

# Mac-House

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Mens, Womens, Kids Clothing & Lifestyle Goods

## To Our Shareholders

On behalf of Mac-House Co., Ltd., I would like to express our deepest gratitude for your understanding and support of our business.

Before reporting the business results for our 28th term (March 1, 2017 to February 28, 2018), I would like to make a few remarks.

In recent years, the accelerating decline of national brand (NB) jeans have brought extremely sluggish performance to many companies in the jeans-casual industry, which recorded operating losses. Operating many old-fashioned, free standing stores located in suburban areas which consumers visit to buy such NB jeans, Mac-House is not an exception, and faces challenging circumstances.

As a countermeasure against this situation, our efforts are being focused on the evolution from jeans casual shops to family casual shops under the slogan "Create stores needed for customers' daily lives." Specific measures include changing our business models to the following: the expansion of sales of high-quality, low-priced private brand ("PB") jeans that will not lose to competition; an increase in the merchandise lineup of ladies' trendy items for our many female customers including proxy buyers, low-priced miscellaneous goods, and adult fashion items designed for kids; and the strengthening of low-priced, practical clothing such as inner legwear and house dresses. With respect to store formats, we established new business formats Mac-House SUPER STORE and Mac-House SUPER STORE FUTURE by expanding the scale of stores. With these new formats, we operate 56 stores nationwide as of the end of February 2018, receiving favorable responses from many customers.

By implementing these measures, we have succeeded in reporting operating profits for the fiscal year under review. However, our bottom line fell into negative profitability due to



May 2018

Takashi Shiratsuchi  
President & CEO

burdens including an impairment loss on stores and income taxes-deferred. Although we are still in the midst of our business reform, we will continue to pursue growth by promoting changes in the business models in line with the Medium-term Management Plan.

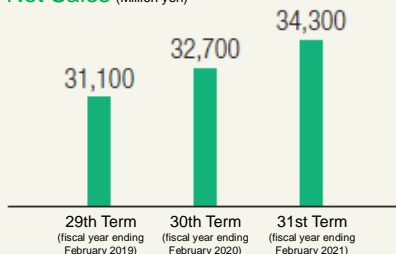
As to shareholder returns, we have decided to pay 20 yen per share as a year-end dividend for the fiscal year ended February 2018, totaling 40 yen per share as an annual dividend. In the fiscal year ending February 2019, however, we plan to pay 30 yen per share as an annual dividend, suspending payment of the interim dividend due to a necessity for growth investments which are indispensable for the recovery of our business performance. We also revised our shareholder special benefit plan to reward our mid- and long-term shareholders by increasing the frequency of Shareholder Special Benefit Vouchers to twice a year, and newly presenting 20% Discount Vouchers. This reflects our appreciation to shareholders for supporting us and our hope that as many shareholders as possible may use our merchandise and services, and become fans of Mac-House.

We will continue our efforts to deliver satisfaction to all stakeholders including shareholders, employees and business partners by creating stores that attract and serve large numbers of customers.

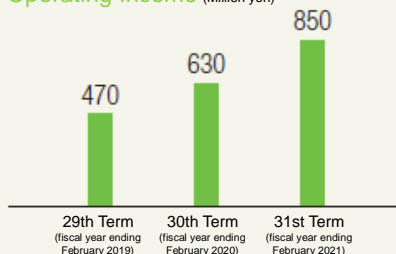
We look forward to your continued understanding and support.

### Medium-term Management Plan

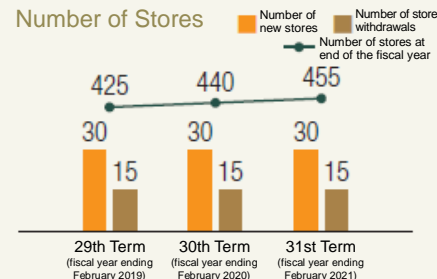
Net Sales (Million yen)



Operating Income (Million yen)



Number of Stores




## Highlights

### Net Sales:

 **30,852** million yen


Net sales recorded an 8.5% decline year on year, reflecting the decrease in the number of stores by 23 as of the end of the fiscal year, and a 5.2% decline of sales at existing stores.

