

# Information for Investors

(January1,2017 - June30,2017)

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August 4,2017  
OTSUKA KAGU,LTD.

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# 2017 Interim Results

( January1,2017 - June30,2017 )

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# 1. 2017 Interim results



(millions of yen,%)

	2016 Interim results	2017 Interim results	Y/Y
Net sales	24,093	21,380	(11.3)
Gross profit	12,825	10,954	(14.6)
%sales	53.2	51.2	
SG&A expenses	14,799	13,657	(7.7)
%sales	61.4	63.9	
Operating income (loss)	(1,973)	(2,702)	—
%sales	(8.2)	(12.6)	
Ordinary income (loss)	(1,860)	(2,609)	—
%sales	(7.7)	(12.2)	
Profit (loss)	(2,497)	(4,567)	—
%sales	(10.4)	(21.4)	

## 2. Breakdown of net sales



(millions of yen,%)

	2016 Interim results	Number of stores*	2017 Interim results	Number of stores*	Y/Y
Kanto	14,131	8	12,846	12	(9.1)
Kansai	4,952	3	3,880	4	(21.7)
Tokai	1,929	3	1,674	3	(13.2)
Others	1,997	2	1,918	2	(4.0)
Store sales total share	23,010 95.5	16	20,319 95.0	21	(11.7)
Corporate sales share	1,039 4.3		1,034 4.8		(0.5)
Others share	42 0.2		25 0.1		(40.3)
Total share	24,093 100.0		21,380 100.0		(11.3)

\*Number of stores as of June 30 \* ref.p.14 for store information

### 3. SG&A expenses



(millions of yen,%)

	2016 Interim results	%sales	2017 Interim results	%sales	Y/Y
Transportation	738	3.1	756	3.5	2.4
Advertising	1,353	5.6	1,265	5.9	(6.4)
Personnel	5,336	22.2	4,500	21.0	(15.7)
Rents*	5,069	21.0	4,989	23.3	(1.6)
Others	2,301	9.6	2,145	10.0	(6.8)
Total	14,799	61.4	13,657	63.9	(7.7)

\* Rents including Administrative expenses

## 4. Non-operating income and expenses Extraordinary income and losses



(millions of yen,%)

	2016 Interim results	2017 Interim results	Y/Y
Income	123	125	1.8
Interest and dividend	46	30	(34.3)
Others	76	94	23.7
Expenses	9	32	246.6

### – 2017 Interim results –

Extraordinary income :	Gain on sales of investment securities	967million yen
	Gain on sales of non-current assets	3million yen
Extraordinary loss :	Provision for business structure improvement	1,948million yen
	Impairment loss	962million yen
	Loss on sales of non-current assets	2million yen

# 5. Investment and depreciation



(millions of yen)

	2016 Interim results		2017 Interim results	
Capital expenditure	388		61	
	Store facilities, etc.	357	Store facilities, etc.	12
	System renewal	20	System renewal	33
	Others	10	Others	15
Security deposits	69		(151)	
	Guarantee deposits, etc.	69	Guarantee deposits, etc.	(151)
Total	458		(89)	
Depreciation	118		93	

