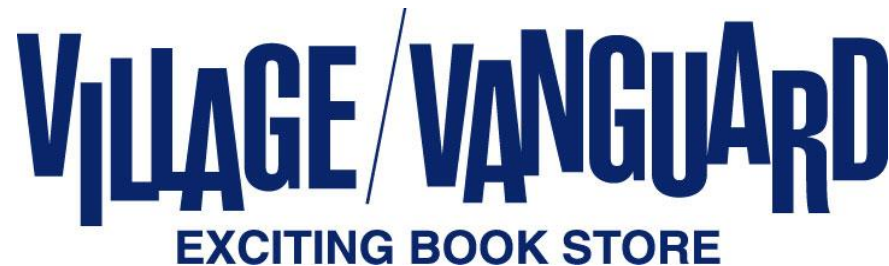


FY2014\* 2<sup>nd</sup> Quarter  
Financial Results and Forecast Report



*\*Fiscal year ending May 31, 2014*

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## Note

The current plans, forecasts, strategies, etc. described herein are based on information available at the time the document was published and assumptions relating to uncertain factors that may affect results. Actual results in the future may differ from the projections made due to various uncertain factors. Please refrain from relying on these materials alone. The information provided is not designed for the purpose of soliciting investment. It is strongly advised that investment-related decisions be made based on personal judgment.

# Income statement (Consolidated)

(Unit: Millions of yen)

	FY2012 ending May 31 (results)				FY2013 ending May 31 (results)				FY2014 ending May 31 (results /forecast)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 results	Q2 results	Q3 (f)	Q4 (f)
<b>Sales</b>	10,158	20,163	32,442	42,942	10,167	20,399	32,903	43,765	10,238	20,240	32,380	43,497
Compared to forecast(%)	99.5	99.5	99.5	98.3	101.0	101.9	100.9	101.3	98.3	93.9	-	-
Compared to previous term(%)	108.5	109.1	108.6	107.9	100.1	101.2	101.4	101.9	100.7	99.2	98.4	99.4
<b>Gross profit</b>	4,313	8,548	13,729	18,088	4,291	8,747	14,011	18,457	4,348	8,250	13,227	17,593
Compared to forecast(%)	101.0	100.6	100.3	98.8	102.2	104.1	101.1	100.9	97.5	88.5	-	-
Compared to previous term(%)	110.5	109.8	109.3	108.2	99.5	102.3	102.1	102.0	101.3	94.3	94.4	95.3
<b>SGA</b>	3,460	7,053	10,859	14,685	3,664	7,656	11,738	15,932	4,069	8,560	13,158	17,762
Compared to forecast(%)	100.1	100.1	100.7	100.7	97.1	99.3	100.2	99.9	97.9	100.0	-	-
Compared to previous term(%)	110.9	110.5	111.0	111.1	105.9	108.5	108.1	108.5	111.1	111.8	112.1	111.5
<b>Labor</b>	1,636	3,283	4,999	6,738	1,736	3,544	5,396	7,293	1,908	3,865	5,985	8,009
Compared to forecast(%)	98.5	97.2	97.1	96.9	96.8	98.2	99.9	99.8	100.5	100.9	-	-
Compared to previous term(%)	111.3	111.0	112.3	111.4	106.1	107.9	107.9	108.2	109.9	109.1	110.9	109.8
<b>Rent</b>	915	1,843	2,939	3,913	956	1,940	3,085	4,138	999	2,024	3,094	4,195
Compared to forecast(%)	99.3	100.6	100.4	99.6	104.6	101.4	100.6	101.0	94.6	91.8	-	-
Compared to previous term(%)	110.5	111.6	106.9	110.8	104.5	105.3	104.9	105.7	104.5	104.3	100.3	101.4
<b>Depreciation</b>	121	252	391	541	130	275	434	616	176	367	576	794
Compared to forecast(%)	98.5	97.0	97.4	98.5	99.2	98.2	99.4	99.1	97.9	98.7	-	-
Compared to previous term(%)	106.8	105.5	109.5	109.7	107.7	109.1	111.1	114.0	134.7	133.5	132.7	128.9
<b>Operating Profit</b>	852	1,495	2,870	3,402	626	1,091	2,273	2,525	278	△309	69	△168
Compared to forecast(%)	104.7	103.4	98.9	91.4	146.5	157.2	106.5	107.7	91.7	-	-	-
Compared to previous term(%)	109.1	106.7	103.5	97.4	73.5	73.0	79.2	74.2	44.4	-	3.0	-
<b>Recurring Profit</b>	877	1,553	2,958	3,514	647	1,151	2,386	2,703	267	△287	94	△139
Compared to forecast(%)	105.4	105.4	100.7	93.2	144.7	157.4	108.0	110.9	78.0	-	-	-
Compared to previous term(%)	111.0	108.4	104.7	98.4	73.8	74.1	80.7	76.9	41.4	-	3.9	-
<b>Net income for term</b>	404	751	1,485	1,553	323	586	1,214	△3,833	92	△531	△270	△1,203
Compared to forecast(%)	103.6	104.7	97.8	79.8	148.2	163.1	106.5	-	85.0	-	-	-
Compared to previous term(%)	150.9	132.6	114.3	92.5	80.0	78.1	81.8	-	28.5	-	-	-

※As of the end of the second quarter of FY2013, the budget has been revised as above. The "Compared to forecast" ratios for the second half of FY2013 are based on the revised budget.

# Balance Sheet (Consolidated)

(Unit: Millions of yen)

	FY2012 ending May 31 (results)				FY2013 ending May 31 (results)				FY2014 ending May 31 (results /forecast)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 results	Q2 results	Q3 (f)	Q4 (f)
<b>Current Assets</b>	<b>23,825</b>	<b>25,002</b>	<b>24,695</b>	<b>24,914</b>	<b>25,387</b>	<b>27,989</b>	<b>27,149</b>	<b>21,775</b>	<b>23,286</b>	<b>24,630</b>	<b>25,088</b>	<b>25,095</b>
Component ratio(%)	81.7	82.0	81.7	81.8	81.6	82.6	81.9	77.6	78.3	79.4	79.1	79.5
Cash and deposits	2,586	2,865	2,773	3,570	2,721	4,009	3,201	2,995	2,048	2,473	2,623	2,629
Component ratio(%)	8.9	9.4	9.2	11.7	8.7	11.8	9.7	10.7	6.9	8.0	8.3	8.3
Products	17,827	19,175	19,007	18,669	19,439	21,271	21,303	16,697	17,865	19,287	19,417	18,766
Component ratio(%)	61.1	62.9	62.9	61.3	62.5	62.8	64.3	59.5	60.1	62.2	61.2	59.6
Other	3,411	2,960	2,914	2,675	3,227	2,708	2,644	2,082	3,372	2,870	3,047	3,700
Component ratio(%)	11.7	9.7	9.6	8.8	10.4	7.9	8.0	7.4	11.3	9.3	9.6	11.7
<b>Fixed Assets</b>	<b>5,335</b>	<b>5,496</b>	<b>5,534</b>	<b>5,525</b>	<b>5,721</b>	<b>5,909</b>	<b>6,008</b>	<b>6,295</b>	<b>6,457</b>	<b>6,395</b>	<b>6,631</b>	<b>6,464</b>
Component ratio(%)	18.3	18.0	18.3	18.2	18.4	17.4	18.1	22.4	21.7	20.6	20.9	20.5
<b>Current liabilities</b>	<b>8,893</b>	<b>9,266</b>	<b>8,354</b>	<b>8,332</b>	<b>8,774</b>	<b>9,727</b>	<b>8,787</b>	<b>9,140</b>	<b>10,022</b>	<b>9,122</b>	<b>8,888</b>	<b>8,980</b>
Component ratio(%)	30.5	30.4	27.6	27.4	28.2	28.7	26.5	32.6	33.7	29.4	28.0	28.8
<b>Fixed Liabilities</b>	<b>4,199</b>	<b>4,820</b>	<b>4,716</b>	<b>4,890</b>	<b>4,908</b>	<b>6,481</b>	<b>6,031</b>	<b>5,630</b>	<b>6,443</b>	<b>9,246</b>	<b>9,947</b>	<b>10,624</b>
Component ratio(%)	14.4	15.8	15.6	16.1	15.8	19.1	18.2	20.1	21.7	29.8	31.4	33.2
<b>Net assets</b>	<b>16,067</b>	<b>16,411</b>	<b>17,158</b>	<b>17,217</b>	<b>17,425</b>	<b>17,690</b>	<b>18,339</b>	<b>13,300</b>	<b>13,278</b>	<b>12,658</b>	<b>12,883</b>	<b>12,118</b>
Component ratio(%)	55.1	53.8	56.8	56.6	56.0	52.2	55.3	47.4	44.6	40.8	40.6	37.9
<b>Total Assets</b>	<b>29,160</b>	<b>30,498</b>	<b>30,229</b>	<b>30,440</b>	<b>31,108</b>	<b>33,898</b>	<b>33,157</b>	<b>28,071</b>	<b>29,744</b>	<b>31,026</b>	<b>31,718</b>	<b>31,962</b>
Component ratio(%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

# Cash Flow Statement (Consolidated)

(Unit: Millions of yen)

	FY2012 ending May 31 (results)				FY2013 ending May 31 (results)				FY2014 ending May 31 (results/forecast)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 results	Q2 results	Q3 (f)	Q4 (f)
Cash flow from operating activities	△1,053	△773	△876	558	△520	△616	△1,198	18	△2,517	△3,268	△3,990	△4,105
Increase/Decrease in inventories	△881	△2,228	△2,056	△1,720	△770	△2,597	△2,615	△2,689	△1,173	△2,586	△2,985	△2,653
Other	△171	1,454	1,179	2,277	250	1,980	1,417	2,707	△1,343	△682	△1,005	△1,452
Cash flow from investing activities	△329	△618	△843	△1,131	△424	△713	△985	△1,457	△330	△920	△1,434	△2,068
Payments for acquisition of tangible fixed assets	△188	△360	△505	△677	△297	△522	△744	△1,091	△262	△731	△1,120	△1,554
Other	△140	△257	△338	△453	△127	△191	△240	△366	△68	△189	△314	△514
Cash flow from financing activities	0	288	522	171	96	1,762	1,795	835	1,898	3,667	4,947	5,439
Increase/Decrease in cash and cash equivalents	△1,385	△1,106	△1,198	△401	△848	438	△368	△574	△949	△522	△477	△734
Balance at start of term	3,952	3,952	3,952	3,952	3,550	3,550	3,550	3,550	2,975	2,975	2,975	2,975
Balance at end of term	2,566	2,845	2,753	3,550	2,701	3,989	3,181	2,975	2,025	2,453	2,498	2,240
Free cash flow	△1,382	△1,392	△1,720	△572	△945	△1,330	△2,183	△1,439	△2,848	△4,188	△5,424	△6,173

# Village Vanguard Company Profile (single entity)



# Company Profile

VILLAGE/VANGUARD



Mail-based store



Stand-alone store



## ■ Village Vanguard

Based on the concept "exciting book store," Village Vanguard offers a fusion of diverse products including books, magazines and CDs from a unique perspective



## ■ Diner

Authentic hamburger shop based on the image of an American diner



## ■ new style

For people looking for more fun in their work, hobbies and life: Targeting a generation above the Village Vanguard audience and proposing lifestyle ideas that make everyday life more enjoyable.



