



FY3/2021 Second Quarter

November 19, 2020

Financial Results Presentation

PC DEPOT CORPORATION

PC DEPOT
SMART LIFE

Security Code 7618

Overview of FY3/2021 2Q Results

- Ordinary profit margin of **9.2%**
- Factors such as online penetration led to 13.6% Y/Y increase in product sales
- SGA expenses fell 3.3% Y/Y with downsizing of sales promotion activities and shortening store operating hours to avoid overcrowding

FY3/2021 Full Year Forecast

- Full year guidance has been revised upward given 2Q results

Our Initiatives

- Increase the pace of store renovation to Smart Life stores as well as advertisement activities
- Preparation for a new store format

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Preparation for a new store format

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FY3/2021 Second Quarter

FY3/2021

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











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

FY3/2021 2Q

- 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

- **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
→New iPhone model launch delayed to October

Market		PC DEPOT
PC	 <p>Increase in sales volume with more telework from home and online study</p>	 <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	 <p>Increase in sales volume with more telework from home and online study</p>	 <p>Online study, how-to-use remote communication</p> <p>- Service needs are growing</p>
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 	 <p>Remote communication (online call/video call) usage, rate plan revision, how-to-use consultation</p> <p>- Service needs are growing</p>
Consumer Sentiment	 <p>Buying only the essentials, and shopping online</p>	 <p>Advise on internet shopping, set-up of purchased items, and how-to-use consultation</p> <p>- Service needs are growing</p>
Price Sensitivity	 <p>Further preference for lower prices</p>	 <p>Set-up and enable devices</p> <p>- Service needs are growing</p>

Product sales saw more than expected increase in 1Q
 Needs for membership **rising** under the new lifestyle environment
Sustaining growth momentum

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 2Q	FY3/2021 2Q		FY3/2021 1H Forecast	
	Results	Results	Y/Y	Forecast	Progress rate
Net Sales	19,260	19,266	0.0	18,500	104.1
Products	6,576	7,468	13.6	—	—
Solution service	12,048	11,167	△7.3	—	—
Internet related businesses(subsidiary)	607	597	△1.6	—	—
Gross Profit	9,018	9,122	1.2	—	—
SGA expenses	7,641	7,391	△3.3	—	—
Operating Profit	1,376	1,730	25.7	1,370	126.3
Ordinary Profit	1,431	1,768	23.6	1,420	124.6
Net profit attributable to parent company shareholders	973	1,204	23.7	950	126.8
EPS (Yen)	19.38	23.91	23.4	18.87	126.7
ROE (%)	6.7	7.7	1.0	7.9	97.5

Net Sales

Product sales

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

- ↑ PC, peripheral devices, tablets
- ↕ smartphones

Solution services

- Recommended either to make an appointment for or postpone a store visit to avoid congestion
- Supporting digital infrastructure at home

SGA expenses

Promotion and advertisement expenses centering on **newspaper flyers decreased 40.0% Y/Y**

Personnel expenses fell

2.6% Y/Y with increased store closure days and shorter store operating hours

Store closure days last year – 7 days
Store closure days this year – 15 days

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

Secure stable funding

Unit: mil Yen	2020 end of March	2020 end of September	Change
Total current assets	23,823	28,549	4,726
Cash and deposits	8,383	13,325	4,942
Accounts receivable	9,421	8,933	△488
Inventory	5,695	5,890	194
Total fixed assets	9,220	8,835	△384
Tangible fixed assets	4,362	4,247	△115
Intangible fixed assets	647	552	△95
Investments & other assets	4,209	4,035	△173
Total assets	33,043	37,385	4,341
Total current liabilities	5,059	5,859	800
Total tangible liabilities	2,725	5,331	2,605
Total liabilities	7,784	11,191	3,406
Total shareholder's equity	25,204	26,133	928
Total net assets	25,259	26,194	934
Total liabilities/ net assets	33,043	37,358	4,341

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

1

CF (consolidated)

	FY3/2020 2Q	FY3/2021			Changes
		1 Q	2 Q	2 Q Results	
Unit: mil Yen					
Operating CF	677	1,091	1,008	2,099	1,422
Investment CF	△656	△332	4	△327	328
Financial CF	△1,271	3,735	△565	3,170	4,441
Cash or cash equivalents at end of term	8,292	12,877	13,325	13,325	5,033

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	
	1Q	2Q	2 Q Results	Annual Forecast	Annual Results
Solution Services Previous years sales	△4.4%	△10.1%	△7.3%	△5.0%	△ 9.5%
Gross Profit Margin	47.1%	47.6%	47.3%	47.5%	47.2%
Capital Investment	—	—	0.18 bil	1.1 bil	1.28 bil
Depreciation Amount	0.19 bil	0.19 bil	0.39 bil	0.8 bil	0.75 bil
Renovation to smart life store	None	None	None	Flexible →Around 5 stores	7 stores
Newly opened smart life store	1 store (※)	None	1 store (※)	Flexible	None
Newly opened PC Clinic	1 store	None	1 store	Around 5 stores	5 stores

