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Press Release

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PC Depot Monthly Sales Report

Sales for the month of November in the fiscal year ending March 2017 were as follows.

1. Monthly sales report

- 1) Sales compared to the same month of the previous year (Directly managed/ subsidiary stores and PC Clinics)

(%)	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	YTD
All Stores	100.2	104.5	106.4	106.9	89.5	76.6	80.9	82.3					93.2
Existing Stores	100.6	104.6	106.6	107.4	90.1	78.5	82.1	83.1					94.0

- 2) Segmental sales compared to the same month, previous year (Directly managed/ subsidiary stores and PC Clinics)

(%)	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	YTD
Products	87.2	90.5	90.2	92.7	71.8	56.3	66.6	72.7					78.7
Services	115.0	119.9	123.2	121.8	107.6	96.2	94.6	91.4					108.1

2. Summary

- 1) Monthly sales summary for November (fiscal year ending March 2017)

In November of the fiscal year ending March 2017, out of product sales and solution services sales, sales of technical services were lower compared to the same month of the previous year. We have gradually resumed active sales promotion activities since 19th of November, which we have voluntarily restrained active sales promotion regarding our premium service actions in August. Efforts, however, have been imperfect and sales for all stores were lower to those of the same month of the previous fiscal year.

Furthermore, due to the decreasing number of product line up of combined-services products in the solution services sales category, the sales of combined-services products were significantly lower compared to the same month of the previous year. Despite this, sales of premium services under the monthly maintenance service membership system were higher than those of the same month of the previous fiscal year due to increased memberships.

As a result of the above, all stores sales were 82.3% and existing store sales were 83.1% respectively, compared to the same month of the previous year.

The main factors in the decline of sales in November were the same as those of the previous month:

- i) Decline in product sales, technical services, and new premium memberships due to company-wide suspension of sales promotion activities including voluntary restraint in new newspaper insert advertisements and day sales promotions on weekends until the 18th of November.
- ii) Sales of combined-services products declined due to the decreasing number of product line up of combined-services products in the solution services sales category from the beginning of November.
- iii) Sales staff shortage due to personnel reassignment
 Personnel have been temporarily reassigned to positions of quality control (newly assigned staff that review a customer's contract details) and support staff to deal with matters disclosed in August.

The postponement of plans to open new PC Depot Smart Life stores and upgrade existing PC Depot stores to PC Depot Smart Life stores, and the cancellations of or changes to premium service contracts had no material impact on November sales.

The November contract cancellation rate, including contracts that expired in November, was 1.2% (Normal rate approx. 0.6% + impact of matters disclosed in August approx. 0.6%)

(Ref.) August cancellation rate approx. 0.9% (normal rate 0.6% + related to matters disclosed in August approx. 0.3%)

September cancellation rate approx. 1.6% (normal rate 0.6% + related to matters disclosed in August approx. 1%)

October cancellation rate 1.6% (normal rate 0.6% + related to matters disclosed in August approx. 1%)

2) Segment Sales

The main factors in the decline in products and service sales were the same as those of the previous month

① Product Sales

Product sales for November were 72.7% compared to the same month of the previous year. The main reasons were as follows:

- A. PC sales were weak owing to the reactions to the end of the free upgrade period to Windows 10.
- B. Smart phone sales were lower compared to the same month of the previous year due to voluntary restraint on sales promotion activities

② Solution Service sales

Solution Service sales for November were 91.4% compared to the same month of the previous year. The main reasons of the fluctuation were as follows:

- A. Sales of premium services under the monthly maintenance service membership system were higher than the same month of the previous fiscal year due to increased memberships.
- B. Repair and the technical services sales and combined-services products were significantly lower than those of the same month of the previous year due to voluntary restraint of sales promotion activities and the necessary reassignment of sales and engineering personnel to quality control and membership service support positions
- C. Sales of PC Depot's original smart-phone produce "JUST PRICE FON" in April 2016, were low due to insufficient sales personnel because of the reassignment of sales staff to positions of quality control.

3. Progress report on the projects announced on August 17, and August 25, 2016.

As announced on August 17 and August 25, 2016, PC Depot has commenced the following initiatives to restore the trust of members and other customers:

(Progress Report)

1. Contacting existing customers to confirm their usage details so they can use our services with peace of mind.
At the end of October 2016, PC Depot completed sending DMs to all known customers as of August. PC Depot will mainly use DMs from now on for contacting customers to check their contract status. We, however, also continue to check each customer's usage status on their store visits and on phone support upon customers' requests.
2. We have started offering a new premium service and are promoting migration towards this. We will further enhance, improve and review all customer services including service content, operation and sales staff manner through working with independent advisers on consumer affairs and with other external professionals.

(New measures)

3. Installation of an advisory board
PC Depot will be installing an advisory board consisting of independent advisers and external professionals in order to understand consumer perspectives and to improve corporate governance. The advisory board will consist of the following 6 members.