## ■ QK

An "exciting book store for kids" providing a level of fun beyond toys alone

## ■ Other business categories



# Product Merchandising (1)

In presenting our products, unique displays are used throughout the store to make a creative space that is fun for customers

## Example: a corner themed on "World Travel"



Browse scenes of the world while listening to music

**BOOK+MUSIC**

Must-reads before a trip

World confectionaries and drinks

- HARIBO
- Banana chips

Impossible

**Dream big**

Save money for your trip

- Save 100,000 yen book
- Save 100,000 yen bank
- Save 1,000,000 yen bank

## Example: a corner themed on "Harajuku Girls"

Once upon a time  
there was a single long zipper..

Neon-color accessories

I love fluffy things★

- Cat ears hat
- Monsters
- Unique eye patch

Stand out from the crowd  
Individualistic fashion books

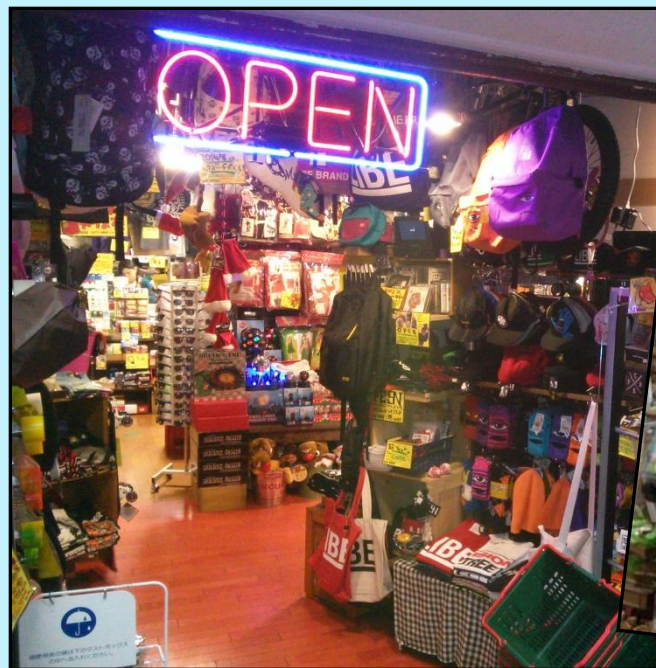
- 『NADIA』
- 『FASHION THEORY 』
- 『NYLON』



# Product Merchandising (2)



VILLAGE/VANGUARD





# Product Merchandising (3)



VILLAGE/VANGUARD





# Product Selection

At each store, we study the expressions of our customers and then select the product lines. Product popularity varies depending on the store.

Stars indicate products recommended by the store manager

Freaks Shibuya Parco Store  
(Tokyo, in-store shop)

Shibuya Udagawa Store  
(Tokyo, stand-alone store)

new style Aeon Mall  
Chikushino Store  
(Fukuoka, mall-based store)

Wider societal reach..

## Books

1. Museum Vol. 1
2. Houseki no Kuni
3. Ochi toha



★Dobugawa

1. Saraba Zoushigaya
2. Ashita Shinu Kamo Yo?
3. Bridge Girl

★Rittor Music Magazine Book



1. Kurashi wo Totonoeru
2. Mentaiko LOVE
3. Kangaesujinai



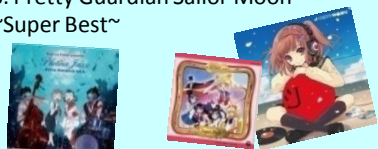
★Bourbon Street Blues

1. Shippu Rondo  
Keigo Higashino
2. Jinsei ha Nyantokanaru!  
Keiya Mizuno
3. Nagaiki Shitakerya  
Fukurahagi wo  
Mominasai/Yutaka Oniki



## New media (CDs/DVDs)

1. J-Anison Kami Kyoku Matsuri/DJ Kazu
2. Platinum Jazz  
~Anime Standard Vol. 4~
3. Pretty Guardian Sailor Moon  
~Super Best~



★My Room, My Stage

1. Milestone
2. Zettai Shoujou



③Don't Stop The Music  
★Nintendo Entertainment  
System Music

1. ST. JAMES BALLROOM
2. Heidi, Girl of the Alps  
soundtrack
3. a sun of the sun

★POETS LIFE



1. Sansei Kawaii/SKE48



2. Valletta/Nogizaka 46
3. Very Merry Xmas/Toho

## SPICE (variety goods)

1. Super Dangan Ronpa 2  
Rubber Strap Vol. 2



2. Attack on Giant Leather Bracelet
3. Capcom 30th Handkerchief

★HG Bearguy III (san) 1/144

1. Saboten
2. Retoruto Kanojo
3. Snow Glove



★Ai★Madonna  
related products



1. Karan Colon Kyoto  
Gamaguchi
2. Luminox wristwatch
3. Hercules photo frame



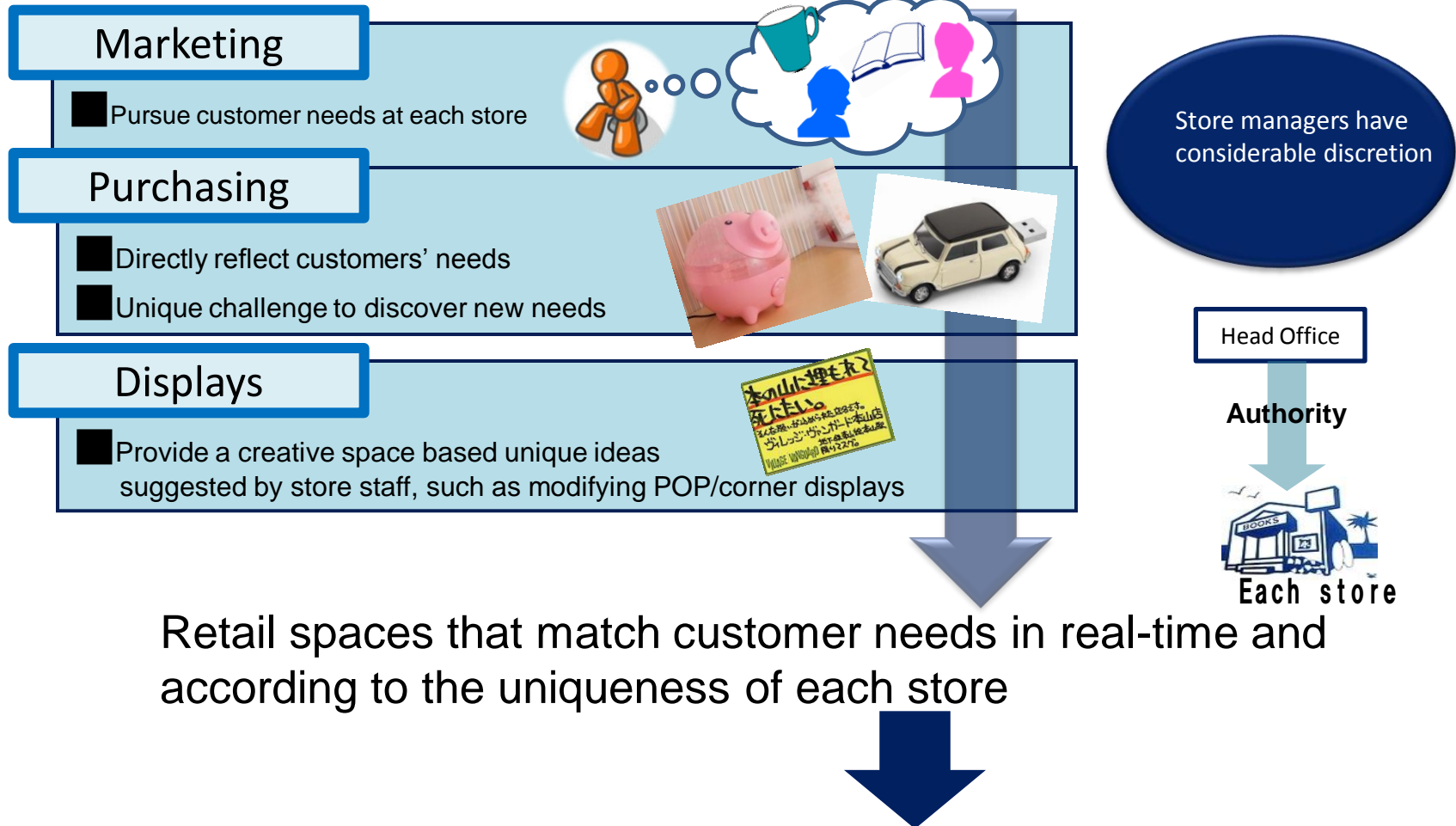
★Fire King



1. Yamasa Shindo no Itteki
2. Meyer electric pressure  
cooker
3. Toe therapy



## Sales and purchasing decisions are delegated to stores



**Store displays that greatly excite customers, win fans and induce impulsive buying**



- Employ person understanding the company deeply
- Give Part-time the ordering anything of the product
- Practical OJT is carried out a long period





# Store Network (single entity)

Store data as of Nov. 30, 2013 **VILLAGE/VANGUARD**

Stores in Japan: 400  
Directly managed store

**387**

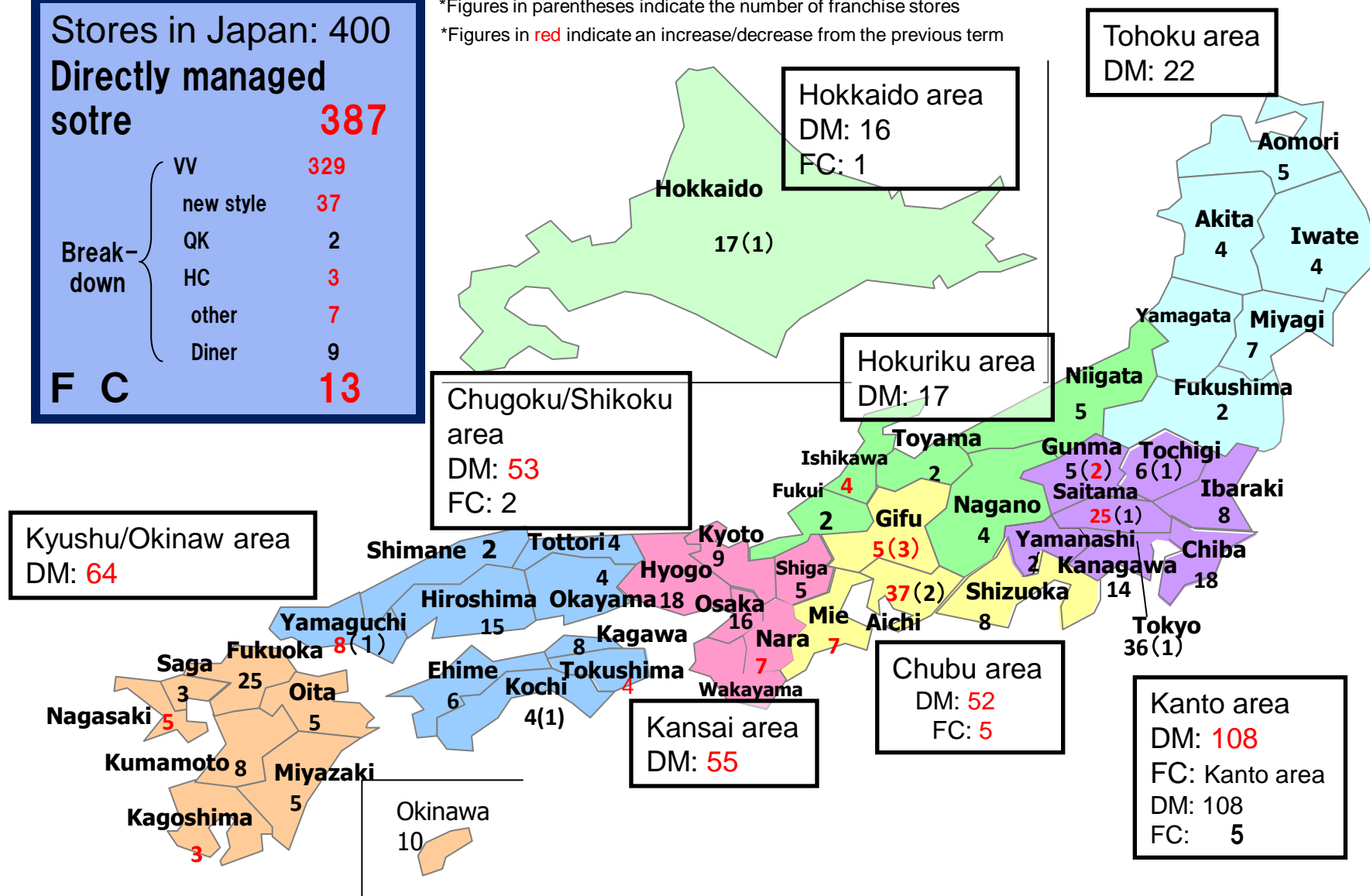
Break-down	VV	329
	new style	37
	QK	2
	HC	3
	other	7
	Diner	9