\* excluding finance-related transactions



## 6. Number of employees

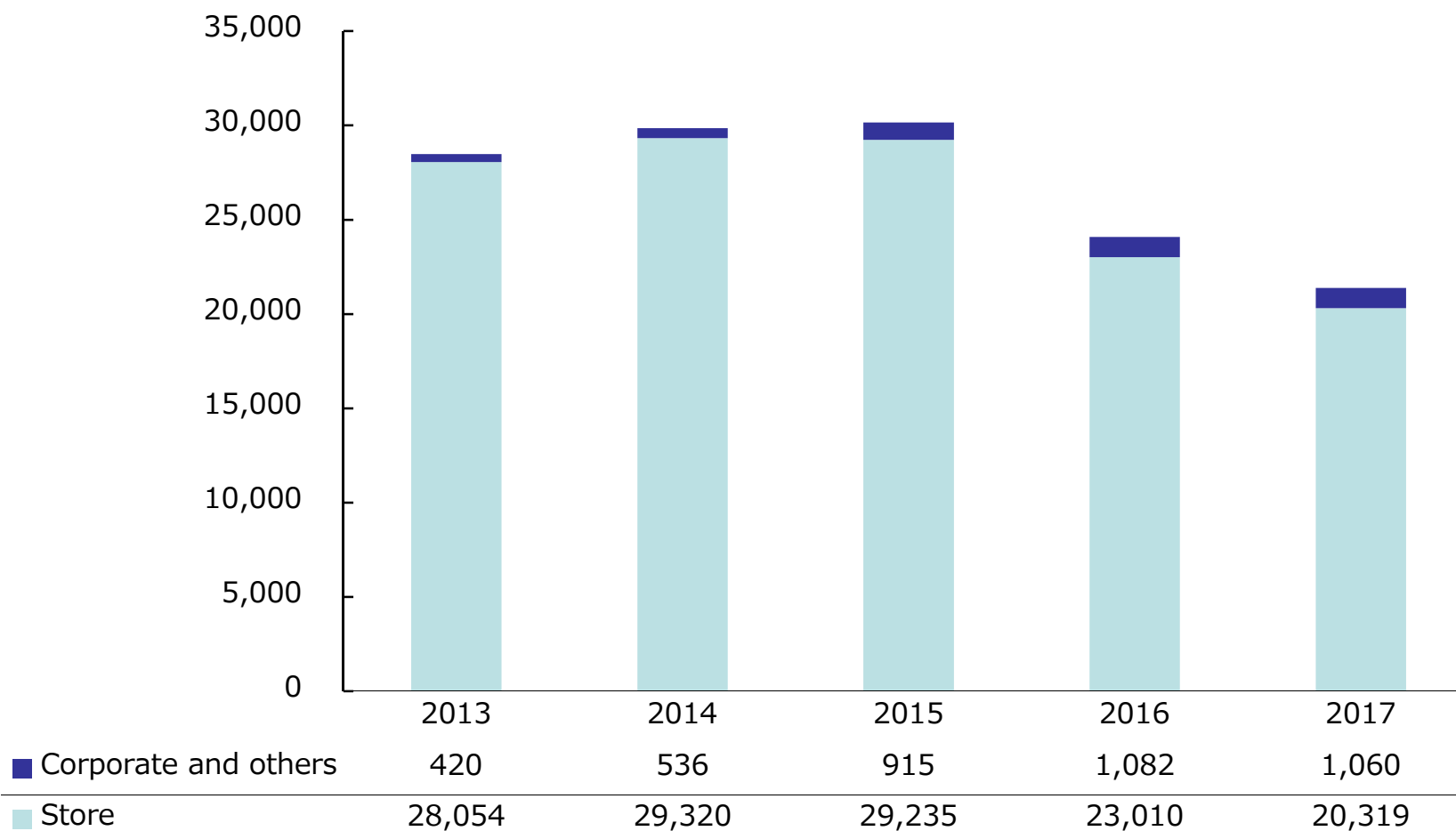
		As of June 30, 2016	As of June 30, 2017
	Store	1,203	1,026
	Total	1,744	1,593

