



PC
DEPOT



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

February 13, 2018



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PC DEPOT CORPORATION

Security Code 7618



PC

FY2017 3Q Financial Results Highlight



- ◆ 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 11, 2017 → Limited impact on the support service and replacement demand
- ◆ Product sales → Demand for education and eSports has been growing.
- ◆ 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
- Favorable solution service sales continued fueled by introduction of Value Pack (integrated member service product).

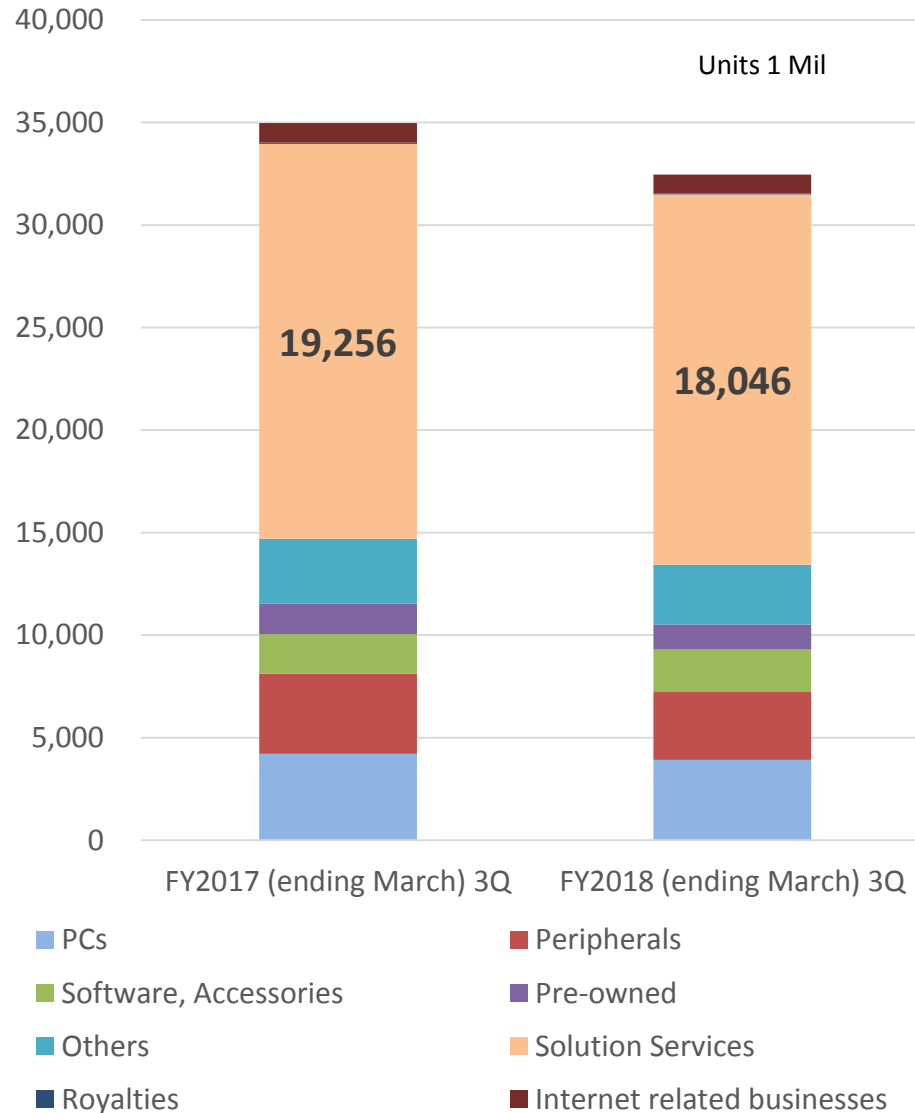
Million yen, %	3Q of FY2016 (cumulative)	3Q of FY2017 (cumulative)	Changes	YoY
Net sales	34,983	32,458	△2,524	92.8
Operating income	2,710	1,863	△846	68.8
Ordinary income	2,786	1,931	△855	69.3
Net income belonging to parent company shareholders	1,829	1,281	△547	70.1

