



Financial Results Presentation Material for the Third Quarter of the Fiscal Year Ending March 2022

February 10, 2022

Securities Code: 7618

We set target for LTV*

Huge addressable market for our business model in the digitalized society

Subscription-related sales are expected to grow further

Currently 50% of sales



Targeting **80%**

Currently, we have more than 400,000 members,
the achievement continues for over 10 years

Focus on increasing high customer satisfaction and high retention rate customers (NCS)

*LTV= bigger subscription numbers x longer retention periods

What we want to share today

- We will continue to work hard to **increase LTV**, our important target
- **Continued increase** of NCS members **by 20%**
Achieved **7,512 households**, an increase exceeding the quarterly net increase plan
- Activating 400,000 households of member **families**
Enhanced inside sales
“**Yokohama Key Station**” scheduled to open in April 2022



01

Financial Results for the Third Quarter of the Fiscal Year Ending March 2022

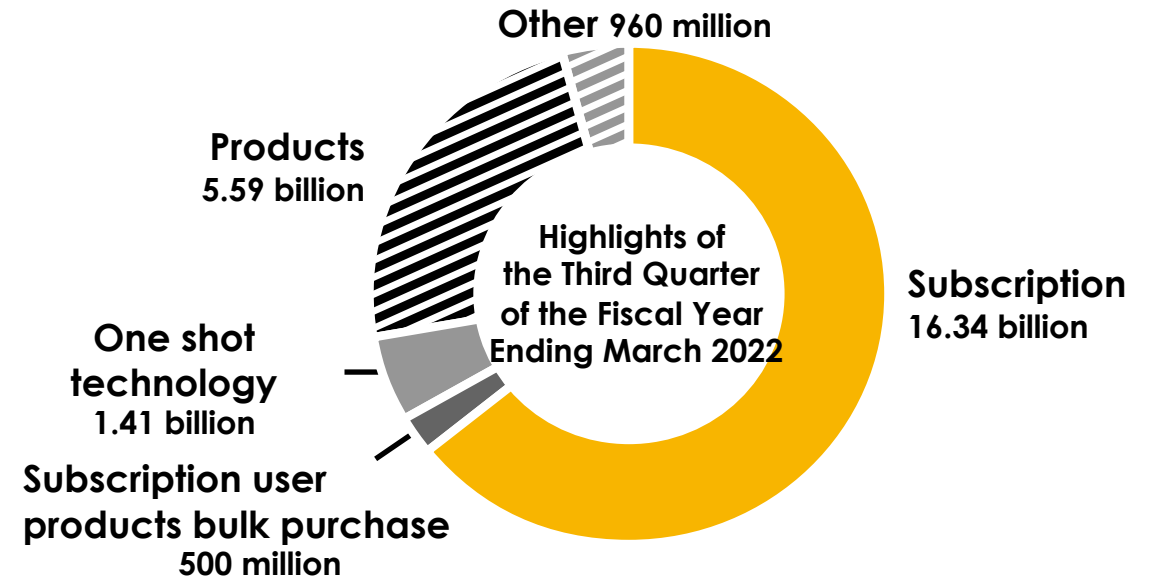
Highlights of the Third Quarter of the Fiscal Year Ending March 2022

1

NCS members **7,512 households**
(October to December 2021 net increase)
43.6% increase q/q

2

NCS members
Continued net quarterly increase
vs. plan **15.6% increase**



Net Sales
24.8 billion
yen

Operating profit
1.19 billion
yen

Ordinary profit
1.26 billion
yen

Current net income
760 million
yen

FY3/2022 Third Quarter Financial Results P/L

(No reclassification of revenue recognition in 1H)

	Not reclassified	Reclassified	
	FY3/2021 3Q	FY3/2022 3Q	
Unit: million yen %	Actual	Actual	Change
Net Sales	28,656	24,814	△13.4%
Gross profit	13,525	12,902	△4.6%
Gross profit ratio	47.2%	52.0%	+4.8pt
SG&A expenses	11,228	11,673	+4.0%
Operating profit	2,296	1,228	△46.5%
Operating profit ratio	8.0%	5.0%	△3.1pt
Ordinary profit	2,342	1,284	△45.2%
Profit attributable to owners of the parent	1,578	727	△53.9%
EPS (yen)	31.33	14.41	△54.0