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

1

Analysis on 1H Performance Forecast vs Actual Results

Exceeded Expectation

Units: mil Yen, %	FY3/2021 2Q Initial Forecast		FY3/2021 2Q Results	
	Forecast	Y/Y	Results	Y/Y
Net Sales	18,500	△3.9	19,266	0.0
Operating Profit	1,370	△0.5	1,730	25.7
Ordinary Profit	1,420	△0.8	1,768	23.6
Net profit attributable to parent company shareholders	950	△2.4	1,204	23.7
EPS(Yen)	18.87	△2.7	23.91	23.4
ROE(%)	7.9	1.2	7.7	1.0

Upward revision

Units: mil Yen, %	FY3/2020 Results		FY3/2021 Forecast (Initial 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

FY3/2021 Forecast
(Revised on November 12, 2020)

Forecast	Y/Y
38,500	△1.6
3,250	10.5
3,300	9.3
2,200	28.0
43.63	27.6
8.7	1.7

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

1.1Bil

Depreciation Amount

0.8 Bil

*We estimate the impact of COVID-19 based on information available as of November 12, 2020, and no material impact has surfaced thus far. We will promptly disclose should our business outlook require revisions.



Outlook for FY3/2021

For Further Growth in Premium Members

Vision

Resolve digital divide in the information society

Mission

Provide digital consultants to all households

MISSION

Provide digital consultants to all households



SMART LIFE

2

Digital Consultant

PC DEPOT
SMART LIFE



Digital
Consultants

3-5 members per team

Covering 500-800
households
per team

2

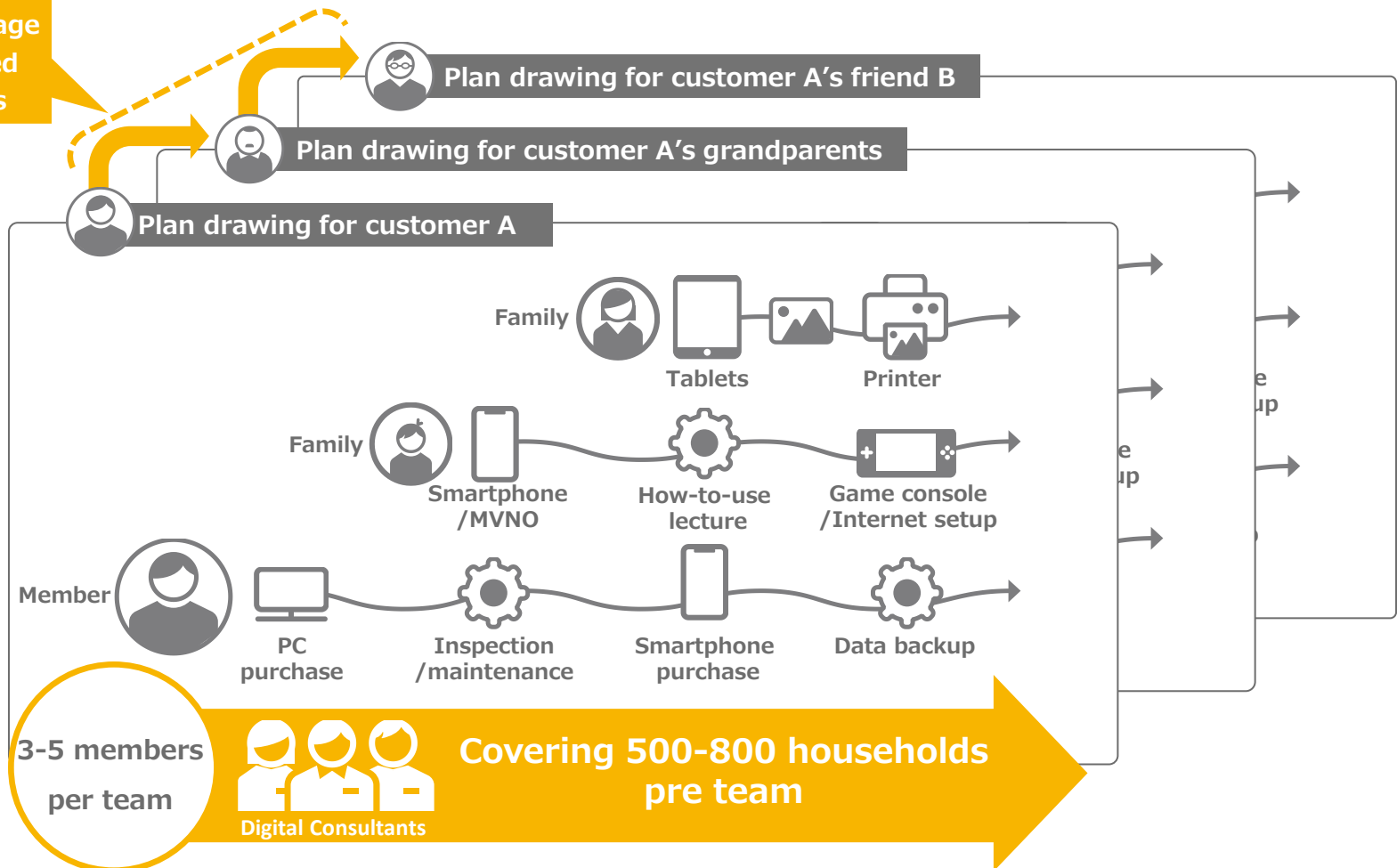
Well-Planned Demand Creation by Digital Consultant

