



PC
DEPOT



Presentation of Financial Results
for the 1st Quarter of the Year Ending
March 2020

August 13, 2019 Announcement



PC
DEPOT



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DEPOT

PC DEPOT CORPORATION



Security Code 7618



Fiscal Year 3/2020 1Q Financial Results



Decline in sales but increase in profit

Promotion for increased usage by premium members

“Strengthen points of contacts” with premium members

⇒ Continue to provide well-considered proposals/value creation for future digital life → provide “future plan proposals”

<advance tentative booking> FY3/2020 1Q real order intake momentum is marginally slower than the initial plan

•Investment in human resources on a long-term basis → accelerate initiatives in training programs for developing creative skills such as compilation, thinking, and expression

•Proactive in long-term employment → store staffs are directly employed by the company

Unit: millions of yen, %	FY3/2019 1Q	FY3/2020 1Q	change	Y/Y
Net Sales	10,329	9,385	△943	△9.1
Operating profit	666	674	7	1.1
Ordinary Profit	691	696	4	0.6
Net profit attributable to parent company shareholders	459	483	24	5.3

P/L (consolidated)

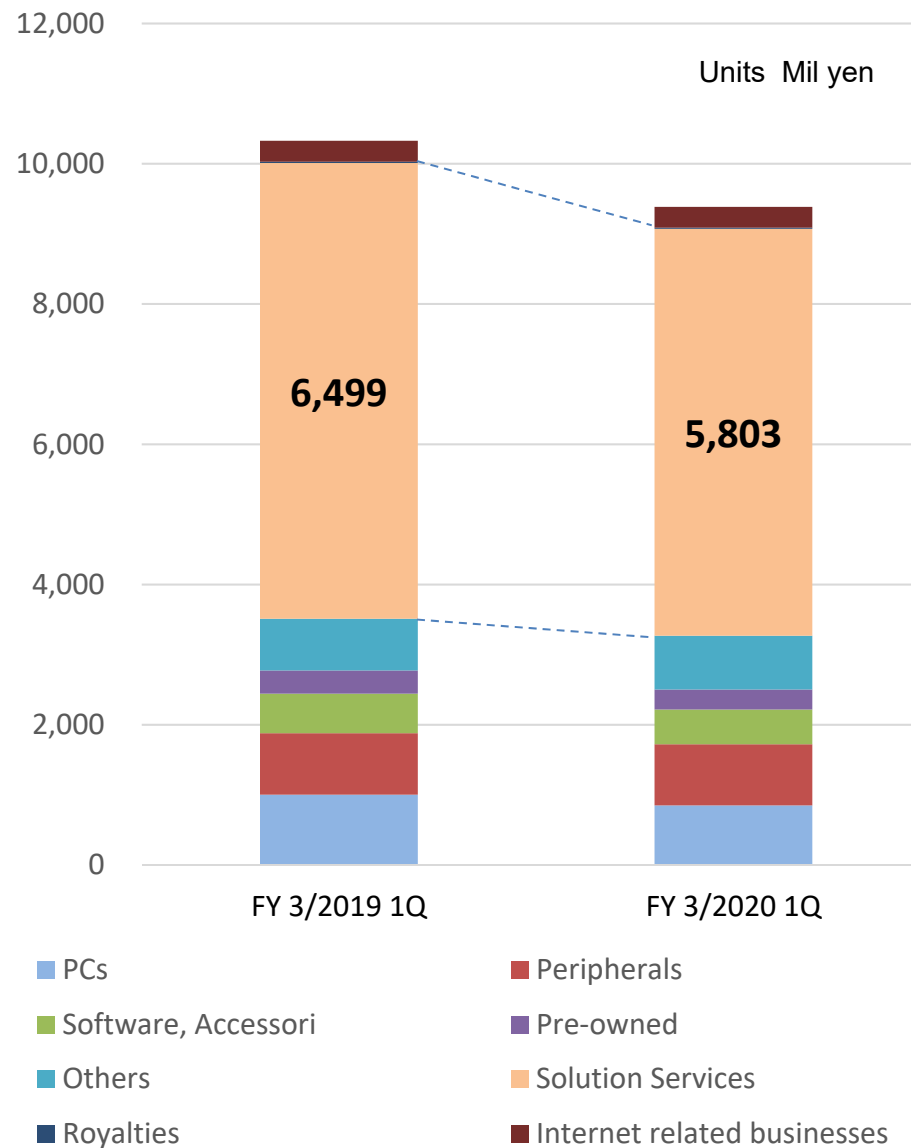


Continue to promote consulting sales

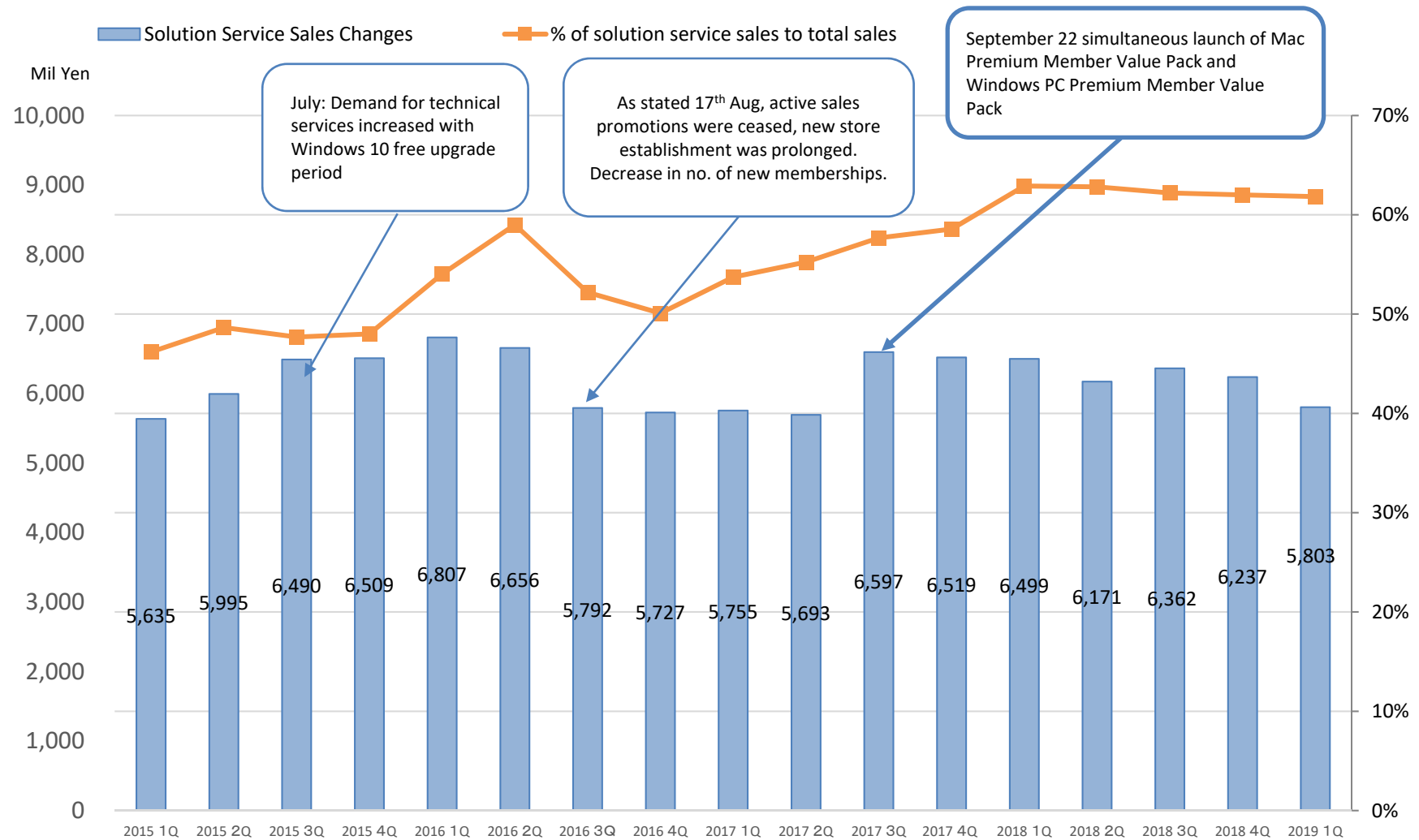
Units: mil Yen, %	FY3/2019 1Q	FY3/2020 1Q			FY3/2020			
	Results	Results	change	Y/Y	2Q(Cumulative)forecast		Annual forecast	
					Forecast	Y/Y	Forecast	Y/Y
Net Sales	10,329	9,385	△943	△9.1	19,800	△1.8	41,000	1.4
Products	3,512	3,270	△241	△6.9	—		—	
Services	6,499	5,803	△695	△10.7	—		—	
Internet related businesses (subsidiary)	300	296	△3	△1.2	—		—	
Gross Profit	4,824	4,522	△302	△6.3	—		—	
SGA expenses	4,157	3,848	△309	△7.4	—		—	
Operating Profit	666	674	7	1.1	1,100	△13.6	2,600	0.8
Ordinary Profit	691	696	4	0.6	1,150	△13.3	2,700	0.5
Net profit attributable to parent company shareholders	459	483	24	5.3	760	△15.3	1,780	14.6

% shown are Y/Y change for the full year, and for the quarter

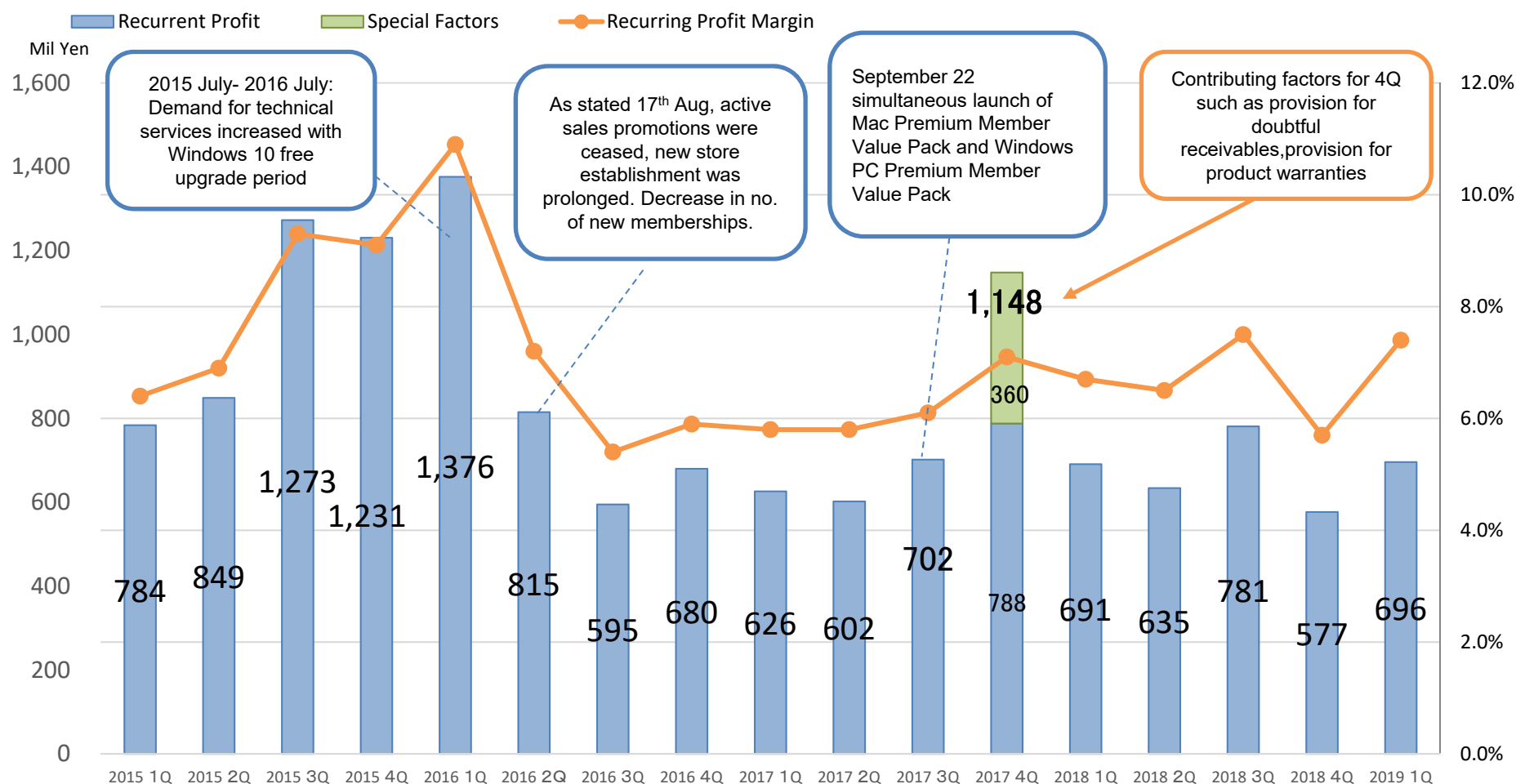
Sales by Product



Solution Service Sales Changes by Quarter



Recurring Profit changes per quarter



Balance Sheet (Consolidated)



