Summary of Financial Results for the Fiscal Year Ended March 31, 2015
[Japanese standards] (Consolidated)

May 12, 2015

PC DEPOT CORPORATION	Stock exchange listing:
Securities code: 7618	TSE Securities Exchange [JASDAQ]
Representative: Takahisa Nojima, President and Chief Executive Officer	URL http://www.pcdepot.co.jp
Contact: Mitsuyoshi Hae, Managing Director	TEL +81-(0)45-472-7795
Scheduled date of Ordinary General Shareholders Meeting:	June 24, 2015
Scheduled date of Annual Securities Report filing:	June 25, 2015
Scheduled date of dividend payment:	June 25, 2015
Preparation of supplementary references for these Financial Results:	Yes
Holding of a briefing on these financial results:	Yes (for institutional investors and analysts)

(All amounts have been rounded off to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Consolidated Operating Results (%: Change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%
Fiscal year ended March 31, 2015	51,285	(4.7)	3,089	33.7	3,205	32.9	1,941	24.9
Fiscal year ended March 31, 2014	53,816	4.8	2,310	163.6	2,411	158.4	1,554	248.7

Note: Comprehensive income As of March 31, 2015: 1,960 mil. yen (26.3%) As of March 31, 2014: 1,552 mil. yen (240.7%)

	Net inc. per share	Diluted net inc. per share	Return on equity	Ord. inc. (total assets)	Oper. inc. (net sales)
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2015	51.11	50.86	13.6	11.4	6.0
Fiscal year ended March 31, 2014	46.14	45.96	13.4	9.6	4.3

Reference: Equity in income (losses) of affiliates As of March 31, 2015: 5 mil. yen As of March 31, 2014: 8 mil. yen

(Note) On October 1, 2013 and January 1, 2015, the Company split its common shares at rates of 1 to 100 shares and 1 to 1.5 shares, respectively. We calculated net income per share and diluted net income per share on the assumption that the stock split took place at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Mil. yen	Mil. yen	%	Yen
Fiscal year ended March 31, 2015	29,257	15,181	51.8	398.81
Fiscal year ended March 31, 2014	27,138	13,464	49.5	353.89

Reference: Shareholder equity As of March 31, 2015: 15,151 mil. yen As of March 31, 2014: 13,445 mil. yen

(Note) On October 1, 2013 and January 1, 2015, the Company split its common shares at rates of 1 to 100 shares and 1 to 1.5 shares, respectively. We calculated net assets per share on the assumption that the stock split took place at the beginning of the previous consolidated fiscal year.

(3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	Mil. yen	Mil. yen	Mil. yen	Mil. yen
Fiscal year ended March 31, 2015	(2,512)	(1,436)	1,637	2,370
Fiscal year ended March 31, 2014	2,010	(441)	127	4,679

2. Dividends

	Annual dividend per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	DOE (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Mil. yen	%	%
Fiscal year ended March 31, 2014	—	350.00	—	5.00	—	203	12.3	1.7
Fiscal year ended March 31, 2015	—	5.00	—	5.00	—	316	16.3	2.2
Fiscal year ending March 31, 2016 (forecast)	—	5.00	—	5.00	10.00		—	

(Note 1) On October 1, 2013, the Company split its common shares at a rate of 1 to 100 shares. Therefore, the dividend per share (3.50 yen) after the stock split corresponds to one-hundredth of the dividend per share for the end of 2Q of the fiscal year ended March 31, 2014.

(Note 2) On January 1, 2015, the Company split its common shares at a rate of 1 to 1.5 shares. Therefore, the dividend per share (7.50 yen) based on the number of shares prior to the stock split corresponds to 1.5 times of the dividend per share for the end of the fiscal year ended March 31, 2015.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(%: Figures indicate year-on-year increase/decrease.)

	Net sales		Operating income		Ordinary income		Net income belonging to parent company shareholders		Net income per share
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Yen
First half (cumulative)	24,452	0.3	1,675	2.9	1,700	1.1	1,085	3.9	28.56
Full year	53,000	3.3	3,750	21.4	3,800	18.5	2,430	25.2	63.96

* Notes
(1) Were there changes in important subsidiaries during the period (changes in specific subsidiaries resulting in modifications of the scope of consolidation): No
New companies — (Company name)　　Excluded companies — (Company name)

(2) Changes in accounting principles / Changes and restatements of accounting estimates
1) Were there changes in accounting principles caused by revisions to accounting standards: Yes
2) Were there changes other than 1): No
3) Were there changes in accounting estimates: No
4) Were there any restatements: No

(3) Number of outstanding shares (common shares)

1) Number of shares issued and outstanding as of the end of the period (including treasury stock)	As of March 31, 2015	38,928,000 shares	As of March 31, 2014	38,928,000 shares
2) Number of shares of treasury stock as of the end of the period	As of March 31, 2015	937,035 shares	As of March 31, 2014	935,700 shares
3) Average number of shares outstanding during the period	As of March 31, 2015	37,992,059 shares	As of March 31, 2014	33,698,807 shares

(Note) On October 1, 2013 and January 1, 2015, the Company split its common shares at rates of 1 to 100 shares and 1 to 1.5 shares, respectively. We calculated the number of shares issued and outstanding at the end of each period (including treasury stock), the number of our own shares at the end of each period, and the average number of shares during each period on the assumption that the stock split took place at the beginning of the previous consolidated fiscal year.

(Reference) Summary of Non-consolidated Financial Results
Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)
(1) Non-consolidated Operating Results (%: Change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%
Fiscal year ended March 31, 2015	42,156	(6.5)	2,273	24.2	2,606	23.1	1,621	17.6
Fiscal year ended March 31, 2014	45,083	5.1	1,831	196.5	2,117	171.5	1,379	267.8

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2015	42.68	42.48
Fiscal year ended March 31, 2014	40.93	40.77

(Note) On October 1, 2013 and January 1, 2015, the Company split its common shares at rates of 1 to 100 shares and 1 to 1.5 shares, respectively. We calculated net income per share and diluted net income per share for the current term on the assumption that the stock split took place at the beginning of the previous business year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Mil. yen	Mil. yen	%	Yen
Fiscal year ended March 31, 2015	26,631	13,243	49.6	347.81
Fiscal year ended March 31, 2014	25,042	11,846	47.2	311.31

Reference: Shareholder equity　As of March 31, 2015: 13,213 mil. yen　As of March 31, 2014: 11,827 mil. yen
(Note) On October 1, 2013 and January 1, 2015, the Company split its common shares at rates of 1 to 100 shares and 1 to 1.5 shares, respectively. We calculated net assets per share on the assumption that the stock split took place at the beginning of the previous business year.

* Presentation concerning the implementation status of annual audit procedures
These annual financial results are not subject to an annual audit procedure based on the Financial Instruments and Exchange Act, and at the point in time when these annual financial results were disclosed, auditing procedures regarding annual financial statements based on the Financial Instruments and Exchange Act had not been completed.

* Explanation and other special notes regarding the appropriate use of the earnings forecast
Earnings forecasts and other statements on the future contained in this document are based on the information currently available to the Company as well as certain reasonable assumptions. Actual results may differ materially from the forecasts due to various factors. For details on matters regarding earnings forecasts, please see page 3 of the appendix, "1. Operating Results and Financial Condition (1) Analysis of operating results (Forecast for the next fiscal year)."
We will present our financial results on Tuesday, May 19, 2015. We will post the materials used in the presentation as well as a question-and-answer session on the following website at a later date: http://www.pcdepot.co.jp/co_ir/index.html.

○ Table of Contents for the Appendix

1. Analysis of Operating Results and Financial Condition

(1) Analysis of operating results

(Operating results for the current term)

The Japanese economy for the consolidated fiscal year under review (from April 1, 2014 to March 31, 2015) was gradually recovering with the reaction to the last-minute demand ahead of the consumption tax hike exerting a moderating influence. However, consumer spending was still flagging and future economic prospect was uncertain.

In domestic over-the-counter sales of PCs, there was a certain amount of replacements of PCs for private use with new models following the termination of support for Windows XP in April 2014. However, the replacement demand began tapering off in July, resulting in a drop in sales volume. The PC sales continued to face a severe situation.

Against this backdrop, we in the PC DEPOT Group stepped up sales of Internet devices such as PCs, smartphones, and tablets, and actively developed related services, continuing with our aim to become a smart life partner for customers, providing both products and services in a single outlet.

In terms of store development, we continued to accelerate the remodeling of existing PC DEPOT stores, mainly in Tokyo and Kanagawa prefecture, into PC DEPOT Smart Life Stores (a new type of outlet that focuses more on providing services) and opened the PC DEPOT Smart Life Setagaya-Kinuta Store (one of the largest PC DEPOT stores within the 23 wards of Tokyo) in March 2015. Thus, the total number of PC DEPOT Smart Life Stores was 15 as of the end of March 2015. In addition, we have proceeded to introduce a business model for a new type of outlet, “Smart x Solutions (S x S),” in our large-scale stores since September 2014, making the number of stores that have introduced the business model 16. This allowed PC DEPOT large-scale stores to further accelerate sales across the board, including support, services, and content for smart devices.

In terms of service products, we offered more solutions that combine content, cloud, and other services. Furthermore, we increased our iPhone and Mac service product lineups in line with the September release of new versions of these products. In this way, we strove to meet potential customer demand and broaden our customer base. In addition, we proceeded to ensure customer safety when using Internet devices and the Internet by releasing JIMAS, a large-scale management system we now have launched to support our members. It includes features such as enhancement of cloud services and a remote lock system that protects data in devices from being improperly acquired when customers lose their devices or leave them behind. In February, as Nippon Telegraph and Telephone Corporation (NTT) started the wholesaling of its fiber-optic network services, we actively proceeded to provide new services, including a fiber-optic network service as a Fixed Virtual Network Operator (FVNO).

