



MCJ Corporate Profile

Corporate introduction and financial overview

MCJ Co., Ltd.

04/12/2017

Investor Conference at Hong Kong

Disclaimer

This presentation may contain forward-looking statements which are inherently difficult to predict, hence actual result could differ materially for a variety of reasons, both positive and negative, including but not limited to such factors as change in economic conditions, customer spending and fluctuations in foreign exchange rate and so on.

In making these statements, we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results.

Hence, we caution readers not to place undue reliance on forward-looking statements.

We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

- ❑ **Overview of MCJ Group**
- ❑ **Company Vision and Future Direction; Mid-term Management Plan FY2017-2019**
- ❑ **Shareholder Return Policy**

Overview of MCJ Group

Overview of MCJ group

Establish

Aug, 1998

of Employees

1,181*1

Annual Turnover



Over 108billion JPY

Three consecutive years since FY2014.3

Business Domain

PC related business



Comprehensive entertainment business



Group Companies

12 in total
(consolidated subsidiaries)

Mouse Computer
Unitcom
Tekwind
iiyama
aprecio etc..

Market Cap



61.9billion JPY*2

Bourse

Tokyo
Stock Exchange
2nd section

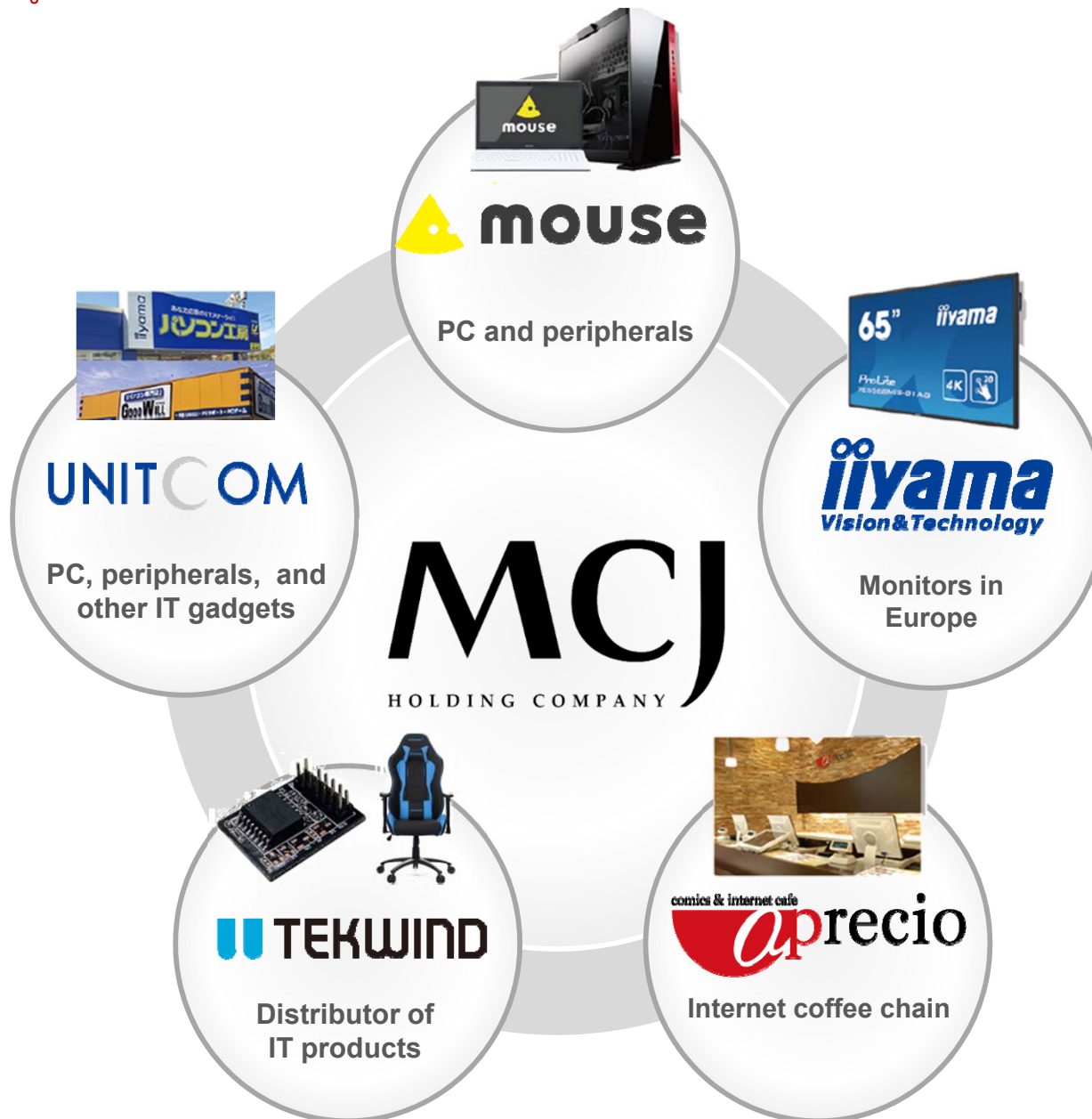
Ticker code: 6670

Trading Unit

**100
shares**

* 1,2) figures above are at the end of Sep 2017

Major group companies



□ 12 group companies

- PC business; manufacture and sales of personal computers, peripheral devices and monitors. (11 in total)
- Comprehensive entertainment business; “aprecio” operator of internet cafes

Our product lineup

Specialty PCs

- ❑ Gaming PC for online games



- ❑ Creator PC



Ordinary PCs

- ❑ PC for corporate users, and consumer PC



Other IT devices

“mouse smart home”
First-time IoT device under
mouse brand.



Windows Hello
related products.

Management profile

□ Leadership team

➤ Our Board consists of 7 members, of which 3 are outside directors



Chairman & CEO

Yuji Takashima

Apr 1993 Joined Takashimaya Clothing Store Co., Ltd. (name changed to Takashima Co., Ltd. and then to Mouse Computer Japan Co., Ltd. before being acquired by MCJ Co., Ltd.)

May 1996 President & CEO, Takashimaya Clothing Store Co., Ltd. (name changed to Takashima Co., Ltd. and then to Mouse Computer Japan Co., Ltd. before being acquired by MCJ Co., Ltd.)

Aug 1998 President & CEO, MCJ Ltd. (currently MCJ Co., Ltd.)

Sep 2005 Director, Synnex Co., Ltd. (currently Tekwind Co., Ltd.)
Director, Arosystem Co., Ltd. (currently UNIT.COM INC.)

Mar 2006 Chairman & CEO, MCJ Co., Ltd.

Jul 2006 Chairman & Director, MCJ Co., Ltd.

Oct 2006 Director, Mouse Computer Co., Ltd.

Jun 2008 Chairman & President & CEO, MCJ Co., Ltd.

Nov 2012 President & CEO, UNIT.COM INC.

Aug 2013 President & CEO, Iscorporation, Co., Ltd. (currently aprecio Co., Ltd.)

Jan 2017 Director, UNIT.COM INC. (to present)
Director, aprecio Co., Ltd. (to present)

Apr 2017 Chairman & CEO, MCJ Co., Ltd. (to present)



President & COO

Motoyasu Yasui

July 2001 Joined GDH, Co., Ltd.

Sep 2002 Joined MCJ, Co., Ltd.

Jun 2004 Manager, Finance and Accounting Department, MCJ, Co., Ltd.

Apr 2005 Executive Officer, Management Planning Department, MCJ, Co., Ltd.

Aug 2007 Manager, Industrial Growth Platform, Inc.

Jun 2008 Executive Officer, PIA Corporation

Jul 2011 Director, Industrial Growth Platform, Inc.

Oct 2013 Senior Specialist, Inspection Bureau of Financial Services Agency

Oct 2014 Principal, Industrial Growth Platform, Inc.