Equity Ratio 72.6 %

Units Mil Yen	2019 end of March	2019 end of June	Change
Total current assets	24,589	24,411	△178
Accounts receivable	9,039	9,015	△24
Inventory	5,642	6,406	763
Total fixed assets	9,031	9,007	△23
Tangible fixed assets	3,977	4,114	137
Intangible fixed assets	608	566	△42
Investments & other assets	4,444	4,325	△118
Total assets	33,620	33,418	△202
Total current liabilities	5,499	5,454	△44
Total tangible liabilities	3,962	3,656	△305
Total liabilities	9,461	9,110	△350
Total shareholder's equity	24,096	24,255	159
Total net assets	24,159	24,307	147
Total liabilities/ net assets	33,620	33,418	△202

【Accounts receivable】

Decrease in receivables due to
the sales mix change
(more merchandise sales)

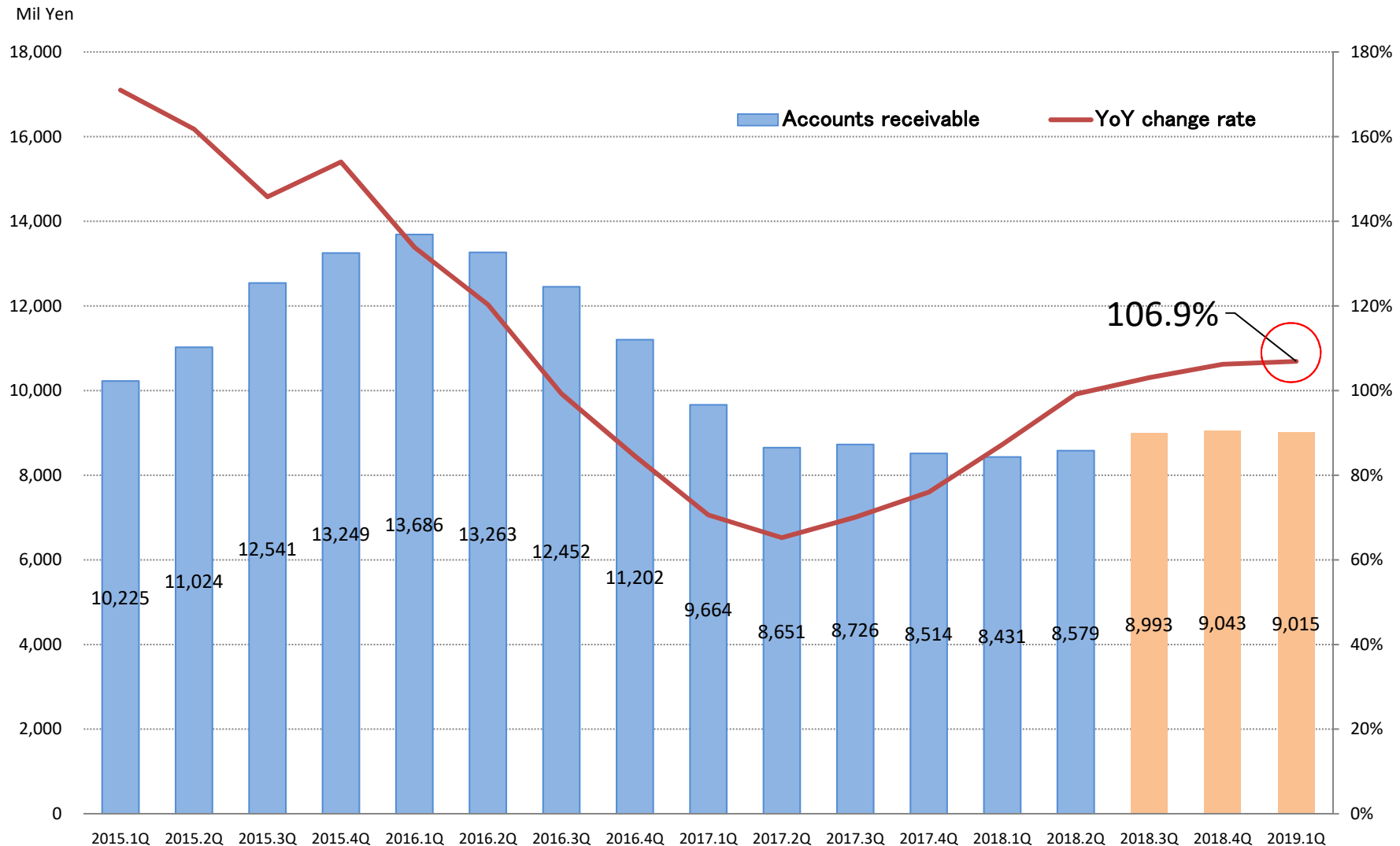
【Inventory】

Increase in inventories in
preparation for consumption
tax hike

Accounts Receivables Quarterly Change



With the membership, as solution service sales grow, receivables increase



CF (Consolidated)



Decrease in operating CF

Units: mil Yen	FY 3/2019 1Q	FY 3/2020 1Q	Change
Operating CF	1,422	71	$\Delta 1,350$
Investment CF	$\Delta 183$	$\Delta 243$	$\Delta 59$
Financial CF	$\Delta 882$	$\Delta 805$	77
Cash or cash equivalents at end of term	10,954	8,566	$\Delta 2,387$

Operating CF
Cash outflow due to increase in inventories

Investment CF
Outlays related to PC Depot Smart Life store renovations and PC Depot Smart Life store Type-F test renovations

1Q SLP renovation 2 Stores
Type-F renovation 3 Stores

※ Store openings and renovations for the same period last year

1Q SLP renovation 2 Stores

※ SLP PC DEPOT Smart Life Stores

Preliminary Comparison



	FY 3/2020		FY 3/2019
	1Q	Annual Forecast	Annual Results
Services Previous years sales	10.7%-	5.0%+	2.9%+
Gross Profit Margin	48.2%	45.0%	46.1%
Capital Investment	2.8Bil	13Bil	9.4Bil
Interest bearing debt outstanding	44.6Bil	—	49.5Bil
Renovation to S L P*	2 Stores	5~10 Stores	6 Stores
Newly opened S L P*	—	Flexible	—
Newly opened PC Clinic	—	Flexible →5 stores in 2H	—