Comprehensive proposals **in view of life cycles**, not just for one customer but for the whole family members



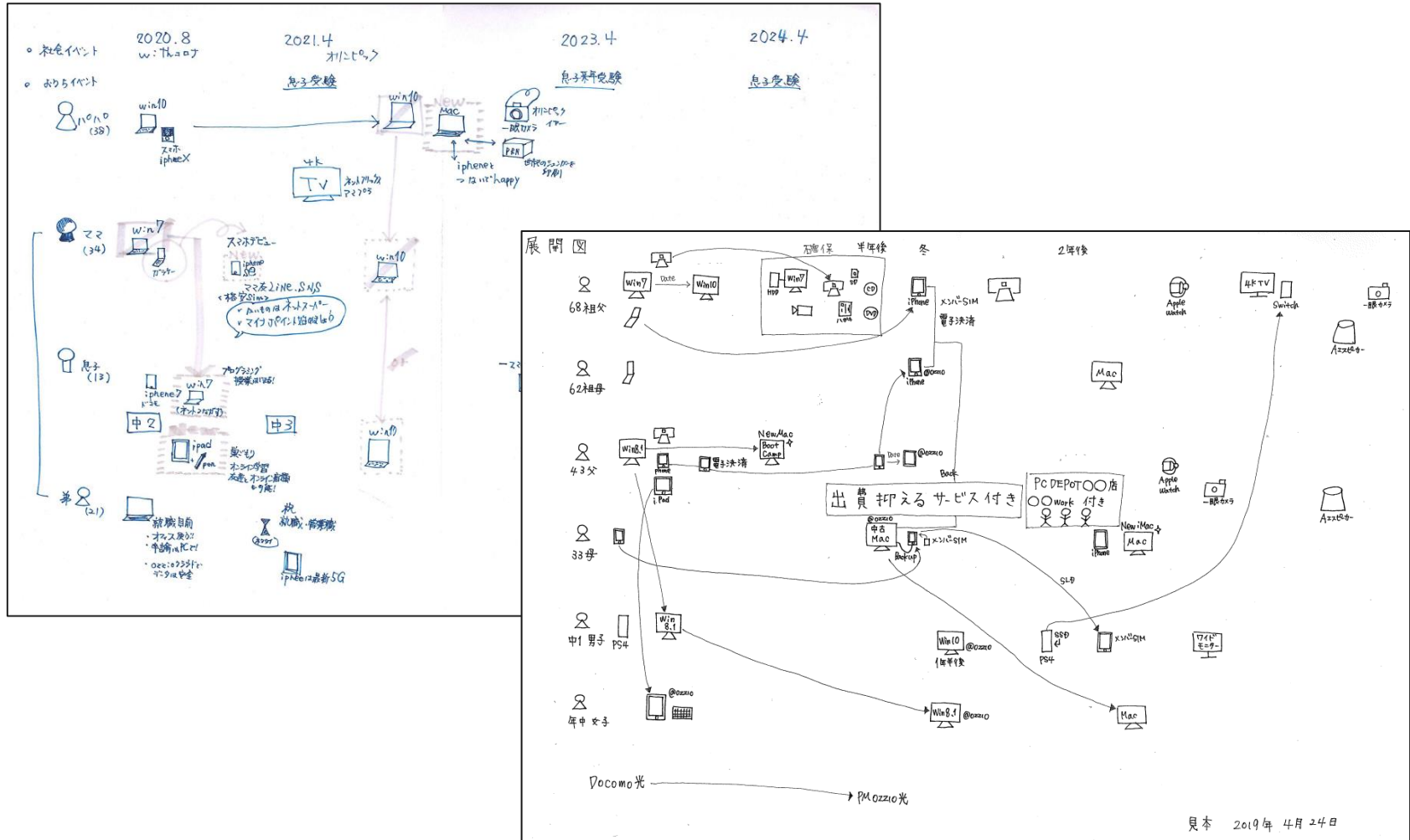
By bringing out the potential needs, **generate non-product dependent customer demand**