At existing stores, sales from services and gross profit increased by 21.4% and 6.8%, respectively year-on-year, while sales remained at 96.1% compared to a year earlier, indicating strong results overall. In terms of expenses, personnel expenses grew by 8.4% year-on-year due to our active recruitment of additional personnel and education to strengthen our service sales with a wider lineup of service products, the characteristic feature of our business. However, we worked to maintain other expenses at reasonable levels, resulting in selling, general and administrative expenses rising only 2.9% year-on-year.

As a result of the above, we posted record-high operating income, ordinary income, and net income for two consecutive periods. On a consolidated basis, net sales were 51.285 billion yen (down 4.7% year-on-year (YoY)), operating income was 3.089 billion yen (up 33.7% YoY), and ordinary income was 3.205 billion yen (up 32.9% YoY). Net income for the fiscal year under review was 1.941 billion yen (up 24.9% YoY).

Operating results per business segment are as follows:

1) PC Sales Business

In terms of product marketing, we continued to step up sales of smart devices and the provision of support. As the PC market continued to shrink, PC sales have become increasingly severe since July. On the other hand, sales of smart devices such as smartphones and tablets remains strong, backed by the popularity of iPhone products and other factors.

In terms of services, we continued to step up sales of solution services to provide Macs, iPhones, and iPads along with our support services by having 59 stores carry Macs and having 64 PC DEPOT stores and PC DEPOT Smart Life Stores (both directly managed stores and subsidiaries) carry iPads. Furthermore, we started to sell low-price smartphones and provide support services that cover everything from application to support for service subscription procedures and device configuration, allowing customers to enjoy the worry-free use of SIM free devices, which require a certain level of knowledge and skills. For our flagship Premium Service (maintenance services provided on a monthly membership fee basis), we actively provided services in a manner that met potential customer demand, thereby striving to acquire new customers by launching a service that combines the provision of devices as well as peripherals and support services for the same to our Premium Service members in accordance with their environments. For existing customers, we launched JIMAS, a large-scale management system to support members, in March 2015 and strove to increase customers’ satisfaction by expanding services that allow members to use Internet devices in a more convenient and safe fashion. For content services, we strove to expand range of services by providing a service for viewing and subscribing to newspapers and information papers, such as Fuji Sankei Business i, in addition to a service that is provided as a combination of speakers and a music distribution service. The number of digital magazines we carry had increased to 52 (as of March 31, 2015), as we expanded the range of services focusing on magazines specialized in health and hobbies, Nikkei Business and other economics magazines, Fujin Gaho and other women's magazines, and sports magazines.

As a result of these efforts, sales from our Premium Service, digital magazines and video-on-demand content services, our cloud, IP phone and other solutions services, mobile communication services with Mobile Virtual Network Operators (MVNO), fiber-optic network services with FVNO, and our technical services and support for PCs and smart devices all continued to be strong.

As of the end of the consolidated fiscal year, there were 36 directly managed PC DEPOT stores (located in Kanagawa, Tokyo, Chiba, Saitama, Shizuoka, Gunma, Tochigi, and Ibaraki prefectures) and 15 PC DEPOT Smart Life Stores (located in Tokyo and Kanagawa prefecture). In addition, PC DEPOT STORES Co., Ltd., a subsidiary, operates 13 PC DEPOT stores in the Kyushu, Chubu, Shinetsu, Tohoku, and Shikoku areas. With 3 franchisees in the Kinki and Chugoku regions, we had a total of 67 PC DEPOT stores and PC DEPOT Smart Life Stores nationwide. PC DEPOT PC Clinics had 58 stores: 52 stores directly managed by the company and 6 franchise stores, giving us 125 PC DEPOT stores, PC DEPOT Smart Life Stores, and PC DEPOT PC Clinic stores in total.

As a result of the above, net sales for the PC sales business were 49.975 billion yen (down 4.6% YoY) and ordinary income for the segment was 3.007 billion yen (up 30.5% YoY).

2) Internet-related Business

In the Internet-related business, we worked to step up the outsourcing of the Group-provided Premium Service among group companies, but due to a decrease in the number of ISP (Internet service provider) members handled by a subsidiary, sales from the business fell, dropping below those for the previous year.

In terms of profitability, selling and administrative expenses declined due to decreases in the amortization of goodwill and falls in personnel expenses caused by the change of business hours at call centers. Ordinary income for the segment grew.

As a result of the above, net sales for the Internet-related business were 1.310 billion yen (down 7.7% YoY) and ordinary income for the segment was 390 million yen (up 40.9% YoY).

(Forecast for the next fiscal year)

For the next fiscal year, we forecast that the moderate recovery trend will continue due to government's economic stimulus measures such as revitalizing the depressed consumption caused by the consumption tax hike, and implementing measures to raise the economic level in rural areas.

The market for the Internet of Things (IoT: physical objects connected to the Internet), including our flagship products-PCs, tablets, and smartphones, is expected to grow to the extent where the number of IoT devices sold in the Japanese market is 956 million, with a market size of 16.4 trillion yen in 2019. This will grow from device sales of 557 million and a market size of 9.4 trillion yen in 2014 (according to International Data Corporation (IDC) Japan). Considering the above business environment, we expect that the demand for services that enable consumers to use in a convenient way smart devices such as tablets and smartphones will continue to increase.

During the next consolidated fiscal year, the Group will continue to step up sales of Internet devices. We will also continue to offer more solutions services by combining Internet devices with enriched content and quality services. When content is provided in combination with services, potential customer demand for smart devices such as smartphones and tablets will be actualized. For customers who seek advice on PCs or wish to buy a new PC, we will offer products such as a combination of hardware and services so that customers can shift over to the new devices that they are about to start using in a problem-free way. In addition, under the key words of "safety" and "security," we will step up development and marketing of new content and services so that customers in the communities where we operate can use their Internet devices longer, more conveniently, and better.

Regarding store development, amid the growing demand for services due to the diversification of Internet devices, we plan to remodel 10 existing stores into "PC DEPOT Smart Life Stores," a new type of outlet that meets a greater diversity of customer needs, and remodel 10 stores into "Smart x Solutions (S x S)," which are large-scale stores, to continue our reinvigoration of existing stores. With regard to new stores, we plan to open four stores, setting up new stores by targeting downtown areas.

In our Internet-related business, in addition to revitalizing our ISP (Internet service provider) business, we will continue to strive to stabilize our business by realizing closer cooperation among Group companies regarding the backup and service systems related to the Group-provided Premium Service.

PC DEPOT Group's basic CSR policy defines our mission as using our stores to eliminate the information disparities (bridging the so-called "digital divide") that arise from differences in the age, gender, income, education, place of residence, and other factors of local customers. In accordance with this policy, we will improve quality control at stores and expand our products and services so that we attract more customers. We will also increase the level of safety of Internet devices and Internet data networks. In this way, we will promote group management from a CSR perspective.

Our consolidated earnings forecast for the entire fiscal year ending March 2016 is as follows:

Consolidated net sales: 53 billion yen (up 3.3% YoY)
Consolidated operating income: 3.750 billion yen (up 21.4% YoY)
Consolidated ordinary income: 3.8 billion yen (up 18.5% YoY)
Net income belonging to parent company shareholders: 2.430 billion yen (up 25.2% YoY)

In addition, PC DEPOT Group will strive to improve its corporate value, aiming for the ratio of ordinary profit to sales of 10% and ROE (return on equity) of 15% or more as mid-term goals.

The above forecast is based on currently available information, which contains many uncertainties. Actual business performance may differ from these forecasts due to changes in the business environment and other factors.

(2) Analysis of financial condition

1) Summary of the current fiscal year

Total assets as of the end of the current consolidated fiscal year rose by 2.118 billion yen year-on-year to 29.257 billion yen. Total liabilities rose by 402 million yen to 14.075 billion yen. Net working capital (the amount obtained by subtracting current liabilities from current assets) totaled 8.272 billion yen, indicating continued financial soundness.

Total capital investments made during the current consolidated fiscal year totaled 1.589 billion yen. These investments were covered by our own funds, loans, and additional capital.

2) Cash flow

Consolidated cash and cash equivalents during the current consolidated fiscal year decreased by 2.309 billion yen compared to the previous fiscal year to 2.370 billion yen (compared to an increase of 1.697 billion yen for the previous fiscal year).

Cash flow from operating activities decreased by 2.512 billion yen (compared to an increase of 2.010 billion yen for the previous fiscal year). Positive factors included an earnings before tax of 3.171 billion yen and depreciation expenses of 781 million yen. Negative factors included payment of corporate and other taxes totaling 1.337 billion yen, an increase in accounts receivable of 2.967 billion yen, and a decrease in accounts payable of 1.816 billion yen.

Cash flow from investment activities decreased by 1.436 billion yen (compared to a decrease of 441 million yen for the previous fiscal year) due to an expenditure of 1.058 billion yen associated with the acquisition of fixed assets and an expenditure of 445 million yen for leases and guarantee deposits.

Cash flow from financial activities increased by 1.637 billion yen (compared to an increase of 127 million yen for the previous fiscal year). Positive factors included an income of 23.840 billion yen due to short-term loans, while negative factors included an expenditure of 20.220 billion yen due to the repayment of short-term loans and an expenditure of 1.727 billion yen due to the repayment of long-term loans.