※ SLP PC DEPOT Smart Life Stores

Outlook for Fiscal Year 3/2020



Increase in both revenue and profits

Units: 1 Mil, %	FY 2019 (ending March) Results		FY 2020 (ending March) Forecast	
	Results	YoY	Forecast	YoY
Net sales	40,447	Δ7.2	41,000	1.4
Operating income	2,579	Δ13.5	2,600	0.8
Ordinary income	2,685	Δ12.8	2,700	0.5
Net income belonging to parent company shareholders	1,553	Δ20.7	1,780	14.6

▪ Solution Service Sales 5.0%

(Previous term results 2.9%)

▪ Gross Profit Margin 45.0%

(Previous term results 46.1%)

▪ Capital Investment 13 Bil

▪ Depreciation Amount 8 Bil



FY 2020 (ending March) Business Environment & Strategy

Topics (tentative) for FY3/2020 in 2H onward



2019	Sep	Mandatory removal of SIM lock for pre-owned smartphones Launch of pre-5G network services in certain limited areas
	Nov	“e-Sports” selected as a culture program in the National Athletic Meet 2019 (Ibaragi prefecture) Implementation of point reward system for cashless payment as a countermeasure to the consumption tax hike Rakuten to start its mobile carrier business Preschool education/nursery to be provided free of charge NHK to broadcast programs on TV and distribute them online simultaneously
	Fall – Winter	5G compatible smartphones to hit the market Digital therapeutics with insurance coverage to become commercially available Apps with transportation service booking/payment system (Maas) become available in Japan
2020		Rollout of 5G network commercial service Aim for 100% facilitation of Wi-Fi to all school classrooms Programming courses to become mandatory in elementary school education Termination of Windows 7 and Office 2010 support services Lifting a ban on online medication instruction User registration of my number card (individual social security number card) as health insurance card to start
2021		Programming courses to become mandatory in junior high school education
2022		e-Sports added as a medal event in Asian Games
2023		Termination of Windows 8.1 support service
2024		Standardized university entrance examination may shift to CBT format
2025		Termination of Windows 10 support service

Contributing factors to the growth of well-considered proposals



1

PC
Tablets
Smartphones



Industry-wide trend



PC

Above last year's level?

Tablets

Decline?

Smartphones

Robust sales of iPhone

Bottoming out of PC is positive

2

Demand to increase from “coto (intangible goods) consumption” such as education, games, cashless payment, termination of Windows 7 support service, and 5G

The need for support will increase.



With the increased need for support, we will strengthen support services, and increase quality of support.

The demand for exclusive service for premium members, such as premium member Value Pack which bundles premium service and devices, will grow further

3

Electronics retailers, support service stores, carrier shops, etc

PC sales/support service competitive environment improving



SHIFT UP the existing services well-planned proposal, well-planned creation

PC Depot premium member benefits become available based on membership

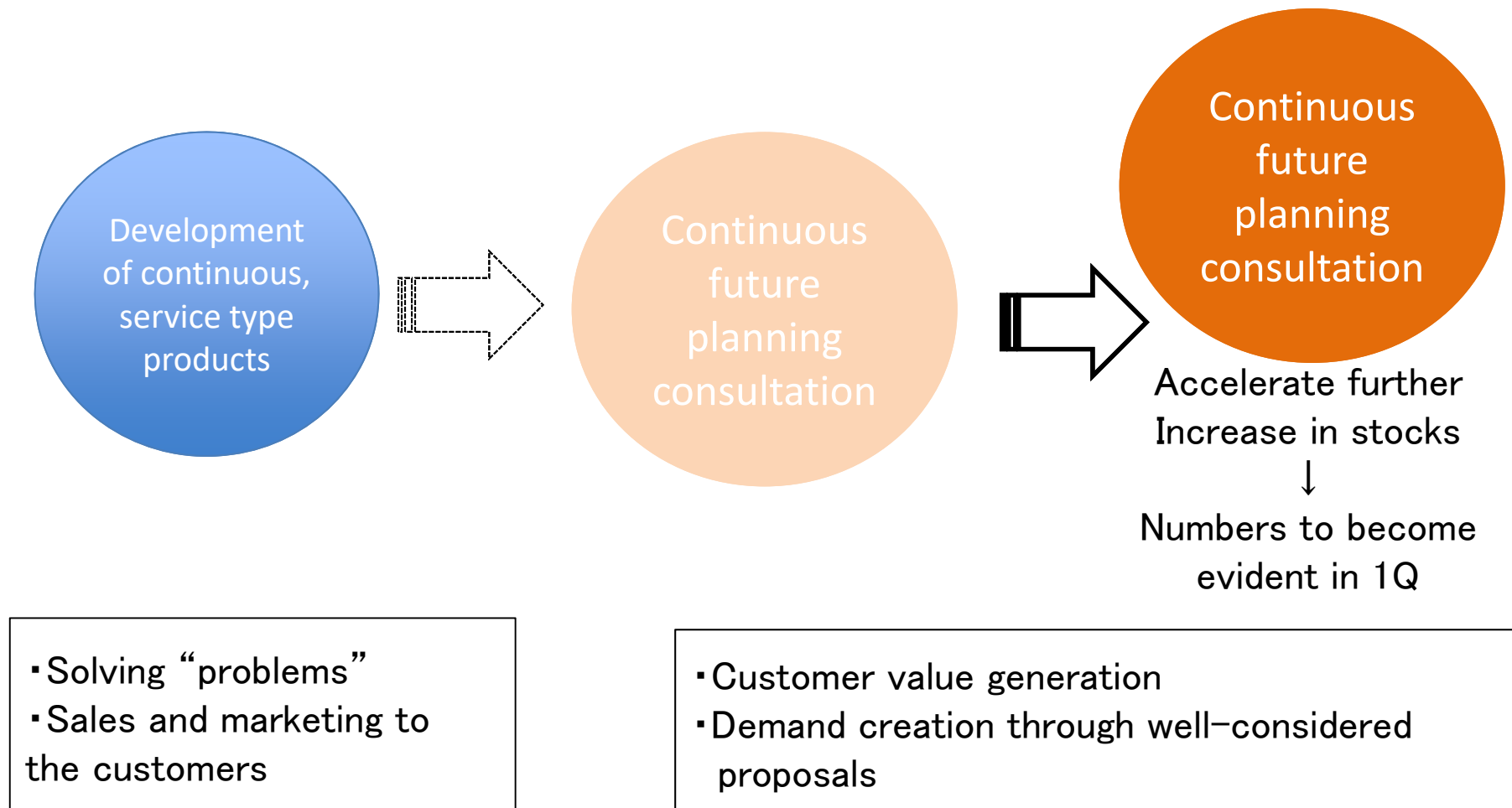
Advancement of Business Model Coto Level 2.0



