oct. 2017)



PC DEPOT



PC DEPOT Smart Life

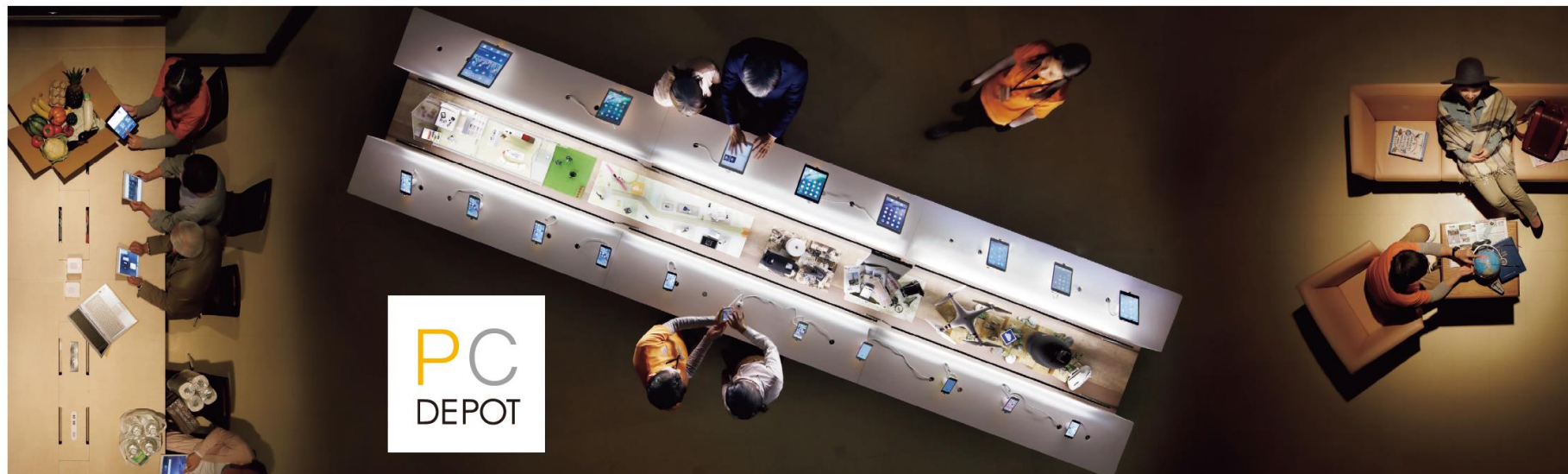


PC DEPOT PC Clinic



Store style	Suburban type, large-scale store	Large scale urban store, Small-medium scale store	In-store PC Clinic counter
Directly operated	18 stores	37 stores	53 stores
Subsidiary operated	12 stores	1 stores	5 stores
Total	30 stores	38 stores	58 stores





※写真はイメージです。

新しいスタイルの Windows Authorized Reseller docomo au SoftBank 総合専門店

販売・修理*・インターネット全てサポートする店舗です

インターネット・通販など、よその店舗で購入されたもの、なんでもご相談ください

We provide support for all areas including sales, repairs, and Internet services. We also provide support for devices that were bought online, or at other stores. Please let us know if you have anything you need help with.

We target

Recurring
Profit Margin
10%

ROE
Over 15%

For mid term



Appendix

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.)