\*not including the number of board member, corporate officer, temporary worker

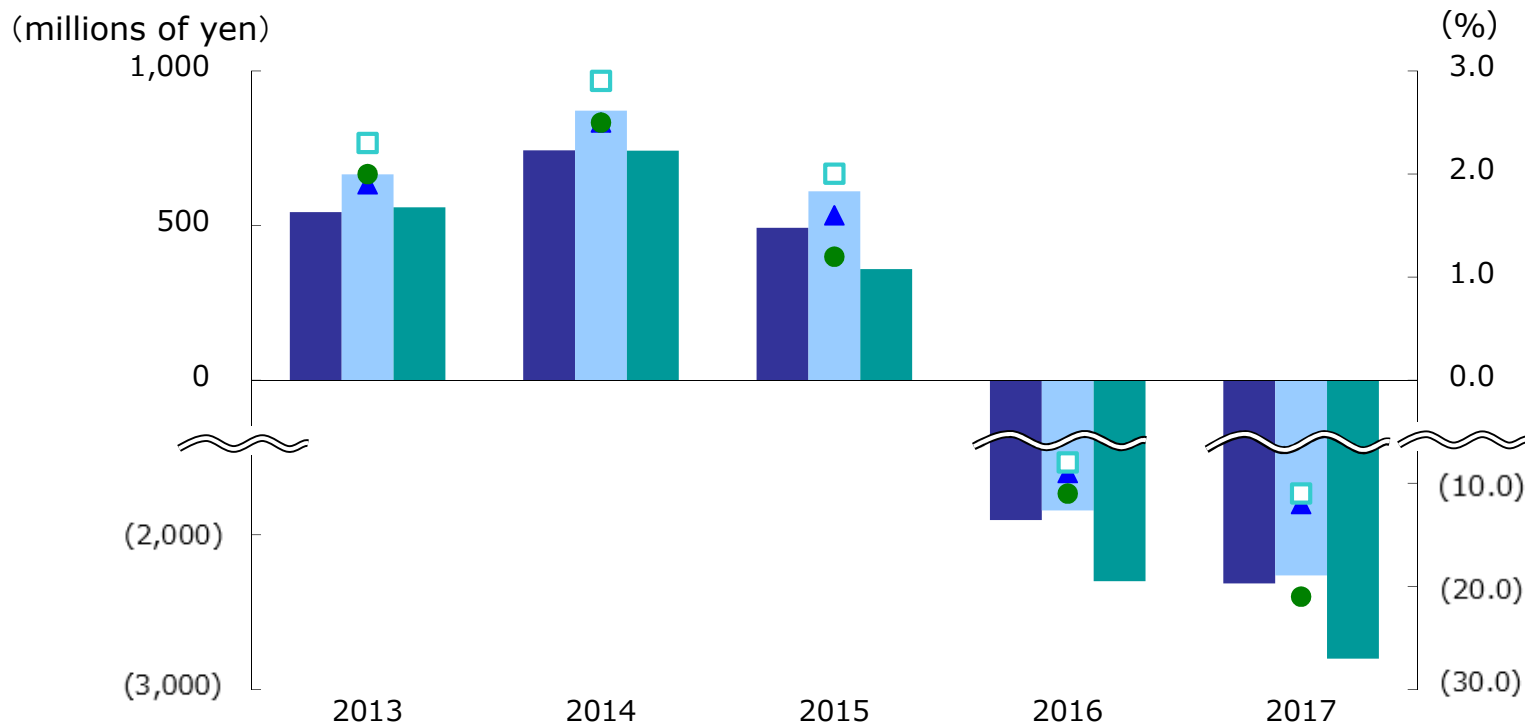
# 7. Interim net sales



( millions of yen )

