Summary of Financial Results for the Three Months Ended June 30, 2015
[Japanese standards] (Consolidated)

August 11, 2015

PC DEPOT CORPORATION	Stock Exchange Listing:
Securities code: 7618	TSE Securities Exchange [JASDAQ]
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Scheduled date of quarterly securities report filing:	August 12, 2015
Scheduled date of dividend payment:	-
Preparation of supplementary references for these Quarterly Financial Results:	Yes
Holding of an IR Briefing on these Quarterly Financial Results:	Not scheduled

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2015 (April 1, 2015–June 30, 2015)

(1) Consolidated Operating Results (Cumulative) (%: Change from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income belonging to parent company shareholders	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%
Three months ended June 30, 2015	12,229	(1.8)	817	0.8	847	1.0	542	3.6
Three months ended June 30, 2014	12,448	2.1	810	63.3	839	58.9	523	43.5

Note: Comprehensive income Three months ended June 30, 2015: 551 mil. yen (5.1%) Three months ended June 30, 2014: 525 mil. yen (42.8%)

	Net quarterly inc. per share	Diluted net quarterly inc. per share
	Yen	Yen
Three months ended June 30, 2015	14.28	14.20
Three months ended June 30, 2014	13.79	13.72

Note: On January 1, 2015, the Company split its common shares at a rate of 1 to 1.5 shares. We calculated quarterly net income per share and quarterly 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) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Mil. yen	Mil. yen	%	Yen
As of June 30, 2015	29,232	15,550	53.1	408.34
As of March 31, 2015	29,257	15,181	51.8	398.81

Reference: Shareholder equity As of June 30, 2015: 15,513 mil. yen As of March 31, 2015: 15,151 mil. yen

Note: On January 1, 2015, the Company split its common shares at a rate of 1 to 1.5 shares. We calculated net assets per share on the assumption that the stock split took place at the beginning of the previous consolidated fiscal year.

2. Dividends

	Annual dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2015	—	5.00	—	5.00	—
Fiscal year ending March 31, 2016	—				
Fiscal year ending March 31, 2016 (forecast)		5.00	—	5.00	10.00

Note: Note: Recent announcement of revisions to forecasted amounts of dividends: No
Note: 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 the dividend per share for the end of the fiscal year ended March 31, 2015 and for the fiscal year ending March 31, 2016 (forecast).

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

Note: Recent announcement of revisions to earnings forecast: No

* Notes
(1) Were there changes in important subsidiaries during the three months under review (changes in specific subsidiaries resulting in modifications of the scope of consolidation): No
New companies - (Company name) Excluded companies - (Company name)

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: No

(3) 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

(4) Number of outstanding shares (common shares)

1) Number of shares issued and outstanding as of the end of the period (including treasury stock)	1Q of fiscal year ending March 31, 2016	38,928,000 shares	Fiscal year ended March 31, 2015	38,928,000 shares
2) Number of shares of treasury stock as of the end of the period	1Q of fiscal year ending March 31, 2016	937,135 shares	Fiscal year ended March 31, 2015	937,035 shares
3) Average number of shares outstanding during the period (quarterly cumulative)	1Q of fiscal year ending March 31, 2016	37,990,901 shares	1Q of fiscal year ended March 31, 2015	37,992,300 shares

Note: On January 1, 2015, the Company split its common shares at a rate of 1 to 1.5 shares. We calculated the number of shares 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 (quarterly cumulative total) on the assumption that the stock split took place at the beginning of the previous consolidated fiscal year.

* Presentation concerning the implementation status of quarterly review procedures
These consolidated financial results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act. Quarterly review procedures have not been completed as of disclosure of these consolidated financial results.

* 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 assumptions and other matters regarding earnings forecasts, please see page 3 of the appendix, “1. Qualitative Information on the Consolidated Financial Results for the Three Months Ended June 30, 2015: (3) Explanation of qualitative information concerning forecasts of consolidated financial results for the fiscal year ending March 31, 2016.”