Summary of Financial Results – P/L (Consolidated basis)

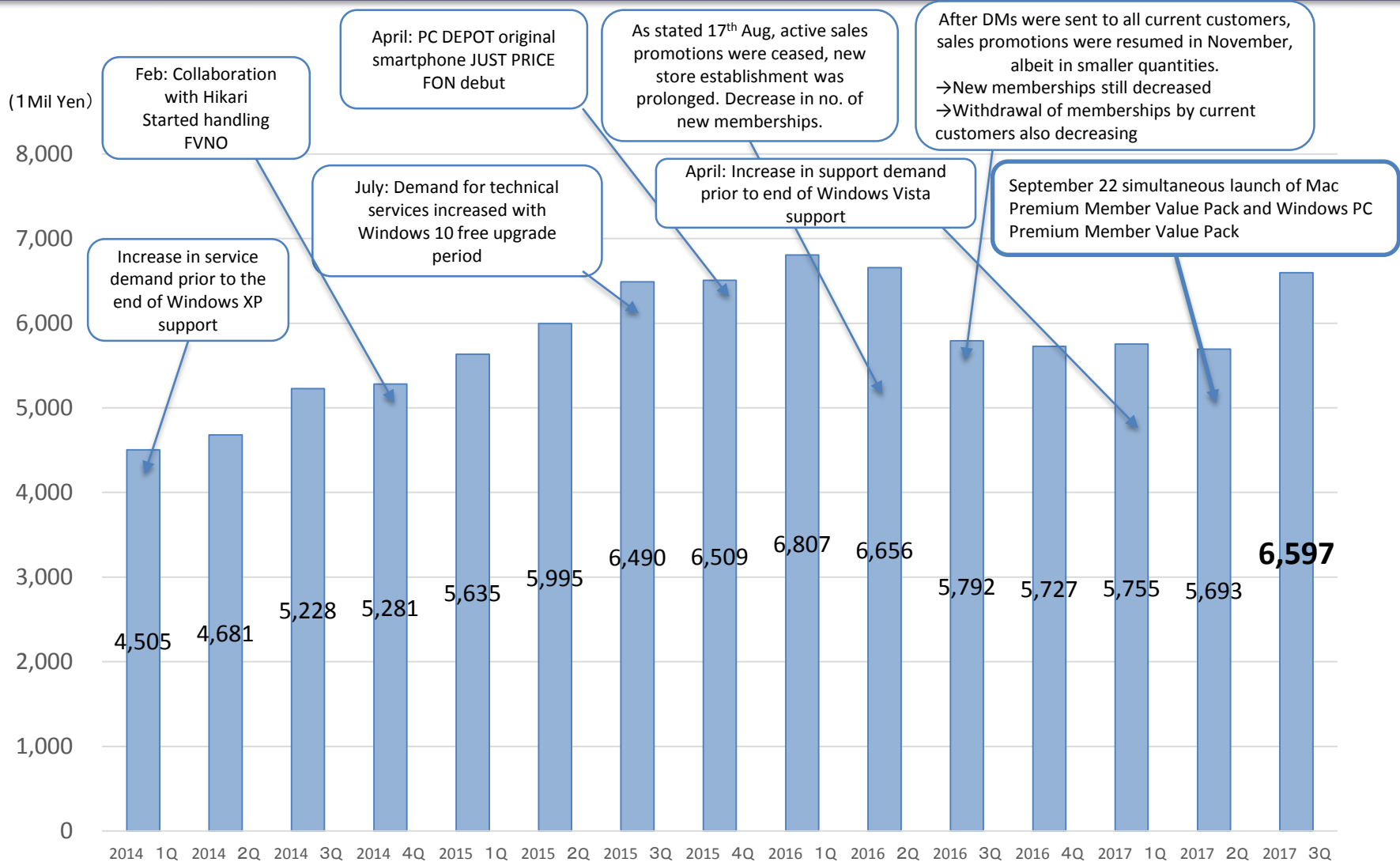


Units: mil Yen, %	FY 2017 ending March 3Q		FY 2018 ending March 3Q		FY 2018 ending March Annual forecast	
	Results	YoY	Results	YoY	prediction	YoY
Net Sales	34,983	91.7	32,458	92.8	46,600	100.4
Products	14,699	77.4	13,442	91.4	—	
Services	19,256	106.3	18,046	93.7	—	
Internet related businesses (subsidiary)	952	100.7	922	96.9	—	
Gross Profit	16,095	101.0	14,811	92.0	—	
SGA expenses	13,384	102.5	12,948	96.7	—	
Operating Profit	2,710	94.1	1,863	68.8	2,420	71.1
Ordinary Profit	2,786	95.9	1,931	69.3	2,500	72.1
Net profit attributable to parent company shareholders	1,829	92.1	1,281	70.1	1,650	72.7

