

Investor's Guide

Financial Results for Fiscal Year 2017 (April 1, 2017 to March 31, 2018)







To Our Shareholders

Business Results for the Year Ended March 31, 2018

I would like to express my sincere gratitude for your continued support and patronage.

About Our 2018 March Term Results

Our group has continued our journey as a "Smart Life Partner" that supports one-stop computer sales, repairs, and anything related to the internet.

For in-store sales, we continue to provide overall services for consumer needs within our membership service. This includes data transfers and house-call configuration services for computers, also address book transfers and low-priced SIM support for smartphones.

A hot topic for the 2018 March term is the release of a Value Pack, our new product, which includes a premium membership service (a maintenance service with monthly fees) for Apple Macintosh computers. This service was created in time for the new iPhone release in September. We also offer a Value Pack for computers running Windows OS as well. These packages offer overall services providing premium member merits that go one step further than computer purchases and maintenance, making the service popular among subscribing members. There is also a "Hardware Solution Plan (a consolidated hardware maintenance service with monthly fees)" especially for members that offers services for wireless printers, Apple TV, network storage, and other network devices. We continue to prioritize Premium Service subscribers and offer products according to member needs such as specialized devices, damage warranties, communication channels, and make resolving customer "problems" our priority as a Smart IT Life support partner. We have been making efforts to increase regular customers by offering free consultations for concerns that include problems with current internet connections, and trouble with devices such as

computers and smartphones purchased from other companies. As a result, our Group's sales were 43.5 billion 90 million yen (6.1% less than the previous year), operating profits were 2.9 billion 81 million yen (12.4% less than the previous year), ordinary income was 3 billion 79 million yen (11.2% less than the previous year), and the current net income attributed to the parent company was 1.9 billion 58 million yen (13.7% less than the previous year).

Our future outlook

Japan's economy is forecast to undergo a gradual recovery. However, it is unclear how the world's economy and currency trends will change.

In this environment, it is estimated that the IoT environment, which includes computers, smartphones, and tablets, will steadily grow and evolve. For consumers, it is forecast that the need for solutions that incorporate daily needs such as using smart devices according to one's living environment and how to use devices to discover one's life values will also grow.

Our group will boost services even further with a focus on our Premium Service subscribers. In addition to devices, networks, and content, we will implement "FACE to FACE Communication" with our staff rich in technological knowhow and experience, to get in touch with people connected with our members and create future values. We will also strive to provide better lives through solutions for value creations that transcend monetary and physical values, such as enabling communication regardless of age group, and solutions that contribute to learning such as STEM education for younger generations.

Our company's CSR activities have a fundamental policy of "resolving the digital divide, which occurs through factors such as

age, gender, income, education, and living area, by way of our stores." Under this CSR policy, the entire Group has started reeducation on wide range of topics such as work, education, productivity, and social contributions by building a foundation on which to create a sustainable corporation as our goal. All staff members will draw up their own lifestyle "Design" through various programs featured at the workplace and in the company, to promote business operations with views on the future society, company, and individuals.

As for store developments, we have been making efforts to offer benefits such as creation of comfortable and fun spaces along with a wide range of membership services. We also aim to support a diverse array of internet devices. In addition to this, efforts to create member values by FACE to FACE Communication are also being made. Furthermore, we will continue to renovate our stores into "PC DEPOT Smart Life Stores," which put increased weight on membership services. As for new "PC DEPOT Smart Life Stores" and "PC DEPOT PC Clinics," we will flexibly respond to upcoming situations as we meet them.

In addition to the lively internet service provider business, we will continue to stabilize operations related to the internet by enhancing cooperation within the Group, offering follow-up and service systems related to the Premium Member subscriptions provided by the PC DEPOT Group.