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1. Qualitative Information on the Consolidated Financial Results for the Three Months Ended June 30, 2015

(1) Explanation of operating results

During the three months ended June 30, 2015 (April 1, 2015–June 30, 2015), the outlook for consumer spending remained unclear as seen in the sluggish sales of seasonal products, while the Japanese economy showed gradual recovery through the influence of the economic measures taken by the government.

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 accelerated the remodeling of existing PC DEPOT stores into PC DEPOT Smart Life Stores (a new type of outlet that focuses more on providing services) and reopened stores in Tokyo and Kanagawa Prefectures. As a result, the total number of PC DEPOT Smart Life Stores was 16 as of the end of June 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 last year, making the number of stores that have introduced the business model 19. This allowed PC DEPOT large-scale stores to 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. We actively proceeded to provide new services, including a fiber-optic network service called Fixed Virtual Network Operator (FVNO), the wholesaling of fiber-optic network services started in February 2015 by Nippon Telegraph and Telephone Corporation (NTT).

As a result, sales for existing stores and those from solution services* continued to be favorable, registering year-on-year decrease of 2.8% and increase of 25.7%, respectively, while year-on-year gross profit rose by 5.3%. In terms of expenses, personnel expenses grew by 107.1% year-on-year due to our active recruitment of additional personnel and education to respond to increased sales in services, which is the characteristic feature of our business. However, the increase in the sales of highly-profitable solution services improved gross profit margin and absorbed the cost increase, resulting in year-on-year increase of operating income, ordinary income and net income belonging to parent company shareholders.

As a result, we posted record-high operating income, ordinary income, and net income belonging to parent company shareholders. On a consolidated basis, net sales were 12.229 billion yen (down 1.8% YoY), operating income was 817 million yen (up 0.8% YoY), and ordinary income was 847 million yen (up 1.0% YoY). Net income belonging to parent company shareholders for the three months under review was 542 million yen (up 3.6% YoY).

* This item was presented as “sales from technical services and commissions” in the fiscal year ended March 31, 2015 and now changed to “sales from solution services” from the three months ended June 30, 2015. Method of accounting for this item remains unchanged.

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 last year. On the other hand, sales of smart devices such as smartphones and tablets remained strong.

In terms of services, we continued the sale of solutions by facilitating our unique service that bundles our support service with various Internet services such as Internet connection, Mac, iPhone and iPad. We also actively provided services that meet potential customer demand such as offering the technical support at special price to those who purchased our products and could not manage to configure the settings, and introducing the periodic check services. For our flagship Premium Service (maintenance services provided on a monthly membership fee basis), we strove to acquire new customers by expanding our services that combine 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 a new cloud system that synchronizes and backup data both locally and in the cloud, and JIMAS, a large-scale management system to improve overall efficiency of such cloud service and 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. The number of digital magazines we carry had increased to 54 (as of June 30, 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.

At the end of the three months under review, there were 35 directly-managed PC DEPOT stores (located in Kanagawa, Tokyo, Chiba, Saitama, Shizuoka, Gunma, Tochigi and Ibaraki Prefectures) and 16 PC DEPOT Smart Life Stores (located in Tokyo and Kanagawa Prefectures). 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 nationwide. PC DEPOT PC Clinics had 58 stores: 52 stores directly managed by the company and 6 franchise stores, giving us 125 PC DEPOT, PC DEPOT Smart Life Store, and PC DEPOT PC Clinic stores in total.

As a result of the above, net sales for the PC sales business were 11.918 billion yen (down 1.7% YoY) and ordinary income for the segment was 972 million yen (up 4.9% YoY).

2) Internet-related Business

In our Internet-related business, we worked on stepping up outsourcing of business operations among group companies, but due to a decrease in the number of ISP members handled by subsidiaries, sales from the business fell, dropping below those for the previous year.

As a result of the above, net sales for the Internet-related business amounted to 311 million yen (down 5.6% YoY) and ordinary income for the segment was 84 million yen (down 6.6% YoY).

