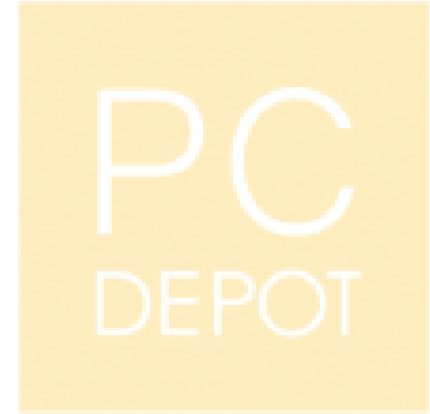




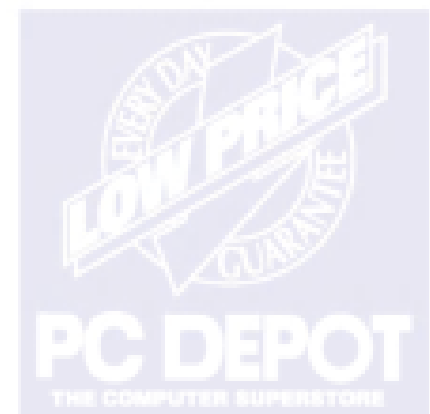
Presentation of Financial Results  
for the First Quarter of the Year  
Ending March 2017



August 9, 2016



PC DEPOT CORPORATION



Securities Code: 7618



# Financial Highlights



	Net sales:	<b>12,598 million yen</b>	(Up 3% YoY)
<b>1. Po1. Posted record-high income</b>			(Existing stores: Up 3% YoY)
	Operating income:	<b>1,434 million yen</b>	(Up 75.5% YoY)
	Ordinary income:	<b>1,465 million yen</b>	(Up 72.9% YoY)
	Net income belonging to parent company shareholders	<b>990 million yen</b>	(Up 82.5% YoY)
<b>2. Continued development of the smart life concept</b>		Percentage of sales from solution services to total sales	53.8%
<b>3. Sales from solution services remained strong</b>		Up 20% YoY	→ Increase in customers' need for support for the free upgrade to Windows 10 → Increase in existing members' requests for support

# PL (Consolidated)



Factors for higher income: Strong performance of services  
(smart life concept)

Million yen, %	1Q of FY 2015		1Q of FY 2016		2Q of FY 2015 Results expected		FY 2016 Results expected	
	Results	YoY changes	Results	YoY changes	Results	YoY changes	Results	YoY changes
Net sales	12,229	98.2	12,598	103.0	25,300	103.1	54,000	104.3
Products	6,239	82.3	5,482	87.9	—	—	—	—
Solution services	5,651	125.7	6,782	120.0	—	—	—	—
Internet-related business (Subsidiaries)	311	94.4	314	101.0	—	—	—	—
Gross profit	5,047	105.3	5,970	118.3	—	—	—	—
Selling, general, and administrative expenses	4,230	106.2	4,536	107.2	—	—	—	—
Operating income	817	100.8	1,434	175.5	2,260	134.6	4,920	114.0
Ordinary income	847	101.0	1,465	172.9	2,300	133.3	5,000	114.5
Net income belonging to parent company shareholders	542	103.6	990	182.5	1,550	139.4	3,370	117.5

# BS (Consolidated)



Liability decreased due to the repayment of loans

Million yen	As of March 31, 2015	As of May 30, 2016	Changes
Total current assets	25,652	24,810	842
Accounts receivable	13,734	14,243	509
Inventories	6,128	6,551	423
Total non-current assets	9,622	9,748	126
Property, plants and equipment	5,041	5,089	48
Intangible assets	804	786	18
Investments and other assets	3,776	3,872	96
<b>Total assets</b>	<b>35,275</b>	<b>34,559</b>	<b>716</b>
Total current liabilities	12,271	11,003	1,268
Total non-current liabilities	1,347	1,178	169
<b>Total liabilities</b>	<b>13,619</b>	<b>12,182</b>	<b>1,437</b>
Total shareholders' equity	21,573	22,284	711
<b>Total net assets</b>	<b>21,656</b>	<b>22,376</b>	<b>720</b>
<b>Total liabilities and net assets</b>	<b>35,275</b>	<b>34,559</b>	<b>716</b>

Accounts receivable increased 6 billion yen, reflecting sales of service products (solution hardware for PS members and fiber-optic network services users), including the Premium Service (maintenance services provided on a monthly membership fee basis).

Liability decreased by one billion yen due to the repayment of short and long-term loans.