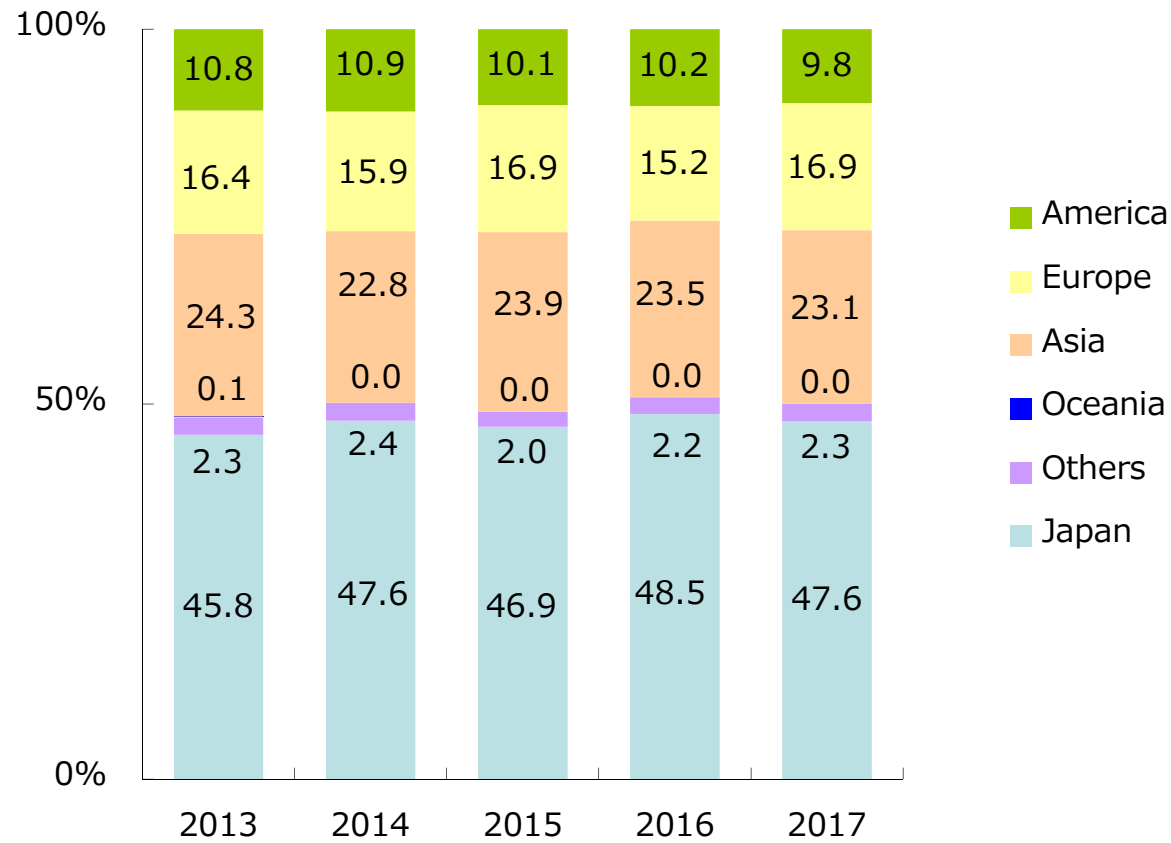


# 8. Interim profits

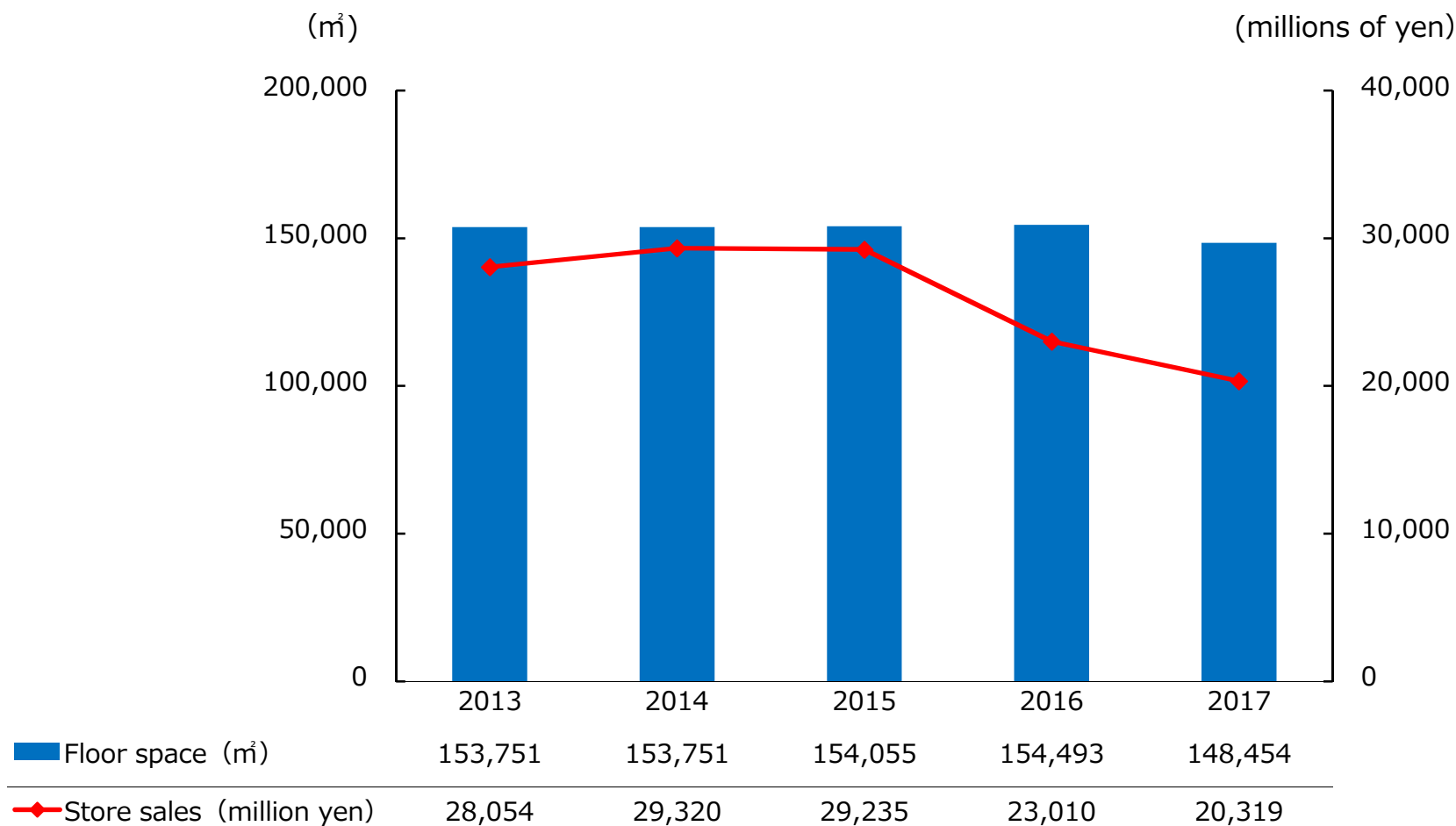


■ Operating income	543	743	493	(1,973)	(2,702)
■ Ordinary income	665	871	611	(1,860)	(2,609)
■ Profit	559	742	359	(2,497)	(4,567)
▲ Operating income ratio	1.9	2.5	1.6	(8.2)	(12.6)
□ Ordinary income ratio	2.3	2.9	2.0	(7.7)	(12.2)
● Profit ratio	2.0	2.5	1.2	(10.4)	(21.4)