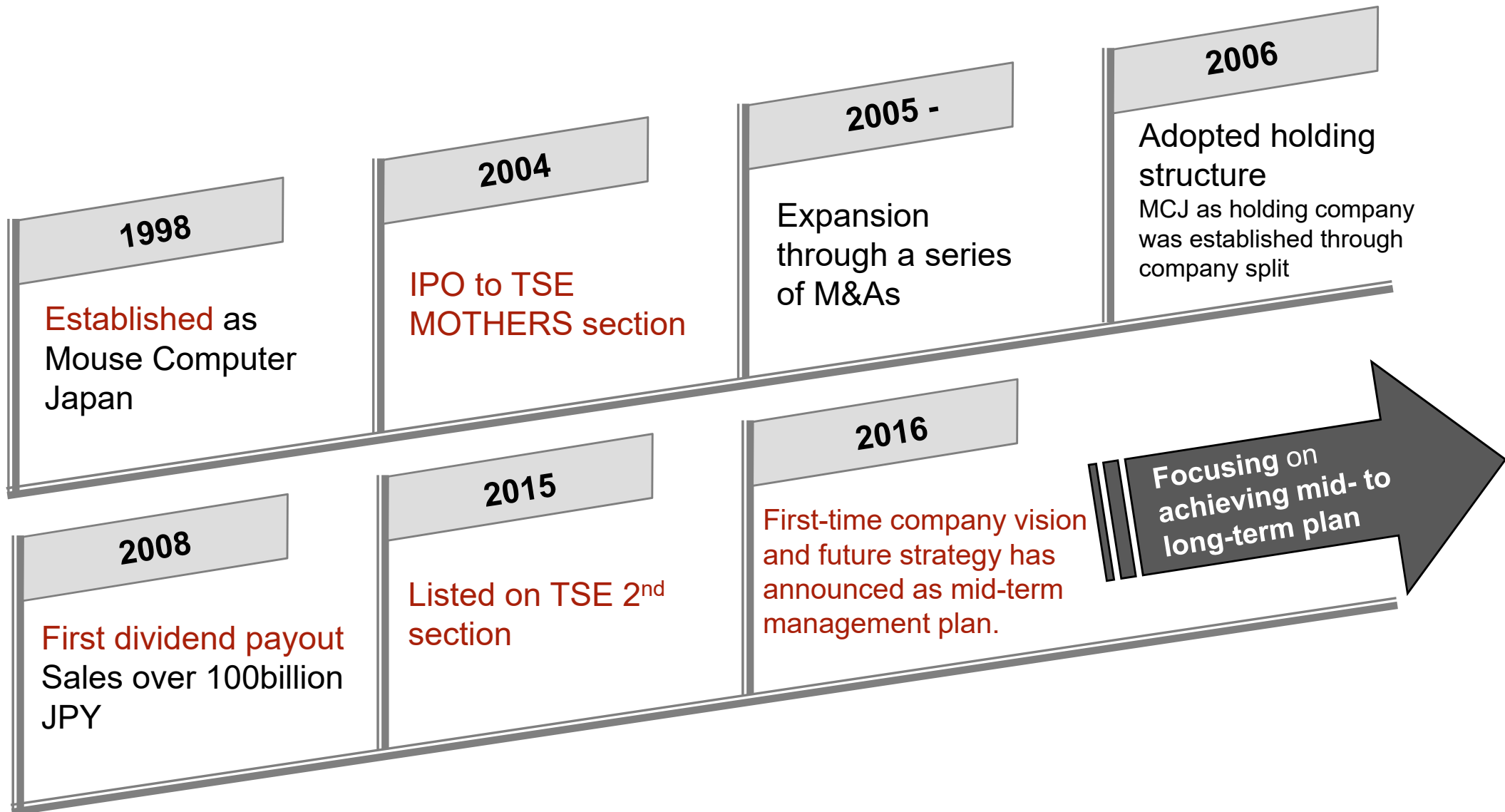
Mar 2016 Executive Officer, President's Office, MCJ, Co., Ltd.

Jun 2016 Director, Head of Business Development & IR, MCJ, Co., Ltd.

Apr 2017 President & COO, MCJ, Co., Ltd. (to present)

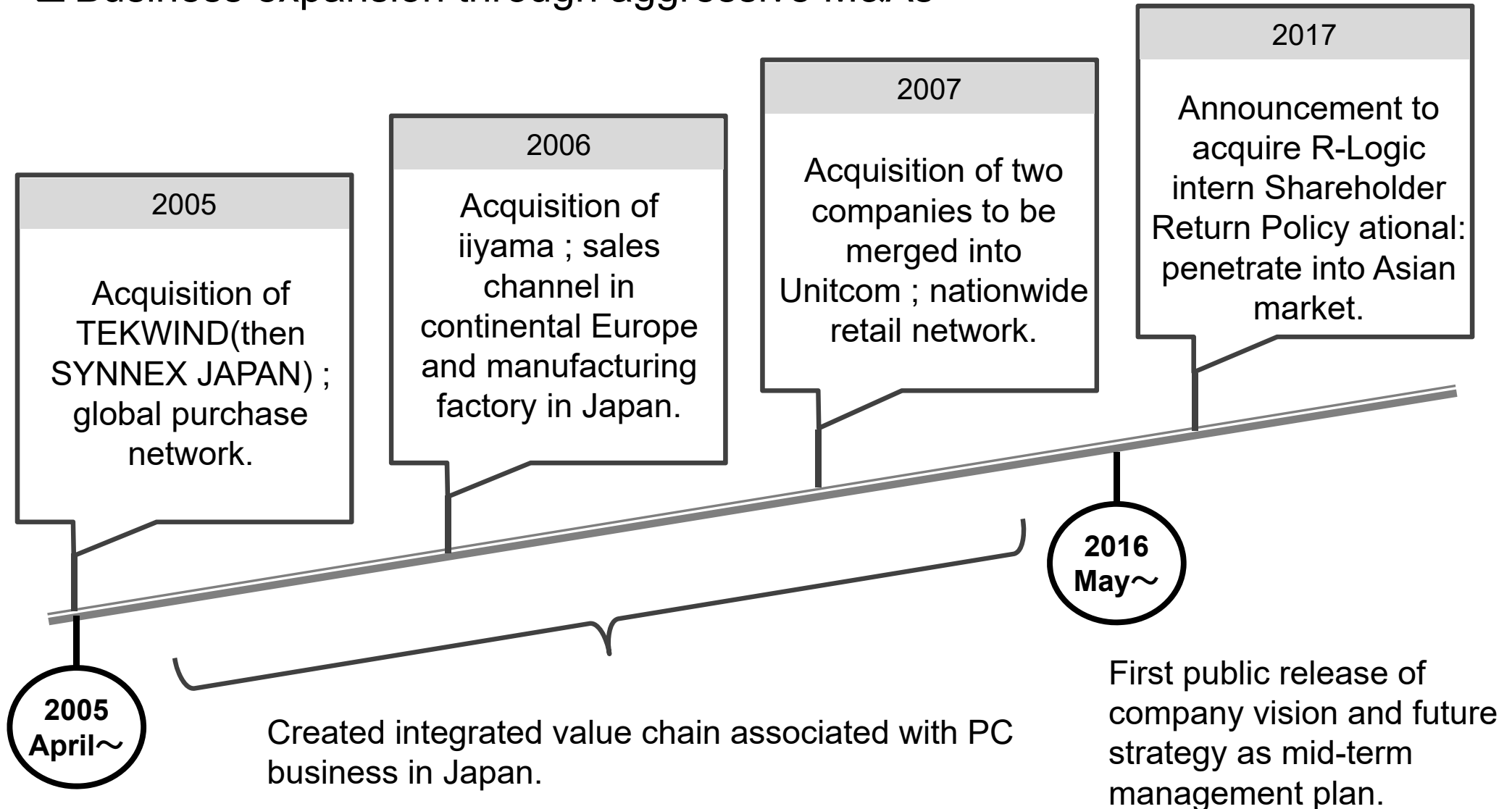
Our history

□ Path to value creation



Expansion trajectory

□ Business expansion through aggressive M&As



What makes us unique

❑ We differentiate ourselves from other PC makers by customer segment and business model.

Target focus

Business model

Our feature

- ❑ Primarily focusing on niche market
 - Gaming and other high-end users
- ❑ Recently penetrating into more mass-market
 - By increasing brand awareness

- ❑ BTO business model
 - To cater to specific needs for each user
 - Cost advantage
 - Mark to market product launch

Value chain

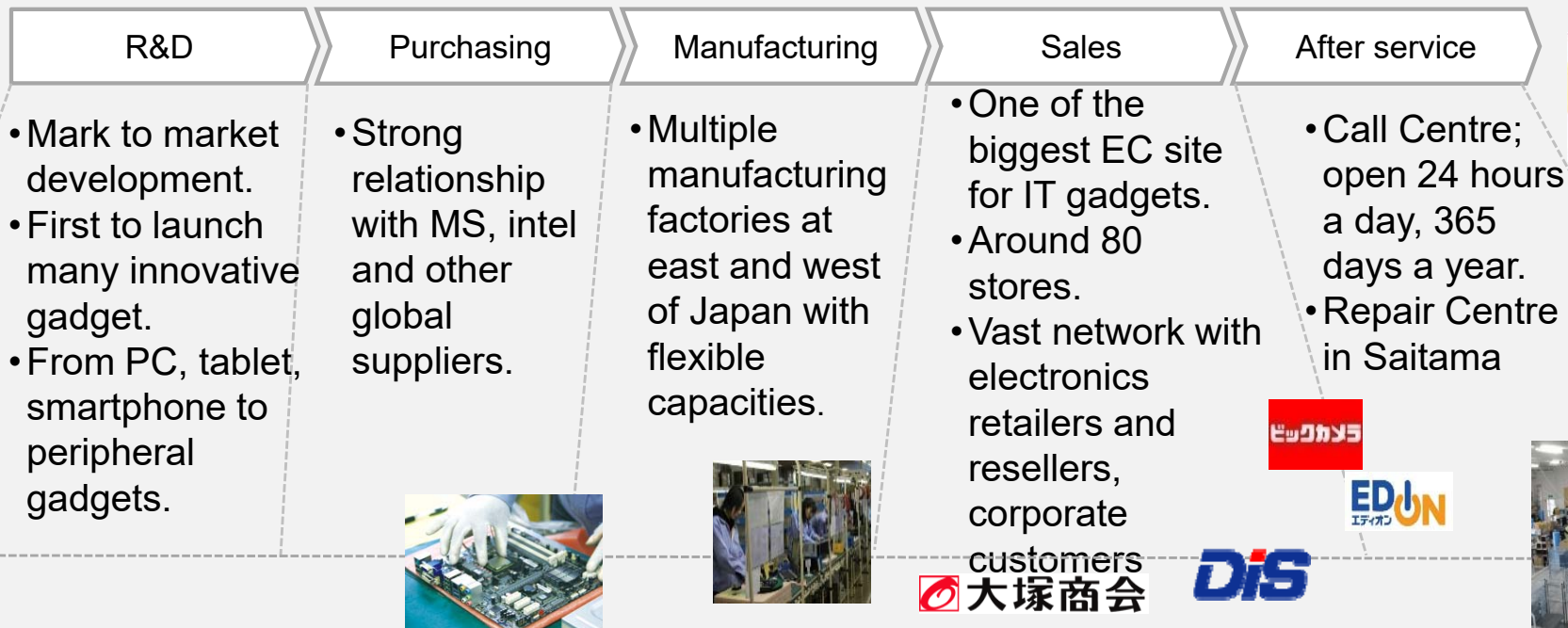
- ❑ Our domestic and integrated value chain enable us to;
 - Position ourselves more closely to our customers and technological trend
 - Manufacture with more flexibility and with more quick response time
 - Provide products with stable quality and customer support and, provide customer assurance

Our value chain

❑ Domestic and integrated value chain

- » Adopting BTO manufacturing model justifies domestic manufacturing; quality control, delivery time, transportation cost, and etc.

