



**Summary of Financial Results for the Three Months Ended June 30, 2016**  
**[Japanese standards] (Consolidated)**

August 9, 2016

PC DEPOT CORPORATION

Securities code: 7618

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Scheduled date of quarterly securities report filing:

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Stock Exchange Listing:

Tokyo (first section)

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August 12, 2016

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Yes

No

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2016 (April 1, 2016–June 30, 2016)

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

	Net sales		Operating income		Ordinary income		Net income belonging to parent company shareholders	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%
Three months ended June 30, 2016	12,598	3.0	1,434	75.5	1,465	72.9	990	82.5
Three months ended June 30, 2015	12,229	(1.8)	817	0.8	847	1.0	542	3.6

Note: Comprehensive income Three months ended June 30, 2016: 991 mil. yen (79.7%)

Three months ended June 30, 2015: 551 mil. yen (5.1%)

	Net quarterly inc. per share	Net quarterly inc. per share adjusted for latent shares
	Yen	Yen
Three months ended June 30, 2016	23.07	22.96
Three months ended June 30, 2015	14.28	14.20

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Mil. yen	Mil. yen	%	Yen
Three months ended June 30, 2016	34,559	22,376	64.6	520.29
Fiscal year ended March 31, 2016	35,275	21,656	61.3	503.70

Reference: Shareholder equity As of June 30, 2016: 22,335 mil. yen As of March 31, 2016: 21,622 mil. yen

2. Dividends

	Annual dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	5.00	—	6.50	11.50
Fiscal year ending March 31, 2017	—				
Fiscal year ending March 31, 2017 (forecast)		6.50	—	6.50	13.00

Note: Recent announcement of revisions to forecasted amounts of dividends: No

\* Effective on October 1, 2016, the Company will split its common shares at a rate of 1 to 1.2 shares. The forecasted amount of dividend per share calculated based on the number of shares prior to the stock split is 15.60 yen, which is an increase of 2.60 yen from the previous forecast.

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	30.09
Full year	54,000	4.3	4,920	14.0	5,000	14.5	3,370	17.5	65.42

Note: Recent announcement of revisions to earnings forecast: No

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\* Net income per share was calculated based on the average number of shares during the period with the stock split scheduled for October 1, 2016 taken into account.

\* Notes

(1) Were there changes in important subsidiaries during the three months under review (changes in specified subsidiaries resulting in modifications of the scope of consolidation): No

New companies — (Company name) Excluded companies — (Company name)

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

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

1) Were there changes in accounting principles caused by revisions to accounting standards: Yes

2) Were there changes other than 1): No

3) Were there changes in accounting estimates: No

4) Were there any restatements: No

(4) Number of outstanding shares (common shares)

1) Number of shares issued and outstanding as of the end of the period (including treasury stock)

2) Number of shares of treasury stock as of the end of the period

3) Average number of shares during the cumulative quarterly period

1Q of fiscal year ending March 31, 2017	43,852,000 shares	Fiscal year ended March 31, 2016	43,852,000 shares
1Q of fiscal year ending March 31, 2017	924,135 shares	Fiscal year ended March 31, 2016	924,735 shares
1Q of fiscal year ending March 31, 2017	42,927,398 shares	1Q of fiscal year ended March 31, 2016	37,990,901 shares

\* Presentation concerning the implementation status of quarterly review procedures

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

\* Explanation and other special notes regarding the appropriate use of the earnings forecast

Earnings forecasts and other statements on the future contained in this document are based on the information currently available to the Company as well as certain reasonable assumptions. Actual results may differ materially from the forecasts due to various factors. For details on assumptions and other matters regarding earnings forecasts, please see page 3 of the appendix, "1. Qualitative Information on the Consolidated Financial Results for the Three Months Ended June 30, 2016: (3) Explanation of qualitative information concerning forecasts of consolidated financial results for the fiscal year ending March 31, 2017."

Effective on October 1, 2016, the Company will split its common shares at a rate of 1 to 1.2 shares. Net income per share in Consolidated Forecast was calculated based on the average number of shares during the period with the stock split on October 1, 2016 taken into account.

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## 1. Qualitative Information on the Consolidated Financial Results for the Three Months Ended June 30, 2016

### (1) Explanation of operating results

During the three months ended June 30, 2016 (April 1, 2016–June 30, 2016), the Japanese economy showed a gradual recovery through a certain amount of influence of economic measures taken by the government. On the other hand, the growth of consumer spending remained at a low level.

The sales volume of PCs sold over the counter in Japan has dropped, and out of smartphones and other smart devices, low-price smartphones have been increasing. However, sales of new smartphones have been decreasing due to the longer replacement cycle of smartphones at major telecommunications companies, resulting in an overall ongoing difficult situation.