Factor for reduced revenues

- The sales of products for general customers down by **62.8% y/y**

Factors contributing to the decline in profits

- Gross profit decreased to **0.62 billion yen** down
 - Due to an increase of NCS Members, the sales for the service integrated products for the members increased in the Third quarter
 - While the sales of products for general customers decreased
- **SG&A expenses 440 million yen** up
 - Implementation of diverse promotion activities Advertising expenses, etc. **190 million yen**
 - Handling charges paid : **100 million yen**
 - Personnel costs increased due to acceptance of employees and seconded staff
 - Personnel related costs : **60 million yen**

FY3/2022 Third Quarter Financial Results B/S

Unit: million yen	End of March 2021	End of December 2021	Change
Total current assets	26,899	27,118	219
Cash and deposits	11,408	11,965	557
Trade receivables	9,364	9,675	310
Inventories	5,704	4,730	△974
Total non-current assets	10,324	12,418	2,093
Tangible assets	5,213	7,493	2,280
Intangible assets	485	451	△34
Investment and other assets	4,626	4,473	△153
Total assets	37,224	39,537	2,312
Total current liabilities	6,436	6,992	555
Total non-current liabilities	4,268	6,188	1,919
Total liabilities	10,705	13,180	2,474
Total shareholders' equity	26,457	26,290	△166
Total equity	26,518	26,356	△162
Total liabilities and equity	37,224	39,537	2,312

Key points

■ Inventory reduction

Shift from offering a wide selection of products to proposing digital life
Reducing the inventory to a limited selection for NCS member

■ Increased tangible fixed assets

- Acquisition of a place for workation (In Karuizawa, Nagano)
- Yokohama Key Station (including new head office) opened
- Renovation of existing stores
Expansion of spaces for customer experience, etc. Major stores
- PC DEPOT Smart Life Saga Store (relocated)
- PC DEPOT Smart Life Ichihara Store
- PC DEPOT Smart Life Konandai Store (relocated) (Former PC DEPOT Smart Life Konan Store etc.)

FY3/2022 Third Quarter Financial Results CF

Unit: million yen	FY3/2021 Cumulative results in 3Q	FY3/2022				Y/Y change
		1Q Results	2Q Results	3Q Results	Cumulative results in 3Q	
Operating CF	3,021	583	827	425	1,836	△1,184
Investment CF	△1,451	△458	△1,619	△1,045	△3,123	△1,671
Financial CF	2,294	△894	△558	3,297	1,844	△449
Cash and cash equivalents at the end of the period	12,247	10,639	9,288	11,965	11,965	△281

Profit Forecast and Progress of the Third Quarter of the Fiscal Year Ending March 2022

Unit: million yen / %	Profit Forecast of the Fiscal Year Ending March 2022	FY3/2022 3Q Results	Vs. Full Year Forecast
			Progress
Net Sales	33,800	24,814	73.4
Operating profit	970	1,228	126.6
Ordinary profit	1,050	1,284	122.3
Profit attributable to owners of the parent	500	727	145.5
EPS (yen)	9.90	14.41	—

Gross profit margin

Plan **50.3%** Results **52.0%**

(Results of previous year 47.2%)