As I have noted, we will attempt to reinforce services by enhancing correspondence through FACE to FACE Communications with both members and each customer, and by enhancing store operations, staff reeducation, quality, and governance, to create new future values for people connected with our members. Due to the above policy, the year in which activities will take place will call for a temporary downsizing of sales promotions such as major sales and discounts. This means fewer advertisements and more investments toward reeducation of human resources along with acquiring human resources for long-time growth. With the cooperation of our members, we also plan to increase days off and shorten business times at our stores. All these activities are to be implemented or developed further than the present circumstances. We will promote transition from "growth through guantity and efficiency" to "growth through increased productivity and high-quality value production" and shift the weight of our planning proposals/creations from

Our fundamental stance is to ensure our sustainable growth and staying power as a corporation

"resolving problems" to "having members entrust their future to us." The planned forecast for our total consolidated results for the March period of 2019 is sales of 43 billion yen (1.4% less than the previous year), operating profits at 2.4 billion yen (19.5% less than the previous year), ordinary income at 2.5 billion yen (18.8% less than the previous year), and the current net income attributed to the parent company at 1.6 billion 50 million yen (15.8% less than the previous year). Furthermore, our Group has a mid-term goal of attaining a 10% ratio of current profits to assets, and more than a 15% return on equity to improve corporate values.

We will establish a sustainable business design that fosters our future outlook and allows our company to exist with a shared "sustainable social significance while embracing ethical and moral perspectives" for our stakeholders.

The following value creations are challenges we face. I would like to touch on our approach and driving force behind this. As a prerequisite, in addition to the industry structure of the categories we need to approach for growth, we have taken a multi-angle look that includes the corporate stance, employee ethics, and acceptance from society. We have organized an overall policy that includes approaches we may take and have established five values. 1. Contribution to society and sociality, 2. Environmental factors, 3. Working and learning stances, 4. New values created by us including fun factors, and 5. Corporate and operational control.

By looking at each issue and development with a diverse point-of-view, we will configure goals and restructure ourselves through a specific "core" corporate principle.

From now on, we will shift from quantity to quality, from materialism to spiritual fulfilment, and from present values to future values. We will continue to engage in mutual communication and deepen our connections with our stakeholders. For this, I would like to express my gratitude for your continued support.

Further details can be viewed at the "To the Stakeholders" which will be published on our website on May 25.

> Takahisa Nojima President and Chief Executive Officer

The PC DEPOT Smart Life Store (Imagery for the Roppongi store)

Purchasing and consultation



computer/smartphone troubles, printer troubles, data loss, and purchases made at other stores-whether the product is under warranty or not!

* The photo is for illustrative purposes only. The actual shop facilities and products may differ.



to use products purchased at other stores or online. We offer a diverse lineup of services for concerns which customers may not have been able to ask about elsewhere and we will work to resolve any minor problem you may have.

with your computer or internet connection. We support products purchased at other stores as well. Please phone us to inquire about this service.



Membership services

Maintenance services with monthly fees

Technical

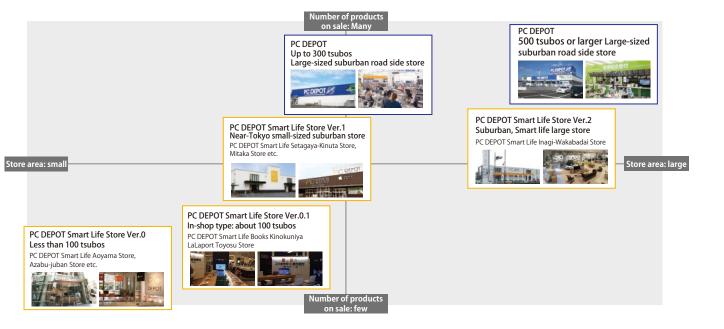
configurations and question you might have on digital devices.

Operation Staff

They take care of handling customers and payments and offer other guidance while customers are waiting for service etc.

Future store development

Store format (PC DEPOT and PC DEPOT Smart Life Store)



Store development (as of March 31, 2018)

	Store format	Directly-operated store	Subsidiary-operated store	FC-operated store	Total
PC DEPOT	Large-sized suburban store	16store	12 _{store}	3 _{store}	31 _{store}
PC DEPOT Smart Life Store	Small- to medium-sized store in the Tokyo metropolitan area	39 store	1 store	-	40store
PC DEPOT PC clinic	In-shop PC clinic counter	53store	5store	-	58store
* Renovation scheduled for June 2018					

New stores



PC DEPOT Smart Life Tama New Town Store (Existing store renovation) (Opened on June 10, 2017)



PC DEPOT Smart Life Koshigaya Store (Existing store renovation) (Opened on June 17, 2017)







PC DEPOT Smart Life Makuhari Inter Store (Existing store renovation) (Opened on September 9, 2017)

