

Fashion



## Performance Briefing for the Fiscal Year Ended March 31, 2018

Bridal



May 25, 2018

AOKI Holdings Inc.

Entertainment



ANNIVERSAIRE



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# **AOKI Group's Business Portfolio Management**

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# Business Portfolio Comprised of Three Segments

## Fashion Business

### "Pleasure of dressing well"

The AOKI Group's founding business. Suits are the key item in this business, but we also provide casual wear and women's wear to enrich the fashion lives of our customers both at work and outside of work.

### AOKI

Chain of primarily roadside stores, although we have also recently begun to focus on opening stores in central Tokyo, shopping centers and malls. Features carefully planned products and stylists with highly-specialized knowledge that offer total coordination to customers.



### ORIHICA

Chain of stores primarily in shopping centers. Offer new "business" and "business-to-casual" styles targeting men and women in their 20s to 40s.



### Size MAX

Specializes in plus-size men's and women's apparel between sizes 2L and 8L with a selection that includes suits and formal and casual fashions.



## Anniversaire and Bridal Business

### Choreographing special events where customers are in the spotlight

Choreographs weddings –and "guesthouse" weddings in particular– to ensure customers shine on the most important day of their lives.

### ANNIVERSAIRE OMOTESANDO



Completed in 1998 based on the concept of "anniversary." Located in the center of the Omotesando district and has a chapel, space for parties, and a Paris-style café. Well-known for hosting the weddings of the famous, has become one of the top brands for weddings.

### ANNIVERSAIRE



Guesthouse wedding facility with a European style chapel and garden filled with flowers and greenery. The Group operates 14 such facilities nationwide. These facilities are our answer to customers who want a unique wedding that reflects their individuality. In February 2014, flagship MINATO MIRAI YOKOHAMA was opened.

## Entertainment Business

### Offering entertainment and relaxation

Provides customers opportunities for rest, relaxation and entertainment in a variety of welcoming environments. Café complex "KAIKATSU CLUB" boasts top sales in industry.

### Karaoke Facility: COTE D'AZUR



Karaoke party space, modeled after the luxury resort area COTE D'AZUR in south France, that provides a refreshing and relaxing atmosphere filled with song and conversation. It offers pleasurable moments for people's everyday lives.

### Café Complex: KAIKATSU CLUB



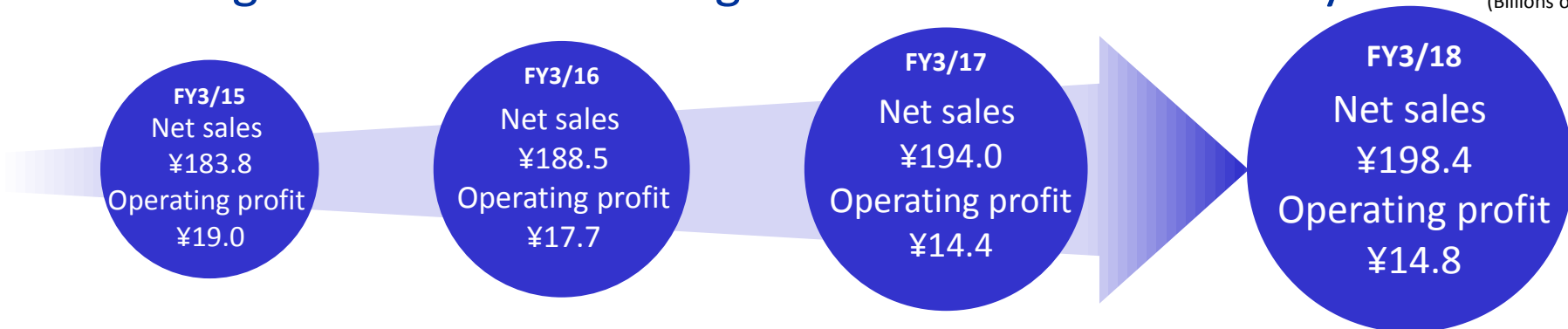
Café complex, modeled after the island of Bali, that provides a relaxing and rejuvenating environment for those who want to quietly rest or those who just want a change of pace. Recently, sections exclusively for women are expanded.

# FY3/18 Financial Highlights

Successful initiatives to revitalize existing stores in all businesses for sustained growth and higher earnings of the AOKI Group  
(Includes store closings to improve efficiency)

Higher sales and earnings for the first time in four years

(Billions of yen)



## Fashion Business

Higher sales and earnings for the first time in 4 years



- Strong “freshers” apparel sales to college students
- Sales of women’s apparel remain strong
- Lower expenses due to major remodeling projects in FY3/17 and a reduction in SG&A expenses resulting from the control of various expenses

## Anniversaire and Bridal Business

Higher sales and earnings for the first time in 3 years



- Number of couples married increased because of marketing activities that emphasized the strengths and central concept of wedding and reception facilities

## Entertainment Business

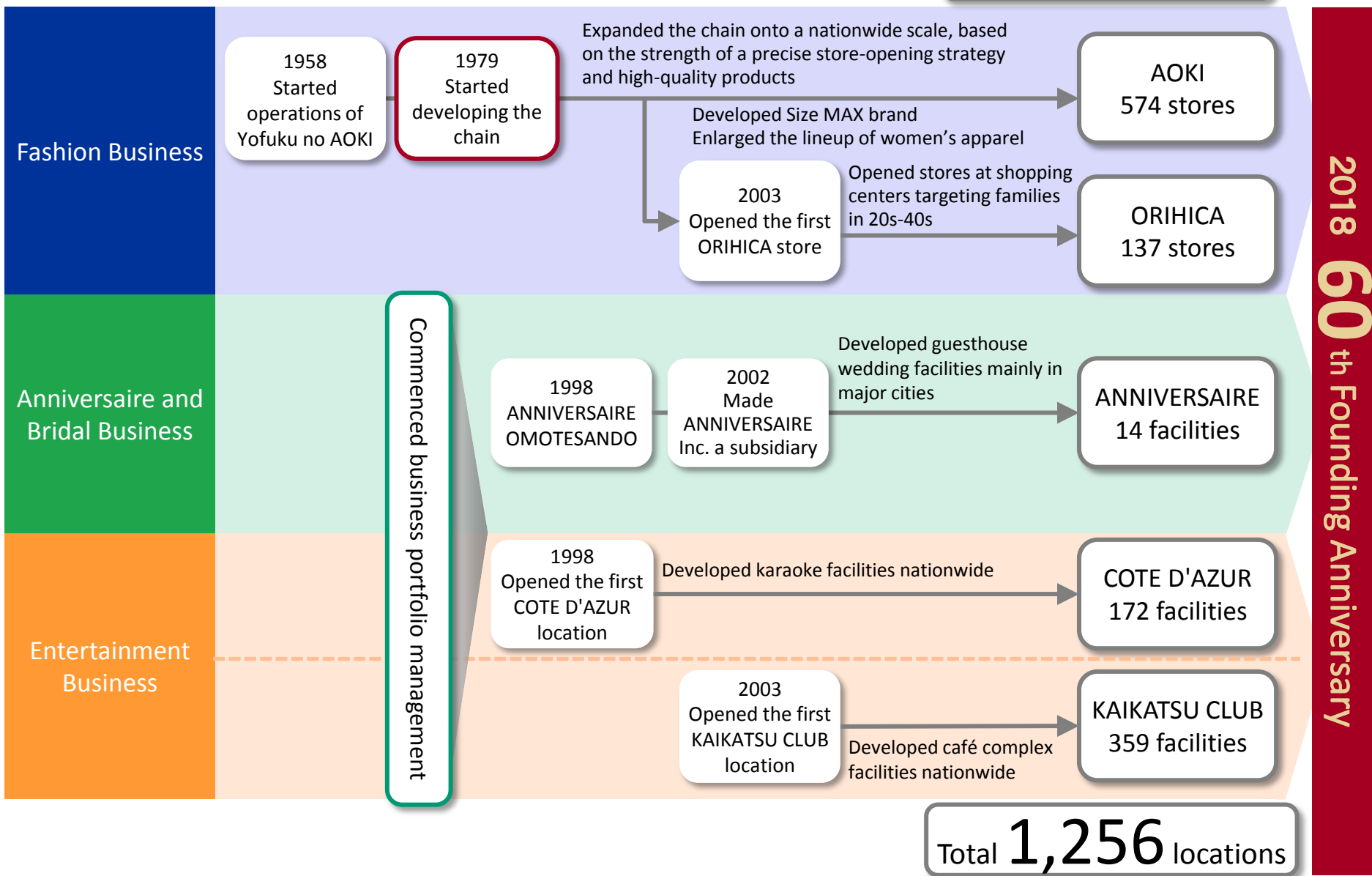
Higher sales and earnings



- Sales higher because of new stores and the first full-year contribution of the 52 Café Complex Business locations opened during FY3/17
- Increase in existing-store sales at the Café Complex Business

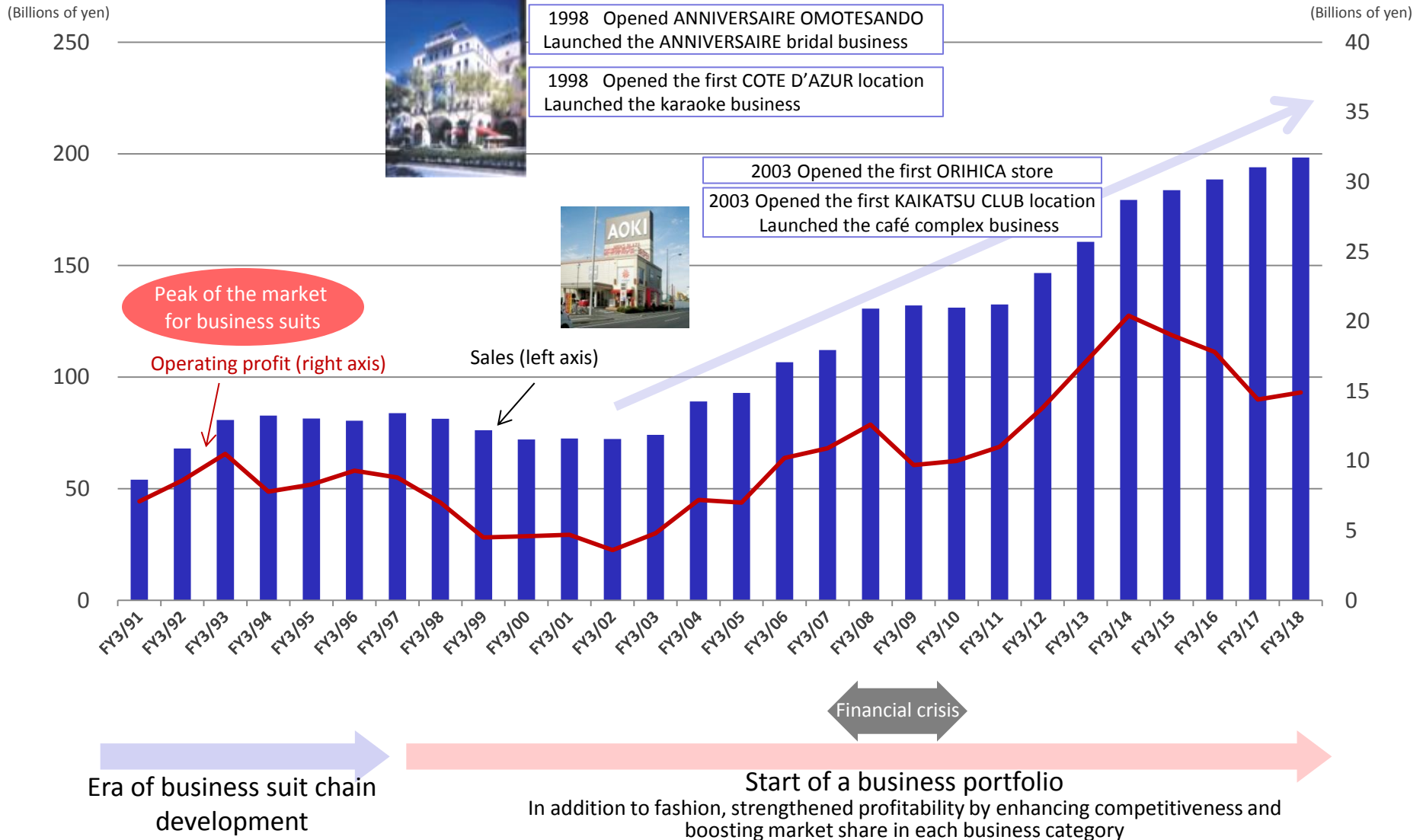
# 2018 – The 60th Anniversary of the AOKI Group

