



*Fashion*



*Bridal*



*Entertainment*



# Performance Briefing

for the First Half of the Fiscal Year Ending March 31, 2019

**November 22, 2018**  
**AOKI Holdings Inc.**



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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.



*Fashion*

## 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.

*Bridal*

## Entertainment Business

### Offering entertainment and relaxation

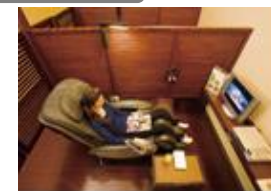
Provides customers opportunities for rest, relaxation and entertainment in a variety of welcoming environments. Café complex "KAIKATSU CLUB" boasts top sales in industry.

#### 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



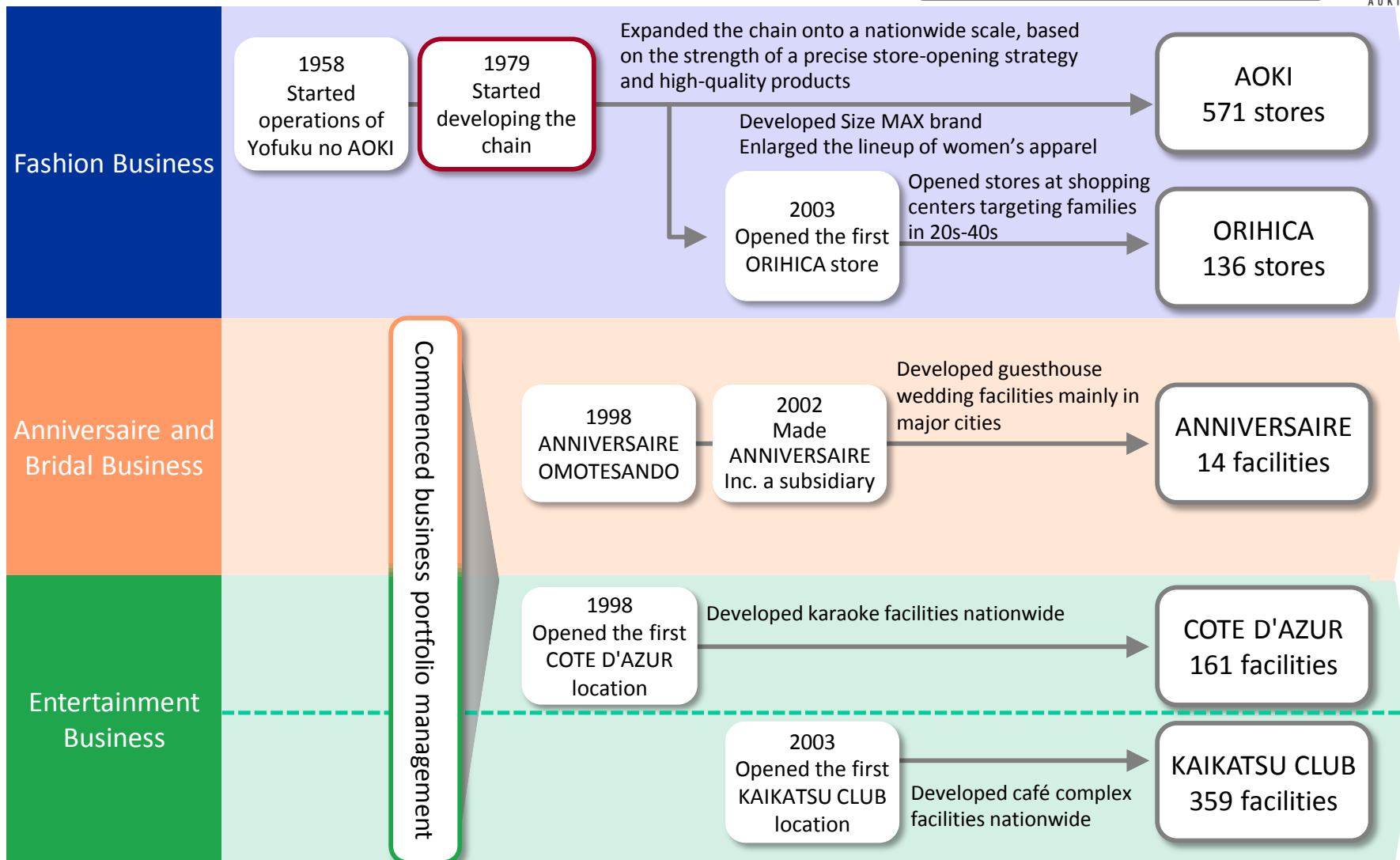
Café complex, modeled after the island of Bali, that provides a relaxing and rejuvenating environment for those who want to quietly rest or those who just want a change of pace.