F C

**13**

\*Figures in parentheses indicate the number of franchise stores

\*Figures in red indicate an increase/decrease from the previous term



# Results for Village Vanguard Corporation (single entity)

(Unit: Millions of yen)

	FY2012 ending May 31 (results)				FY2013 ending May 31 (results)				FY2014 ending May 31 (results/forecast)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 results	Q2 results	Q3 (f)	Q4 (f)
<b>Sales</b>	9,305	18,169	29,423	38,932	8,949	17,490	28,472	37,758	8,603	16,383	26,725	35,850
Compared to forecast(%)	99.5	99.4	99.4	98.0	101.4	102.6	101.0	101.3	98.3	94.1	-	-
Compared to previous term(%)	105.9	105.7	105.2	104.4	96.2	96.3	96.8	97.0	96.1	93.7	93.9	94.9
<b>Gross profit</b>	3,738	7,170	11,671	15,361	3,464	6,776	11,047	14,564	3,258	5,782	9,568	12,781
Compared to forecast(%)	100.7	98.8	98.7	96.9	102.0	103.7	101.3	101.1	96.4	85.9	-	-
Compared to previous term(%)	106.8	103.9	103.7	102.4	92.7	94.5	94.7	94.8	94.1	85.3	86.6	87.8
<b>SGA</b>	2,984	6,016	9,264	12,478	2,988	6,171	9,424	12,706	3,085	6,457	9,930	13,325
Compared to forecast(%)	100.2	100.1	100.9	100.7	97.1	99.3	99.8	99.1	97.8	100.9	-	-
Compared to previous term(%)	108.0	106.8	107.1	107.2	100.1	102.6	101.7	101.8	103.2	104.6	105.4	104.9
<b>Labor</b>	1,420	2,832	4,310	5,794	1,444	2,936	4,445	5,979	1,487	3,006	4,662	6,192
Compared to forecast(%)	99.8	98.7	99.0	98.8	97.2	98.5	99.7	99.6	101.2	102.1	-	-
Compared to previous term(%)	108.7	107.9	108.4	108.2	101.7	103.7	103.1	103.2	103.0	102.4	104.9	103.6
<b>Rent</b>	808	1,601	2,576	3,419	802	1,584	2,538	3,374	759	1,509	2,404	3,223
Compared to forecast(%)	99.1	100.3	100.9	99.9	100.3	101.8	100.4	100.4	94.6	93.6	-	-
Compared to previous term(%)	108.4	108.4	108.6	107.4	99.2	98.9	98.5	98.7	94.6	95.3	94.7	95.5
<b>Depreciation</b>	96	197	301	412	91	190	294	413	115	234	362	495
Compared to forecast(%)	98.5	96.8	97.2	98.0	100.0	97.5	98.2	97.5	99.2	98.7	-	-
Compared to previous term(%)	98.7	96.2	99.4	98.8	95.0	96.7	97.7	100.2	125.5	123.2	123.1	119.9
<b>Operating Profit</b>	754	1,153	2,407	2,883	475	604	1,623	1,858	173	△674	△362	△544
Compared to forecast(%)	102.5	92.6	91.1	83.1	148.8	189.9	111.0	117.0	76.9	-	-	-
Compared to previous term(%)	102.2	90.7	92.2	86.0	63.0	52.4	67.4	64.5	36.4	-	-	-
<b>Recurring Profit</b>	788	1,229	2,528	3,037	506	695	1,782	2,081	189	△606	△274	△441
Compared to forecast(%)	103.5	95.1	93.3	85.4	143.1	181.4	112.6	119.9	68.5	-	-	-
Compared to previous term(%)	103.8	92.9	93.9	87.7	64.3	56.6	70.5	68.5	37.4	-	-	-
<b>Net income for term</b>	364	593	1,272	1,237	250	339	887	△4,265	43	△756	△519	△1,403
Compared to forecast(%)	101.3	93.6	89.7	66.7	144.8	196.1	112.2	-	58.4	-	-	-
Compared to previous term(%)	137.0	110.0	100.2	72.7	68.8	57.2	69.7	-	17.3	-	-	-

# Balance Sheet (Consolidated)

(Unit:Millions of yen)

	FY2012 ending May31 (results)				FY2013 ending May31 (results)				FY2014 ending May31 (results/forecast)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1results	Q2results	Q3 (f)	Q4 (f)
<b>Current Assets</b>	21,972	22,536	22,307	21,854	22,852	25,229	24,387	19,234	19,902	20,750	20,509	20,591
Component ratio(%)	80.1	80.2	80.1	80.2	81.0	82.3	81.9	78.1	78.9	80.1	80.2	80.6
<b>Cash and deposits</b>	2,184	1,812	1,982	2,143	2,150	3,219	2,638	2,518	1,487	1,552	2,154	2,107
Component ratio(%)	8.0	6.5	7.1	7.9	7.6	10.5	8.9	10.2	5.9	6.0	8.4	8.3
<b>Products</b>	16,685	17,980	17,810	17,306	17,900	19,513	19,469	14,815	15,496	16,597	16,286	15,626
Component ratio(%)	60.8	64.0	63.9	63.5	63.4	63.7	65.4	60.1	61.5	64.1	63.7	61.2
<b>Other</b>	3,102	2,743	2,514	2,405	2,800	2,496	2,280	1,900	2,917	2,601	2,068	2,856
Component ratio(%)	11.3	9.8	9.0	8.8	9.9	8.1	7.7	7.7	11.6	10.0	8.1	11.2
<b>Fixed Assets</b>	5,460	5,549	5,543	5,379	5,373	5,424	5,378	5,404	5,315	5,139	5,057	4,946
Component ratio(%)	19.9	19.8	19.9	19.8	19.0	17.7	18.1	21.9	21.1	19.9	19.8	19.4
<b>Current Liabilities</b>	7,849	7,986	7,145	6,859	7,567	8,221	7,241	7,508	7,991	7,336	6,367	6,713
Component ratio(%)	28.6	28.4	25.7	25.2	26.8	26.8	24.3	30.5	31.7	28.3	24.9	26.3
<b>Fixed Liabilities</b>	3,286	3,573	3,491	3,195	3,341	5,026	4,562	4,321	4,486	6,424	6,919	7,366
Component ratio(%)	12.0	12.7	12.5	11.7	11.8	16.4	15.3	17.5	17.8	24.8	27.1	28.8
<b>Net assets</b>	16,296	16,525	17,214	17,179	17,317	17,405	17,962	12,809	12,740	12,129	12,280	11,456
Component ratio(%)	59.4	58.8	61.8	63.0	61.4	56.8	60.3	52.0	50.5	46.9	48.0	44.9
<b>Total Assets</b>	27,432	28,086	27,851	27,234	28,225	30,653	29,765	24,639	25,217	25,890	25,567	25,537
Component ratio(%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

# Cash Flow Statement (Consolidated)

( Unit: Millions of yen )

	FY2012 ending May 31 (results)				FY2013 ending May 31 (results)				FY2014 ending May 31 (results /forecast)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 results	Q2 results	Q3 (f)	Q4 (f)
Cash flow from operating activities	△950	△1,061	△1,132	102	△159	△685	△1,060	△101	△1,910	△2,678	△2,404	△2,442
Increase/Decrease in inventories	△844	△2,139	△1,969	△1,465	△594	△2,206	△2,163	△2,201	△681	△1,781	△1,470	△811
Other	△106	1,078	836	1,567	435	1,521	1,102	2,099	△1,229	△897	△933	△1,630
Cash flow from investing activities	△211	△379	△531	△776	△140	△311	△356	△624	△99	△322	△456	△795
Payments for acquisition of tangible fixed assets	△109	△189	△274	△385	△107	△245	△280	△514	△45	△200	△258	△397
Other	△101	△189	△256	△390	△33	△66	△75	△110	△54	△122	△198	△398
Cash flow from financing activities	38	△55	336	△491	306	2,071	1,906	1,093	979	2,035	2,497	2,827
Increase/Decrease in cash and cash equivalents	△1,124	△1,496	△1,327	△1,166	7	1,075	494	374	△1,030	△965	△363	△410
Balance at start of term	3,289	3,289	3,289	3,289	2,123	2,123	2,123	2,123	2,498	2,498	2,498	2,498
Balance at end of term	2,164	1,792	1,962	2,123	2,130	3,199	2,618	2,498	1,467	1,532	2,134	2,087
Free cash flow	△1,161	△1,440	△1,663	△674	△299	△996	△1,417	△726	△2,009	△3,001	△2,861	△3,237