(Reference) Trends in cash flow indicators

	FY2010	FY2011	FY2012	FY2013	FY2014
Shareholder equity ratio (%)	47.4	40.7	42.5	49.5	51.8
Shareholder equity ratio based on market value (%)	22.2	19.4	21.4	88.9	108.3
Interest-bearing debt to cash flow ratio (yrs.)	4.0	—	4.9	2.9	—
Interest coverage ratio (multiplier)	21.7	—	17.1	26.3	—

The above figures have been calculated as follows:

Shareholder equity ratio: Shareholder equity/Total assets
Shareholder equity ratio based on market value: Market capitalization/Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt/Operating cash flow
Interest coverage ratio: Operating cash flow/Interest payments

(Note) 1. All indices are calculated based on consolidated figures.
2. Market capitalization is calculated based on the number of shares issued (excluding treasury stock).
3. Cash flow is calculated using the figures for operating cash flow.

4. Interest-bearing debt includes all interest-incurring debt on the consolidated balance sheets.
5. The interest-bearing debt to cash flow ratio and interest coverage ratio for FY2011 and FY2014 are not listed because operating cash flow was negative.

(3) Basic policy on the distribution of profits and dividends for the current/next terms

We recognize that one important management mission is to return an appropriate amount of our profits to our shareholders. As for return of profits through dividends, our basic policy is to continue to return profits through stable dividends over the long term with a consolidated payout ratio of approximately 20%. This is in overall consideration of store development as the main force behind our business expansion, while also keeping in mind the importance of strengthening our financial standing and enriching retained earnings.

As for payout of the surplus through dividends, our basic policy is to make payments twice per year in the form of an interim dividend and a year-end dividend. These dividends are paid in accordance with the resolution of the board of directors unless otherwise specified by law. In addition, we plan to study our options for acquiring treasury stock, etc. when appropriate, as part of a flexible financial policy and as a method for returning profits to shareholders.

In accordance with the above policy, based on the surplus at the end of the current term, we announce the year-end dividend to be as initially projected, 5 yen. As a result, the annual dividend will be 10 yen per share, including an interim dividend of 5 yen. The consolidated payout ratio will be 16.3%.

As for dividends paid out of the surplus for the next period, while we plan to pay an interim dividend of 5 yen and a year-end dividend of 5 yen (for an annual dividend of 10 yen), in consideration of the necessity of enriching retained earnings in preparation for future business expansion, the payout ratio and dividends, etc. may be revised depending on our business performance.

In order to further improve our business performance, we will allocate our retained earnings mainly to strengthen our financial structure, shift existing stores to PC DEPOT Smart Life Stores and open new ones, ensure stable operation of PC DEPOT and PC DEPOT PC Clinic stores, and develop systems for new services such as the Premium Service.

(4) Business risks

Below, we discuss the major risk factors related to the Group's business performance, share price, and financial condition. From the viewpoint of proactive disclosure to investors, we have also included factors that are not necessarily business risks but which we think are important for investors to know in order to make informed investment decisions and better understand our business activities. Because we recognize the potential for these risks to occur, we will strive to prevent their occurrence and prepare speedy and appropriate responses in the event that they do occur in order to avoid any impact on the Company's business activities.

Forward-looking statements are based on management's judgments as of submission of this report.

1) Business environment

I. Diversification of Internet devices

We primarily handle Internet devices, including PCs, and such devices include all kinds of products, such as smartphones and tablets. We are aggressively promoting the sales of the above products and are proceeding to provide services and support such as replacing or purchasing devices. However, we would not be able to do so and the scope of our sales could narrow due to the way we do business with manufacturers and other factors such as PC sales sharply declining due to a decrease in the number of PC users. In such cases, we may loss opportunities to sell products and technical support services, which may affect the Group's business performance.

Furthermore, the aggressive sales promotion of new Internet devices could result in a drastic change in product lineups at stores, an increase of inventories and costs, and losses due to obsolete inventories. In such cases, the Group's business performance may be affected.

II. Dependence on particular business partners and products

For Internet devices, particular manufacturers or products sometimes suddenly become popular due to technological innovation and the development of special service. In such cases, we may increasingly depend on particular products or suppliers if we are allowed to handle the products and try to ensure a stable supply after we start to handle them. Those manufacturers could change their sales and marketing policy. Such a change may affect our purchasing of those popular products, preventing us from fully meeting customer demand, and this in turn may affect the Group's business performance.

III. Competition

Through the operation of PC DEPOT stores and PC DEPOT Smart Life Stores, we offer a rich lineup of Internet devices and related products such as PCs, smartphones, and tablets, and provide technical services and support. In this way, we differentiate ourselves from volume electronics retailers. Opening new PC DEPOT stores close to volume electronics stores also produces synergy effects; we expect this to attract more customers to our PC DEPOT stores.

However, if competitors offer substantial discounts when selling PCs or peripheral equipment, our policy is to respond to such price-cutting competition; in such a case, the resulting fall in gross margins will make PC sales less profitable.

IV. Similar businesses

In our business, in addition to offering a rich lineup of Internet devices and related products such as PCs, smartphones, and tablets and providing technical services and support as a comprehensive specialty store that sells Internet devices and network equipment, we provide a Premium Service (maintenance services provided on a monthly membership fee basis) and solutions services, in which products and services are combined with data communication services from MVNO or FVNO businesses. The sales from these services developed in-house account for a certain amount of total sales. We make various efforts to legally protect our intellectual property (e.g., obtaining system patents); however, our intellectual property is not fully protected with regard to the business we do. If other companies imitate our businesses by infringing our intellectual property rights, or at least operate similar businesses that do not infringe our rights, we would enter into fierce competition with them, which may affect the Group's business performance. In addition, if another company imitate our businesses in an inappropriate manner, the bad reputation of the services provided by that other company may affect the image of our company's services.

2) Business characteristics

I. Premium Service and other service offerings

The Group develops and provides unique service offerings such as technical services and support, a Premium Service (maintenance services provided on a monthly membership fee basis), and solutions services, in which products and services are combined with data communication service from a MVNO business. We provide these services for customers who seek to receive services in an ongoing manner. We also strive to maintain and expand the quality of services so that customers can use the Internet and various Internet devices more safely and with a greater sense of security. However, development and the offer of services could get delayed, we may not be able to offer related content after we start offering it due to a suspension or termination of sales, or the number of Premium Service members could suddenly decrease. In such cases, the Group's operations and business performance may be affected.

II. MVNO and FVNO businesses

We became a mobile virtual network operator (MVNO) in April 2009 and became a fixed virtual network operator (FVNO) in February 2015; we re-sell mobile services to customers provided via telecommunication companies' networks. We record a certain level of sales and provide services (billed monthly) to customers. However, if telecommunication companies' networks suffer interruptions or suspensions, our sales of telecommunications and related services may decline; thereby, the Group's business performance may be affected.

III. ISP

The Company or a subsidiary provides Internet services. The Group's operations and business performance may be affected on the event that there is a sudden exodus of the subsidiary's subscribers or if Internet service is temporarily suspended.

IV. Uncollectable accounts receivable

As part of our Premium Service and solutions services, we sell products that combine equipment and services; in the MVNO business (data communications service), we collect part of the payment for information terminals later through monthly service fees. Since accounts receivable for such products and services are increasing, we are striving to minimize the risk of default by stepping up credit management. However, if bad debt increases more than we expected and becomes irrecoverable, the Group's business performance may be affected.

V. Franchise credit losses

In accordance with our franchise contracts, we process the procurement debts of franchise stores as accounts receivable-other (credit) and the credit card settlement amounts of franchise stores as deposits received (debt). We hedge some of the credit loss risks by offsetting these accounts; however, we may not be able to recover all or part of the difference if the franchise store's parent goes bankrupt.

VI. Proprietary brand products

OZZIO is our original private brand. We have adopted an exclusive branding system whereby we convert products developed and manufactured by OEMs to our own brand. Although responsibilities for manufacturing and after-sales support lie with the manufacturer, we may be liable for damages beyond our duty as a seller in the rare event that an accident or other issue arises related to the products.

VII. Mistakes in returning products to their proper owners and procedural mistakes

To solve difficulties that customers encounter, we collect customers' Internet devices such as PCs, smartphones, and tablets at our stores' counters, and then provide technical services and support such as inspection and repair services, as well as data migration and recovery services. At that time, there is a possibility that the Company may make a mistake in returning Internet devices we have been entrusted with to their proper owners, or make a mistake in fixing a product. Though the Company practices store oversight to prevent such mistakes, in the rare event that such a mistake occurs, claims for damages may be filed which may impact the Group's business performance.

3) Store openings

I. New store openings

Our business performance is closely related to new store openings. Therefore, a change or delay in plans to open the Group's and franchise stores may affect the Group's business performance.

II. Store closings

If store profitability deteriorates due to intensifying market competition, we will strive to minimize the negative impact on our overall results as much as possible by closing stores at an early stage. However, losses from such stores' closures and/or losses from delays in opening substitute stores may affect the Group's business performance.

III. Store leases

We generally lease the buildings in which our stores are located. Therefore, if lessors go bankrupt, all or part of our guarantees and/or deposit money may become unrecoverable.

IV. Changes to PC DEPOT PC Clinic stores within retailers

As of the end of the consolidated fiscal year, PC DEPOT PC Clinics had 52 directly managed stores; these stores are located within stores owned by K'S HOLDINGS CORPORATION. If the company experiences difficulty in continuing to operate multiple stores due to the closure of stores or of internal stores, etc. for some reason or other, the Group's business performance may be affected.

V. Restrictions on opening stores in areas near franchise stores

In some cases, we cannot open new directly managed stores in the areas near franchise stores. As of the end of the consolidated fiscal year, PC DEPOT franchise stores are in Osaka, Okayama, and Kochi prefectures while the Company develop stores in the Kanto area. Therefore, there is no impact on which area we can open stores at the present time.