Overview of our value chain



MCJ of group [sales: sales channel]

Hold in wide sales channel in whole group

To C



Direct channel

Indirect channel

EC website

Direct shop

Electronics retailers

OEM to E-Rs

Consumers in general



- EC website operated by Mouse
- more than 70 stores.
- all the major E-Rs in Japan.
- Providing OEM products

To B



Direct channel

Indirect channel

Direct sales

Companies in general and other entitles



- Sales by our sales employees to many kinds of entities.
- Sales via nation-wide IT distributors and EC site.

To Over sea



Indirect channel

Distributers

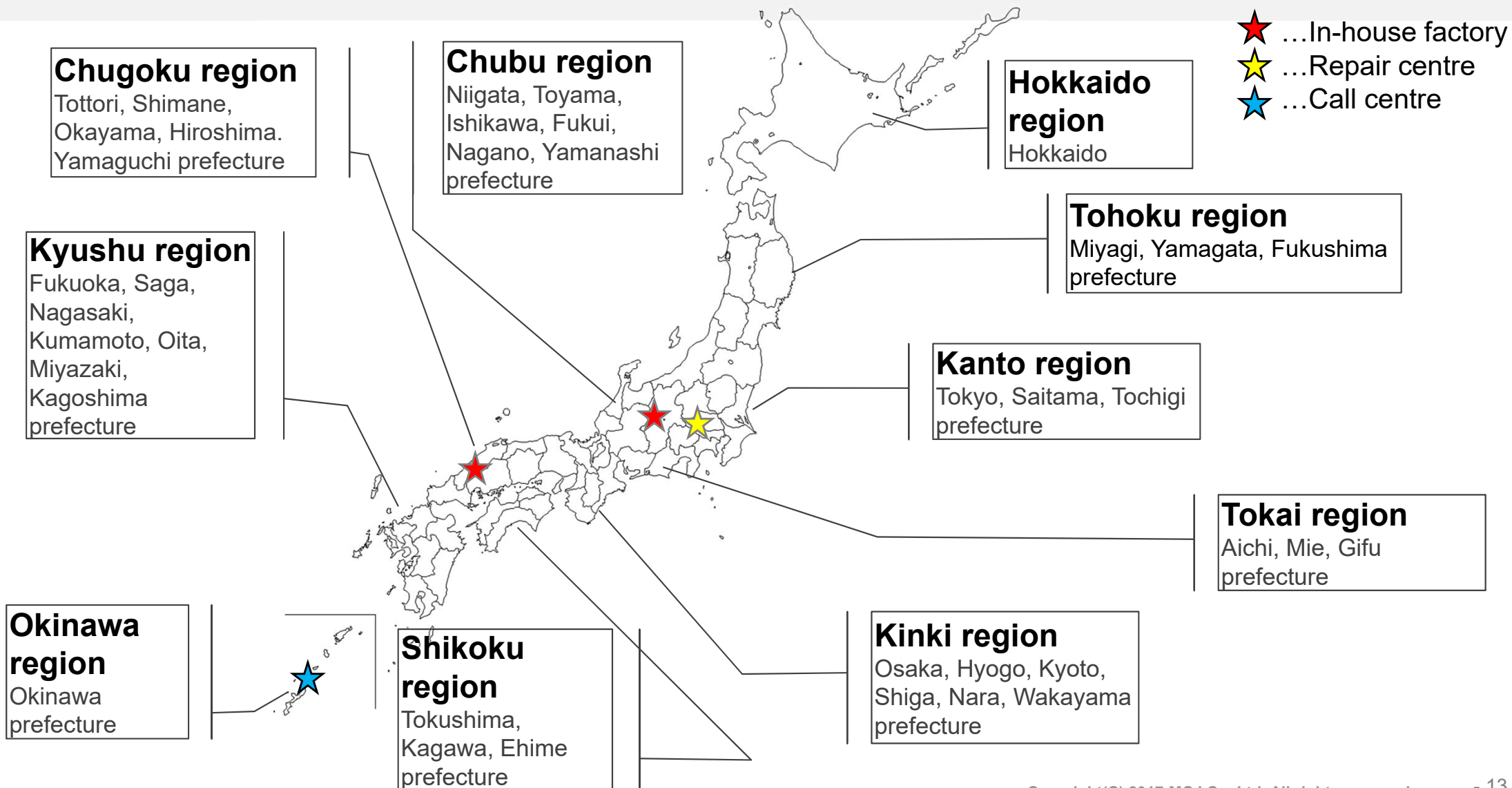
End users (consumers and companies in general, and etc)



- Sales via distributors.

Our nationwide business network

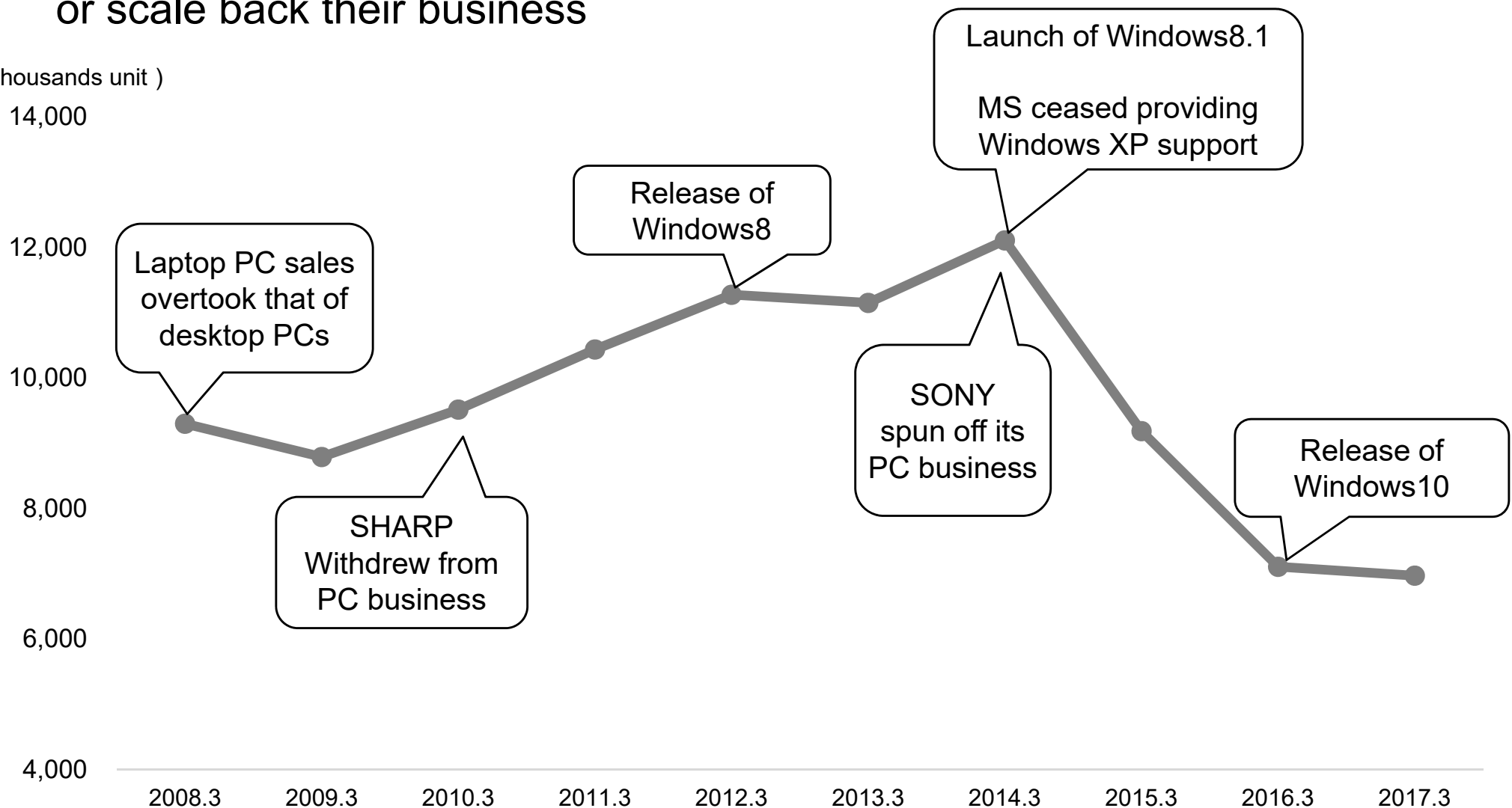
More than 70 stores nationwide, in-house factories in East and West Japan