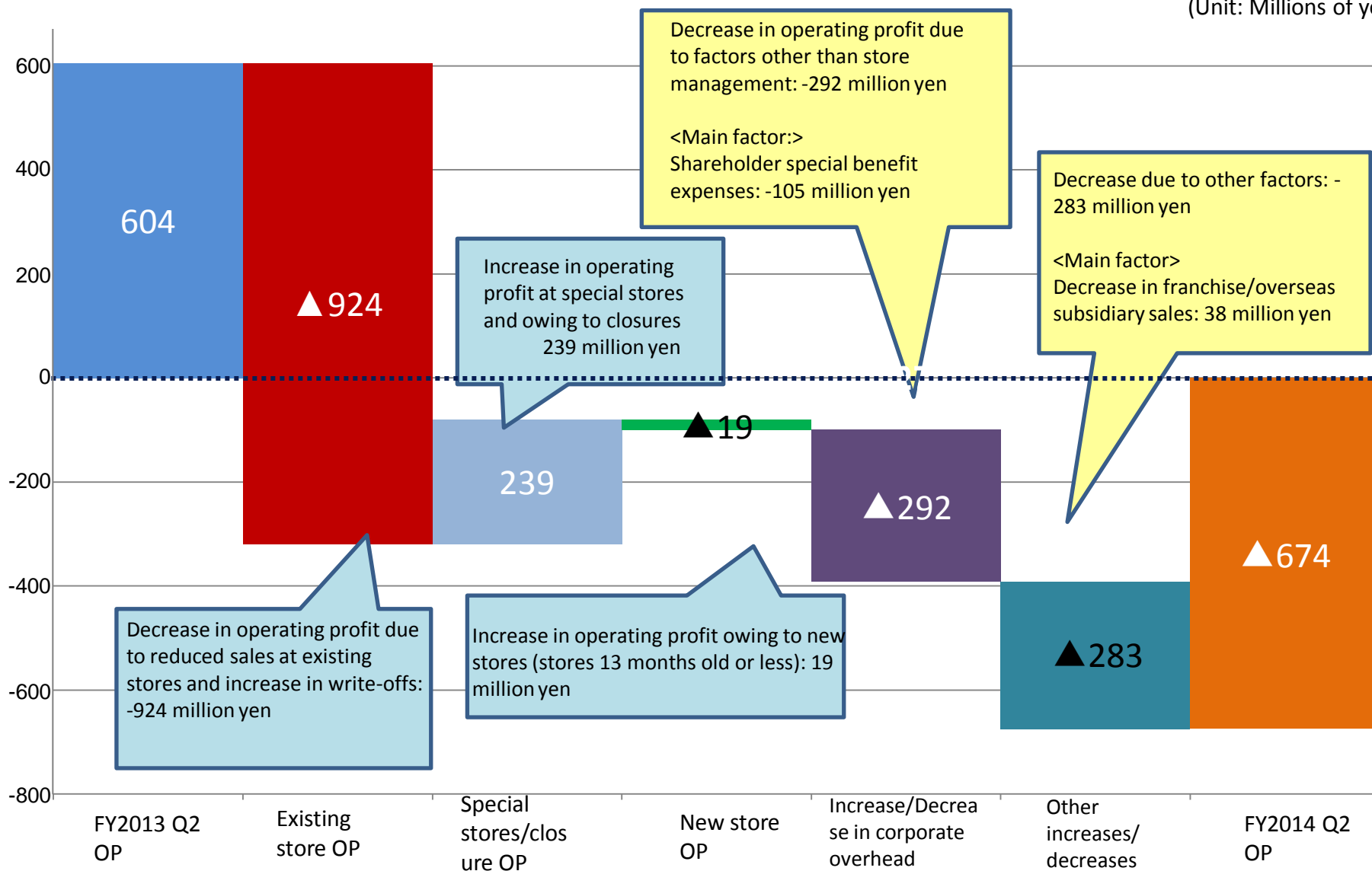
# Components of Sales by Product Genre

(Unit: Millions of yen)

	FY2012 ending May 31 (results)				FY2013 ending May 31 (results)				FY2014 ending May 31 (results /forecast)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 results	Q2 results	Q3 (f)	Q4 (f)
<b>SPICE</b>	7,361	14,360	23,576	31,260	7,217	14,175	23,380	31,098	7,078	13,575	—	—
Component ratio(%)	79.1	79.0	80.1	80.3	80.7	81.1	82.1	82.4	82.3	82.9	—	—
Internal product group	2,217	4,431	7,547	9,857	2,066	4,121	6,968	9,267	2,118	4,196	—	—
Component ratio(%)	23.8	24.4	25.6	25.3	23.1	23.6	24.5	24.5	24.6	25.6	—	—
Other	5,143	9,929	16,029	21,403	5,151	10,053	16,412	21,831	4,959	9,379	—	—
Component ratio(%)	55.3	54.6	54.5	55.0	57.6	57.5	57.6	57.8	57.6	57.2	—	—
<b>Books</b>	1,043	2,036	3,150	4,190	977	1,889	2,940	3,836	818	1,544	—	—
Component ratio(%)	11.2	11.2	10.7	10.8	10.9	10.8	10.3	10.2	9.5	9.4	—	—
<b>NM(New Media)</b>	734	1,446	2,218	2,812	576	1,065	1,652	2,155	533	966	—	—
Component ratio(%)	7.9	8.0	7.6	7.2	6.4	6.1	5.8	5.7	6.2	5.9	—	—
<b>Other</b>	167	325	477	669	177	358	499	667	173	296	—	—
Component ratio(%)	1.8	1.8	1.6	1.7	2.0	2.1	1.8	1.8	2.0	1.8	—	—
<b>Total</b>	9,305	18,169	29,423	38,932	8,949	17,490	28,472	37,758	8,603	16,383	—	—
Component ratio(%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—

# Analysis of Operating Profit

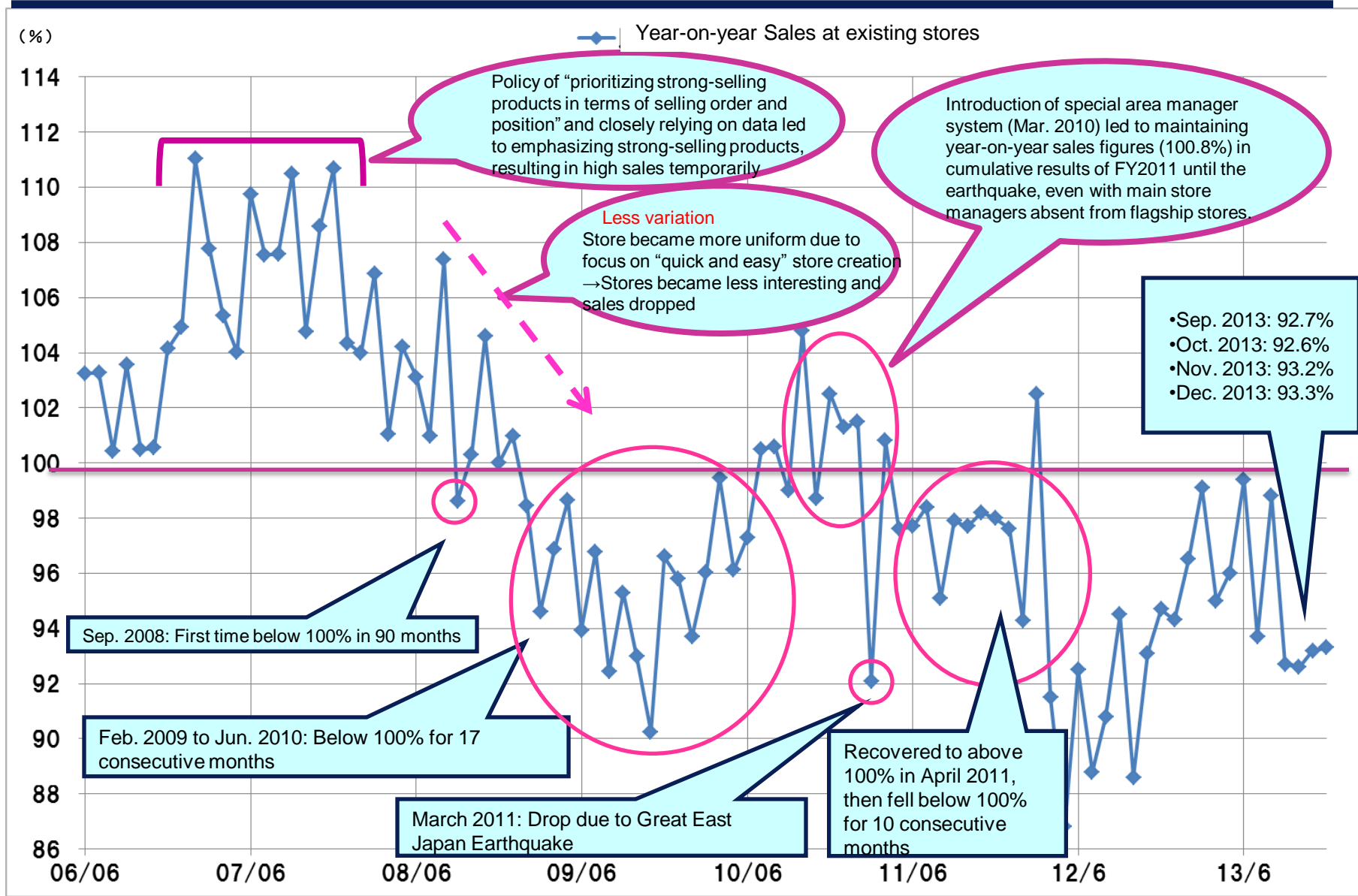
(Unit: Millions of yen)



# Plans for Opening Stores

	FY2011 ending May 31 (results)	FY2012 ending May 31 (results)	FY2013 ending May 31 (results)	FY2014 ending May 31 (results /forecast)									
	FY	FY	FY	Q1		Q2		Q3		Q4		通期	
				Initial forecast	results	Initial forecast	results	Initial forecast	forecast	Initial forecast	forecast	Initial forecast	forecast
Openings	46	38	17	2	2	8	9	4	6	6	5	20	22
Village Vanguard	39	30	13	1	1	7	6	1	2	5	5	14	14
new style	7	7	3	1	1	0	1	1	1	0	0	2	3
QK/HV/EGS/HC/ Outlet	0	1	0	0	0	1	2	1	2	0	0	2	4
Diner	0	0	0	0	0	0	0	1	1	1	0	2	1
FC	0	0	1	0	0	0	0	0	0	0	0	0	0
Closures	15	13	14	4	3	2	1	2	5	2	1	10	10
Village Vanguard	8	4	9	4	2	2	0	2	3	2	1	10	6
new style	0	2	1	0	0	0	0	0	2	0	0	0	2
QK/HV/EGS/HC/ Outlet	4	2	0	0	0	0	0	0	0	0	0	0	0
Diner	0	1	0	0	0	0	0	0	0	0	0	0	0
FC	3	4	4	0	1	0	1	0	0	0	0	0	2
Net increase	31	25	3	-2	-1	6	8	2	1	4	4	10	12

# Year-on-year Sales at Existing Stores



## Towards Sales Recovery

Use stand-alone stores in Tokyo as model and extend know-how to other stores

High sales stand-alone stores in Tokyo

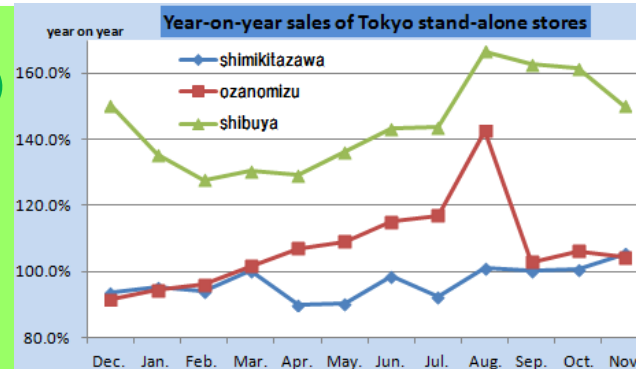
Purchasing network unique to each store  
Delegation of purchasing decisions to staff