VI. Franchise store closings

In the event that a PC DEPOT franchise store closes, issues arise concerning after-sales service to customers who purchased merchandise from the store and support for Premium Service members. If the franchise store is located outside of our business area, the costs of after-sales service and support may increase. As a result, selling, general and administrative expenses may increase. In such a case, the Group's business performance may be affected.

4) Management structure

I. Dependence on the company president

President and Chief Executive Officer Takahisa Nojima is the founder of the PC DEPOT Group and has been CEO since our founding. Mr. Nojima has a wealth of experience and knowledge about the retail industry, particularly volume electronics retailers, and he plays an extremely important role in decision-making and execution of management policy and business strategy. The Group is working to strengthen information sharing among directors and employee managers at board of directors and management meetings as well as other meetings, and we our strengthening our management organization to develop a management structure that is not overly reliant on Mr. Nojima. However, the Group's business performance may be impacted if Mr. Nojima is unable to continue his activities at the Group for some reason.

II. Human resources

The PC DEPOT Group needs to further bolster its sales staff, technical staff, and workforce in its store development department, service product planning and sales department, administration department, and other group departments in order to further expand our business and respond to the diversification of operations. Through the appointment of workers from within the company, we are training workers so that they can immediately serve as an effective workforce. However, hiring recent graduates and mid-career workers as well as human resources training may not go as planned, creating problems in appropriately allocating human resources that reduce the Company's competitiveness and ability to expand operations, thereby impacting the Group's business performance.

III. Internal administrative system

Our Group is working to develop internal controls for legal compliance issues. To establish a more thorough internal administrative system, we have established a general audit and internal control office, and we confirm the attitude toward compliance of board directors, executive officers, and employees by having them sign oaths stating that they will conduct corporate activities in accordance with high ethical principles. However, in the rare event that directors or employees engage in activities that violate laws or regulations, whether intentionally or due to negligence, this may impact the Group's business performance.

IV. The Group's brand image

In the event that the brand image of the overall Group is diminished due to improper behavior or rumors about the Company or its directors or employees, whether such rumors are true or not, the Group's operations and business performance may be affected due to diminished confidence in the Group, loss of personnel, difficulty in securing human resources, etc.

V. M&A

In addition to selling Internet devices such as PCs, smartphones, and tablets, the Group contributes to local communities by providing technical services and support, including free diagnoses. Though the Group can be considered to be in the same industry as volume electronics retailers, we provide distinctive services within the industry and differ substantially in terms of size relative to our peers. Therefore, there is a risk that we may be acquired by one of our industry peers, and this may impact the Group's business performance.

5) System failures

For the Group's businesses, we operate many kinds of systems and software such as our POS system, systems for tools to be provided for Premium Service customers, as well as solutions services, a total management system, and the Internet services of one of our subsidiaries. In order that systems can operate in a stable manner, we add system redundancy, enhance system availability, back up data, and increase security. However, in the event of system failures due to natural disasters such as earthquakes, infrastructure problems such as a power outage, hardware or software malfunctions, our systems being overloaded due to too much access traffic, a computer virus infection, attacks from external networks, and the loss of system data, there are the following risks: store operations may be suspended; service offerings including Premium Service may be interrupted; the charging of customers may be halted; and there may be unrecovered charges. In such cases, we will deal with and solve such problems as a priority. However, we may lose business opportunities, suffer reputational damage, and incur temporary expenses required for system recovery. As a result, the Group's business performance may be affected.

6) Legal regulations

I. Large-scale Retail Stores Location Law

Our PC DEPOT stores are located along main roads, and their area is between 500 and 1,000 tsubo (1,650–3,300 m^2). When a store with a selling floor area of more than 1,000 m^2 (approx. 300 tsubo) is opened or expanded, the law may impose restrictions.

Specifically, an inspection conducted in accordance with the law may delay the opening of such stores and/or the enlargement of existing stores, thereby affecting our store operation strategies as well as the Group's business performance.

II. Other

In addition to the aforementioned law, our company abides various legal restrictions stipulated for promoting the business and obtains necessary permissions and approvals in order to conduct our businesses. Accordingly, if legal regulations or ordinances are amended unexpectedly, we may incur new costs and the Group's business performance may be affected.

7) Personal information protection

Our Group pays careful attention to personal information protection by strengthening our personal information administrative system and limiting access to personal information acquired and held by the Group. In particular, the ejworks Corporation, a subsidiary, properly administers personal information by complying with the Personal Information Protection Law as a telecommunications company as well as the Guidelines on the Protection of Personal Information in the Telecommunications Industry formulated by the Ministry of Internal Affairs and Communications.

The Group's store operations are carried out according to the basic principle of personal information: "Don't ask, don't retain, and don't bring it in." Also, call centers for the Premium Service strictly handle personal information according to specific rules, including restrictions on entry/exit and who is allowed to access such information.

However, there is a possibility that personal information may be divulged and/or misused, either intentionally or unintentionally, by persons affiliated with the Group, or through unexpected situations such as unauthorized access to systems and computer virus infection. In the rare event that such a situation occurs, the Group may be liable for damages, thereby impacting the Group's operations and business performance. In addition, the Group's credibility may be seriously diminished, thereby considerably impacting the Group's business activities.

8) Litigation

It is possible that the Group could become subject to litigation seeking compensation for damages resulting from infringing on the rights or profits of third parties, including customers, trading partners and employees. Not only could this hinder our business expansion and harm our corporate image, there is a possibility that the resulting financial burden could impact the Group's operations and business performance.

9) Administrative action

It is possible that the Group could become subject to an administrative action or administrative guidance from an administrative agency. In the event that such an action is taken or such guidance is received, not only could this hinder our business expansion and harm our corporate image, there is a possibility that the resulting financial burden could impact the Group's operations and business performance.

10) Natural disasters

In the event that the store operations of the Group or its franchises are interrupted by natural disasters (e.g., earthquakes, typhoons, flooding, or tsunami) or infrastructure problems (e.g., fires, power outages, rolling blackouts caused by power shortages, etc.), the resulting decline in sales and costs of restoration and supplementing personnel may affect the Group's operations and business performance. Moreover, in the event that a disaster occurs or an infectious disease breaks out, as the Group gives top priority to protecting the lives of our employees and customers as well as securing safety, we will suspend operations until risks have been eliminated and safety secured, so our business performance may be affected.

In order to prepare for natural disasters and infectious diseases, we will strengthen our crisis management system, mainly by reviewing our disaster response manuals and the seismic retrofitting of our stores and by setting response levels based on the extent of an epidemic of infectious diseases and putting all organizations on an alert status at an early stage.

2. Status of the Corporate Group

The PC DEPOT Group consists of a company that submits consolidated financial statements (the "Company"), two subsidiaries (ejworks Corporation and PC DEPOT STORES Co., Ltd.), and one affiliated company (KITAMURA PC DEPOT CO., LTD.). The Group's main business is providing IT solutions to all users of Internet devices such as PCs, smartphones, and tablets.

The positioning of these companies within the Group's business and their relationships with the Group's business segments by type are described below. The classification is the same as used for business segments by type.

1) PC Sales Business

We operate PC DEPOT and PC DEPOT Smart Life chain stores, whose main business are to sell Internet devices (e.g., PCs, smartphones, and tablets) and related products to home users and provide them with technical services and support. Based on the concept "attractive prices, safety, convenience, and kindness," we develop stores that meet the needs of local communities. The major products we handle include PCs, smartphones, tablets, and other smart devices as well as peripheral, network, and OA equipment in addition to previously owned products. Further, we provide technical services and support as well as other services such as an agency business for communication channels, FVNO and MVNO businesses (data communications service), and the Premium Service (maintenance services provided on a monthly membership basis).

At the end of the consolidated fiscal year under review, there were 36 directly managed PC DEPOT stores (located in Kanagawa, Tokyo, Chiba, Saitama, Shizuoka, Gunma, Tochigi, and Ibaraki prefectures) and 15 for PC DEPOT Smart Life Stores (located in Tokyo and in Kanagawa prefecture). In addition, PC DEPOT STORES Co., Ltd., a subsidiary, operates 13 PC DEPOT stores in the Kyushu, Chubu, Shinetsu, Tohoku, and Shikoku areas. With three franchisees in the Kinki and Chugoku areas, we operate a total of 67 PC DEPOT stores nationwide.

In addition, at the end of the current consolidated fiscal year, we had a total of 58 PC DEPOT PC Clinic stores (booths that provide technical services and support for PC users) on the premises of volume electronics retailers: 52 directly managed stores, and six franchise stores.

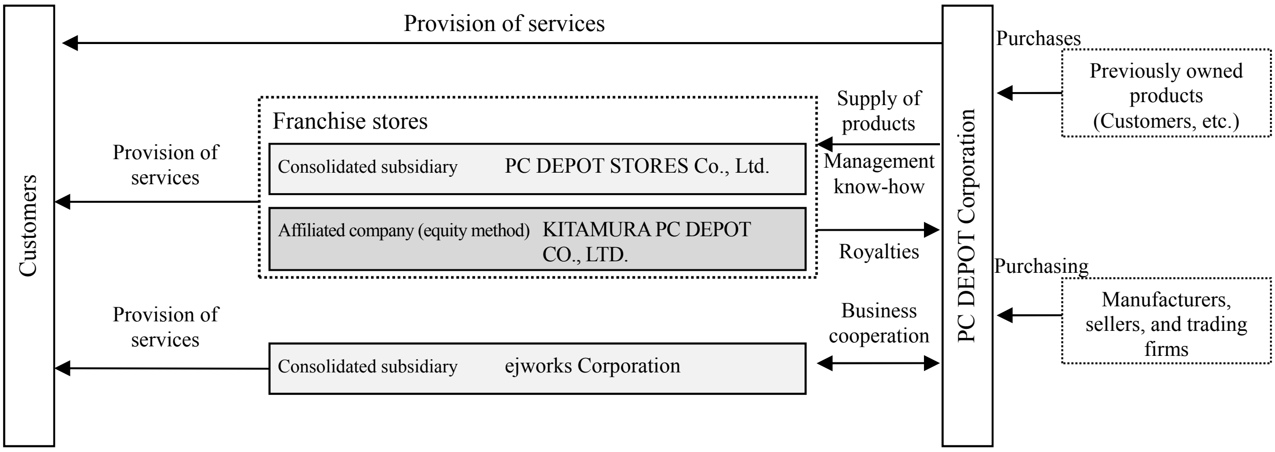
Net sales for the Group consist of the sales of directly managed stores and revenue from royalties paid by franchise stores; net sales do not include sales from products supplied to franchise stores.