### Ordinary Income:

 **264** million yen

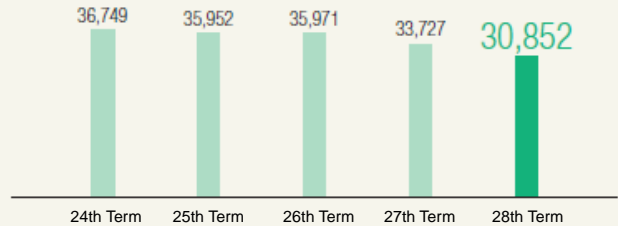
Ordinary income shrank due to the year-on-year decreases in gross profit by 2.8% and selling, general and administrative expenses by 0.4%, which was almost the same level as in the previous year, despite a rise in gross margin ratio by 3.1 points year on year.

### Net Income:

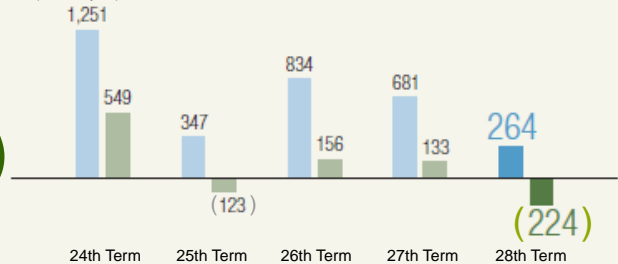
 **(224)** million yen

Net income fell due to the decrease in ordinary income.

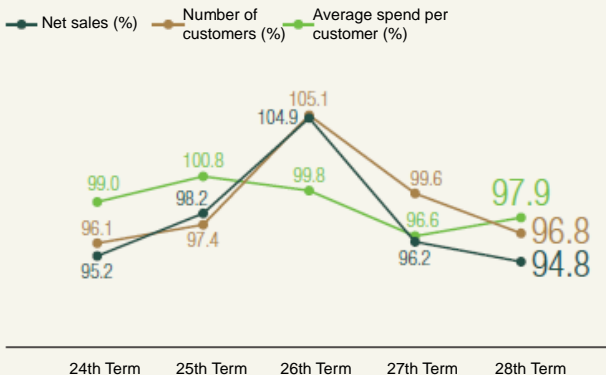
Net Sales (Million yen)



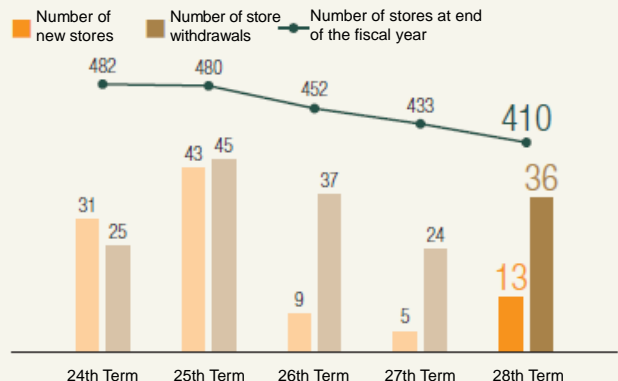
Ordinary Income (Million yen) and Net Income (Million yen)



### Trend at Existing Stores



### Trend in the Status of the Opening and Closing of Stores



## Topics

## Expanded Shareholder Special Benefit Plan

Changes in the shareholder special benefit plan are detailed below  
(for shareholders registered on the base date of August 31, 2018 or thereafter)

▶Criteria of the special benefit plan

We have established an additional base date of August 31 for the shareholder special benefit plan to increase the frequency of Shareholder Special Benefit Vouchers to twice a year. Furthermore, we will present five 20% Discount Vouchers for Shareholders to all shareholders in addition to the conventional vouchers.