Factor I

Actively introduce new products

Factor II

Product turnover and renovations lead to fast-paced sales floor updates



Extend know-how of flagship stores to all Tokyo stand-alone stores

Year-on-year sales of Tokyo stand-alone shows better trend in improvement than other formats



stand-alone shows better trend

Each business category performing well



Shopping center category



Fashion building category

.....etc

Extend from model stores to each category

Share know-how of stores performing well → Extend nationwide

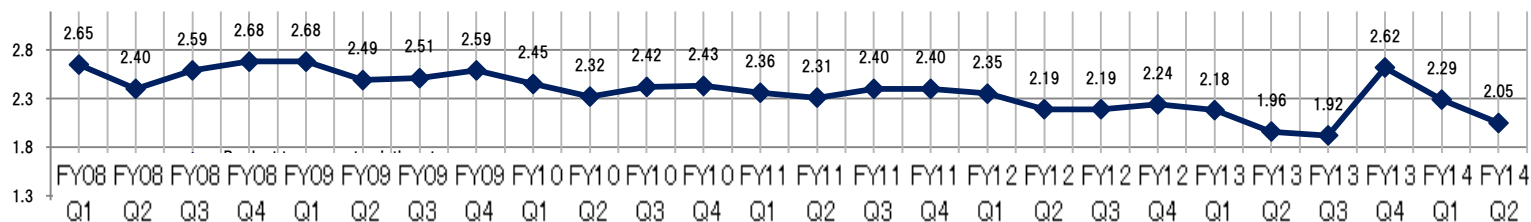


## Inventory Control

Inventory trends at existing stores

(Unit: Millions of yen)		FY2012 Q2	FY2012 Q3	FY2012 Q4	FY2013 Q1	FY2013 Q2	FY2013 Q3	FY2013 Q4	FY2014 Q1	FY2014 Q2
Cash flow from operating activities		-1,061	-1,132	102	-159	-685	-1,060	-101	-1,910	-2,678
■ Net income before tax		1,098	2,390	2,696	522	707	1,764	-2,743	176	-696
■ Net Change in Inventories		-2,139	-1,969	-1,465	-594	-2,206	-2,163	2,490	-681	-1,536
Existing Store		1,454	1,326	342	564	2,168	2,272	2,288	666	1,433
New Store		817	1,024	1,356	172	531	525	559	83	290
Other		-132	-382	-234	-142	-493	-634	-5,338	-68	-187
■ Other		-20	-1,553	-1,129	-86	813	-661	150	-1,405	-446
Cash flow from investing activities		-379	-531	-776	-140	-311	-356	-624	-99	-322
Cash flow from financing activities		-55	336	-491	306	2,071	1,906	1,093	979	2,035
Free cash flow		-1,440	-1,663	-674	-299	-996	-1,417	-726	-2,009	-3,001
No. of existing stores (for calculations)		302店	304店	320店	325店	333店	330店	342店	343店	352店
Increase/Decrease in inventory per existing store from start of term		4.8	4.3	1.0	1.7	6.5	6.8	6.9	1.9	3.7

Product turnover at existing stores





Titicaca Company  
Profile (single entity)



# Company Profile (Titicaca)



■ Company name	Titicaca Corporation
■ Shareholder	Village Vanguard Corporation (100%)
■ Business	Import and sales of ethnic fashions and daily goods
■ Head office	2-2-3 Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa, Japan
■ President	Hitoshi Kinami
■ Established	July 2005 (founded May 1977)
■ Capital	99 million yen (as of Mar. 31, 2013)
■ Net assets	960 million yen (as of Mar. 31, 2013)
■ Total assets	4,213 million yen (as of Mar. 31, 2013)
■ Sales	5,798 million yen (as of Mar. 31, 2013)
■ Recurring profit	706 million yen (as of Mar. 31, 2013)
■ Net profit	456 million yen (as of Mar. 31, 2013)
■ Stores	119 (92 directly managed, 1 franchise) (as of Nov. 30, 2013)
■ Employees	213 full-time and 447 part-time (as of Nov. 30, 2013)



President Kinami

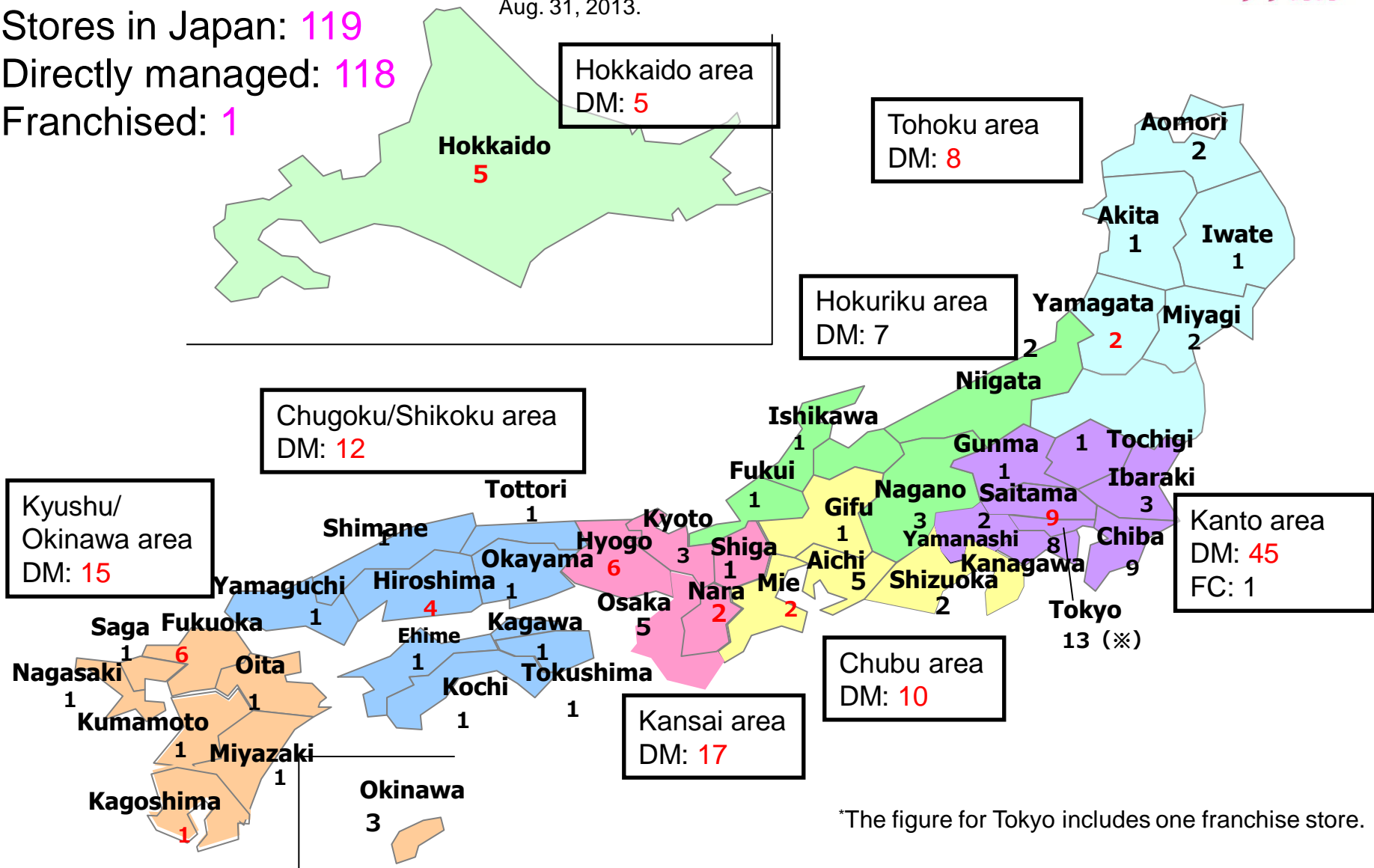
# Store Openings

Store data as of Nov. 30, 2013



Figures in **red** indicate that there was an increase/decrease from Aug. 31, 2013.

Stores in Japan: **119**  
Directly managed: **118**  
Franchised: **1**



\*The figure for Tokyo includes one franchise store.

# Store Exterior Appearance



## Store Exterior Appearance

Here, we introduce the Titicaca stores newly opened in this term.



Aeon Mall Inagawa  
Opened Oct. 4



Aeon Mall Naratomigaoka  
Opened Nov. 22



Aeon Mall Makuharishintoshin  
Opened Dec. 17





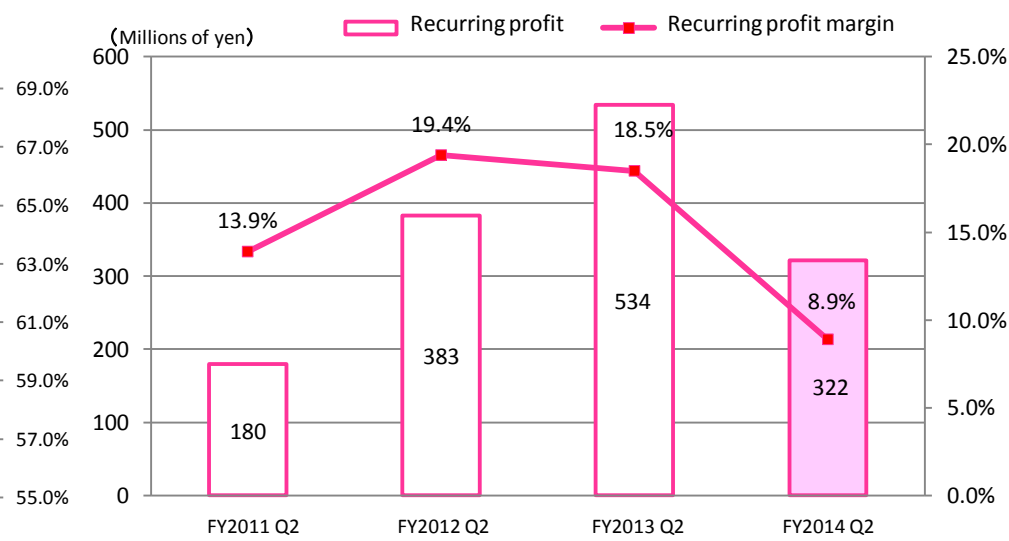
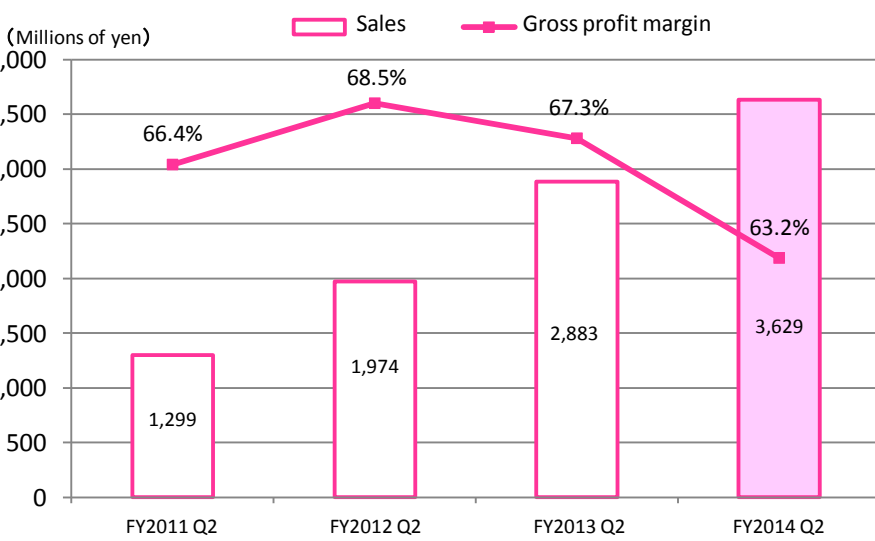
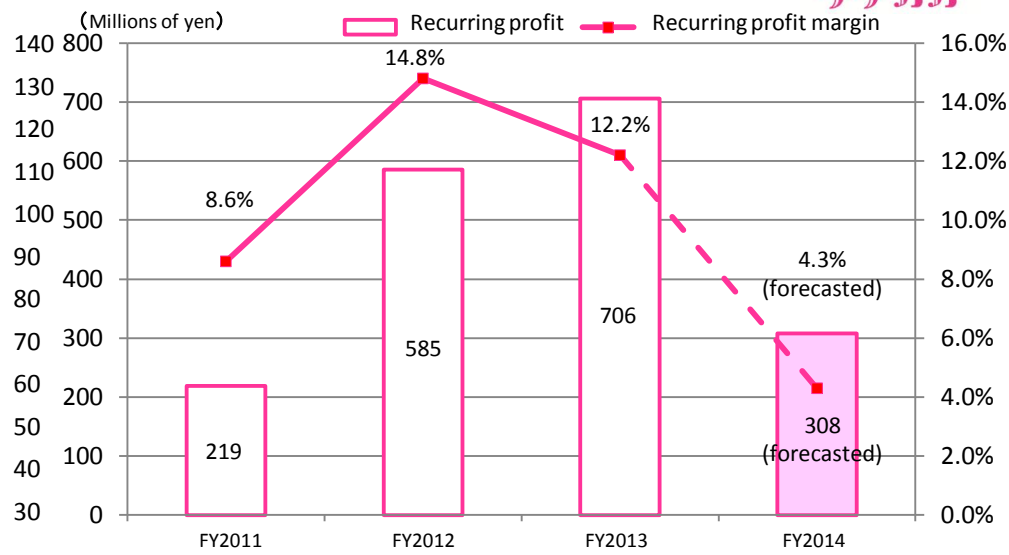
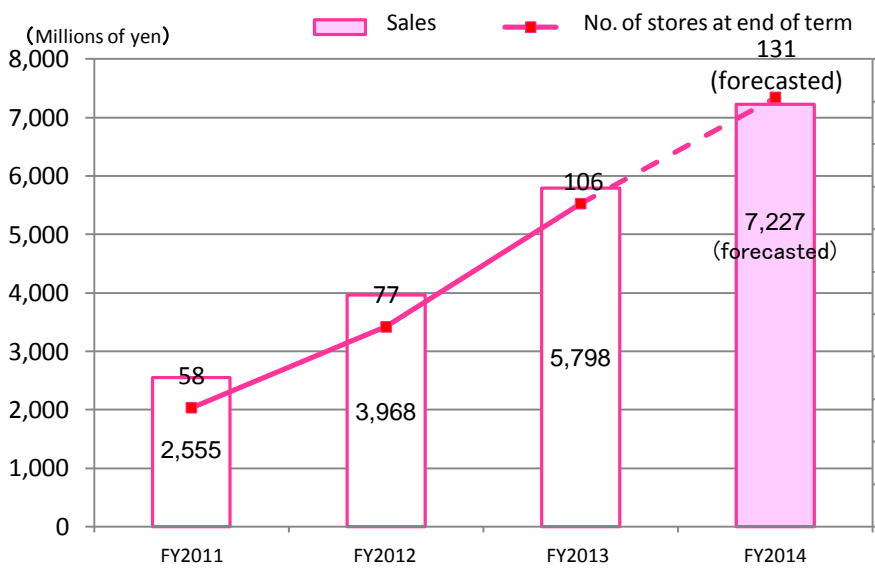
# Store Interior Appearance





