



FY3/2021 First Quarter Financial Results Presentation

August 11, 2020

PC DEPOT CORPORATION

PC DEPOT
SMART LIFE

Security Code 7618



● Overview of FY3/2021 1Q Results

- Ordinary profit margin of **10.5%**
- Temporary surge in product sales with online shift taking place
- Solid growth trend in solution service sales including membership

● FY3/2021 Full Year Forecast

- No changes were made to our full year guidance given the uncertain outlook with COVID-19

● Our Initiatives

- Enhancing our free consultation for “online” shift
- Collaboration with Asahi Culture Center
- Pursue collaborations in various areas in order to solve issues with “bad with digital”



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For Further Growth in Premium Members

FY3/2021 First Quarter



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FY3/2021 First Quarter

FY3/2021

FY3/2021 1Q

Market

- **Rapid acceleration** of daily life going online
- **Going** online stimulates demand for PCs/tablets
- **Decline** in smartphone demand
- COVID-19 leading to concerns for shrinking economic activities/worsening employment /decline in income/reduction in consumption

- Online shift continues and needs for solutions are rising
- Demand for products required for going online is increasing
- COVID-19 outlook remain uncertain, and concerns for income declines and a drop in consumption activities lingering


















PC DEPOT

- **Promotion** for new Membership
- Higher hurdle set in PC sales volume given rush demand last year
- Boosting service to respond to digitization
- Improvement in our staffs' proposal capability
- **Decline** in smartphone sales

- **Continuing** with new membership promotion
- Products **Above Plan**
Surge in products sales in preparation for going online
→PCs, tablets, monitors, mesh routers, etc
- Service enhancement to meet online shift demand was in line with the plan
- Service needs for online shift **Above Plan**
→Rise in overall consultations related to IPv6 and online shift
- Improved response capability for digitization consultation with our dedicated staff system (works)
- Decline in smartphone sales as expected **In-line with Plan**
→Decline in line with the initial estimate

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Market Under New Lifestyle

Market		PC DEPOT
 PC	 Increase in sales volume with more telework from home and online study	 <ul style="list-style-type: none"> Replacement purchase consultation, internet infrastructure, data transfer, how-to-use online service - Service needs are growing Increased with online shift
 Tablet	 Increase in sales volume with more telework from home and online study	 Online study, how-to-use remote communication <ul style="list-style-type: none"> - Service needs are growing
 Smartphone	 <ul style="list-style-type: none"> Decline in volume sales. The replacement cycle lengthened with consumers staying home Signs of recovery from the decline in the previous year 	 Remote communication (online call/video call) usage, rate plan revision, how-to-use consultation <ul style="list-style-type: none"> - Service needs are growing
 Consumer Sentiment	 Buying only the essentials, and shopping online	 Advise on internet shopping, set-up of purchased items, and how-to-use consultation <ul style="list-style-type: none"> - Service needs are growing
 Price Sensitivity	 Further preference for lower prices	 Set-up and enable devices <ul style="list-style-type: none"> - Service needs are growing

Product sales saw more than expected temporary jump in sales
 Needs for membership **rising** under the new lifestyle environment
Expect rising growth trend to continue

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Our Response to COVID-19

Environment

PC DEPOT

External Environment

- Promotion of telework from home
- Proliferation of online study
- Expansion of online communication
- Start of online medical examination, online application

- Product sales increased driven by telework from home, online study, and remote communication
- Service demand which utilize these features increased

Safety Measures

- Refraining from operation
- Reduced outings and contact cases
- Increase in shopping by car
- Avoiding the use of public transport

- Prioritizing services to our Premium Members, and focus on support that require urgent attention
- Increase in next scheduled appointment booking
- Our dedicated staff stay connected by giving phone calls to Premium Members
- Reduced operating hours, increase in store closure days
- Strict management of the health condition of our staff, wearing of masks
- Cleaning and disinfection of our stores, frequent hand washing
- Keeping physical distance when servicing customers

Products

- Slowdown in supply chains
- Out of stock products

- Secure immediate inventory
- Delay in incoming shipment of some products and decline in shipment volume