As of the end of March 2018

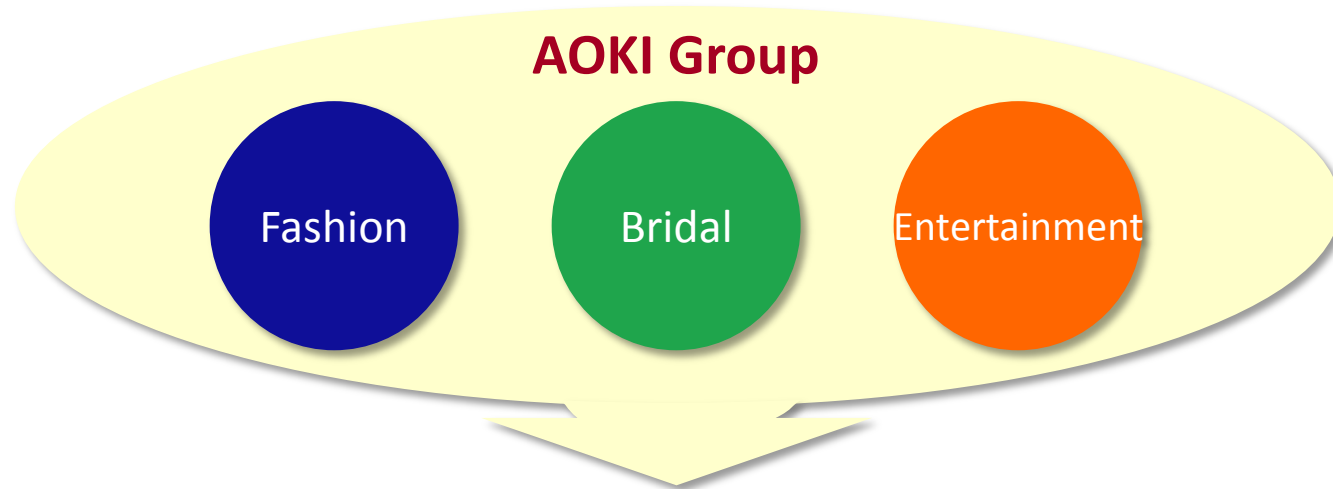


# Business Performance of the AOKI Group

Sales and earnings remained on a growth path, despite the shrinking market for business suits



# The Business Portfolio Strategy of the AOKI Group



## Two value chains linking diversified businesses

### 1 "Hard" value chain → Business skills leveraging chain store theory

1. Data and know-how regarding chain store development
2. Formulation of store formats to maximize efficiency at each location
3. Planning of detailed investment recovery schedules and standards for business withdrawal
4. Identify struggling stores and take necessary actions

### 2 "Soft" value chain → Customer satisfaction and human resources training

1. A thorough focus on providing quality products and services to satisfy and inspire customers
2. A training program that gives people the tools to maximize customer satisfaction
3. A workforce of people who have acquired skills in different business activities and highly trained professionals in various specialties



# Business Strategies for Growth

## AOKI Group

### Adapting to Evolving Markets (Opportunities in New Markets)

- ◆ Use of digital technologies and devices
- ◆ Diversification of needs of individual customers
- ◆ More working women
- ◆ Need for products and services that match today's consumer needs and preferences
- ◆ Demand from foreign tourists in Japan

### Improving Operating Efficiency

- ◆ Close unprofitable stores
- ◆ Increase efficiency by converting stores into a different format

### Customer Databases in All Businesses

- ◆ Make the best use of customer databases
- ◆ Create frameworks for each business to send customers to other group businesses

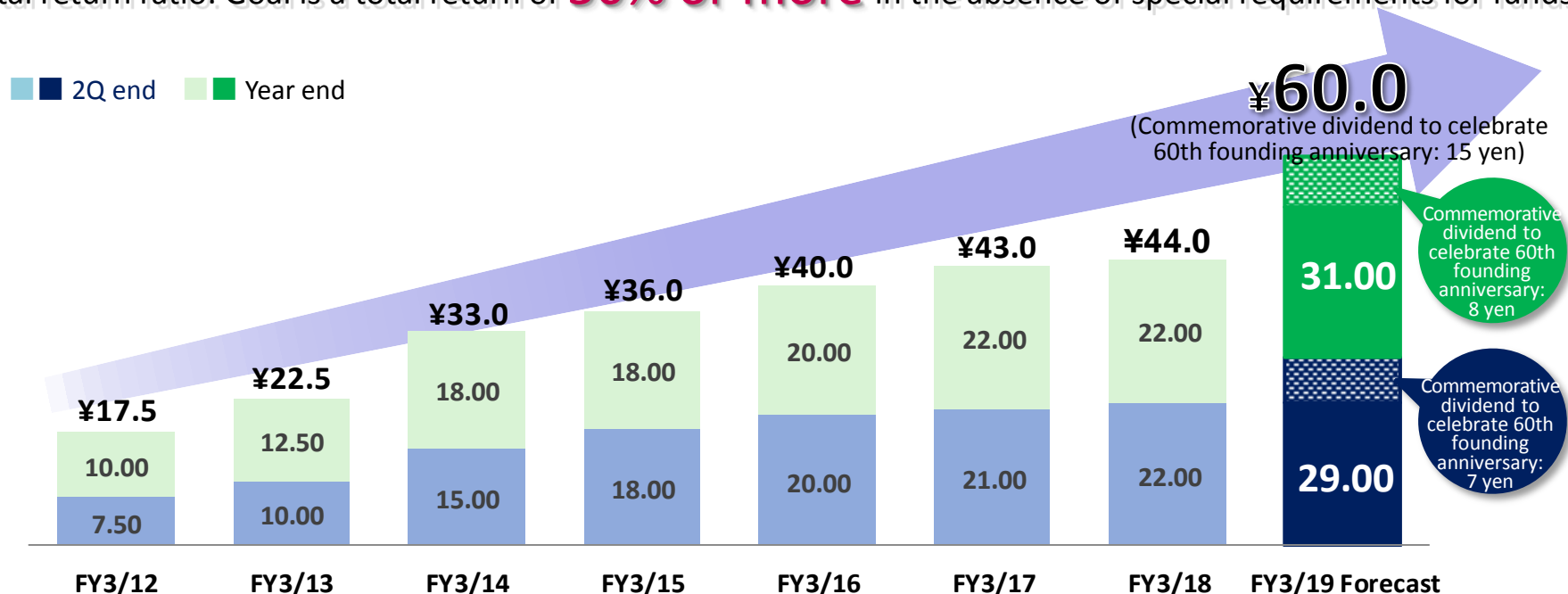
*Fewer store openings in FY3/19 to allow concentrating resources on improving the performance of existing locations in all businesses*

**Reflect changes in markets and aim for higher efficiency**

# Shareholder Returns: Basic Policy, Dividend Forecast and Stock Repurchases

Dividend policy: Maintain a dividend payout ratio of **30% or more** while paying a dividend at least as high as in the previous year

Total return ratio: Goal is a total return of **50% or more** in the absence of special requirements for funds



\*Dividends up to and including the FY3/14 interim dividend have been adjusted for the 2-for-1 stock split on January 1, 2014.

## Stock repurchase (600,000 shares)

Acquisition period: Feb. 13 - Dec. 29, 2017  
 Total number of shares acquired: 600,000 shares  
 Total value of shares acquired: ¥847 million

## Jan. 31, 2018: Resolution for stock repurchase

Acquisition period: Feb. 13 - Dec. 28, 2018 (planned)  
 Total number of shares to be acquired: Up to 1 million shares  
 Total value of shares to be acquired: Up to ¥2.0 billion

# **FY3/18 Review of Operations**

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# Consolidated Profit and Loss

(Millions of yen)

Account/Period	FY3/17	FY3/18	Change	YoY %	Major Components
Sales	194,046	198,417	4,371	102.3	Contributions from new stores and locations opened during FY3/17
Gross profit Gross profit margin	86,315 44.5%	86,864 43.8%	548 -0.7pt	100.6	Gross profit margin remains flat in the Fashion Business
Selling, general and administrative expenses	71,868	72,000	131	100.2	Decrease in store-remodeling expenses, etc. in the Fashion Business
Operating profit Operating margin	14,447 7.4%	14,864 7.5%	417 +0.1pt	102.9	Contributions mainly from the Fashion Business
Non-operating profit	1,070	908	-161	84.9	
Non-operating expenses	1,621	1,769	147	109.1	
Ordinary profit	13,895	14,003	108	100.8	
Extraordinary gains	545	20	-525	3.7	Gain on sale of investment securities in FY3/17
Extraordinary losses	2,937	2,117	-819	72.1	Mainly impairment losses
Profit attributable to owners of parent	7,355	7,377	22	100.3	

◆ Depreciation: ¥8,459 million (including lease assets of ¥1,786 million)

◆ YoY existing-store sales: -0.8% for Fashion, -0.6% for Karaoke, +0.6% for Café Complex

# Sales and Operating Profit by Business Segment

## Sales by business segment

(Millions of yen)

Business Segment	FY3/17	FY3/18	Change	YoY %	Major Components
<b>Total</b>	194,046	198,417	4,371	102.3	
Fashion	118,264	118,455	190	100.2	Contributions from new stores
Anniversaire and Bridal	26,860	27,173	312	101.2	Increase in the number of couples married
Entertainment (Total)	48,940	52,821	3,880	107.9	
(of which) Karaoke	18,676	18,691	15	100.1	
(of which) Café Complex	30,264	34,129	3,864	112.8	Contributions from new stores and locations opened during FY3/17

## Operating profit by business segment

(Millions of yen)

Business Segment	FY3/17	FY3/18	Change	YoY %	Major Components
<b>Total</b>	14,447	14,864	417	102.9	
Fashion	8,167	8,526	359	104.4	Decline in SG&A expenses
Anniversaire and Bridal	2,760	2,809	48	101.7	Increase in the number of couples married
Entertainment (Total)	2,781	2,837	55	102.0	
(of which) Karaoke	887	765	-122	86.2	Lower sales at existing facilities and higher cost of sales
(of which) Café Complex	1,893	2,071	178	109.4	Double-digit growth due to locations opened during FY3/17
Inter-segment transactions	737	691	-46	93.7	

# Major Changes in Consolidated Balance Sheet

(Millions of yen)

Account/Period	FY3/17	FY3/18	Change	Major Components
Current assets	74,963	80,325	5,362	
Cash in hand and in banks	28,608	32,175	3,567	Decreases in acquisition of tangible fixed assets and income tax payments
Inventories	26,905	26,007	-897	Decrease in the Fashion Business
Fixed assets	159,718	158,742	-975	
Tangible fixed assets	111,686	111,669	-17	
Intangible fixed assets	6,301	5,796	-504	Decreased due to amortization and other factors
Investments and other assets	41,730	41,276	-453	Decreased due to return of leasehold deposits and other factors
Total assets	234,681	239,068	4,387	
Current liabilities	39,197	40,750	1,552	
Accounts payable-trade	19,159	19,812	652	Higher procurement
Current portion of long-term debt	4,150	2,650	-1,500	Decreased due to repayments and other factors
Long-term liabilities	51,577	51,789	212	
Long-term debt	37,125	36,475	-650	Decreased due to repayments and other factors
Total liabilities	90,774	92,539	1,765	
Common stock	23,282	23,282	-	
Capital surplus	27,833	27,833	0	
Retained earnings	96,753	100,299	3,546	Profit and dividend from surplus
Treasury stock	-4,325	-5,376	-1,051	Repurchase of stock
Total accumulated other comprehensive income	274	401	126	
Stock acquisition rights	87	87	-	
Total net assets	143,906	146,528	2,622	
Total liabilities and net assets	234,681	239,068	4,387	

# Consolidated Statement of Cash Flows

(Millions of yen)

Account/Period	FY3/17	FY3/18	Change	Major Components
Cash flows from operating activities	18,628	21,703	3,074	Increase in profit before income taxes Decrease in income taxes paid
Cash flows from investing activities	-10,582	-8,855	1,726	Decrease in acquisition of tangible fixed assets related to new store openings and major remodeling
Cash flows from financing activities	-6,998	-9,280	-2,282	Decrease in long-term debt of ¥3.0 billion
Change in cash and cash equivalents	1,047	3,567	2,519	
Beginning balance	27,560	28,608	1,047	
Ending balance	28,608	32,175	3,567	

# Number of Stores Opened/Closed

(Number of stores)

Business Segment	Stores/Facilities	FY3/17			FY3/18		
		Number of Stores	Opened	Closed	Number of Stores	Opened	Closed
Fashion	AOKI	573	14	8	574	14	13
	ORIHICA	145	5	4	137	6	14
Anniversaire and Bridal	ANNIVERSAIRE	14	-	-	14	-	-
Karaoke	COTE D'AZUR	185	9	7	172	6	19
Café Complex	KAIKATSU CLUB, other*	346	52	1	359	22	9
<b>Total</b>		<b>1,263</b>	<b>80</b>	<b>20</b>	<b>1,256</b>	<b>48</b>	<b>55</b>
<b>Capital Expenditures (Millions of yen)</b>		<b>14,994</b>			<b>9,344</b>		

