

Information for Investors

(January 1,2017 – December 31,2017)



February 8,2018
Otsuka Kagu,Ltd.

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FY2017 Results

(January 1,2017 – December 31,2017)



1. FY2017 results



(millions of yen,%)

	2016	2017	Y/Y	Y/YE
Net sales	46,307	41,079	(11.3)	(4.1)
Gross profit	24,720	20,942	(15.3)	(5.8)
%sales	53.4	51.0		
SG&A expenses	29,318	26,078	(11.0)	(2.0)
%sales	63.3	63.5		
Operating loss	(4,597)	(5,136)	-	-
%sales	(9.9)	(12.5)		
Ordinary loss	(4,436)	(5,144)	-	-
%sales	(9.6)	(12.5)		
loss	(4,567)	(7,259)	-	-
%sales	(9.9)	(17.7)		

* Forecasts (YE) as of July 28,2017

2. Breakdown of net sales



(millions of yen,%)

	2016	number of stores	2017	number of stores	Y/Y	Y/YE
Kanto	27,441	9	24,464	11	(10.8)	(3.8)
Kansai	9,257	4	7,655	5	(17.3)	(8.0)
Tokai	3,690	3	3,287	3	(10.9)	10.6
Others	3,916	2	3,601	2	(8.1)	(4.8)
Store sales total	44,306	18	39,008	21	(12.0)	(3.7)
share	95.7		95.0			
Corporate sales	1,924		2,009		4.4	(9.9)
share	4.2		4.9			
Others	76		62		(19.1)	(25.2)
share	0.2		0.2			
Total	46,307		41,079		(11.3)	(4.1)
share	100.0		100.0			

*number of stores as of Dec.31 *ref.p.11 for store information * Forecasts (YE) as of July 28,2017

3. SG&A expenses

(millions of yen,%)

	2016	%sales	2017	%sales	Y/Y	Y/YE
Transportation	1,497	3.2	1,454	3.5	(2.9)	0.9
Advertising	2,870	6.2	2,262	5.5	(21.2)	(6.9)
Personnel	10,312	22.3	8,814	21.5	(14.5)	(1.6)
Rents	10,132	21.9	9,486	23.1	(6.4)	(0.3)
Others	4,505	9.7	4,060	9.9	(9.9)	(4.8)
Total	29,318	63.3	26,078	63.5	(11.0)	(2.0)

*Rents including administrative expenses * Forecasts (YE) as of as July 28,2017

4. Non-operating income and expenses

Extraordinary income and losses



(millions of yen,%)

	2016	2017	Y/Y
Income	174	154	(11.1)
Interest and dividend	83	49	(41.2)
Others	90	105	16.8
Expenses	13	163	1,114.4

– FY2017 –

Extraordinary income :	Gain on sales of investment securities	1,128	million yen
	Gain on sales of non-current assets, etc.	61	million yen
Extraordinary loss :	Provision for business structure improvement	1,690	million yen
	Impairment loss	1,532	million yen
	Loss on sales of non-current assets	52	million yen

5. Investment and depreciation



(millions of yen)

	2016		2017	
Capital expenditure	509		252	
	Store facilities, etc.	444	Store facilities, etc.	45
	System renewal	51	System renewal	168
	Others	13	Others	38
Security deposit	69		(480)	
	Guarantee deposits, etc.	69	Guarantee deposits, etc.	(480)
Total	579		(227)	
Depreciation	229		121	

