

Information for Investors

(January 1,2019 - December 31,2019)



February 10,2020
OTSUKA KAGU,LTD.

1 .FY2019 Summary

- ✓ Because of changes in product evaluation criteria, the evaluation loss of 1,835million yen was recorded in cost of sales, so gross profit ratio reduced by 6.7points year-on-year
- ✓ Although the amount of sales declined, gross profit ratio was improved by optimizing store, SG&A expenses decreased by 17.8% year-on-year
- ✓ Excluding the impact of changes in product evaluation standards, operating loss significantly reduced

2. FY2019 Results

	2018	2019	Y/Y	(millions of yen,%) FY2019.Jan- 2020.Apr (16months) Forecast
Net sales	37,388	27,370	(26.8)	36,845
Gross profit	16,557	12,178	(26.4)	17,232
%sales	44.3	44.5		46.8
SG&A expenses	21,726	17,867	(17.8)	23,917
%sales	58.1	65.3		64.9
Operating income (loss)	(5,168)	(5,688)	-	(6,685)
%sales	(13.8)	(20.8)		(18.1)
Ordinary income (loss)	(5,313)	(5,838)	-	(6,779)
%sales	(14.2)	(21.3)		(18.4)
loss	(3,240)	(5,650)	-	(6,606)
%sales	(8.7)	(20.6)		(17.9)

3. Breakdown of net sales

(millions of yen,%)

		2018	2019	Y/Y
Store sales total		33,962	25,437	(25.1)
share		90.8	92.9	
	Sales Tie-up	8,172	6,669	(18.4)
	E C	396	366	(7.8)
Corporate sales		3,222	1,878	(41.7)
share		8.6	6.9	
Others		202	54	(73.4)
share		0.5	0.2	
Total		37,388	27,370	(26.8)
share		100.0	100.0	

4. SG&A expenses

(millions of yen,%)

	2018	%sales	2019	%sales	Y/Y
Transportation	1,145	3.1	663	2.4	(42.1)
Advertising	1,546	4.1	1,628	6.0	5.3
Personnel	7,931	21.2	6,028	22.0	(24.0)
Rents	7,648	20.5	6,557	24.0	(14.3)
Others	3,454	9.2	2,989	10.9	(13.5)
Total	21,726	58.1	17,867	65.3	(17.8)

*Rents including Administrative expenses

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



Non-operating income and expenses		(millions of yen,%)	
	2018	2019	Y/Y
Income	105	30	(71.6)
Interest and dividend	19	5	(71.0)
Others	85	24	(71.7)
Expenses	251	179	(28.4)

Extraordinary income and losses

Extraordinary income :	2018	Gain on sales of non-current assets Gain on sales of investment securities, etc.	2,312million yen
	2019	Gain on sales of investment securities	311million yen
Extraordinary loss :	2018	Impairment loss Loss on closing of stores, etc.	212million yen
	2019	Impairment loss Loss on sales of non-current assets	85million yen

6. Investment and depreciation

(millions of yen)

	2018		2019	
Capital expenditure	120		59	
	Store facilities, etc.	53	Store facilities, etc.	19
	System renewal	64	System renewal	39
	Others	2	Others	1
Security deposit	(453)		(457)	
	Guarantee deposits, etc.	(453)	Guarantee deposits, etc.	(457)
Total	(333)		(397)	
Depreciation	16		3	

* Excluding finance-related transactions

7. Number of employees

		As of December 31,2018	As of December 31,2019
	Store	854	590
	Total	1,264	1,000

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

8 . Stores①

			Floor space (m ²)	Note
Flagship store	Kanto	Ariake Head Office showroom	15,433	decreased floor space on Jan.31,2019(16,513m ² →15,433m ²)
	Kansai	Osaka Nanko showroom	13,383	
Standard store	Kanto	Shinjuku showroom	12,259	decreased floor space on Jan. 2,2019(10,954m ² →12,259m ²)
		Yokohama Minatomirai showroom	10,649	
		Ginza main store	7,007	
		Minami Funabashi store	4,599	
	Tokai	Nagoya Sakae showroom	11,178	
	Kansai	Kobe showroom	8,566	
		Fukuoka showroom	4,902	
	Kansai	Poltrona Frau Tokyo Aoyama	320	opened on Mar.17,2018 / Brand-specific store
		OUTLET&RE-WORTH Osaka Nanko	2,923	
		NAMBA PARKS	1,214	
		Modern Style Shop Yodoyabashi	475	
Sales office		IDC OTSUKA Sapporo Factory	520	
		Total 13 Stores,1 sales office	93,428	* As of December 31,2019

* 【Closure】 Jan. 2019 Maruhiro Iruma store(2,903m²), LIFE STYLE SHOP KASHIWANOHA T-SITE(184m²)

May 2019 Sendai showroom(7,483m²)

* 【Open】 Jan. 2020 ROLF BENZ TOKYO(372m²)

8. Stores② (Tie-up store)

Store	Location	Floor space (m ² ,approx.)	Note
DEJIMASTOCK	Hiroshima-city,Hiroshima	1,000	opened on Oct.1,2016
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 December 31,2019

* [Closure] Mar. Iyotetsu Takashimaya



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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 10,2020.

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.