\* Includes KAIKATSU FITNESS CLUB

(Millions of yen)

Capital Expenditures	FY3/17	FY3/18
Fashion	6,289	2,202
Anniversaire and Bridal	300	359
Karaoke	1,917	1,780
Café Complex	5,935	3,826
<b>Consolidated Total</b>	<b>14,994</b>	<b>9,344</b>



# **FY3/19 Earnings Forecast**

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# Consolidated Forecast

(Millions of yen)

Account/Period	FY3/18	FY3/19 (Forecast)	Change	YoY %	Major Components
Sales	198,417	199,100	682	100.3	Increase in existing-store sales
Gross profit Gross profit margin	86,864 43.8%	87,530 44.0%	665 +0.2pt	100.8	Increase in gross profit margin by 0.3pt in the Fashion Business
Selling, general and administrative expenses	72,000	72,530	529	100.7	Increase in advertising expenses and depreciation
Operating profit Operating margin	14,864 7.5%	15,000 7.5%	135 ±0pt	100.9	
Non-operating profit	908	900	-8	99.0	
Non-operating expenses	1,769	2,150	380	121.5	
Ordinary profit	14,003	13,750	-253	98.2	
Extraordinary gains	20	-	-20	-	
Extraordinary losses	2,117	1,700	-417	80.3	Mainly impairment losses
Profit attributable to owners of parent	7,377	7,400	22	100.3	

## Assumptions

- ◆ Depreciation: ¥8,800 million (including lease assets of ¥1,800 million)
- ◆ YoY existing-store sales: +1.3% for Fashion, +0.8% for Karaoke, +0.8% for Café Complex

# Forecast for Sales and Operating Profit by Business Segment

## Sales by business segment

(Millions of yen)

Business Segment	FY3/18	FY3/19 (Forecast)	Change	YoY %
Total	198,417	199,100	682	100.3
Fashion	118,455	119,150	694	100.6
Anniversaire and Bridal	27,173	27,200	26	100.1
Entertainment (Total)	52,821	52,800	-21	100.0
(of which) Karaoke	18,691	17,760	-931	95.0
(of which) Café Complex	34,129	35,040	910	102.7

## Operating profit by business segment

(Millions of yen)

Business Segment	FY3/18	FY3/19 (Forecast)	Change	YoY %
Total	14,864	15,000	135	100.9
Fashion	8,526	8,950	423	105.0
Anniversaire and Bridal	2,809	2,600	-209	92.6
Entertainment (Total)	2,837	2,850	12	100.5
(of which) Karaoke	765	770	4	100.6
(of which) Café Complex	2,071	2,080	8	100.4
Inter-segment transactions	691	600	-91	86.7

# Outlook for Store Openings/Closings

(Number of stores)

Business Segment	Stores/Facilities	FY3/18			FY3/19 (Forecast)		
		Number of Stores	Opened	Closed	Number of Stores	To be Opened	To be Closed
Fashion	AOKI	574	14	13	575	2	1
	ORIHICA	137	6	14	138	3	2
Anniversaire and Bridal	ANNIVERSAIRE	14	-	-	13	-	1
Karaoke	COTE D'AZUR	172	6	19	165	-	7
Café Complex	KAIKATSU CLUB, other*	359	22	9	364	6	1
Total		1,256	48	55	1,255	11	12
Capital Expenditures (Millions of yen)		9,344			8,700		

\* Includes KAIKATSU FITNESS CLUB

(Millions of yen)

Capital Expenditures	FY3/18	FY3/19 (Forecast)
Fashion	2,202	2,150
Anniversaire and Bridal	359	430
Karaoke	1,780	483
Café Complex	3,826	3,335
Consolidated Total	9,344	8,700

**Fashion Business**

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**FY3/18 Performance and FY3/19 Forecast**

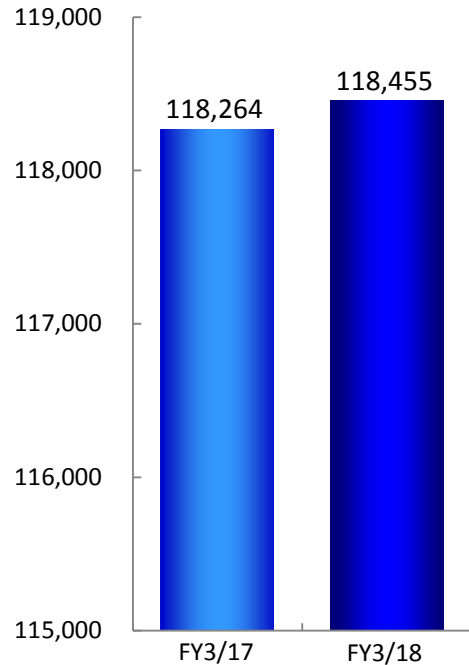
## Fashion Business: FY3/18 Review of Operations

# Higher sales and earnings for the first time in 4 years due to contributions from new stores and lower SG&A expenses

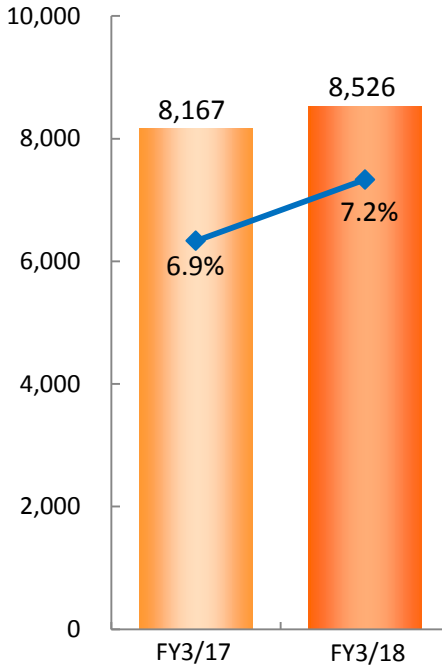
### Sales

### Operating profit/ Operating margin

(Millions of yen)



(Millions of yen)



■ Sales up 0.2% YoY

■ Operating profit up 4.4% YoY

◆ New store openings: 20

◆ Strong sales during the “freshers” selling season and increase in women’s apparel sales

◆ Gross profit margin maintained year ago level

◆ SG&A expenses down 0.3% YoY

● Decrease in the cost of major remodeling projects at AOKI stores in FY3/17

(Millions of yen)

	FY3/18		
		YoY %	% to sales
Sales	118,455	100.2	100.0
Gross profit	70,878	100.3	59.8
SG&A expenses	62,351	99.7	52.6
Operating profit	8,526	104.4	7.2



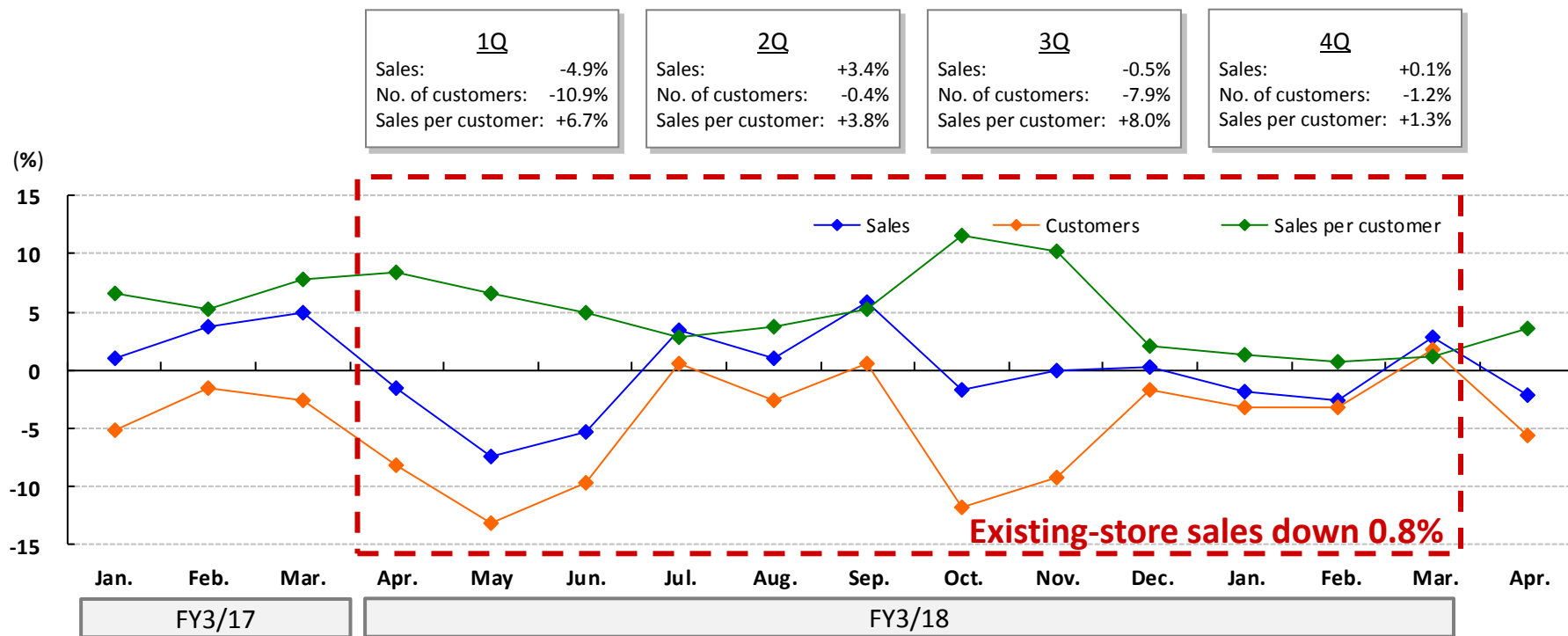
“Freshers” apparel for women



“Freshers” apparel

# Customer traffic decreased following the contribution of renovation sales in FY3/17, but sales per customer increased

Monthly performance vs. prior fiscal year



	Apr. 2017	May 2017	Jun. 2017	Jul. 2017	Aug. 2017	Sep. 2017	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	Mar. 2018	Full year	Apr. 2018
Existing-store sales (%)	-1.6	-7.5	-5.4	3.4	1.0	5.8	-1.7	0.0	0.2	-1.9	-2.6	2.8	-0.8	-2.2
No. of customers (%)	-9.2	-13.2	-9.8	0.5	-2.6	0.5	-11.9	-9.3	-1.7	-3.2	-3.3	1.7	-5.7	-5.6
Sales per customer (%)	8.4	6.6	4.9	2.8	3.7	5.3	11.6	10.2	2.0	1.3	0.7	1.1	5.2	3.6
Deviation from average temperature (°C) (Tokyo)	+0.8	+1.8	+0.6	+2.3	0.0	0.0	-0.7	-0.2	-1.0	-0.5	-0.3	+2.8	-	+3.1

# Initiatives to revitalize existing stores improved profitability

## Initiatives

## Results

Merchandise

- Light and flexible Rakudo Suits and Rakudo Coats
- Larger lineup of apparel for women  
Age 20-39: The Hatarakufuku Series  
ORIHICA: THE 3rd SUITS brand apparel
- ORIHICA: Strengthened the lineup of formal wear

- Strong sales of Rakudo Suits for coming of age ceremonies (age 20) and in the “freshers” market
- Apparel for women: Sales up about 4.5% YoY  
(Women’s apparel increased from 17.4% to 18.1% of total sales)
- Formal wear: Sales up about 30% YoY

Store operations

- Opened stores and closed unprofitable stores
- Renovated about 100 stores
- Expanded the selection of large size (Size MAX) apparel

- AOKI      Opened 14 stores and closed 13 stores  
ORIHICA    Opened 6 stores and closed 14 stores
- Renovation expenses decreased because of a focus on projects with the greatest expected benefits
- Now operating 81 Size MAX stores  
(including 5 stand-alone Size MAX stores)  
(+23 stores YoY)



# Invigorate existing stores and rebuild the profit structure

## Merchandise

- Cool Biz apparel
  - AOKI: Truly Washable Suits, Rakudo Series, No-Iron Shirts, High-spec Dry Cool Pants, etc.
  - ORIHICA: Washable Suits, No-Iron Shirts Series, Spot Fit business shoes, etc.
- Continue to develop functional apparel
  - With university and business partners, developed a Slacks Robot that automatically measures the pressure of slacks on the body
- Strengthen new ideas for business-to-casual styles
  - AOKI: Larger volume of Set-up Jackets and Pants variations
  - ORIHICA: Larger selection of jackets/pants/suits for three variations of wearing one set of apparel
- Women's apparel
  - AOKI: Spring and summer fashions for the Hatarakufuku Series
  - ORIHICA: Washable Stretch Set-up Suits



