Summary of Financial Results for the Fiscal Year Ended March 31, 2016
[Japanese standards] (Consolidated)

May 10, 2016

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Scheduled date of Ordinary General Shareholders Meeting: June 23, 2016
Scheduled date of Annual Securities Report filing: June 24, 2016
Scheduled date of dividend payment: June 24, 2016
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, 2016 (April 1, 2015–March 31, 2016)

(1) Consolidated Operating Results (% Figures indicate year-on-year increase/decrease.)

	Net sales		Operating income		Ordinary income		Net income belonging to parent company shareholders	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%
Fiscal year ended March 31, 2016	51,784	1.0	4,314	39.7	4,366	36.2	2,867	47.7
Fiscal year ended March 31, 2015	51,285	(4.7)	3,089	33.7	3,205	32.9	1,941	24.9

Note: Comprehensive income As of March 31, 2016: 2,865 mil. yen (46.2%) As of March 31, 2015: 1,960 mil. yen (26.3%)

	Net inc. per share	Net inc. per share adjusted for latent shares	Return on equity	Ord. inc. (total assets)	Oper. inc. (net sales)
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2016	71.75	71.39	15.6	13.5	8.3
Fiscal year ended March 31, 2015	51.11	50.86	13.6	11.4	6.0

Reference: Equity in income (losses) of affiliates As of March 31, 2016: 6 mil. yen As of March 31, 2015: 5 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 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 21st fiscal year, the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Mil. yen	Mil. yen	%	Yen
Fiscal year ended March 31, 2016	35,275	21,656	61.3	503.70
Fiscal year ended March 31, 2015	29,257	15,181	51.8	398.81

Reference: Shareholder equity As of March 31, 2016: 21,622 mil. yen As of March 31, 2015: 15,151 mil. yen

(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, 2016	516	(970)	2,837	4,754
Fiscal year ended March 31, 2015	(2,512)	(1,436)	1,637	2,370

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	Total			
	Yen	Yen	Yen	Yen	Yen	Mil. yen	%	%
Fiscal year ended March 31, 2015	—	5.00	—	5.00	—	316	16.3	2.2
Fiscal year ended March 31, 2016	—	5.00	—	6.50	11.50	469	16.0	2.5
Fiscal year ending March 31, 2017 (forecast)	—	6.50	—	6.50	13.00		16.6	

Note: On January 1, 2015, the Company split its common shares at a rate of 1 to 1.5 shares. Therefore, the total amount of annual dividend per share is not indicated for the fiscal year ended March 31, 2015.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(% 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)	25,300	3.1	2,260	34.6	2,300	33.3	1,550	39.4	36.11
Full year	54,000	4.3	4,920	14.0	5,000	14.5	3,370	17.5	78.50

* Notes

(1) Were there changes in important subsidiaries during the period (changes in specified 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)	Fiscal year ended March 31, 2016	43,852,000 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	Fiscal year ended March 31, 2016	924,735 shares	Fiscal year ended March 31, 2015	937,035 shares
3) Average number of shares outstanding during the period	Fiscal year ended March 31, 2016	39,966,200 shares	Fiscal year ended March 31, 2015	37,992,059 shares

Note: On January 1, 2015, the Company split its common shares at a rate of 1 to 1.5 shares. We calculated the average number of shares during each period on the assumption that the stock split took place at the beginning of the 21st fiscal year, the previous consolidated fiscal year.

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015–March 31, 2016)

(1) Non-consolidated Operating Results (% Figures indicate year-on-year increase/decrease.)

	Net sales		Operating income		Ordinary income		Net income	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%
Fiscal year ended March 31, 2016	42,435	0.7	3,369	48.2	3,661	40.5	2,495	53.9
Fiscal year ended March 31, 2015	42,156	(6.5)	2,273	24.2	2,606	23.1	1,621	17.6

	Net income per share	Net income per share adjusted for latent shares
	Yen	Yen
Fiscal year ended March 31, 2016	62.45	62.13
Fiscal year ended March 31, 2015	42.68	42.48

Note: On January 1, 2015, the Company split its common shares at a rate of 1 to 1.5 shares. 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 21st fiscal year, the previous consolidated fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Mil. yen	Mil. yen	%	Yen
Fiscal year ended March 31, 2016	32,355	19,346	59.7	449.89
Fiscal year ended March 31, 2015	26,631	13,243	49.6	347.81

Reference: Shareholder equity As of March 31, 2016: 19,312 mil. yen As of March 31, 2015: 13,213 mil. yen

* Presentation concerning the implementation status of annual audit procedures

These annual financial results are not subject to annual audit procedures 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 24, 2016. 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.

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1. Analysis of Operating Results and Financial Condition

(1) Analysis of operating results

(Operating results for the current term)

During the consolidated fiscal year under review (April 1, 2015 to March 31, 2016), the Japanese economy showed a gradual recovery through a certain amount of influence of economic measures taken by the government. While consumer spending showed signs of recovery, growth slowed to a low level, and uncertainty about the economy increased.

The dire situation for PC sales continues as the sales volume of domestic over-the-counter PCs has dropped since autumn 2014.

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

In terms of store development, we renovated existing PC DEPOT stores mainly in Tokyo and Kanagawa prefectures into PC DEPOT Smart Life Stores (a new type of outlet that focuses more on providing services). Moreover, we opened two new stores in the central Tokyo area: the PC DEPOT Smart Life Aoyama Store (Shibuya-ku, Tokyo) and the PC DEPOT Smart Life Azabu-Juban Store (Minato-ku, Tokyo). As a result, the total number of PC DEPOT Smart Life Stores was 25 as of the end of March 2016.

In terms of solutions services sales, we focused on offering solution services where cloud and content services are provided with Internet devices. We started selling fiber-optic network services as a Fixed Virtual Network Operator (FVNO) in February 2015 and have engaged in full scale sales in this service. We have also launched a new brand called "JUST PRICE FON," under which combinations of low-priced smartphones and our network services as a Mobile Virtual Network Operator (MVNO) are provided along with support services. In this manner, we have been providing comprehensive services that integrate network services, devices, and support.