Shareholder special benefit plan according to the number of shares held

	Current (presented once a year)		After change (presented twice a year)			
	Base date	End of February	End of February	End of August (newly established)		
Vouchers to be presented in		May	May	November		
Vouchers effective until		End of February of the next year	End of February of the next year	End of August of the next year		
Number of shares held	100 or more	Voucher equivalent to 1,000 yen (one voucher of 1,000 yen)	Voucher equivalent to 1,000 yen (one voucher of 1,000 yen)	Voucher equivalent to 1,000 yen (one voucher of 1,000 yen)		
	500 or more	Vouchers equivalent to 3,000 yen (three vouchers of 1,000 yen)	Vouchers equivalent to 3,000 yen (three vouchers of 1,000 yen)	20% Discount Voucher (five vouchers)	Vouchers equivalent to 3,000 yen (three vouchers of 1,000 yen)	20% Discount Voucher (five vouchers)
	1,000 or more	Vouchers equivalent to 5,000 yen (five vouchers of 1,000 yen)	Vouchers equivalent to 5,000 yen (five vouchers of 1,000 yen)		Vouchers equivalent to 5,000 yen (five vouchers of 1,000 yen)	

▶Applicable date

The change is applicable to shareholders registered as of August 31, 2018.

Product Lineup

**冷** NAVY JEANS  
ひんやり冷感パンツ

接触冷感  
プラチナナノコロイド  
ストレッチ

感知がひんやりした石を、粉状にして繊維に練り込む事により、繊維に優れた熱伝導性を与え、人体の熱をすばやく導出させます。繊維が肌に触れると、ひんやり涼しいはき心地の夏に最適なデニム素材です。

**Tarzan**<sup>TM</sup>

快適なカラダ作りをサポートする  
「ターザン」発の、スポーツウェア。

DRY STRETCH UVcut

Navy.

100%  
オーガニックコットン

- 化学薬剤
- 漂白剤
- 染料
- 漂白剤
- 漂白剤
- 漂白剤

やさしい肌触り

Mama & Link

DOESN'T DILUTE WITH PANTS

Free Nature  
Linen

リネン混シャツ

天然素材

染シク  
加工

Papa & Link

ALPHA SHIRTS  
SUMMER BOTTOMS

## Slogans

# Create Stores Needed for Customers' Daily Lives

Mac-House evolves from jeans casual shops to family casual shops.



- ▶ 1. Strengthen sales capability by disseminating culture of customer service
- ▶ 2. Continued growth in new customers
- ▶ 3. Expand assortment of practical necessities for daily life
- ▶ 4. Pursue original designs and content
- ▶ 5. Achieve low price and high gross profit through innovative procurement system
- ▶ 6. Increase sales per store reflecting the expansion of the scale of the store

Six Action Principles

## New Business Formats



### Mac-House SUPER STORE

Mac-House SUPER STORE is our new business format featuring a sophisticated, near-future store image. It offers a wide lineup of practical merchandise useful for daily life ranging from casual wear for men, women and kids to trendy fashion, inner legwear and house dresses. The new mini-price corner for attractive and low-priced accessories, bags, shoes and household goods provides an enjoyable shopping experience to customers.

The stores are located in and around big cities, and also handle the lineup of national brand merchandise.



### Mac-House SUPER STORE FUTURE

Mac-House SUPER STORE FUTURE is a new business format of Mac-House with a white and metallic silver colored, stylish store image. It handles a wide lineup of not only casual wear and trendy fashion but also inner legwear, house dresses and other practical and useful items for daily life. The new mini-price corner for attractive, low-priced accessories, bags, shoes and household goods provides an enjoyable shopping experience to customers.

The stores are located mainly in regional towns and suburban areas, principally handling private brand merchandise.



### Mac-House URBAN STORE (experimental stores)

Located mainly in suburban areas, Mac-House URBAN STORE is a new business format of Mac-House with a white and silver colored basic image. This stylish, compact store handles select low-priced items for men, women and kids as well as miscellaneous goods. In particular, the store features more items for women and kids.