# 9. Interim sales of imports by country of origin



# 10. Interim store floor space and store net sales



\* Floor space is not included Alliance shop \* as of June,30

		Store	Floor space (m <sup>2</sup> )	Note
Flagship store	Kanto	Ariake Head Office showroom	20,187	decreased floor space on Feb.10,Jun.9,2017(24,673m <sup>2</sup> →20,187m <sup>2</sup> )
	Kansai	Osaka Nanko showroom	16,750	decreased floor space on Oct.15,2016(22,242m <sup>2</sup> →16,750m <sup>2</sup> )
Standard store		Yokohama Minatomirai showroom	19,500	
		Shinjuku showroom	12,297	decreased floor space on Apr.29,2017(13,602m <sup>2</sup> →12,297m <sup>2</sup> )
		Kasukabe showroom	10,772	
	Kanto	Ginza main store	7,007	
		Minami Funabashi store	4,599	opened on Sep.15,2016
		Tachikawa showroom	4,421	
		Tokorozawa showroom	1,537	
	Tokai	Nagoya Sakae showroom	11,178	
		Nagoya Hoshizaki showroom	4,670	decreased floor space on Jun.9,2017(9,628m <sup>2</sup> →4,904m <sup>2</sup> )
	Kansai	Kobe showroom	8,566	
	Others	Sendai showroom	7,507	
		Fukuoka showroom	4,904	
Small store/ urban specialized store	Kanto	Outlet&Reuse Yokohama	4,189	name changed on Oct.15,2016
		Outlet&Reuse Premium Ariake	2,090	opened on Feb.10,2017 increased floor space on Jun.9,2017(1,388m <sup>2</sup> →2,090m <sup>2</sup> )
		Outlet&Reuse Shinjuku	1,305	opened on Apr.29,2017
	Tokai	LIFE STYLE SHOP KASHIWANOHA T-SITE	184	opened on Mar.2,2017
		LIFE STYLE SHOP Nagoya-Ekimae	304	
	Kansai	Outlet&Reuse Osaka Nanko	5,492	opened on Oct.15,2016
		NAMBA PARKS(pop-up shop)**	1,200	opened on Feb.22,2017
	Others	Modern Style Shop Yodoyabashi	475	
		IDC OTSUKA Sapporo Factory*	520	opened on Jan.1,2016 increased floor space on Apr.22,2017(438m <sup>2</sup> →520m <sup>2</sup> )
Total		21 stores,1 sales office*	148,454	as of June.30, 2017
**numbers of stores are not included pop-up shop				

## Alliance store

Store		Floor space (m <sup>2</sup> ;approx.)	Note
DEJIMASTOCK	( Hiroshima-city )	1,000	opened on Oct.1,2016
Yamatoyashiki Himeji	(Himeji-city)	530	opened on Dec.14,2016
Iyotetsu Takashimaya	( Matsuyama-city)	240	opened on Mar.1,2017
Total	3 stores	1,770	as of Jun.30, 2017

# 2017 Forecasts

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# 1. 2017 forecasts



(millions of yen,%)

	Second half			Full year		
	2016 Results	2017 Forecasts	Y/Y	2016 Results	2017 Forecasts	Y/Y
Net sales	22,214	21,435	(3.5)	46,307	42,816	(7.5)
Gross profit	11,894	11,273	(5.2)	24,720	22,228	(10.1)
%sales	53.5	52.6		53.4	51.9	
SG&A expenses	14,518	12,953	(10.8)	29,318	26,611	(9.2)
%sales	65.4	60.4		63.3	62.2	
Operating income	(2,623)	(1,680)	–	(4,597)	(4,383)	–
(loss) %sales	(11.8)	(7.8)		(9.9)	(10.2)	
Ordinary income	(2,576)	(1,735)	–	(4,436)	(4,345)	–
(loss) %sales	(11.6)	(8.1)		(9.6)	(10.1)	
Profit (loss)	(2,069)	(1,752)	–	(4,567)	(6,320)	–
%sales	(9.3)	(8.2)		(9.9)	(14.8)	

## 2. Breakdown of net sales



(millions of yen,%)

	Second half			Full year		
	2016 Results	2017 Forecasts	Y/Y	2016 Results	2017 Forecasts	Y/Y
Store sales	21,295	20,183	(5.2)	44,306	40,503	(8.6)
share	95.9	94.2		95.7	94.6	
Corporate sales	884	1,195	35.1	1,924	2,230	15.9
share	4.0	5.6		4.2	5.2	
Others	34	57	68.8	76	83	8.2
share	0.2	0.3		0.2	0.2	
Total	22,214	21,435	(3.5)	46,307	42,816	(7.5)
share	100.0	100.0		100.0	100.0	

### 3. SG&A expenses



(millions of yen,%)