expansion of the coverage to related persons



2

An Example of Plan Drawing by Digital Consultant

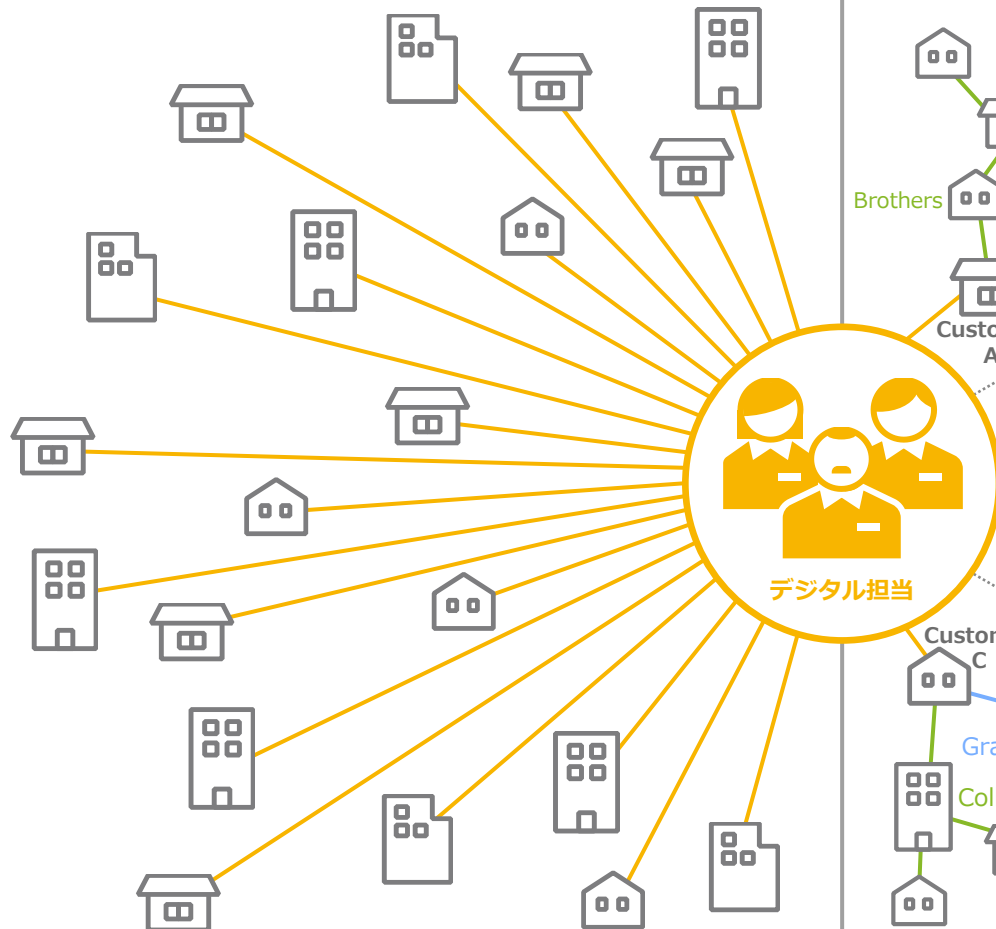


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Approach by Digital Consultant

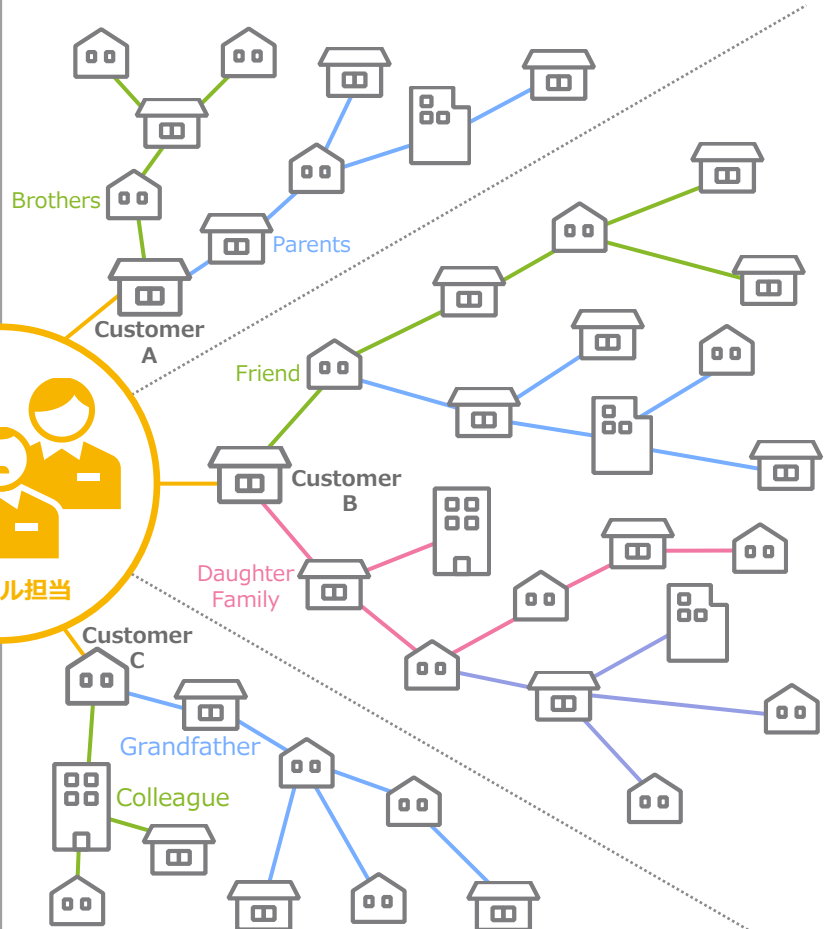
Dedicated Digital Consultant

Dedicated digital consultant is assigned to
1 team covers **500-800 households**



Increase in the number of households
with expansion of related persons

Cover persons that a customer has relationships (related persons) such as his/her family members, relatives, friends, colleagues, and neighbors