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 have renovated the Fujimino Store, an existing PC DEPOT store in Saitama prefecture, into the PC DEPOT Smart Life Fujimino Store (a new type of outlet that focuses more on providing services), subsequent to renovating other existing stores in Tokyo and Kanagawa prefectures. Moreover, as our first urban-style collaboration store in downtown Tokyo, we have opened the PC DEPOT Smart Life Lalaport Toyosu Store inside Books Kinokuniya. The total number of PC DEPOT Smart Life Stores was 28 as of the end of June 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 sales for these services have been brisk. We have also launched our original 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 together 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 increase of 3% and an increase of 20%, respectively, while year-on-year gross profit rose by 18.3%. 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 7.2% year-on-year.

As a result, we posted record-high operating income, ordinary income, and net income belonging to parent company shareholders. On a consolidated basis, net sales were 12.598 billion yen (up 3.0% YoY), operating income was 1.434 billion yen (up 75.5% YoY), and ordinary income was 1.465 billion yen (up 72.9% YoY). Net income belonging to parent company shareholders for the three months under review was 990 million yen (up 82.5% YoY).

Operating results per business segment are as follows:

#### 1) PC Sales Business

In terms of product marketing, we continued to step up sales of smart devices and the provision of support. Since autumn 2014, the PC market has been continuing to shrink and PC sales are still facing a difficult situation.

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, iPads, Android smartphones, and tablets. 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 relevant support services, instead of providing devices only, based on their environment. We sell various types of service-inclusive products including IoT (Internet of Things) devices. In March 2016, we launched our original new brand called "JUST PRICE FON," under which combinations of low-priced smartphones and our network services as an MVNO are provided along with support services. We started this new brand to meet the potential needs from customers who use smartphones for the first time, senior citizens, and children, looking for reasonably-priced smartphones that can be used safely and without difficulty. As described above, we strove to acquire new customers by strengthening a service product lineup targeting those facing difficulties and those inexperienced in the Internet and other technologies. As these services enjoy a high level of user satisfaction, the majority of members use these services for a long period, contributing to the steady sales of solution services. In addition, for possible malfunctioning that may be caused by the upgrade to Windows 10, which was available for free until July 29, 2016, we provided services to prevent or to solve problems such as an emergency free inspection service provided at shop counters for computers covered by the service, including those purchased at other outlets. As a result of the above, sales from solutions services steadily increased.

As of the end of June 2016, there were 26 directly managed PC DEPOT stores (located in Kanagawa, Tokyo, Chiba, Saitama, Shizuoka, Gunma, Tochigi, and Ibaraki prefectures) and 28 PC DEPOT Smart Life Stores (located in Tokyo, Kanagawa, Ibaraki, and Saitama 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 70 PC DEPOT stores nationwide. PC DEPOT PC Clinics had 58 stores: 53 stores directly managed by the Company, and 5 stores operated by a subsidiary (PC DEPOT STORES Co., Ltd.), giving us 128 PC DEPOT, PC DEPOT Smart Life, and PC DEPOT PC Clinic stores in total.

As a result, net sales for the PC sales business were 12.284 billion yen (up 3.1% YoY) and ordinary income for the segment was 1.575 billion yen (up 62.1% YoY).

## 2) Internet-related Business

In our Internet-related business, we worked on stepping up outsourcing of business operations among group companies. Due to an increase in the number of new projects for the WEB business handled by subsidiaries, the sales from this business increased, exceeding those in the previous year.

As a result of the above, net sales for the Internet-related business amounted to 314 million yen (up 1.0% YoY) and ordinary income for the segment was 99 million yen (up 17.0% YoY).

## (2) Explanation of financial condition

As of June 30, 2016, consolidated total assets were 34.559 billion yen, which represents a decrease of 715 million yen from March 31, 2016. Total liabilities were 12.182 billion yen, a decrease of 1.436 billion yen from March 31, 2016. Net working capital (the amount calculated by subtracting current liabilities from current assets) was 13.807 billion yen. Equity capital ratio was 64.6%, indicating continued financial soundness.

Total capital investments made during the three months ended June 30, 2016 totaled 353 million yen. These investments were covered by our own funds and additional capital.

## (3) Explanation of qualitative information concerning forecasts of consolidated financial results for the fiscal year ending March 31, 2017

Net sales, operating income, and ordinary income achieved during the three months ended June 30, 2016, were almost as planned and thus no revisions have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2017, announced in the Summary of Financial Results on May 10, 2016.

