

Information for Investors

(January 1,2016 – December 31,2016)



February 10,2017
Otsuka Kagu,Ltd.

Contents



FY2016 Results

- 1 FY2016 results
- 2 Breakdown of net sales
- 3 SG&A expenses
- 4 Non-operating income and expenses
Extraordinary income and losses
- 5 Investment and depreciation
- 6 Number of employees
- 7 Store floor space and store net sales

FY2017 Forecasts

- 1 FY2017 forecasts
- 2 Breakdown of net sales
- 3 Investment and depreciation
- 4 Store
- 5 Number of employees
- 6 Full-year net sales
- 7 Full-year profits
- 8 Full-year sales of imports by country of origin

FY2016 Results

(January 1,2016 – December 31,2016)



1. FY2016 results



(millions of yen,%)

	2015	2016	Y/Y	Y/YE
Net sales	58,004	46,307	(20.2)	(4.2)
Gross profit	30,830	24,720	(19.8)	(4.9)
%sales	53.2	53.4		
Operating income (loss)	437	(4,597)	—	—
%sales	0.8	(9.9)		
Ordinary income (loss)	633	(4,436)	—	—
%sales	1.1	(9.6)		
Profit (loss)	359	(4,567)	—	—
%sales	0.6	(9.9)		

* Forecasts (YE) as of August 5,2016

2. Breakdown of net sales



(millions of yen,%)

	2015	number of stores	2016	number of stores	Y/Y	Y/YE
Kanto	35,250	8	27,441	9	(22.2)	(6.0)
Kansai	11,400	3	9,257	4	(18.8)	(1.1)
Tokai	4,481	3	3,690	3	(17.7)	(0.3)
Others	5,093	2	3,916	2	(23.1)	(2.2)
Store sales total %sales	56,227 96.9	16	44,306 95.7	18	(21.2)	(4.2)
Corporate sales %sales	1,708 2.9		1,924 4.2		12.7	(3.8)
Others %sales	69 0.1		76 0.2		10.6	0.9
Total %sales	58,004 100.0		46,307 100.0		(20.2)	(4.2)

*number of stores as of Dec.31 * Forecasts (YE) as of August 5,2016

3. SG&A expenses

(millions of yen,%)

	2015	%sales	2016	%sales	Y/Y	Y/YE
Transportation	1,567	2.7	1,497	3.2	(4.4)	0.6
Advertising	2,795	4.8	2,870	6.2	2.7	3.0
Personnel	11,156	19.2	10,312	22.3	(7.6)	(3.1)
Rents (including Administrative expenses)	10,143	17.5	10,132	21.9	(0.1)	(0.8)
Others	4,730	8.2	4,505	9.7	(4.7)	(5.0)
Total	30,392	52.4	29,318	63.3	(3.5)	(1.8)

* Forecasts (YE) as of as August 5,2016

4. Non-operating income and expenses

Extraordinary income and losses



(millions of yen,%)

	2015	2016	Y/Y
Income	197	174	(12.0)
Interest and dividend	77	83	7.8
Others	120	90	(24.8)
Expenses	2	13	479.9

– FY2016 –

Extraordinary income :	Gain on sales of investment securities	417	million yen
	Reversal of reserve for loss on dissolution of employees' pension fund	176	million yen
	Gain on sales of non-current assets	43	million yen
Extraordinary loss :	Impairment loss	297	million yen
	Loss on sales of non-current assets	12	million yen

5. Investment and depreciation



(millions of yen)

	2015		2016	
Capital expenditure	97		509	
	Store facilities, etc.	55	Store facilities, etc.	444
	System renewal	10	System renewal	51
	Others	31	Others	13
Security deposit	13		69	
	Guarantee deposits, etc.	13	Guarantee deposits, etc.	69
Total	110		579	
Depreciation	162		229	

