



Investor's Guide

Financial Results for Fiscal Year 2018
(April 1, 2018 to March 31, 2019)



PC DEPOT CORPORATION

Securities Code : 7618



**Evolving from "Helping you solve problems" into
"Leaving the future of premium members to us"
Creating demand through well-designed proposals**

Transition from the product-oriented era backed
by mass consumption and marketing to the experience-oriented era
with consumption in the pursuit of value in use

Through face-to-face communication between premium members
and our dedicated team members, PC DEPOT will create future value
more closely tailored to their life.

To Our Shareholders

I would like to express my sincere gratitude for your ongoing support of the PC DEPOT Group.

Please find below a summary of our business results for the year ended March 31, 2019.



Summary of our business results for the year ended March 31, 2019

The PC DEPOT Group's guiding principles are that "We exist for our customers," "Individual growth is Company growth," and "Our growth contributes to society." Our basic management policies are (1) to 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 solution services, to respect the ideas of self-development and meritocracy, and (3) to become an indispensable company that produces results recognized by society and that contributes to local communities. Based on these basic principles, we are mainly engaged in supporting users of the Internet devices such as PCs, smartphones and tablets and our premium members of the monthly subscription service called Premium Membership. Such support efforts include creating demand through proposing well-designed IT solution services and providing products in combination with services and environment on a continual basis. The Group's consolidated net sales for the year ended March 31, 2019 were 40,447 million yen (down 7.2 percent year-on-year). Operating income was 2,579 million yen (down 13.5 percent year-on-year) and ordinary income was 2,685 million yen (down 12.8 percent year-on-year). Net profit attributable to parent company shareholders was 1,553 million yen (down 20.7 percent year-on-year).

During the fiscal year under review, we launched a new scheme of teams—each of which is composed of three staff members including consultants and engineers—dedicated to supporting premium members so that they rely on us for their future digital life, in addition to receiving existing support services to solve their problems. These team members worked on providing premium

members with well-designed proposals for their future digital life. Such proposals include data migration from the existing PCs they are currently using to new ones, transfer of telephone directories from their previous smartphones to new ones, seamless shifts to smartphones with inexpensive SIM cards, which enables deliberate use and replacement of devices in their digital life. They also include those for the future of their digital devices at home from a comprehensive perspective such as effective use of their old computers and smart devices that are in their home but no longer used. Through providing such proposals, we have endeavored making our premium members' digital lives active on an ongoing basis. The team members offered proposals through face-to-face communication with premium members so that they can rely on us not only for resolving problems that they and their family members currently face but also for designing plans for their future digital lives. We have also focused on increasing premium members through various approaches, including providing support services to new customers such as instructions on usage and initial settings in order to eliminate beginners' worries and resolving inconveniences and difficulties customers experience with smart devices that they bought at competitors' stores or on the Internet through free-of-charge consultation. Through these initiatives, we offered premium members well-designed proposals regarding their future digital life and support services and created demand.

Forecast for the year ending March 31, 2020

Although the Japanese economy is expected to continue its moderate recovery, there are still uncertain factors such as how the global economy and foreign exchange rates could go. Even in such conditions, PCs, smartphones, tablets and other IoT device markets

will likely develop and grow steadily. In terms of customer demand, an increasing number of customers will seek solutions closely tailored to their daily life such as using their smart devices to make their lives more convenient and to find value for their own life. We are now witnessing a trend of consumption called Koto-Shohi or "experience-oriented consumption," which means that people pursue higher value-in-use delivered through the purchase, use and utilization of products and services. This trend will definitely work in favor of the PC DEPOT Group. We believe that expectations for new value and demand creation, such as cashless payments, Society 5.0, STEM education, eSports, sharing of travel experiences and memories, effective use of assets that remain unused, and new ways on how to learn and communicate with others, will continue to grow.