2006~

2018~

2019~



Initiatives



1 Strengthen consulting sales

→Dedicated staff: “digital life planner” trademark registration in May 2019



※Reference: NEWS RELEASE on June 13, 2019. (Japanese only)

2 Launch of “interactive product” for premium members

→Well-planned demand creation: interactive product

→Launched August 10, “PC assembly kit with assemble experience for parent-and-child”

3 Promotion of smart life



→ Type-F

2 stores

3 stores

Handa city, Aichi Prefecture, and
Kagoshima city, Kagoshima Prefecture



Dedicated Staff System for Premium Members

Started from October 2018



Current

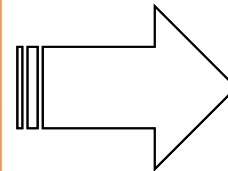
Whatever the devices

Whenever you bought them

Wherever you bought them

Whoever it is in your family

We provide
solutions to **your problems**



Future

Whatever the devices available
going forward

Whenever you buy them

Wherever you buy them

Not only your family
but also your friends and neighbors

We design and create value
for the future



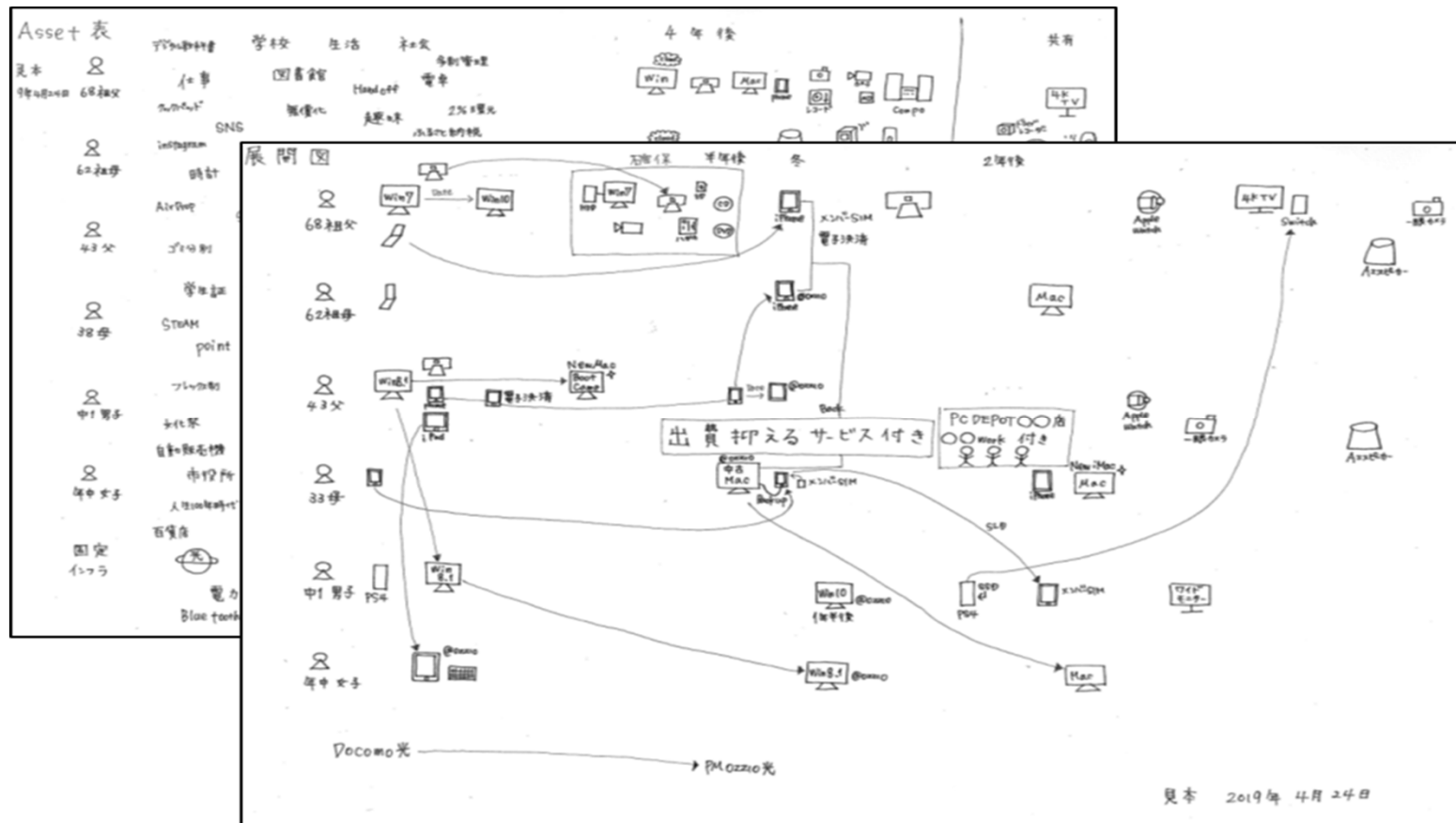
PREMIUM
Member



PREMIUM
Member's

Premium member
Dedicated team (consists of 3-5 staffs)
【Digital Life Planner】

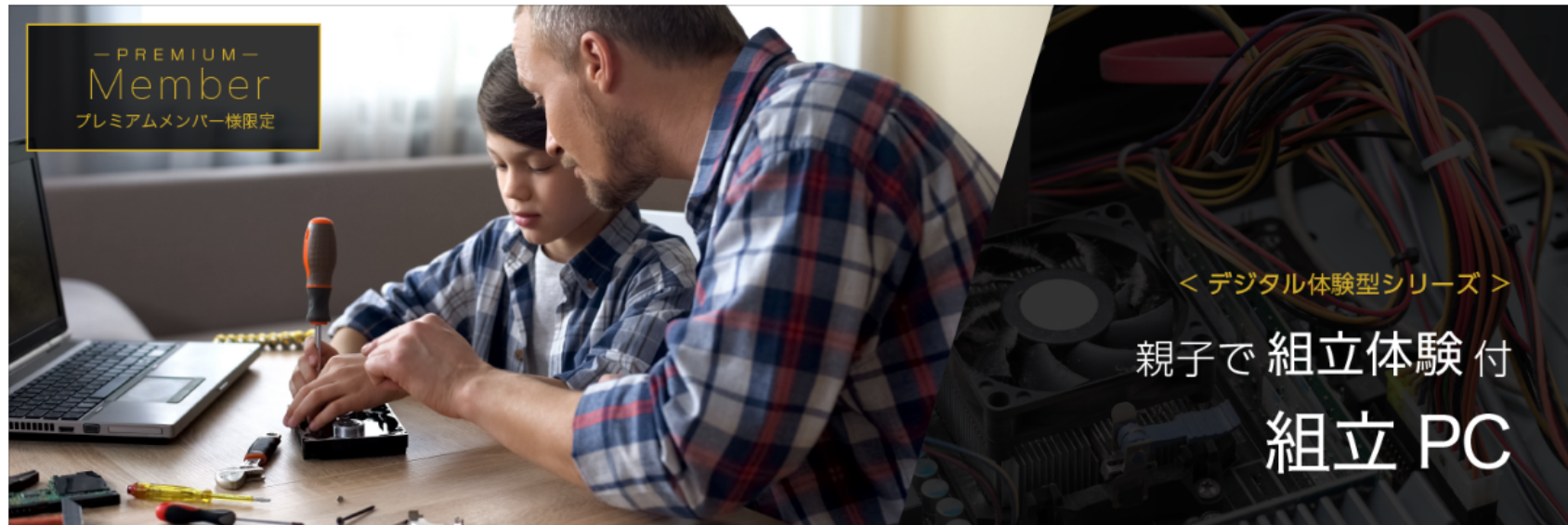
Premium member
Dedicated team (consists of 3-5 staffs)
Example of a consultation sheet by our digital life planner



Sales launch of interactive product for premium members



Launch on August 10



PC Depot launches the sales of interactive product

“PC assembly kit with assemble experience for parent-and-child”

Our dedicated staff will provide one-stop service including selection/assemble experience/operation test

Completed and fully assembled PC will be given an assemble completion certificate, and members can take the PC home