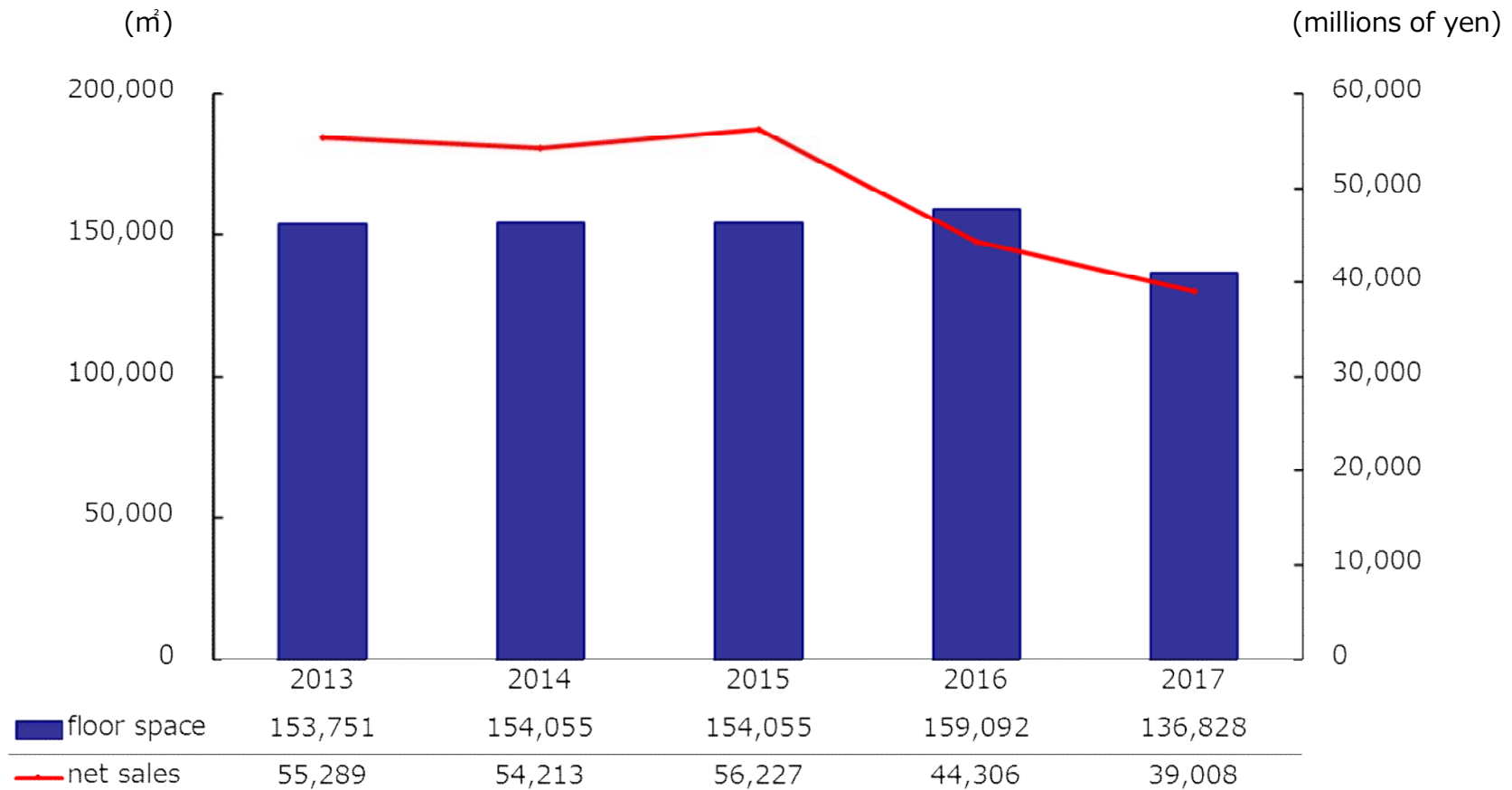
* excluding finance-related transactions

6. Number of employees

		As of December 31,2016	As of December 31,2017
	Store	1,137	1,007
Total		1,662	1,489

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

7. Store floor space and store net sales



* as of December.31

		Store	Floor space(m)	Note
Flagship store	Kanto	Ariake Head Office showroom	20,187	decreased floor space on Feb.10,Jun.9,2017(24,673㎡→23,285㎡→20,187㎡)
	Kansai	Osaka Nanko showroom	16,750	decreased floor space on Oct.15,2016(22,242㎡→16,750㎡)
Standard store		Yokohama Minatomirai showroom	10,649	decreased floor space on Aug.5,2017(19,500㎡→10,649㎡)
		Shinjuku showroom	12,297	decreased floor space on Apr.29,2017(13,602㎡→12,297㎡)
		Kasukabe showroom	10,772	
	Kanto	Ginza main store	7,007	
		Minami Funabashi store	4,599	opened on Sep.15,2016
		Tachikawa showroom	3,295	decreased floor space on Oct.12,2017(4,421㎡→3,295㎡)
		Maruhiro Iruma store	2,903	opened on Oct.7,2017
		Tokai	Nagoya Sakae showroom	11,178
	Nagoya Hoshizaki showroom		4,670	
	Kansai	Kobe showroom	8,566	
	Others	Sendai showroom	7,483	decreased floor space on Jun.30,2017(11,291㎡→7,483㎡)
Fukuoka showroom		4,902	decreased floor space on Jun.10,2017(9,628㎡→4,902㎡)	
Specialized Store	Kanto	OUTRET&RE-WORTH Premium Ariake	2,090	opened on Feb.10,2017 increased floor space on Jun.9,2017(1,388㎡→2,090㎡)
		OUTRET&RE-WORTH Shinjuku	1,305	opened on Apr.29,2017
		LIFE STYLE SHOP KASHIWANOHA T-SITE	184	opened on Mar.2,2017
	Tokai	LIFE STYLE SHOP Nagoya-Ekimae	304	
Small store	Kansai	OUTRET&RE-WORTH Osaka Nanko	5,492	opened on Oct.15,2016
		NAMBA PARKS	1,200	opened on Feb.22,2017
		Modern Style Shop Yodoyabashi	475	
Others	IDC OTSUKA Sapporo Factory*	520	opened on Jan.1,2016 increased floor space on Apr.22,2017(438㎡→520㎡)	
Total		Total 21 Stores,1 sales office*	136,828	as of Dec.31,2017