As a result, sales for existing stores and those from solutions services* continued to be favorable, registering a year-on-year decrease of 0.8% and an increase of 25.0%, respectively, while year-on-year gross profit rose by 12.6%. In terms of expenses, personnel expenses grew due to the recruitment of additional staff to sell our service products in step with an increase in service sales. As a result, selling, general, and administrative expenses rose by 7.5% year-on-year.

Moreover, based on our in-house basic policy for internal control, we continued to focus our efforts on strengthening governance and ensuring compliance. We continually reviewed and dealt with the major risk factors that could influence the operating results, share prices, and financial conditions of the Group. We will promote further improvement in the internal control system in the future.

As a result of the above, we posted record-high operating income, ordinary income, and net income belonging to parent company shareholders for three consecutive periods. On a consolidated basis, net sales were 51.784 billion yen (up 1.0% year-on-year (YoY)), operating income was 4.314 billion yen (up 39.7% YoY), and ordinary income was 4.366 billion yen (up 36.2% YoY). Net income belonging to parent company shareholders for the fiscal year under review was 2.867 billion yen (up 47.7% YoY).

* "Sales from technical services and commissions" presented as "sales from services" in the financial statements for the fiscal year ended March 31, 2015 has been standardized as "sales from solutions services" from the consolidated fiscal year ended March 31, 2016. 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. Since autumn 2014, the PC market has been continuing to shrink and PC sales are still facing a difficult situation. From November 2015, some stores started selling the Apple Watch.

In terms of solutions services, we promoted the sale of solution services by facilitating our unique service that bundles our support services with various Internet devices such as PCs, Macs, iPhones and iPads. We started providing services that allow customers to have their purchased products regularly inspected and to receive technical support from us at special prices for those who experienced difficulties after trying to set up devices themselves. We actively provided services that meet such potential customer demands. For our flagship Premium Service (maintenance services provided on a monthly membership fee basis), we strove to expand our service-inclusive products that provide Premium Service subscribers with devices and peripherals in combination with support services based on their environment. These service-inclusive products include IoT (Internet of Things) devices. We strove to acquire new customers by strengthening a service product lineup targeting those facing the difficulties described above. For existing customers, we strove to increase customer satisfaction by expanding services that allow members to use Internet devices in a more convenient and safe manner. An example of such services is a new cloud system that makes synchronized backups by synchronizing data between the user's local environment and the cloud. In August 2015, in response to the malfunction that sometimes occurs when upgrading to Windows 10, we have provided services to prevent or solve problems such as an emergency free inspection service provided at shop counters for computers covered by the service including those purchased at other stores. As a result of the above, sales from solutions services steadily increased.

As of the end of the consolidated fiscal year under review, there were 28 directly managed PC DEPOT stores (located in Kanagawa, Tokyo, Chiba, Saitama, Shizuoka, Gunma, Tochigi, and Ibaraki prefectures) and 25 PC DEPOT Smart Life Stores (located in Tokyo, Kanagawa, and Ibaraki 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 69 PC DEPOT stores nationwide. PC DEPOT PC Clinics had 58 stores: 52 stores directly managed by the Company, 5 stores operated by a subsidiary (PC DEPOT STORES Co., Ltd.), and 1 franchise store, giving us 127 PC DEPOT, PC DEPOT Smart Life, and PC DEPOT PC Clinic stores in total.

As a result of the above, net sales for the PC sales business were 50.516 billion yen (up 1.1% YoY) and ordinary income for the segment was 4.212 billion yen (up 40.1% 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. However, due to a decrease in the number of ISP (Internet service provider) members handled by a subsidiary, both net sales from the business and ordinary income for the segment fell.

As a result of the above, net sales for the Internet-related business amounted to 1.267 billion yen (down 3.3% YoY) and ordinary income for the segment was 361 million yen (down 7.4% YoY).

(Forecast for the next fiscal year)

As for the outlook for the next fiscal year, there are uncertainties such as the influences of the consumption tax hike scheduled for April 2017, the situation of the world economy, and foreign exchange rates.

We expect the advancement of the IoT (Internet of Things) environment including our main products—PCs, tablets, and smartphones. In light of the above, we also expect that the demand for services that enable consumers to use smart devices in a convenient way 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 strengthen our ability to provide solutions for difficulties that Internet device users are facing. Microsoft Corporation has decided to terminate the free upgrade to Windows 10 on July 29, 2016 and support for Windows Vista will end on April 11, 2017. For these reasons, we expect that there will be a certain amount of Windows users' support needs during the next consolidated fiscal year. We will promote technical services to respond to the potential customer demands.

As for smartphones, we have launched our own line of smartphones, "JUST PRICE FON." This is not a mere low-priced smartphone but includes support for using smartphones, solutions for difficulties in any situation, and convenience. In this manner, we will expand our area of support to cover smart devices and increasingly common IoT devices.

In terms of store development, we will focus on meeting customer demands for services arising from the diversification of Internet devices. To revitalize existing PC DEPOT stores, we plan to renovate 5 to 10 PC DEPOT stores into PC DEPOT Smart Life Stores. With regard to new store openings, we plan to open about four PC DEPOT Smart Life Stores mainly in the central Tokyo area and five or so PC DEPOT PC Clinic stores on the premises of volume electronics retailers.

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 PC DEPOT Group-provided Premium Service.

The 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 improve 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 2017 is as follows:

Consolidated net sales:	54 billion yen (up 4.3% YoY)
Consolidated operating income:	4.92 billion yen (up 14.0% YoY)
Consolidated ordinary income:	5 billion yen (up 14.5% YoY)
Net income belonging to parent company shareholders	3.37 billion yen (up 17.5% YoY)

In addition, the Group will strive to increase its corporate value, aiming for a ratio of ordinary income 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 6.018 billion yen year-on-year to 35.275 billion yen. Total liabilities fell by 456 million yen to 13.618 billion yen. Net working capital (the amount calculated by subtracting current liabilities from current assets) was 13.38 billion yen, indicating continued financial soundness.

Total capital investments made during the current consolidated fiscal year totaled 1.323 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 increased by 2.383 billion yen compared to the previous fiscal year to 4.754 billion yen (compared to a decrease of 2.309 billion yen for the previous year).