Image of our company
Membership system,
subscription type, circulatory type

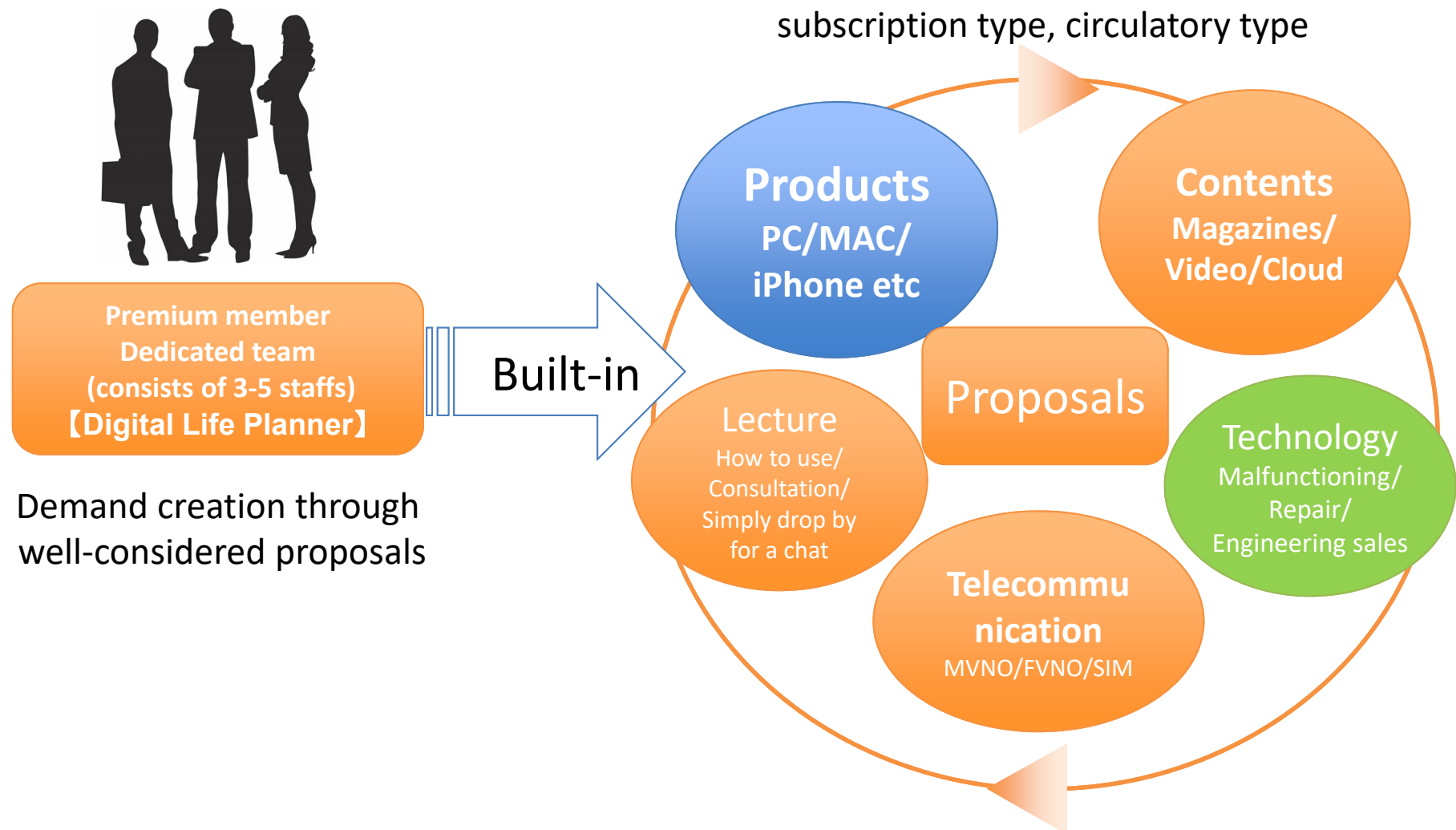