Rakudo Series



Slacks Robot



1. Business suit 2. Different pants 3. Business-to-casual style

ORIHICA three-way jackets/pants/suits



Hatarakufuku Series

# Invigorate existing stores and rebuild the profit structure

## Store operations

- Opening new stores in carefully selected locations
  - AOKI: 2 stores
  - ORIHICA: 3 stores
- Continue remodeling to make stores more appealing (about 90 stores)
  - AOKI: Major renovation of women's apparel sales area (Shibuya Miyamasuzaka Store)
- Expand the selection of large size (Size MAX) apparel

## Actions to match the needs and preferences of today's customers

- NECSAS
  - More efficient accounting procedures and higher customer satisfaction
- Increase e-commerce sales
  - Make the AOKI e-commerce site easier to use
  - Offer a larger selection of merchandise
- Start "suitsbox" suit delivery subscription service



suitsbox



ORIHICA JOINUS TERRACE Futamatagawa Store  
(Opened in April 2018)

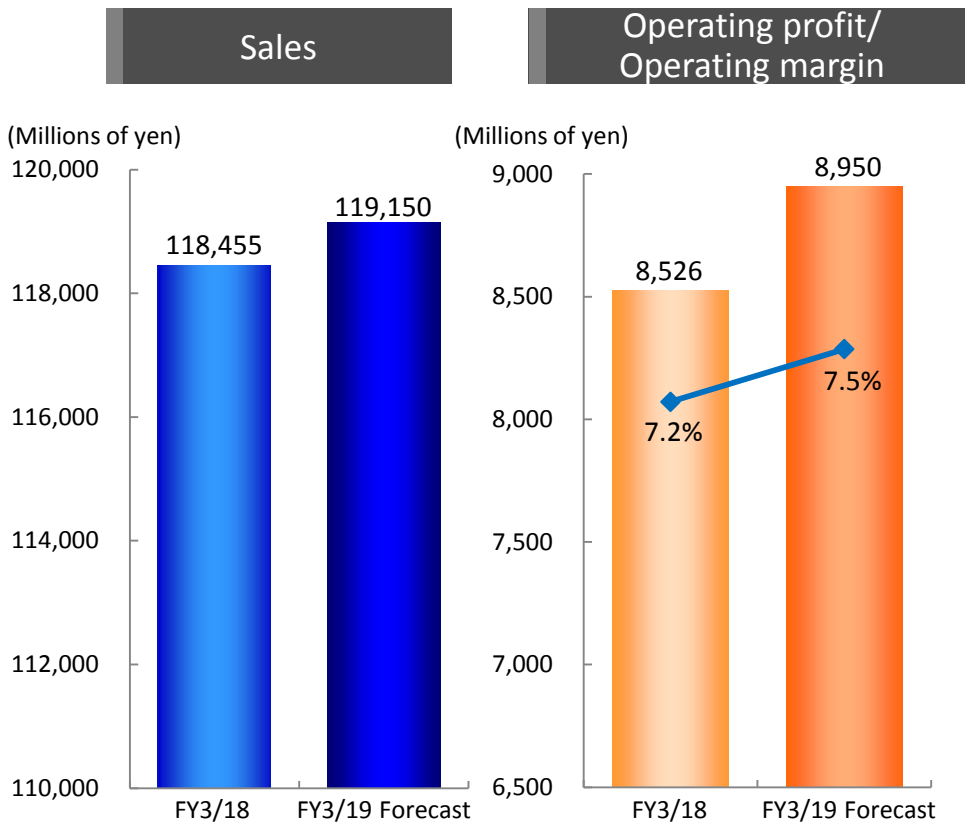


External image of Shibuya Miyamasuzaka Store



Interior image of Shibuya Miyamasuzaka Store

# Forecast higher sales and earnings growth backed by existing store invigoration



- Sales up 0.6% YoY
- Operating profit up 5.0% YoY

◆ New store openings: 5

◆ Change in existing-store sales (forecast)

	1Q	2Q	3Q	4Q	Full year
	0.5%	1.6%	1.0%	1.9%	1.3%

◆ Gross profit margin: 60.1% (up 0.3pt YoY)

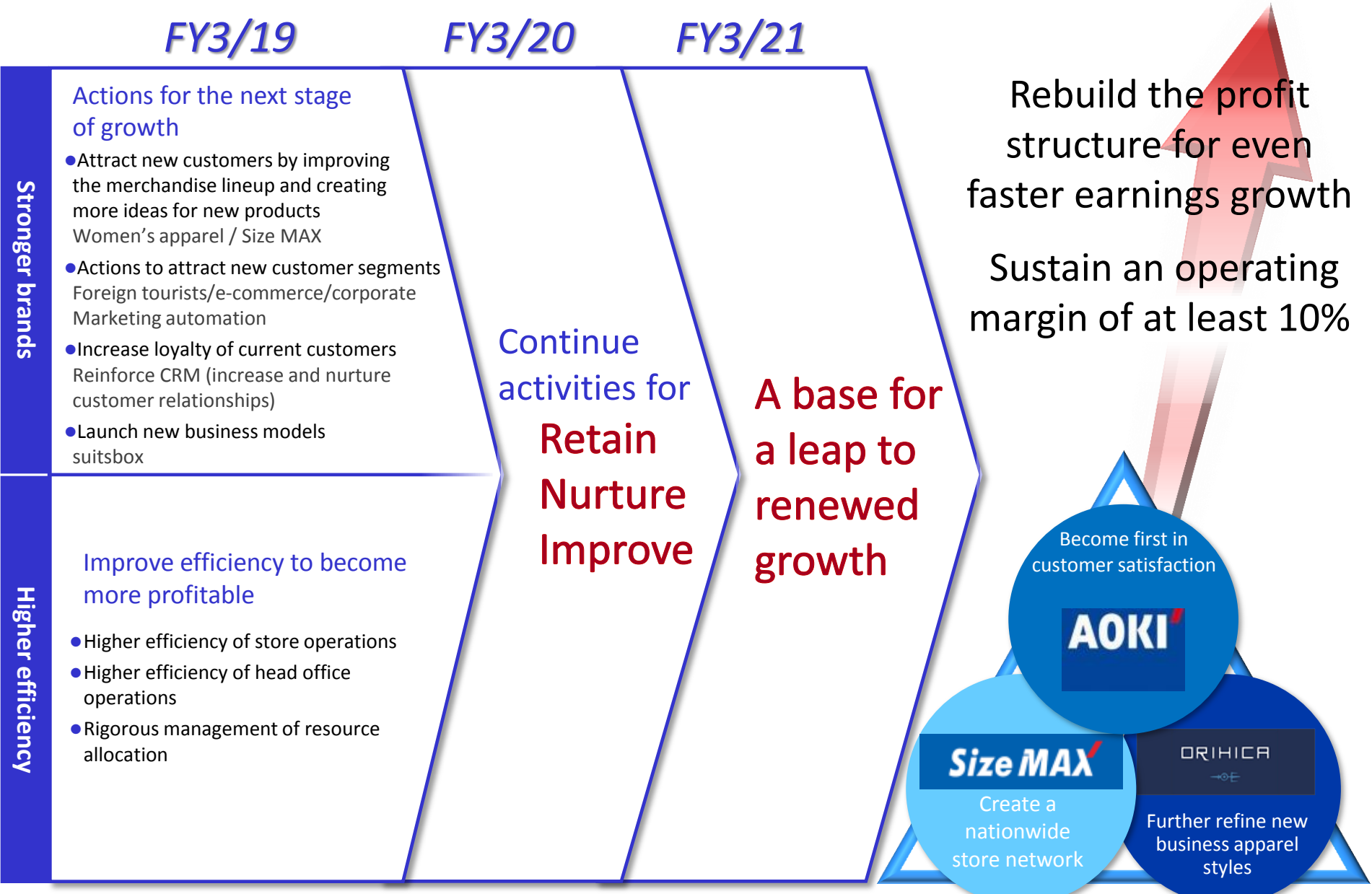
◆ SG&A expenses up 0.4% YoY

- Higher personnel expenses as the full-time workforce increases
- Higher advertising expenses for strengthening the point program and e-commerce
- Higher depreciation resulting from store renovations

(Millions of yen)

	FY3/19 Forecast		
		YoY %	% to sales
Sales	119,150	100.6	100.0
Gross profit	71,580	101.0	60.1
SG&A expenses	62,630	100.4	52.6
Operating profit	8,950	105.0	7.5

# Building on 60 years of traditions to create more innovations



**Anniversaire and Bridal Business**

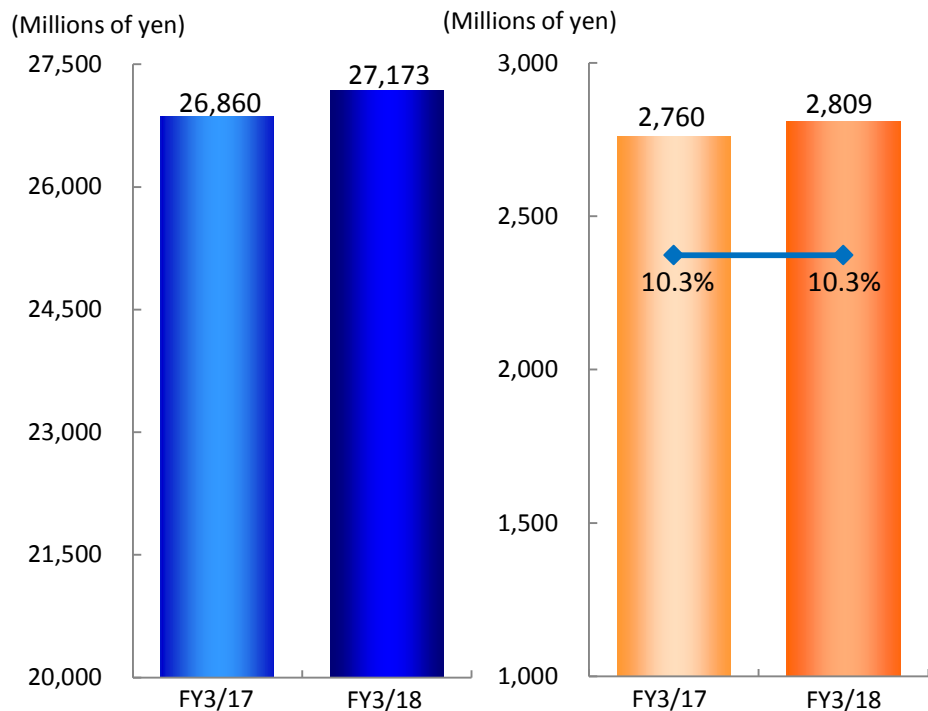
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**FY3/18 Performance and FY3/19 Forecast**

# Sales and earnings increased as number of couples married increased

## Sales

## Operating profit/ Operating margin



■ Sales up 1.2% YoY

■ Operating profit up 1.7% YoY

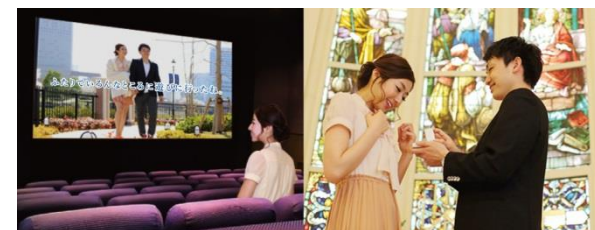
	FY3/17	FY3/18	Change	YoY
No. of couples married	6,016	6,088	+72	101.2%
Capacity utilization ratio	62.3%	63.6%	+1.3pt	-
Average sales per couple (thousands of yen)	4,412	4,413	±0	100.0%
Average no. of guests	73.5	72.5	-1.0	98.6%

### ◆ Factors of increase in the number of couples married

- Marketing initiatives using social networking services
- Fairs, special events and other activities increased the number of preliminary visits by people looking for a place for a wedding
- Strengthened promotions for Proposal Plan
- Remodeling of facilities in MINATO MIRAI YOKOHAMA