	Second half			Full year		
	2016 Results	2017 Forecasts	Y/Y	2016 Results	2017 Forecasts	Y/Y
Transportation	759	686	(9.6)	1,497	1,442	(3.7)
% sales	3.4	3.2		3.2	3.4	
Advertising	1,516	1,164	(23.3)	2,870	2,430	(15.3)
% sales	6.8	5.4		6.2	5.7	
Personnel	4,976	4,459	(10.4)	10,312	8,959	(13.1)
% sales	22.4	20.8		22.3	20.9	
Rents*	5,062	4,523	(10.6)	10,132	9,513	(6.1)
% sales	22.8	21.1		21.9	22.2	
Others	2,204	2,120	(3.8)	4,505	4,265	(5.3)
% sales	9.9	9.9		9.7	10.0	
Total	14,518	12,953	(10.8)	29,318	26,611	(9.2)
% sales	65.4	60.4		63.3	62.2	

\* Rents including Administrative expenses 19

## 4. Non-operating income and expenses Extraordinary income and losses



(millions of yen,%)

	2016 Results	2017 Forecasts		Y/Y
		Second half	Full year	
Income	174	29	154	(11.0)
Interest and dividend	83	19	49	(40.5)
Others	90	10	105	16.3
Expenses	13	84	116	771.0

– **2017 Second half forecasts** –

Extraordinary income : None

Extraordinary loss : None

## 5. Investment and depreciation



(millions of yen)

	Second half				Full year	
	2016 Results		2017 Forecasts		2016 Results	2017 Forecasts
Capital expenditure	120		274		509	336
	Store facilities, etc.	87	Store facilities, etc.	56	444	68
	System renewal	30	System renewal	216	51	250
	Others	2	Others	1	13	16
Security deposit	0		(295)		69	(446)
	Guarantee deposits	0	Guarantee deposits	(295)	69	(446)
Total	121		(20)		579	(110)
Depreciation	110		33		229	125

\* excluding finance-related transactions

## 6. Store



### FY 2016

【 Open 】	January	IDC OTSUKA Sapporo Factory	438m <sup>2</sup>
	September	Minami Funabashi store	4,599m <sup>2</sup>
	October	Outlet&Reuse Osaka Nanko	5,492m <sup>2</sup>
【Closure】	None		
«Alliance store»			
【 Open 】	October	DEJIMASTOCK(Hiroshima-city)	approx. 1,000m <sup>2</sup>
	December	Yamatoyashiki Himeji(Himeji-city)	approx. 530m <sup>2</sup>
【Closure】	None		

### FY 2017

【 Open 】	February	Outlet&Reuse PREMIUM Ariake	1,388m <sup>2</sup>
		NAMBA PARKS(pop-up shop)	1,200m <sup>2</sup>
	March	LIFE STYLE SHOP KASHIWANOHA T-SITE	184m <sup>2</sup>
	April	Outlet&Reuse Shinjuku	1,305m <sup>2</sup>
【Closure】	July	Tokorozawa	
«Alliance store»			
【 Open 】	March	Iyotetsu Takashimaya(Matsuyama-city)	approx. 240m <sup>2</sup>
	July	Ebisu Mitsukoshi(shibuya-ku)	approx. 575m <sup>2</sup>
【Closure】	None		