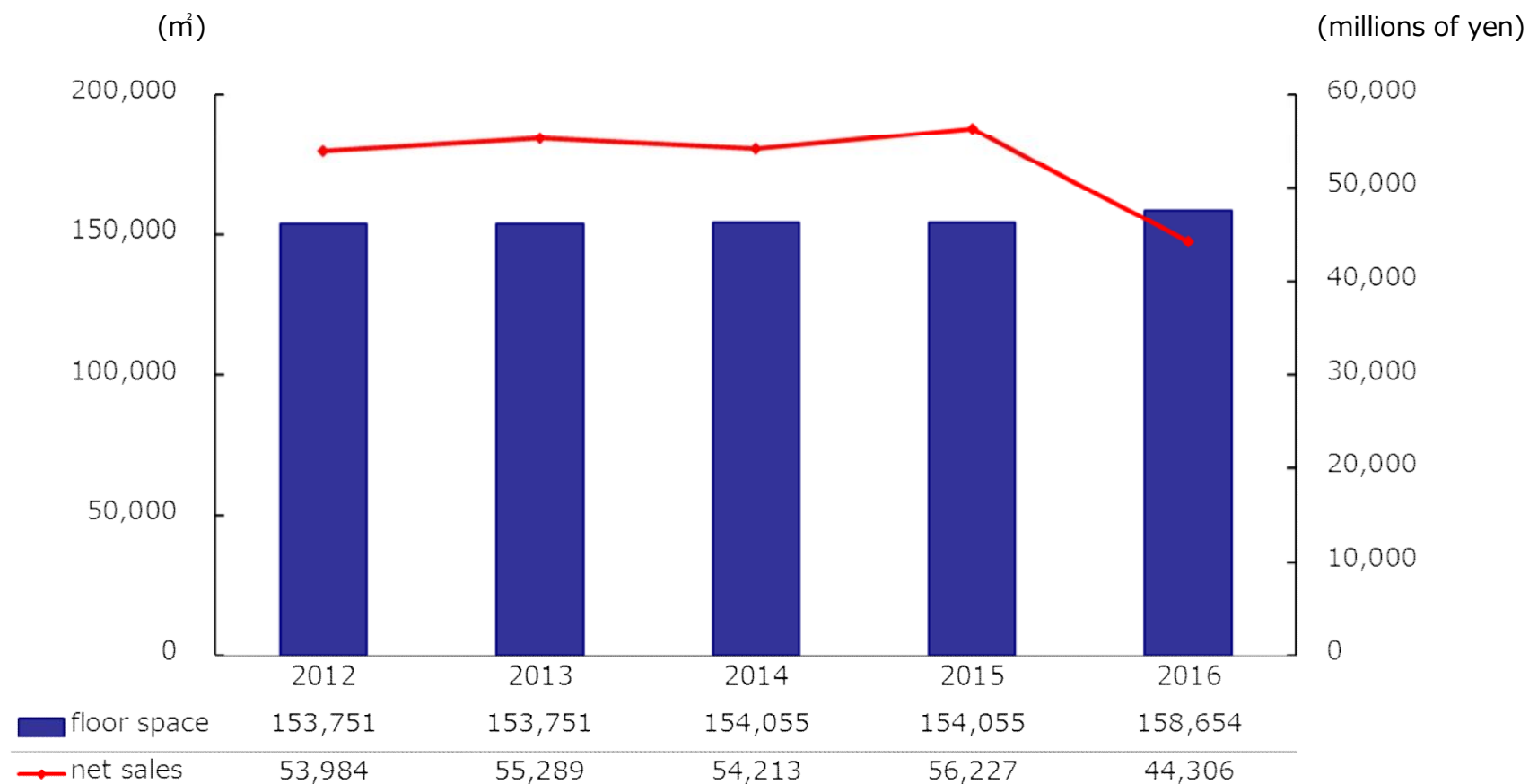
* excluding finance-related transactions

6. Number of employees

		As of December 31,2015	As of December 31,2016
	Store	1,226	1,137
Total		1,744	1,662

*not including the number of board member, corporate officer, temporary worker and loan employee.