### ◆ Implemented cost controls by taking steps to operate more efficiently

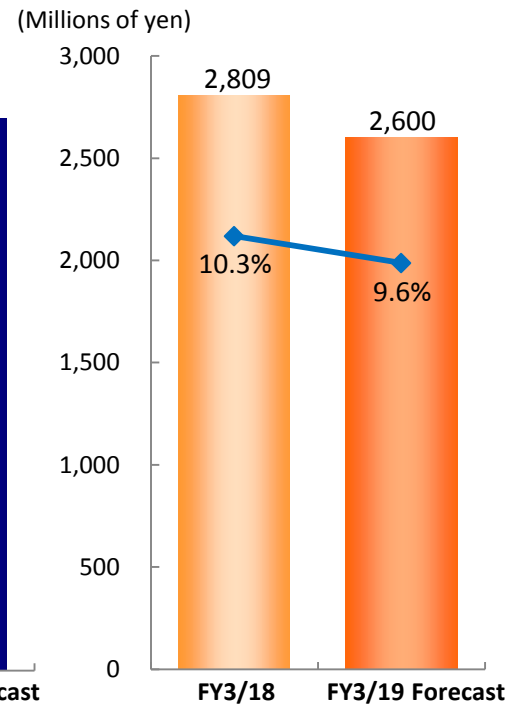
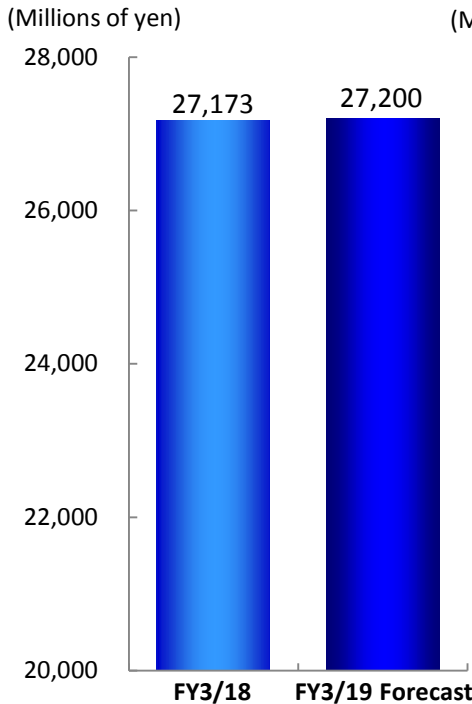
	FY3/18		
		YoY %	% to sales
Sales	27,173	101.2	100.0
Gross profit	7,876	105.1	29.0
SG&A expenses	5,067	107.1	18.6
Operating profit	2,809	101.7	10.3



Proposal Plan

# Anniversaire and Bridal Business: FY3/19 Forecast

## Forecast sales growth due to higher average sales per couple but lower earnings due to an increase in SG&A expenses



■ Sales up 0.1% YoY

■ Operating profit down 7.4% YoY

	FY3/18	FY3/19 Forecast	YoY change
No. of couples married/ planned for marrying	6,088	6,021	-67
Average sales per couple (thousands of yen)	4,413	4,460	+48

- ◆ Actions to translate preliminary visits into firm wedding orders
  - Optimize Internet and publication use and increase SNS use
  - Participate in bridal shows and other exhibitions to raise brand awareness
  - Renovations to upgrade existing locations
- ◆ Initiatives to increase average sales per couple
  - Revisions to the grand menu
  - More emphasis on sales of peripheral products and services (jewelry, wedding insurance, etc.)
- ◆ Actions to earn profits
  - Raise operating efficiency through operation improvements
  - Negotiations for cost cutting
- ◆ Close one location based on a thorough examination of market trends

(Millions of yen)

	FY3/19 Forecast		
		YoY %	% to sales
Sales	27,200	100.1	100.0
Gross profit	7,940	100.8	29.2
SG&A expenses	5,340	105.4	19.6
Operating profit	2,600	92.6	9.6

# Rebuild the profit structure and achieve consistent growth

FY3/15

FY3/16 - FY3/17

FY3/18

FY3/19-

## Record-high sales and operating profit

due to Feb. '14 opening of ANNIVERSAIRE MINATO MIRAI YOKOHAMA

Earnings down as the number of couples married declined because of business climate changes, diversifying wedding formats and other reasons

Earnings up for the first time in three years as the number of couples married increased

- Upgrade existing locations, open/close locations based on a close examination of market trends, recruit and train people, more renovations
- Increase SNS use, use digital technologies to attract customers and further improve the ANNIVERSAIRE brand image
- More emphasis on sales of peripheral products and services (jewelry, wedding insurance, etc.)
- Aim for growth of new activities (jewelry, photos, etc.) primarily involving anniversaries
- Continue to implement cost control measures



A renovated wedding reception room



Instagram follow-up campaign

Stable operating margin

**10%-12%**

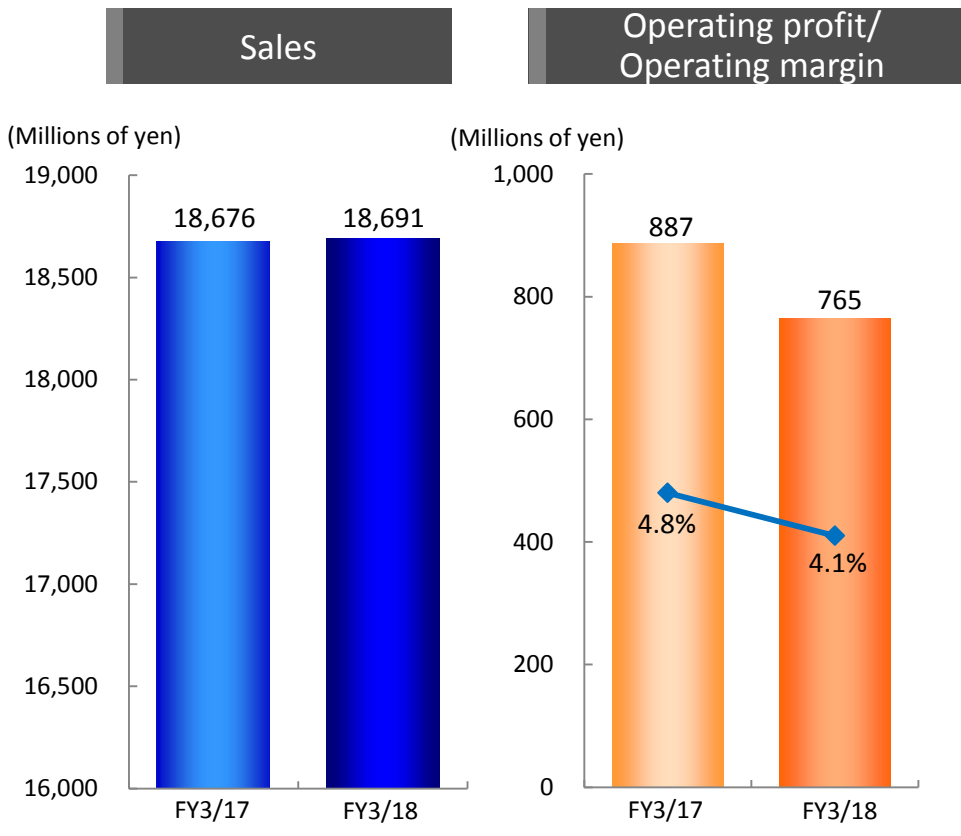


# **Entertainment Business**

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## **FY3/18 Performance and FY3/19 Forecast**

Earnings decreased due to higher cost of sales caused by higher personnel and other expenses



- Sales up 0.1% YoY
- Operating profit down 13.8% YoY
- ◆ Gross profit margin: -0.7pt YoY
  - Higher store personnel expenses due to higher wages and other reasons
  - The higher number of store closings
- ◆ New store openings and stores closed to improve operating efficiency

	First half	Second half	Full year
Opened	4	2	6
Closed	6	13	19

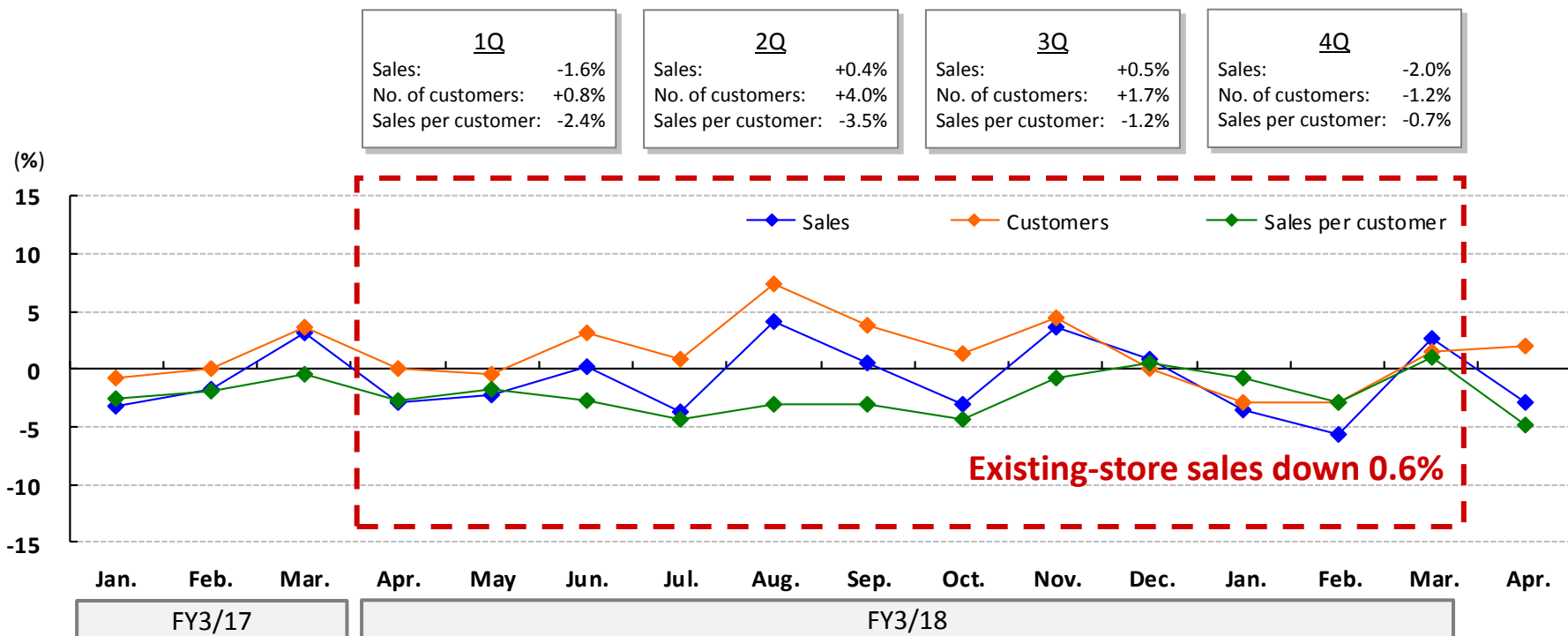
(Millions of yen)

	FY3/18		
		YoY %	% to sales
Sales	18,691	100.1	100.0
Gross profit	2,708	95.6	14.5
SG&A expenses	1,943	99.9	10.4
Operating profit	765	86.2	4.1

- ◆ Revitalization of existing facilities
  - Renovations: 25 facilities
  - Introduction of the latest karaoke system
  - Measures to offer customers greater convenience
    - Reliable Wi-Fi connections
    - Digital system for placing orders for food

## Actions for more repeat visits raised daytime customer numbers

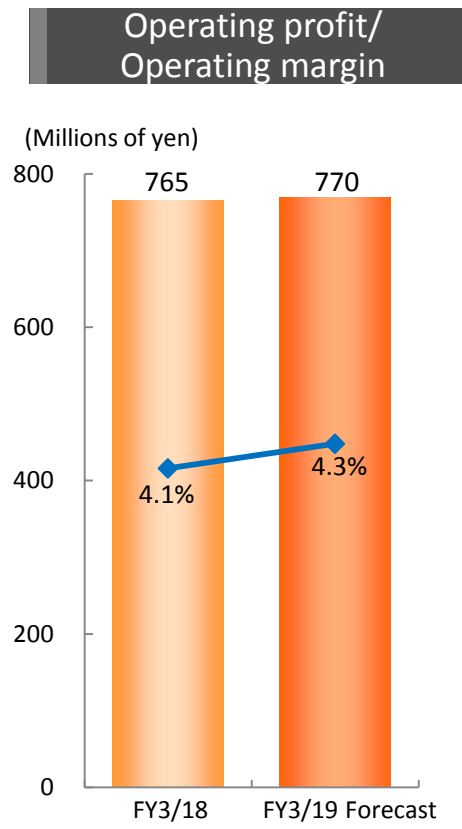
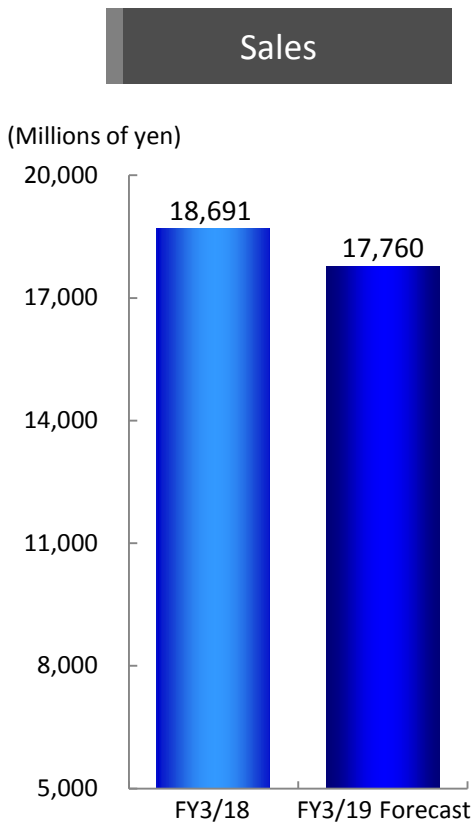
Monthly performance vs. prior fiscal year



