

Information for Investors

(January1,2018 - June30,2018)



August 14,2018
OTSUKA KAGU,LTD.

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2018 Interim Results

(January1,2018 - June30,2018)



1. 2018 Interim results



(millions of yen,%)

	2017 Interim results	2018 Interim results	Y/Y
Net sales	21,380	18,825	(11.9)
Gross profit	10,954	8,147	(25.6)
%sales	51.2	43.3	
SG&A expenses	13,657	11,653	(14.7)
%sales	63.9	61.9	
Operating income (loss)	(2,702)	(3,506)	—
%sales	(12.6)	(18.6)	
Ordinary income (loss)	(2,609)	(3,472)	—
%sales	(12.2)	(18.4)	
Profit (loss)	(4,567)	(2,037)	—
%sales	(21.4)	(10.8)	

2. Breakdown of net sales



(millions of yen,%)

	2017 Interim results	Number of stores*	2018 Interim results	Number of stores*	Y/Y
Kanto	12,846	12	10,969	11	(14.6)
Kansai	3,880	5	3,651	5	(5.9)
Tokai	1,674	3	1,552	1	(7.3)
Others	1,918	2	1,466	2	(23.6)
Store sales total share	20,319 95.0	22	17,639 93.7	19	(13.2)
Corporate sales share	1,034 4.8		1,119 5.9		8.2
Others share	25 0.1		66 0.4		161.1
Total share	21,380 100.0		18,825 100.0		(11.9)

*Number of stores as of June 30 * ref.p.11 for store information

3. SG&A expenses



(millions of yen,%)

	2017 Interim results	%sales	2018 Interim results	%sales	Y/Y
Transportation	756	3.5	636	3.4	(15.8)
Advertising	1,265	5.9	1,036	5.5	(18.1)
Personnel	4,500	21.0	4,199	22.3	(6.7)
Rents*	4,989	23.3	4,005	21.3	(19.7)
Others	2,145	10.0	1,774	9.4	(17.3)
Total	13,657	63.9	11,653	61.9	(14.7)

* Rents including Administrative expenses

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



(millions of yen,%)

	2017 Interim results	2018 Interim results	Y/Y
Income	125	89	(28.3)
Interest and dividend	30	17	(43.1)
Others	94	72	(23.6)
Expenses	32	56	72.1

– 2018 Interim results –

Extraordinary income :

Gain on sales of non-current assets	1,177 million yen
Gain on sales of investment securities, etc.	428 million yen

Extraordinary loss :

Impairment loss	129 million yen
Loss on closing of stores, etc.	27 million yen

5. Investment and depreciation



(millions of yen)

	2017 Interim results		2018 Interim results	
Capital expenditure	61		107	
	Store facilities, etc.	12	Store facilities, etc.	53
	System renewal	33	System renewal	51
	Others	15	Others	2
Security deposits	(151)		(460)	
	Guarantee deposits, etc.	(151)	Guarantee deposits, etc.	(460)
Total	(89)		(353)	
Depreciation	93		12	

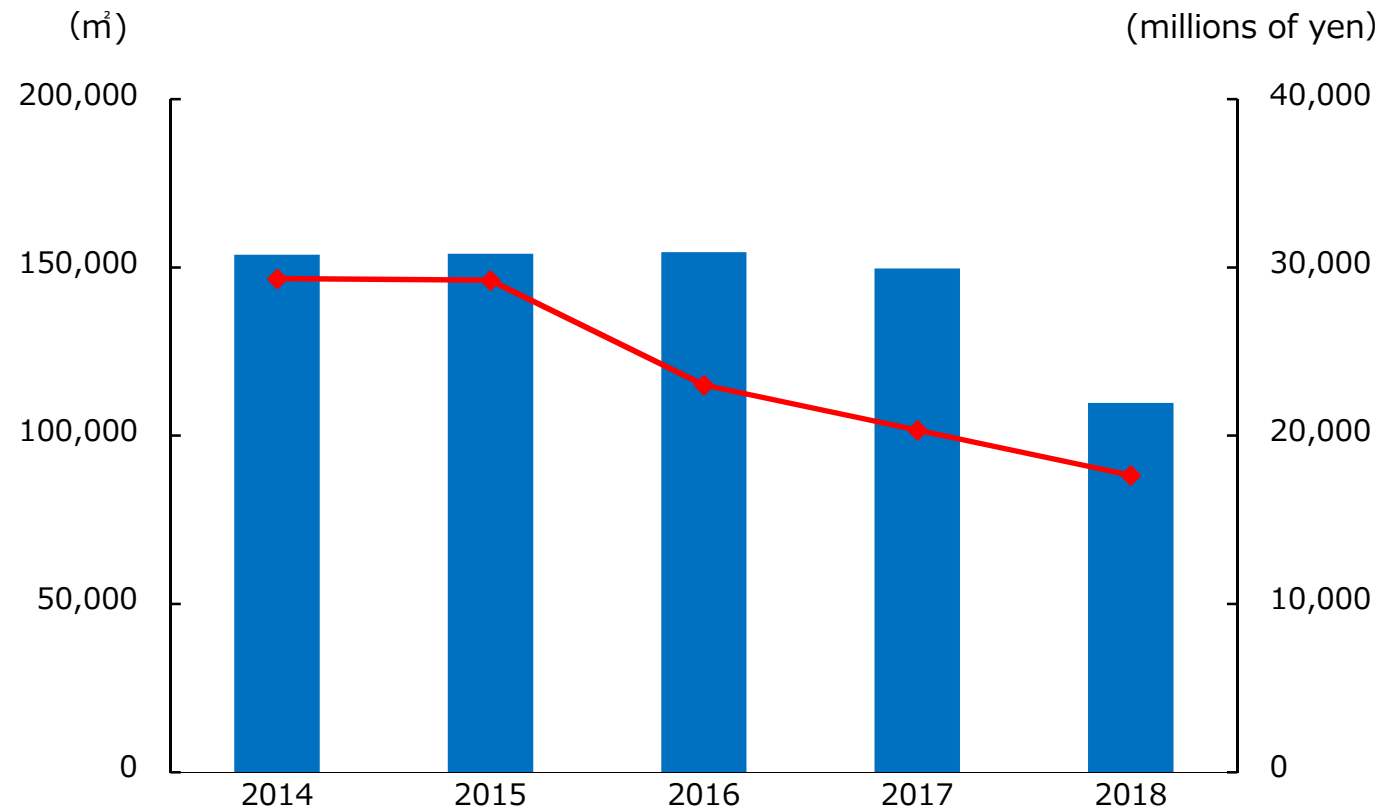
* excluding finance-related transactions