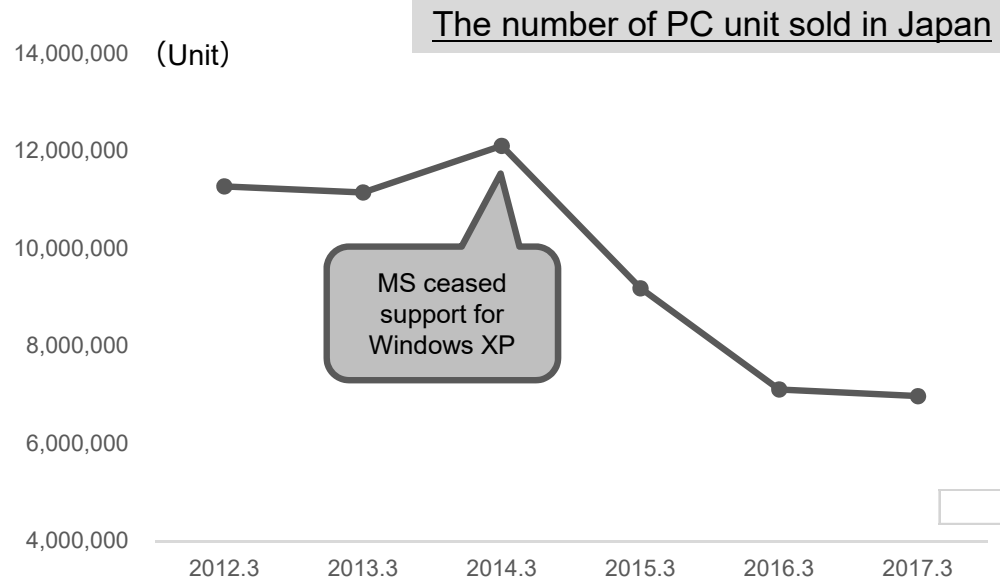
Domestic PC market, the number of units sold

❑ PC business is a declining business as a whole, while many has withdrew or scale back their business

(in thousands unit)



Market environment: Opportunity for growth



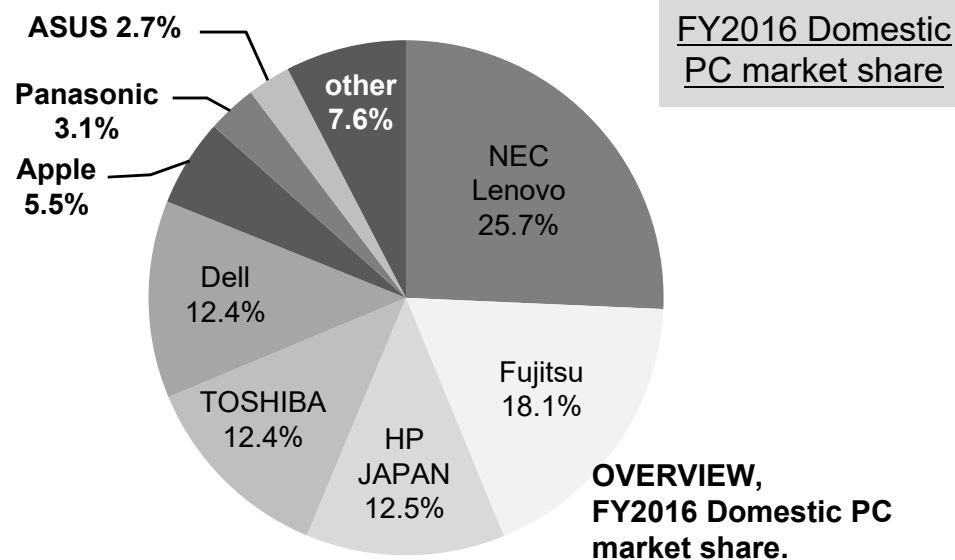
Source: JITA

Shrinking market does not necessary mean there is no opportunity for growth.



» High-spec PC market including gaming PC is a case in point.

» **Steady growth driven, in part, by market growth can be achieved.**



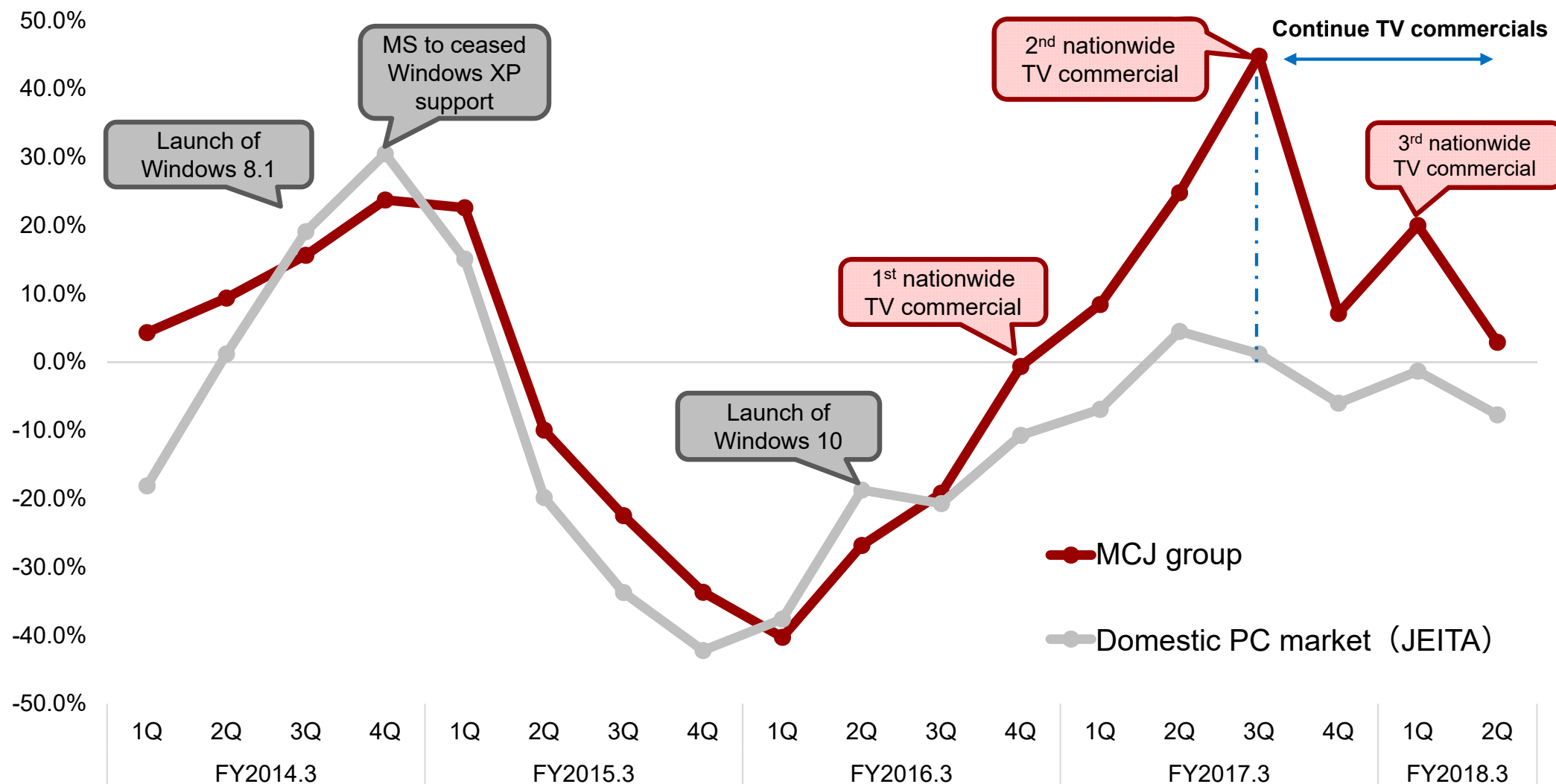
As our market share is still small, domestic PC market still is a huge market to cultivated for us.



» Opportunity to growth by increasing market share, with continue to strengthen brand awareness and development of competitive products.

Unit sold by MCJ, as compared to market trend

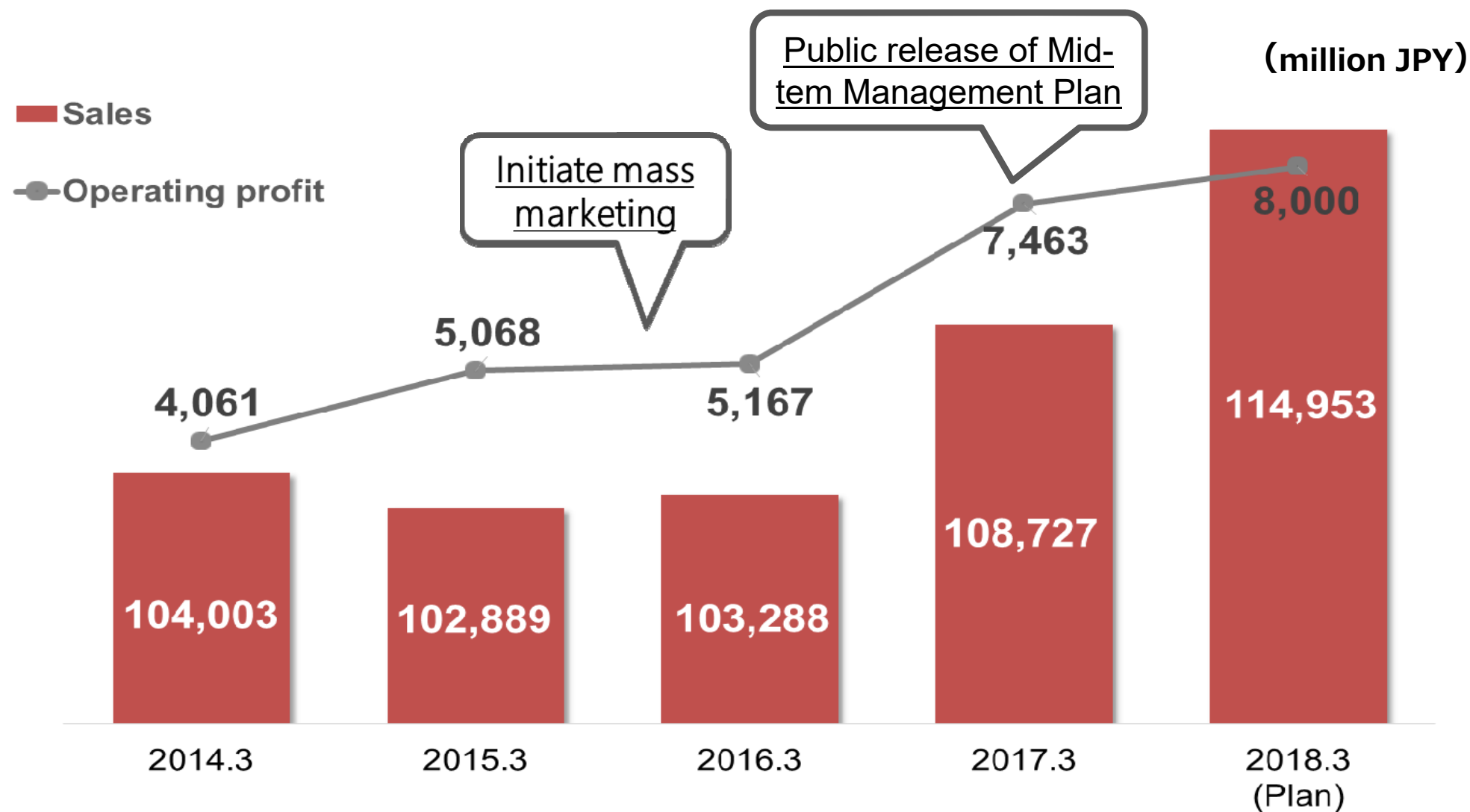
- Continue to outperform market trend, as mass marketing contributed significantly, in addition to demand increase from niche market