(2) Explanation of financial condition

As of June 30, 2015, consolidated total assets were 29.232 billion yen, which represents a decrease of 24 million yen from March 31, 2015. Total liabilities were 13.682 billion yen, a decrease of 393 million yen from March 31, 2015. Net working capital (the amount calculated by subtracting current liabilities from current assets) was 8.387 billion yen, indicating continued financial soundness.

Total capital investments made during the three months ended June 30, 2015, totaled 142 million yen. These investments were covered by our own funds, loans, and additional capital.

(3) Explanation of qualitative information concerning forecasts of consolidated financial results for the fiscal year ending March 31, 2016

Net sales, operating income, and ordinary income achieved during the three months ended June 30, 2015, were almost as planned and thus no revisions have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2016, announced in the Summary of Financial Results on May 12, 2015.

All earnings forecasts are based on information available to the Company as of the date of the forecasts announced, and, depending on various factors, actual results may differ from the forecasts.

2. Summary Information (Notes) Related Items

(1) Changes in important subsidiaries during the three months under review

N/A

(2) Changes in accounting principles/Changes and restatements of accounting estimates

(Application of accounting standards for business combinations and related standards)

Effective April 1, 2015, the Company applied “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on September 13, 2013, hereinafter referred to as the “Business Combinations Accounting Standards”), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on September 13, 2013, hereinafter referred to as the “Consolidated Financial Statements Accounting Standard”), and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, issued on September 13, 2013, hereinafter referred to as the “Business Divestitures Accounting Standard”). As a result, for subsidiaries the Company continues to control, differences arising due to changes in the equity portion are accounted for as capital surplus and costs associated with the acquisition of shares are now accounted for as expenses in the consolidated fiscal year in which they are incurred. In addition, for business combinations that are implemented after the beginning of the first quarter under review, the allocation of the cost of acquisitions, as determined after review of provisional accounting treatment, is reflected in the quarterly consolidated financial statements for the quarter in which the business combination took place. Additionally, the Company has changed the method of presentation for net income and related items and changed the presentation of of minority interests item to non-controlling interest item. To reflect these changes, the Company has reclassified its quarterly consolidated financial statements for the first quarter and consolidated financial statements for the previous fiscal year.

Regarding the application of the Business Combinations Accounting Standards, the Company has applied the provisional accounting treatment contained in the Paragraph 58-2 (4) of Business Combination Accounting Standard, the Paragraph 44-5 (4) of Consolidated Financial Statements Accounting Standard and the Paragraph 57-4 (4) of Business Divestitures Accounting Standard, prospectively from the beginning of the first quarter under review.

The application of these standards has no material impact on the consolidated statement of income.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	FY2014 (As of March 31, 2015)	FY2015 First Quarter (As of June 30, 2015)
Assets		
Current assets		
Cash and deposits	2,370,487	1,416,829
Accounts receivable-trade	9,906,521	10,573,931
Inventories	6,548,133	6,881,425
Accounts receivable-other	311,754	283,913
Deferred tax assets	467,897	504,476
Other	502,232	499,322
Allowance for doubtful accounts	(186,732)	(189,733)
Total current assets	19,920,294	19,970,165
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,513,711	6,554,847
Accumulated depreciation	(2,396,246)	(2,493,887)
Buildings and structures- net	4,117,465	4,060,960
Tools, furniture and fixtures	2,094,144	2,167,670
Accumulated depreciation	(1,505,499)	(1,551,978)
Tools, furniture and fixtures- net	588,644	615,692
Land	263,011	263,011
Construction in progress	43,802	6,422
Other	375	4,629
Accumulated depreciation	(93)	(599)
Other-net	281	4,029
Total property, plants and equipment	5,013,204	4,950,116
Intangible assets		
Goodwill	5,174	4,139
Other	782,600	775,489
Total intangible assets	787,775	779,629
Investments and other assets		
Investment securities	194,712	211,081
Deferred tax assets	278,021	277,009
Guarantee deposits	1,639,131	1,622,883
Lease deposits	1,275,631	1,276,045
Other	150,960	148,635
Allowance for doubtful accounts	(2,721)	(2,630)
Total investments and other assets	3,535,735	3,533,025
Total non-current assets	9,336,715	9,262,772
Total assets	29,257,010	29,232,937