Cash flow from operating activities increased by 516 million yen (compared to a decrease of 2.512 billion yen for the previous fiscal year). Positive factors included a pre-tax net income of 4.458 billion yen, depreciation expenses of 897 million yen, and a decrease in inventories of 420 million yen. Negative factors included payment of income and other taxes totaling 1.488 billion yen and an increase in accounts receivable - trade of 3.828 billion yen.

Cash flow from investment activities decreased by 970 million yen (compared to a decrease of 1.436 billion yen for the previous fiscal year) due to an expenditure of 896 million yen associated with the acquisition of non-current assets and an expenditure of 332 million yen for lease and guarantee deposits.

Cash flow from financing activities increased by 2.837 billion yen (compared to an increase of 1.637 billion yen for the previous fiscal year). Positive factors included an income of 53.6 billion yen due to short-term loans payable, and an income of 3.983 billion yen due to the issuance of new shares. Negative factors included an expenditure of 52.92 billion yen due to the repayment of short-term loans payable and an expenditure of 1.447 billion yen due to the repayment of long-term loans payable.

(Reference) Trends in cash flow indicators

	FY2011	FY2012	FY2013	FY2014	FY2015
Equity capital ratio (%)	40.7	42.5	49.5	51.8	61.3
Equity capital ratio based on market value (%)	19.4	21.4	88.9	108.3	134.0
Interest-bearing debt to cash flow ratio (yrs.)	-	4.9	2.9	-	13.5
Interest coverage ratio (multiplier)	-	17.1	26.3	-	10.1

The above figures have been calculated as follows:
Equity capital ratio: Equity capital/Total assets
Equity capital 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

(Notes)
1. All indices are calculated based on consolidated figures.
2. Market capitalization is calculated based on the number of outstanding shares (excluding treasury stock).
3. Cash flow is calculated using the figures for operating cash flow.
4. Interest-bearing liabilities include all interest-incurring liabilities 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. Our basic policy is to continue to return profits through stable dividends. Regarding the return of profits through dividends, we will aim at a consolidated dividend payout ratio of approximately 20% in overall consideration of strengthening our financial standing, enriching retained earnings, and store development as the main force behind our business expansion.

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 laws and regulations. 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 changed to 6.5 yen from the initial projection of 5 yen. As a result, the annual dividend will be 11.5 yen per share, including an interim dividend of 5 yen. The consolidated dividend payout ratio will be 16.0%.

As for dividends paid out of the surplus for the next period, while we plan to pay an interim dividend of 6.5 yen and a year-end dividend of 6.5 yen (for an annual dividend of 13 yen), in consideration of the necessity of enriching retained earnings in preparation for future business expansion, the dividend 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 the openings of new PC DEPOT Smart Life Stores, shifting PC DEPOT stores to PC DEPOT Smart Life Stores, and the stable operation of existing PC DEPOT Smart Life Stores. We will also allocate retained earnings to the stable operation of PC DEPOT and PC DEPOT PC Clinic stores, and the development of systems for new services such as the Premium Service.

(4) Business risks

Below, we discuss the major risk factors related to the Group's operating results, 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 technical services and support when customers replace or purchase Internet devices. However, we could see the scope of our sales shrink due to the way we do business with manufacturers and other factors, or a sharp decline in PC sales volume due to a decrease in the number of PC users. In such cases, we may lose 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 trading 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 trading partners 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 provide technical services and support as well as Internet devices and related products such as PCs, smartphones, and tablets. In this way, we differentiate ourselves from volume electronics retailers. We also expect to attract more customers through the synergy effects produced by opening new PC DEPOT stores close to volume electronics retailers.

However, if competitors offer substantial discounts when selling PCs or peripherals, 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, the sales from these services developed in-house account for a certain amount of total sales. Specifically, we provide unique service products such as technical support and services, a Premium Service (maintenance services provided on a monthly membership fee basis), and solutions services, in which products and services are combined with communication line services from MVNO and FVNO businesses. We make various efforts to legally protect these intellectual properties (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 other companies imitate our businesses in an inappropriate manner, the bad reputation of the services provided by those other companies may affect the image of our company's services.

2) Business characteristics

I. Premium Service and other service products

The Group provides service products such as a Premium Service and solutions services for customers seeking our services and support in an ongoing manner to use Internet devices and the Internet. We also strive to maintain and expand the quality of service products so that customers can use our services more safely and conveniently with a greater sense of security. However, as development and the offering of service products 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 resell 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 telecommunications 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 and one of its subsidiaries serve as an ISP (Internet Service of Provider). The Group's operations and business performance may be affected in the event that there is a sudden exodus of the subsidiary's members 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, 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 guarantee and/or lease deposits 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.

4) Management structure

I. Dependence on the representative

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 are 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 management system

Our Group is working to develop internal controls for legal compliance issues. To establish a more thorough internal management system, we have established the 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, or a scandal at a company under a franchise contract, 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

As we are a publicly traded company, there is a possibility that we may be acquired by another company in a different line of business as well as one of our industry peers. In such cases, 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 power outages, 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 products 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

Our Group's store openings are regulated by the Building Standards Act, various prefectural ordinances, the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment for new store openings or increases in sales floor space at existing stores with a sales floor space of 1,000 m^2 or more (roughly 300 *tsubo*), and other rules. In the process of conducting our business, we adhere to regulations based on various laws relating to the provision of products such as the Act against Unjustifiable Premiums and Misleading Representations, the Antimonopoly Act, the Subcontract Act, etc. We undergo necessary inspections, and obtain permission and approval to promote our business.

Therefore, in the future, if legal regulations or ordinances are unexpectedly established or amended, or administrative organs change their guiding principles or request us to exercise self-regulations, we may be faced with adjustments or delays in store openings and operations, incurring new costs, or restrictions on our business activities. In such cases, the Group's operations and 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 network operator 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 damage 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 services 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 solutions services including 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 and network equipment in addition to previously owned products. Further, we provide solutions services such as technical services and support, an agency business for communication channels, FVNO and MVNO businesses, and the Premium Service (maintenance services provided on a monthly membership basis).