4,500円
3,500円
2,500円
1,000円

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

Solution Services combine these services with hardware

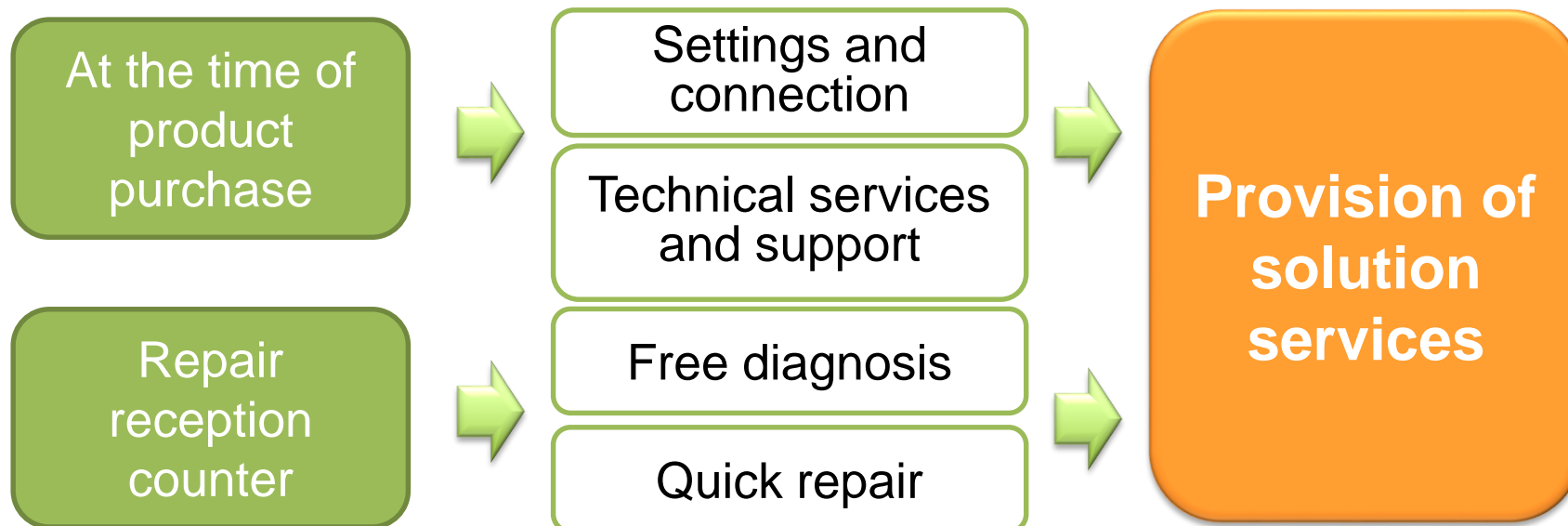
PC Clinic & Dr. Smart



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



プレミアムサービスシリーズ
Member サポート

家でも 外でも
マルチネットワーク
プラン

3ヶ月 月々 4,500円

パソコンサポート
インターネット
データサポート
スマートフォンサポート

パソコン修理
ウイルス対策
データバックアップ
クラウドストレージ
セキュリティ

OPTION

プレミアムサービスシリーズ
Member サポート

宅内 WiFi
ホームネットワーク
プラン

3ヶ月 月々 3,500円

安全サポート
データサポート
トラブル解決サポート

ホームネットワーク
OPTION

プレミアムサービスシリーズ
Member サポート

ご自身で
インターネット設定
パソコンプラン

3ヶ月 月々 2,500円

パソコン修理
インターネット
データサポート
セキュリティ

OPTION

プレミアムサービスシリーズ
Member サポート

スマートフォン
プラン

2ヶ月 月々 1,000円

データサポート
設定サポート
トラブル解決サポート
セキュリティ

OPTION

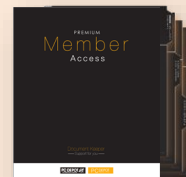
Premium Services (continuous support)



Digital Concierge



PREMIUM
Member



Any device regardless of

How old it is

Where it was bought

Support for anyone in the family

We will find a solution for
any kind of problem

Backups Security
Updates Internet/Wi-Fi e.t.c.
Accounts



FULL SUPPORT

Premium Services



Available at all PC DEPOT Stores



Premium Services



Before



Premium Services



After

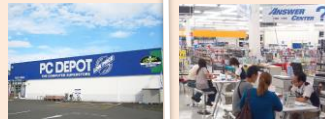


Store Development (PC DEPOT Smart Life Stores)



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

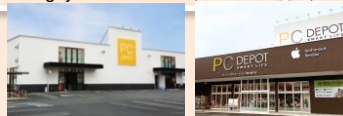


PC DEPOT Smart Life Store Ver. 2
Suburban stores and large-scale smart life stores



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. 0.1
Around 100 *tsubo*: In-shop type stores

PC DEPOT Smart Life Store in Books
Kinokuniya LaLaport Toyosu Store

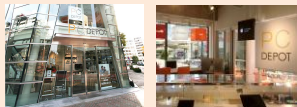


Store floor area - small

Store floor area - large

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

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



Product range - limited

PC DEPOT Smart Life Store Ver. 0 Ver. 1



Small-sized format in central Tokyo

- PC DEPOT Smart Life Aoyama Store
- PC DEPOT Smart Life Azabu-Juban Store
- PC DEPOT Smart Life Store in Books Kinokuniya LaLaport Toyosu Store
- PC DEPOT Smart Life Roppongi

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

- Kanagawa 10 stores
- Saitama 4 store
- Chiba 3 store
- Nagano 1 store
- Tokyo 12 stores
- Ibaraki 2 stores
- Tochigi 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)

Relationship between PC DEPOT and our customers



Continuing support to ensure our customers can use all devices with ease

	Device	Our company's reaction	Aims
'product'	PC and Laptops	<ul style="list-style-type: none"> ● Data Migration Services ● Internet Setting 	To ensure customers can buy and use new devices with ease
		<ul style="list-style-type: none"> ● Explanation of use ● Initial Settings 	So customers new to devices can use them with ease
'product'	Smartphones	<ul style="list-style-type: none"> ● Major Carriers ● Low-cost smartphones  <div style="border: 1px solid black; padding: 5px; display: inline-block;">PC DEPOT support</div>	So customers new to smartphones, and customers unused to smartphones can buy and use new devices at ease
		<ul style="list-style-type: none"> ● PC DEPOT original low-cost smartphones "JUST PRICE FON" with support 	

	Repairing & How to's	Our company's reaction	Aims
'service'	<ul style="list-style-type: none"> ● PC or smartphone bought at different stores, or stores other than PC DEPOT 	<div style="border: 1px solid black; padding: 10px; text-align: center;">Free diagnosis</div>  <div style="border: 1px solid black; padding: 10px; text-align: center;">Problem solving & subsequent service offers</div>	To ensure all customers can use their devices with ease
	<ul style="list-style-type: none"> ● Inconveniences, worries concerning internet usage 		

Continuous support for members



Continue to find solutions for every 'problem' each of our members encounter

Contact with members
Over 50000 cases/month ※

※monthly average, inc. estimates

- | | |
|---|---|
| Visiting stores for How-to lectures | Visiting stores for repair diagnosis |
| Calling our call-centers to ask about a problem | Calling the store about a problem |
| An invitation letting you know about opening and refurbishing | Sending a DM about a problem they encountered |

A structure for quality improvement to support a “reassuring, convenient, and kind store”



Conventionally a division with multiple roles



A new, improved division created by dividing roles from previous divisions





All financial forecasts and predictions made in this presentation were based on information available at the time of release of this document. The information included reflect a number of uncertainties and actual financial results may differ greatly from out forecasts due to various uncontrollable factors. We ask any investors to only make investment decisions with a full understanding of the above, based on their own judgements.

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