*Above compares actual results for each quarter to the same period of the previous year.

Financial result and forecast for FY2018

- All time high sales and operating profit for two consecutive periods from FY2017



Financial overview of major group companies



- PC and PC peripherals
 - Integrated sales channels including E commerce.

Mass marketing × competitive products
× better after support

(million JPY)	FY2016.3	FY2017.3	Y on Y Change
Sales	28,843	32,615	13.1%
Operating profit	1,207	2,270	88.0%



- A variety of IT devices and products
 - Distributor; to electronic retailers and corporate customers

Focus more on better margin products and sales channel.

(million JPY)	FY2016.3	FY2017.3	Y on Y Change
Sales	33,443	33,809	1.1%
Operating profit	524	665	27.0%



- PC, PC peripherals and other IT devices.
 - Nationwide retail network with more than 70 stores.

Focus more on EC sales and corporate customers, while undertaking business restructure of retail business.

(million JPY)	FY2016.3	FY2017.3	Y on Y Change
Sales	28,334	27,468	Δ3.1%
Operating profit	513	559	8.9%



- Development and sales of monitors
 - Operate in continental Europe only

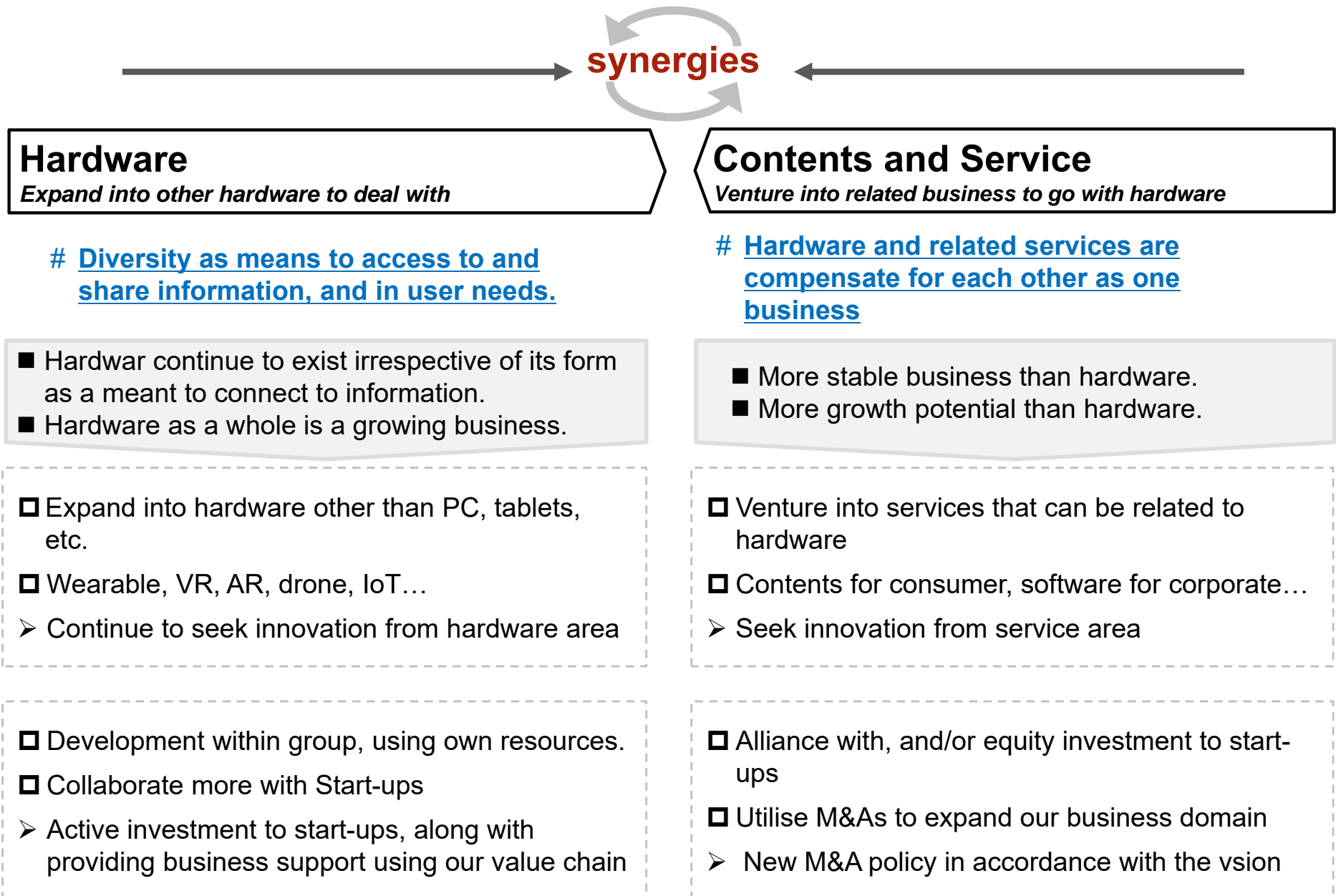
Focus on growing product-lines and penetrate into new market.

(million JPY)	FY2016.3	FY2017.3	Y on Y Change
Sales	19,412	22,633	16.6%
Operating profit	2,531	3,627	43.3%



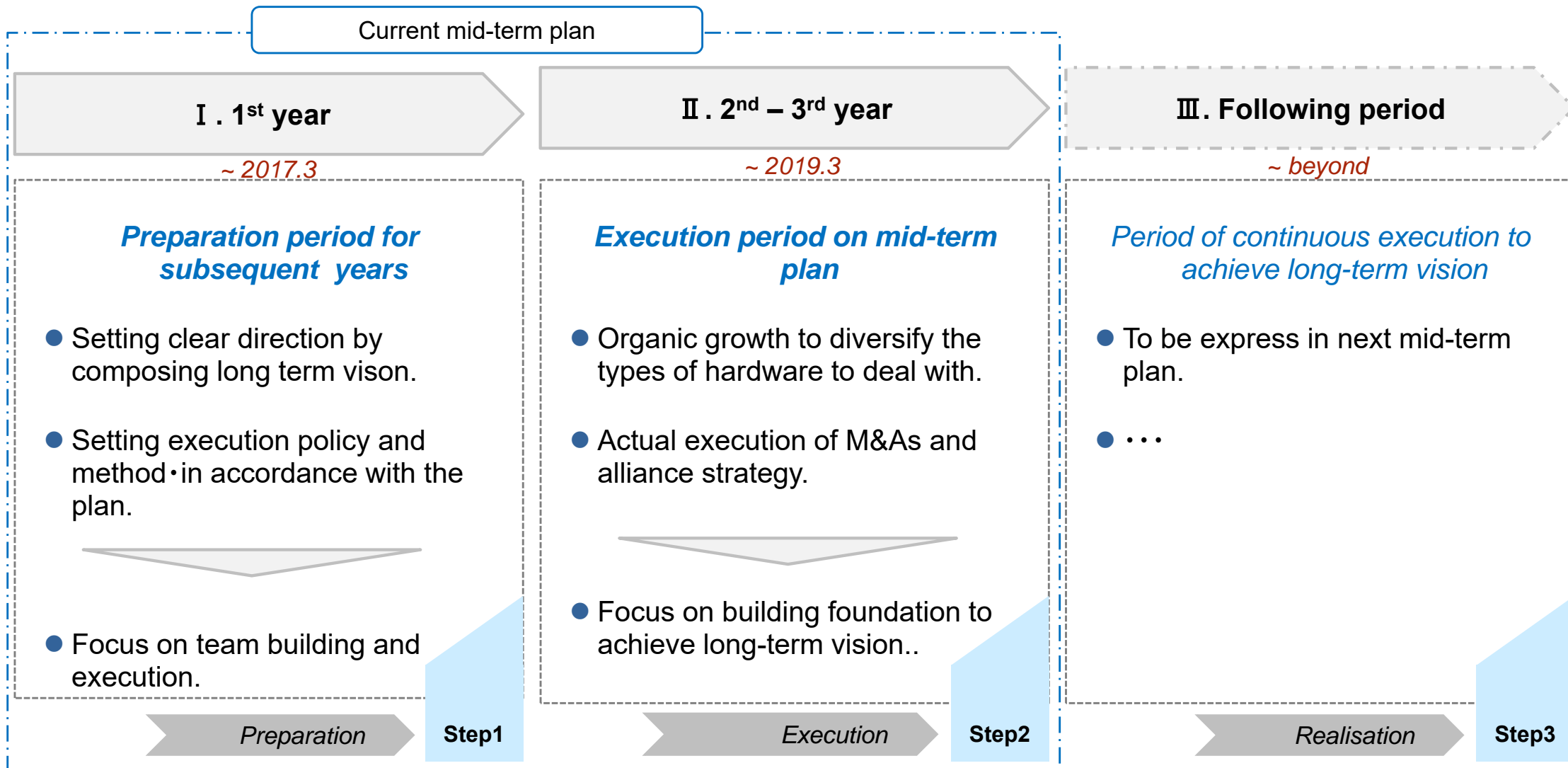
Company Vision and Future Direction; Mid-term Management plan FY2017-2019