The PC DEPOT Group will strengthen the provision of our services with a focus on our premium members. Through face-to-face communication with them, our talented staff members—with a wealth of skills, knowledge and experience—will create future values more closely tailored to the daily life of premium members and people connected with them. In particular, we will focus our efforts on offering solutions that contribute to the ways of learning including STEM education for younger generations and create value that transcends satisfaction with physical and/or monetary aspects, such as realizing communication regardless of age group, aimed at significantly improving our customers' future life.

The Group's consolidated business forecasts for the year ending March 31, 2020 are net sales of 41,000 million yen, operating income of 2,600 million yen, ordinary income of 2,700 million yen and net income belonging to the parent company shareholders of 1,780 million yen. To improve corporate value in the medium term, the Group aims to achieve a ratio of ordinary income to sales of 10% and an ROE (return of equity) of 15% or more.

Basic approach for ensuring the sustainable growth and longevity of PC DEPOT business

In May 2018, PC DEPOT presented to all our stakeholders the basic approach for ensuring the sustainable growth and longevity of its business. Underpinned by the approach, with the value identified therein in mind, we will proceed with our pursuit of

creating long-term value during the year ending March 31, 2020. The aim of our management strategy is for our business to be productive in creating long-time value, to contribute proactively and continuously to stakeholders and local communities, and to be an organization that recognizes our mission and the meaning of our existence in society, which is an organization based on people. We view these responsibilities as important elements for growing and continuing our business. We will continue pursuing stable store management and achieve higher corporate value. To provide more quality services to not only premium members but also their families and those connected with them, we will endeavor achieving better quality of responses to our customers, i.e., fine-tuned face-to-face communication with each of our customers and premium members, and strengthening employee training and development, quality and governance. To this end, as we did for the previous year, we will continue to spend more time and costs for developing and training our existing staff members to enhance their consultation ability to propose better plans, and provide them with more thinking drills and other training opportunities to learn education and work styles and contribution to society in a society with AI and robots. These efforts will lead to more proactive face-to-face communication. This way, we will make a unified effort to share these principles. We will continue shifting our keys of growth strategy from quantity and efficiency to high-quality value creation and productivity increases. We are evolving from just helping our customers resolving their problems to creating demand through well-designed proposals so that our premium members can rely on us for their better future.

We will design sustainable management so that we will be a sustainable, socially meaningful company with shared ethics and morality that brings future prospects to all our stakeholders.

We will proceed with our shift from quantity to quality, from material richness to richness of the heart, and from current value to creating future value. We will continue communicating with our stakeholders, deepening our communication and aiming to achieve sustainable growth. We appreciate the kind support of our shareholders.

Takahisa Nojima
President and Chief Executive Officer

PC DEPOT Premium Membership Services [Subscription/Recurring]

Premium Membership Maintenance services with monthly fees



The membership service offers overall support for products used by members from computers, smartphones to internet lines. Our "Premium Membership" provides consolidated support for any Windows or Macintosh computers and smartphones purchased from any sales outlet. Our engineer advisors at stores, call centers, and house visits will go out of their way to provide long-term assistance to Premium members and subscribers.

Lounge



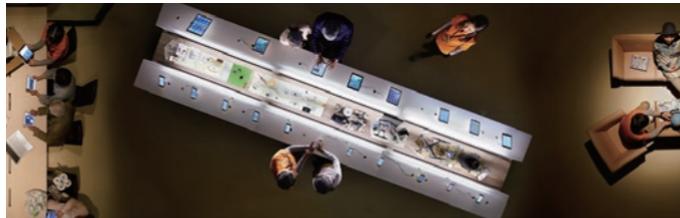
Our lounge is equipped with free-of-charge Wi-Fi Internet connection and smartphone chargers. You can use it anytime you want and take a moment to relax, such as taking a break from shopping or using your smartphones.