# Sales by Product



Continuing to introduce new-type outlets

Million yen, %	1Q of FY2015		1Q of FY2016		YoY changes	Details
Total net sales	12,229	100.0	12,598	100.0	103.0	
Hardware	4,666	38.2	4,009	31.8	85.9	
(PCs)	1,696	13.9	1,590	12.6	93.7	Price and sales volume ↓
(Peripherals)	1,635	13.4	1,464	11.6	89.5	Sales volume ↓
Software and accessories	911	7.4	859	6.8	94.3	Sales volume ↓
Previously owned products	661	5.4	613	4.9	92.8	Sales volume ↓
Total product sales	6,239	51.1	5,482	43.5	87.9	
Services (including the Internet-related business)	5,990	48.9	7,116	56.5	118.8	Solution services ↑ Others ↓ Internet-related business ↑

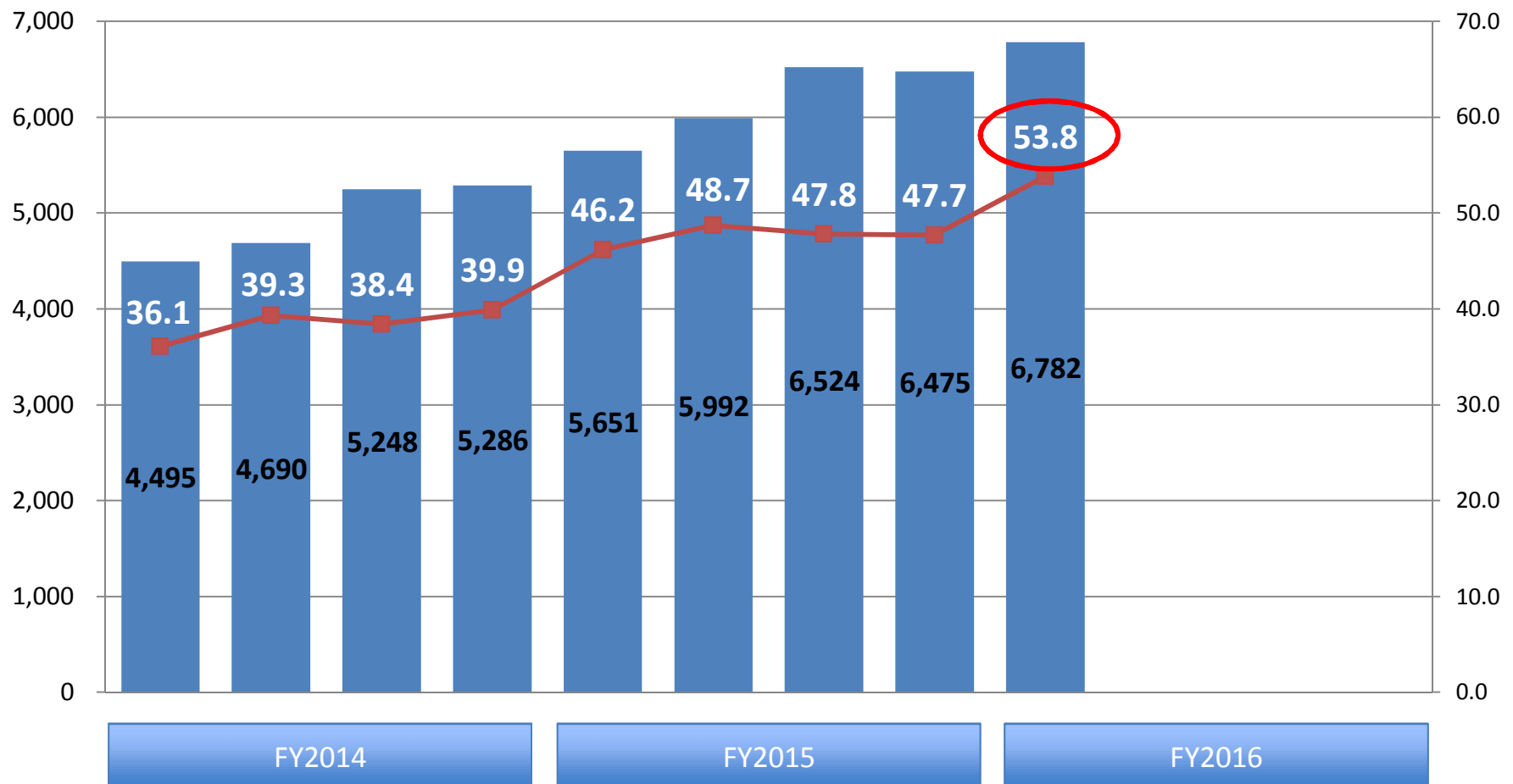
# Sales of Solution Services



Percentage of sales: Exceeded 50%

(金額:百万円)

(構成比:%)



# Premise Comparison



Gross profit margin 47.4%, an increase in service sales  
(smart life concept)