**2<sup>nd</sup> Quarter FY2014\* Financial Results Report**  
**(Titicaca, single entity)**  
**\*Fiscal year ending March 31, 2014**

# Main Results Figures and Management Indicators



# Results



## Income statement

**Compared to forecast Sales 92.8% Recurring profit 68.7%**

Existing stores 97.2% (-77 million yen) Wholesale/Franchise 97.4% (-2 million yen)

New stores 93.8% (-57 million yen)

**Year-on-year No. of stores: Net increase of 25 stores**

**FY2013 Q2 year-on-year sales at all stores 125.9%**

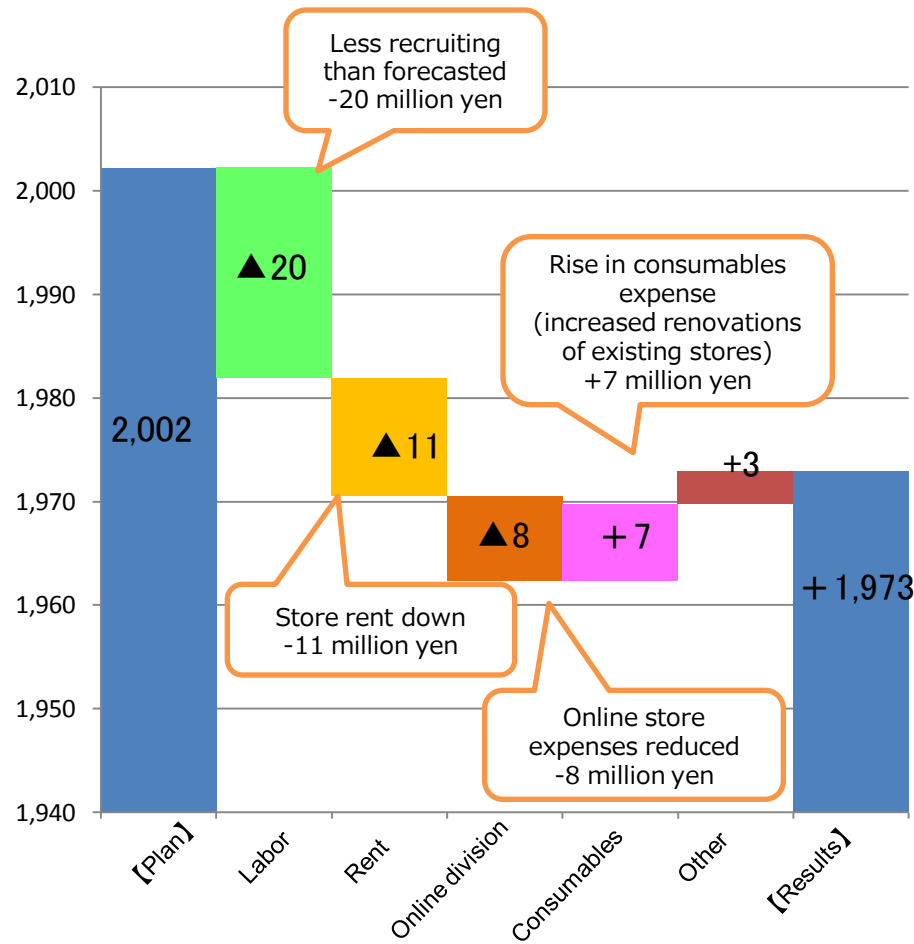
	FY2012 ending May 31 (results)				FY2013 ending May 31 (results)				FY2014 ending May 31 (results and forecast)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1 results	Q2 results	Q3 forecast	Q4 forecast
<b>Sales</b>	<b>826</b>	<b>1,974</b>	<b>2,951</b>	<b>3,968</b>	<b>1,207</b>	<b>2,883</b>	<b>4,295</b>	<b>5,798</b>	<b>1,526</b>	<b>3,629</b>	<b>5,320</b>	<b>7,227</b>
Compared to forecast (%)	100.0	103.0	103.2	104.2	99.9	99.3	99.8	101.0	98.0	92.8	-	-
Compared to previous term (%)	142.7	151.9	152.9	155.3	146.0	146.1	145.5	146.1	126.4	125.9	123.9	124.6
<b>Gross profit</b>	<b>554</b>	<b>1,351</b>	<b>2,005</b>	<b>2,677</b>	<b>806</b>	<b>1,941</b>	<b>2,878</b>	<b>3,779</b>	<b>1,011</b>	<b>2,295</b>	<b>3,408</b>	<b>4,494</b>
Compared to forecast (%)	102.2	111.9	110.7	112.4	100.9	105.6	99.8	99.8	99.0	93.7	-	-
Compared to previous term (%)	142.0	156.6	157.2	160.1	145.6	143.6	143.6	140.8	125.3	118.2	118.4	119.2
<b>SGA</b>	<b>445</b>	<b>968</b>	<b>1,494</b>	<b>2,072</b>	<b>641</b>	<b>1,407</b>	<b>2,179</b>	<b>2,977</b>	<b>928</b>	<b>1,972</b>	<b>3,011</b>	<b>4,137</b>
Compared to forecast (%)	98.6	160.8	99.6	100.7	97.2	98.7	100.7	101.5	99.7	98.5	-	-
Compared to previous term (%)	137.6	141.7	143.6	144.3	144.1	145.4	145.9	145.9	144.7	140.2	138.2	136.8
<b>Labor</b>	<b>212</b>	<b>327</b>	<b>672</b>	<b>923</b>	<b>285</b>	<b>587</b>	<b>912</b>	<b>1,261</b>	<b>401</b>	<b>816</b>	<b>1,254</b>	<b>1,725</b>
Compared to forecast (%)	132.0	98.3	96.5	96.3	94.9	96.3	100.2	99.6	98.2	97.6	-	-
Compared to previous term (%)	134.5	134.6	135.3	135.5	134.5	133.6	136.0	136.2	140.9	139.0	137.5	137.4
<b>Depreciation</b>	<b>23</b>	<b>52</b>	<b>85</b>	<b>122</b>	<b>37</b>	<b>80</b>	<b>133</b>	<b>189</b>	<b>58</b>	<b>127</b>	<b>201</b>	<b>279</b>
Compared to forecast (%)	98.6	97.0	97.0	98.9	98.3	100.2	101.4	101.3	99.0	102.5	-	-
Compared to previous term (%)	161.6	170.7	171.8	172.2	157.6	154.5	156.0	156.5	156.8	157.5	151.3	145.1
<b>Operating profit</b>	<b>108</b>	<b>383</b>	<b>511</b>	<b>604</b>	<b>165</b>	<b>534</b>	<b>699</b>	<b>747</b>	<b>83</b>	<b>322</b>	<b>397</b>	<b>357</b>
Compared to forecast (%)	110.6	160.8	163.8	186.4	118.4	129.7	97.4	93.2	92.4	72.2	-	-
Compared to previous term (%)	163.3	212.9	219.2	255.9	152.1	139.3	136.8	123.6	50.3	60.3	56.8	47.8
<b>Recurring profit</b>	<b>106</b>	<b>377</b>	<b>495</b>	<b>585</b>	<b>158</b>	<b>510</b>	<b>665</b>	<b>706</b>	<b>71</b>	<b>293</b>	<b>356</b>	<b>308</b>
Compared to forecast (%)	110.8	164.7	167.8	194.5	122.6	129.9	96.9	92.6	90.2	68.7	-	-
Compared to previous term (%)	176.7	222	228.1	267.1	149.1	135.2	134.3	120.6	45.2	57.4	53.7	43.7
<b>Net income for term</b>	<b>56</b>	<b>205</b>	<b>282</b>	<b>301</b>	<b>90</b>	<b>296</b>	<b>381</b>	<b>398</b>	<b>42</b>	<b>163</b>	<b>179</b>	<b>153</b>
Compared to forecast (%)	104.9	160.5	165.8	179.7	114.9	129.9	96.1	90.7	90.2	65.0	-	-
Compared to previous term (%)	209.7	256.8	259.7	342.1	160.9	144.7	139.8	132.3	46.9	55.2	46.9	38.4