House visit support



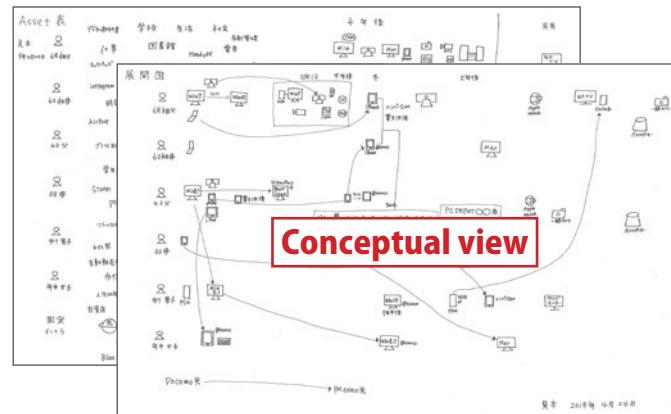
Consult us about any concern you may have with your computer or internet connection. We support products purchased at other stores as well. Please feel free to contact us by phone.

Products, purchasing and consultation



Ask us about anything from selecting a product to purchasing. Our specialty staff will help customers enjoy their computer and smartphone life and assist in dealing with any concerns they may have.

Consultation sheet for planning for the next three or four years



Digital life planners



Team dedicated to supporting premium members (composed of three to five staff members)

Contents



Provide digital content and devices in combination with support services.

Instruction and assistance for solving problems

Troubleshooting for devices purchased at other stores



Ask us about any type of problem such as malfunctioning internet lines, or how to use products purchased at other stores or online. PCs, smartphones and the Internet, 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.

Technical assistance, troubleshooting and repairs



Resident technicians and advisors await your visit. Feel free to ask us about anything from computer/smartphone troubles, printer troubles, data loss, and purchases made at other stores whether the product is under warranty or not!

New stores

PC DEPOT Smart Life Yokoshuka Store (Existing store renovation) (Opened on June 9, 2018)



PC DEPOT Smart Life Ome Store (Existing store renovation) (Opened on June 16, 2018)



PC DEPOT Smart Life Ashikaga Store (Existing store renovation) (Opened on July 21, 2018)



PC DEPOT Smart Life Takamatsu Higashi Bypass Store (Existing store renovation) (Opened on November 3, 2018)



PC DEPOT Smart Life Kounosu Store (Existing store renovation) (Opened on March 16, 2019)



PC DEPOT Smart Life Ichinomiya Meigi-Bypass Store (Existing store renovation) (Opened on March 23, 2019)



PC Clinic in K's Denki Chuorinkan Store (Relocated from K's Denki Yokohama Machida Store and opened on March 7, 2019)

Future store development



Installation of "Future Design Desk"
Renovation of lounges and member solutions
To be implemented in two or three stores on a quarterly basis

Financial statements (summary)

Consolidated balance sheet

(Unit: million yen)	FY2017 As of March 31, 2018	FY2018 As of March 31, 2019	Amount of increase/ decrease
Assets			
Total current assets	25,702	24,589	-1,112
Total non-current assets	9,351	9,031	-320
Total assets	35,053	33,620	-1,432
Liabilities			
Total current liabilities	6,279	5,499	-780
Total non-current liabilities	5,523	3,962	-1,561
Total liabilities	11,803	9,461	-2,341
Total net assets	23,250	24,159	909
Total liabilities and net assets	35,053	33,620	-1,432

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

Assets: Accounts receivable increased owing to increased purchases and additional use by premium members resulting from our efforts for well-designed proposals for their future digital lives and demand creation.

Liabilities: Liabilities fell because of repayment of long-term loans payable.