Alliance store

Store	location	Floor space (m ² ,approx.)	Note
DEJIMASTOCK	Hiroshima-city,Hiroshima	1,000	opened on Oct.1,2016
Yamatoyashiki Himeji	Himeji-city,Hyogo	1,200	opened on Dec.14,2016 increased floor space on Oct,2017
Iyotetsu Takashimaya	Matsuyama-city,Ehime	240	opened on Mar.1,2017
Ebis Mitsukoshi	Shibuyaku,Tokyo	575	opened on Jul.7,2017
Bon Belta TACHIBANA	Miyazaki-city,Miyazaki	575	opened on Sep.2,2017
Total 5 Stores		3,590	as of Dec.31,2017

FY2018 Forecasts

(January 1,2018 – December 31,2018)



1. FY2018 forecasts



(millions of yen,%)

	2017	2018 Forecasts			
	Results	First-half	Second-half	Full-year	Y/Y
Net sales	41,079	21,687	23,976	45,663	11.2
Gross profit	20,942	11,017	12,012	23,029	10.0
%sales	51.0	50.8	50.1	50.4	
SG&A expenses	26,078	11,847	10,982	22,829	(12.5)
%sales	63.5	54.6	45.8	50.0	
Operating income	(5,136)	(830)	1,030	200	-
%sales	(12.5)	(3.8)	4.3	0.4	
Ordinary income	(5,144)	(816)	966	150	-
%sales	(12.5)	(3.8)	4.0	0.3	
Profit	(7,259)	470	920	1,390	-
%sales	(17.7)	2.2	3.8	3.0	

2. Breakdown of net sales



(millions of yen,%)

	2017	2018 Forecasts			
	Results	First-half	Second-half	Full-year	Y/Y
Store sales	39,008	19,831	19,619	39,450	1.1
%sales	95.0	91.4	81.8	86.4	
Corporate sales	2,009	1,800	4,300	6,100	203.6
%sales	4.9	8.3	17.9	13.4	
Others	62	56	57	113	82.1
%sales	0.2	0.3	0.2	0.2	
Total	41,079	21,687	23,976	45,663	11.2
%sales	100.0	100.0	100.0	100.0	

3. SG&A expenses

(millions of yen,%)

	2017	2018 Forecasts			Y/Y
	Results	First-half	Second-half	Full-year	
Transportation	1,454	600	609	1,209	(16.9)
%sales	3.5	2.8	2.5	2.6	
Advertising	2,262	1,067	933	2,000	(11.6)
%sales	5.5	4.9	3.9	4.4	
Personnel	8,814	4,115	3,941	8,056	(8.6)
%sales	21.5	19.0	16.4	17.6	
Rents	9,486	4,075	3,732	7,807	(17.7)
%sales	23.1	18.8	15.6	17.1	
Others	4,060	1,990	1,767	3,757	(7.5)
%sales	9.9	9.2	7.4	8.2	
Total	26,078	11,847	10,982	22,829	(12.5)
%sales	63.5	54.6	45.8	50.0	

*Rents: including administrative expenses

4. Investment and depreciation

(millions of yen)

	2017 Results		2018 Forecasts	
Capital expenditure	252		228	
	Store facilities, etc.	45	Store facilities, etc.	33
	System renewal	168	System renewal	142
	Others	38	Others	51
Security deposit	(480)		(149)	
	Guarantee deposits, etc.	(480)	Guarantee deposits, etc.	(149)
Total	(227)		78	
Depreciation	121		59	

5.Store



2017 Results	Directly- managed stores	【Open】	Feb.	OUTRET&RE-WORTH PREMIUM Ariake	2,090㎡
			Feb.	NAMBA PARKS	1,200㎡
			Mar.	LIFE STYLE SHOP KASHIWANOHA T-SITE	184㎡
			Apr.	OUTRET&RE-WORTH Shinjyuku	1,305㎡
			Oct.	Maruhiro Iruma store	2,903㎡
		【Closure】	Jul.	Tokorozawa showroom	1,537㎡
			Sep.	Outlet&Reuse Yokohama	4,189㎡
2018 Forecasts	Alliance store	【Open】	Mar.	Iyotetsu Takashimaya	approx.240㎡
			Jul.	Ebis Mitsukoshi (open for limited time)	approx.575㎡
			Sep.	Bon Belta TACHIBANA	approx.575㎡
		【Closure】	None		
2018 Forecasts	Directly- managed stores	【Open】	Mar.	Poltrona Frau Tokyo Aoyama	approx.320㎡
		【Closure】	Mar.	LIFE STYLE SHOP Nagoya-Ekimae	304㎡
			Apr.	Nagoya Hoshizaki showroom	4,670㎡
	Alliance store	【Open】	Feb.	Yagihashi store	approx.590㎡
			Apr.	Yamanashi Prefecture	approx.500㎡
	【Closure】	Feb.	Yamatoyashiki Himeji	approx.1,200㎡	
		Mar.	Ebis Mitsukoshi (open for limited time)	approx.575㎡	

6. Number of employees

	2017 Results	2018 Forecasts
New graduate recruitment	50	10
Mid-career recruitment	9	To be determined according to the number of retired employees

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



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 8, 2018.

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.