	2017 ended March 31,		2016 ended March 31,
	Full-year prospects	1Q results	Full-year results
Sales for existing stores for the previous fiscal year	100.0%	103.0%	99.2%
Sales from solution services (SLP concept) for the previous fiscal year	118.0%	120.0%	125.0%
Gross profit margin	45.4%	47.4%	42.8%
Capital investments	—	3.5million yen	13.2million yen
Balance of interest-bearing liabilities	—	59.0million yen	69.9million yen
Renovation to SLP*2	5 ~ 7stores	1stores	7 stores
Opening of new SLP*2	4stores	2stores	3stores
Opening of new PC Clinics	5stores	1store	-

# Plan for FY2016



Million yen, %	Results for FY2015		Forecast for FY2016	
	Results	YoY changes	Forecast	YoY changes
Net sales	<b>51,784</b>	101.0	<b>54,000</b>	104.3
Operating income	<b>4,314</b>	139.7	<b>4,920</b>	114.0
Ordinary income	<b>4,366</b>	136.2	<b>5,000</b>	114.5
Net income belonging to parent company shareholders	<b>2,867</b>	147.7	<b>3,370</b>	117.5

- Existing stores (YoY changes) 100.0% (results of the previous term: 99.2%)
- Sales from solution services 118.0% (results of the previous term: 125.0%)
- Gross profit margin 45.4% (results of the previous term: 42.8%)



# Returning profits to shareholders



## Stock split

**Conducting a 1:1.2 common share split to improve the investment climate and liquidity**

· Record date	September 30, 2016
· Effective date	October 1, 2016
· Total number of shares	43,852,000 shares    52,622,400 shares
· Increased number of shares due to the above stock split	8,770,400 shares

## Dividend forecast

	End of 2Q	Year-end	Annual
· Previous forecast	6.50 yen	6.50 yen	13.00 yen
· Current dividend forecast (pre-split)	7.80 yen (7.80 yen)	6.50 yen (7.80 yen)	- (15.60 yen)
· Dividend paid in FY2015	5.00 yen	6.50 yen	11.50 yen

**Forecast of FY2016 consolidated dividend payout ratio: 16.6% → roughly 20%**

# Management Goals



## Medium-term goals (established in FY2014)

Ratio of  
ordinary profit  
to sales:  
10%

Result for FY2015  
8.4%

ROE:  
15% or more

Result for FY2015  
15.6%



## Business Environment for FY2016

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# Topics in FY2016 (Plan)

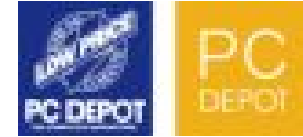
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- April 2016** Electricity retailing business is to be fully deregulated.
- May** “RoBoHoN” will launch.  
Revision of the Telecommunications Business Act
- June** Announcement of new Apple products  
One of the world's biggest game exhibitions is to be held (E3 in Los Angeles).
- July** Termination of Windows 10 free upgrade
- September** The International Consumer Electronics Show is held (IFA, Germany).
- October** Sony Play Station VR will launch. Termination of shipment for the OEM version of Windows 7 and 8.1.
- Autumn** Apple may launch new iPhones.
- Second half of 2016** Google Home is scheduled to launch.
- January 2017** The International Consumer Electronics Show is held (CES, the United States).
- February** Mobile World Congress (MWC, Barcelona)
- March** World's largest computer exhibition (CeBIT, Germany)
- April** Termination of support for Windows VISTA

# Market Environment

## First Half of FY2016 Forecast of PC DEPOT



1

PCs Declining  
Tablets Declining  
Smartphones Declining

In sum,  
the industry will face



Promotion of low-priced smartphones among smart devices  
Actions for other high selling products are undecided.

PCs  
Smart devices  
Peripherals and accessories

YoY decrease of a 10% level  
At the same level as previous year  
YoY decrease of a 10% level

2

New product launch such as inexpensive SIM cards and low-priced smartphones



Release of original brand "JUST PRICE FON"  
Introduced a flat rate service for phone calls  
Customers show a strong interest in low-priced smartphones.

3

Termination of Windows 10 free upgrade  
Termination of shipment for the OEM version of Windows 7 and 8.1  
Termination of support for Windows VISTA  
Strong customer needs for support