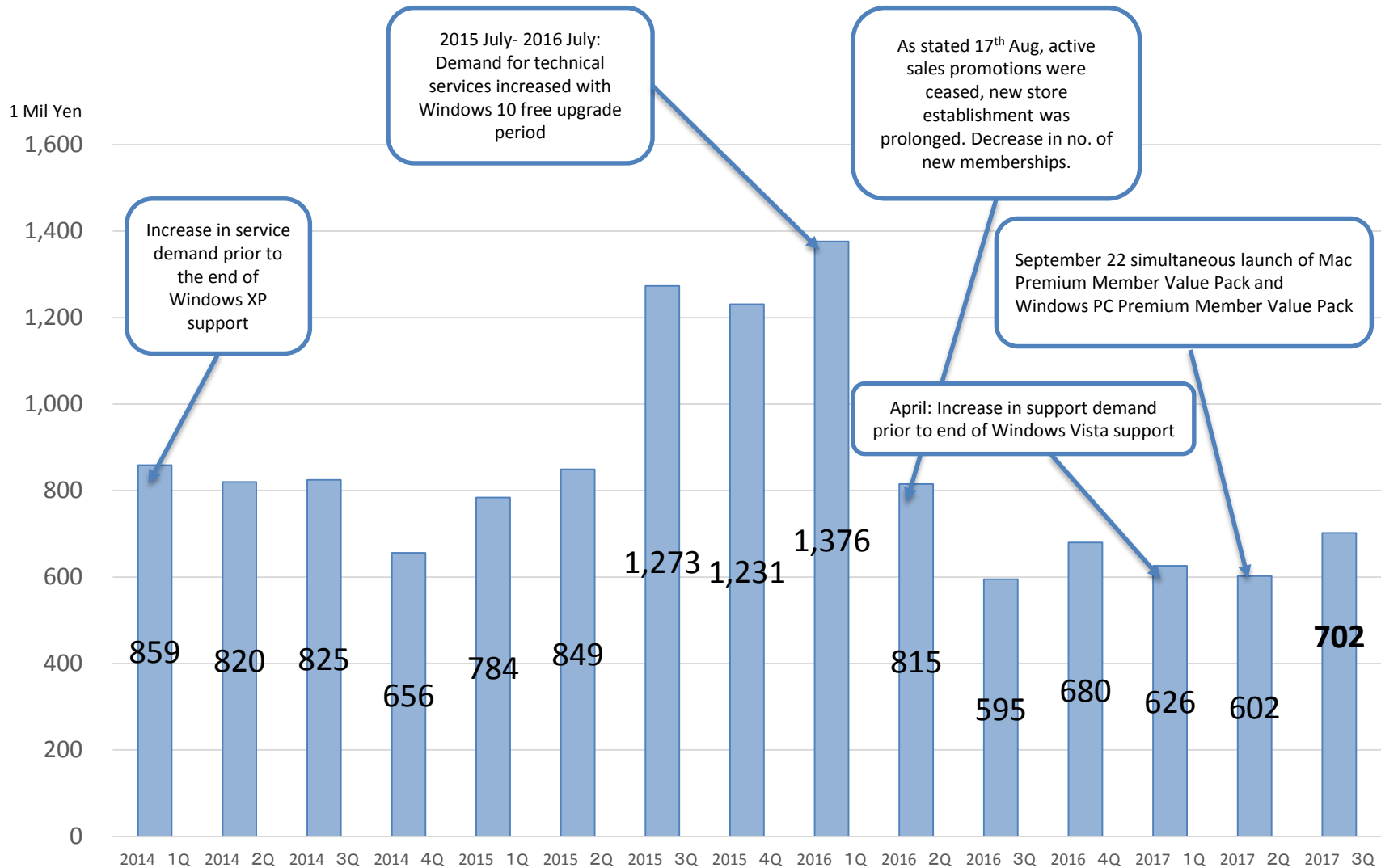
Sales by Product



Solution Service Sales Changes by Quarter



Recurring Profit changes per quarter



Balance Sheet (Consolidated)



Equity Ratio 60.3%

Units 1 Mil Yen	2017 end of March	2017 end of June	2017 end of Septem ber	2017 end of December	Changes
Total current assets	26,123	26,060	24,730	28,175	2,052
Accounts receivable	11,202	9,664	8,651	8,726	Δ2,475
Inventory	6,103	6,496	6,059	8,247	2,144
Total fixed assets	9,506	9,451	9,494	9,289	Δ216
Tangible fixed assets	4,857	4,839	4,925	4,783	Δ73
Intangible fixed assets	734	690	661	591	Δ143
Investments & other assets	3,914	3,921	3,907	3,914	-
Total assets	35,629	35,512	34,225	37,465	1,836
Total current liabilities	6,786	7,062	6,857	8,726	1,939
Total tangible liabilities	5,830	5,349	4,856	6,079	248
Total liabilities	12,617	12,411	11,713	14,805	2,188
Total shareholder's equity	22,901	22,981	22,382	22,515	Δ386
Total net assets	23,011	23,100	22,511	22,659	Δ352
Total liabilities/ net assets	35,629	35,512	34,225	37,465	1,836

Simultaneous launch of integrated member service products from September 22 → Increase in receivables

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

CF (Consolidated)



Operating CF Increased

Units: 1 Mil Yen	FY2018 (ending March)				FY2017 (ending March) 3Q Results	Changes