6. Number of employees

	As of June 30, 2017	As of June 30, 2018
Total	1,593	1,400

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

7. Interim store floor space and store net sales



■ Floor space (m ²)	153,751	154,055	154,493	149,642	109,753
◆ Store sales (million yen)	29,320	29,235	23,010	20,319	17,639

* as of June,30

		Store	Floor space (m ²)	Note
Flagship store	Kanto	Ariake Head Office showroom	16,513	decreased floor space on Feb.10,Jun.9,2017(24,673m ² →23,285m ² →20,187m ²) / Jun.16,2018(20,187m ² →16,513m ²)
	Kansai	Osaka Nanko showroom	13,383	decreased floor space on Jun.1,2018(16,750m ² →13,383m ²)
Standard store		Yokohama Minatomirai showroom	10,649	decreased floor space on Aug.5,2017(19,500m ² →10,649m ²)
		Shinjuku showroom	10,954	decreased sales space on Apr.29,2017(13,602m ² →12,297m ²) / Mar.14,2018(12,297m ² →10,954m ²)
	Kanto	Ginza main store	7,007	
		Minami Funabashi store	4,599	
		Tachikawa showroom	3,295	decreased floor space on Oct.12,2017(4,421m ² →3,295m ²)
		Maruhiro Iruma store	2,903	opened on Oct.7,2017
		Tokai	Nagoya Sakae showroom	11,178
	Kansai	Kobe showroom	8,566	
	Others	Sendai showroom	7,483	decreased floor space on Jun.30,2017(11,291m ² →7,483m ²)
		Fukuoka showroom	4,902	decreased floor space on Jun.10,2017(9,628m ² →4,902m ²)
Small store/ urban specialized store	Kanto	OUTLET&RE-WORTH PREMIUM Ariake	1,380	opened on Feb.10,2017 / increased floor space on Jun.9,2017(1,388m ² →2,090m ²) / decreased floor space on Jun.16,2018(2,090m ² →1,380m ²)
		OUTLET&RE-WORTH Shinjuku	1,305	opened on Apr.29,2017
		LIFE STYLE SHOP KASHIWANOHA T-SITE	184	opened on Mar.2,2017
		Poltrona Frau Tokyo Aoyama	320	opened on Mar.17,2018 / Brand-specific store
	Kansai	OUTLET&RE-WORTH Osaka Nanko	2,923	decreased floor space on Jun.1,2018(5,492m ² →2,923m ²)
		NAMBA PARKS	1,214	opened on Feb.22,2017
		Modern Style Shop Yodoyabashi	475	
	Others	IDC OTSUKA Sapporo Factory*	520	increased floor space on Apr.22,2017(438m ² →520m ²)
		Total 19 Stores,1 sales office*	109,753	as of June.30, 2018

Tie-up store

Store	Location	Floor space (m ² ,approx.)	Note
DEJIMASTOCK	Hiroshima-city,Hiroshima	1,000	opened on Oct.1,2016
Iyotetsu Takashimaya	Matsuyama-city,Ehime	240	opened on Mar.1,2017
BonBelta TACHIBANA	Miyazaki-city,Miyazaki	575	opened on Sep.2,2017
Yagihashi store	Kumagaya-city,Saitama	590	opened on Feb.14,2018
Okajima store	Kofu-city,Yamanashi	693	opened on Apr.12,2018

as of Jun.30,2018

2018 Forecasts



1. 2018 forecasts



(millions of yen,%)