Consolidated income statements

(Unit: million yen/%)	FY2017 From April 1, 2017 to March 31, 2018	FY2018 From April 1, 2018 to March 31, 2019	Rate of increase/ decrease
Net sales	43,590	40,447	-7.2
Gross profit	20,044	18,663	-6.9
Selling, general, and administrative expenses	17,062	16,083	-5.7
Operating income	2,981	2,579	-13.5
Ordinary profit	3,079	2,685	-12.8
Income before income taxes and minority interests	2,929	2,302	-21.4
Net income belonging to parent company shareholders	1,958	1,553	-20.7

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

Selling, general, and administrative (SG&A) expenses: We focused on long-term employment and investments in human resources for developing personnel capable of offering premium members with well-designed proposals for their future digital lives. SG&A expenses decreased year-on-year as a result of deliberate use of such expenses with decreased sales, despite our efforts on providing premium members with more incentives to visit our stores.

Consolidated cash flow statements

(Unit: million yen)	FY2017 From April 1, 2017 to March 31, 2018	FY2018 From April 1, 2018 to March 31, 2019	Amount of increase/ decrease
Cash flow from operating activities	5,045	2,563	-2,481
Cash flow from investing activities	-297	-721	-424
Cash flow from financing activities	-1,876	-2,897	-1,020
Cash and cash equivalents at the end of the period	10,597	9,542	-1,055

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

Cash flows from operating activities: Cash flows from operating activities increased due to factors such as increases in net income before income taxes and depreciation.

Cash flows from investing activities: Cash flows from investing activities decreased due to factors such as expenditures associated with the acquisition of tangible fixed assets.

Cash flows from financing activities: Cash flows from financing activities decreased due to factors such as the repayment of long-term loans payable and the payment of dividends.

Sales by product category

(Unit: million yen/%)	FY2017 From April 1, 2017 to March 31, 2018	FY2018 From April 1, 2018 to March 31, 2019	Rate of increase/ decrease
PCs	4,979	3,929	-21.1
Peripherals	4,411	3,749	-15.0
Accessories and supplies	2,127	1,804	-15.2
Software	561	502	-10.5
Previously owned products and other	5,639	3,908	-30.7
Total product sales	17,720	13,895	-21.6
Royalties and other revenue	62	64	3.2
Sales from solution services	24,566	25,270	2.9
PC sales business	42,349	39,230	-7.4
Internet-related business	1,241	1,216	-2.0
Total	43,590	40,447	-7.2

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

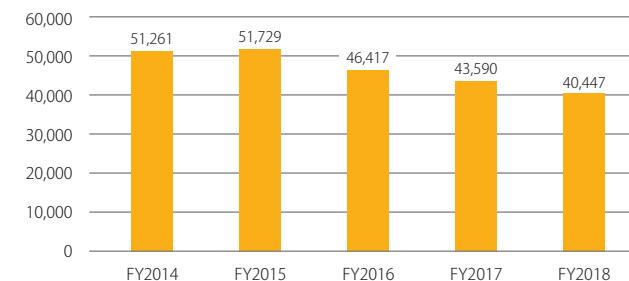
Sales from solution services:

We proceeded with strengthening consultation-based services to provide demand creation through well-designed future proposals for premium members.

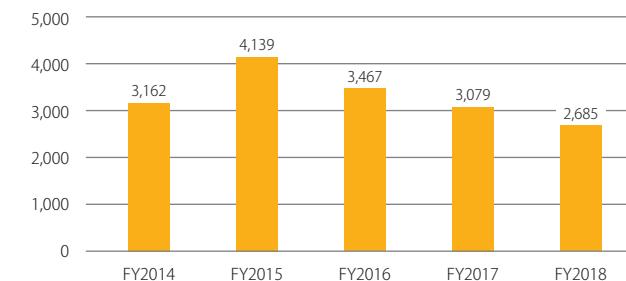
Financial highlights

*Prior period settlements were adjusted on May 31, 2017.