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

## 2. Summary Information (Notes) Related Items

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

N/A

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

(Application of the Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

Effective April 1, 2016, the Company applied the "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (Practical Issues Task Force No. 32 issued on June 17, 2016) in accordance with the revision of the Corporation Tax Act. As a result, the depreciation method for facilities attached to buildings and structures acquired on or after April 1, 2016 was changed from the declining-balance method to the straight-line method.

The impact of this change on the quarterly consolidated financial statements for the three months under review is not significant.

### (3) Additional information

(Application of the Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

Effective April 1, 2016, the Company applied the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 issued on March 28, 2016).

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly consolidated balance sheets

(Thousand yen)

	FY2015 (As of March 31, 2016)	FY2016 First Quarter (As of June 30, 2016)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,754,092	2,991,625
Accounts receivable	13,734,695	14,243,426
Inventories	6,128,027	6,551,586
Accounts receivable - other	209,637	179,043
Deferred tax assets	598,464	604,498
Other	535,352	551,400
Allowance for doubtful accounts	(307,545)	(310,709)
<b>Total current assets</b>	<b>25,652,724</b>	<b>24,810,871</b>
<b>Non-current assets</b>		
<b>Property, plants and equipment</b>		
Buildings and structures	6,801,502	6,868,966
Accumulated depreciation	(2,789,036)	(2,856,133)
Buildings and structures - net	4,012,465	4,012,833
Tools, furniture and fixtures	2,439,256	2,532,694
Accumulated depreciation	(1,683,229)	(1,729,516)
Tools, furniture and fixtures - net	756,026	803,178
Land	263,011	263,011
Construction in progress	8,548	9,288
Other	4,629	4,629
Accumulated depreciation	(2,853)	(3,106)
Other - net	1,775	1,523
<b>Total property, plants and equipment</b>	<b>5,041,828</b>	<b>5,089,833</b>
<b>Intangible assets</b>		
Goodwill	1,035	-
Other	803,022	786,922
<b>Total intangible assets</b>	<b>804,057</b>	<b>786,922</b>
<b>Investments and other assets</b>		
Investment securities	194,574	199,697
Deferred tax assets	307,040	315,436
Guarantee deposits	1,810,575	1,796,625
Lease deposits	1,323,031	1,330,459
Other	141,510	229,833
<b>Total investments and other assets</b>	<b>3,776,732</b>	<b>3,872,053</b>
<b>Total non-current assets</b>	<b>9,622,618</b>	<b>9,748,809</b>
<b>Total assets</b>	<b>35,275,342</b>	<b>34,559,680</b>

(Thousand yen)

	FY2015 (As of March 31, 2016)	FY2016 First Quarter (As of June 30, 2016)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,245,674	1,460,147
Short-term loans payable	5,200,000	4,400,000
Current portion of long-term loans payable	1,044,915	909,912
Accounts payable - other	1,342,463	1,256,527
Income taxes payable	1,192,140	496,536
Provision for bonuses	202,300	392,100
Provision for merchandise warranties	530,244	567,613
Other	1,514,034	1,521,028
Total current liabilities	12,271,772	11,003,865
Non-current liabilities		
Long-term loans payable	751,882	591,894
Long-term accounts payable - other	99,152	91,733
Asset retirement obligations	411,782	413,523
Long-term guarantee deposits received	84,380	81,840
Total non-current liabilities	1,347,196	1,178,992
Total liabilities	13,618,968	12,182,858
<b>Net assets</b>		
Shareholders' equity		
Capital stock	4,737,615	4,737,615
Capital surplus	5,005,017	5,005,017
Retained earnings	11,981,481	12,692,670
Treasury stock	(150,696)	(150,730)
Total shareholders' equity	21,573,417	22,284,571
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	48,961	50,502
Total accumulated other comprehensive income	48,961	50,502
Stock acquisition rights	33,994	41,747
Total net assets	21,656,373	22,376,822
Total liabilities and net assets	35,275,342	34,559,680



(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
 (Quarterly consolidated statement of income)  
 (First quarter of consolidated period)

(Thousand yen)