Preparing for Expansion

1 Store/Area Expansion, Development of New Store Format

- Promote renovation to Smart Life stores
→5 stores in 2H
- Developing new store format

2 Development of New Service /Increase in Advertising Activities

- Strengthen collaboration with Asahi Culture Center
- Plan to start various advertising activities

3 Increase Hiring/ Training

- 150 new employees to join next spring
(76 new employees joined in April 2020)
- Strengthen capability of digital consultants

2

Smart Life Renovation

Enhancing the **support area** where we offer solutions to our members/customers



Future Design Works

Works (digital consultant) design well-planned proposals for the premium members in "Future Design Works"



PREMIUM MEMBER LOUNGE

Premium members are offered digital life proposals in the Premium Member Lounge



Communication Area



Product Display/Experience Area

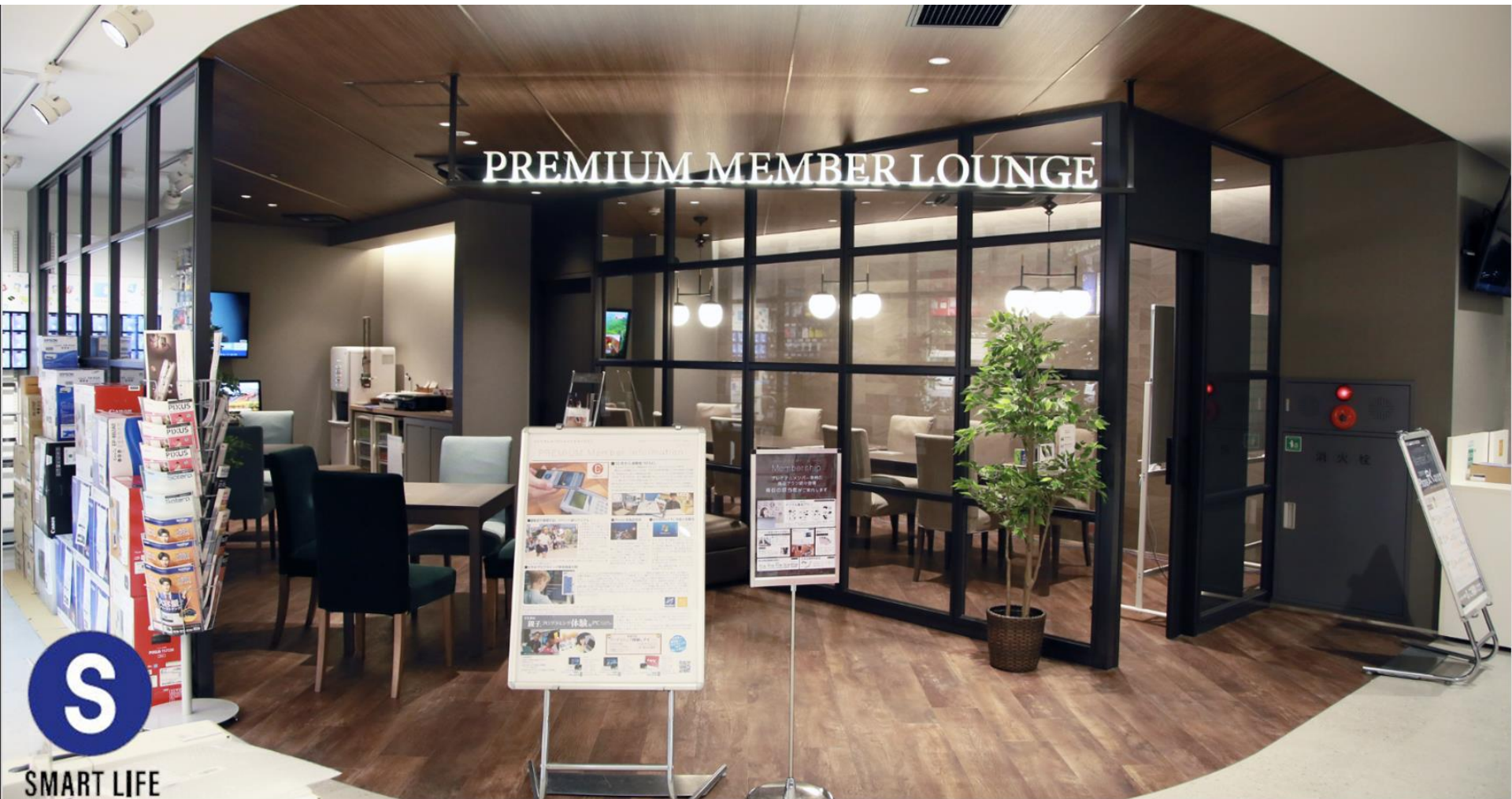


Workshop Area

2

Interior View of Smart Life Store

PC DEPOT
SMART LIFE



Strengthening Collaboration with Asahi Culture Center




神奈川県横浜市港北区新横浜 3-1-9
株式会社ピーシーデポコーポレーション
(東証一部 コード番号 7618)