PC DEPOT Smart Life Oyama Store (Existing store renovation) (Opened on September 16, 2017)





(Opened on March 2, 2018)

PC DEPOT Smart Life Tokorozawa Store (Existing store renovation) (Opened on September 30, 2017)







PC DEPOT Smart Life Roppongi Store

(Opened on July 21, 2017)





PC DEPOT Smart Life Nagano Store (Existing store renovation) (Opened on September 23, 2017)

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PC DEPOT Smart Life Sakado Store (Existing store renovation) (Opened on March 16, 2018)



www.pcdepot.co.jp/shop

PC DEPOT shop information Search

Financial statements (summary)

Consolidated balance sheet

(Unit: million ven)	FY2016 As of March 31, 2017	FY2017 As of March 31, 2018	Amount of increase/ decrease
Assets			
Total current assets	26,123	26,251	128
Total non-current assets	9,506	8,801	-704
Total assets	35,629	35,053	-575
Liabilities			
Total current liabilities	6,786	6,279	-506
Total non-current liabilities	5,830	5,523	-307
Total liabilities	12,617	11,803	-814
Total net assets	23,011	23,250	238
Total liabilities and net asset	s 35,629	35,053	-575

Note: All amounts have been rounded off to the nearest unit displayed.

Assets: A decrease was seen due to increased collection of receivables stemming from the reduction in sales of all-in-one, service integrated products. There has been a surge in accounts receivable after all-in-one, service integrated products for member subscriptions underwent a major release on September 22.

Liabilities: A decrease was seen due to reserve funds related to product warranties being reviewed.

Consolidated income statements

(Unit: million yen/%)	FY2016 From April 1, 2016 to March 31, 2017	FY2017 From April 1, 2017 to March 31, 2018	Rate of increase/ decrease
Net sales	46,417	43,590	-6.1
Gross profit	21,249	20,044	-5.7
Selling, general, and administrat expenses	^{ive} 17,846	17,062	-4.4
Operating income	3,402	2,981	-12.4
Ordinary profit	3,467	3,079	-11.2
Income before income taxes and minority interests	3,322	2,929	-11.8
Net income belonging to parent company shareholders	2,269	1,958	-13.7

Note: All amounts have been rounded off to the nearest unit displayed, and percentages have been rounded off to the second decimal point.

Net sales: Sales for Solution Services decreased when compared to the previous years since the all-in-one, service integrated product sales were halted during the first half of the year. However, due to the major release of all-in-one, service integrated products for member subscriptions on September 22, the latter half of the year showed an upward trend.

Consolidated cash flow statements

(Unit: million yen)		FY2017 From April 1, 2017 to March 31, 2018	Amount of increase/ decrease
Cash flow from operating activities	4,292	5,045	752
Cash flow from investing activities	-1,090	-297	793
Cash flow from financing activities	-229	-1,876	-1,646
Cash and cash equivalents at the end of the period	7,726	10,597	2,871

Note: All amounts have been rounded off to the nearest unit displayed.

Cash flow from operating activities: A reduction in trade receivables, current net income before adjustment such as taxes, and an increase in depreciation expenses caused a rise.

Cash flow from investing activities: Expenditures due to acquiring tangible assets caused a decrease.

Cash flow from financing activities: Expenditures due to payment of dividends and acquirement of our own company stock caused a decrease.

Sales by product category

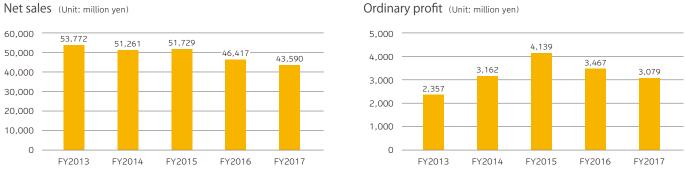
(Unit: million yen/%)	FY2016 From April 1, 2016 to March 31, 2017	FY2017 From April 1, 2017 to March 31, 2018	Rate of increase/ decrease
PCs	5,743	4,979	-13.3
Peripherals	5,142	4,411	-14.2
Accessories and supplies	2,122	2,127	0.2
Software	521	561	7.8
Previously owned products and oth	_{er} 6,569	5,639	-14.1
Total product sales	20,099	17,720	-11.8
Royalties and other revenue	75	62	-17.6
Sales from solution services	24,984	24,566	-1.7
PC sales business	45,159	42,349	-6.2
Internet-related business	1,258	1,241	-1.3
Total	46,417	43,590	-6.1

Note: All amounts have been rounded off to the nearest unit displayed, and percentages have been rounded off to the second decimal point.