Image of Consulting

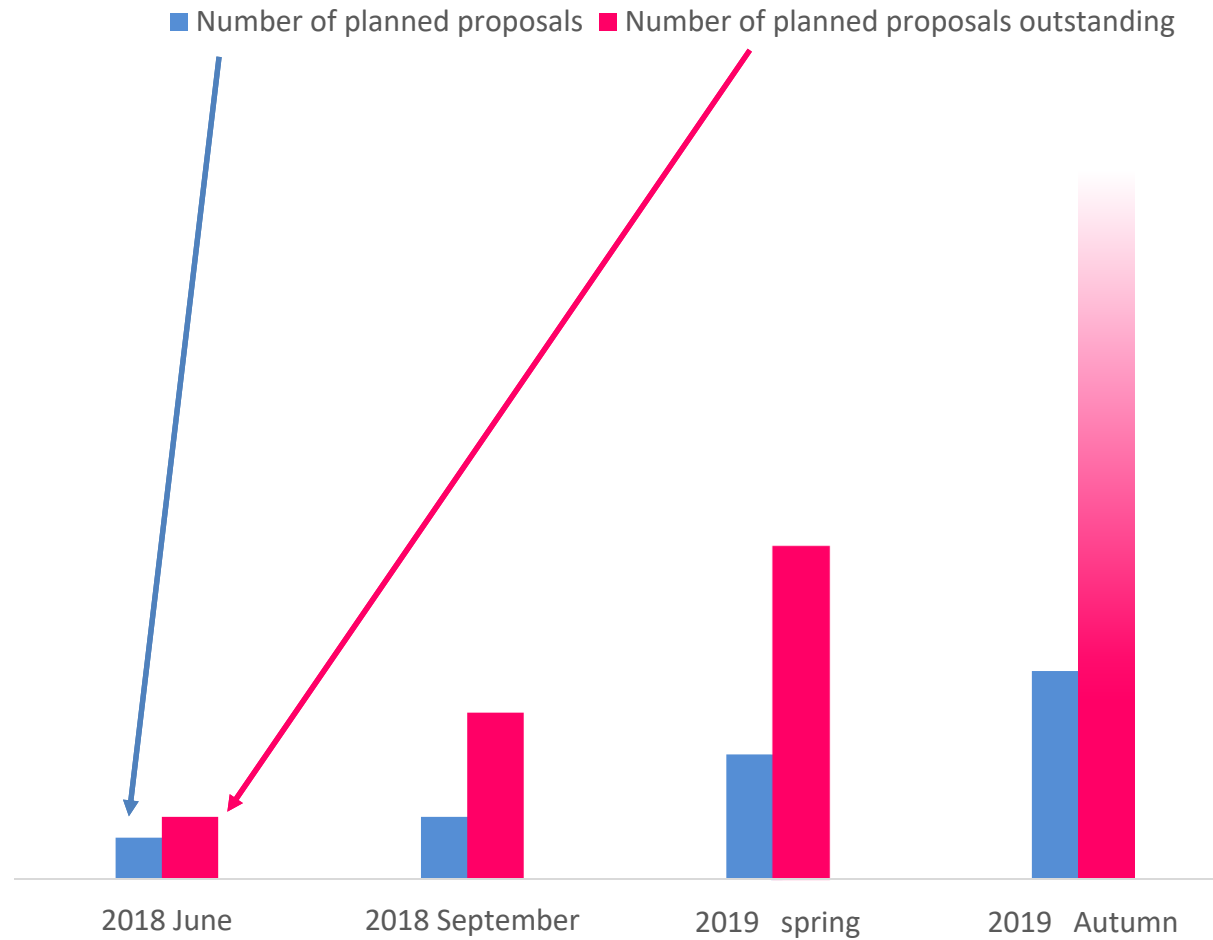
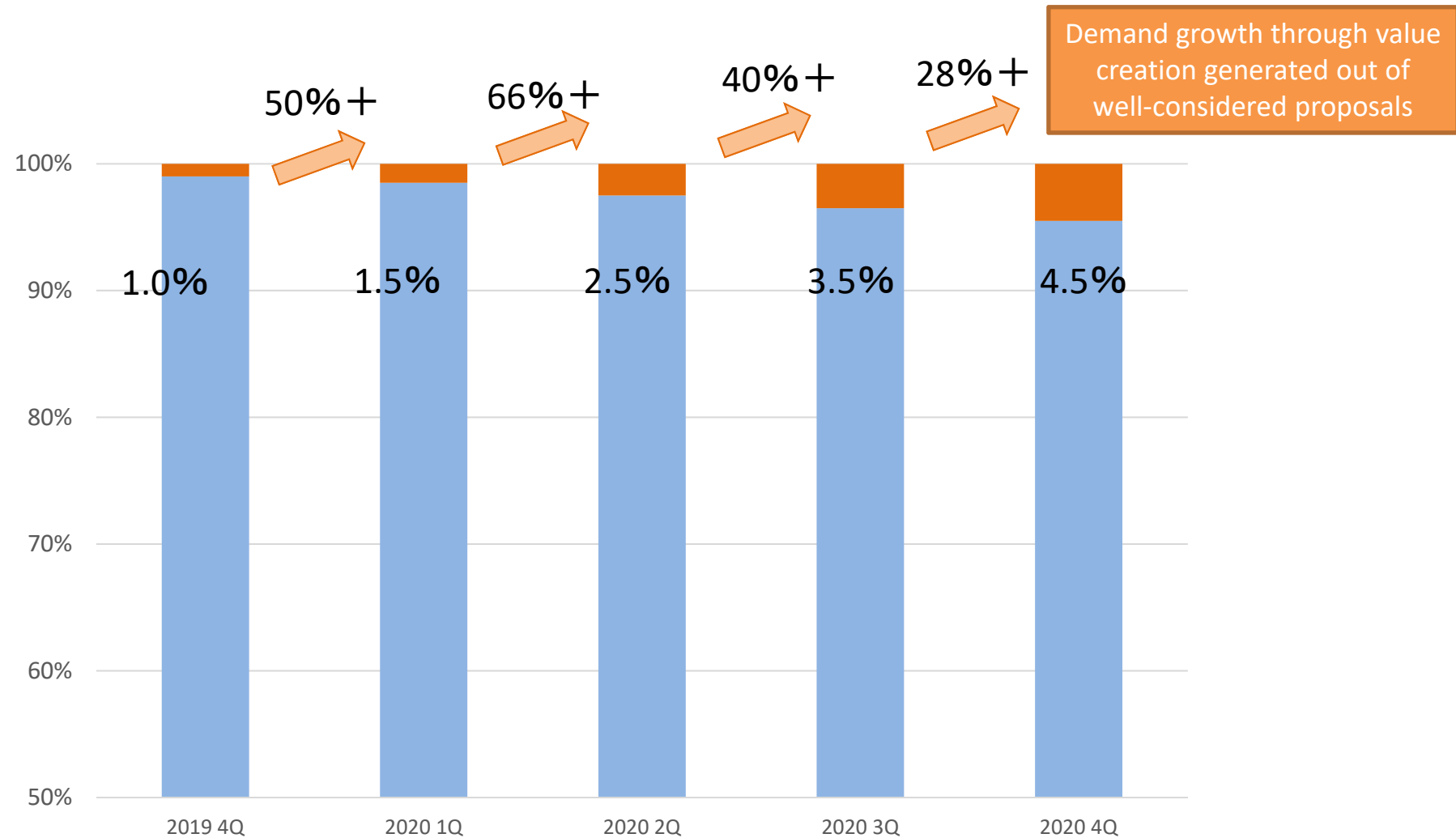