Improvement in volume and quality of support  
Manifestation of needs

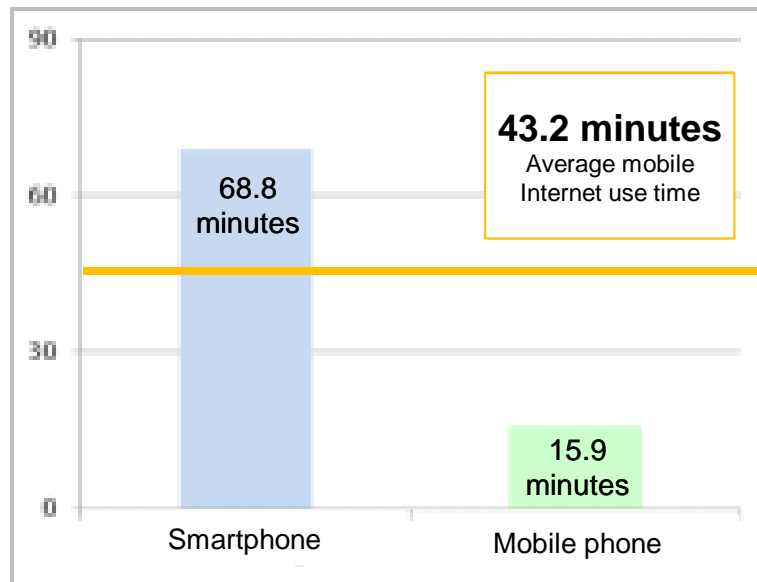
# Status of Internet Use Time spent on mobile use



The amount of time per day spent on mobile use of the Internet grew

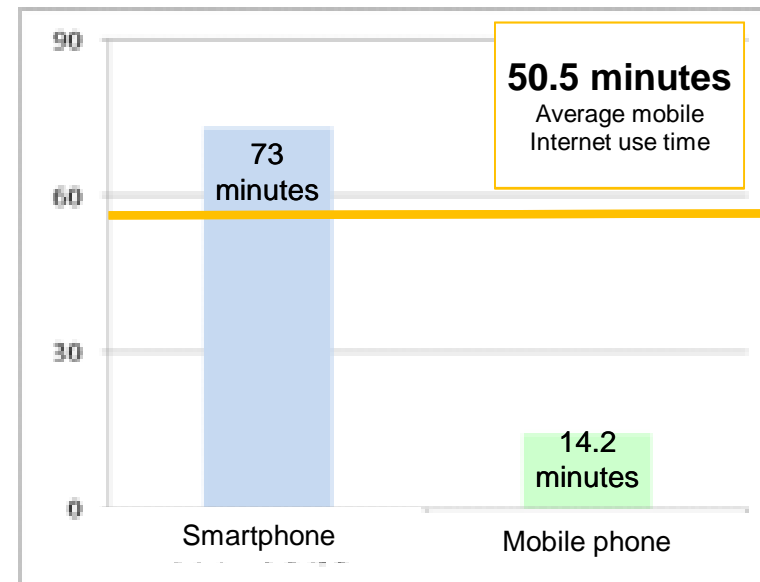
■ 2013

(Minutes)



■ 2014

(Minutes)