## 7. Number of employees

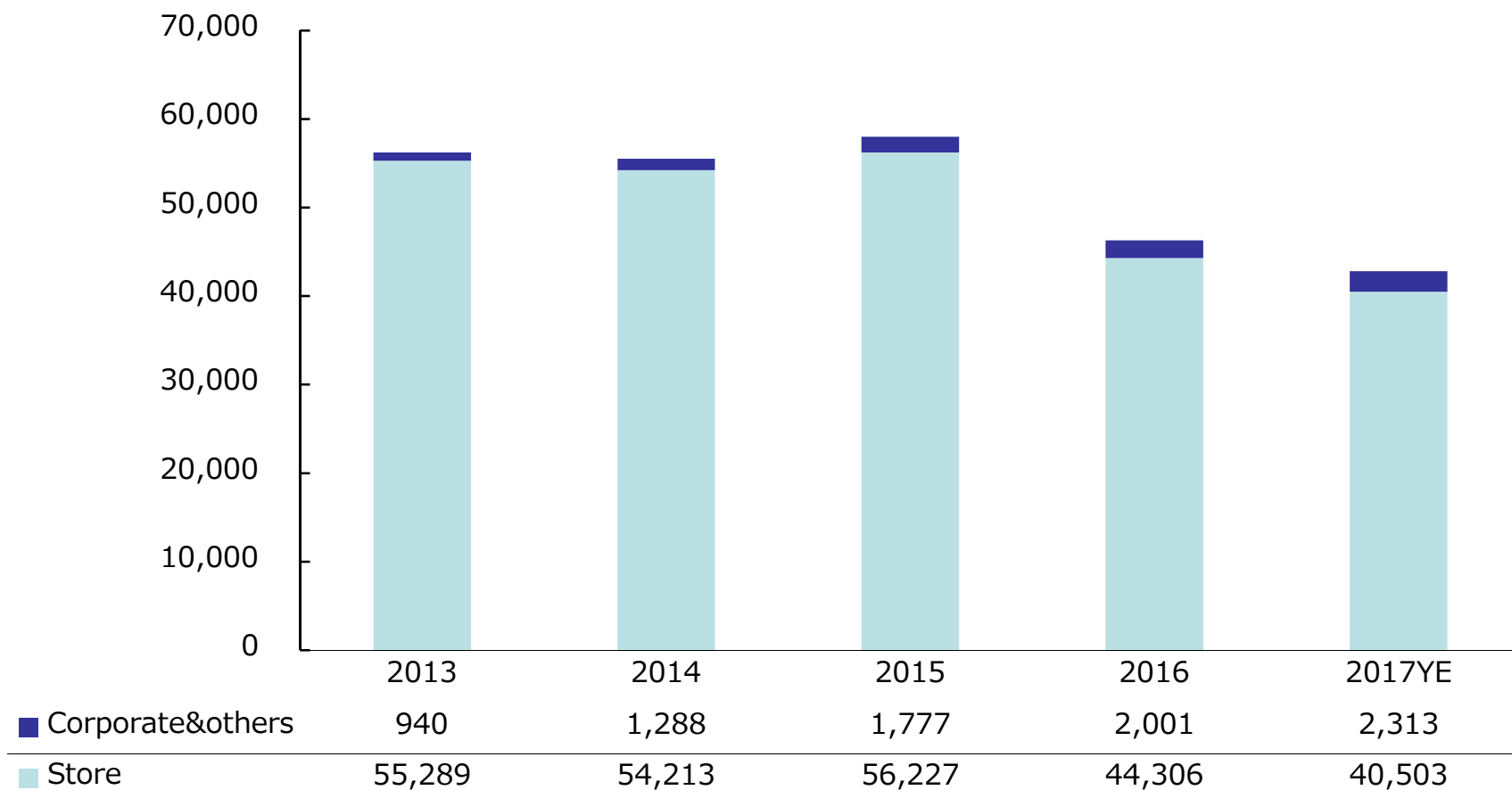
		2016 Results	2017 Forecasts
	Store	1,110	992
	Total	1,662	1,508