Hiring

- Postpone hosting event-type meetings
- Hold online company information sessions

- Hosting an online company information meeting and interviews
- Part-time job applications on the rise

Cash Management

- Uncertainty over economic outlook
- And concern for its duration

- Currently securing liquidity equivalent to more than 3 months' sales
- Capital raising (4.5 billion yen) for flexible response to business environment changes

Safety first for customers and staff
Provision of face-to-face/online support to respond to the digitization move

Increase in sales and profit

Units: mil Yen, %	FY3/2020 1Q		FY3/2021 1Q		FY3/2021 1H Forecast	
	Results	Results	Y/Y	Forecast	Progress rate	
Net Sales	9,385	10,050	7.1	18,500	54.3	
Products	3,077	4,005	30.1	—	—	
Solution service	5,996	5,729	△4.4	—	—	
Internet related businesses(subsidiary)	296	298	0.6	—	—	
Gross Profit	4,522	4,736	4.7	—	—	
SGA expenses	3,848	3,678	△4.4	—	—	
Operating Profit	674	1,057	56.9	1,370	77.2	
Ordinary Profit	696	1,059	52.2	1,420	74.6	
Net profit attributable to parent company shareholders	483	741	53.2	950	78.0	
EPS (Yen)	9.64	14.72	52.7	18.87		
ROE (%)	6.6	7.9	1.3	7.9		

Net Sales

Product sales

Increase in demand related to remote work and home study led to sales volume expansion

- ↑ peripheral devices, tablets
- ↓ smartphones

Solution services

Recommended either to make an appointment for or postpone a store visit to avoid congestion

SGA expenses

Promotion and advertisement

expenses centering on newspaper flyers **decreased Y/Y**

Personnel expenses fell Y/Y

with increased store closure days and reduced operating hours

Store closure days last year - 4 days
Store closure days this year - 9 days

* % shown are Y/Y change for the full year

Secure stable funding

Unit: mil Yen	2020 end of March	2020 end of June	Change
Total current assets	23,823	28,790	4,967
Cash and deposits	8,383	12,877	4,494
Accounts receivable	9,421	9,266	△154
Inventory	5,695	6,330	634
Total fixed assets	9,220	9,085	△134
Tangible fixed assets	4,362	4,377	14
Intangible fixed assets	647	601	△46
Investments & other assets	4,209	4,107	△101
Total assets	33,043	37,876	4,832
Total current liabilities	5,059	6,316	1,257
Total tangible liabilities	2,725	5,878	3,152
Total liabilities	7,784	12,194	4,409
Total shareholder's equity	25,204	25,620	415
Total net assets	25,259	25,682	422
Total liabilities/ net assets	33,043	37,876	4,832

Cash/Borrowings

Increased working capital to respond flexibly
→Borrowing 4.5 billion yen

Receivables

Receivables fell as sales of integrated service products like iPhones fell

Inventory

Stocked up to prepare for the impact of COVID-19

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CF (Consolidated)

	FY3/2020 1Q	FY3/2021 1Q	Changes
Unit: mil Yen			
Operating CF	71	1,091	1,019
Investment CF	△243	△332	△89
Financial CF	△805	3,735	4,540
Cash or cash equivalents at end of term	8,566	12,877	4,311

Operating CF

Kept inventory to prepare for increasing demand for devices

Receivables fell as sales of integrated service products like iPhones fell

Investment CF

Increased working capital to respond flexibly
→Borrowing 4.5 billion yen

	FY3/2021		FY3/2020
	1 Q	Annual Forecast	Annual Results
Solution Services Previous years sales	△4.4%	△5.0%	△ 9.5%
Gross Profit Margin	47.1%	47.5%	47.2%
Capital Investment	0.16 bil	1.1 bil	1.28 bil
Depreciation Amount	0.19 bil	0.8 bil	0.75 bil
Renovation to smart life store	None	Flexible	7 stores
Newly opened smart life store	1 store (※)	Flexible	None
Newly opened PC Clinic	1 store	Around 5 stores	5 stores