	Apr. 2017	May 2017	Jun. 2017	Jul. 2017	Aug. 2017	Sep. 2017	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	Mar. 2018	Full year	Apr. 2018
Existing-store sales (%)	-2.8	-2.2	0.3	-3.7	4.2	0.6	-3.0	3.6	0.8	-3.6	-5.6	2.6	-0.6	-2.9
No. of customers (%)	0.0	-0.5	3.1	0.8	7.4	3.8	1.3	4.4	0.1	-2.8	-2.8	1.6	1.4	2.0
Sales per customer (%)	-2.7	-1.7	-2.7	-4.4	-3.0	-3.0	-4.3	-0.8	0.6	-0.8	-2.9	1.0	-1.9	-4.8
Deviation from average temperature (°C) (Tokyo)	+0.8	+1.8	+0.6	+2.3	0.0	0.0	-0.7	-0.2	-1.0	-0.5	-0.3	2.8	-	+3.1

# Karaoke Facility Operations: FY3/19 Forecast

## Forecast lower sales as the number of stores declines, but profitability to improve due to revitalization of existing stores



■ Sales down 5.0% YoY

■ Operating profit up 0.6% YoY

◆ Revitalization of existing facilities

● Change in existing-store sales (forecast)

	1Q	2Q	3Q	4Q	Full year
Change in existing-store sales (forecast)	-0.3%	0.2%	0.1%	3.2%	0.8%

● Convert 6 unprofitable karaoke facilities into a café complex

● Renovations: 36 facilities

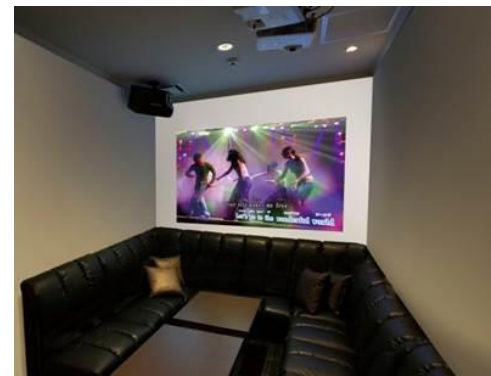
● More activities to increase corporate members and Platinum Club members

● Improve services provided directly to customers

● Raise operating efficiency by introducing an intercom system at all locations

(Millions of yen)

	FY3/19 Forecast		
		YoY %	% to sales
Sales	17,760	95.0	100.0
Gross profit	2,600	96.0	14.6
SG&A expenses	1,830	94.2	10.3
Operating profit	770	100.6	4.3



Projector room

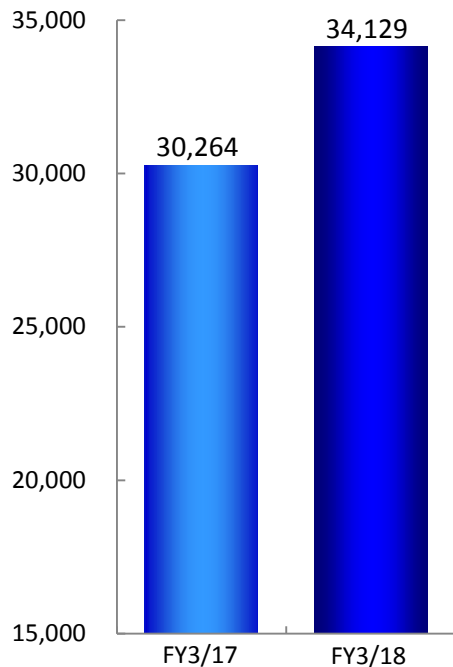
## Café Complex Operations: FY3/18 Review of Operations

# Higher sales and earnings due to new café openings and the full-year contribution of 52 cafés opened during FY3/17

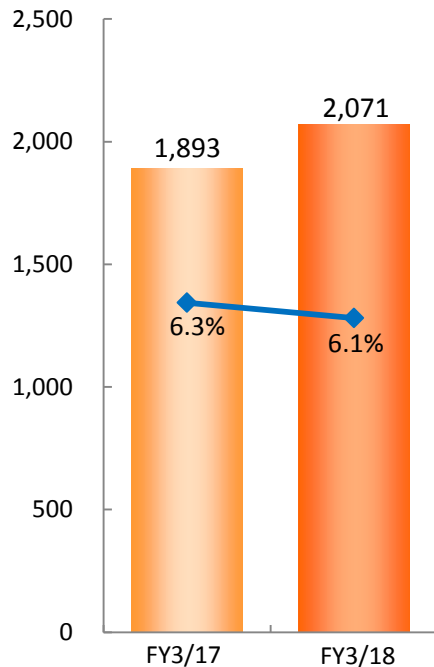
### Sales

### Operating profit/ Operating margin

(Millions of yen)



(Millions of yen)



- Sales up 12.8% YoY
- Operating profit up 9.4% YoY
- ◆ New cafés: 22  
(of which new cafés in front of train stations: 10)

	First half	Second half	Full year
Opened	19	3	22
Closed	3	6	9

(Millions of yen)

	FY3/18		
		YoY %	% to sales
Sales	34,129	112.8	100.0
Gross profit	5,020	103.8	14.7
SG&A expenses	2,948	100.1	8.6
Operating profit	2,071	109.4	6.1

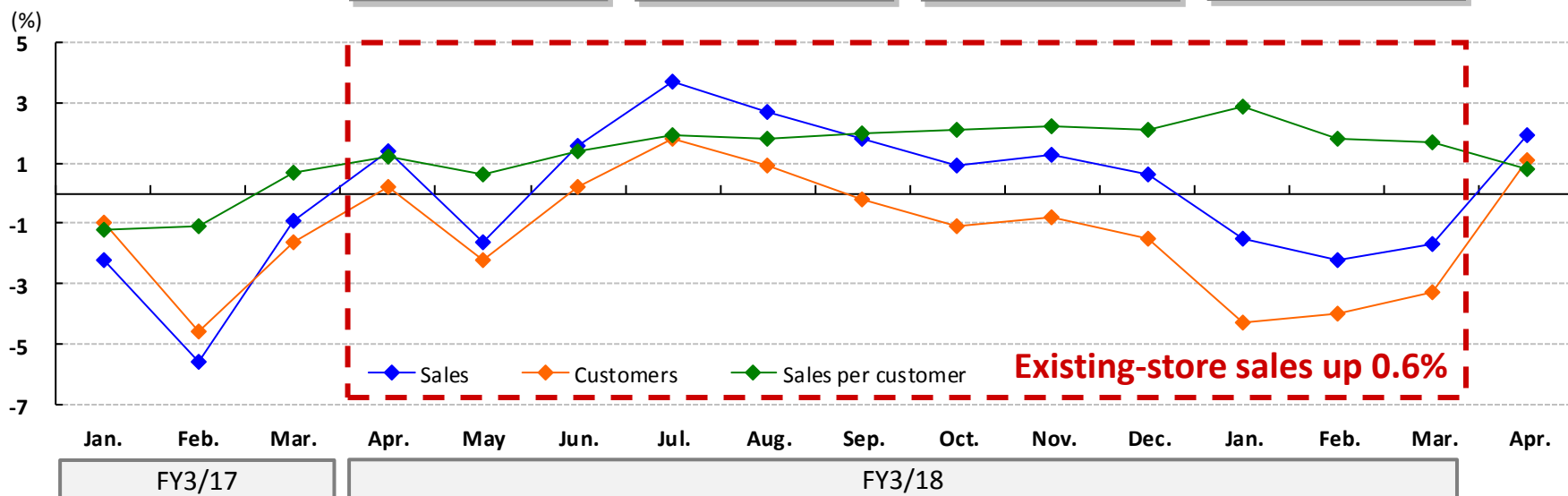
- ◆ Revitalization of existing facilities
  - Proactive renovations (40 facilities) (+21 YoY)
  - More limited-time-only menu items, such as a Snack Fair
  - Provide virtual reality to customers at all cafés

# Café Complex Operations: FY3/18 Review of Operations - Existing Stores

## Despite a decrease in the number of younger customers, sales per customer rose due to revitalization of existing stores

Monthly performance vs. prior fiscal year

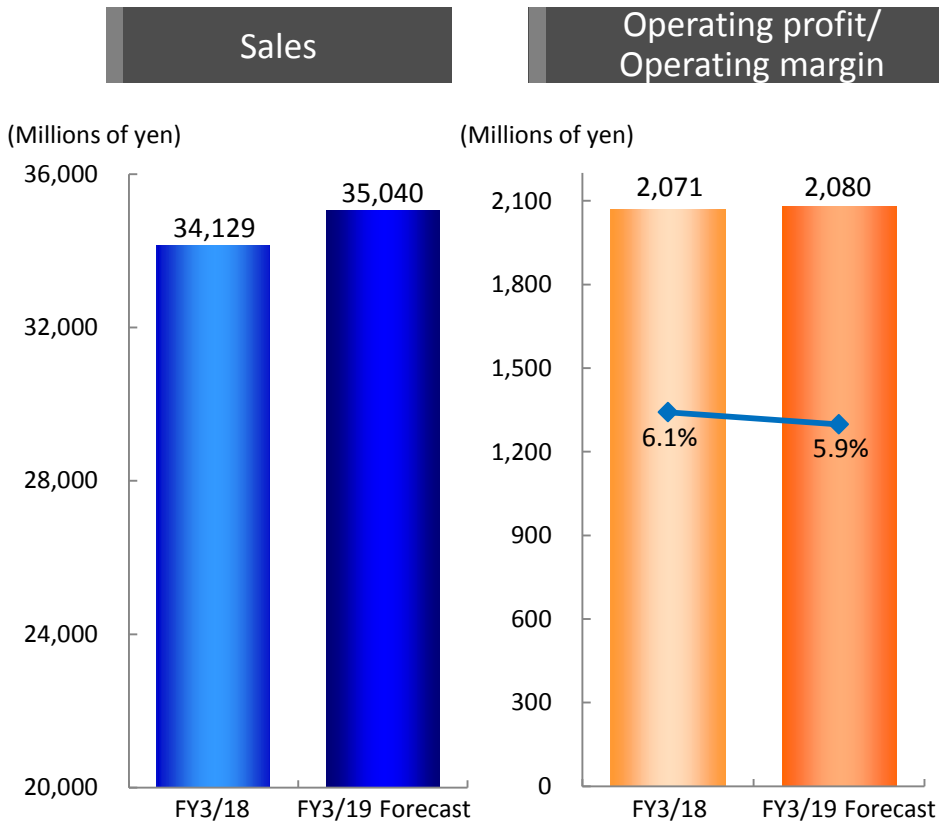
1Q		2Q		3Q		4Q	
Sales:	+0.4%	Sales:	+2.7%	Sales:	+0.9%	Sales:	-1.8%
No. of customers:	-0.7%	No. of customers:	+0.8%	No. of customers:	-1.2%	No. of customers:	-3.9%
Sales per customer:	+1.0%	Sales per customer:	+1.9%	Sales per customer:	+2.1%	Sales per customer:	+2.2%



	Apr. 2017	May 2017	Jun. 2017	Jul. 2017	Aug. 2017	Sep. 2017	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	Mar. 2018	Full year	Apr. 2018
Existing-store sales (%)	1.4	-1.6	1.6	3.7	2.7	1.8	0.9	1.3	0.6	-1.5	-2.2	-1.7	0.6	1.9
No. of customers (%)	0.2	-2.2	0.2	1.8	0.9	-0.2	-1.1	-0.8	-1.5	-4.3	-4.0	-3.3	-1.2	1.1
Sales per customer (%)	1.2	0.6	1.4	1.9	1.8	2.0	2.1	2.2	2.1	2.9	1.8	1.7	1.8	0.8
Deviation from average temperature (°C) (Tokyo)	+0.8	+1.8	+0.6	+2.3	0.0	0.0	-0.7	-0.2	-1.0	-0.5	-0.3	+2.8	-	+3.1

# Café Complex Operations: FY3/19 Forecast

## Forecast higher sales and earnings due to contributions from new cafés and invigoration of existing locations



■ Sales up 2.7% YoY

■ Operating profit up 0.4% YoY

- ◆ Convert karaoke facilities into café complexes  
New store openings: 6
- ◆ Revitalization of existing locations
  - Change in existing-store sales (forecast)