Capital expenditures

Plan **4.5** billion yen Results **2.9** billion yen

Depreciation expenses

Plan **0.92** billion yen Results **0.67** billion yen

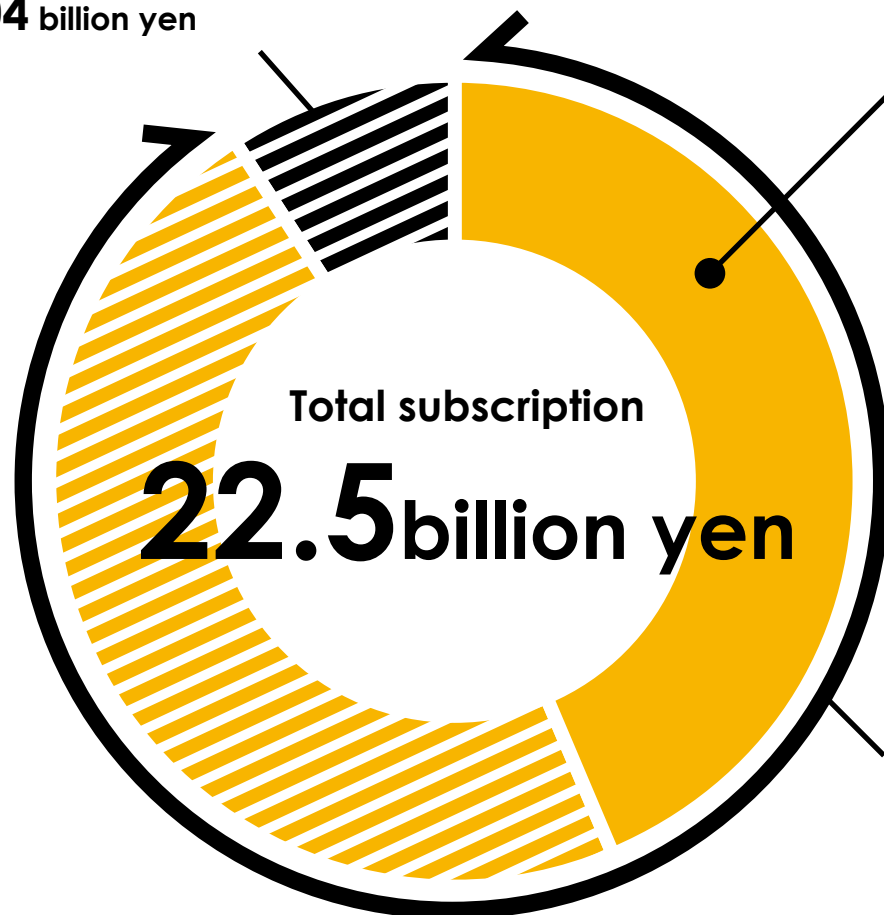
<Reasons for not revising the forecast>

As COVID19 is still spreading, it is difficult to predict its impact on our business environment, therefore, full-year consolidated profit forecast has been left unchanged.

FY3/2022 Third Quarter Subscription

Subscription user products bulk purchases
(12-month results)

1.04 billion yen



NCS NEW
Customer
Success

11.1 billion yen

ARR※2

Subscription members※3

ARPU※4

CRR※6

Total subscription related

NCS※1

11.10 billion yen

113,000

8,170 yen

99.66%

21.54billion yen

439,000

3,742 yen

99.20%

Total subscription related ARR
21.54 billion yen

※1 NCS : New customer success user

※2 ARR : Annual sales from flat-rate members' subscriptions

※3 Subscription member : Flat-rate service users

(Members in internet-related businesses excluding)