The store's sales floor area is as small as less than 7,117 sq. ft. It is the first experimental format for the fiscal year under review.



Mac-House URBAN STORE  
AEON MALL Funabashi Store  
Opened on April 27, 2018

**“Amazing Fashion, Amazing Experience”**

## Our Stores



Casual wear shops with new concepts featuring a wide lineup ranging from fast fashion for men, women and kids to brand casual wear, innerwear, legwear, miscellaneous goods, as well as men's business casual and ladies' office wear for business scene. Wide stores make for enjoyable shopping for the whole family.

Fashion goods Corner



Men's Business Casual



Ladies' Office Casual Corner



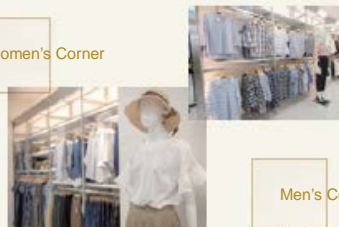
Kids' Corner



Bottoms Corner



Women's Corner



Men's Corner



Innerwear Corner





## Our Store Locations by Region

As a result of 13 new openings and 36 closures during FY 2017, our store network consists of 410 stores at February 28, 2018.

**410**  
stores in total

(As of February 28, 2018)

Business formats

**Mac-House** : 301 stores  
Men, Women, Kids Clothing & Lifestyle Goods

(Mac-House SUPER STORE)

**Mac-House** : 10 stores  
Men, Women, Kids Clothing & Lifestyle Goods  
SUPER STORE

(Mac-House SUPER STORE FUTURE)

**Mac-House** : 46 stores  
Men, Women, Kids Clothing & Lifestyle Goods  
S.S.F.

(Mac-House OUTLET)