(※) Relocation of a store in Koto-ku, Tokyo which was closed in January 2020 and opened anew



Outlook for FY3/2021

For Further Growth in Premium Members



2


Initiatives for Current Fiscal Year

- Existing Premium Membership model that is compatible with new lifestyle ➡ **Expand further**
 - Strengthen measures to boost membership (family)
 - Enhance our staffs' proposal capabilities that correspond to new lifestyles (smart life)
- New Members ➡ **Increase in membership**
 - Longer membership period, a rise in unit price
- Pursue collaborations
 - Pursue collaborations in order to solve "bad with digital" issues

Online related service expansion
→ Increase in membership (family)

オンライン学習/授業準備

- お子さま用PC
- 有害サイトブロック
- 使用時間の管理




テレワーク オンライン準備

- ミーティングアプリ設定・使い方
- 会議と同時に資料を作成したい
- セキュリティが不安




就活・進学 オンライン準備

- スマホ・タブレット・ミーティングアプリ設定
- パソコン性能確認
- インターネットが遅い



飲み会・帰省 オンライン準備

- 何を準備すればよいのか分からない
- 家の中で音が漏れないようにしたい
- 何人が使い方が分からない人がある



オンライン相談

他店購入 オンライン準備

- どこで買ったか分からない
- 人から譲り受けた
- 相談窓口が分からない



遅い インターネット

- パソコンの動作が遅い
- 画面が止まる
- 動画や音が途切れる




つながらない インターネット

- つながりにくい場所がある
- 夜になるとつながらなくなる
- 動画や音が再生できない



携帯料金 高い?

- 何にいくら払っているのかわからない
- よく分からない



Collaboration with Asahi Culture Center helping to shift seminars online




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NEWS RELEASE

協業戦略

2020/08/06

ピーシーデポ 朝日カルチャーセンターの講座オンライン化に向け協業
朝日カルチャーセンター会員様向けにiPad/バックや技術サポートを提供開始
デジタル苦手の方も、オンライン講座が開始できます

インターネットデバイス・ネットワーク総合専門店「ピーシーデポスマートライフ店」、「PC DEPOT」ならびにパソコン技術サービス・サポートカウンター「PC DEPOT パソコンクリニック」を運営する株式会社ピーシーデポコーポレーション(本社:神奈川県横浜市、代表取締役社長執行役員:野島隆久)(以下、当社)は、株式会社朝日カルチャーセンター(本社:東京都新宿区、代表取締役社長:高田圭子)と協業し、首都圏の同センター会員様向けに iPad のオンラインスタートバックや技術サービスの提供を開始いたしました。このことにより、同センターの会員様は、煩わしいデジタル機器のオンライン化がサポートされ、スムーズにオンライン講座が利用できます。