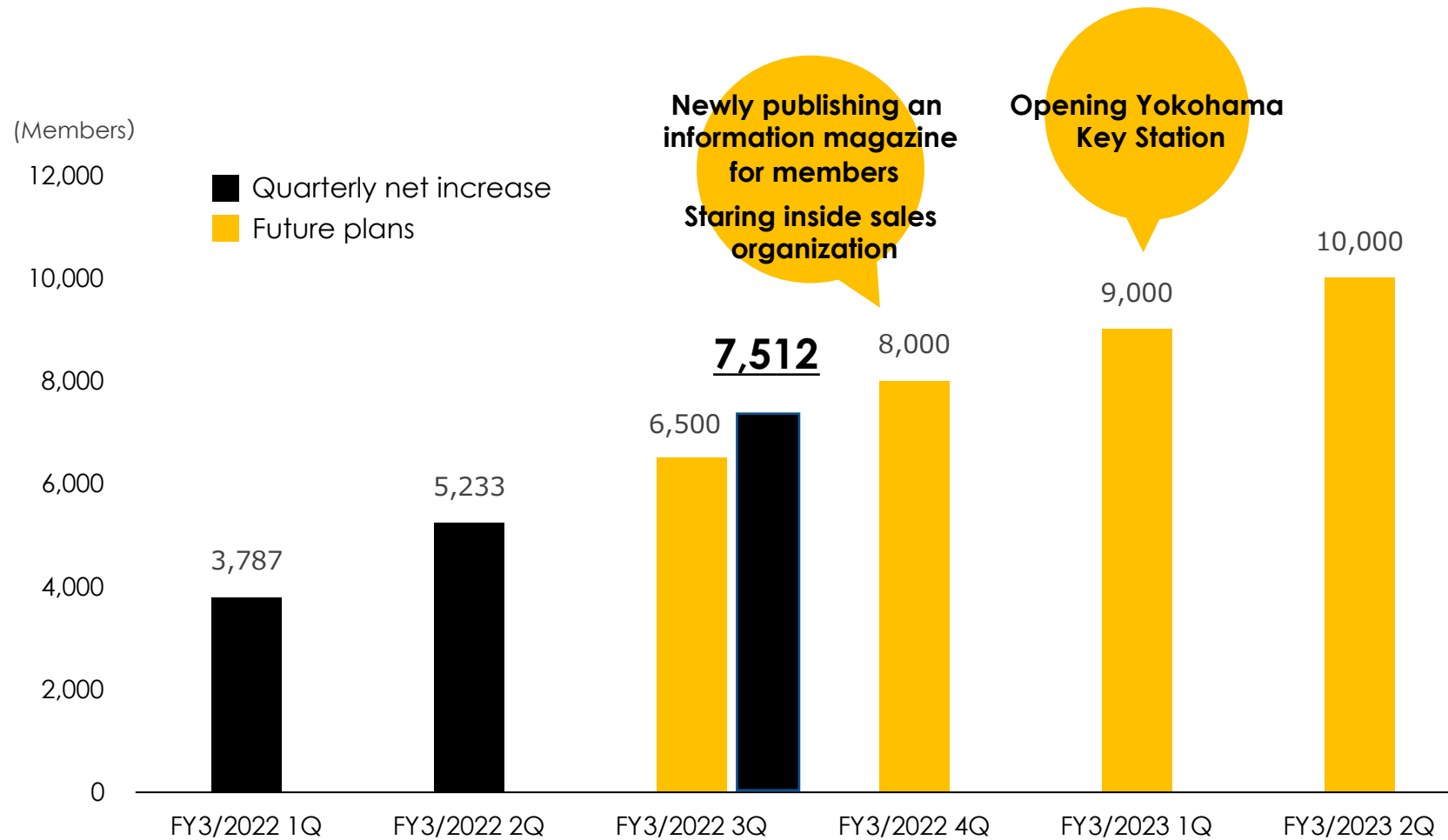
※4 MRR : Monthly sales from flat-rate members' subscriptions

※5 ARPU : Average Revenue Per User : MRR/membership

※6 CRR : Customer Retention Rate/Month

Achieved continued net increase of this FY plan for NCS members

Aiming at a net quarterly increase of 10,000, and more



FY3/2022 Third Quarter Subscription ARR Comprehensive Summary

	End of March 2021		FY3/2022 1Q		FY3/2022 2Q		FY3/2022 3Q		Target Subscription related business achieved within FY 2022	
	Total subscription related		Total subscription related		Total subscription related		Total subscription related			
	NCS※1		NCS※1		NCS※1		NCS※1		NCS※1	
ARR※2	9.4 billion yen	20.1 billion yen	9.84 billion yen	20.4 billion yen	10.34 billion yen	19.67 billion yen	11.1 billion yen	21.54 billion yen	13 billion yen	22 billion yen
Subscription members※3	97,000	450,000	101,000	450,000	106,000	445,000	113,000	439,000	140,000	450,000
ARPU※4	8,053 yen	3,500 yen	8,084 yen	3,788 yen	8,111 yen	3,680 yen	8,170 yen	3,742 yen	8,100 yen	4,000 yen
CRR※6	99.6%	99.1%	99.65%	99.21%	99.70%	99.33%	99.66%	99.20%	99.60%	99.10%

※1 NCS : New customer success user ※2 ARR : Annual sales from flat-rate members' subscriptions ※3 Subscription member : Flat-rate service users(Members in internet-related businesses excluding)

※4 ARPU : Average Revenue Per User : MRR※5/membership ※5 MRR : Monthly sales from flat-rate members' subscriptions ※6 CRR : Customer Retention Rate/Month



02

PC DEPOT in the Future

Activating 400,000 households of member families

Yokohama Key Station to open in April



At full speed!