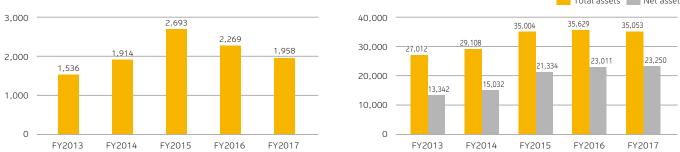
Sales from solution services:

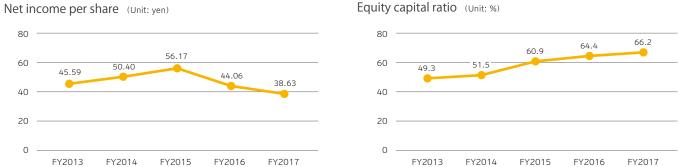
Due to the major release of all-in-one, service integrated products for member subscriptions on September 22, this has transitioned to an upward swing. (Since this is a service product, sales for devices to be used along with these services are handled as Solution Service Sales.)

Financial highlights



Net income belonging to parent company shareholders (Unit: million yen)





*The Company conducted a 1-for-1.5 common stock split in January 2015, and 1-for-1.2 common stock split in October 2016. The figures shown above were calculated as if each stock split had been conducted at the start of the immediately-preceding fiscal year.

*Prior period settlements were adjusted on May 31, 2017. For details, please see our official corporate website.

Total assets/net assets (Unit: million yen)

Total assets 📃 Net assets

Share Information

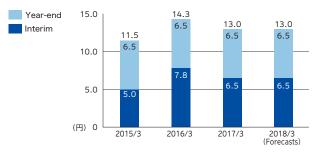
Company Profile / Information for Shareholders

Dividend performance

Our basic policy is to continue to return profits through stable dividends over the long term with a consolidated payout ratio of approximately 30%, while keeping in mind the importance of strengthening our financial standing and enriching retained earnings.

For the year ended March 2018, dividend per share for the second guarter is 6.5 yen and year-end dividend is 6.5 yen.

Dividend per share (yen per share)



Shareholders benefits

Every year we present registered shareholders owning 100 or more shares as of March 31 with shareholder vouchers that can be used for purchases at our stores under the following conditions: these

complementary tickets for shareholders can be used at PC DEPOT stores, PC DEPOT Smart Life stores, PC DEPOT PC Clinics, PC DEPOT Internet Shops, and Total Service Call Center (by mail). For details on how to use the complimentary stockholder tickets, please view the information leaflet included with the tickets.

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Number of shares held	A. Shopping special benefit	B. Technical service special benefit
100 shares or more	Equivalent to 1,000 yen	Equivalent to 2,000 yen
400 shares or more	Equivalent to 2,000 yen	Equivalent to 4,000 yen
1,000 shares or more	Equivalent to 3,000 yen	Equivalent to 6,000 yen
5,000 shares or more	Equivalent to 10,000 yen	Equivalent to 20,000 yen
10,000 shares or more	Equivalent to 20,000 yen	Equivalent to 40,000 yen
40,000 shares or more	Equivalent to 50,000 yen	Equivalent to 100,000 yen
100,000 shares or more	Equivalent to 70,000 yen	Equivalent to 140,000 yen

Status of shares

Total number of shares authorized to be issued 160),200,000 shares
Total number of shares outstanding	2,622,400 shares
Number of shareholders	6,256 persons

Maior shareholders

Name of shareholder	Number of shares held (shares)	Voting rights ratio (%)
TN HOLDINGS CO,LTD.	10,800,000	21.20%
Takahisa Nojima	5,058,960	9.93%
THE MASTER TRUST BANK OF JAPAN, LTD.(TRUST ACCOUNT)	4,350,900	8.54%
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	2,661,800	5.22%
THE BANK OF NEW YORK MELLON(INTERNATIONAL) LIMITED 131800	2,026,400	3.97%
HIKARI TSUSHIN, INC.	1,933,100	3.79%
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	1,665,360	3.27%
PC DEPOT CORPORATION	1,573,125	—
MSCO CUSTOMER SECURITIES	1,432,695	2.81%
Mizuho Bank, Ltd.	1,418,400	2.78%