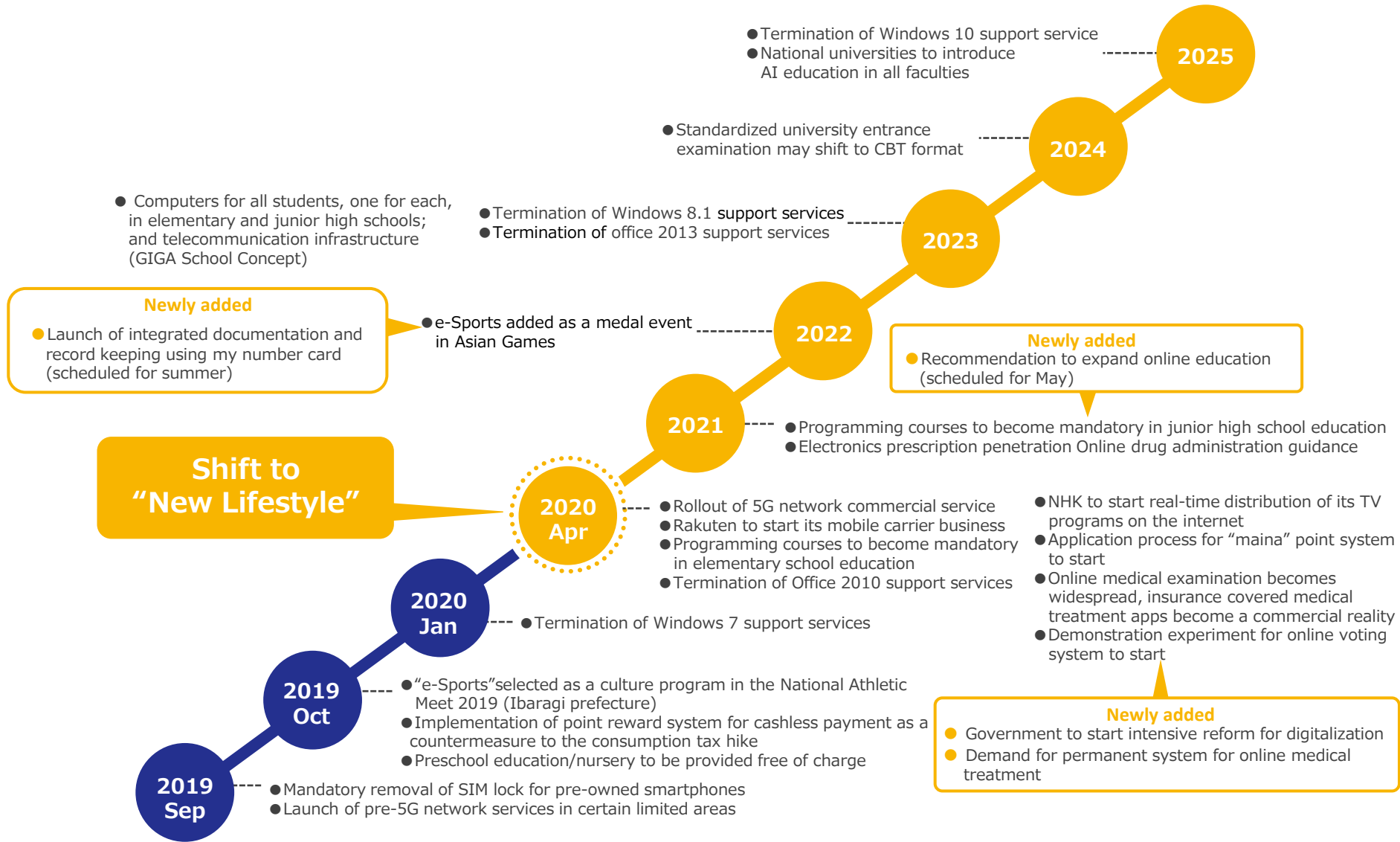
朝日カルチャーセンターは、全国で約 10 万人、首都圏に約 5 万人の会員、全国で 14 の事業所を持つ、国内でも最大級の生産学習センターです。教養、語学、趣味、実益、健康などにかかわる多様な約 3 万 7000 講座(4 期のべ)を運営し、約 58 万人の方が受講されております。本年 5 月からは、自宅から PC やスマートフォン、タブレット端末を使って受講できるオンライン講座も多数開催されております。

朝日カルチャーセンター

Our staffs became **digital support specialists** to facilitate online seminar participants who are not familiar with digitization