7. Store floor space and store net sales



* store floor space is as of December.31

		Store	Floor space (m ²)	Note
Kanto	1	Ariake Head Office showroom	24,673	IDC OTSUKA Sapporo Factory opened on January,2016 under the jurisdiction of Ariake Head Office Showroom. The floor space (438m ²) is not included on left.
	2	Yokohama Minatomirai showroom	19,500	
	3	Shinjuku showroom	13,602	
	4	Kasukabe showroom	10,772	
	5	Ginza main store	7,007	
	6	Minami Funabashi Store	4,599	opened on Sep.15,2016
	7	Tachikawa showroom	4,421	
	8	OUTLET & REUSE Yokohama	4,189	name changed on Oct.15,2016
	9	Tokorozawa showroom	1,537	
Kansai	1	Osaka Nanko showroom	16,750	decreased floor space on Oct.15,2016 (22,242m ² → 16,750m ²)
	2	Kobe showroom	8,566	
	3	OUTLET & REUSE Osaka Nanko	5,492	opened on Oct.15,2016
	4	Modern Style Shop Yodoyabashi	475	
Tokai	1	Nagoya Sakae showroom	11,178	
	2	Nagoya Hoshizaki showroom	4,670	
	3	LIFE STYLE SHOP Nagoya-Ekimae	304	
Others	1	Sendai showroom	11,291	
	2	Fukuoka showroom	9,628	
		Total	158,654	as of Dec.31, 2016 [18 stores]

FY2017 Forecasts



1. FY2017 forecasts



(millions of yen,%)

	2016	2017 Forecasts			
	Results	First-half	Second-half	Full-year	Y/Y
Net sales	46,307	26,119	26,900	53,019	14.5
Gross profit	24,720	14,101	14,478	28,579	15.6
%sales	53.4	54.0	53.8	53.9	
SG&A expenses	29,318	14,401	13,678	28,079	(4.2)
%sales	63.3	55.1	50.8	53.0	
Operating income (loss)	(4,597)	(300)	800	500	—
%sales	(9.9)	(1.1)	3.0	0.9	
Ordinary income (loss)	(4,436)	(223)	824	601	—
%sales	(9.6)	(0.9)	3.1	1.1	
Profit (loss)	(4,567)	(319)	687	367	—
%sales	(9.9)	(1.2)	2.6	0.7	

2. Breakdown of net sales



(millions of yen,%)

	2016 Results	2017 Forecasts			Y/Y
		First-half	Second-half	Full-year	
Store sales	44,306	25,153	25,576	50,730	14.5
%sales	95.7	96.3	95.1	95.7	
Corporate sales	1,924	936	1,294	2,230	15.9
%sales	4.2	3.6	4.8	4.2	
Others	76	29	29	59	(22.1)
%sales	0.2	0.1	0.1	0.1	
Total	46,307	26,119	26,900	53,019	14.5
%sales	100.0	100.0	100.0	100.0	

3. Investment and depreciation



(millions of yen)

	2016 Results		2017 Forecasts	
Capital expenditure	509		512	
	Store facilities, etc.	444	Store facilities, etc.	388
	System renewal	51	System renewal	104
	Others	13	Others	19
Security deposit	69		94	
	Guarantee deposits, etc.	69	Guarantee deposits, etc.	94
Total	579		607	
Depreciation	229		278	

* excluding finance-related transactions

4. Store



FY 2016

【Open】	January	IDC OTSUKA Sapporo Factory <small>*under the jurisdiction of Ariake Head Office Showroom</small>	438m ²
	September	Minami Funabashi Store	4,599m ²
	October	OUTLET & REUSE Osaka Nanko	5,492m ²
【Closure】	None		

«Alliance shop» October DEJIMASTOCK(Hiroshima-city)
 December Yamatoyashiki Himeji(Himeji-city)

FY 2017

【Open】	February	OUTLET & REUSE PREMIUM Ariake LIFE STYLE SHOP KASHIWANOHA T-SITE	1,388m ² 184m ²
【Closure】	None		

«Alliance shop» March(tentative) (Matsuyama-city)