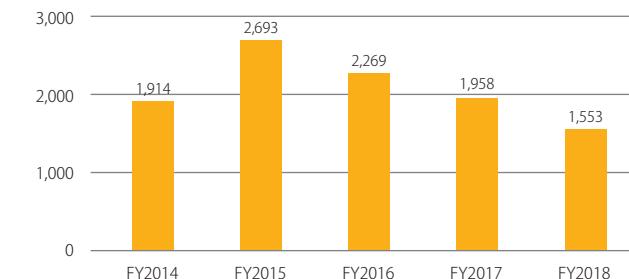
Net sales (Unit: million yen)



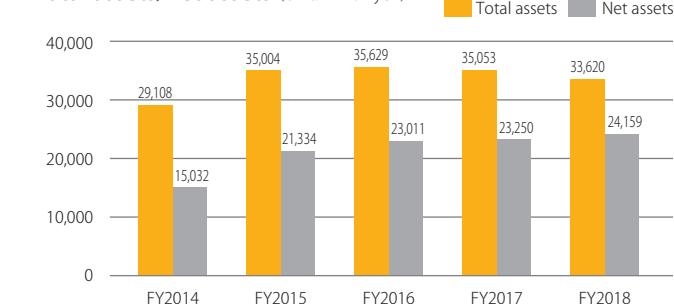
Ordinary profit (Unit: million yen)



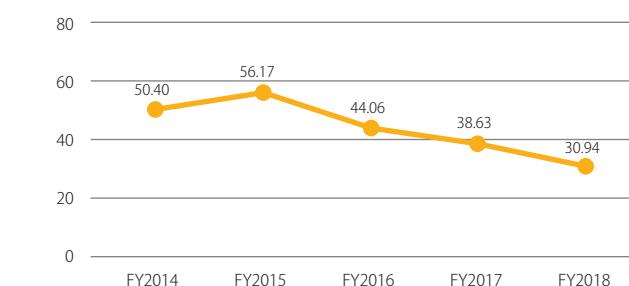
Net income belonging to parent company shareholders (Unit: million yen)



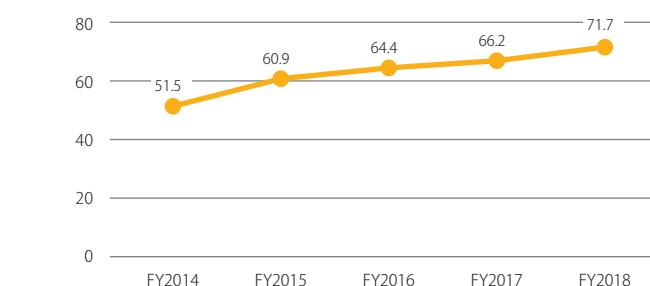
Total assets/net assets (Unit: million yen)



Net income per share (Unit: yen)



Equity capital ratio (Unit: %)



*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.

Share Information

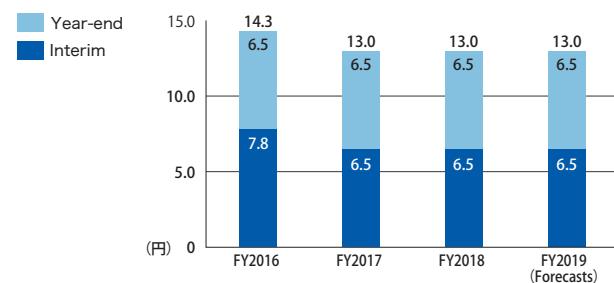
(as of March 31, 2019)

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 ending March 31, 2020, dividend per share for the second quarter is 6.5 yen and year-end dividend is 6.5 yen.

Dividend per share (yen per share)



Shareholder benefits

We have enhanced our shareholder benefits for premium members, effective from share ownership as of March 31, 2019.

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 see the information leaflet included with the tickets or visit our website.