# Results



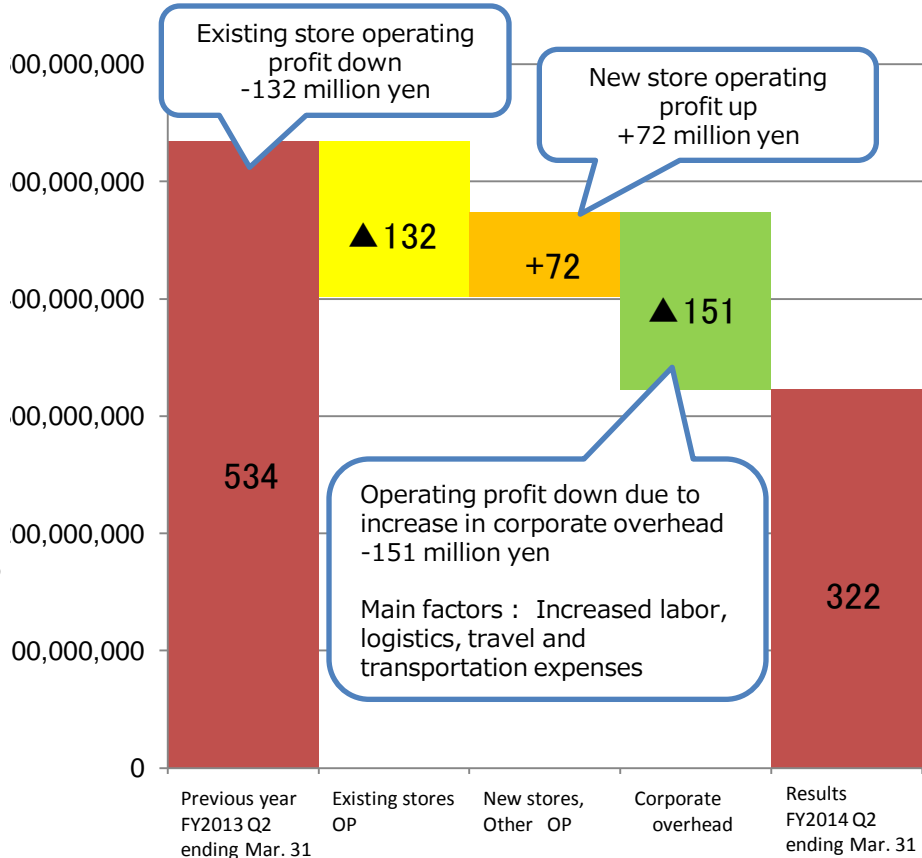
## Selling, general and administrative expenses and budget comparison

• Compared to FY2014 Q2 forecast: 99.7%  
(monetary difference: -3 million yen)



## Year-on-year operating profit

• Year-on-year operating profit ratio fell from 18.5% in the second quarter of FY2013 to 8.9% in the current term.  
• Ratio of corporate overhead to sales increased from 11.1% to 13.0% in the current term.



# Results

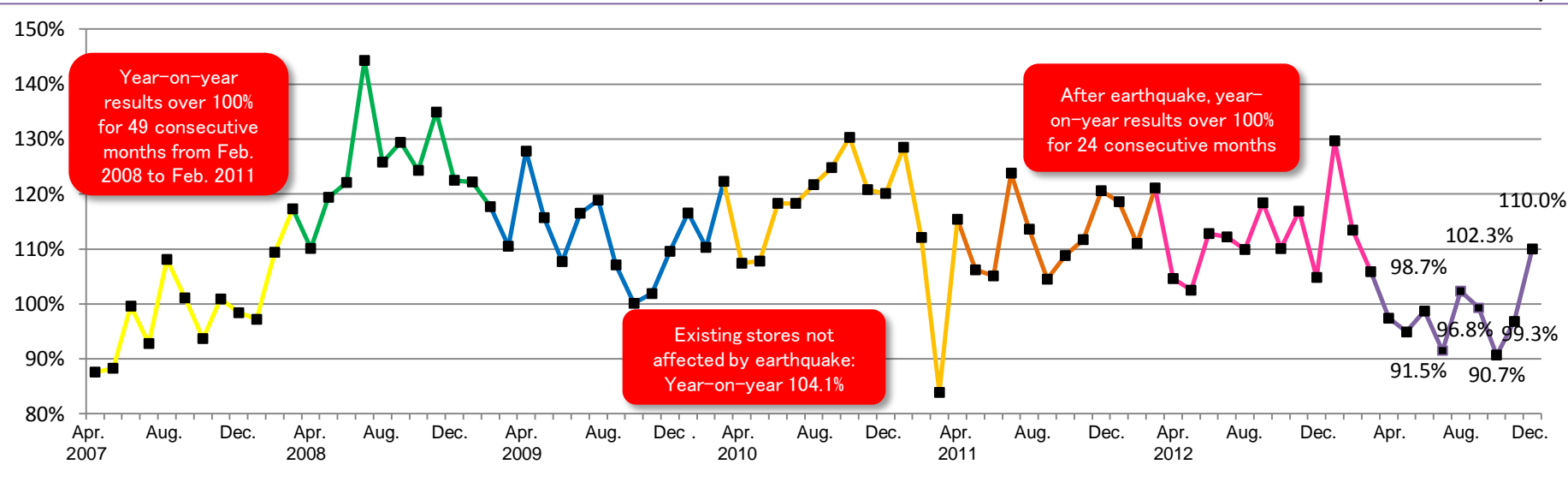


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## Year-on-year sales of existing stores

Year-on-year FY2014 Q2 **97.0%**

\*A different color is used for each fiscal year.



**FY2008**  
Started group management after merger and acquisition in May 2007

**FY2009**  
Established area manager system  
FY results rise out of the red

**FY2010**  
Established management  
Vision Cleared losses carried forward

**FY2011**  
Instilled Management vision with credo

**FY2012**  
Introduced special supervisor system

**FY2013**  
Implemented branding strategy based on Titicaca ETHIC

**FY2014**  
Strengthened production control system/personnel development

## Store openings (results and forecast)

	FY2011 results	FY2012 results	FY2013 results	FY2014 forecast					FY2014				
									Results		Forecast		
				Q1	Q2	Q3	Q4	(FY)	Q1	Q2	Q3	Q4	(FY)
Openings	15店	21店	24店	10店	3店	9店	6店	28店	10店	5店	9店	9店	33店
Closures	4店	2店	2店	-	2店	-	-	2店	-	1店	-	2店	3店

# Growth Strategy



## Issues in achieving Titicaca growth

### ① Implementing production/delivery date control system

Sufficient operating functions not in place,  
causing delays in product supply delivery dates

#### ① Invest in core systems

- Standardize/Visualize operations
- Build operations flow not connected to people

#### ② Strengthen systems staff and department

- Boost from 5 people(last FY) to 10 people(current FY)
- Employ person with mid-career

### ② Train personnel

Actively open new stores , causing  
differences in ability between store managers

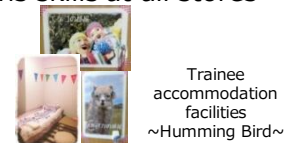
#### ① Enhance store manager candidate training

- Newly appoint training managers
- Increase stores that have training functions (Kanto/Tohoku)

#### ② Recruit new graduates

#### ③ Standardize store operations

- Share know-how of stores with high sales
- Standardize flow for acquiring operations skills at all stores



Invest in personnel/systems corresponding to speed of company growth

Towards sustainable growth



# Village Vanguard Webbed Corporation

# Company Profile

- **Company name** Village Vanguard Webbed Corporation
- **Shareholders** Village Vanguard Corporation 100%
- **Business** Internet sales operations,  
real estate media operations
- **Head office** 2-2-3 Shin-Yokohama, Kohoku-ku,  
Yokohama, Kanagawa, Japan
- **President** Takakazu Hirano
- **Established** March 2011
- **Start of operations** April 2011
- **Capital** 30 million yen
- **Employees** 6 full-time (as of Nov. 30, 2013)



(Online shopping site)  
<http://vvstore.jp>



(Real estate site)  
<http://vv-realestate.com>



(Magazine site)  
<http://vv-magazine.com>

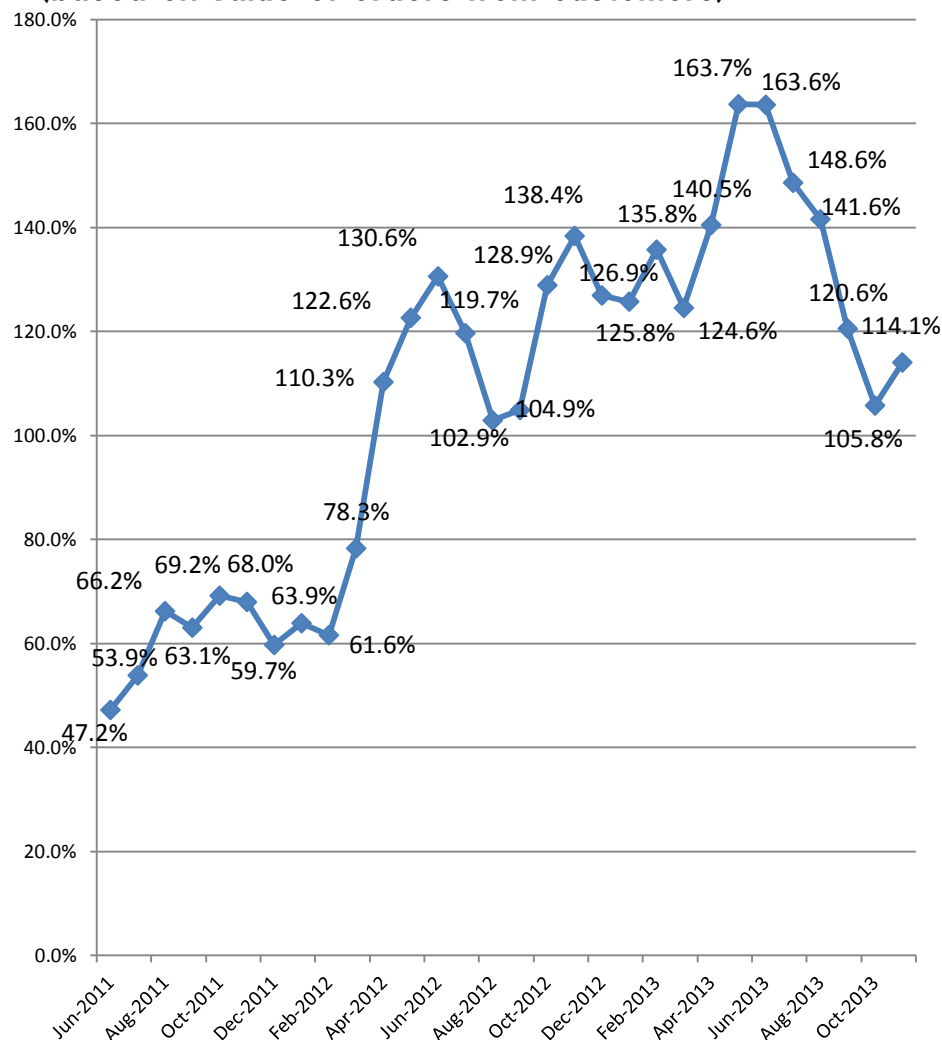


# Year-on-year Sales Results

(Unit: Thousands of yen)

PL	FY2013	FY2014			
	Q4 (results)	Q1 (results)	Q2 (results)	Q3 (revised forecast)	Q4 (revised forecast)
Sales	134,934	34,304	73,468	133,589	189,868
Compared to forecast (%)	129.5	82.9	67.8	—	—
Compared to previous term (%)	134.5	142.7	138.7	131.6	140.7
Gross profit	32,059	7,905	17,757	28,967	39,273
Compared to forecast (%)	134.2	79.2	62.0	—	—
Compared to previous term (%)	135.4	142.3	130.5	120.6	122.5
SGA	20,422	6,393	12,607	19,604	26,599
Compared to forecast (%)	98.2	80.8	70.0	—	—
Compared to previous term (%)	100.8	107.5	114.3	121.9	130.2
Operating profit	11,637	1,511	5,149	9,362	12,674
Compared to forecast (%)	376.6	76.3	48.3	—	—
Compared to previous term (%)	340.8	(+1,903)	199.9	118.0	108.9
Recurring profit	9,965	▲4,254	▲1,161	2,520	5,289
Compared to forecast (%)	583.2	(▲5,934)	(▲11,193)	—	—
Compared to previous term (%)	940.3	(▲3,434)	(▲2,873)	37.8	54.6
Net income for term	7,062	▲4,299	▲1,251	887	2,496
Compared to forecast (%)	449.4	(▲5,275)	(▲7,077)	—	—
Compared to previous term (%)	87.9	(▲3,434)	(▲2,872)	13.5	35.3

■ Year-on-year sales  
(based on value of orders from customers)

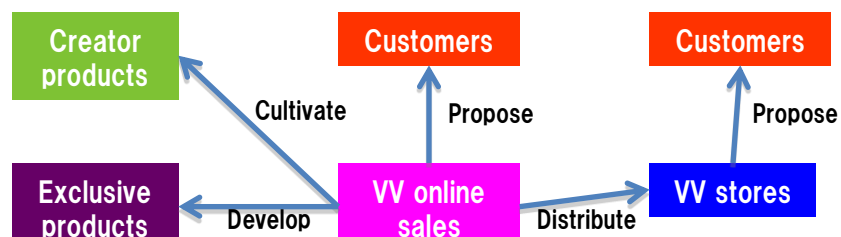


\*In cells that cannot be expressed as percentages, values in parentheses indicate the difference.