	FY2015 First Quarter (Apr. 1, 2015–Jun. 30, 2015)	FY2016 First Quarter (Apr. 1, 2016–Jun. 30, 2016)
Net sales	12,229,496	12,598,927
Cost of sales	7,181,527	6,628,793
Gross profit	5,047,968	5,970,133
Selling, general, and administrative expenses		
Advertising expenses	212,978	254,947
Sales commissions	155,959	180,110
Directors' compensation	40,620	48,198
Salaries and allowances	1,541,287	1,680,835
Provision for bonuses	172,568	189,800
Retirement benefit expenses	20,060	21,692
Supplier expenses	117,444	154,917
Depreciation and amortization	187,940	205,273
Amortization of goodwill	1,034	1,035
Rent expenses on real estate	603,154	617,627
Other	1,177,818	1,181,653
Total selling, general, and administrative expenses	4,230,867	4,536,090
Operating income	817,101	1,434,042
Non-operating income		
Interest income	44	1
Dividends income	1,524	1,056
Sales incentives	10,811	8,935
Rent income	35,430	35,430
Commission fees	10,456	10,152
Equity in earnings of affiliates	2,495	2,903
Other	13,353	11,522
Total non-operating income	74,117	70,002
Non-operating expenses		
Interest expenses	14,786	8,515
Rent expenses	28,588	28,588
Other	175	1,446
Total non-operating expenses	43,549	38,550
Ordinary income	847,668	1,465,494
Extraordinary losses		
Losses on retirement of non-current assets	1,470	14,038
Losses on transition to a defined contribution pension plan	19,716	-
Total extraordinary losses	21,186	14,038
Quarterly net income before income taxes	826,481	1,451,455
Income taxes - current	323,949	476,348
Income taxes - deferred	(40,046)	(15,108)
Total income taxes	283,903	461,240
Quarterly net income	542,577	990,215
Quarterly net income belonging to non-controlling shareholders	-	-
Quarterly net income belonging to parent company shareholders	542,577	990,215

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(Quarterly consolidated statement of comprehensive income)  
 (First quarter of consolidated period)

(Thousand yen)

	FY2015 First Quarter (Apr. 1, 2015–Jun. 30, 2015)	FY2016 First Quarter (Apr. 1, 2016–Jun. 30, 2016)
Quarterly net income	542,577	990,215
Other comprehensive income		
Valuation difference on available-for-sale securities	9,394	1,540
Total other comprehensive income	9,394	1,540
Comprehensive quarterly income	551,972	991,756
(Breakdown)		
Comprehensive quarterly income related to parent company shareholders	551,972	991,756
Comprehensive quarterly income related to non-controlling shareholders	-	-

(3) Notes on quarterly consolidated financial statements

(Notes on premise of going concern)

N/A

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

N/A

(Segment information)

[Segment information]

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

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

(Thousand yen)

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

(Notes) 1. The negative 209,249 thousand yen adjustment in segment income includes a negative 210,236 thousand yen due to inter-segment eliminations of dividends received.

2. Segment income is reconciled to ordinary income in the quarterly consolidated statements of income.

2. Information on impairment losses of non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses related to non-current assets)

N/A

(Significant changes in the amount of goodwill)

N/A

(Significant gains on negative goodwill)

N/A

II. FY2016 first quarter (April 1, 2016 to June 30, 2016)

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

(Thousand yen)

	Reportable segment			Adjustment (Note 1)	Amount on quarterly consolidated statements of income (Note 2)
	PC Sales Business	Internet-related Business	Total		
Net sales					
(1) External customers	12,284,542	314,384	12,598,927	-	12,598,927
(2) Inter-segment	168	241,084	241,253	(241,253)	-
Total	12,284,711	555,468	12,840,180	(241,253)	12,598,927
Segment income	1,575,573	99,249	1,674,822	(209,328)	1,465,494

(Notes) 1. The negative 209,328 thousand yen adjustment in segment income includes a negative 210,236 thousand yen due to inter-segment eliminations of dividends received.

2. Segment income is reconciled to ordinary income in the quarterly consolidated statements of income.

2. Information on impairment losses of non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses related to non-current assets)

N/A

(Significant changes in the amount of goodwill)

N/A

(Significant gains on negative goodwill)

N/A

4. Supplementary Information

Sales results

(Sales by product category)

	FY2015 First Quarter (Apr. 1, 2015–Jun. 30, 2015)		FY2016 First Quarter (Apr. 1, 2016–Jun. 30, 2016)		YoY change (%)
	Amount (thousand yen)	Pct. of sales (%)	Amount (thousand yen)	Pct. of sales (%)	
<b>(PC sales business)</b>					
PCs	1,696,245	13.9	1,590,129	12.6	93.7
Peripherals	1,635,894	13.4	1,464,127	11.6	89.5
Accessories and supplies	706,247	5.8	682,469	5.4	96.6
Software	205,084	1.7	177,051	1.4	86.3
Previously owned products and other	1,995,797	16.3	1,568,755	12.5	78.6
Total product sales	6,239,269	51.1	5,482,534	43.5	87.9
Royalties and other revenue	27,934	0.2	19,694	0.2	70.5
Sales from solutions services	5,651,155	46.2	6,782,314	53.8	120.0
Total	11,918,359	97.5	12,284,542	97.5	103.1
<b>(Internet-related business)</b>	311,136	2.5	314,384	2.5	101.0
Total	12,229,496	100.0	12,598,927	100.0	103.0

(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 353,058,000 yen.