	1Q	2Q	3Q	4Q	Full year
	0.0%	0.4%	0.2%	2.8%	0.8%

- Use renovations to make locations more appealing
- Introduce high-performance PCs
- Strengthen seasonal menus and the grand menu
- Cost control

(Millions of yen)

	FY3/19 Forecast		
		YoY %	% to sales
Sales	35,040	102.7	100.0
Gross profit	4,970	99.0	14.2
SG&A expenses	2,890	98.0	8.2
Operating profit	2,080	100.4	5.9

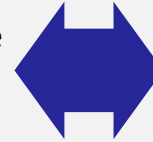


An open seating area

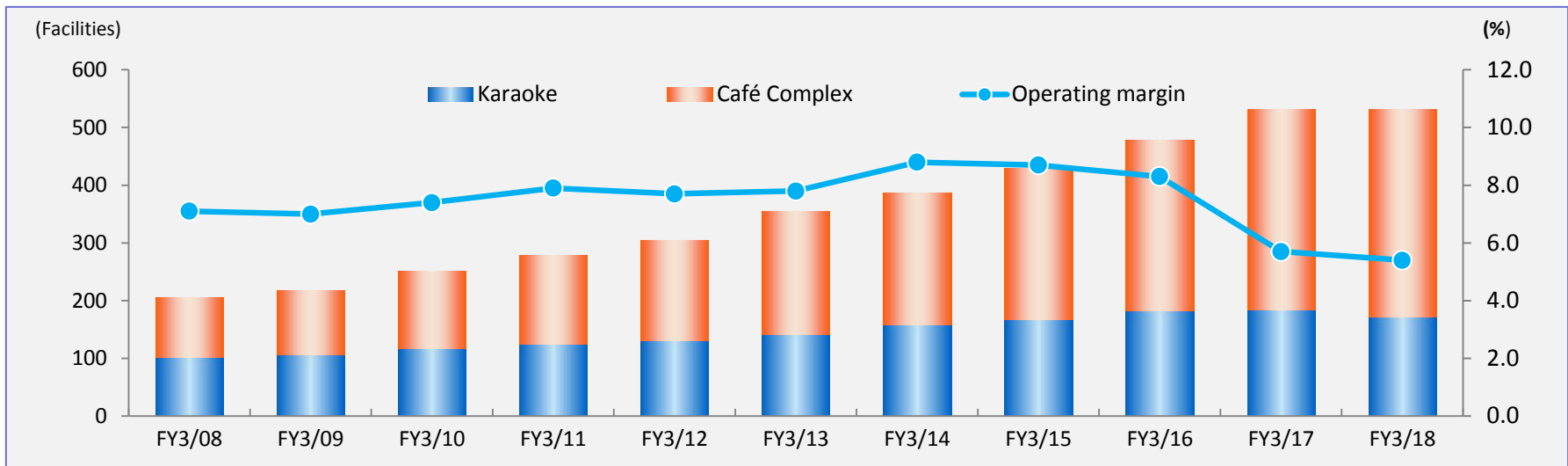
## Refinements to the Entertainment Business to match changing market conditions

### Growth in number of Entertainment Business locations and the operating margin

- 20th anniversary of the karaoke business and 15th anniversary of the café complex business – Both have more than 500 locations
- The café complex business is the largest in this market sector in Japan



- Temporary drop in operating margin caused by substantial investments and scrap & build expenditures starting in FY3/17



In the past, growth was possible by rapidly opening more locations. Now the following actions are needed to continue the evolution of business formats and continue growing.

- Human resources training for better direct interaction with customers
- Develop and reinforce new content and services to attract new customer segments
- Use an extensive scrap & build program to improve profitability and then resume opening entertainment business locations



# Supplementary Documents

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Notes on pages 42 and 44:

1. Net income per share: Net income divided by average number of shares outstanding (excluding treasury stock)
2. All amounts are rounded down to million yen.
3. The total operating profit for each segment and operating profit do not match due to inter-segmental adjustments. Please see pages 13 and 19 for the difference.

# FY3/18 Consolidated Business Results

(Millions of yen unless otherwise stated)

	FY3/17 Results	%	FY3/18 Forecast	%	FY3/18 Results	%	YoY change	YoY %
Sales	194,046	100.0	199,850	100.0	198,417	100.0	4,371	102.3
Fashion	118,264	100.0	119,200	100.0	118,455	100.0	190	100.2
Anniversaire/Bridal	26,860	100.0	27,700	100.0	27,173	100.0	312	101.2
Karaoke	18,676	100.0	18,800	100.0	18,691	100.0	15	100.1
Café Complex	30,264	100.0	34,200	100.0	34,129	100.0	3,864	112.8
Gross profit	86,315	44.5	87,820	43.9	86,864	43.8	548	100.6
Fashion	70,692	59.8	71,400	59.9	70,878	59.8	185	100.3
Anniversaire/Bridal	7,493	27.9	8,100	29.2	7,876	29.0	383	105.1
Karaoke	2,832	15.2	2,860	15.2	2,708	14.5	-123	95.6
Café Complex	4,838	16.0	5,090	14.9	5,020	14.7	182	103.8
SG&A expenses	71,868	37.0	73,320	36.7	72,000	36.3	131	100.2
Fashion	62,524	52.9	62,900	52.8	62,351	52.6	-173	99.7
Anniversaire/Bridal	4,732	17.6	5,300	19.1	5,067	18.6	335	107.1
Karaoke	1,944	10.4	1,960	10.4	1,943	10.4	-1	99.9
Café Complex	2,945	9.7	3,190	9.3	2,948	8.6	3	100.1
Operating profit	14,447	7.4	14,500	7.3	14,864	7.5	417	102.9
Fashion	8,167	6.9	8,500	7.1	8,526	7.2	359	104.4
Anniversaire/Bridal	2,760	10.3	2,800	10.1	2,809	10.3	48	101.7
Karaoke	887	4.8	900	4.8	765	4.1	-122	86.2
Café Complex	1,893	6.3	1,900	5.6	2,071	6.1	178	109.4
Ordinary profit	13,895	7.2	14,000	7.0	14,003	7.1	108	100.8
Profit attributable to owners of parent	7,355	3.8	7,600	3.8	7,377	3.7	22	100.3
Net income per share (yen)	83.38	-	87.40	-	84.87	-	1.49	-
Shares outstanding at period-end (1,000 shares)	87,245	-	86,881	-	86,564	-	-681	-

# FY3/18 Major Expenses

## SG&A expenses

(Millions of yen unless otherwise stated)

	FY3/17 Results					FY3/18 Results									
	Total	Fashion	Anniversaire / Bridal	Karaoke	Café Complex	Total	Fashion		Anniversaire/ Bridal		Karaoke		Café Complex		
							YoY %	YoY %	YoY %	YoY %	YoY %	YoY %			
Advertising expenses	12,997	10,579	1,516	447	228	13,079	100.6	10,568	99.9	1,654	109.1	440	98.4	240	105.5
Personnel expenses	26,077	21,116	1,213	923	1,587	26,678	102.3	21,366	101.2	1,273	104.9	916	99.3	1,752	110.4
Rents	15,403	15,608	21	34	60	15,251	99.0	15,475	99.1	22	102.8	31	92.6	60	100.2
Depreciation	3,307	2,587	106	59	42	3,480	105.2	2,745	106.1	103	96.4	60	102.9	49	117.4

Note: The sum of the business segment items does not match the total because the total includes expenses of AOKI Holdings Inc. and inter-segment eliminations.

## Major expenses included in cost of sales

(Millions of yen unless otherwise stated)

	FY3/17 Results			FY3/18 Results					
	Anniversaire/ Bridal	Karaoke	Café Complex	Anniversaire/ Bridal		Karaoke		Café Complex	
				YoY %	YoY %	YoY %	YoY %		
Personnel expenses	4,634	4,904	8,612	4,665	100.7	5,035	102.7	9,875	114.7
Rents	1,987	4,298	5,390	1,999	100.6	4,303	100.1	6,251	116.0
Depreciation	1,585	1,158	1,830	1,467	92.6	1,162	100.3	2,206	120.5

Note: The ANNIVERSAIRE/Bridal, Karaoke, and Café Complex businesses include the above-stated expenses in cost of sales, in addition to the SG&A expenses in the upper table.

# FY3/19 Consolidated Forecast

(Millions of yen unless otherwise stated)

	FY3/18 Results	%	FY3/19 Forecast	%	YoY change	YoY %
<b>Sales</b>	198,417	100.0	199,100	100.0	682	100.3
Fashion	118,455	100.0	119,150	100.0	694	100.6
Anniversaire/Bridal	27,173	100.0	27,200	100.0	26	100.1
Karaoke	18,691	100.0	17,760	100.0	-931	95.0
Café Complex	34,129	100.0	35,040	100.0	910	102.7
<b>Gross profit</b>	86,864	43.8	87,530	44.0	665	100.8
Fashion	70,878	59.8	71,580	60.1	701	101.0
Anniversaire/Bridal	7,876	29.0	7,940	29.2	63	100.8
Karaoke	2,708	14.5	2,600	14.6	-108	96.0
Café Complex	5,020	14.7	4,970	14.2	-50	99.0
<b>SG&amp;A expenses</b>	72,000	36.3	72,530	36.4	529	100.7
Fashion	62,351	52.6	62,630	52.6	278	100.4
Anniversaire/Bridal	5,067	18.6	5,340	19.6	272	105.4
Karaoke	1,943	10.4	1,830	10.3	-113	94.2
Café Complex	2,948	8.6	2,890	8.2	-58	98.0
<b>Operating profit</b>	14,864	7.5	15,000	7.5	135	100.9
Fashion	8,526	7.2	8,950	7.5	423	105.0
Anniversaire/Bridal	2,809	10.3	2,600	9.6	-209	92.6
Karaoke	765	4.1	770	4.3	4	100.6
Café Complex	2,071	6.1	2,080	5.9	8	100.4
<b>Ordinary profit</b>	14,003	7.1	13,750	6.9	-253	98.2
<b>Profit attributable to owners of parent</b>	7,377	3.7	7,400	3.7	22	100.3
<b>Net income per share (yen)</b>	84.87	-	85.49	-	0.61	-
<b>Shares outstanding at period-end (1,000 shares)</b>	86,564	-	86,564	-	-	-

# FY3/19 Major Expenses

## SG&A expenses

(Millions of yen unless otherwise stated)

	FY3/18 Results					FY3/19 Forecast									
	Total	Fashion	Anniversaire/ Bridal	Karaoke	Café Complex	Total	Fashion		Anniversaire/ Bridal		Karaoke		Café Complex		
							YoY %	YoY %	YoY %	YoY %	YoY %	YoY %			
Advertising expenses	13,079	10,568	1,654	440	240	13,589	103.9	11,070	104.7	1,700	102.7	400	90.8	247	102.6
Personnel expenses	26,678	21,366	1,273	916	1,752	26,817	100.5	21,570	101.0	1,341	105.3	840	91.6	1,559	89.0
Rents	15,251	15,475	22	31	60	14,865	97.5	15,050	97.2	22	97.6	30	94.4	59	98.5
Depreciation	3,480	2,745	103	60	49	3,627	104.2	2,940	107.1	99	96.1	34	56.5	52	105.7

Note: The sum of the business segment items does not match the total because the total includes expenses of AOKI Holdings Inc. and inter-segment eliminations.