At the end of the consolidated fiscal year under review, there were 28 directly managed PC DEPOT stores (located in Tokyo and in Kanagawa, Chiba, Saitama, Shizuoka, Gunma, Tochigi, and Ibaraki prefectures) and 25 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 franchise stores in the Kinki and Chugoku areas, we operate a total of 69 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; 5 stores run by our subsidiary, PC DEPOT STORES Co., Ltd.; and 1 franchise store.

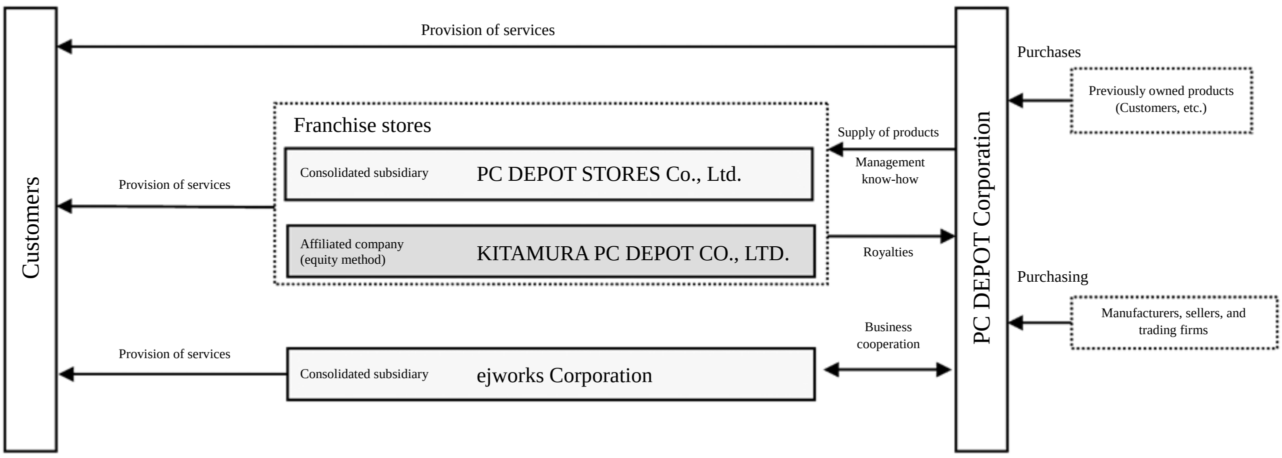
Net sales for the Group consist of the sales of directly managed stores and revenue from royalties paid by franchise stores; net sales do not include sales from products supplied to franchise stores.

2) Internet-related Business

Our subsidiary, ejworks Corporation, is engaged in the ISP (Internet service provider) business and IT solutions business including the outsourcing of the Group-provided solutions services among group companies.

[Business system chart]

The foregoing is illustrated on the following business system chart.



(Status of affiliated companies)

Name	Address	Capital stock or amount of investment (Unit: JPY 1,000)	Major business operations	Percentage of voting rights (%)	Relationship details
(Consolidated subsidiary) ejworks Corporation	Kohoku-ku, Yokohama City	211,068	ISP business	100.0	Acting as an agency for members Outsourcing of charge systems Four directors are sent from PC DEPOT Corp.
(Consolidated subsidiary) PC DEPOT STORES Co., Ltd.	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.

(Note) None of the companies listed above submit financial statements to stock exchanges.

3. Management Policy

(1) Basic management policies

PC DEPOT Group'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 basic policies, we sell and set up Internet devices such as PCs, smartphones, and tablets (including additional sales), and provide continued support at PC DEPOT stores and PC DEPOT Smart Life Stores, and all these are available at a single outlet.

As a comprehensive Internet device and network retailer, these stores provide a lineup of products and solutions services that meet wide-ranging needs primarily of home users, from beginners to advanced users. In addition, when users use Internet devices, many problems may 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 and support services to resolve such problems, we have set up 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 opened PC DEPOT PC Clinic stores on the premises of volume electronics retailers where we repair Internet devices (e.g., PCs) and provide technical services and support. PC DEPOT PC Clinic stores are operated through direct management, or as a subsidiary or franchise.

Among the solutions services that we provide, technical services will be provided with a variety of services including free diagnoses so that customers who feel inconvenienced by their devices can receive services when they encounter difficulties. Further, we offer a unique membership system called Premium Service (maintenance services provided on a monthly membership basis), which is a service product 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. We provide support services for products purchased at other stores and not just those purchased at our stores. In this manner, we also aim to enhance customer satisfaction by resolving inconveniences that service members experience when using devices.

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 income to sales of 10% and (2) an ROE (return on equity) of 15% or more.

(3) Medium- to long-term business strategy

We believe that constant change is important. We will promote store operations and support services that attract customers, and aim to expand the size of our business and to realize a lean corporate structure.

We also believe that we have a unique business model where products, support services, and member support are combined. We will further develop this business model and expand our business territories and types of business operations 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) Promotion of PC DEPOT Smart Life Stores

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 becoming apparent and diversifying. In order to meet these new and diversifying needs more precisely, we will develop PC DEPOT Smart Life Stores by opening new ones or renovating existing PC DEPOT stores and making the offerings of these establishments more complete.

2) 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. To fortify our organizational strength as an expert group, the Group will secure human resources in a stable manner by hiring a wide spectrum of personnel through the adoption of diverse forms of employment and by turning part-time and contract workers into regular employees.

To address the issue of improving the quality of human resources that is essential to fortifying organizational strength, we will provide continuous employee training programs, establish personnel systems for motivating employees and part-time workers, and clarify the responsibilities and authorities of individuals and organizations.

3) Expansion of the sales and development of solution-type products

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 50% of total sales. In particular, most of these services are our original offerings, and we believe that this is a growth sector in the IoT market (IoT means the "Internet of Things": physical objects connected to the Internet). We will step up the development of new products and services against a backdrop of an increase in the number of products that can connect to the Internet.

We will develop unique services in cooperation with manufacturers of Internet devices including smart devices such as PCs, smartphones, and tablets as well as service providers, including network operators, software vendors, and content developers. Thus, we will expand the sales and development of our solution-type products where devices, support services, and content are integrated.