**Mac-House** : 5 stores  
Men, Women, Kids Clothing & Lifestyle Goods  
OUTLET

FOR CASUAL LIFE  
**MAC-HOUSE PLAZA** : 14 stores

**OUTLET-J** : 25 stores  
Men, Women, Kids Clothing & Lifestyle Goods

**Blueberry** : 3 stores  
Men, Women, Kids Clothing & Lifestyle Goods

**Goalway** : 5 stores  
Men, Women, Kids Clothing & Lifestyle Goods

**NavyStore** : 1 store

Kyushu  
**66** stores

Chugoku  
**33** stores

Shikoku  
**16** stores

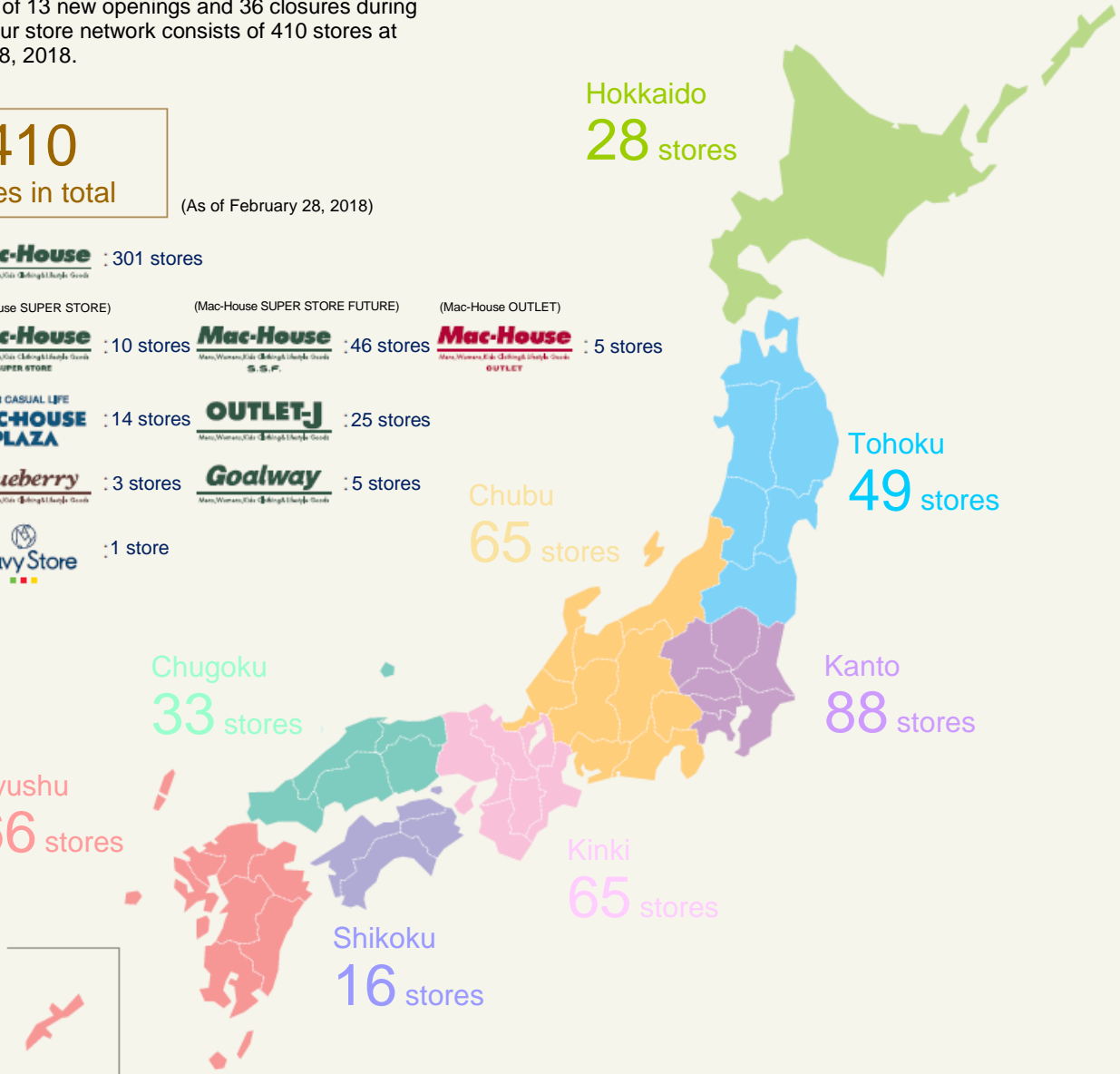
Chubu  
**65** stores

Kinki  
**65** stores

Hokkaido  
**28** stores

Tohoku  
**49** stores

Kanto  
**88** stores



# Financial Statements

## Balance Sheets (Condensed)

(Million yen)

Accounting items	As of the end of the fiscal year under review (February 28, 2018)	As of the end of the previous fiscal year (February 28, 2017)
<b>Assets:</b>		
Current Assets	15,564	17,138
Noncurrent Assets	6,727	6,628
Property, plant and equipment	2,287	1,800
Intangible assets	181	193
Investments and other assets	4,258	4,634
Total Assets	22,291	23,767
<b>Liabilities:</b>		
Current Liabilities	6,027	6,978
Noncurrent Liabilities	2,727	2,397
Total Liabilities	8,754	9,375
<b>Net Assets:</b>		
Shareholders' Equity		
Capital stock	1,617	1,617
Capital surplus	5,299	5,299
Retained earnings	6,735	7,573
Treasury stock	(153)	(153)
Total Shareholders' Equity	13,499	14,337
Subscription rights to shares	43	33
Total Net Assets	13,536	14,391
Total Liabilities and Net Assets	22,291	23,767

Note: Figures are rounded down to the nearest million yen.

### Assets

Current assets decreased by 1,574 million yen from a year earlier, primarily as a result of a decline of 1,385 million yen in merchandise.

Noncurrent assets increased by 99 million yen due to growth of 326 million yen in leased assets despite a decrease of 219 million yen in lease and guarantee deposits.