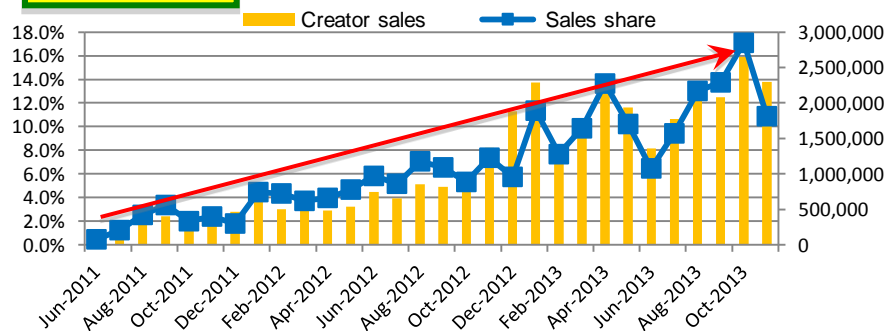
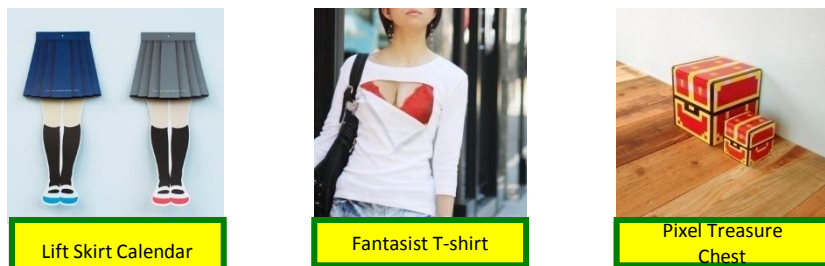
# Towards Further Growth

Internet sales (Village Vanguard online store)  
<http://vvstore.jp>

- ① Cultivate creators and develop exclusive online products
- ② Distribute top-selling online products to stores



Reference: Example creator products distributed to stores

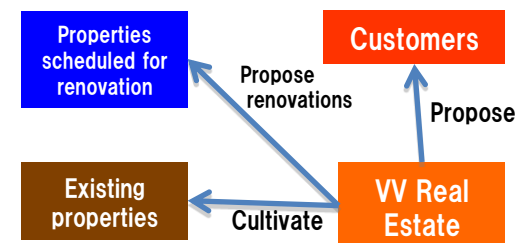


Real estate media (Village Real Estate)  
<http://vv-realestate.com>

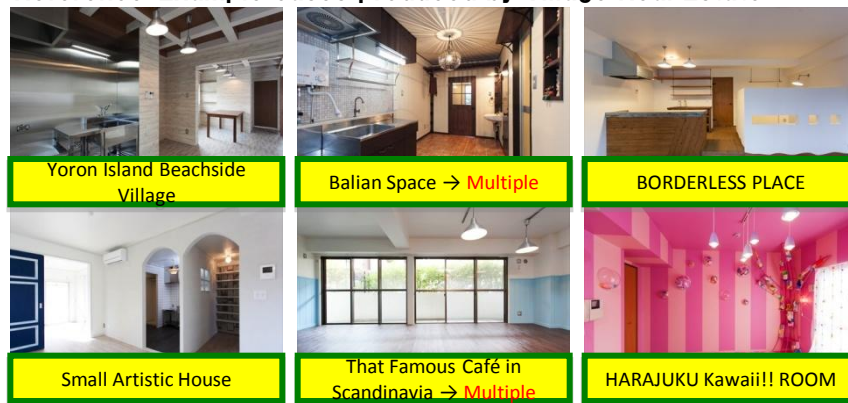


Village Real Estate...  
is real estate media showcasing rental properties that are a bit quirky or have a very particular style. Currently under expansion nationwide.

- ① Unique rental property projects
- ② Unique rental property introductions



Reference: Example cases produced by Village Real Estate



# Overseas Subsidiaries

## Company Profile

- **Company name** Village Vanguard (Hong Kong) Limited
- **Shareholders** Village Vanguard Corporation 80%  
Era-Bee Limited 20%  
(※ Expansion of Japanese education business, culture business )
- **B u s i n e s s** Retail business selling books, SPICE (variety goods) , new media (CDs, DVDs) presented in fusion display style
- **Head office** Room 1901, 19/F, Entrepot Centre, 117 How Ming Street, Kwun Tong, Kowloon
- **P r e s i d e n t** HO WING PONG RAYMOND
- **Established** Sep. 2009
- **C a p i t a l** HK\$15,000,000 ( approx. 190 million yen )
- **S t o r e s** 8 (directly managed) (as of Nov. 30, 2013)
- **E m p l o y e e s** 17 full-time, 23 part-time



President Ho Wing Pong



# Village Vanguard (Hong Kong) Limited



## Results

(Unit: Millions of yen)	FY2013 results				FY2014 results and forecast			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Sales</b>	27	69	127	178	47	99	154	194
Difference compared to forecast	▲4	▲+9	+20	+37	▲2	▲7	-	-
Difference compared to previous term	▲2	+17	+42	+69	+19	+31	+27	+15
<b>Gross profit</b>	11	4	25	24	17	35	56	71
Difference compared to forecast	▲1	▲18	+5	▲8	▲2	▲7	-	-
Difference compared to previous term	▲2	▲14	▲7	▲12	+5	+31	+31	+46
<b>Operating profit</b>	▲4	▲35	▲45	▲82	▲10	▲27	▲48	▲70
Difference compared to forecast	+0	▲24	▲6	▲40	▲1	▲2	-	-
Difference compared to previous term	+8	▲12	▲17	▲42	▲5	+7	▲3	+12
<b>Recurring profit</b>	▲3	▲32	▲41	▲75	▲8	▲23	▲43	▲64
Difference compared to forecast	+0	▲23	▲5	▲37	▲1	▲3	-	-
Difference compared to previous term	+1	▲10	▲13	▲37	▲4	+8	▲2	+11
<b>Net income for term</b>	▲3	▲32	▲41	▲78	▲8	▲23	▲43	▲64
Difference compared to forecast	+0	▲23	▲6	▲41	▲1	▲3	-	-
Difference compared to previous term	+1	▲10	▲14	▲39	▲4	+8	▲2	+14

## Store openings



## Store interior appearance



\*The "Difference compared to forecast" for FY2013 Q3 and Q4 are differences compared to the revised budget.



## Company Profile

■ Company name	TITICACA HONGKONG LIMITED Village Vanguard Corporation 100%
■ Shareholders	Import and sales of ethnic fashions and ethnic variety goods
■ Business	Room 1901, 19/F, Entrepot Centre, 117 How Ming Street,
■ Head office	Kwun Tong, Kowloon
■ President	Hitoshi Kinami
■ Established	April 2012
■ Capital	HK\$1,000,000 (approx. 10 million yen)
■ Stores	4 (directly managed) (as of Nov. 30, 2013)
■ Employees	22 full-time

# TITICACA HONG KONG LIMITED



## Results

(Unit: Millions of yen)

	FY2013 (results)				FY2014			
	Q1 (results)	Q2 (results)	Q3 (results)	Q4 (results)	Q1 (results)	Q2 (results)	Q3 (forecast)	Q4 (forecast)
Sales	3	18	55	91	84	162	246	325
compared to forecast(%)	188.8%	228.1%	183.6%	216.8%	187.7%	135.6%	-	-
compared to previous term(%)	-	-	-	-	2269.9%	942.3%	447.2%	357.1%
Gross profit	2	10	33	52	49	119	167	218
compared to forecast(%)	170.7%	212.8%	179.7%	200.0%	168.9%	167.7%	-	-
compared to previous term(%)	-	-	-	-	2538.5%	1164.2%	506.0	419.2%
Operating profit	▲4	▲6	▲0	▲4	19	43	44	44
compared to forecast(%)	-	-	-	-	-	-	-	-
compared to previous term(%)	-	-	-	-	-	-	-	-
Recurring profit	▲4	▲6	▲0	▲4	19	43	43	44
compared to forecast(%)	-	-	-	-	-	-	-	-
compared to previous term(%)	-	-	-	-	-	-	-	-
Net income for term	▲4	▲6	▲0	▲4	19	43	36	37
compared to forecast(%)	-	-	-	-	-	-	-	-
compared to previous term(%)	-	-	-	-	-	-	-	-

## Store interior appearance



## Company Profile

- **C o m p a n y n a m e** Village Vanguard (Taiwan) Limited
- **S h a r e h o l d e r s** Village Vanguard Corporation 100%
- **B u s i n e s s** Retail business selling books, SPICE (variety goods) , new media (CDs, DVDs) presented in fusion display style
- **H e a d o f f i c e** B2, No. 789, Zhonghua 5th Rd, Cianjhen District, Kaohsiung,Taiwan 806
- **P r e s i d e n t** Atsunori Shirakawa
- **E s t a b l i s h e d** May 2012
- **C a p i t a l** 25,000,000TWD (approx. 70 million yen)
- **S t o r e s** 1 (directly managed)
- **E m p l o y e e s** 1 full-time, 6 part-time



Store manager XXXX Tata (left)  
and  
manager XXXX Tateyama (right)

## Results

(Unit: Millions of yen)

	FY2012 ending May 31 (results)				FY2014 ending May 31 (results and forecast)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	2	8	16	23	5	16	25	31
Compared to forecast (%)	▲1	▲0	▲3	▲7	▲1	+0	-	-
Compared to previous term (%)	-	-	-	-	+3	+8	+9	+8
Gross profit	0	▲2	0	2	2	2	6	8
Compared to forecast (%)	▲0	▲0	▲2	▲4	▲0	▲3	-	-
Compared to previous term (%)	-	-	-	-	+1	+4	+5	+6
Operating profit	▲10	▲20	▲28	▲35	▲3	▲9	▲12	▲15
Compared to forecast (%)	▲0	▲5	▲5	▲9	▲0	▲1	-	-
Compared to previous term (%)	-	-	-	-	+6	+10	+16	+20
Recurring profit	▲10	▲20	▲28	▲35	▲3	▲9	▲12	▲15
Compared to forecast (%)	▲0	▲5	▲5	▲9	▲0	▲1	-	-
Compared to previous term (%)	-	-	-	-	+6	+10	+16	+20
Net income for term	▲10	▲20	▲28	▲35	▲3	▲18	▲12	▲15
Compared to forecast (%)	▲0	▲5	▲5	▲9	▲0	▲1	-	-
Compared to previous term (%)	-	-	-	-	+6	+10	+16	+20

## Store interior appearance



## Store openings