Corporate vision and future direction



Positioning of each period in Mid-term plan

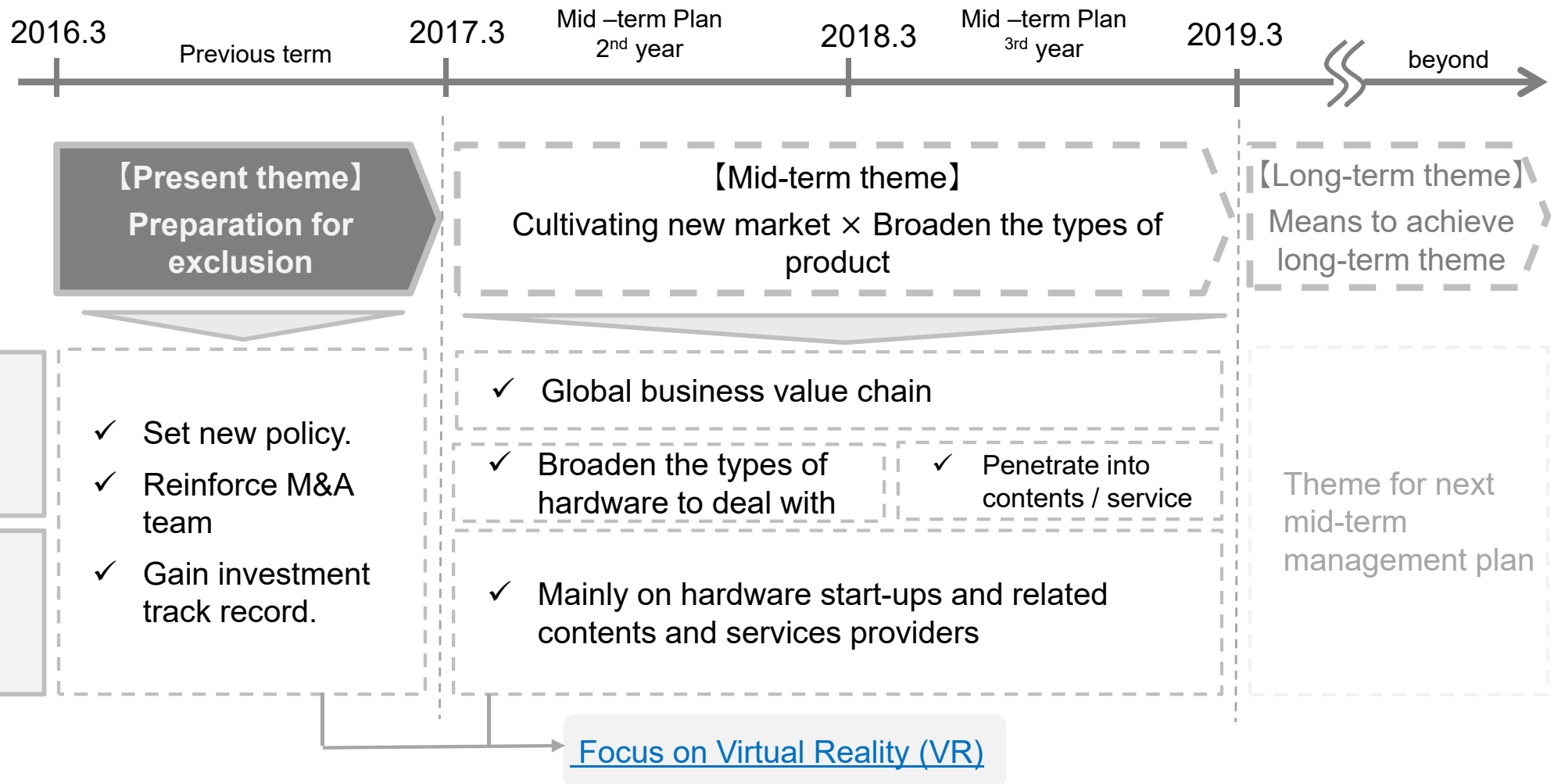
- Current mid term plan is positioned as period to build management foundation for achieving long-term vision; investment period for future growth.



M&A and start-up investment (current assumption)

□ M&As account for significant part as a way to achieve our long-term vision

- M&As will be conducted within the range of FCF and cash on hand.
- Opportunities for M&As are considered with clear strategic business synergies.



Start-up investment

❑ Investment track record in accordance with the management plan.

Hardware start-up

Nain

(Nov, 2016)

- » Start-up company that develop and manufactures “hearable” products.
- » Wireless earphone × voice recognition.
- » Enable user to use their smartphones without touching, for e-mails, instant messages, twitter, news and other text-based apps.



VR- Infrastructure

Immersv

(Jul, 2017)

- » Immersv, US based start up company that develops and provides AD platform for mobil360° and VR.
- » Its platform delivers interactive 360° and VR ads, similar to pre-roll advertisement on YouTube.
- » The company act as meditates to advertiser and app providers.



Contents start-up

Oukaichimon

(Nov, 2016)

- » Developer of VR-gaming contents and is a seed stage start-up company.
- » The company has launched its first title for VIVE on Aug 2017 and set to release PSVR version soon.
- » VR games for PC-based HMDs are to follow.



M&A: R-logic International Pte Ltd (1/2)

- ❑ Announced acquisition of R-logic by taking 60% shares
 - » Transaction is scheduled to be completed at the end of January 2018

❑ Overview of R-Logic

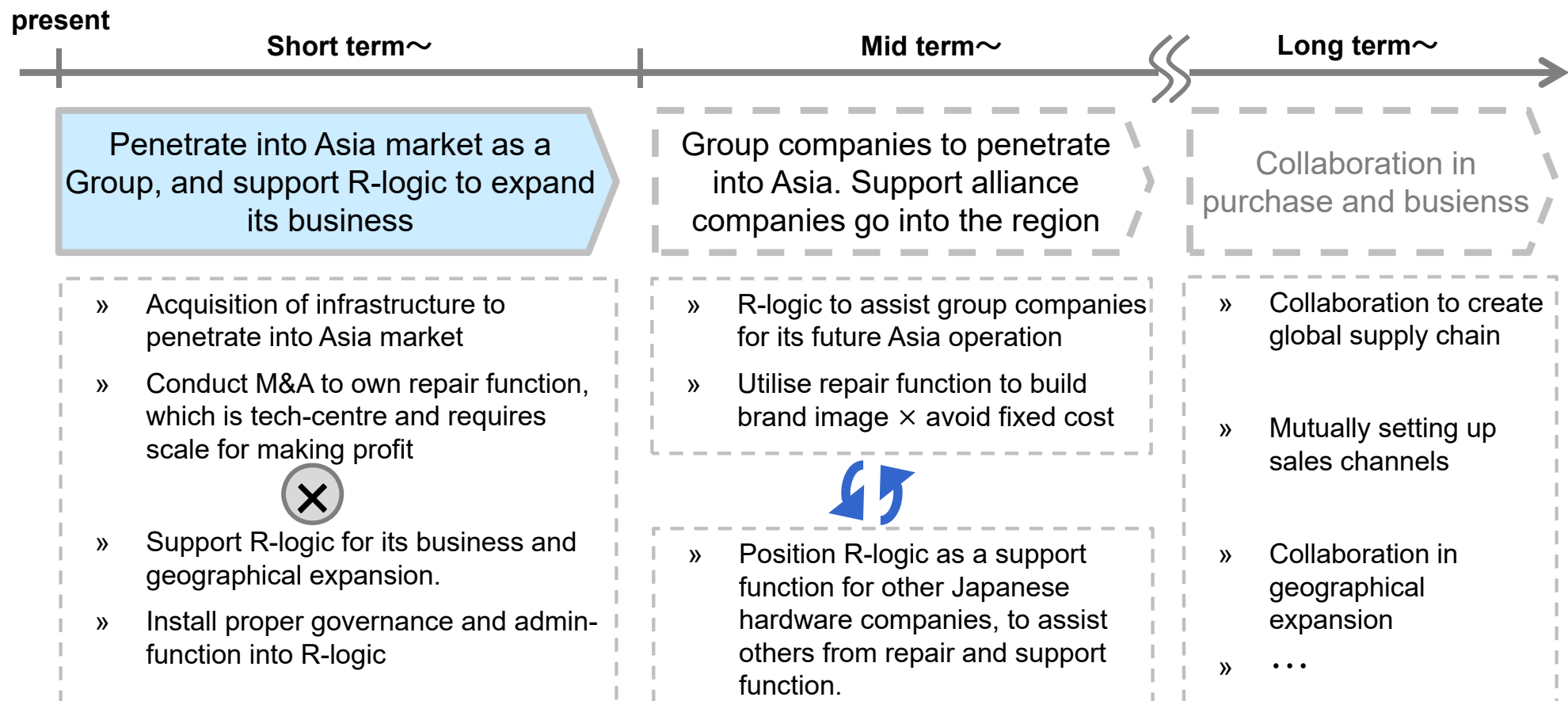
Company name	R-Logic International Pte Ltd		
Address	3014A Ubi Road 1 #04-01 Singapore 408703		
Representative director	Tan Keng Boon		
Business domain	Repair and support services for IT devices in southeast asian countries		
Equity	SG\$ 610K ^{*1}		
consolidated figures FY2017.3 ^{*1}	Sales	SG\$ 38,957K	
	Net Income	SG\$ 3,119K	
The year established	1999/03/01		
Major Shareholders	Tan Keng Boon, Tan Wai Boon, Lim Chwee Heng, Chia Chee Leong		