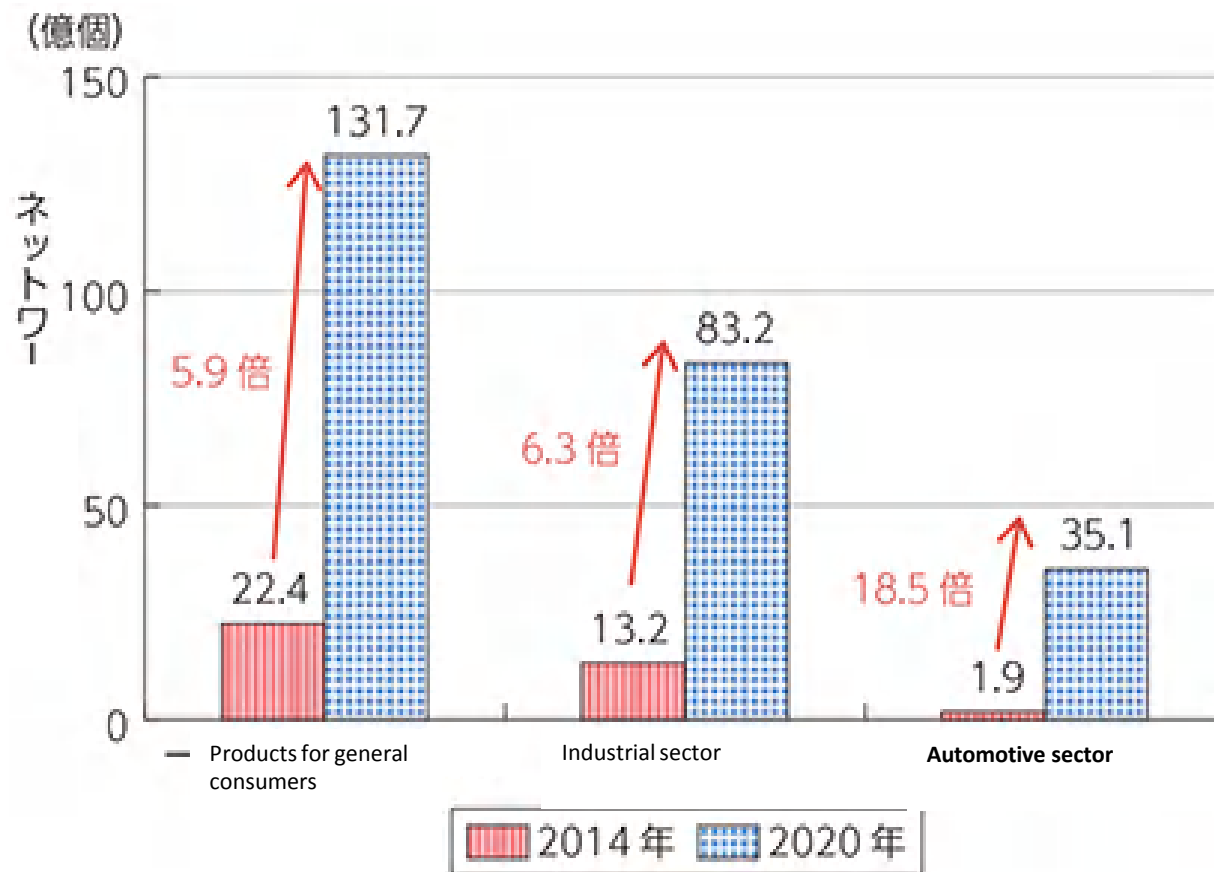


Source: Ministry of Internal Affairs and Communications, "2014 Survey on Time Spent for Information and Communication Media and Information Behaviors"

# External Environment: The number of IoT Devices



The number of IoT devices will significantly increase, centered on products for general consumers.



Source: Gartner, "Gartner Says 4.9 Billion Connected "Things" Will Be in Use in 2015"