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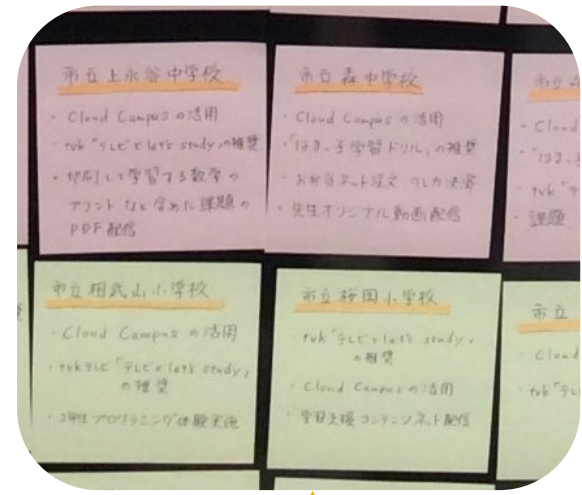
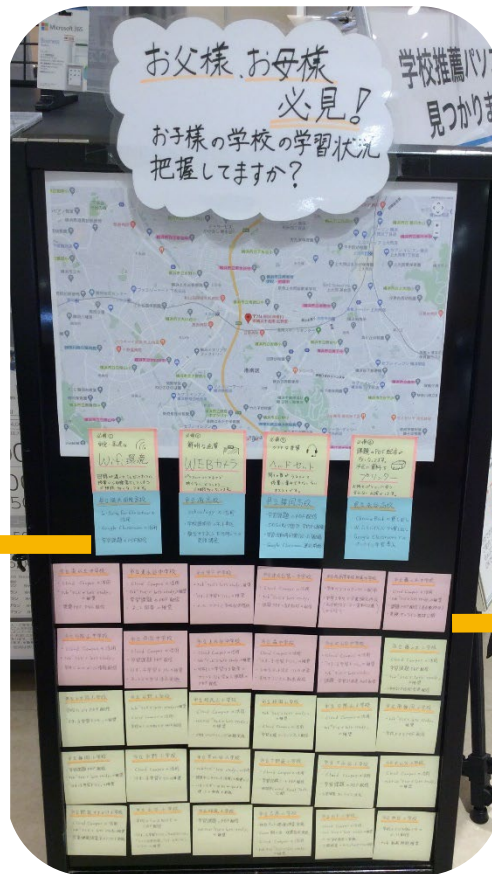
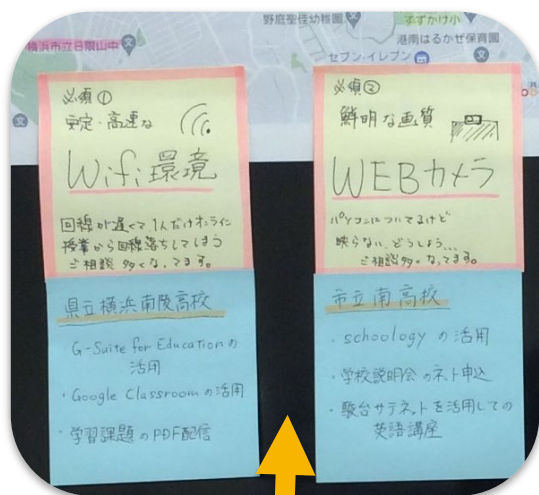
Rapid Changes in Social Structure



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An Example of Regional Cooperation Based on Social Structure Change (Our Store in Kanagawa prefecture)

Introducing items necessary for online studies and status by **each** school in the community



● Must items for going online

- Wi-fi environment
- WEB camera
- Headset
- Printer

● Shift to online situation by elementary, junior-high, and high schools in the community

- Elementary School X
 - Using Cloud Campus
 - Recommending TVK TV program “TV let’s eStudy
 - Online Distribution of study support contents

Our Response to the Rapid Transformation of Digital Divide



Reduce Digital Divide by Age, Gender, Income, Education, Place of Residence



- Provide consultation to the whole family, not just to an individual member
- Able to provide services/products without coming into our store
- Offering support to products purchased elsewhere
- Variety of programs for children like PC assembly kit

Units: mil Yen, %	FY3/2020 Results		FY3/2021 Forecast	
	Results	Y/Y	Forecast	Y/Y
Net Sales	39,137	△3.2	37,500	△4.2
Operating income	2,941	14.0	2,900	△1.4
Ordinary income	3,018	12.4	3,000	△0.6
Net income belonging to parent company shareholders	1,718	10.7	2,000	16.4
EPS (Yen)	34.18	10.5	39.73	16.2
ROE (%)	7.0	0.4	7.9	0.9

Solution Service Sales

Down **5.0%**

(Previous term results down 9.5%)

Expect lower sales of service-inclusive product as smartphone sales decline

Gross Profit Margin

47.5%

(Previous term results 47.2%)

Capital Investment

1.1 Bil

Depreciation Amount

0.8 Bil

*We estimate the impact of COVID-19 based on information available as of end of April, and no material impact has surfaced thus far. We will promptly disclose should our business outlook require revisions.