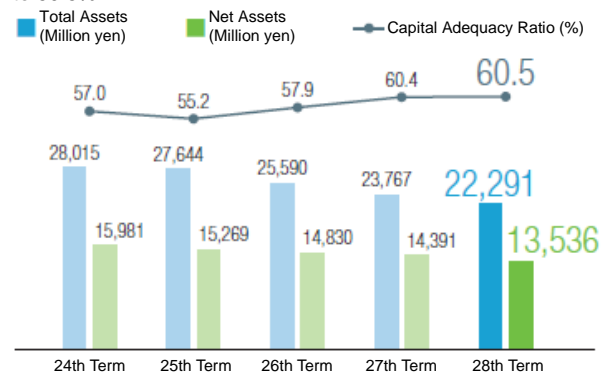
### Liabilities

Current liabilities decreased by 951 million yen from a year earlier, due mainly to a decline of 933 million yen in payables. Noncurrent liabilities increased by 329 million yen, mostly reflecting the increase of 194 million yen in lease obligations.

### Net Assets

Net assets decreased by 855 million yen from a year earlier mainly due to the payment of dividends of 613 million yen from retained earnings.

Capital adequacy ratio to total assets increased by 0.1 percentage point from the end of the previous fiscal year, to 60.5%.



**Statements of Income (Condensed)** (Million yen)

Accounting items	FY 2017 (March 1, 2017 to February 28, 2018)	FY 2016 (March 1, 2016 to February 28, 2017)
Net sales	30,852	33,727
Cost of sales	14,886	17,303
Gross profit	15,965	16,423
Selling, general and administrative expenses	15,749	15,807
Operating income	216	616
Non-operating income	376	370
Non-operating expenses	328	305
Ordinary income	264	681
Extraordinary loss	162	302
Income before income taxes	105	379
Income taxes-current	329	245
Net income	(224)	133

Note: Figures are rounded down to the nearest million yen.

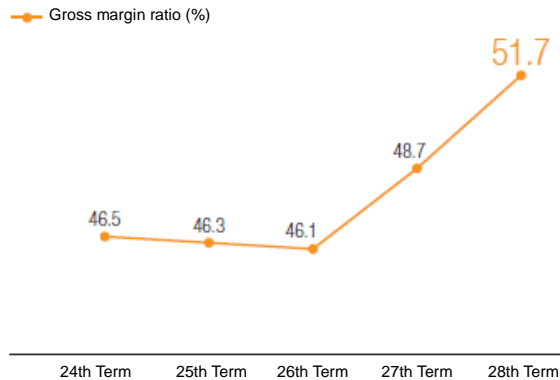
**Statements of Cash Flows (Condensed)** (Million yen)

Accounting items	FY 2017 (March 1, 2017 to February 28, 2018)	FY 2016 (March 1, 2016 to February 28, 2017)
Net cash provided by operating activities	799	31
Net cash used in investing activities	(383)	542
Net cash used in financing activities	(688)	(631)
Net increase in cash and cash equivalents	(272)	(58)
Cash and cash equivalents at beginning of period	5,729	5,787
Cash and cash equivalents at end of period	5,457	5,729

Note: Figures are rounded down to the nearest million yen.

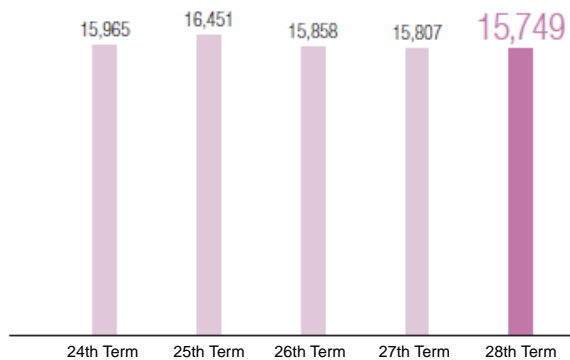
**Gross Margin Ratio**

Gross margin ratio turned upward by 3.1 points on a year-on-year basis reflecting our innovative procurement efforts.