4) Quality control of stores

When we develop PC DEPOT, PC DEPOT Smart Life, and PC DEPOT PC Clinic stores, we regard the quality control of each store as an important issue. In order to provide high-quality services, it is essential to control quality in a thorough manner as well as to produce manuals and to educate employees. To do so, we are strengthening our auditing of all PC DEPOT, PC DEPOT Smart Life, and PC DEPOT PC Clinic stores.

5) 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. Services that we are offering are original and have no peers. To maintain and develop this advantage, we need to deal with the 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.

6) Promotion of corporate social responsibility (CSR) activities

We operate a chain of comprehensive Internet device and network 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 an idea 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 also 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 Standards

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

5. Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousand yen)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	2,370,487	4,754,092
Accounts receivable	9,906,521	13,734,695
Inventories	6,548,133	6,128,027
Accounts receivable - other	311,754	209,637
Deferred tax assets	467,897	598,464
Other	502,232	535,352
Allowance for doubtful accounts	(186,732)	(307,545)
Total current assets	19,920,294	25,652,724
Non-current assets		
Property, plants and equipment		
Buildings and structures	6,513,711	6,801,502
Accumulated depreciation	(2,396,246)	(2,789,036)
Buildings and structures - net	4,117,465	4,012,465
Tools, furniture and fixtures	2,094,144	2,439,256
Accumulated depreciation	(1,505,499)	(1,683,229)
Tools, furniture and fixtures - net	588,644	756,026
Land	263,011	263,011
Construction in progress	43,802	8,548
Other	375	4,629
Accumulated depreciation	(93)	(2,853)
Other - net	281	1,775
Total property, plants and equipment	5,013,204	5,041,828
Intangible assets		
Goodwill	5,174	1,035
Other	782,600	803,022
Total intangible assets	787,775	804,057
Investments and other assets		
Investment securities	194,712	194,574
Deferred tax assets	278,021	307,040
Guarantee deposits	1,639,131	1,810,575
Lease deposits	1,275,631	1,323,031
Other	150,960	141,510
Allowance for doubtful accounts	(2,721)	-
Total investments and other assets	3,535,735	3,776,732
Total non-current assets	9,336,715	9,622,618
Total assets	29,257,010	35,275,342

(Thousand yen)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Liabilities		
Current liabilities		
Accounts payable - trade	1,691,643	1,245,674
Short-term loans payable	4,520,000	5,200,000
Current portion of long-term loans payable	1,447,464	1,044,915
Accounts payable - other	1,090,089	1,342,463
Income taxes payable	878,749	1,192,140
Provision for bonuses	195,162	202,300
Provision for merchandise warranties	307,354	530,244
Other	1,517,221	1,514,034
Total current liabilities	11,647,685	12,271,772
Non-current liabilities		
Long-term loans payable	1,796,797	751,882
Long-term accounts payable - other	112,700	99,152
Liabilities associated with retirement benefits	19,826	-
Asset retirement obligations	404,942	411,782
Long-term guarantee deposits received	93,999	84,380
Total non-current liabilities	2,428,265	1,347,196
Total liabilities	14,075,951	13,618,968
Net assets		
Shareholders' equity		
Capital stock	2,745,734	4,737,615
Capital surplus	3,013,136	5,005,017
Retained earnings	9,493,765	11,981,481
Treasury stock	(152,427)	(150,696)
Total shareholders' equity	15,100,208	21,573,417
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,034	48,961
Total accumulated other comprehensive income	51,034	48,961
Stock acquisition rights	29,816	33,994
Total net assets	15,181,058	21,656,373
Total liabilities and net assets	29,257,010	35,275,342

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

(Consolidated statement of income)

(Thousand yen)

	FY2014 (Apr. 1, 2014–Mar. 31, 2015)	FY2015 (Apr. 1, 2015–Mar. 31, 2016)
Net sales	51,285,934	51,784,001
Cost of sales	*1 31,609,782	*1 29,636,953
Gross profit	19,676,152	22,147,047
Selling, general, and administrative expenses		
Advertising expenses	1,042,325	1,073,197
Sales commissions	602,257	676,021
Directors' compensation	158,867	185,216
Salaries and allowances	5,896,733	6,449,498
Bonuses	426,846	433,161
Provision for bonuses	195,162	202,300
Retirement benefit expenses	70,508	80,918
Supplier expenses	634,807	588,075
Depreciation and amortization	730,070	828,285
Amortization of goodwill	5,124	4,139
Rent expenses on real estate	2,255,981	2,389,741
Other	4,568,186	4,922,048
Total selling, general, and administrative expenses	16,586,871	17,832,604
Operating income	3,089,280	4,314,442
Non-operating income		
Interest income	2,297	2,197
Dividends income	2,702	2,581
Sales incentives	35,721	40,199
Rent income	141,257	141,722
Commission fees	30,953	29,301
Equity in earnings of affiliates	5,751	6,957
Other	73,820	50,770
Total non-operating income	292,504	273,730
Non-operating expenses		
Interest expenses	58,122	51,747
Rent expenses	115,929	111,976
Commissions paid	-	38,554
Share issuance cost	-	16,718
Other	2,317	2,394
Total non-operating expenses	176,370	221,391
Ordinary income	3,205,414	4,366,781
Extraordinary income		
Gain on sales of non-current assets	37	49
Gains on sales of investment securities	-	156,912
Total extraordinary income	37	156,962
Extraordinary losses		
Losses on sales of non-current assets	*2 3,787	*2 1,331
Losses on retirement of non-current assets	*3 26,096	*3 15,976
Loss on cancellation of rental contracts	3,668	-
Impairment losses	-	*4 28,379
Losses on transition to a defined contribution pension plan	-	19,716
Total extraordinary losses	33,552	65,404
Net income before income taxes	3,171,899	4,458,339
Income taxes - current	1,358,860	1,748,253
Income taxes - deferred	(128,565)	(157,563)
Total income taxes	1,230,295	1,590,689
Net income	1,941,604	2,867,650
Net income belonging to non-controlling shareholders	-	-
Net income belonging to parent company shareholders	1,941,604	2,867,650

(Consolidated statement of comprehensive income)

(Thousand yen)