Composition of shareholders

Individuals and others 24.41%	Financial institutions 25.68%	Oth corporatio 25.16	ns investmer	nts
		Securities co Treasu	mpanies 1.91 Iry stock 2.99	
For shopping (Use as A)	PC DEPOT PC DEPOT Smart L	or ife stores	ご注文 Internet Shops・	
For repairs and checkups (Use as B)	PC DEPOT PC DEPOT Smart L	Or ife stores	PC DEPOT PC Clinic	
For payments of Premium Service* (Use as B)		Total Service Call	Center +	

Company pro	ofile			Inform
Corporate name Business outline	PC DEPOT CORPORAT Direct management		which consists of a	Business From A
	chain of comprehensi Smart Life Stores, and PC repairmen and tec	ive PC and netwo PC DEPOT PC Cli	ork stores, PC DEOPT nics, which provides	Ordinary June ar Settlemer Septem
Head office	the franchise headqu 3-1-9, Shinyokohama		ohama-shi,	Record Board c
	Kanagawa 222-0033 J Phone number : 045-4)	Method c Public r Howev
Date of establishment	August 1994			an acci
Date of stock exchange listings	October 1999			newspa
Capital	¥ 4,737,610,000			Administr Mitsubi
Number of employees	800(consolidated)			Contact i
Consolidated subsidiaries	ejworks Corporation PC DEPOT STORES CC	PRPORATION		Mitsubi Corpor New To
Board memb	(As of June 27, 2	2018)		Tel : 01.
President and CEO	Takahisa Nojima	Outside Director	Mineo Fukuda	Inforr
Managing Director	Hideki Saitoh	Outside Director	Hidetaka Fukuda	Inquiries of less th

Director	Hideki Saitoh	Outside Director	Hidetaka Fukuda	Inq
	Takayuki Shimano	Outside Director	Yumiko Masuda	of le
	Nobuyuki Tanaka	Corporate Auditor	Koji Suzuki	as a
	Kazuya Shinozaki	Outside Auditor	Kazuo Yamamoto	stoo and
	Yuko Matsuo	Outside Auditor	Masaki Nishimura	
	Tomoyuki Wada	Outside Auditor	Yoshinari Noguchi	Inq Plea

Director

Director

Director

Director

Director

Investor Relations website 12 2018年3

今後の予定

Don't miss the letters from the President to

stakeholders published on our website!

6月5日 招集ご通知 6月12日 5月度月次

5月14日 ↓ 発表資料(助家 決算短信



https://www.pcdepot.co.jp/co_ir/

mation for shareholders

s Fiscal Year

April 1 to March 31 of the following year

y General Shareholders' Meeting

annually

ent Date of Shareholders to Whom Dividends of Retained Earnings Are Paid mber 30 and March 31

d dates other than the above are determined through resolution of the of Directors.

of Public Notification

notifications are made by electronic means (URL:http://www.pcdepot.co.jp). ever, in the event of problems preventing electronic announcements due to cident or other unavoidable cause, details will be published in the Nikkei oaper.

trator of Shareholder Registry / Special Account Management Institution

bishi UFJ Trust and Banking Corporation

info

bishi UFJ Trust and Banking Corporation orate Agency Department Tokyo Post Office P.O. Box 29 137-8081, Japan 120-232-711 (toll free)

mation

es about making a change of address, dividend transfers, purchases less than one stock share, and more

ease inquire to the organization where you have opened an account such a stock brokerage corporation. As for paperwork procedures related to ocks registered in special accounts, please inquire to Mitsubishi UFJ Trust d Banking Corporation.

quiries on dividend payables

ease ask the shareholder registry administrator at the Mitsubishi UFJ Trust and Banking Corporation.



The "Q&A with top management" page answers questions about our strategies and businesses every month.

PC DEPOT IR Email Transmission Currently accepting registration at our IR website. Registered users will be sent emails with new information related to investor relations at our company. Registration is free.



PC DEPOT CORPORATION

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www.pcdepot.co.jp