## Major expenses included in cost of sales

(Millions of yen unless otherwise stated)

	FY3/18 Results			FY3/19 Forecast					
	Anniversaire/ Bridal	Karaoke	Café Complex	Anniversaire/Bridal		Karaoke		Café Complex	
				YoY %	YoY %	YoY %	YoY %		
Personnel expenses	4,665	5,035	9,875	4,550	97.5	4,722	93.8	10,178	103.1
Rents	1,999	4,303	6,251	2,045	102.3	3,878	90.1	6,399	102.4
Depreciation	1,467	1,162	2,206	1,460	99.5	1,203	103.5	2,436	110.4

# Reference: FY3/18 Fashion Business Performance

## (1) Change in existing-store sales

(%)

	First half	Oct.	Nov.	Dec.	3Q	Jan.	Feb.	Mar.	4Q	Second half	Full year
FY3/18	-1.8	-1.7	0.0	0.2	-0.5	-1.9	-2.6	2.8	0.1	-0.2	-0.8
FY3/17	4.4	11.3	-0.8	-1.0	2.7	1.0	3.7	5.0	3.6	3.2	3.6

## (2) Change in number of customers and sales per customer at existing stores

(%)

		First half	Oct.	Nov.	Dec.	3Q	Jan.	Feb.	Mar.	4Q	Second half	Full year
Number of customers	FY3/18	-7.1	-11.9	-9.3	-1.7	-7.9	-3.2	-3.3	1.7	-1.2	-4.5	-5.7
	FY3/17	3.1	11.2	2.9	-7.2	2.1	-5.2	-1.6	-2.6	-3.2	-0.6	1.1
Sales per customer	FY3/18	5.7	11.6	10.2	2.0	8.0	1.3	0.7	1.1	1.3	4.5	5.2
	FY3/17	1.3	0.1	-3.6	6.6	0.6	6.6	5.3	7.8	7.0	3.9	2.5

## (3) Number of units sold and unit prices of suits

		First half	YoY %	Second half	YoY %	Full year	YoY %
Number of units sold (in ten thousands)	FY3/18	44.6	97.1	85.0	97.3	129.6	97.2
	FY3/17	46.0	105.2	87.4	104.2	133.3	104.6
Unit price (thousands of yen)	FY3/18	25.8	102.0	26.1	99.6	26.1	100.0
	FY3/17	25.3	96.2	26.2	97.8	26.1	97.0

# Reference: FY3/18 Fashion Business Performance

## (4) Sales by category

(Millions of yen unless otherwise stated)

	FY3/17	%	FY3/18	%	YoY change	YoY %
Heavy clothing	50,021	42.3	49,736	42.0	-284	99.4
Medium clothing	9,331	7.9	9,226	7.8	-104	98.9
Light clothing	34,822	29.4	34,496	29.1	-326	99.1
Ladies' clothing	20,580	17.4	21,498	18.1	918	104.5
Other	3,508	3.0	3,497	3.0	-11	99.7
<b>Total</b>	<b>118,264</b>	<b>100.0</b>	<b>118,455</b>	<b>100.0</b>	<b>190</b>	<b>100.2</b>

Definition: Heavy clothing: Suit, formal wear, coat  
 Medium clothing: Jacket, slacks  
 Light clothing: Shirt, tie, casual wear, clothing accessories, etc.  
 Other: Alteration, etc.

## (5) Average total sales area

(Square meters)

FY3/17	FY3/18	YoY change	YoY %
355,714	362,183	6,469	101.8

## (6) Store network by prefecture

	FY3/18														
	No. of stores opened / closed			No. of stores at period-end					No. of stores opened / closed			No. of stores at period-end			
	AOKI	ORIHICA	Total	AOKI	ORIHICA	Total			AOKI	ORIHICA	Total	AOKI	ORIHICA	Total	
Hokkaido				23		23	Hokkaido/ Tohoku	Gifu				12	1	13	Tokai
Aomori				4		4		Shizuoka				22	3	25	
Iwate				4		4	60	Aichi	/1	1/2	1/3	51	14	65	114
Miyagi				9	5	14		Mie				11		11	
Akita	1		1	4		4		Shiga				7	2	9	Kinki/ Chugoku
Yamagata				3		3		Kyoto	/1		/1	4	1	5	
Fukushima				7	1	8		Osaka	1/1	/2	1/3	35	12	47	98
Ibaraki				15	3	18		Kanto	Hyogo		/1	/1	12	11	
Tochigi	/1		/1	10	2	12	Nara					5	1	6	
Gunma				12		12	338	Hiroshima				5	3	8	
Saitama	3/3	/2	3/5	52	13	65		Fukuoka	1		1	20		20	
Chiba	1/1	/3	1/4	43	11	54		Nagasaki				3		3	
Tokyo	2/2	2/4	4/6	71	28	99		Kumamoto	1		1	8		8	38
Kanagawa	1/3	2	3/3	55	23	78		Miyazaki	1		1	2		2	
Niigata				11	2	13		Koshinetsu/ Hokuriku	Kagoshima				5		5
Toyama	1		1	10		10	Total		14/13	6/14	20/27	574	137	711	
Ishikawa				8		8	63								
Fukui				3		3									
Yamanashi		1	1	6	1	7									
Nagano	1		1	22		22									



# Reference: FY3/19 Fashion Business Outlook

## (1) Change in existing-store sales, number of customers and sales per customer at existing stores (%)

		1Q	2Q	First half	3Q	4Q	Second half	Full year
Sales	FY3/19 (forecast)	0.5	1.6	0.9	1.0	1.9	1.5	1.3
	FY3/18	-4.9	3.4	-1.8	-0.5	0.1	-0.2	-0.8
Number of customers	FY3/19 (forecast)	-3.3	-2.1	-2.9	-1.1	-0.4	-0.8	-1.8
	FY3/18	-10.9	-0.4	-7.1	-7.9	-1.2	-4.5	-5.7
Sales per customer	FY3/19 (forecast)	3.9	3.8	3.9	2.2	2.3	2.3	3.1
	FY3/18	6.7	3.8	5.7	8.0	1.3	4.5	5.2

## (2) Sales forecast by category

(Millions of yen unless otherwise stated)

	FY3/18	%	FY3/19 Forecast	%	YoY change	%
Heavy clothing	49,736	42.0	49,850	41.8	113	100.2
Medium clothing	9,226	7.8	9,240	7.8	13	100.1
Light clothing	34,496	29.1	34,326	28.8	-170	99.5
Ladies' clothing	21,498	18.1	22,300	18.7	801	103.7
Other	3,497	3.0	3,434	2.9	-63	98.2
<b>Total</b>	<b>118,455</b>	<b>100.0</b>	<b>119,150</b>	<b>100.0</b>	<b>694</b>	<b>100.6</b>

Definition: Heavy clothing: Suit, formal wear, coat  
Medium clothing: Jacket, slacks

Light clothing: Shirt, tie, casual wear, clothing accessories, etc.  
Other: Alteration, etc.

# Reference: FY3/18 Entertainment Business Performance

## (1) Karaoke facility operations: Change in existing-store sales

(%)

	First half	Oct.	Nov.	Dec.	3Q	Jan.	Feb.	Mar.	4Q	Second half	Full year
FY3/18	-0.5	-3.0	3.6	0.8	0.5	-3.6	-5.6	2.6	-2.0	-0.7	-0.6
FY3/17	-4.6	-2.9	-7.3	-4.9	-5.0	-3.2	-1.8	3.1	-0.6	-3.0	-3.8

## (2) Karaoke facility operations:

### Change in number of customers and sales per customer at existing stores

(%)

		First half	Oct.	Nov.	Dec.	3Q	Jan.	Feb.	Mar.	4Q	Second half	Full year
Number of customers	FY3/18	2.5	1.3	4.4	0.1	1.7	-2.8	-2.8	1.6	-1.2	0.3	1.4
	FY3/17	-5.3	-1.1	-5.5	-3.4	-3.3	-0.8	0.0	3.6	1.0	-1.2	-3.2
Sales per customer	FY3/18	-2.9	-4.3	-0.8	0.6	-1.2	-0.8	-2.9	1.0	-0.7	-0.9	-1.9
	FY3/17	0.7	-1.9	-1.9	-1.6	-1.8	-2.5	-1.9	-0.5	-1.6	-1.8	-0.6

## (3) Karaoke facility operations: Percentage to existing-store sales

(%)

		FY3/17	FY3/18	YoY change
Existing stores	Room charges	51.0	46.9	-4.1pt
	Food and beverage sales	48.5	52.6	+4.1pt
	Other sales	0.5	0.5	-

# Reference: FY3/18 Entertainment Business Performance

## (4) Café complex operations: Change in existing-store sales

(%)

	First half	Oct.	Nov.	Dec.	3Q	Jan.	Feb.	Mar.	4Q	Second half	Full year
FY3/18	1.6	0.9	1.3	0.6	0.9	-1.5	-2.2	-1.7	-1.8	-0.4	0.6
FY3/17	2.6	0.7	-3.8	-2.0	-1.7	-2.2	-5.6	-0.9	-2.8	-2.3	0.2

## (5) Café complex operations:

### Change in number of customers and sales per customer at existing stores

(%)

		First half	Oct.	Nov.	Dec.	3Q	Jan.	Feb.	Mar.	4Q	Second half	Full year
Number of customers	FY3/18	0.1	-1.1	-0.8	-1.5	-1.2	-4.3	-4.0	-3.3	-3.9	-2.5	-1.2
	FY3/17	2.5	0.0	-3.2	-1.0	-1.4	-1.0	-4.6	-1.6	-2.3	-1.8	0.3
Sales per customer	FY3/18	1.5	2.1	2.2	2.1	2.1	2.9	1.8	1.7	2.2	2.1	1.8
	FY3/17	0.1	0.7	-0.6	-1.1	-0.3	-1.2	-1.1	0.7	-0.5	-0.4	-0.2

## (6) Café complex operations: Percentage to existing-store sales

(%)

		FY3/17	FY3/18	YoY change
Existing stores	Room charges	83.5	83.3	-0.2 pt
	Food and beverage sales	14.9	14.7	-0.2 pt
	Other sales	1.6	2.0	+0.4 pt

## (7) Store network by prefecture

	FY3/18															
	No. of stores opened / closed			No. of stores at period-end				No. of stores opened / closed			No. of stores at period-end					
	COTE D'AZUR	KAIKATSU CLUB	Total	COTE D'AZUR	KAIKATSU CLUB	Total		COTE D'AZUR	KAIKATSU CLUB	Total	COTE D'AZUR	KAIKATSU CLUB	Total			
Hokkaido		2/1	2/1		7	7	Hokkaido/ Tohoku	Shiga		1	1	1	5	6	Kinki/ Chugoku	
Iwate				2	5	7		Kyoto		2	2	3	11	14		
Miyagi				6	6	12	43	Osaka	/3	6	6/3	12	31	43		
Akita		/1	/1	1	2	3		Hyogo		1/2	1/2	5	16	21		
Yamagata				1	5	6		Nara				2	3	5		
Fukushima				1	7	8		Wakayama					3	3		
Ibaraki	/1	1	1/1	3	13	16	Kanto	Tottori				1	1	116		
Tochigi				1	5	6		Shimane					2		2	
Gunma				1	8	9	201	Okayama				2	6		8	
Saitama	/1	1	1/1	5	26	31		Hiroshima		/1	/1		9		9	
Chiba	/1		/1	10	22	32		Yamaguchi					4		4	
Tokyo	1/4	/1	1/5	32	17	49		Tokushima					2		2	Kyushu/ Shikoku/ Okinawa
Kanagawa	1/2	1	2/2	36	22	58		Kagawa		/1	/1		3		3	
Niigata		1	1	3	9	12	Koshinetsu /Hokuriku	Ehime		1	1		1		1	
Toyama				2	2	4		Fukuoka	1/1	/1	1/2	3	8		11	
Ishikawa	1		1	6	4	10	54	Saga					2		2	41
Fukui				6	1	7		Nagasaki					3		3	
Yamanashi				2	3	5		Kumamoto		1	1		6	6		
Nagano	1/2		1/2	10	6	16		Oita					3	3		
Gifu					8	8	Tokai	Miyazaki				4	4			
Shizuoka	/1	1	1/1	7	13	20		Kagoshima		1/1	1/1		3	3		
Aichi	1/3		1/3	8	30	38	76	Okinawa		2	2		3	3		
Mie				1	9	10		Total	6/19	22/9	28/28	172	359	531		

# Reference: FY3/19 Entertainment Business Outlook

## (1) Karaoke facility operations:

### Change in existing-store sales, number of customers and sales per customer at existing stores

(%)

		1Q	2Q	First half	3Q	4Q	Second half	Full year
Sales	FY3/19 (forecast)	-0.3	0.2	0.0	0.1	3.2	1.6	0.8
	FY3/18	-1.6	0.4	-0.5	0.5	-2.0	-0.7	-0.6
Number of customers	FY3/19 (forecast)	0.0	0.2	0.1	0.1	2.2	1.1	0.6
	FY3/18	0.8	4.0	2.5	1.7	-1.2	0.3	1.4
Sales per customer	FY3/19 (forecast)	-0.3	0.0	-0.1	0.0	1.0	0.4	0.2
	FY3/18	-2.4	-3.5	-2.9	-1.2	-0.7	-0.9	-1.9

## (2) Café complex operations :

### Change in existing-store sales, number of customers and sales per customer at existing stores

(%)

		1Q	2Q	First half	3Q	4Q	Second half	Full year
Sales	FY3/19 (forecast)	0.0	0.4	0.2	0.2	2.8	1.5	0.8
	FY3/18	0.4	2.7	1.6	0.9	-1.8	-0.4	0.6
Number of customers	FY3/19 (forecast)	-0.4	-0.2	-0.3	0.1	2.8	1.5	0.6
	FY3/18	-0.7	0.8	0.1	-1.2	-3.9	-2.5	-1.2
Sales per customer	FY3/19 (forecast)	0.4	0.6	0.5	0.0	0.1	0.0	0.3
	FY3/18	1.0	1.9	1.5	2.1	2.2	2.1	1.8