Individual Works (teams) are working to solve social issues

12月より新体制

スマートライフ港北BASE 決算説明

2021年度 第3Qまでの実績と今後について

発表者： 石川 隼也 (BASE長)

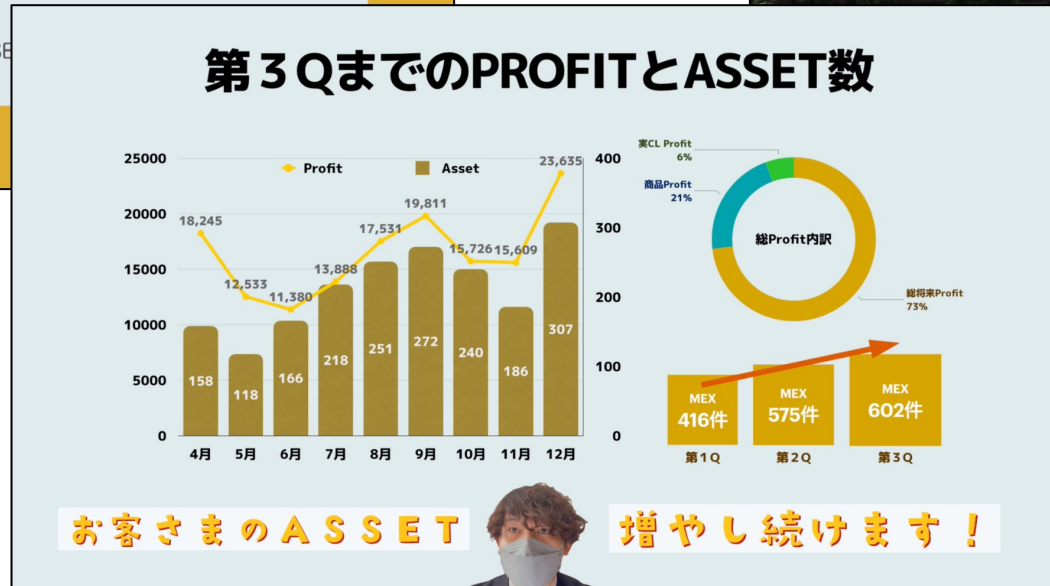
スマートライフ港北BASEの概要

横浜市営地下鉄
センター南駅
徒歩6分

スタッフ総勢
31名

- 主婦さんや学生さん
- 今年の新入社員4名
- HISさんから5名

ks数
5 Works



PC DEPO in the Future

For realization of smart life

Vision

Elimination of disparities in the information society

Mission

Providing digital consultants for all households

Activating 400,000 households of member families

Yokohama Key Station full-scale operation starts in April 2022

TAM (Market Size)

There are **34.31 million** two-or-more-person households, target NCS customers, which are expected to have a high frequency of digital life events, a quite large potential