(Thousands of yen)

	FY2014 (As of March 31, 2015)	FY2015 First Quarter (As of June 30, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	1,691,643	2,142,945
Short-term loans payable	4,520,000	4,600,000
Current portion of long-term loans payable	1,447,464	1,359,964
Accounts payable-other	1,090,089	1,076,407
Income taxes payable	878,749	315,106
Provision for bonuses	195,162	366,976
Provision for merchandise warranties	307,354	361,057
Other	1,517,221	1,360,573
Total current liabilities	11,647,685	11,583,030
Non-current liabilities		
Long-term loans payable	1,796,797	1,501,806
Long-term accounts payable-other	112,700	99,152
Liabilities associated with retirement benefits	19,826	-
Asset retirement obligations	404,942	406,652
Long-term guarantee deposits	93,999	91,459
Total non-current liabilities	2,428,265	2,099,070
Total liabilities	14,075,951	13,682,101
Net assets		
Shareholder equity		
Capital stock	2,745,734	2,745,734
Capital surplus	3,013,136	3,013,136
Retained earnings	9,493,765	9,846,387
Treasury stock	(152,427)	(152,512)
Total shareholder equity	15,100,208	15,452,745
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	51,034	60,429
Total other accumulated comprehensive income	51,034	60,429
New share subscription rights	29,816	37,661
Total net assets	15,181,058	15,550,836
Total liabilities and net assets	29,257,010	29,232,937

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

(Quarterly consolidated statement of income)

(First quarter of consolidated period)

(Thousands of yen)

	FY2014 First Quarter (Apr. 1, 2014–Jun. 30, 2014)	FY2015 First Quarter (Apr. 1, 2015–Jun. 30, 2015)
Net sales	12,448,934	12,229,496
Cost of sales	7,655,614	7,181,527
Gross profit	4,793,319	5,047,968
Selling, general and administrative expenses		
Advertising expenses	229,983	212,978
Sales commissions	149,394	155,959
Directors' compensation	37,000	40,620
Salaries and allowances	1,412,409	1,541,287
Provision for bonuses	190,392	172,568
Retirement benefit expenses	15,691	20,060
Supplier expenses	131,286	117,444
Depreciation	156,897	187,940
Amortization of goodwill	2,019	1,034
Rent expenses on real estate	555,166	603,154
Other	1,102,647	1,177,818
Total selling, general and administrative expenses	3,982,888	4,230,867
Operating income	810,431	817,101
Non-operating income		
Interest income	35	44
Dividends income	1,656	1,524
Sales incentives	7,687	10,811
Rent income	34,985	35,430
Commission fees	6,495	10,456
Equity in earnings of affiliates	1,959	2,495
Other	20,111	13,353
Total non-operating income	72,931	74,117
Non-operating expenses		
Interest expenses	15,483	14,786
Rent expenses	28,588	28,588
Other	171	175
Total non-operating expenses	44,243	43,549
Ordinary income	839,118	847,668
Extraordinary income		
Gain on sales of non-current assets	14	-
Total extraordinary income	14	-
Extraordinary losses		
Losses on sales of non-current assets	151	-
Losses on retirement of noncurrent assets	6,614	1,470
Losses on transition to a defined contribution pension plan	-	19,716
Total extraordinary losses	6,765	21,186
Quarterly net income before income taxes	832,367	826,481
Income taxes-current	347,271	323,949
Income taxes-deferred	(38,770)	(40,046)
Total income taxes	308,501	283,903
Net income	523,866	542,577
Net income belonging to non-controlling shareholders	-	-
Net income belonging to parent company shareholders	523,866	542,577

(Quarterly consolidated statement of comprehensive income)

(First quarter of consolidated period)

(Thousands of yen)