	1Q	2Q	3Q	FY2018 (ending March) 3Q Results		
Operating CF	2,132	1,949	△107	3,973	3,097	875
Investment CF	△173	△196	△93	△463	△872	409
Financial CF	△892	△1,556	1,155	△1,293	△2,533	1,240
Cash or cash equivalents at end of term	8,792	8,989	9,943	9,943	4,444	5,498

Operating CF

Increase in receivables and inventories on the back of integrated member service products sales

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 April ~ December >

- Newly opened PC DEPOT Smart Life Store (2 stores)
- Renovation of PC DEPOT Smart Life Store (3 store)

Cash Flow from Financing Activities
Share buyback in 2Q

Preliminary Comparison



	FY2018 (ending March)					FY2017 (ending March)
	Annual Forecast	1Q	2Q	3Q	3Q Results	Annual Results
Existing Stores Previous years sales	100.0%	85.6%	92.1%	103.6%	93.4%	89.7%
Services Previous years sales	100.0%	84.6%	85.5%	113.9%	93.7%	101.4%
Gross Profit Margin	44.0%	47.0%	46.9%	43.3%	45.6%	45.8%
Capital Investment	10 Bil~	—	—	—	516Mil	10.2 Bil
Interest bearing debt outstanding	—	—	—	—	77.7Bil	73.9 Bil
Renovation to S L P*	5~10 stores	2 stores	4 stores	N/A	6 stores	5 stores
Newly opened S L P*	Flexible	N/A	1 stores	N/A	1 stores	2 stores
Newly opened PC Clinic	Flexible	N/A	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)★New