As of December 31, 2021

NCS members

110,000 people
440,000 subscription members

Households that can be approached currently

18%

6 million households

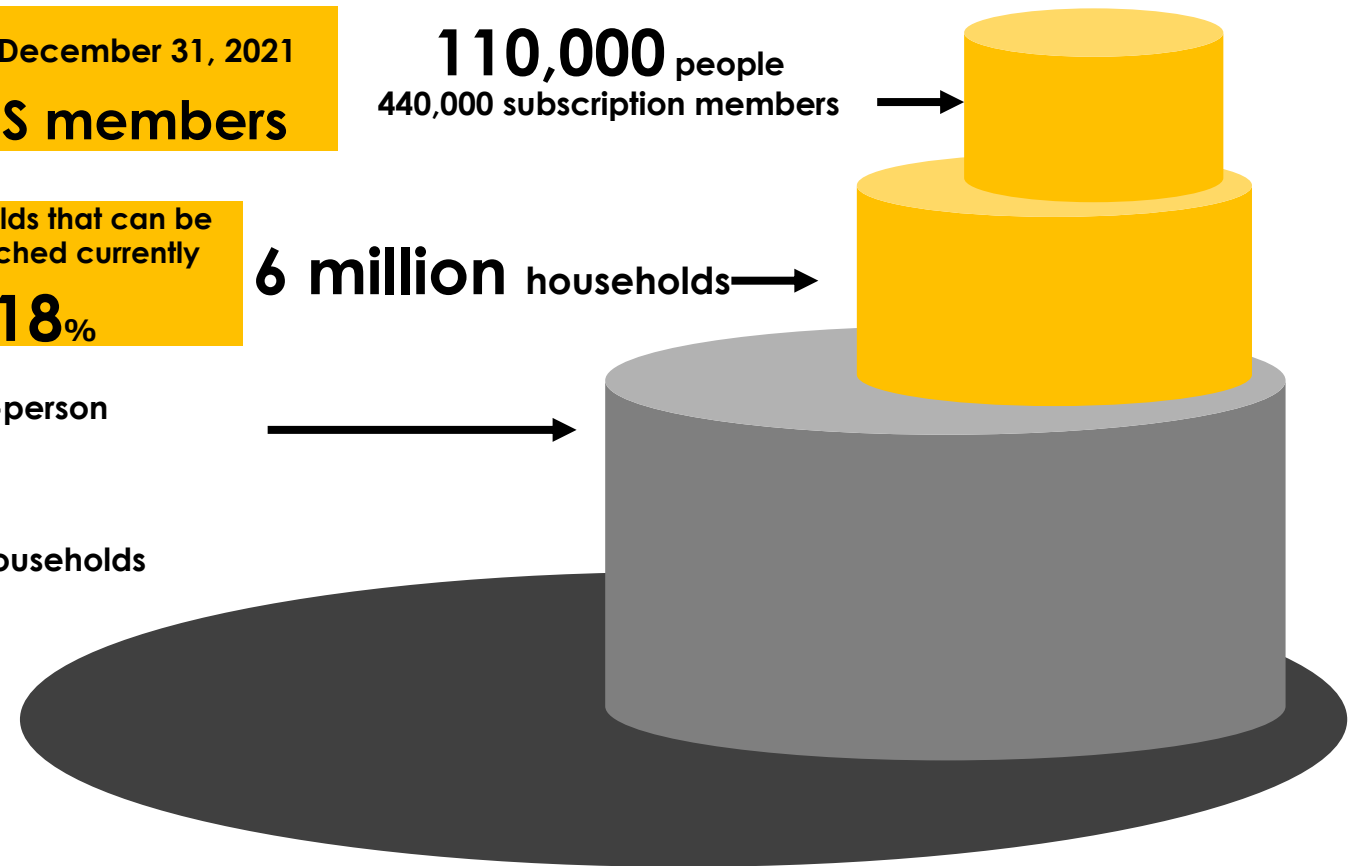
Assumed to be households with a high frequency of digital life events which require digital personnel