	FY2014 First Quarter (Apr. 1, 2014–Jun. 30, 2014)	FY2015 First Quarter (Apr. 1, 2015–Jun. 30, 2015)
Net income	523,866	542,577
Other comprehensive income		
Valuation difference on available-for-sale securities	1,174	9,394
Total other comprehensive income	1,174	9,394
Comprehensive income	525,040	551,972
(Breakdown)		
Comprehensive income related to parent company shareholders	525,040	551,972
Comprehensive income related to non-controlling shareholders	-	-

(3) Notes on quarterly consolidated financial statements

(Notes on premise of going concern)

N/A

(Notes on significant changes in the amount of equity capital)

N/A

(Segment information)

[Segment information]

I. FY2014 first quarter (April 1, 2014 to June 30, 2014)

1. Information on net sales and income or loss by reportable segment

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount on consolidated statements of income (Note 2)
	PC Sales Business	Internet-related Business	Total		
Net sales					
(1) External customers	12,119,249	329,684	12,448,934	-	12,448,934
(2) Inter-segment	273	169,450	169,723	(169,723)	-
Total	12,119,522	499,134	12,618,657	(169,723)	12,448,934
Segment income	927,095	90,850	1,017,946	(178,827)	839,118

(Note) 1. The negative 178,827 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 in the quarterly consolidated income statements.

2. Information on impairment losses of fixed assets or goodwill, etc. by reportable segment

(Significant impairment losses related to fixed assets)

N/A

(Significant changes in the amount of goodwill)

N/A

(Significant gains on negative goodwill)

N/A

II. FY2015 first quarter (April 1, 2015 to June 30, 2015)

1. Information on net sales and income or loss by reportable segment

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount on consolidated statements of income (Note 2)
	PC Sales Business	Internet-related Business	Total		
Net sales					
(1) External customers	11,918,359	311,136	12,229,496	-	12,229,496
(2) Inter-segment	625	211,382	212,007	(212,007)	-
Total	11,918,985	522,518	12,441,504	(212,007)	12,229,496
Segment income	972,063	84,854	1,056,917	(209,249)	847,668

(Note) 1. The negative 209,249 thousand yen adjustment in segment income includes a negative 210,236 thousand yen due to inter-segment eliminations of dividends received.
2. Segment income is reconciled to ordinary income in the quarterly consolidated income statements.

2. Information on impairment losses of fixed assets or goodwill, etc. by reportable segment

(Significant impairment losses related to fixed assets)

N/A

(Significant changes in the amount of goodwill)

N/A

(Significant gains on negative goodwill)

N/A

4. Supplementary Information

Sales results

(Sales by product)

	FY2014 First Quarter (Apr. 1, 2014–Jun. 30, 2014)		FY2015 First Quarter (Apr. 1, 2015–Jun. 30, 2015)		YoY change (%)
	Amount (thousands of yen)	Pct. of sales (%)	Amount (thousands of yen)	Pct. of sales (%)	
(PC sales business)					
PCs	2,900,118	23.3	1,696,245	13.9	58.5
Peripherals	1,963,218	15.8	1,635,894	13.4	83.3
Accessories and supplies	788,839	6.4	706,247	5.8	89.5
Software	336,695	2.7	205,084	1.7	60.9
Previously owned products and other	1,593,981	12.8	1,995,797	16.3	125.2
Total product sales	7,582,852	61.0	6,239,269	51.1	82.3
Royalties and other revenue	40,804	0.3	27,934	0.2	68.5
Sales from solution services*	4,495,591	36.1	5,651,155	46.2	125.7
Total	12,119,249	97.4	11,918,359	97.5	98.3
(Internet-related business)	329,684	2.6	311,136	2.5	94.4
Grand total	12,448,934	100.0	12,229,496	100.0	98.2

(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 360,854,000 yen.

* This item was presented as “sales from technical services and commissions” in the fiscal year ended March 31, 2015 and now changed to “sales from solution services” from the three months ended June 30, 2015. Method of accounting for this item remains unchanged.