2) Internet-related Business

Our subsidiary, ejworks Corporation, is engaged in the ISP (Internet service provider) business and IT solutions business (e.g., web development).

[Business system chart]

The foregoing is illustrated on the following business system chart.



(Status of affiliated companies)

Name	Address	Capital or amount of investment (Unit: JPY 1,000)	Major business operations	Percentage of voting rights (%)	Relationship details
(Consolidated subsidiary) ejworks Corporation (Note 2)	Kohoku-ku, Yokohama City	211,068	ISP business	100.0	Acting as an agency for subscribers Outsourcing of payment systems Three directors are sent from PC DEPOT Corp.
(Consolidated subsidiary) PC DEPOT STORES Co., Ltd. (Note 2)	Kohoku-ku, Yokohama City	240,000	Sales of PCs and related products	100.0	Supply of products and provision of management know-how Financial support Four directors are sent from PC DEPOT Corp.
(Affiliated company (equity method)) KITAMURA PC DEPOT CO., LTD.	Kochi City, Kochi Prefecture	160,000	Sales of PCs and related products	40.0	Supply of products and provision of management know-how Two directors are sent from PC DEPOT Corp.

(Notes) 1. None of the companies listed above submit financial statements to stock exchanges.
2. These companies are categorized as specified subsidiaries.

3. Management Policy

(1) Basic management policies

PC DEPOT's guiding principles are "We exist for our customers," "Individual growth is Company growth," and "Our growth contributes to society." Our basic management policies are (1) provide products and services that satisfy as many customers as possible; (2) backed by a vision of what it means to be a professional that provides all kinds of solutions services, respect the ideas of self-development and meritocracy; and (3) become an indispensable company that produces results recognized by society and that contributes to local communities.

Based on these management policies, the Company has been stepping up its efforts to provide services for customers as a smart life partner. Under this new concept, outlets are designed to meet all customer needs, from the purchasing of new and additional equipment to computer settings and continued support in a single place, and mainly offer Internet devices and related services. We are operating PC DEPOT Smart Life Stores, a new type of outlet, particularly in urban areas, and PC DEPOT stores in the Kanto and other areas as directly managed stores and subsidiaries. As a comprehensive Internet device and network big box retailer, these stores aim to develop outlets that satisfy customers by providing a lineup of merchandise that meet the needs primarily of home users, from beginners to advanced users, and by building stores that are the largest in their respective regions. In addition, when customers use Internet devices such as PCs, smartphones, and tablets, many problems can arise such as breakdowns, virus infections, and data loss, in addition to the need to configure various settings. In order to meet demand for specialized technical services and offer support to resolve such problems, we have set up permanent general counters for repairs (PC Clinics and Dr. Smart) in all of our stores to improve the levels of safety of our customers' PCs, Internet access, data, and networks. Moreover, in order to satisfy the needs of a greater number of customers who desire technical services and support, we operate both directly managed and franchised PC DEPOT PC Clinic stores, which provide repair, support, and other technical services for Internet devices (e.g., PCs), on the premises of volume electronics retailers.

Specifically, we aim to attract new customers who feel inconvenienced by their devices by providing free diagnoses and offering a varied menu of services. Further, we offer the unique Premium Service (maintenance services provided on a monthly membership basis) to meet the demand for continued provision of technical services and support. In this service, in order to ensure that our customers can use smart devices such as PCs, smartphones, and tablets more conveniently with a greater sense of security even as they employ a wider range of such devices, we aim to expand our product and service lineups and enhance customer satisfaction both after purchase and during use. As the IoT (Internet of Things) market expands, we will develop our products and services in the future.

Also, in the Internet-related business, the Company is focusing on supporting PC users, and as a comprehensive Internet services operator, on providing solutions and supporting customers' Internet usage.

The Company aims to create a challenging corporate culture where all employees endeavor to contribute to society and which cultivates a spirit of aspiring to public service and professional growth.

Through these efforts, we hope to increase our potential and improve our productivity, maximize our corporate value, and meet our shareholders' expectations.

(2) Performance targets

To achieve continuous growth and an improvement in corporate value in medium- to long-term, the Group aims for (1) a ratio of ordinary profit to sales of 10% and (2) a ROE (return on equity) of 15% or more.

(3) Medium- to long-term business strategy

We believe that constant change is important and we will continue to manage our stores with the support of our customers as well as aim to expand the size of our business and realize a lean corporate structure.

We will further develop our proprietary business model by combining products, services, and subscriber support as well as expand our business territories and types of business operation by achieving strategic dominance and by franchising.

We aim to make the Company Japan's top solutions provider while contributing to local communities.

(4) Challenges

The major issues facing the PC DEPOT Group (the "Group") are as described below.

1) Enhancement of organizational strength

The major challenge in expanding our business is to secure sales personnel, and the major challenge in expanding our services is to secure engineers and specialists. We will secure human resources and fortify our organizational strength in a stable manner as an expert group by turning part-time and contract workers into regular employees, adopting diverse forms of employment, and hiring a wide spectrum of personnel.

Moreover, in order to improve the quality of human resources, we will continue to provide employee training programs. To this end, we will work to fortify our organizational strength mainly by developing personnel systems for motivating employees and part-time workers to accomplish these goals, clarifying the duties and responsibilities of individuals and organizations, and improving our recruitment systems.

2) Expansion of solution-oriented sales

We aim to distinguish ourselves from our competitors with solution-oriented sales, which combine our unique services with manufacturers' products and services. In the Group, sales from services account for approximately 40% of total sales. In particular, most of these services are our original offerings, representing a growth sector in the IoT market (IoT means the "Internet of Things": physical objects connected to the Internet).

In addition, we will step up the development of new products and services against a backdrop of an increase in the number of new products that allow the creation of networks and their connection to the Internet.

We will expand our solution-oriented sales by working closely with manufacturers of Internet devices including smart devices such as PCs, smartphones, and tablets as well as service providers, including telecommunications carriers, software vendors, and content developers, in addition to developing unique services.

3) Development of a new type of store

As an increasing number of smart devices (such as smartphones and tablets, in addition to PCs) and peripherals are connected to the Internet, customers' needs are materializing and diversifying. In order to meet these new and diversifying needs more precisely, we will develop a new type of outlet called the PC DEPOT Smart Life Store by opening new ones or remodeling existing PC DEPOT stores and making the offerings of these establishments more complete.

4) Handling the IoT market and environmental changes

We need to improve our corporate value by adding new value through building a corporate structure that enables us to flexibly handle the expansion of the IoT market and environmental changes. Since the services that we are offering are original and have no peers, we need to deal with trend involving the IoT market and the environment, and comply with laws and ethics with considerable care when we develop and offer new products and services.

5) Quality management of stores

Since we directly operate PC DEPOT and PC DEPOT Smart Life as well as PC DEPOT PC Clinic stores, it is important to manage the quality of each store. Performing thorough quality control as well as producing manuals and educating employees is essential. To do so, we are strengthening our auditing of all PC DEPOT, PC DEPOT Smart Life, and PC DEPOT PC Clinic stores.

6) Promotion of corporate social responsibility (CSR) activities

We operate a chain of comprehensive Internet device and network specialized stores, and believe that we must keep in mind our social mission and carry out business administration from the viewpoint of CSR.

Our basic CSR policy is to eliminate the disparities in the information society (bridging the so-called "digital divide") that arise as a result of differences in age, gender, income, education, place of residence, and other factors through our stores. An example of a service in accordance with the above basic policy is the provision of free diagnoses of customers' devices no matter where those devices were purchased.

We solve difficulties that customers encounter with all sorts of devices, Internet access, data, and networks, and strive to improve the level of safety. We will make efforts to increase our value to society by providing all kinds of IT solutions so that local customers find our stores indispensable.

4. Basic Principle for Selection of Accounting Standard

Most of the Group's stakeholders are its shareholders, creditors, and suppliers in Japan. Since our need for overseas financing is minimal, we have adopted the Japanese accounting standard.

5. Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousands of yen)

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	4,679,944	2,370,487
Accounts receivable—trade	6,939,300	9,906,521
Inventories	*1 5,775,344	*1 6,548,133
Accounts receivable—other	*2 367,462	*2 311,754
Deferred tax assets	359,612	467,897
Other	473,385	502,232
Allowance for doubtful accounts	(100,654)	(186,732)
Total current assets	18,494,396	19,920,294
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,101,079	6,513,711
Accumulated depreciation	(2,069,865)	(2,396,246)
Buildings and structures—net	4,031,214	4,117,465
Tools, furniture and fixtures	1,951,425	2,094,144
Accumulated depreciation	(1,462,433)	(1,505,499)
Tools, furniture and fixtures—net	488,991	588,644
Land	263,011	263,011
Construction in progress	53,628	43,802
Other	-	375
Accumulated depreciation	-	(93)
Other—net	-	281
Total property, plant and equipment	4,836,845	5,013,204
Intangible assets		
Goodwill	10,299	5,174
Other	626,440	782,600
Total intangible assets	636,740	787,775
Investments and other assets		
Investment securities	*3 162,114	*3 194,712
Deferred tax assets	265,797	278,021
Guarantee deposits	1,349,135	1,639,131
Lease deposits	1,248,874	1,275,631
Other	147,642	150,960
Allowance for doubtful accounts	(2,945)	(2,721)
Total investments and other assets	3,170,618	3,535,735
Total non-current assets	8,644,204	9,336,715
Total assets	27,138,601	29,257,010

(Thousands of yen)

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Liabilities		
Current liabilities		
Accounts payable—trade	3,506,024	1,691,643
Short-term loans payable	900,000	4,520,000
Current portion of long-term loans payable	1,727,399	1,447,464
Accounts payable—other	*2 1,179,507	*2 1,090,089
Income taxes payable	860,571	878,749
Provision for bonuses	158,980	195,162
Provision for merchandise warranties	159,903	307,354
Other	1,266,510	1,517,221
Total current liabilities	9,758,897	11,647,685
Non-current liabilities		
Long-term loans payable	3,244,261	1,796,797
Long-term accounts payable—other	122,760	112,700
Liabilities associated with retirement benefits	15,924	19,826
Asset retirement obligations	398,227	404,942
Long-term guarantee deposits	133,872	93,999
Total non-current liabilities	3,915,046	2,428,265
Total liabilities	13,673,944	14,075,951
Net assets		
Shareholder equity		
Capital stock	2,745,734	2,745,734
Capital surplus	3,013,136	3,013,136
Retained earnings	7,805,442	9,493,765
Treasury stock	(151,298)	(152,427)
Total shareholder equity	13,413,014	15,100,208
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,244	51,034
Total accumulated other comprehensive income	32,244	51,034
Subscription rights	19,397	29,816
Total net assets	13,464,656	15,181,058
Total liabilities and net assets	27,138,601	29,257,010

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(Thousands of yen)

	FY2013 (Apr. 1, 2013 – Mar. 31, 2014)	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)
Net sales	53,816,005	51,285,934
Cost of sales	*1 35,386,774	*1 31,609,782
Gross profit	18,429,231	19,676,152
Selling, general and administrative expenses		
Advertising expenses	1,276,646	1,042,325
Sales commissions	597,537	602,257
Directors' compensation	148,514	158,867
Salaries and allowances	5,355,480	5,896,733
Bonuses	501,137	426,846
Provision for bonuses	158,980	195,162
Retirement benefit expenses	64,803	70,508
Supplier expenses	643,786	634,807
Depreciation and amortization	644,742	730,070
Amortization of goodwill	145,039	5,124
Rent expenses on real estate	2,222,728	2,255,981
Other	4,359,384	4,568,186
Total selling, general and administrative expenses	16,118,781	16,586,871
Operating income	2,310,449	3,089,280
Non-operating income		
Interest income	3,482	2,297
Dividends income	3,775	2,702
Sales incentives	41,062	35,721
Rent income	136,374	141,257
Commission fees	36,362	30,953
Equity in income of affiliates	8,160	5,751
Other	85,032	73,820
Total non-operating income	314,251	292,504
Non-operating expenses		
Interest expenses	77,991	58,122
Rent expenses	113,512	115,929
Other	21,961	2,317
Total non-operating expenses	213,464	176,370
Ordinary income	2,411,235	3,205,414
Extraordinary income		
Gain on sales of non-current assets	-	37
Gain on transfer of business	17,000	-
Gain on sales of investment securities	63,600	-
Total extraordinary income	80,600	37

(Thousands of yen)

	FY2013 (Apr. 1, 2013– Mar. 31, 2014)	FY2014 (Apr. 1, 2014– Mar. 31, 2015)
Extraordinary losses		
Loss on sales of non-current assets	504	3,787
Loss on retirement of non-current assets	*2 33,131	*2 26,096
Other	-	3,668
Total extraordinary losses	33,636	33,552
Earnings before tax	2,458,199	3,171,899
Income taxes—current	1,080,775	1,358,860
Income taxes—deferred	(177,497)	(128,565)
Total income taxes	903,277	1,230,295
Income before minority interests	1,554,921	1,941,604
Minority interests in income	-	-
Net income	1,554,921	1,941,604

(Consolidated comprehensive statement of income)

(Thousands of yen)

	FY2013 (Apr. 1, 2013– Mar. 31, 2014)	FY2014 (Apr. 1, 2014– Mar. 31, 2015)
Income before minority interests	1,554,921	1,941,604
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,315)	18,789
Total accumulated other comprehensive income	* (2,315)	* 18,789
Comprehensive income	1,552,606	1,960,394
(Breakdown)		
Comprehensive income related to parent company shareholders	1,552,606	1,960,394
Comprehensive income related to minority shareholders	-	-

(3) Consolidated statement of changes in net assets

FY2013 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Shareholder equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder equity
Balance at the end of the previous period	1,601,196	1,868,598	6,403,667	(151,298)	9,722,165
Changes in items during the period					
Issuance of new shares	1,144,537	1,144,537			2,289,075
Dividends from surplus			(153,147)		(153,147)
Net income			1,554,921		1,554,921
Net changes in items other than shareholders' equity					
Total changes in items during the period	1,144,537	1,144,537	1,401,774	-	3,690,849
Balance at the end of the current period	2,745,734	3,013,136	7,805,442	(151,298)	13,413,014

	Accumulated other comprehensive income		Subscription rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at the end of the previous period	34,559	34,559	17,924	9,774,649
Changes in items during the period				
Issuance of new shares				2,289,075
Dividends from surplus				(153,147)
Net income				1,554,921
Net changes in items other than shareholders' equity	(2,315)	(2,315)	1,472	(842)
Total changes in items during the period	(2,315)	(2,315)	1,472	3,690,007
Balance at the end of the current period	32,244	32,244	19,397	13,464,656

FY2014 (Apr. 1, 2014 – Mar. 31, 2015)

(Thousands of yen)

	Shareholder equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder equity
Balance at the end of the previous period	2,745,734	3,013,136	7,805,442	(151,298)	13,413,014
Changes in items during the period					
Dividends from surplus			(253,281)		(253,281)
Net income			1,941,604		1,941,604
Purchase of treasury stock				(1,129)	(1,129)
Net changes in items other than shareholders' equity					
Total changes in items during the period	-	-	1,688,322	(1,129)	1,687,193
Balance at the end of the current period	2,745,734	3,013,136	9,493,765	(152,427)	15,100,208

	Accumulated other comprehensive income		Subscription rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at the end of the previous period	32,244	32,244	19,397	13,464,656
Changes in items during the period				
Dividends from surplus				(253,281)
Net income				1,941,604
Purchase of treasury stock				(1,129)
Net changes in items other than shareholders' equity	18,789	18,789	10,418	29,208
Total changes in items during the period	18,789	18,789	10,418	1,716,402
Balance at the end of the current period	51,034	51,304	29,816	15,181,058

(4) Consolidated statements of cash flow

(Thousands of yen)

	FY2013 (Apr. 1, 2013 – Mar. 31, 2014)	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)
Net cash provided by (used in) operating activities		
Earnings before tax	2,458,199	3,171,899
Depreciation and amortization	685,918	781,004
Amortization of goodwill	145,039	5,124
Increase (decrease) in allowance for doubtful accounts	36,112	86,077
Increase (decrease) in provision for bonuses	(4,355)	36,181
Increase (decrease) in provision for retirement benefits	(11,682)	-
Increase (decrease) in net defined benefit liability	15,924	3,901
Losses (gains) on sales of investment securities	(63,600)	-
Increase (decrease) in provision for merchandise warranties	82,168	147,451
Interest and dividend income	(7,257)	(5,000)
Interest expenses	77,991	58,122
Foreign exchange losses (gains)	(833)	(1,526)
Equity in (earnings) losses of affiliates	(8,160)	(5,751)
Loss (gain) on sales of non-current assets	504	3,749
Loss on retirement of non-current assets	33,131	26,096
Loss (gain) on transfer of business	(17,000)	-
Decrease (increase) in notes and accounts receivable—trade	(2,840,487)	(2,967,220)
Decrease (increase) in inventories	210,939	(772,789)
Decrease (increase) in accounts receivable—other	(72,841)	55,707
Increase (decrease) in notes and accounts payable—trade	1,417,666	(1,816,203)
Increase (decrease) in accounts payable—other	255,227	(172,782)
Decrease (increase) in other assets	(9,470)	(28,690)
Increase (decrease) in other liabilities	211,865	246,982
Other	42,251	27,904
Subtotal	2,637,252	(1,119,759)
Interest and dividend income received	4,909	2,835
Interest expenses paid	(76,440)	(57,895)
Income taxes paid	(555,557)	(1,337,921)
Net cash provided by (used in) operating activities	2,010,164	(2,512,741)

(Thousands of yen)

	FY2013 (Apr. 1, 2013 – Mar. 31, 2014)	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)
Net cash provided by (used in) investment activities		
Purchases of property, plant and equipment	(332,766)	(797,684)
Proceeds from sales of tangible fixed assets	44	249
Purchases of intangible assets	(374,042)	(260,480)
Proceeds from sales of investment securities	196,100	-
Proceeds from transfer of business	17,000	-
Payments for leases and guarantee deposits	(37,577)	(445,709)
Proceeds from collection of leases and guarantee deposits	96,481	110,082
Repayments of guarantee deposits received	(10,158)	(39,873)
Other	3,905	(2,750)
Net cash provided by (used in) investment activities	(441,013)	(1,436,165)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	26,800,000	23,840,000
Decrease in short-term loans payable	(28,450,000)	(20,220,000)
Proceeds from long-term loans payable	1,500,000	-
Repayment of long-term loans payable	(1,857,941)	(1,727,399)
Income from issuance of new shares	2,289,075	-
Purchases of treasury stock	-	(1,129)
Cash dividends paid	(153,604)	(253,549)
Net cash provided by (used in) financing activities	127,529	1,637,922
Effect of exchange rate change on cash and cash equivalents	833	1,526
Net increase (decrease) in cash and cash equivalents	1,697,513	(2,309,457)
Cash and cash equivalents at the beginning of the period	2,982,430	4,679,944
Cash and cash equivalents at the end of the period	* 4,679,944	* 2,370,487

(5) Notes on consolidated financial statements

(Notes on premise of going concern)

N/A

(Basis of presenting consolidated financial statements)

1. The scope of consolidation

(1) The number of consolidated subsidiaries: 2

The name of consolidated subsidiaries:

ejworks Corporation

PC DEPOT STORES Co., Ltd.