Advisory Board Members

Ms. Hisa Anan, Representative Director of Association to create a society with consumer citizenship (ASCON) (The former Minister of State of Japan for Consumer Affairs Agency)

Mr. Susumu Maruyama, Chief Fellow for Special Research, Institute for International Socio-Economic Studies (IISE) (The former Ministry of Economy, Trade and Industry Minister's Secretariat Policy Evaluation Deputy)

Ms. Taeko Yurine, Executive Director of Japan Consumer's Association (The former Cabinet Office consumer Committee)

Mr. Takahisa Nojima, President and Chief Executive Officer of PC Depot Corporation

Mr. Atsuomi Obayashi, Outside Director, PC Depot Corporation
(Currently a Professor of Graduate School of Business Administration, Keio University)

Mr. Nobuyuki Tanaka, Managing Director, the head of Legal Affairs and Compliance Office, PC Depot Corporation

With an aging population and the increasing prevalence of IT in society, PC Depot believes that through its solutions centered on its premium service it can provide support to those experiencing difficulties with technology, and make a significant contribution to breaking down the "digital divide". This attitude is encapsulated in PC Depot's slogans: "*tsukaitai no ni tsukaena*" and "*tsukaete ita noni tsukaenakunatta*" (English translation: "*Want to use, but can't use*" and "*Could use but now can't anymore*"). PC Depot and its employees are committed to delivering the highest quality of services to its customers.

4. Outlook

We have revised our earnings estimate for FY3/2017 on 8th of November 2016, which was previously announced on the 10th of May 2016. For details, please refer to our press release announced on the 8th of November 2016, entitled "Notice of revised forecast of financial results FY3/2017 and change between 1H earnings estimates and actual results".

*All figures contained in this material are preliminary POS figures for the purpose of providing a progress report in a timely manner. Please be aware that these figures will differ from the final financial results.

END

PC DEPOT CORPORATION-Monthly Report for the Term Ending March 31, 2017

1. Net sales compared to the same month of the previous year (directly managed stores and subsidiary stores)

	April	May	June	First quarter	July	August	September	Second quarter	First half total	October	November	December	Third quarter	January	February	March	Fourth quarter	Second half total	Full year
All stores	100.2	104.5	106.4	103.6	106.9	89.5	76.6	90.9	97.2	80.9	82.3		81.6					81.6	93.2
Existing stores	100.6	104.6	106.6	103.8	107.4	90.1	78.5	91.9	97.8	82.1	83.1		82.6					82.6	94.0
(Reference: Previous year)																			
All stores	88.9	102.8	104.4	97.9	103.0	102.3	103.8	103.0	100.4	103.9	95.7	99.1	99.4	104.3	107.6	98.5	103.2	101.3	100.9
Existing stores	86.4	100.4	100.8	95.2	100.4	100.3	99.8	100.2	97.6	103.4	96.0	98.7	99.2	103.7	106.6	99.3	103.1	101.1	99.5

2. Net sales compared to the same month of the previous year by segment (directly managed stores and subsidiary stores)

	April	May	June	First quarter	July	August	September	Second quarter	First half total	October	November	December	Third quarter	January	February	March	Fourth quarter	Second half total	Full year
Before correction																			
Products	85.6	88.7	88.4	87.5															
Services	116.8	121.9	125.1	121.2															
(Reference: Final financial results)																			
After correction																			
Products	87.2	90.5	90.2	89.2	92.7	71.8	56.3	73.8	81.6	66.6	72.7		69.6					69.6	78.7
Services	115.0	119.9	123.2	119.3	121.8	107.6	96.2	108.3	113.6	94.6	91.4		93.0					93.0	108.1

Products				87.9				71.7	80.0										80.0
Services				120.0				110.5	115.1										115.1

(Reference: Previous year)

Products	76.7	93.4	93.5	86.6	91.0	89.0	89.6	89.9	88.2	89.2	82.3	88.8	86.9	94.6	93.5	86.9	91.6	89.2	88.7
Services	112.9	118.2	120.2	117.0	122.1	123.9	124.0	123.4	120.2	124.1	112.3	114.4	116.5	118.7	123.2	113.1	118.1	117.3	118.6

3. Changes in the number of stores (including directly managed stores, subsidiary stores, and PC Clinics)

Beginning of the year	April	May	June	July	August	September	October	November	December	January	February	March	Full year
123	123	123	125	125	125	125	125	125					125
including PC DEPOT Smart Life	25	25	28	28	28	29	29	29					29
Renovated Store			1			1	1						3
NEW			3										3
memo			Fujimino Toyosu Mito Kamisu *			Matsudo	Minato Mirai (Relocated)						

* PC Clinic in K's Denki Kamisu Store

* Net sales compared to the same month of the previous year in Section 1 are calculated using POS data from PC DEPOT and PC DEPOT Smart Life stores directly run by PC DEPOT or its subsidiary as well as from PC DEPOT PC Clinic stores.

* Net sales from services are the sum of the preliminary figures for technical service fees, various commissions, and communication charges, etc. The data transmission charges for MVNO business are included in the net sales from services.

* All figures contained in this material are preliminary POS figures. Net sales from services are approximate and include anticipated rebates, etc. It should be noted that these figures will differ from the final financial results.

* Subsidiary stores are the ones managed by PC DEPOT STORES CORPORATION.

■ Announcement

The monthly report for December will be published around January 10.

■ For inquiries regarding this material contact:

IR officer at 045-472-9838 or ir@pcdepot.co.jp

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Please be aware that these figures will differ from the final financial results.