5. Number of employees

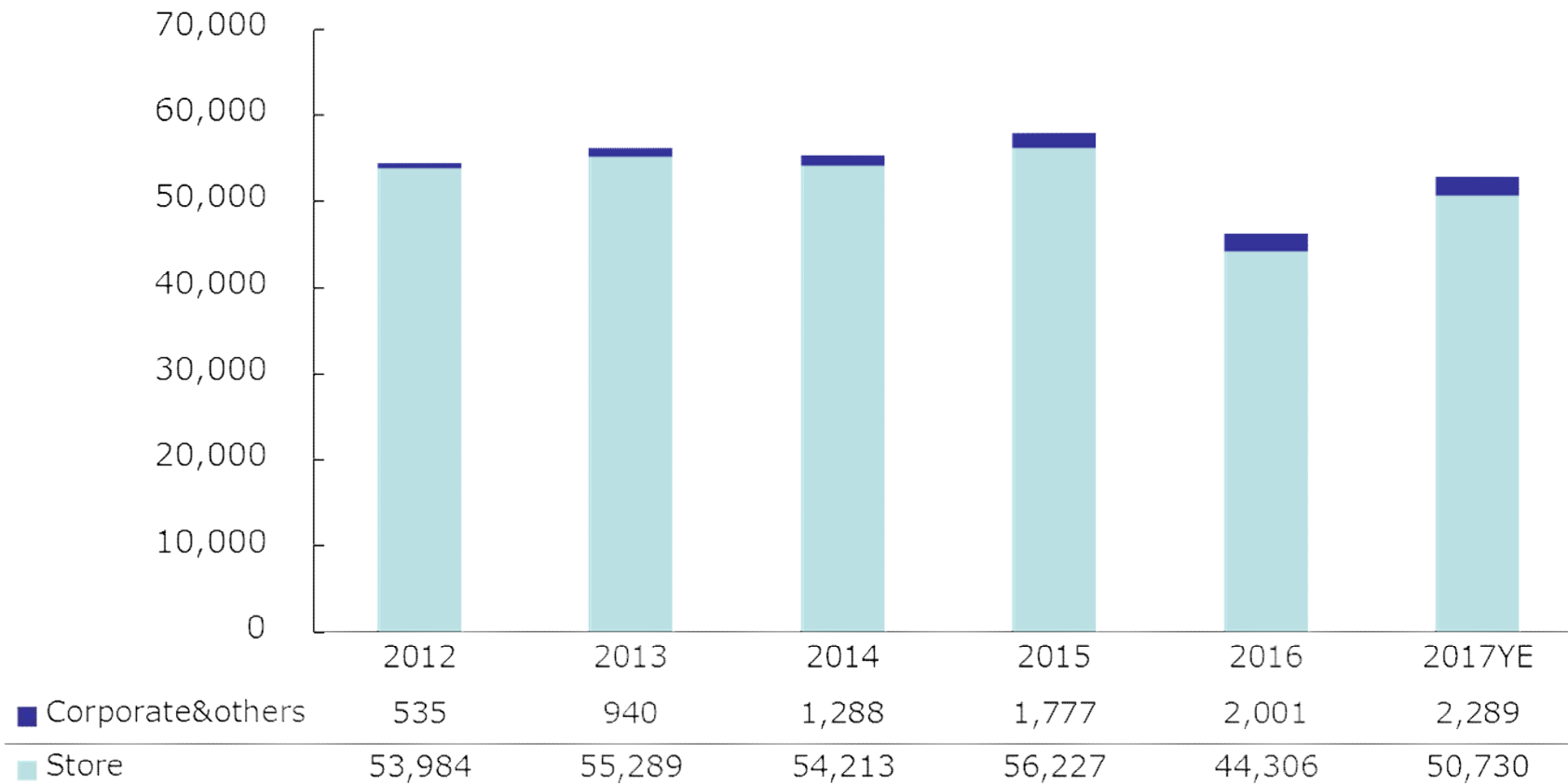
	2016 Results	2017 Forecasts
New graduate recruitment	77	52
Mid-career recruitment	23	To be determined according to the number of retired employees

* not including the number of board member, corporate officer, temporary worker and loan employee.