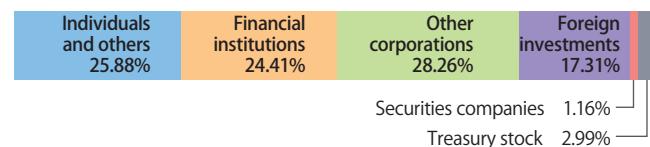
Status of shares

Total number of shares authorized to be issued	160,200,000 株
Total number of shares outstanding	52,622,400 株
Number of shareholders	7,434 名

Major 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%
HIKARI TSUSHIN, INC.	3,493,400	6.85%
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	3,408,200	6.69%
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)	2,068,100	4.06%
Trust & Custody Services Bank, Ltd. (TRUST ACCOUNT B)	1,874,300	3.67%
PC DEPOT CORPORATION	1,573,745	—
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,473,972	2.89%
Mizuho Bank, Ltd.	1,418,400	2.78%
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	1,009,900	1.98%

Composition of shareholders



Number of shares held	Benefits for premium members (special benefits for monthly fee, technical services and shopping)	Technical service special benefit	Shopping special benefit
100 shares or more	Equivalent to 2,000 yen	Equivalent to 2,000 yen	Equivalent to 1,000 yen
400 shares or more	Equivalent to 4,000 yen	Equivalent to 4,000 yen	Equivalent to 2,000 yen
1,000 shares or more	Equivalent to 6,000 yen	Equivalent to 6,000 yen	Equivalent to 3,000 yen
5,000 shares or more	Equivalent to 20,000 yen	Equivalent to 20,000 yen	Equivalent to 10,000 yen
10,000 shares or more	Equivalent to 40,000 yen	Equivalent to 40,000 yen	Equivalent to 20,000 yen
40,000 shares or more	Equivalent to 100,000 yen	Equivalent to 100,000 yen	Equivalent to 50,000 yen
100,000 shares or more	Equivalent to 140,000 yen	Equivalent to 140,000 yen	Equivalent to 70,000 yen

Company Profile / Information for Shareholders

(as of March 31, 2019)

Company profile

Corporate name	PC DEPOT CORPORATION
Business outline	Direct management of ,which consists of a chain of comprehensive PC and network stores, PC DEPOT, PC DEOPT Smart Life Stores, and PC DEPOT PC Clinics, which provides PC repairmen and technical services, and management of the franchise headquarters.
Head office	3-1-9, Shinyokohama kohoku-ku, Yokohama-shi, Kanagawa 222-0033 Japan Phone number : 045-472-7795 (Japan)
Date of establishment	August 1994
Date of stock exchange listings	October 1999
Capital	¥ 4,737,610,000
Number of employees	780(consolidated)
Consolidated subsidiaries	ejworks Corporation PC DEPOT STORES CORPORATION

Board members

(As of June 26, 2019)

Position	Name	Role	Name
President and CEO	Takahisa Nojima	Outside Director	Mineo Fukuda
Managing Director	Hideki Saitoh	Outside Director	Hidetaka Fukuda
Director	Takayuki Shimano	Outside Director	Yumiko Masuda
Director	Nobuyuki Tanaka	Corporate Auditor	Koji Suzuki
Director	Kazuya Shinozaki	Outside Auditor	Kazuo Yamamoto
Director	Yuko Matsuo	Outside Auditor	Masaki Nishimura
		Outside Auditor	Yoshinari Noguchi

Information for shareholders

Business Fiscal Year

From April 1 to March 31 of the following year

Ordinary General Shareholders' Meeting

June annually

Settlement Date of Shareholders to Whom Dividends of Retained Earnings Are Paid

September 30 and March 31

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

Method of Public Notification

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

Administrator of Shareholder Registry / Special Account Management Institution

Mitsubishi UFJ Trust and Banking Corporation

Contact info

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department
New Tokyo Post Office P.O. Box 29 137-8081, Japan
Tel : 0120-232-711 (toll free)

Information

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

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

Inquiries on dividend payables

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

[Topic]

We released on May 14, 2019 a notice regarding the plan by the president to acquire shares in the open market for the purpose of distributing shares to executives and regular employees as a gift as well as for long-term holdings; and likely changes in major shareholders. Please visit the Investor Relations section of our IR website for details.

Investor Relations website

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



You can find our basic approach for ensuring the sustainable growth and longevity of PC DEPOT business.



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