※1 consolidated F/S figure above is before audited figures

M&A: R-logic International Pte Ltd (2/2)

- ❑ Transaction was conducted with the aim to penetrate into Asian market in the future
 - » To strengthen our brand image with splendid support function 《differentiation by customer support》
 - » Repair and support function is integral part fro selling hardware, yet difficult to start from scratch as it requires tech-expertise and difficult to generate profit if own it in-house 《avoid fixed cost associated with repair function, while owing necessary function》

❑ Image for future direction



Significant KPIs for management

□ Financial policy and KPIs for the management

Management KPI

Focus on profit management of each company and business portfolio management.

- Setting KPIs that can be apply both to existing and new business.
- Numbers indicate floor percentage, taking active M&As into consideration.

Back ground

KPI

- Operating Profit ratio : around 5%
- ROE : Above 10%
- ROIC : Above 10%

Notes to KPI

- OP ratio : target ratio to balance both growth and profitability as sound entity to sustain future growth.
- ROE/ROIC : set floor rate considering tentative decline as a result of planed M&As and etc.

Shareholder Return

Position shareholder return as one of priorities and set stable shareholder return method.

- Better shareholders return along with more IR activity.
- Payout ratio based on stable growth in mind.

- Target divided payout ratio : Above25%
(originally, target was set to be more than 20% but was upwardly revised.)

- FCF to be used mainly on M&As, return to shareholders and equity reserve on B/S.
- Continue to strengthen shareholder return based on future financial projection.

Result for FY2017

□ Actual results for each KPI for FY2017 is as follows;

Target and actual ratio		target	2017.3 Actual	2016.3 Actual
	OP ratio	Around 5%	6.9%	5.0%
	ROIC	Above 10%	17.4%	11.6%
	ROE	Above 10%	19.1%	13.0%
	Payout ratio	Above 25%*1	25.1%	20.5%

□ Management does not intend to continue to increase above ratio, except for payout ratio, at this moment.

forecast

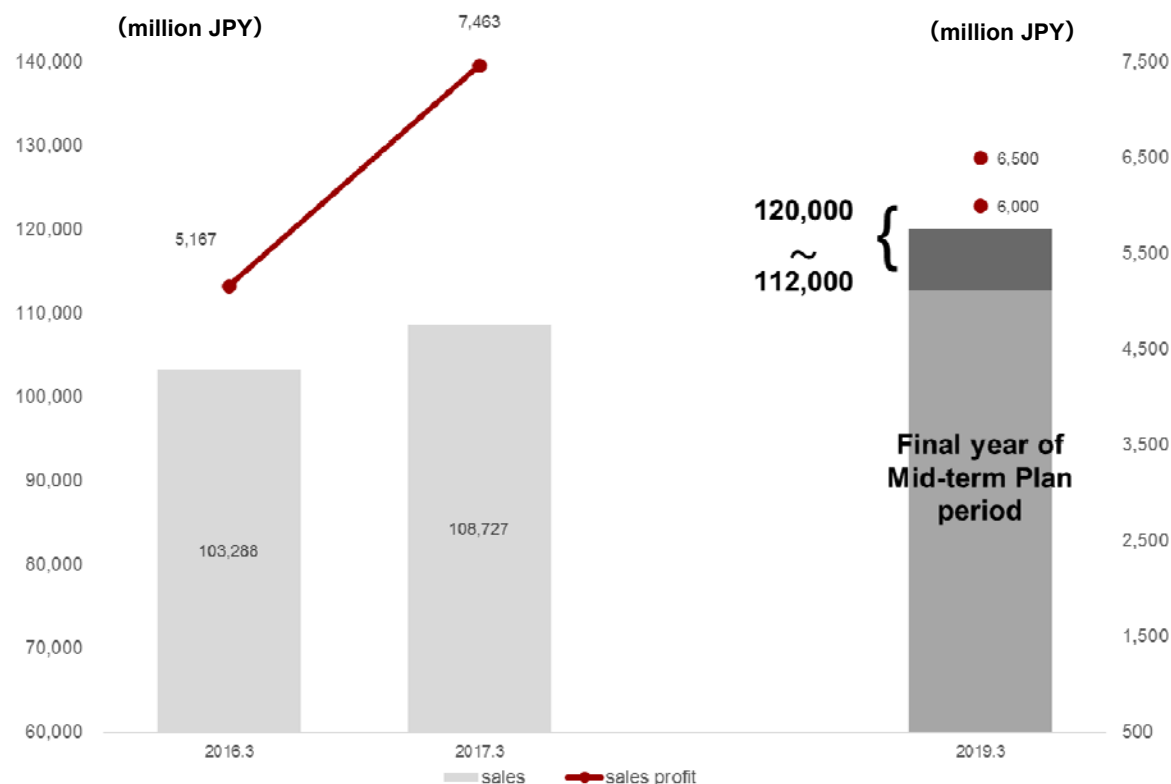
- » Continuous initial investment for the future growth is expected for revenue expansion at this stage; intend to seek increase operating profit as amount, instead of steady growth in ratio for now.
- » Active M&As are also expected for future growth; possibility to tentatively affect ROE and ROIC in negative way.
- » Continue to increase payout ratio, at least keep the current ratio as it is.

Note to our financial forecast

□ Aim to achieve annual sales over JPY 120 billion for FY2019

» Continue to strengthen strategic direction set by mid-term management plan

Financial forecast up to FY2019



Note to forecast

- Left mentioned forecast include only organic growth and exclude any impact of M&As.
- Committed to achieve sales level of over JPY120 billion in FY2019.
- Assumption for operating profit is to exceed previous fiscal year, irrespective of initially set level of JPY 6-6.5 billion.

Shareholder Return Policy

Return to shareholders: Dividend

- ❑ Planed Payout Ratio for FY2018 at this moment is 25%, same as previous fiscal year.

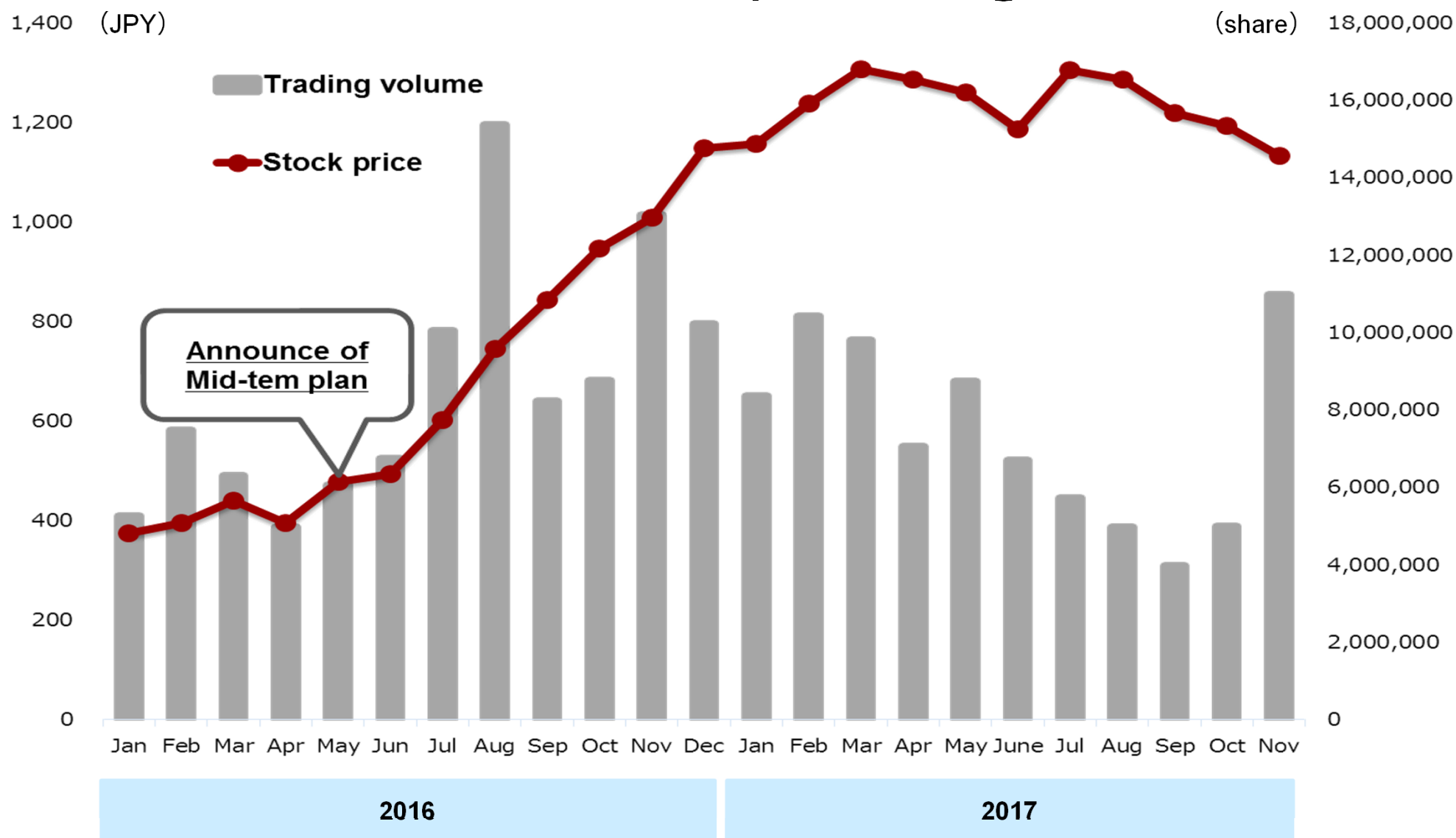
	Actual results			Initial forecast	Revised forecast
	FY2014.3	FY2015.3	FY2016.3	FY2017.3	FY2018.3
Divident per share	5.46JPY	10.00JPY	13.00JPY	26.00JPY	28.13JPY
Divident payout ratio	15.0%	18.6%	20.5%	25.1%	25.0%