2

Capital Policy

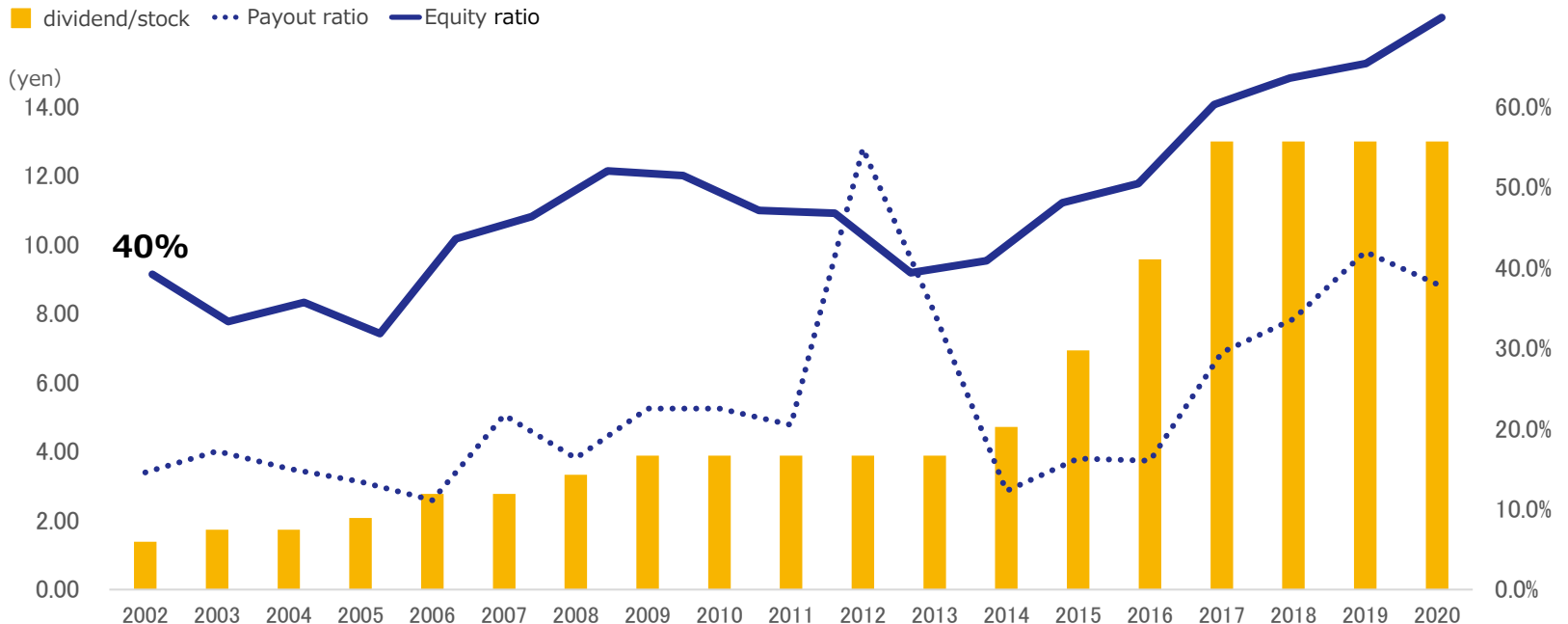
Considering to boost shareholder return with 15% ROE target

Up to now

Consolidated payout ratio of around 30%, profit distribution through a stable dividend

Going forward

To achieve 15% ROE, aim for optimal financial balance for the future, and consider to strengthen shareholder return