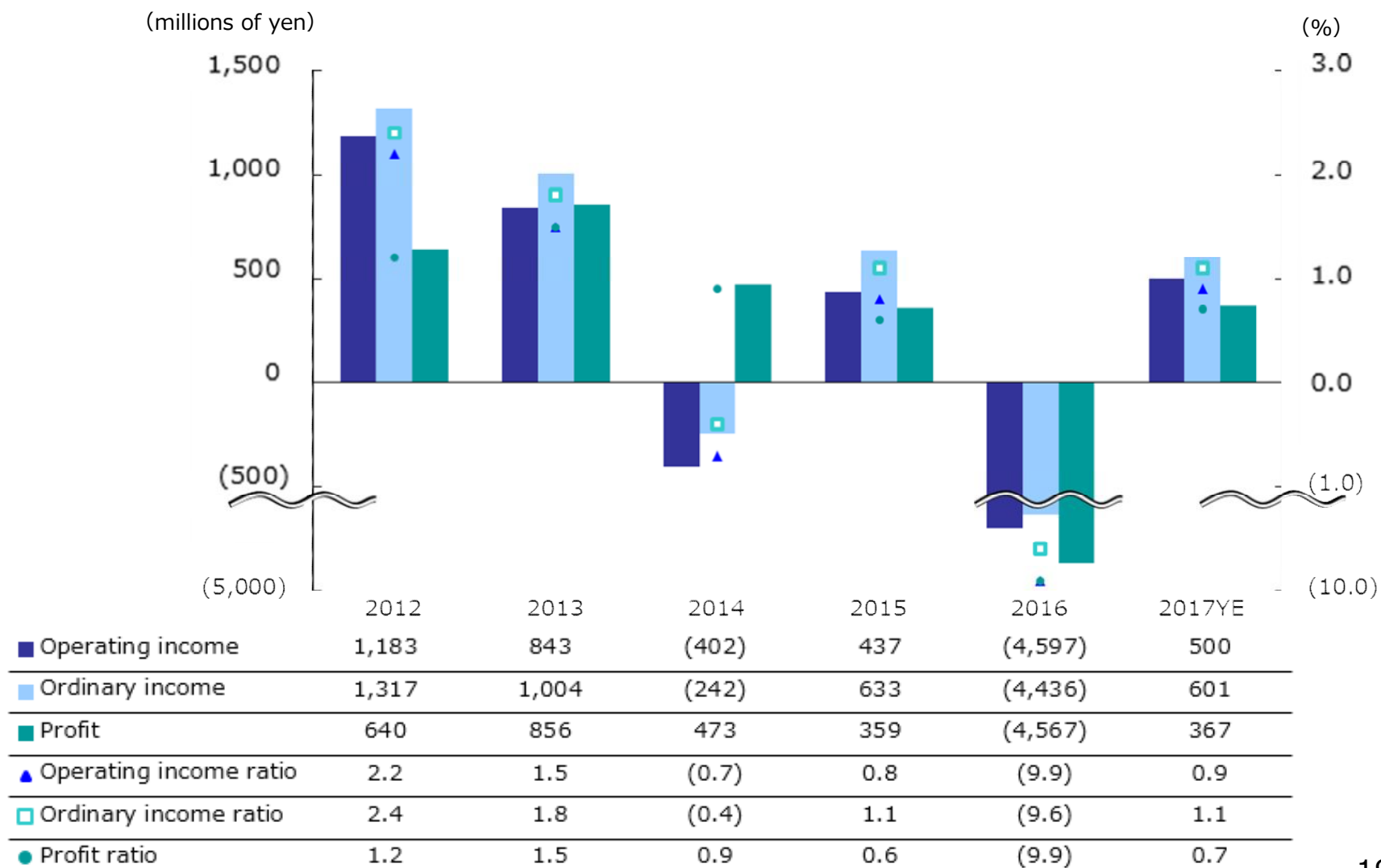
6. Full-year net sales



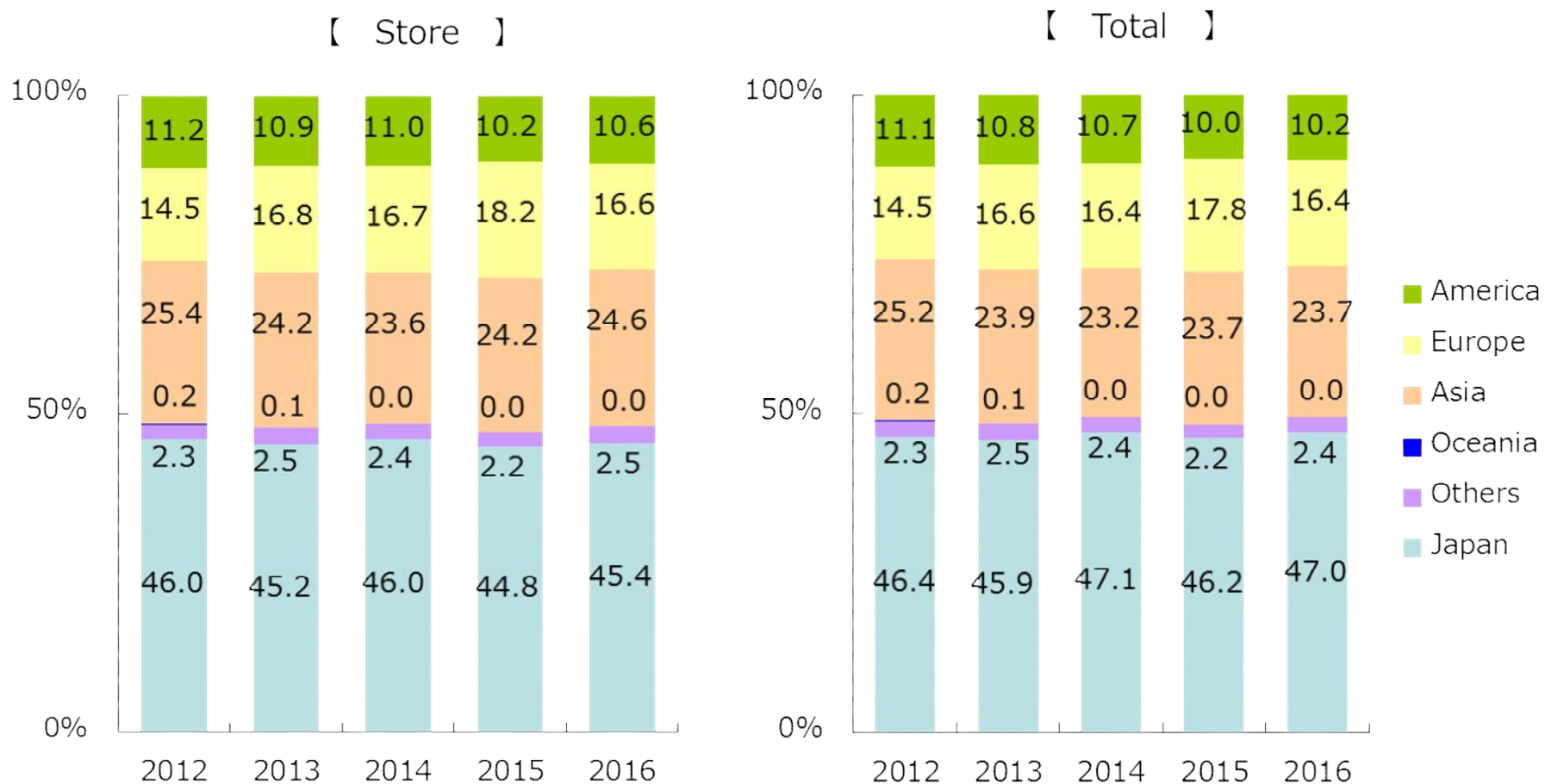
(millions of yen)



7. Full-year profits



8. Full-year sales of imports by country of origin





These data have been prepared solely for the purpose of supplying information about settlement and our business.

These data are not, and should not be construed as, an offer or solicitation for purchases of our securities.

These data are based on the information that is available on February 10,2017.

Actual results may differ from the indicated forecasts here due to various factors.

It may change without a preliminary announcement about the indicated contents here.