(2) The name of non-consolidated subsidiaries

N/A

2. The application of the equity method

(1) Equity method affiliated company: 1

The name of main companies:

KITAMURA PC DEPOT CO., LTD.

(2) Affiliated companies to which the equity method does not apply.

N/A

3. The accounting year for consolidated subsidiaries

The closing date for consolidated subsidiaries is the same as the consolidated closing date.

4. Accounting standards and methods

(1) Valuation method for principal assets

a) Securities

Available-for-sale securities

Securities with a fair market value

Securities are stated at a fair market value based on the quoted market price or other factors as of the closing date (unrealized gains and losses are reported as a component of net assets, and the cost of securities sold is determined by the moving-average method).

Securities without fair market value

Securities are stated at cost using the moving average method.

b) Inventories

Inventories are mainly recorded at cost as determined by the moving average method (the value stated in the balance sheet is determined by reducing the book value based on the decreased profitability).

(2) Depreciation method for principal depreciable assets

a) Property, plant and equipment

Assets are depreciated using the declining-balance method.

However, the straight-line method has been applied for buildings (excluding annexed structures) acquired since April 1, 1998.

The useful lives of main tangible assets are as follows:

Buildings and structures	6–47 years
Tools, furniture and fixtures	3–15 years

b) Intangible assets

Assets are amortized using the straight-line method.

Software for internal use is amortized over the expected usage period thereof of five years.

(3) Accounting for significant allowances

a) Allowance for doubtful accounts

To reserve for possible losses on uncollectable receivables, an allowance for doubtful accounts is provided according to the historical default rates for uncollectable general receivables, and individual collectivity for specific doubtful receivables at risk of default.

b) Provision for bonuses

To provide for the payment of employee bonuses, an allowance is recorded at the estimated amount to have accrued for FY2014.

c) Provision for merchandise warranties

To provide for merchandise warranties, an allowance is recorded at the amount projected to be realized in the future based on actual past results.

(4) Liabilities associated with retirement benefits

To provide employee retirement benefits, certain subsidiaries record liabilities at the amount accrued at the end of FY2014 based on the projected retirement benefit obligations at the end of FY2014.

(5) Hedge accounting

a) Hedge accounting method

This special accounting method is used for interest rate swaps, as such transactions fulfill the requirements for the method.

b) Hedge instruments and hedge items

Hedge instruments: interest rate swaps

Hedge items: interest on borrowings

c) Hedge policy

The Company enters into interest rate swap agreements for each contract to hedge risks associated with fluctuations in interest rates on long-term borrowings.

d) Valuation of hedge effectiveness

Since these transactions fulfill the requirements for special treatment whereby effectiveness is ensured, a valuation of effectiveness is not conducted.

(6) Amortization method and period for goodwill

Goodwill is amortized by the straight-line method over a 5-year period.

(7) Scope of funds in consolidated statements of cash flow

Cash and cash equivalents comprise cash on hand, demand deposits, and readily marketable short-term investments with a low risk of price fluctuation and with maturities not exceeding three months.

(8) Other significant matters in presenting consolidated financial statements

Accounting for consumption tax and local consumption tax

Consumption taxes are accounted for using the tax excluded method.

(Changes in accounting principles)

(Application of Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts)

Effective April 1, 2014, the Company applied "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issues Task Force (PITF) No. 30, issued on December 25, 2013). However, the same method as before was used for accounting.

(Notes to consolidated balance sheet)

*1 The details of inventories are as follows:

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Merchandise	5,763,160 thousand yen	6,537,202 thousand yen
Work in process	12,183	9,745
Supplies	-	1,185

*2 For payables derived from joint procurement with franchisees, we pay our suppliers after receiving cash from franchisees for their portion of the liability. We report the payable amount as accounts payable—other and record the corresponding receivable amount from franchisees in accounts receivable—other. Total balance for such transactions as of the end of the period is as follows:

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Accounts receivable—other	91,012 thousand yen	987 thousand yen
Accounts payable—other	212,706	40,073

*3 Out of investment securities, those for affiliated companies are as follows:

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Investment securities (stocks)	83,132 thousand yen	88,883 thousand yen

(Notes to consolidated statement of income)

*1 Inventories at the end of the period indicate the amount after reducing book value based on decreased profitability. The following losses on the valuation of inventories are included in cost of sales:

	FY2013 (Apr. 1, 2013 – Mar. 31, 2014)	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)
	59,812 thousand yen	16,768 thousand yen

*2 The details of the loss on retirement of non-current assets are as follows:

	FY2013 (Apr. 1, 2013 – Mar. 31, 2014)	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)
Buildings and structures	17,460 thousand yen	17,007 thousand yen
Tools, furniture and fixtures	15,670	9,088
Total	33,131	26,096

(Notes to consolidated comprehensive statement of income)

* Reclassification adjustment and deferred tax amounts relating to other comprehensive income

	FY2013 (Apr. 1, 2013 – Mar. 31, 2014)	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)
Valuation difference on available-for-sale securities:		
Amount arising during the period	(3,593) thousand yen	26,846 thousand yen
Reclassification adjustments	-	-
After deferred tax adjustments	(3,593)	26,846
Deferred tax amount	1,278	(8,056)
Valuation difference on available-for-sale securities	(2,315)	18,789
Total other comprehensive income	(2,315)	18,789

(Notes to consolidated statement of changes in net assets)

FY2013 (Apr. 1, 2013 – Mar. 31, 2014)

1. Class and number of shares issued as well as class and number of shares of treasury stock

	Number of shares at the beginning of FY2013 (shares)	Number of shares increased during FY2013 (shares)	Number of shares decreased during FY2013 (shares)	Number of shares at the end of FY2013 (shares)
Number of shares issued				
Common shares (Note) 1	225,020	25,726,980	-	25,952,000
Total	225,020	25,726,980	-	25,952,000
Treasury stock				
Common shares (Note) 2	6,238	617,562	-	623,800
Total	6,238	617,562	-	623,800

(Notes) 1. Number of shares issued increased by 22,276,980 shares due to a split of common stock conducted on October 1, 2013 at a rate of 1 to 100 shares, by 3,000,000 shares due to the issuance of new shares through a public offering with a payment date of January 27, 2014, and by 450,000 shares due to the issuance of new shares through a third-party allotment with a payment date of February 10, 2014.

2. The number of shares of treasury stock increased by 617,562 shares due to the split of common stock conducted on October 1, 2013 at a rate of 1 to 100. The number of shares of treasury stock includes the 500,000 shares held in the Trust Account at the end of FY2013.

2. Subscription rights and treasury subscription rights

Category	Details of stock subscription rights	Class of shares to be issued or transferred upon exercise of subscription rights	Number of shares to be issued or transferred upon exercise of subscription rights (shares)				Balance as of the end of FY2013 (Unit: JPY 1,000)
			As of the beginning of FY2013	Increase during FY2013	Decrease during FY2013	As of the end of FY2013	
The Company and certain subsidiaries	Employee stock ownership plan “stock benefit trust (J-ESOP)”	Common shares	798	88,630	2,328	87,100	19,397
Total		-	798	88,630	2,328	87,100	19,397

(Note) On October 1, 2013, the Company split its common shares at a rate of 1 to 100 shares.

3. Dividends

(1) Paid amount of dividends

(Resolution)	Class of shares	Aggregate amount of dividends (Unit: JPY 1,000)	Dividend per share (Yen)	Record date	Effective date
May 10, 2013 The board of directors	Common shares	76,573	350	March 31, 2013	June 26, 2013
November 8, 2013 The board of directors	Common shares	76,573	350	September 30, 2013	December 5, 2013

(Notes) 1. The above does not include a dividend of 1,750,000 yen for the 5,000 shares held in the Trust Account as of the record date.

2. Although the Company split its common shares at a rate of 1 to 100 shares on October 1, 2013, the amount of dividend per share for FY2013 represents the actual amounts before the stock split.

(2) Of the dividends with a record date that falls in the current period, the dividends whose effective dates fall in the next period are follows:

(Resolution)	Class of shares	Aggregate amount of dividends (Unit: JPY 1,000)	Source of dividend payment	Dividend per share (yen)	Record date	Effective date
May 12, 2014 The board of directors	Common shares	126,641	Retained earnings	5.0	March 31, 2014	June 25, 2014

(Note) The above does not include a dividend of 2,500,000 yen for the 500,000 shares held in the Trust Account at the end of FY2013.