2

Dividends and shareholder policies

Consolidated dividend payout ratio of 30%

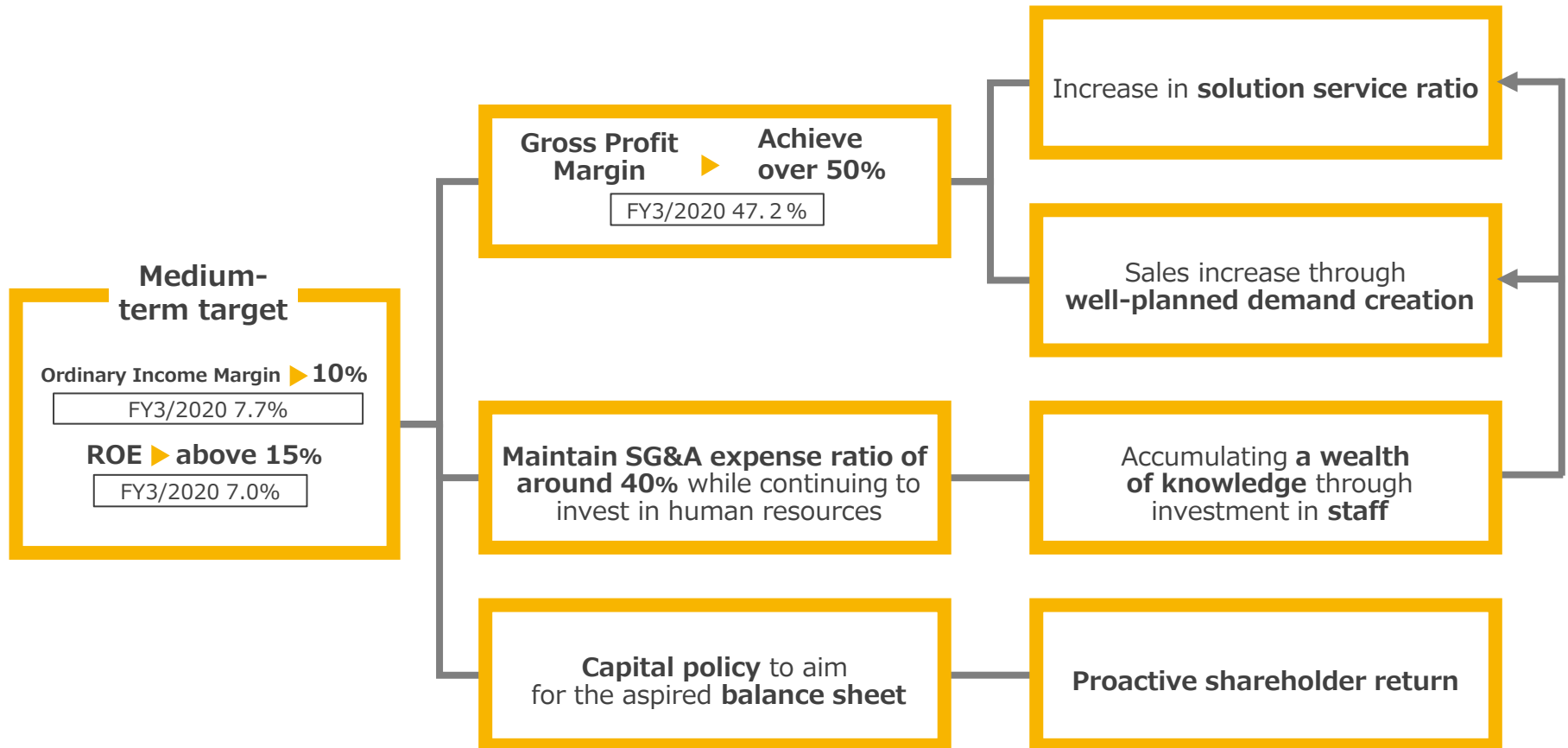
Profit distribution through stable dividend payment to be maintained

	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021 (Plan)
Unit: %					
Consolidated dividend payout ratio	29.5	33.7	42.0	38.0	32.7

2

Path to Value Creation

Aim for corporate value enhancement through quality, not through scale



Vision

Resolve digital divide in the information society

Mission

Provide digital consultants to all households

General Stakeholder Relations Office
(Persons in charge: Matsuo and Takeda)



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All financial forecasts and predictions made in this presentation were based on information available at the time of release of this document. The information included reflect a number of uncertainties and actual financial results may differ greatly from out forecasts due to various uncontrollable factors. We ask any investors to only make investment decisions with a full understanding of the above, based on their own judgements.