**Selling, General and Administrative Expenses**

■ Selling, general and administrative expenses (Million yen)



# Corporate Profile/Status of Shares

## Corporate Profile

(As of February 28, 2018)

Trade name:	Mac-House Co., Ltd.
Address of the Head Office:	Shin-Koenji Twin Building, 1-7-7, Umesato, Suginami-ku, Tokyo
Establishment:	June 1, 1990
Capital:	1,617,850,000 yen
Number of employees:	316
Principal business:	Operation of chain stores nationwide focusing mainly on the retail of clothing.

## Management

(As of May 23, 2018)

President & CEO (Representative Director):	Takashi Shiratsuchi
Managing Director:	Koshiro Sugiura
Director:	Hisami Kitahara
Director:	Yoshio Kazami
Director:	Ken Aruga
Director and Advisor:	Masao Funahashi
Director:	Ai Ishizuka
Director:	Toshiaki Yamada
Standing Auditor:	Mamoru Tamura
Auditor:	Shinichi Miura
Auditor:	Yoshiaki Uchida
Auditor:	Shigeru Kobayashi

### Notes:

Of the directors above, Ai Ishizuka and Toshiaki Yamada are outside directors, the definition of which is specified by Article 2-15 of the Companies Act.

Of the auditors listed above, Mamoru Tamura, Shinichi Miura, Yoshiaki Uchida and Shigeru Kobayashi are outside corporate auditors as specified by Article 2-16 of the Companies Act.

## Dividends per Share

	27th term (ended Feb. 2017)	28th term (ended Feb. 2018)	29th term (ending Feb. 2019)
End of second quarter	¥20	¥20	— (forecast)
Year end	¥20	¥20	¥30 (forecast)
Full year	¥40	¥40	¥30 (forecast)

## Memorandum for Our Shareholders

### Fiscal year:

From March 1 to the end of February of the following year  
**Ordinary general meeting of shareholders:**  
 Held in May of each year.

### Record date:

End of February of each year  
 (If necessary, we will make a public notice in advance.)

### (Record date for shareholders entitled to receive dividends):

Year-end dividend: End of February of each year

### Shareholder registry administrator and account management organization of special accounts:

Mitsubishi UFJ Trust and Banking Corporation

### Payment Handling Bank:

Transfer Agent Dept., Mitsubishi UFJ Trust and Banking Corporation  
 1-1, Nikko-cho, Fuchu City, Tokyo Japan

### (Mailing address):

Transfer Agent Dept., Mitsubishi UFJ Trust and Banking Corporation  
 P.O. Box No. 29, Shin-Tokyo 137-8081, Japan  
 Telephone: 0120-232-711 (Toll free)

### Number of shares in one unit: 100

### Securities exchange on which the shares are listed:

Tokyo Stock Exchange

### Method of providing public notice:

Public notices shall be provided electronically. However, if the public notices cannot be provided electronically due to unavoidable reasons, such notices shall be posted in the *Nihon Keizai Shimbun*. For our public notices, please visit the following website:  
<https://www.mac-house.co.jp>

### Notes:

- As a result of the transition to dematerialization of stock certificates, procedures relating to change of address, share purchase demand, etc. from shareholders, shall be handled by the account management organizations (securities firms, etc.), in principle, with which shareholders hold accounts. Shareholders are kindly requested to contact the securities firms, etc. in which accounts are held. Please note that the shareholder registry administrator (Mitsubishi UFJ Trust and Banking Corporation) is not entitled to handle the above-mentioned procedures.
- With respect to the procedures relating to the shares recorded for special accounts, please contact the above-mentioned special account management organization (Mitsubishi UFJ Trust and Banking Corporation) as account management organization. The domestic branches of Mitsubishi UFJ Trust and Banking Corporation may mediate the procedures.
- Unpaid dividends shall be paid at branches or the head office of Mitsubishi UFJ Trust and Banking Corporation.

FOR CASUAL LIFE



Shin-Koenji Twin Building, 1-7-7, Umesato, Suginami-ku, Tokyo 166-0011 Telephone: +81-3-3316-1911