FY2014 (Apr. 1, 2014 – Mar. 31, 2015)

1. Class and number of shares issued as well as class and number of shares of treasury stock

	Number of shares at the beginning of FY2014 (shares)	Number of shares increased during FY2014 (shares)	Number of shares decreased during FY2014 (shares)	Number of shares at the end of FY2014 (shares)
Number of shares issued				
Common shares (Note) 1	25,952,000	12,976,000	-	38,928,000
Total	25,952,000	12,976,000	-	38,928,000
Treasury stock				
Common shares (Note) 2	623,800	313,235	-	937,035
Total	623,800	313,235	-	937,035

(Notes) 1. Number of shares issued increased by 12,976,000 shares due to the split of common stock conducted on January 1, 2015 at a rate of 1 to 1.5.
2. The number of shares of treasury stock increased by 311,900 shares due to the split of common stock conducted on January 1, 2015 at a rate of 1 to 1.5. The number of shares of treasury stock includes the 750,000 shares held in the Trust Account at the end of FY2014.

2. Subscription rights and treasury subscription rights

Category	Details of subscription rights	Class of shares to be issued or transferred upon the exercise of subscription rights	Number of shares to be issued or transferred upon exercise of subscription rights (shares)				Balance as of the end of FY2014 (Unit: JPY 1,000)
			As of the beginning of FY2014	Increase during FY2014	Decrease during FY2014	As of the end of FY2014	
The Company and certain subsidiaries	Employee stock ownership plan “stock benefit trust (J-ESOP)”	Common shares	87,100	95,950	5,000	178,050	29,816
Total		-	87,100	95,950	5,000	178,050	29,816

(Note) On January 1, 2015, the Company split its common shares at a rate of 1 to 1.5 shares.

3. Dividends

(1) Paid amount of dividends

(Resolution)	Class of shares	Aggregate amount of dividends (Unit: JPY 1,000)	Dividend per share (Yen)	Record date	Effective date
May 12, 2014 The board of directors	Common shares	126,641	5.0	March 31, 2014	June 25, 2014
November 11, 2014 The board of directors	Common shares	126,640	5.0	September 30, 2014	December 5, 2014

(Note) The above does not include a dividend of 2,500,000 yen on the 500,000 shares held in the Trust Account as of the record date.

(2) Of the dividends with a record date that falls in the current period, the dividends whose effective dates fall in the next period are follows:

(Resolution)	Class of shares	Aggregate amount of dividends (Unit: JPY 1,000)	Source of dividend payment	Dividend per share (yen)	Record date	Effective date
May 12, 2015 The board of directors	Common shares	189,954	Retained earnings	5.0	March 31, 2015	June 24, 2015

(Note) The above does not include a dividend of 3,750,000 yen on the 750,000 shares held in the Trust Account as of the end of FY2014.

(Notes to consolidated statements of cash flow)

* Reconciliation of the ending balance of cash and cash equivalents with the balance in the items on the consolidated balance sheet.

	FY2013 (Apr. 1, 2013 – Mar. 31, 2014)	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)
Cash and deposits	4,679,944 thousand yen	2,370,487 thousand yen
Fixed term deposits exceeding 3 months	-	-
Cash and cash equivalents	4,679,944	2,370,487

(Segment information)

a. Segment information

1. Outline of reportable segments

The Group's reportable segments are the business units for each of which the Company is able to obtain financial information. Segmentation is regularly reviewed to allow the board of directors to decide how to allocate management resources and valuate the business performance in the Group.

The Group has established the Company and subsidiaries via a breakdown of products and services. Each company draws up comprehensive business strategies for the products and services to be provided and conducts its business activities accordingly.

The Group therefore consists of segments sorted by products and services based on the Company and subsidiaries, and thus designates two reportable segments: the PC sales business and the Internet-related business, which are put together based on the similarity of products and services.

The PC sales business sells PCs and PC-related products, and provides services relating to PCs. The Internet-related business provides Internet services and constructs websites.

2. Method of calculating net sales, income or loss, assets, liabilities, and other items broken down by reportable segment.

The accounting method for the business segments that are reported is the same as that stated in Basis of presenting consolidated financial statements.

Income broken down by reportable segment is calculated based on ordinary income. Inter-segment sales and transfers are calculated at prevailing market prices.

3. Information on net sales, income or loss, assets, liabilities, and other items broken down by reportable segment

FY2013 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Consolidated financial statements Reported amount (Note 2)
	PC Sales Business	Internet-related Business	Total		
Net sales					
External customers	52,396,899	1,419,106	53,816,005	-	53,816,005
Inter-segment	1,309	677,218	678,528	(678,528)	-
Total	52,398,208	2,096,325	54,494,534	(678,528)	53,816,005
Segment income	2,304,613	276,780	2,581,393	(170,158)	2,411,235
Other items					
Depreciation and amortization	641,561	47,493	689,055	(3,136)	685,918

(Notes) 1. The negative 170,158 thousand yen adjustment in segment income includes a negative 153,147 thousand yen due to inter-segment eliminations of dividends received.
2. Segment income is reconciled to ordinary income on the consolidated income statements.

FY2014 (Apr. 1, 2014 – Mar. 31, 2015)

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	PC Sales Business	Internet-related Business	Total		
Net sales					
External customers	49,975,679	1,310,254	51,285,934	-	51,285,934
Inter-segment	1,871	760,611	762,483	(762,483)	-
Total	49,977,551	2,070,865	52,048,417	(762,483)	51,285,934
Segment income	3,007,370	390,086	3,397,457	(192,042)	3,205,414
Other items					
Depreciation and amortization	729,070	57,199	786,270	(5,266)	781,004

(Notes) 1. The negative 192,042 thousand yen adjustment in segment income includes a negative 181,375 thousand yen due to inter-segment eliminations of dividends received.
2. Segment income is reconciled to ordinary income on the consolidated income statements.

(Per share data)

	FY2013 (Apr. 1, 2013 – Mar. 31, 2014)	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)
Net assets per share	353.89 yen	398.81 yen
Net income per share	46.14 yen	51.11 yen
Net income per share adjusted for latent shares	45.96 yen	50.86 yen

(Notes) 1. The Company split its shares at a rate of 1 to 100 shares on October 1, 2013 and at a rate of 1 to 1.5 shares on January 1, 2015. However, we calculated net income per share and net income per share adjusted for latent shares on the assumption that the stock split took place at the beginning of the previous consolidated fiscal year.
2. Net income per share and net income per share adjusted for latent shares shall be calculated based on the following data:

	FY2013 (Apr. 1, 2013 – Mar. 31, 2014)	FY2014 (Apr. 1, 2014 – Mar. 31, 2015)
Net income per share		
Net income (thousands of yen)	1,554,921	1,941,604
Amount not attributed to common shareholders (thousands of yen)	-	-
Net income attributable to shares of common stock (thousands of yen)	1,554,921	1,941,604
Average number of shares outstanding during the period (shares)	33,698,807	37,992,059
Net income per share adjusted for latent shares		
(Basis for calculation)		
Adjustment on net income (thousands of yen)	-	-
Increase in the number of shares of common stock (shares)	134,930	181,253
(Out of the increase, subscription rights (shares))	(134,930)	(181,253)
Latent shares are excluded from the computation of net income per share adjusted for latent shares because they do not have dilutive effects	-	-

3. The 750,000 shares held in the Trust Account are not included in the average number of common shares outstanding during the period, which was the basis of calculating net income per share.

(Material subsequent events)

N/A

(Sales by product category)

(Segment) Product category	FY2013 (Apr. 1, 2013 – Mar. 31, 2014)		FY2014 (Apr. 1, 2014 – Mar. 31, 2015)		YoY change (%)
	Amount (thousands of yen)	Pct. of sales (%)	Amount (thousands of yen)	Pct. of sales (%)	
(PC sales business)					
PCs	13,259,717	24.6	9,387,251	18.3	70.8
Peripherals	9,722,041	18.1	7,889,563	15.4	81.2
Accessories and supplies	4,164,143	7.8	3,332,365	6.5	80.0
Software	1,560,811	2.9	1,006,689	1.9	64.5
Previously owned products and other	7,278,017	13.5	8,501,115	16.6	116.8
Total product sales	35,984,730	66.9	30,116,985	58.7	83.7
Royalties and other revenue	174,301	0.3	138,032	0.3	79.2
Sales from technical services and commissions	16,237,866	30.2	19,720,661	38.4	121.4
Total	52,396,899	97.4	49,975,679	97.4	95.4
(Internet-related business)	1,419,106	2.6	1,310,254	2.6	92.3
Total	53,816,005	100.0	51,285,934	100.0	95.3

(Notes) 1. The above amounts do not include sales tax, etc.
2. Inter-segment transactions are written off by offsetting.
3. Sales of franchise stores from which royalties and other revenues are earned total 2,111,160,000 yen.

(Exclusion from disclosure)

Notes on the following items are not disclosed in this summary of financial results as they are considered insignificant in terms of the necessity for disclosure: transactions with related parties, financial instruments, securities, derivative transactions, stock options, severance allowances, asset retirement obligations, real estate properties for rent and other purposes, lease transactions, deferred tax-related items, and business mergers.

The above notes will be in the Company’s annual securities report for the 21st period (from Apr. 1, 2014 to Mar. 31, 2015) to be released on June 25, 2015.

6. Other

(1) Personnel changes regarding directors and auditors

1) Personnel changes regarding representative directors

N/A

2) Personnel changes regarding other directors and auditors

- New director candidates

Kazuya Shinozaki, Director (current Senior Executive Officer and General Manager of Comprehensive Management Headquarters)

Yuko Matsuo, Director (current Senior Executive Officer and General Manager of President’s Office)

Tsukasa Yamaguchi, Director (current Representative Director and President of ejworks Corporation)

- New auditor candidate

Masaki Nishimura, Auditor

- Director retiring from office

Kenshi Hamamatsu, Director

- Auditor retiring from office

Kunihiko Yamamoto, Auditor

3) Scheduled date for assumption of post

June 24, 2015