Number of two-or-more-person households in Japan

34.31 million households

Total number of ordinary households in Japan

53.33 million households

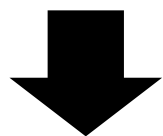


[Source] Census Bureau 2015

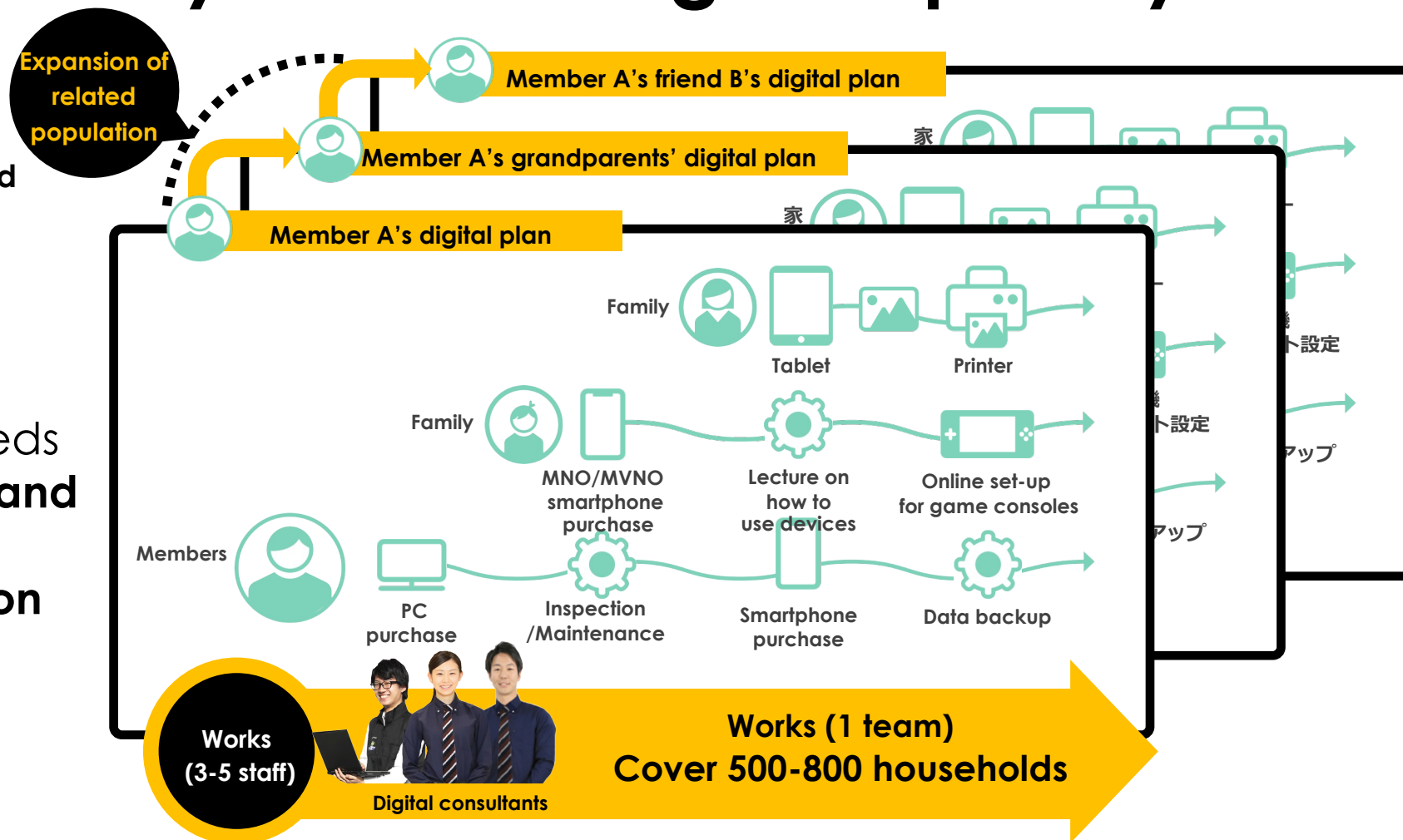
NCS members' "peace of mind"

High continuity rate and high frequency

Offer **comprehensive proposals** based on **life cycles** not only of a customer, but also of family members



By unlocking potential needs for the future, **create demand opportunities for each customer and not relying on products**



03

Initiatives after the Fourth Quarter

Priorities to expand LTV



**Increase
usage
opportunities**

**Prolong usage
period**

Enhance inside sales

Continue net increase of this FY plan FY plan for NCS members,
continue net quarterly increase of 10,000, and **to the future**

**Initiative after
2H of 2021**

- **Strengthening relationships** with 400,000 member **families**
 - Promotion: Information magazine for members
 - Largest inside sales hub in the Yokohama Key Station to open in end of February 2022
- Promote **renovation of existing stores** to increase customer contact and usage opportunities
- Increase **investments in systems** to increase customer contact and usage opportunities

Strengthening information magazines and sales campaigns for member **families**



Information magazine: page 24

Concept

Proposing "Exciting and happy digital life" which can be enjoyed only because you are not a digital person

Circulation

Up to 400,000 copies

First publication timing

Vol. 1 End of February 2022

Enhance inside sales organization

Yokohama Key Station to open
in end of February 2022

Super LIVE Head Office



Cooperation and Collaboration

Strengthen cooperation with various companies and organizations

October

- **Started cooperation with Sumitomo Mitsui Banking Corporation**
Participated in the SMBC Elder Program

November

- **Started providing The Nikkei Online Edition of Nikkei Inc.**

- **Started cooperation with Benefit One Inc.**
Provides "Benefit One" services

January

- **Started public-private cooperation - Connected Mobile Store launched※**
Shiwa, Iwate Prefecture and JAPAN DX

※Please refer to the news release of November 21, 2021

Digital Consultant to All Households



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※From February 2022, the telephone number has been changed due to the relocation of the head office.

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.