- 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 and iPhone 8 Plus
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
★CPU security issues are spreading
Consumer Electronics Show scheduled in Las Vegas, US
★Online application for junior high school admission is increasing
★Programming skill and logical thinking examinations are being adopted
- Feb.
Mobile World Congress (MWC) scheduled in Barcelona
★Establishment of Japan Esports Union
- March
Largest global event for digital industry, CeBIT to be held in Germany

Topics post April 2018 (scheduled)★New



2020 5G communications network to start

Aim for 100% facilitation of Wi-Fi to all primary, junior high and high school classrooms

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

2021 Programming as a compulsory subject in junior high schools

2022 E-Sport will become a medal event at the Asian Games

2023 Support for Windows 8.1 will end

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

2025 ★Windows 10 support termination



1

PC
Tablets
Smartphones



Industry-wide trend



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

PC demand bottom out makes Positive trend

2

Increase in demand from the education market and eSports on the back of growing "experience-based consumption" such as learning and games
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

3

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

September 22 Simultaneous launch of new products

Value Pack

Devices + Premium service

iPhone X

お持ちのパソコン・スマホ・タブレットを最大5台まで家中まるごとサポートプラン

64GB 店頭支払代金 3万円

4年プラン
6ヶ月 特定SIM
or
2年 標準プラン 延長OK

基本料金 2年間 (5/15現在適用)

月々 3,300円 ~

基本料金 月3,898円 - 2年 月4,028円 -

最大5台サポート

全部込みメンバーシップサポートプラン

4ヶ月 6,000円

基本料金 + iPhone本体付き
メンバーシップサポートプラン

合計月々約 9,300円 ~

合計月約 9,900円 - 合計月約 10,100円 -
256GB 月+500円

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

R-3

- 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

MacBook Air 付

13インチ
MAG242JA
Core i5
8GB
1.5TB
SSD 256GB

お持ちのパソコン・スマホ・タブレットを最大5台まで家中まるごとサポートプラン

店頭支払代金 4万円

4年プラン

4ヶ月 9,500円

基本料金 2年間 (5/15現在適用)

4年 合計月々約 12,900円 ~

合計月約 13,400円 - 合計月約 13,600円 -
iPhone X 256GB 月+500円

MacBook Air + iPhone X

Member Solution Hard Plan




Sales starting from September 22

プレミアムサービスシリーズ 会員特典
ご利用のメンバー様専用 Benefit

設定して
お渡しします

左記ファイルをお持ちの方

Time Capsule 2TB



全部込み

- TimeCapsule 本体付
- 安心設定サポート

店頭支払代金 本体 サポート代金 **0円**

3年プラン 月々 **1,000円**

物損修理保証付*

※1 初回事務手数料 1,000円

パソコン+ 家中&お持ちのスマホまるごと Membership サポート

Value Pack

会員特典 Benefit

設定して
お渡しします

ご加入中 / 新規ご加入の方

中古 iPhone 6s Plus 64GB



全部込み

- 中古iPhone本体付
- 安心設定継続サポート付

店頭支払代金 本体 サポート代金 **0円**

2年プラン 月々 **2,000円**

物損修理保証付*

※1.2 初回事務手数料 3,000円

別途キャリアの通信料で通話・メールをご利用いただけます。こちらは一度です。

mineo	1GB 1,790円	mineo	1GB 1,410円
	4GB 1,990円		3GB 1,510円
	10GB 2,990円	b-mobile	10GB 3,130円

※1.2 初回事務手数料 3,000円

プレミアムサービスシリーズ 会員特典
ご利用のメンバー様専用 Benefit

設定して
お渡しします

左記ファイルをお持ちの方

ワイヤレスA4 複合プリンタ
(プリンタ・コピー・スキャナ)

EPSON Colorio EP879



今お使いのパソコン (プレミアムサービスシリーズメンバーの方)