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。



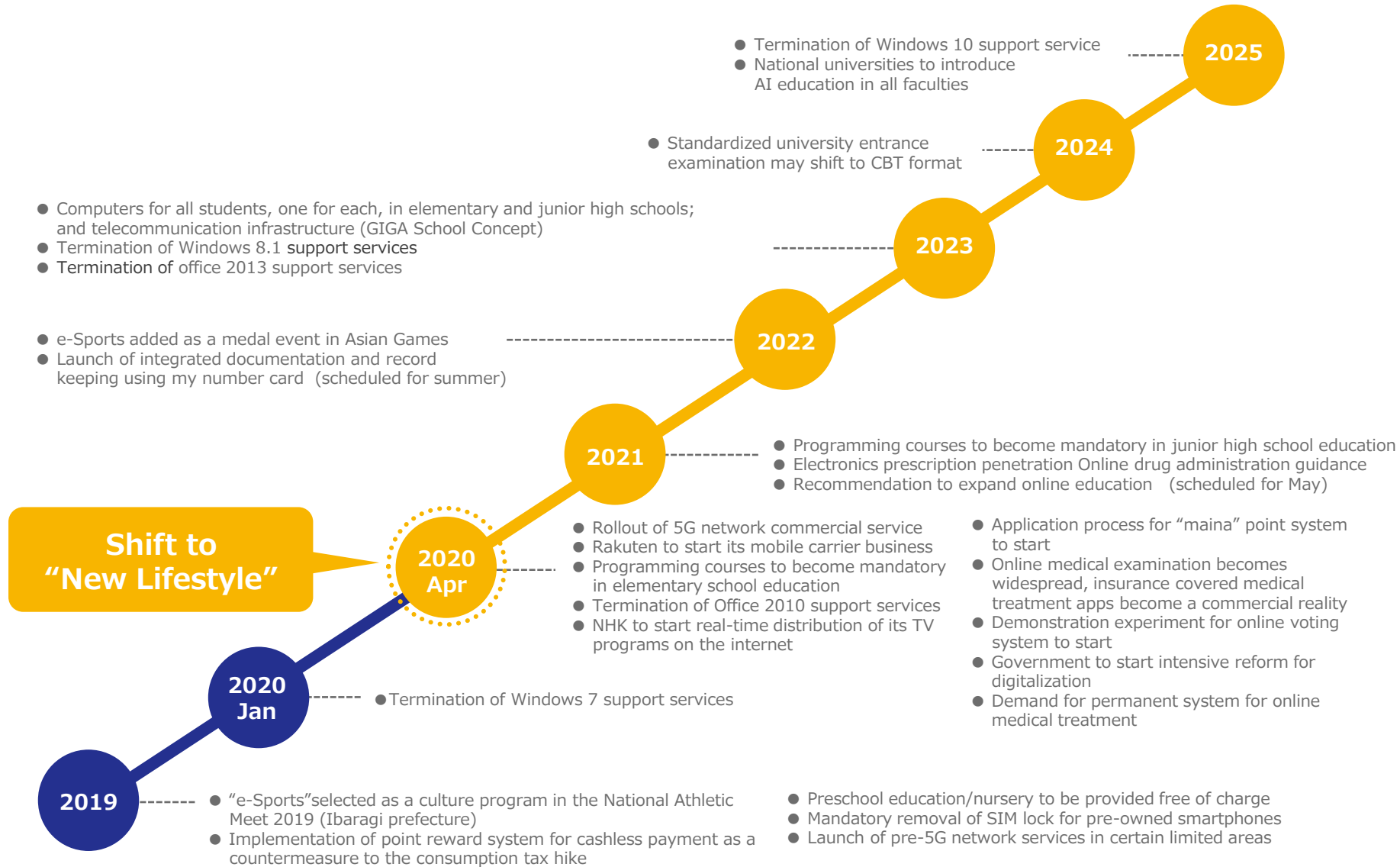
朝日カルチャーセンター

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涯学習センターです。教養、語学、趣味、実益、健康などにかかわる多種多彩な約 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。