Image of Demand Creation in Sales (sales composition)



Store Development



Store Renovation

- Renovation
- Smart Life store minor renovation
- Smart Life Type-F renovation



5-10 stores planned

Flexibly execute
2-3 stores per quarter

Store Closures

- Smart Life stores
- PC Clinic

Flexibly respond
5 stores in 2H

▪ Renovation

Jun PC DEPOT Handa Inter Store → PC DEPOT Smart Life Handa Inter Store
 PC DEPOT Kagoshima Store → PC DEPOT Smart Life Kagoshima Store

▪ Smart Life Type-F renovation

Apr PC DEPOT Smart Life Sayama Store
 PC DEPOT Smart Life Himonya Store
Jun PC DEPOT Smart Life Heiwadai Store※

※Relocation in the same area



Smart Life Type-F



Install consulting and designing counters

※PC Depot Smart Life store Ver1 Type-F

Rearrange the lounge and member solutions

Store Development

(Excluding FC, as of 13 August 2019)



PC DEPOT



PC DEPOT Smart Life



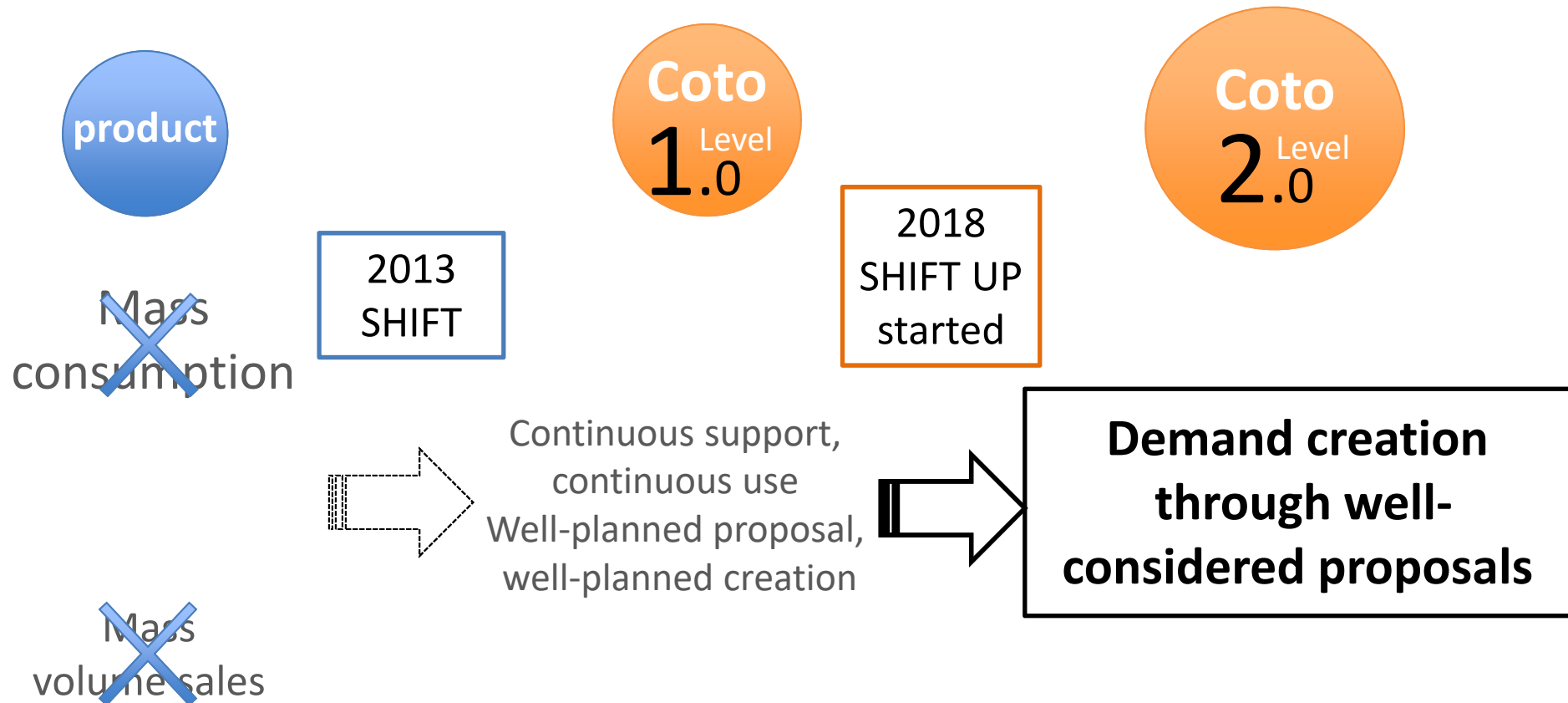
PC DEPOT PC Clinic



Store style	Suburban type, large-scale store	Large scale urban store, Small-medium scale store	In-store PC Clinic counter
Directly operated	12 stores	43 stores	53 stores
Subsidiary operated	8 stores	5 stores	5 stores
Total	20 stores	48 stores	58 stores



Fiscal Year 3/2020 Continue with Our Strategy



Outlook for Fiscal Year 3/2020



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We target

Recurring
Profit Margin
10%

ROE
Over 15%

For midterm

PC DEPOT



※写真はイメージです。

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インターネット・通販など、よその店舗で購入されたもの、なんでもご相談ください

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We also provide support for devices that were bought online, or at other stores. Please let us know if you have anything you need help with.



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