- ❑ Continuous increase of payout ratio is clearly stated on our Mid-term Management Plan.

- As to the FY2017, dividend for a share became double, as a result of increase in payout ratio, along with strong financial result.
- Payout ratio for FY2018 is expected to be stay as 25% as of now.

Stock price: Trading volume

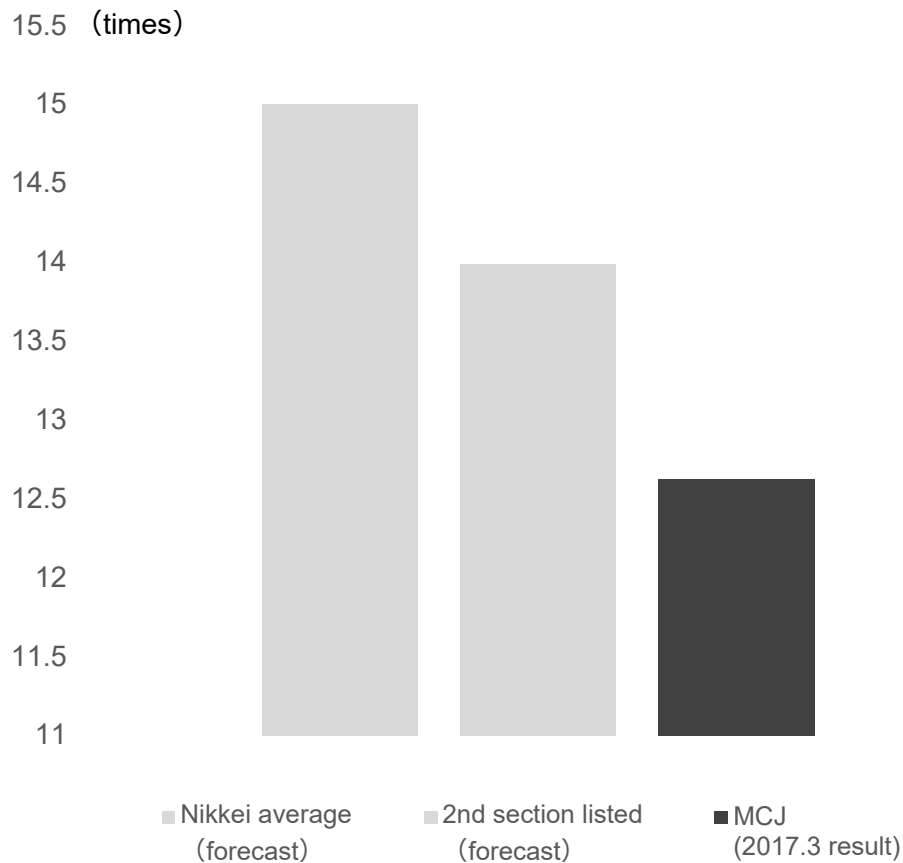
2016.1~2017.11 stock price・trading volume



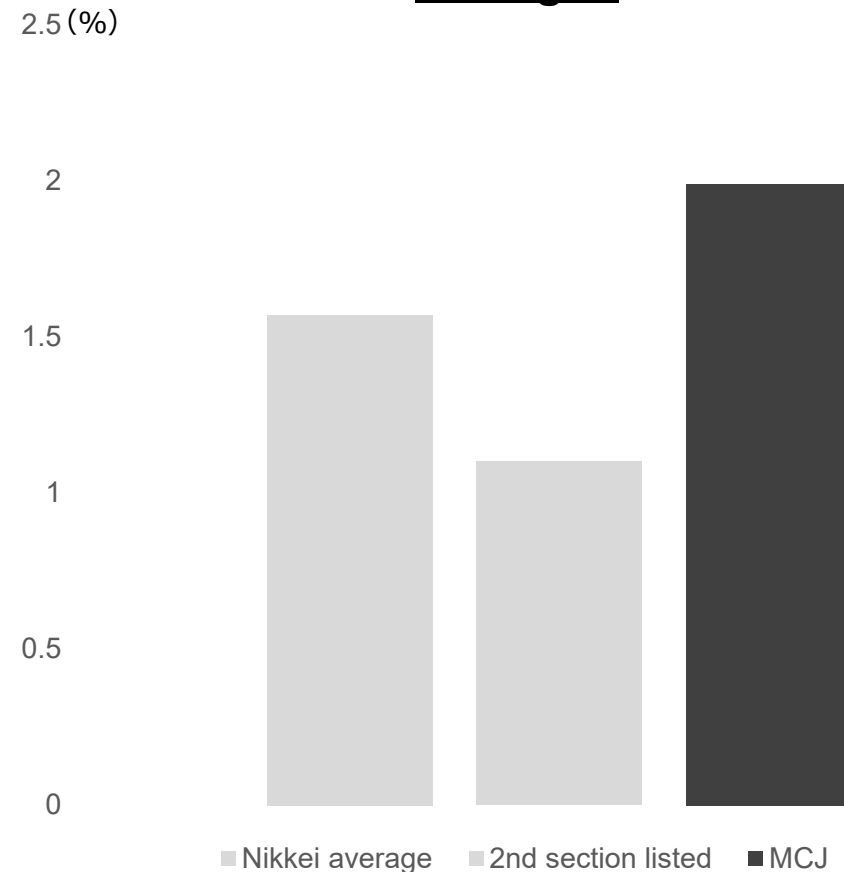
Major market indicator

- Our PER is lower than that of market average, despite strong growth and sound financial record, and above average dividend payout ratio

PER compared to market average*1



Dividend yield ratio compared to market average*2



*1) Nikkei

*2) Tokyo Stock Exchange, Inc.

- ☐ **Steady growth by identifying the niche market and by aggressive marketing, even though the PC industry as a whole is stagnant.**
- ☐ **Earn stable profit both in domestic and overseas market.**
- ☐ **Focus on growing market of VR as Group.**
- ☐ **Clear growth strategy stated on company vision and future direction; “Hardware × Contents・Service”**
- ☐ **Strong financial performance, great financial indicators, and active returns to shareholders**

Appendix

<introduction of major group companies>

Group company: Mouse computer



Increase brand awareness × competitive products × better after support

❑ Brand awareness

- Corporate PC **【MousePro】**
- Gaming PC **【G-Tune】**
- Creator's PC **【DAIV】** etc..

❑ Unique

- Related with Windows Hello
- facial recognition camera「CM01」
- Finger print leader「FP01」 etc..

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Sales	28,843	32,615	13.1%
Operating profit	1,207	2,270	88.0%



Group company: UNITCOM

UNITCOM

Retail network restructure × sales channel development

❑ More than 70 stores in Japan

- Shop-brand
 - **PC ko-bo AKIBA STARTUP**
 - Goodwill
 - Mineo-shop etc..

(million JPY)	FY2016.3	FY2017.3	Y on Y Change
Sales	28,334	27,468	Δ3.1%
Operating profit	513	559	8.9%

❑ Repair support

- One-coin quick check-up service
- Repair and setting service for PC and Smartphone
- Second-hand goods etc..

July 28th 2017
Open at Tokyo/Akihabara



❑ Provide space to try out VR

- Sales VIVE and PC set, VR set up service etc..

Group company: TEKWIND



Focus on better margin channels and products

☐ Trading company for comprehensive IT related devices

- Microsoft
- Intel
- ASUS etc..

(million JPY)	FY2016.3	FY2017.3	Y on Y Change
Sales	33,443	33,809	1.1%
Operating profit	524	665	27.0%

☐ Provide services as a Multi-distributor which connects foreign companies with domestic market

- PC device/ industrial PC devices
- system / network
- Software
- Accessory
- House brand device etc..



Group company: iiyama



Focus on growing product categories × penetrate into new countries

❑ Europe market

【 products 】

- PC-monitor
- Consumer-touch panel
- Industrial touch panel
- Large display etc..

(million JPY)	FY2016.3	FY2017.3	Y on Y Change
Sales	19,412	22,633	16.6%
Operating profit	2,531	3,627	43.3%

【coverage】

- England
- Holland
- Germany
- France
- Poland etc..



MCJ
HOLDING COMPANY