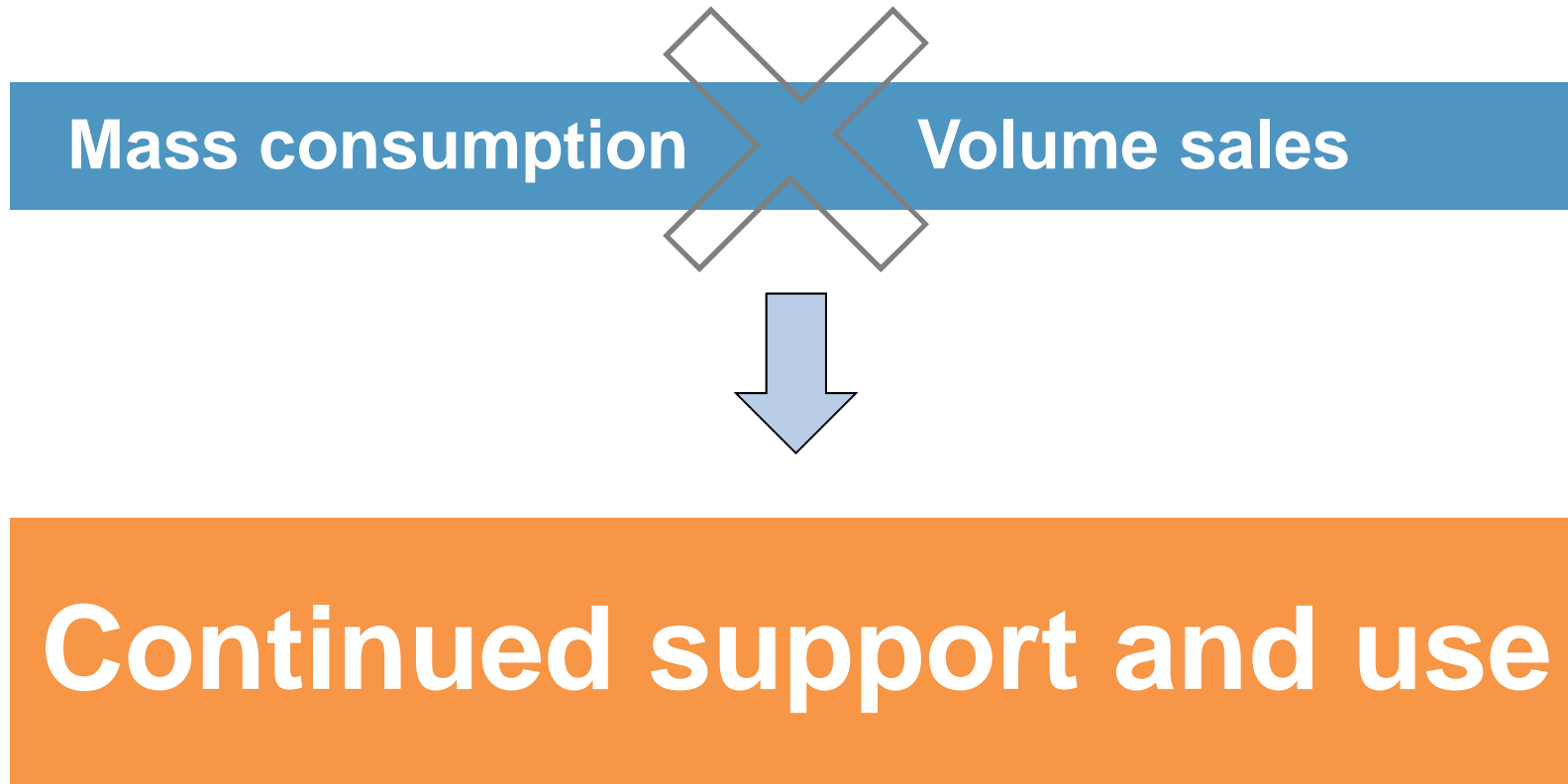


## Initiatives for FY2016

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# Business Model



Change of business model



**From a computer superstore to a smart life store**

**Going forward, continue catering to a growing number of users who "experience trouble" and who "are in trouble"**

Through promoting the smart life concept

"Merits for both customers and PC DEPOT extend over a long period."

Promoting the shift to the "stock-type"

1. Enhancement of profitability and stability
2. Increases in the frequency and length of contact with customers
3. Expanding "customer merits" for existing members

# Sales Policies

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- 1. Promote new brand "JUST PRICE FON" that combines hardware, MVNO, customer services and others products.**

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- 2. Develop safe and secure service products, such as cloud services and device locks, and promote IoT development.**

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- 3. Promote technical development for responding to the increase in customers' needs for support due to the termination of support for Windows VISTA.**

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- 4. Open new PC DEPOT Smart Life Ver. 0/Ver. 1 stores and renovate existing ones. A Ver. 2 store continues to be in test operation.**

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- 5. Develop unique technologies and secure intellectual property for routers and cloud computing.**

# Launch PC DEPOT New-brand Original Smartphones by an MVNO



Renewed the selection of "JUST PRICE FON"



Flat rate service for phone calls  
(free talk for 500 minutes)  
→ The service started on August 13, 2016.