	Second half			Full year		
	2017 Results	2018 Forecasts	Y/Y	2017 Results	2018 Forecasts	Y/Y
Net sales	19,699	18,809	(4.5)	41,079	37,634	(8.4)
Gross profit	9,987	9,223	(7.7)	20,942	17,370	(17.1)
%sales	50.7	49.0		51.0	46.2	
SG&A expenses	12,421	10,816	(12.9)	26,078	22,470	(13.8)
%sales	63.1	57.5		63.5	59.7	
Operating income (loss)	(2,433)	(1,593)	–	(5,136)	(5,100)	–
%sales	(12.4)	(8.5)		(12.5)	(13.6)	
Ordinary income (loss)	(2,534)	(1,727)	–	(5,144)	(5,200)	–
%sales	(12.9)	(9.2)		(12.5)	(13.8)	
Profit (loss)	(2,692)	(1,388)	–	(7,259)	(3,426)	–
%sales	(13.7)	(7.4)		(17.7)	(9.1)	

2. Breakdown of net sales



(millions of yen,%)

	Second half			Full year		
	2017 Results	2018 Forecasts	Y/Y	2017 Results	2018 Forecasts	Y/Y
Store sales	18,688	16,092	(13.9)	39,008	33,731	(13.5)
share	94.9	85.6		95.0	89.6	
Corporate sales	974	2,680	175.1	2,009	3,800	89.1
share	4.9	14.3		4.9	10.1	
Others	36	36	(1.7)	62	102	65.1
share	0.2	0.2		0.2	0.3	
Total	19,699	18,809	(4.5)	41,079	37,634	(8.4)
share	100.0	100.0		100.0	100.0	

3. SG&A expenses



(millions of yen,%)

	Second half			Full year		
	2017 Results	2018 Forecasts	Y/Y	2017 Results	2018 Forecasts	Y/Y
Transportation	698	635	(9.0)	1,454	1,272	(12.5)
% sales	3.5	3.4		3.5	3.4	
Advertising	996	963	(3.2)	2,262	2,000	(11.6)
% sales	5.1	5.1		5.5	5.3	
Personnel	4,314	3,876	(10.2)	8,814	8,075	(8.4)
% sales	21.9	20.6		21.5	21.5	
Rents*	4,496	3,659	(18.6)	9,486	7,665	(19.2)
% sales	22.8	19.5		23.1	20.4	
Others	1,914	1,681	(12.2)	4,060	3,455	(14.9)
% sales	9.7	8.9		9.9	9.2	
Total	12,421	10,816	(12.9)	26,078	22,470	(13.8)
% sales	63.1	57.5		63.5	59.7	

* Rents including Administrative expenses

4. Investment and depreciation



(millions of yen)

	Second half		Full year	
	2017 Results	2018 Forecasts	2017 Results	2018 Forecasts
Capital expenditure	190	56	252	163
	Store facilities, etc. 32	Store facilities, etc. 13	45	66
	System renewal 135	System renewal 40	168	92
	Others 22	Others 2	38	4
Security deposit	(329)	0	(480)	(460)
	Guarantee deposits (329)	Guarantee deposits 0	(480)	(460)
Total	(138)	56	(227)	(297)
Depreciation	28	29	121	41

* excluding finance-related transactions

5. Store

2017 Results	Directly- managed stores	【Open】	Feb.	OUTLET&RE-WORTH PREMIUM Ariake
			Feb.	NAMBA PARKS
			Mar.	LIFE STYLE SHOP KASHIWANOHA T-SITE
			Apr.	OUTLET&RE-WORTH Shinjyuku
			Oct.	Maruhiro Iruma store
		【Closure】	Jul.	Tokorozawa showroom
		Sep.	Outlet&Reuse Yokohama	
2018 Forecasts	Tie-up store	【Open】	Mar.	Iyotetsu Takashimaya
			Jul.	Ebisu Mitsukoshi (open for limited time)
			Sep.	BonBelta TACHIBANA
		【Closure】	None	
2018 Forecasts	Directly- managed stores	【Open】	Mar.	Poltrona Frau Tokyo Aoyama
		【Closure】	Feb.	LIFE STYLE SHOP Nagoya-Ekimae
			Apr.	Nagoya Hoshizaki showroom
		May.	Kasukabe showroom	
	Tie-up store	【Open】	Feb.	Yagihashi store
			Apr.	Okajima store
【Closure】		Feb.	Yamatoyashiki Himeji	
		Mar.	Ebisu Mitsukoshi (open for limited time)	

6. Number of employees

	2017 Results	2018 Forecasts
Total	1,489	1,272

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



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 August 14, 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.