\* not including the number of board member, corporate officer, temporary worker

# 8. Full-year net sales

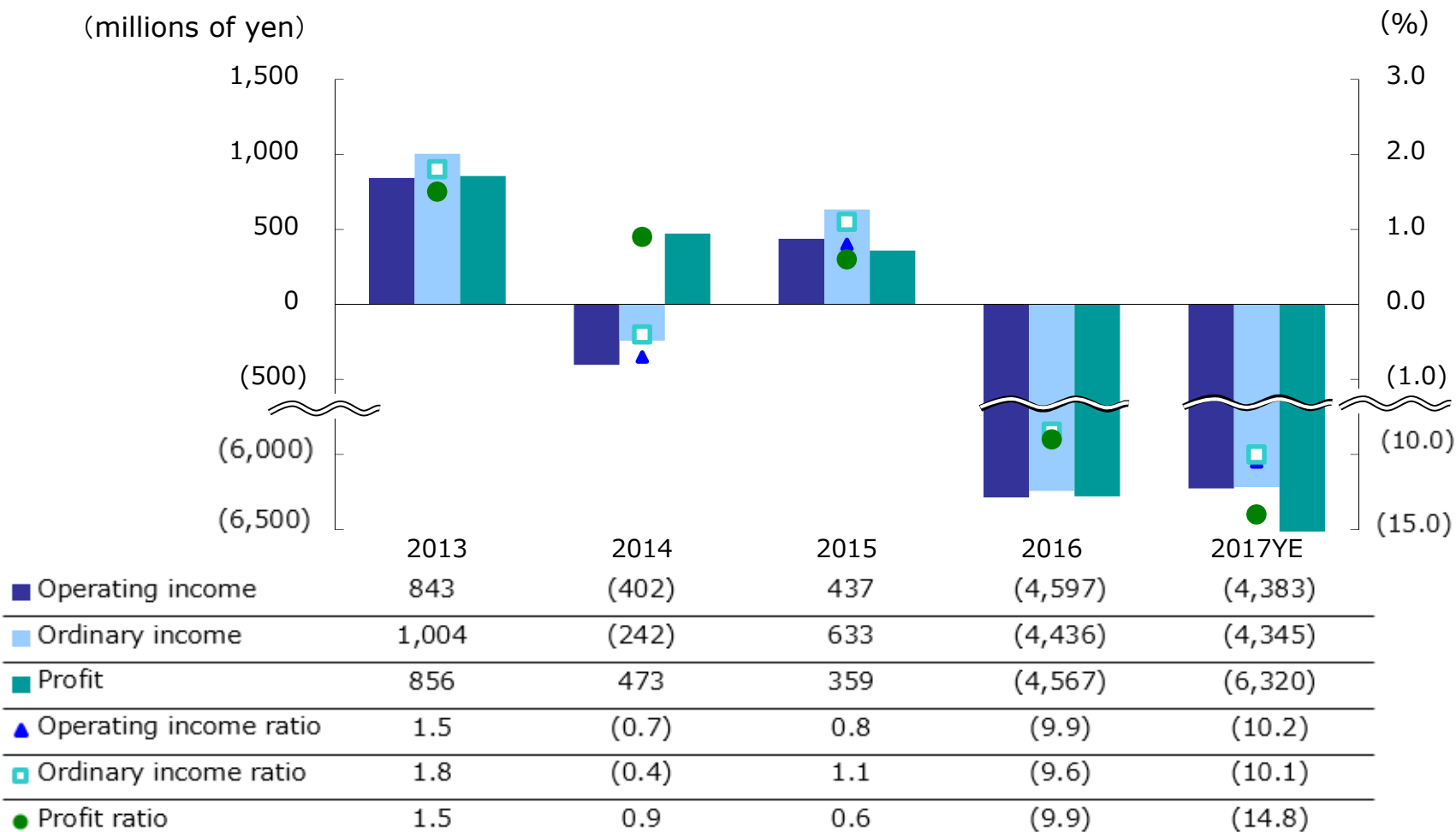


(millions of yen)

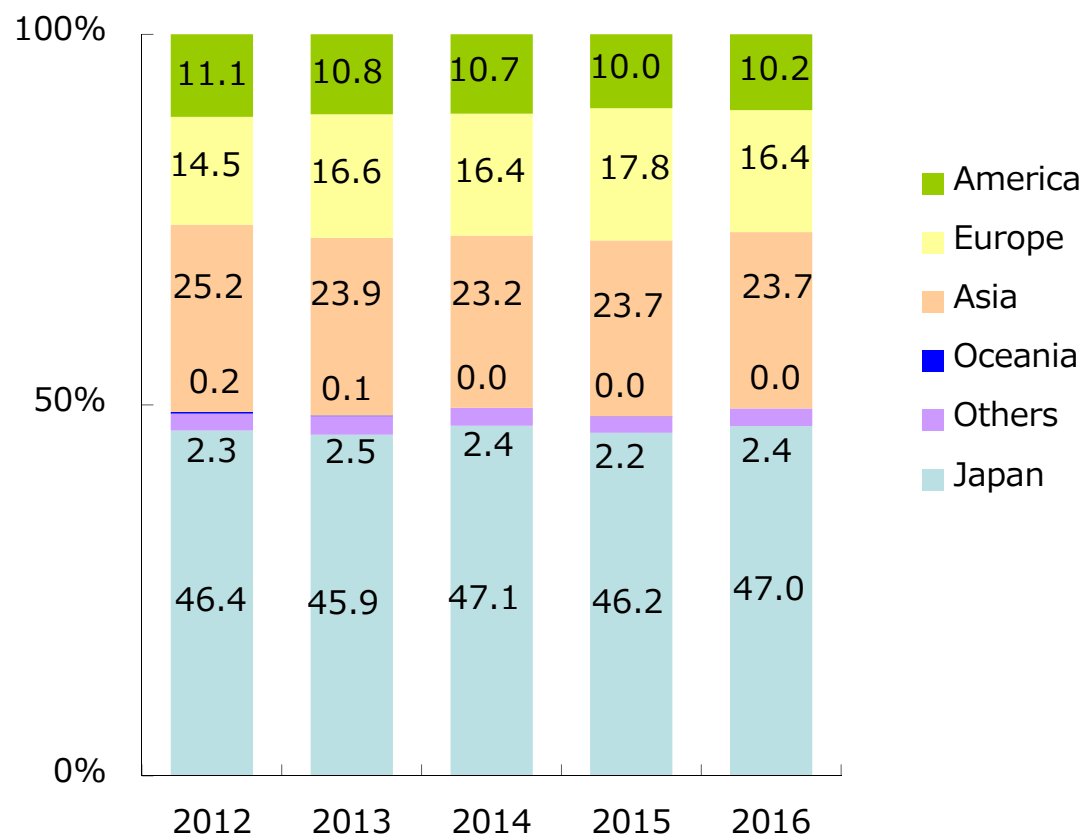




# 9. Full-year profits



# 10. Full-year sales of imports by country of origin





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