	FY2014 (Apr. 1, 2014–Mar. 31, 2015)	FY2015 (Apr. 1, 2015–Mar. 31, 2016)
Net income	1,941,604	2,867,650
Other comprehensive income		
Valuation difference on available-for-sale securities	18,789	(2,073)
Total other comprehensive income	18,789	(2,073)
Comprehensive income	1,960,394	2,865,577
(Breakdown)		
Comprehensive income related to parent company shareholders	1,960,394	2,865,577
Comprehensive income related to non-controlling shareholders	-	-

(3) Consolidated statement of changes in net assets

FY2014 (Apr. 1, 2014–Mar. 31, 2015)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current 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 belonging to parent company shareholders			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		Stock acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at the beginning of the current period	32,244	32,244	19,397	13,464,656
Changes in items during the period				
Dividends from surplus				(253,281)
Net income belonging to parent company shareholders				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	51,034	29,816	15,181,058

FY2015 (Apr. 1, 2015–Mar. 31, 2016)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the current period	2,745,734	3,013,136	9,493,765	(152,427)	15,100,208
Changes in items during the period					
Issuance of new shares	1,991,881	1,991,881			3,983,762
Dividends from surplus			(379,934)		(379,934)
Net income belonging to parent company shareholders			2,867,650		2,867,650
Purchase of treasury stock				(396)	(396)
Disposal of treasury stock				2,127	2,127
Net changes in items other than shareholders' equity				-	-
Total changes in items during the period	1,991,881	1,991,881	2,487,716	1,731	6,473,209
Balance at the end of the current period	4,737,615	5,005,017	11,981,481	(150,696)	21,573,417

	Accumulated other comprehensive income		Stock acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at the beginning of the current period	51,034	51,034	29,816	15,181,058
Changes in items during the period				
Issuance of new shares				3,983,762
Dividends from surplus				(379,934)
Net income belonging to parent company shareholders				2,867,650
Purchase of treasury stock				(396)
Disposal of treasury stock				2,127
Net changes in items other than shareholders' equity	(2,073)	(2,073)	4,178	2,105
Total changes in items during the period	(2,073)	(2,073)	4,178	6,475,314
Balance at the end of the current period	48,961	48,961	33,994	21,656,373

(4) Consolidated statements of cash flows

(Thousand yen)

	FY2014 (Apr. 1, 2014–Mar. 31, 2015)	FY2015 (Apr. 1, 2015–Mar. 31, 2016)
Net cash provided by (used in) operating activities		
Net income before income taxes	3,171,899	4,458,339
Depreciation and amortization	781,004	897,626
Amortization of goodwill	5,124	4,139
Increase (decrease) in allowance for doubtful accounts	86,077	120,813
Increase (decrease) in provision for bonuses	36,181	7,137
Increase (decrease) in net defined benefit liability	3,901	(19,826)
Losses (gains) on sales of investment securities	-	(156,912)
Increase (decrease) in provision for merchandise warranties	147,451	222,890
Interest and dividends income	(5,000)	(4,779)
Interest expenses	58,122	51,747
Foreign exchange losses (gains)	(1,526)	607
Equity in (earnings) losses of affiliates	(5,751)	(6,957)
Losses (gains) on sales of non-current assets	3,749	1,281
Losses on retirement of non-current assets	26,096	15,976
Impairment losses	-	28,379
Decrease (increase) in notes and accounts receivable - trade	(2,967,220)	(3,828,173)
Decrease (increase) in inventories	(772,789)	420,105
Decrease (increase) in accounts receivable - other	55,707	102,117
Increase (decrease) in notes and accounts payable - trade	(1,816,203)	(449,404)
Increase (decrease) in accounts payable - other	(172,782)	160,175
Decrease (increase) in other assets	(28,690)	(33,996)
Increase (decrease) in other liabilities	246,982	(9,773)
Other	27,904	71,636
Subtotal	(1,119,759)	2,053,151
Interest and dividend income received	2,835	2,722
Interest expenses paid	(57,895)	(50,993)
Income taxes paid	(1,337,921)	(1,488,003)
Net cash provided by (used in) operating activities	(2,512,741)	516,877

(Thousand yen)

	FY2014 (Apr. 1, 2014–Mar. 31, 2015)	FY2015 (Apr. 1, 2015–Mar. 31, 2016)
Net cash provided by (used in) investment activities		
Purchases of property, plants and equipment	(797,684)	(604,892)
Proceeds from sales of property, plants and equipment	249	113
Purchases of intangible assets	(260,480)	(291,704)
Proceeds from sales of investment securities	-	159,912
Payments for lease and guarantee deposits	(445,709)	(332,307)
Proceeds from collection of lease and guarantee deposits	110,082	127,362
Repayments of guarantee deposits received	(39,873)	(9,618)
Other	(2,750)	(19,431)
Net cash provided by (used in) investment activities	(1,436,165)	(970,566)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	23,840,000	53,600,000
Decrease in short-term loans payable	(20,220,000)	(52,920,000)
Repayment of long-term loans payable	(1,727,399)	(1,447,464)
Income from issuance of new shares	-	3,983,762
Decrease (increase) in treasury shares	(1,129)	1,730
Cash dividends paid	(253,549)	(380,127)
Net cash provided by (used in) financing activities	1,637,922	2,837,901
Effect of exchange rate changes on cash and cash equivalents	1,526	(607)
Net increase (decrease) in cash and cash equivalents	(2,309,457)	2,383,604
Cash and cash equivalents at the beginning of the period	4,679,944	2,370,487
Cash and cash equivalents at the end of the period	2,370,487	4,754,092

(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 equity method affiliated company

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 principles

(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, plants 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) Significant deferred assets

Share issuance costs are charged to expense as incurred.

(4) 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 FY2015.

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.

(5) Retirement benefits

Contributions to defined contribution plans are recorded as expenses for the period when employees provide services.

(Additional information)

To provide employee retirement benefits, certain consolidated subsidiaries recorded liabilities at the amount accrued at the end of each consolidated fiscal year. However, with the shift to a defined contribution pension system conducted in FY2015, the said liabilities were reversed, and the necessary additional contribution amount was reported as extraordinary losses.