PC DEPOT 格安スマホ新製品

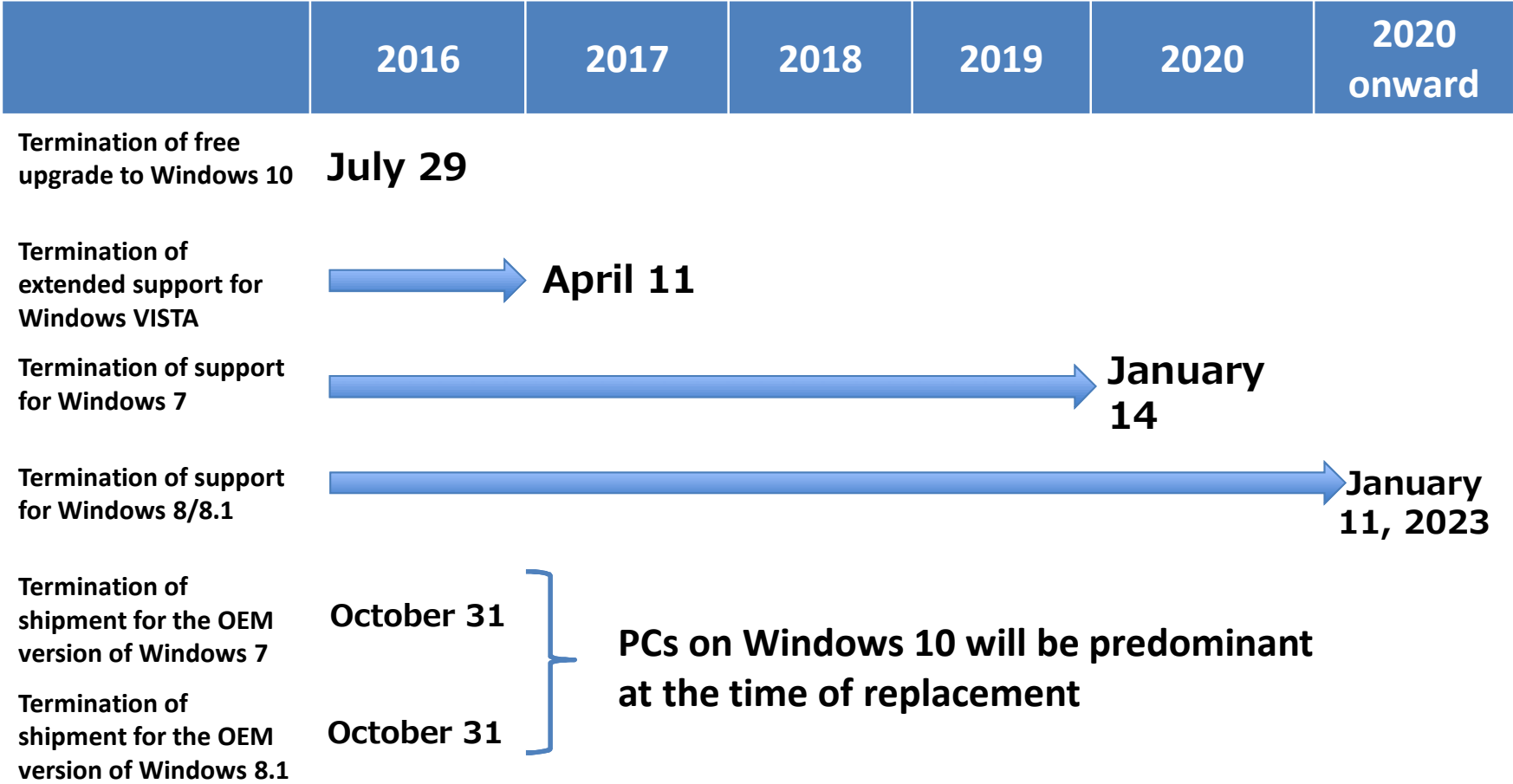
500分かけ放題付

Model	Price
Asus P9	3,990
Galaxy S4 mini	4,990
Galaxy S3 mini	4,990
Galaxy S2 mini	4,990
Galaxy S1 mini	5,990

# Enhance Support and Promote Technical Development



Customers' needs for support increase when the life cycle of Windows products comes to an end.



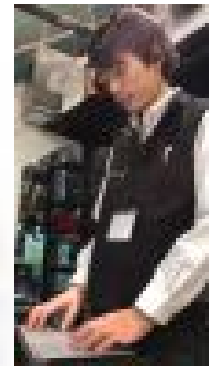
→ Continuous needs of Windows PC users for support

## "Human resource enhancement" "Improvement in quality"

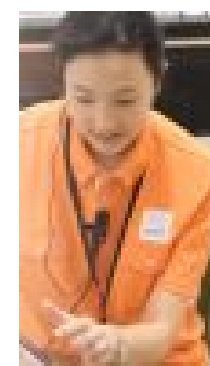
### Start of design and programming trainin



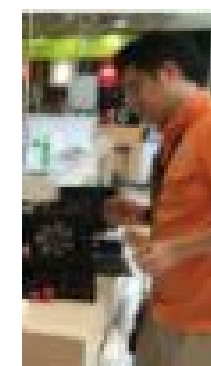
### Specialists



Engineers



Smart life partner advisers



Consulting sales staff

(Plan)  
April 2017:  
Employment of 100 new graduates  
April 2016 to March 2017:  
Changing 50 employees from part-time to full-time

**Improvement in logical thinking and starting design and programming training**

# Plans for Store Openings and Renovation



## Plans for store openings and renovation for the year ending March 2017

[Store openings] Including the opening of stores in central Tokyo  
**Total of 4 stores**

[Renovation] 5-7 stores

<Target area for store openings>

- Shinjuku-ku
- Shibuya-ku
- Minato-ku
- Chiyoda-ku
- Chuo-ku
- Shinagawa-ku



Store Format	Operational Status
Ver. 0	In stable operation
Ver. 1	In stable operation
Ver. 2	In test operation

[Store openings and renovation in 1Q]