今お使いのiPhone (プレミアムサービスシリーズメンバーの方)

全部込み

- EP-879本体付
- 安心設定サポート

店頭支払代金 本体 サポート代金 **0円**

3年プラン 月々 **700円**

物損修理保証付*

※1.2 初回事務手数料 1,000円

※1 iPhoneの中の写真をワイヤレスで印刷
※2 スマホからプリンタの電源ON設定
※3 パソコンからワイヤレスで印刷設定*

※4 本製品のインストールガイドに従ってご利用いただけます。詳しくは取扱説明書をご覧ください。

Store development



New Store Openings & Renovations

1 new store opening and Renovation 1H 6 stores + 2H 2 stores planned

New store

21th July PC DEPOT Smart Life Roppongi Store



Renovations

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

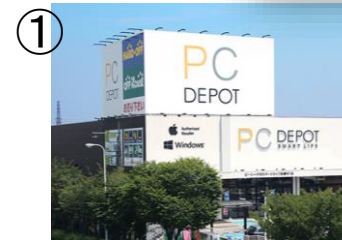
② 17th June PC DEPOT Smart Life Koshigaya Store

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



March

PC DEPOT Smart Life Sakado Store(Plan)

PC DEPOT Smart Life Sayama Flagshi Store(Plan)

Store Development

(Excluding FC, as of 31st January, 2018)



PC DEPOT



PC DEPOT Smart Life



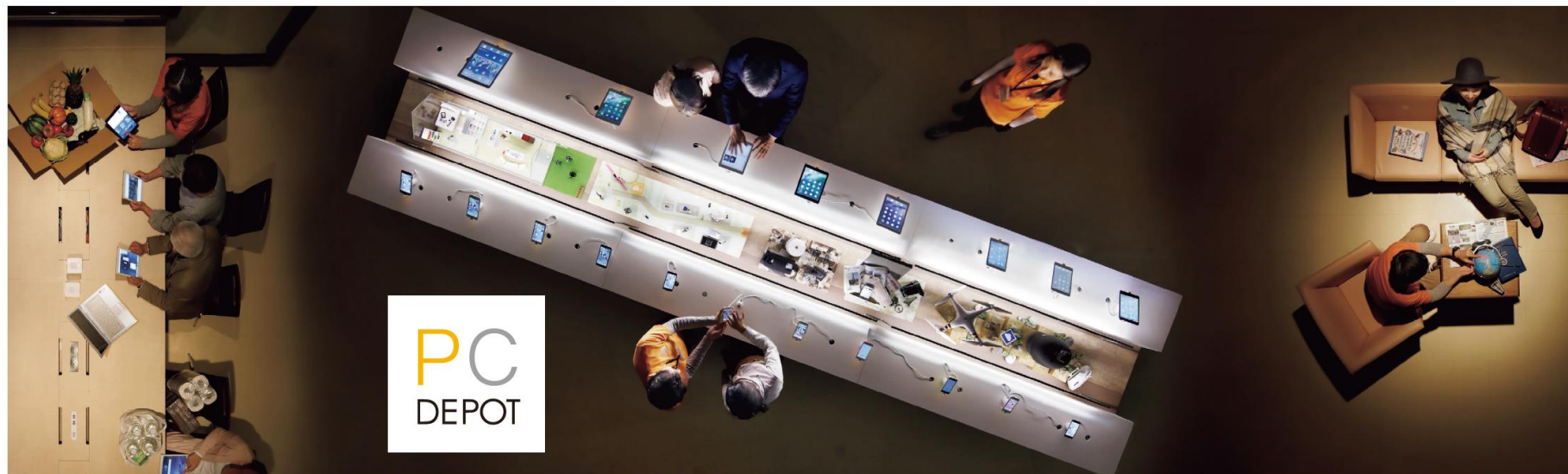
PC DEPOT PC Clinic



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



PC DEPOT



※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.

Management Target



We target

Recurring
Profit Margin
10%

ROE
Over 15%

For mid term



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.

Inquiries



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