(6) 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 loans

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 loans payable.

d) Valuation of hedge effectiveness

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

(7) Amortization method and period for goodwill

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

(8) Scope of funds in consolidated statements of cash flows

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.

(9) 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 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 FY2015, the allocation of the cost of acquisitions, as determined after review of provisional accounting treatment, is reflected in the consolidated financial statements for the consolidated fiscal year in which the business combination took place. Additionally, the presentation of net income, etc. has been changed, and the presentation of minority interests has been changed to non-controlling interests. To reflect these changes, the Company has reclassified its consolidated financial statements for the fiscal year ended March 31, 2015.

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 Combinations 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 April 1, 2015.

The application of these standards has no material impact on the consolidated financial statements.

(Notes to consolidated balance sheet)

*1 The details of inventories are as follows:

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Product	6,537,202 thousand yen	6,126,182 thousand yen
Work in process	9,745	1,845
Supplies	1,185	-

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

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Accounts receivable - other	987 thousand yen	4,281 thousand yen
Accounts payable - other	40,073	37,286

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

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Investment securities (stocks)	88,883 thousand yen	95,841 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:

FY2014 (Apr. 1, 2014–Mar. 31, 2015)	FY2015 (Apr. 1, 2015–Mar. 31, 2016)
16,768 thousand yen	70,818 thousand yen

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

	FY2014 (Apr. 1, 2014–Mar. 31, 2015)	FY2015 (Apr. 1, 2015–Mar. 31, 2016)
Tools, furniture and fixtures	3,787 thousand yen	1,331 thousand yen
Total	3,787	1,331

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

	FY2014 (Apr. 1, 2014–Mar. 31, 2015)	FY2015 (Apr. 1, 2015–Mar. 31, 2016)
Buildings and structures	17,007 thousand yen	8,054 thousand yen
Tools, furniture and fixtures	9,088	7,921
Total	26,096	15,976

*4 Impairment losses

The Group recorded an impairment loss on the following asset group:

FY2015 (Apr. 1, 2015–Mar. 31, 2016)

Location	Purpose	Type
Kanagawa prefecture	Business store	Buildings and structures

The Group has grouped assets mainly by store, which is the smallest and most basic unit generating cash flows. For stores that continuously incur operating losses and from which it is deemed to be less likely that the book value of non-current assets in an asset group is fully recoverable, the book value of the said asset group was written down as the recoverable amount, and the write-off amount was recorded as an impairment loss of 28,379 thousand yen in extraordinary losses.

The full amount (28,379 thousand yen) was for buildings and structures of business stores.

The recoverable amount of the said asset group is measured by the value in use, which is zero as no future cash flow is expected.

(Notes to consolidated statement of comprehensive income)

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

	FY2014 (Apr. 1, 2014–Mar. 31, 2015)	FY2015 (Apr. 1, 2015–Mar. 31, 2016)
Valuation difference on available-for-sale securities		
Amount arising during the period	26,846 thousand yen	(4,095) thousand yen
Reclassification adjustments	-	-
After deferred tax adjustments	26,846	(4,095)
Deferred tax amount	(8,056)	2,022
Valuation difference on available-for-sale securities	18,789	(2,073)
Total other comprehensive income	18,789	(2,073)

(Notes to consolidated statement of changes in net assets)

FY2014 (Apr. 1, 2014–Mar. 31, 2015)

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

	Number of shares at the beginning of FY2015 (shares)	Number of shares increased during FY2015 (shares)	Number of shares decreased during FY2015 (shares)	Number of shares at the end of FY2015 (shares)
Number of outstanding shares				
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 (Notes) 2 and 3	623,800	313,235	-	937,035
Total	623,800	313,235	-	937,035

(Notes) 1. The number of total shares outstanding increased due to the common stock split conducted on January 1, 2015 at a rate of 1 to 1.5.

2. The number of treasury shares increased by 313,235 shares due to the above stock split (311,926 shares) and an odd lot shares buyback (1,309 shares). The number of shares of treasury stock includes the 750,000 shares held in the Trust Account at the end of FY2015.

2. Stock acquisition rights and treasury stock acquisition rights

Category	Details of stock acquisition rights	Class of shares to be issued or transferred upon exercise of stock acquisition rights	Number of shares to be issued or transferred upon exercise of stock acquisition rights (shares)				Balance as of the end of FY2015 (Unit: JPY 1,000)
			As of the beginning of FY2015	Increase during FY2015	Decrease during FY2015	As of the end of FY2015	
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 as 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 25, 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 FY2015.

FY2015 (Apr. 1, 2015–Mar. 31, 2016)

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

	Number of shares at the beginning of FY2015 (shares)	Number of shares increased during FY2015 (shares)	Number of shares decreased during FY2015 (shares)	Number of shares at the end of FY2015 (shares)
Number of outstanding shares				
Common shares (Note) 1	38,928,000	4,924,000	-	43,852,000
Total	38,928,000	4,924,000	-	43,852,000
Treasury stock				
Common shares (Notes) 2 and 3	937,035	400	12,700	924,735
Total	937,035	400	12,700	924,735

(Notes) 1. The Company issued new shares through a public offering with the payment date being November 4, 2015 and through third-party allotment conducted in relation to a secondary offering of Company shares by way of over-allotment with the payment date being November 24, 2015. As a result, as of the end of the consolidated fiscal year under review, the number of total shares outstanding increased by 4,924,000 shares from the beginning of the fiscal year.

2. The number of treasury shares increased by 400 shares due to an odd lot shares buyback. A decrease of 12,700 shares occurred due to the contribution of shares to an employee stock ownership plan.
3. The number of shares of treasury stock includes the 737,300 shares held in the Trust Account at the end of FY2015.

2. Stock acquisition rights and treasury stock acquisition rights

Category	Details of stock acquisition rights	Class of shares to be issued or transferred upon exercise of stock acquisition rights	Number of shares to be issued or transferred upon exercise of stock acquisition rights (shares)				Balance as of the end of FY2015 (Unit: JPY 1,000)
			As of the beginning of FY2015	Increase during FY2015	Decrease during FY2015	As of the end of FY2015	
The Company and certain subsidiaries	Employee stock ownership plan "stock benefit trust (J-ESOP)"	Common shares	178,050	48,800	23,850	203,000	33,994
Total		-	178,050	48,800	23,850	203,000	33,994

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, 2015 The board of directors (Note) 1	Common shares	189,954	5.0	March 31, 2015	June 25, 2015
November 12, 2015 The board of directors (Note) 2	Common shares	189,978	5.0	September 30, 2015	December 4, 2015

(Notes) 1. 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 record date.