<June>

Store opening: PC DEPOT Smart Life Mito Store

Store opening: PC DEPOT Smart Life in Books

Kinokuniya LaLaport Toyosu Store

Renovation: PC DEPOT Smart Life Fujimino Store

Store opening: PC DEPOT PC Clinic in K'S DENKI

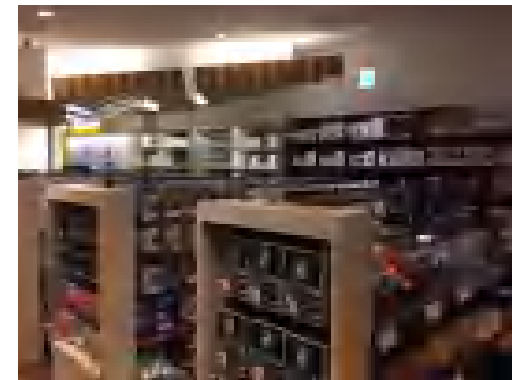
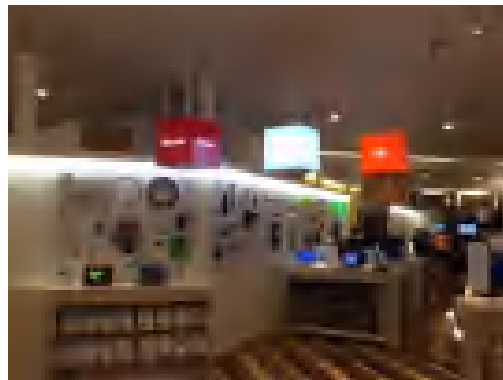
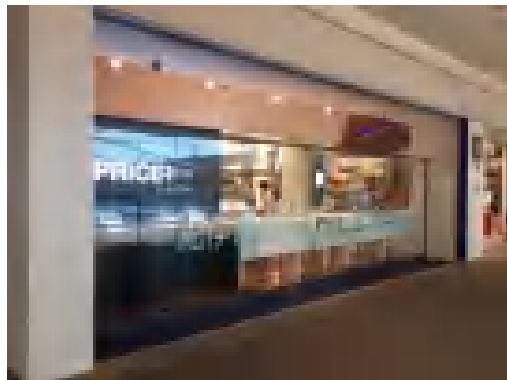
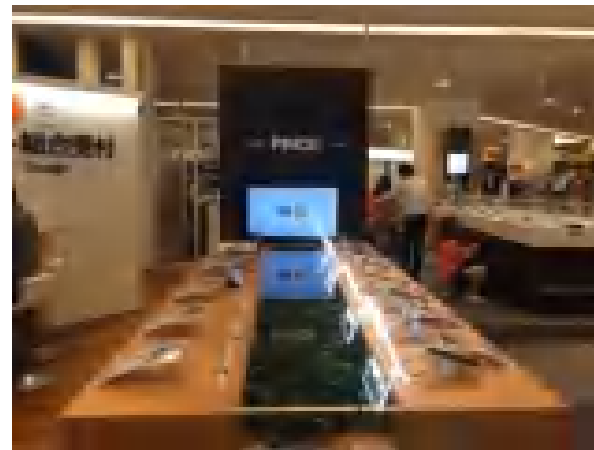
CORPORATION Kamisu Store

# PC DEPOT Smart Life Store Ver. 0.1



## First collaborative store opened in central Tokyo

PC DEPOT Smart Life in Books Kinokuniya LaLaport Toyosu Store  
Opened on June 24, 2016

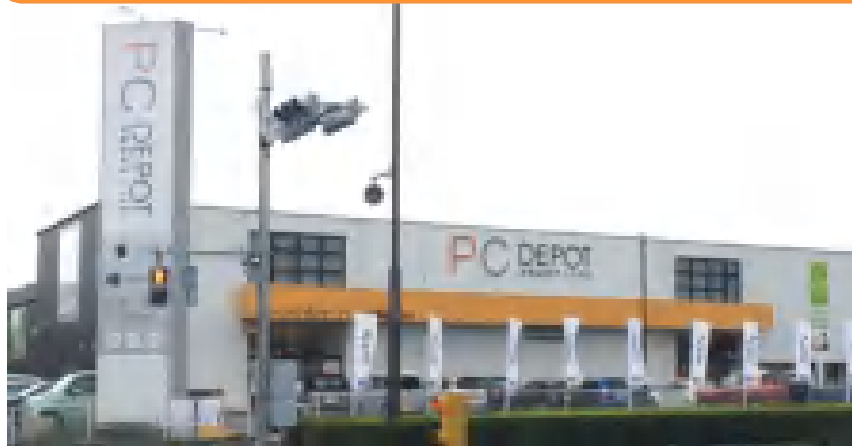




# PC DEPOT SMART LIFE Ver. 2



Opening and test operations of stores with the format of a floor area of more than about 1,650m<sup>2</sup> ( 500 *tsubo* )  
PC DEPOT SMART LIFE Inagi-Wakabadai Store (Inagi City, Tokyo)



View of the outside of the store



Smart x solutions (Quick lecture)



Common space



Dr. Smart (Diagnosis and repair reception counter)

# Store Network (excluding FC; As of June 24, 2016)



## PC DEPOT



## PC DEPOT SMART LIFE



## PC DEPOT PC Clinic



Store type	Suburban large-scale stores	Small-to-medium-scale stores in the Tokyo metropolitan area	In-shop type PC clinic counter
Directly managed stores	26 stores	28 stores	53 stores
Subsidiary operation	13 stores	—	5 stores
Total	39 stores	28 stores	58 stores



# Inquires

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**(Persons in charge: Matsuo and Takeda)**

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Forecast results included in this document are forecast judged based on information available at the time of the presentation of this document. They reflect a number of uncertainties, and, as a result, actual results may differ materially from these forecasts of operating results or other matters due to various factors. Investors should understand the assumptions as described above, and make any investment decisions based on their own judgment.