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

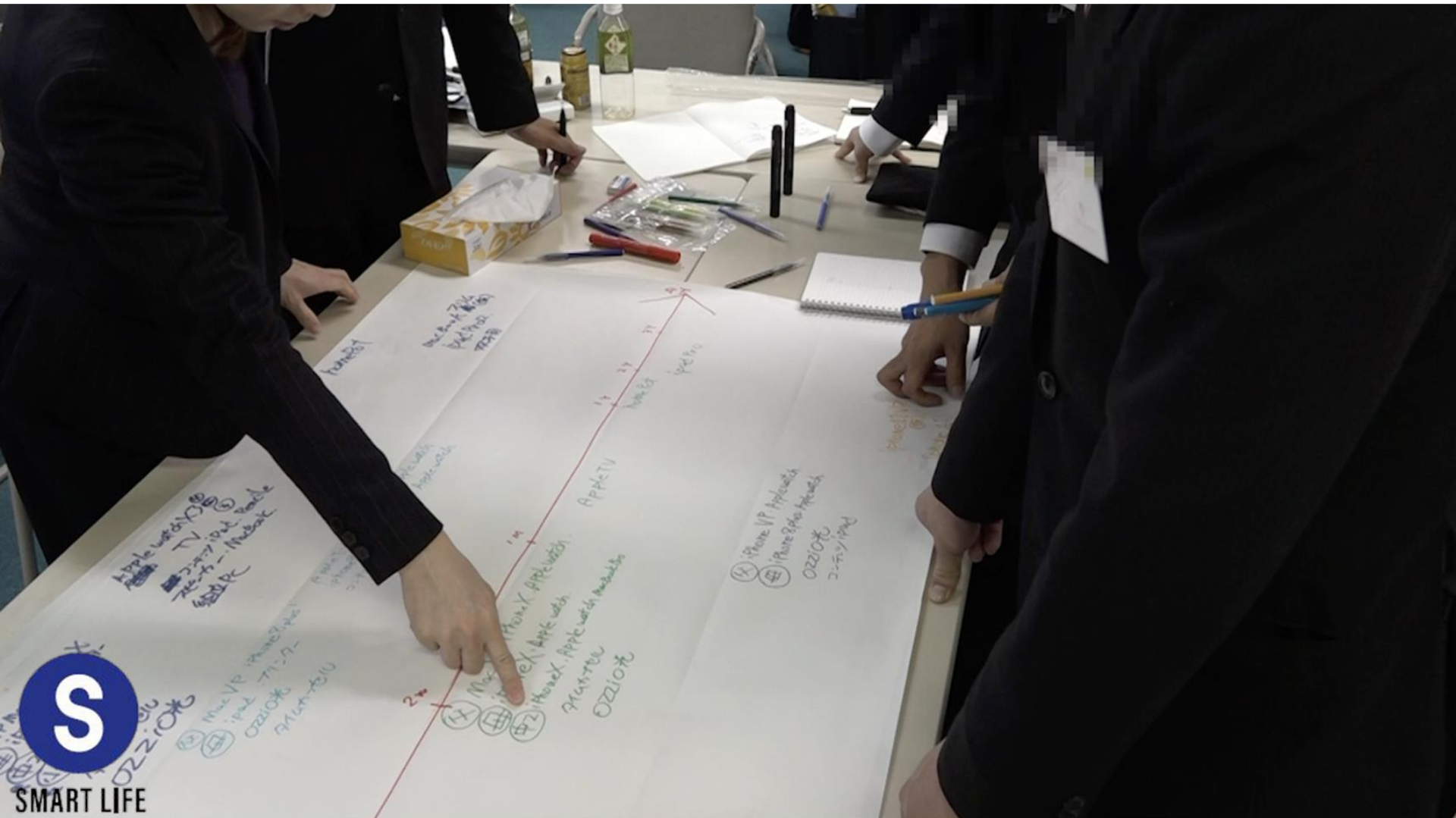
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Proposal Areas for Digital Consultants



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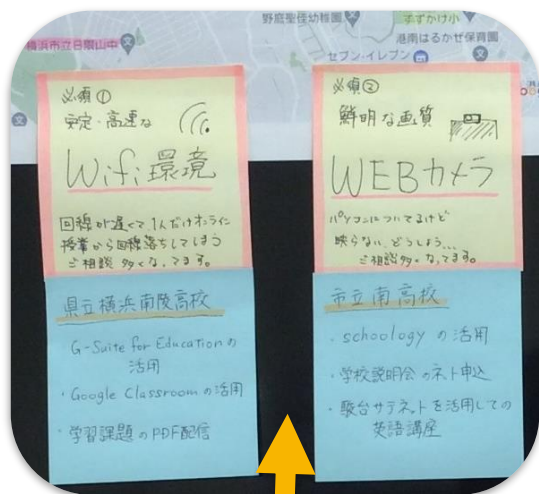
Training Digital Consultants



2

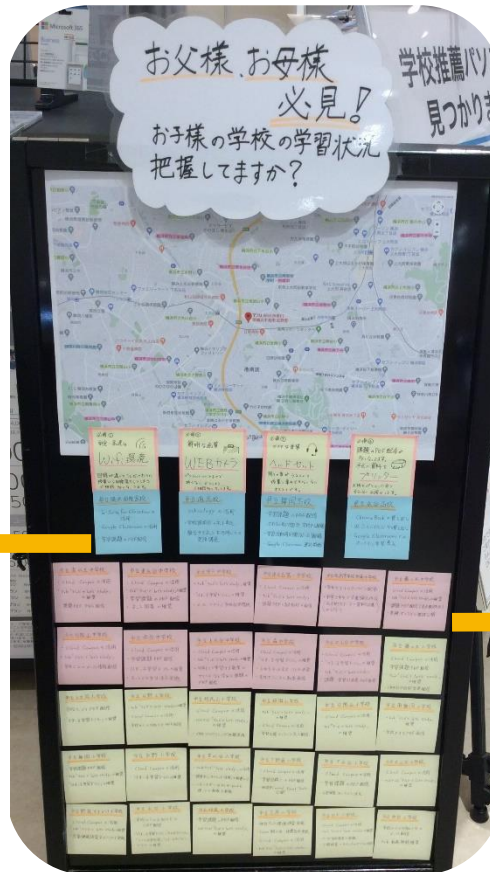
An Example of Proposal by Digital Consultants