2. The above does not include a dividend of 3,725,000 yen on the 744,900 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 as 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 10, 2016 The board of directors	Common shares	279,027	Retained earnings	6.5	March 31, 2016	June 24, 2016

(Note) The above does not include a dividend of 4,792,000 yen on the 737,300 shares held in the Trust Account as of the end of FY2015.

4. Significant changes in equity capital

Based on the resolutions approved at the meetings of the board of directors held on October 13 and October 15, 2015, the Company issued new shares through a public offering with the payment date being November 4, 2015 and through third-party allotment conducted in relation to a secondary offering of Company shares by way of over-allotment with the payment date being November 24, 2015. Consequently, each capital and capital surplus increased by 1,991,881,000 yen. As a result of the above, consolidated capital totaled 4,737,615,000 yen and consolidated capital surplus totaled 5,005,017,000 yen as of the end of FY2015.

(Notes to consolidated statements of cash flows)

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

	FY2014 (Apr. 1, 2014–Mar. 31, 2015)	FY2015 (Apr. 1, 2015–Mar. 31, 2016)
Cash and deposits	2,370,487 thousand yen	4,754,092 thousand yen
Fixed term deposits exceeding 3 months	-	-
Cash and cash equivalents	2,370,487	4,754,092

(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 arranged 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 quoted market prices.

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

FY2014 (Apr. 1, 2014–Mar. 31, 2015)

(Thousand 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 statements of income.

FY2015 (Apr. 1, 2015–Mar. 31, 2016)

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	PC Sales Business	Internet-related Business	Total		
Net sales					
External customers	50,516,498	1,267,502	51,784,001	-	51,784,001
Inter-segment	1,157	948,613	949,771	(949,771)	-
Total	50,517,656	2,216,115	52,733,772	(949,771)	51,784,001
Segment income	4,212,790	361,081	4,573,872	(207,090)	4,366,781
Other items					
Depreciation and amortization	832,479	74,503	906,982	(9,355)	897,626

(Notes) 1. The negative 207,090 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 on the consolidated statements of income.

(Per share data)

	FY2014 (Apr. 1, 2014–Mar. 31, 2015)	FY2015 (Apr. 1, 2015–Mar. 31, 2016)
Net assets per share	398.81 yen	503.70 yen
Net income per share	51.11 yen	71.75 yen
Net income per share adjusted for latent shares	50.86 yen	71.39 yen

(Notes) 1. The Company split its shares 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:

	FY2014 (Apr. 1, 2014–Mar. 31, 2015)	FY2015 (Apr. 1, 2015–Mar. 31, 2016)
Net income per share		
Net income belonging to parent company shareholders (thousand yen)	1,941,604	2,867,650
Amount not attributed to common shareholders (thousand yen)	-	-
Net income belonging to parent company shareholders and attributable to common shares (thousand yen)	1,941,604	2,867,650
Average number of common shares during the period (shares)	37,992,059	39,966,200
Net income per share adjusted for latent shares		
(Basis for calculation)		
Adjustment on net income belonging to parent company shareholders (thousand yen)	-	-
Increase in the number of common shares (shares)	181,253	204,581
(Out of the increase, stock acquisition rights (shares))	(181,253)	(204,581)
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 737,300 shares held in the Trust Account are not included in the average number of common shares during the period, which was the basis for calculating net income per share and net income per share adjusted for latent shares, nor in the number of common shares as of the end of the period, which was the basis for calculating net assets per share.

(Material subsequent events)

N/A

(Sales by product category)

(Segment) Product category	FY2014 (Apr. 1, 2014–Mar. 31, 2015)		FY2015 (Apr. 1, 2015–Mar. 31, 2016)		YoY change (%)
	Amount (thousand yen)	Pct. of sales (%)	Amount (thousand yen)	Pct. of sales (%)	
(PC sales business)					
PCs	9,387,251	18.3	6,218,785	12.0	66.2
Peripherals	7,889,563	15.4	6,882,842	13.3	87.2
Accessories and supplies	3,332,365	6.5	3,173,262	6.1	95.2
Software	1,006,689	1.9	771,123	1.5	76.6
Previously owned products and other	8,501,115	16.6	8,715,488	16.8	102.5
Total product sales	30,116,985	58.7	25,761,502	49.7	85.5
Royalties and other revenue	138,032	0.3	110,577	0.2	80.1
Sales from solutions services	19,720,661	38.4	24,644,419	47.6	125.0
Total	49,975,679	97.4	50,516,498	97.5	101.1
(Internet-related business)	1,310,254	2.6	1,267,502	2.5	96.7
Total	51,285,934	100.0	51,784,001	100.0	101.0

(Notes)
1. The above amounts do not include consumption tax, etc.
2. Inter-segment transactions are written off by offsetting.
3. Sales at franchise stores where royalties and other revenues are earned total 1,466,912,000 yen.
4. "Sales from technical services and commissions" presented in the financial statements for the fiscal year ended March 31, 2015 has been standardized as "sales from solutions services" from the consolidated fiscal year ended March 31, 2016. Method of accounting for this item remains unchanged.
5. "Sales from solution services" contains product sales derived from the sale of service-inclusive products.

(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, retirement benefits, 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 22nd period (from Apr. 1, 2015 to Mar. 31, 2016) to be released on June 24, 2016.

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

Junichi Ishihara, Director (current Senior Executive Officer and General Manager of PCD Sales Division, Sales Management Headquarters)

Mineo Fukuda, Director (outside director candidate)

・ New auditor candidate

Yoshinari Noguchi, Auditor (outside auditor candidate)

- Director retiring from office

  Mitsuyoshi Hae, Managing Director and General Manager of Accounting and Finance Headquarters
- Auditor retiring from office

  Eizo Akashi, Auditor

3) Scheduled date for assumption of post

   June 23, 2016