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



Preparation for a new store format

3

Provide digital consultants to all households



Developing New Store Format Vehicle-type Store



※Image photos

3

PC Depot's Future

Solving ever widening digital divide

Bring Affluent Lifestyles to More Communities and Areas



3

Provide digital consultants
to all households

**With
Digital Consultant**

Online class and
telework become
available to all



3

Provide digital consultants to all households

With Digital Consultant

Mobile payment
becomes available
to all for daily
shopping



3

Provide digital consultants to all households

**With
Digital Consultant**
Easily get advices
on how to “save”
mobile phone bills



3

**Provide digital consultants
to all households**

**With
Digital Consultant**

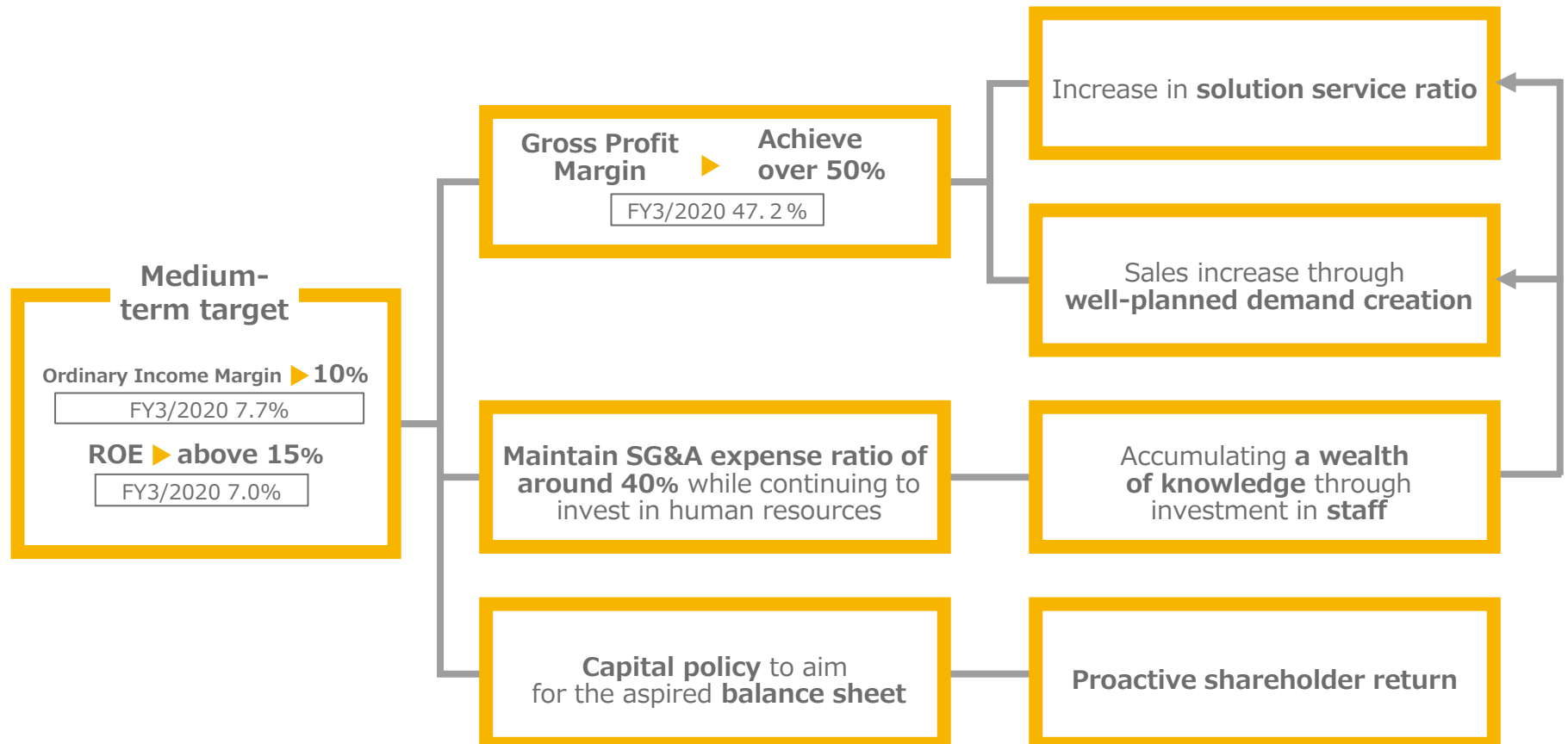
Support service on
computer
repair/purchase/
how-to-use is
available anytime



2

Path to Value Creation

Aim for corporate value enhancement through quality,
not through scale



3

Provide digital consultants to all households



Works (digital consultants) consisting of staff with areas of expertise will support enriched digital life of the premium members, and with digitization, contribute to solve social issues



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



TEL ▶ +81-45-472-9838
E-mail ▶ ir@pcdepot.co.jp

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.