*Entertainment*

# 2018 – The 60th Anniversary of the AOKI Group



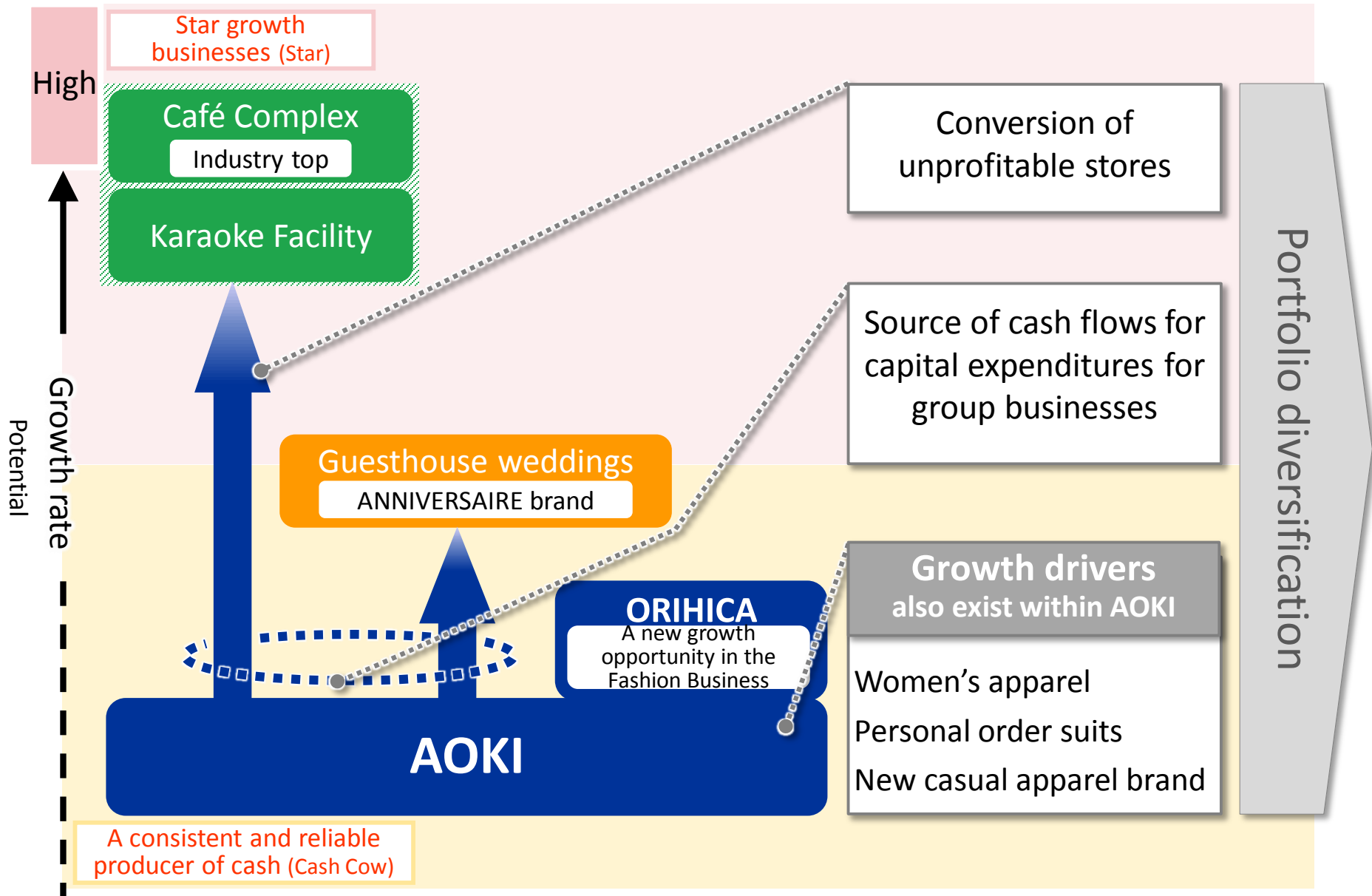
As of the end of September 2018



Total **1,241** locations

2018 60th Founding Anniversary

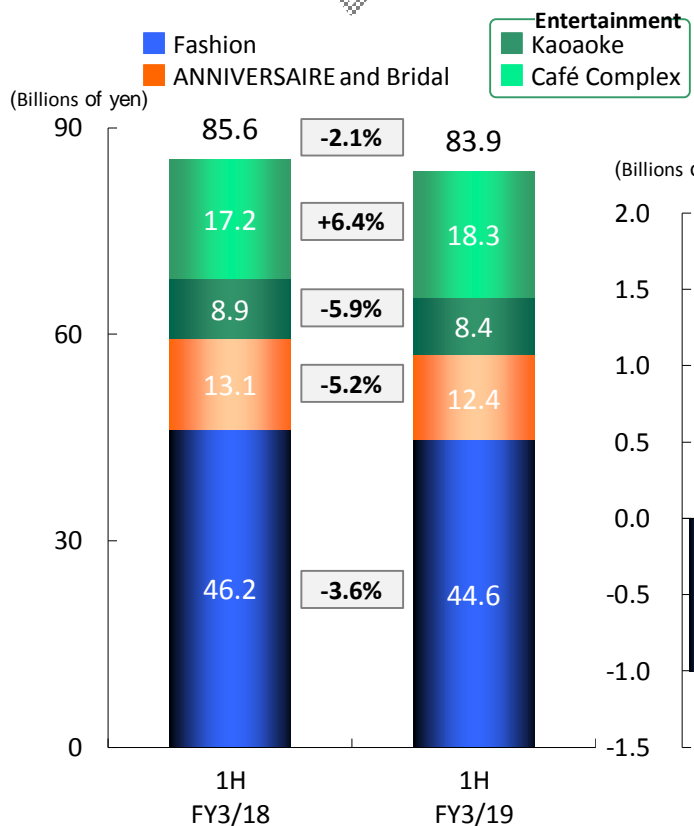
# A Business Portfolio Structured for Sustained Growth



# Business Portfolio Diversification

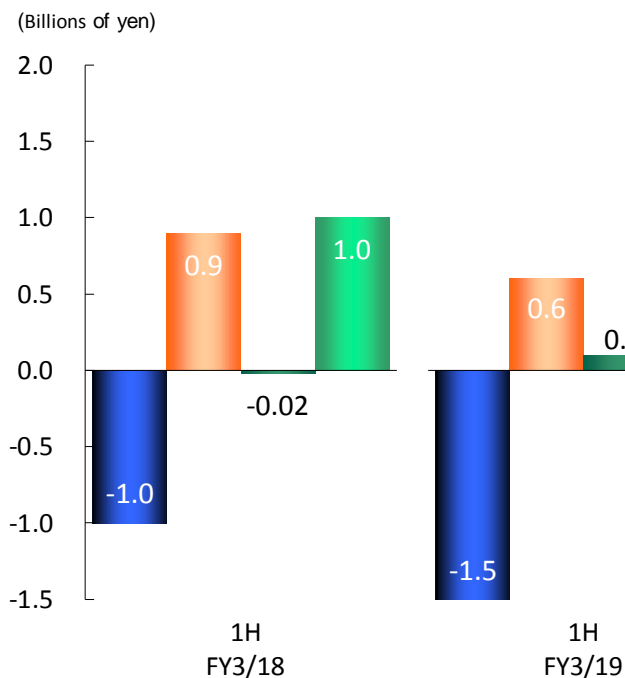
## 1H FY3/19 Sales

Sales down due to weak performances in the the Fashion and ANNIVERSAIRE/Bridal Businesses

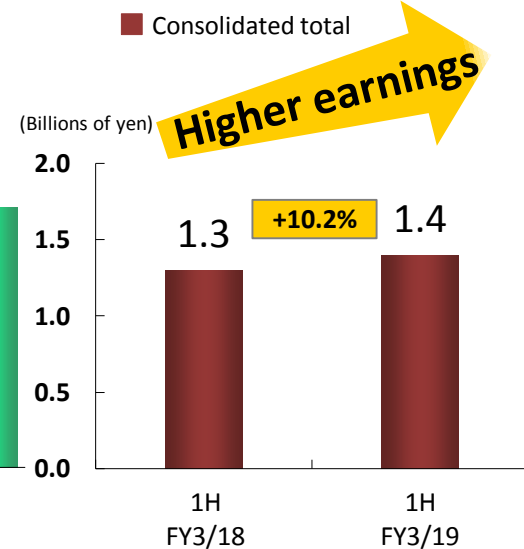


## 1H FY3/19 Operating Profit

Café Complex Operations Business offset the Fashion Business loss



Increase in overall group profits



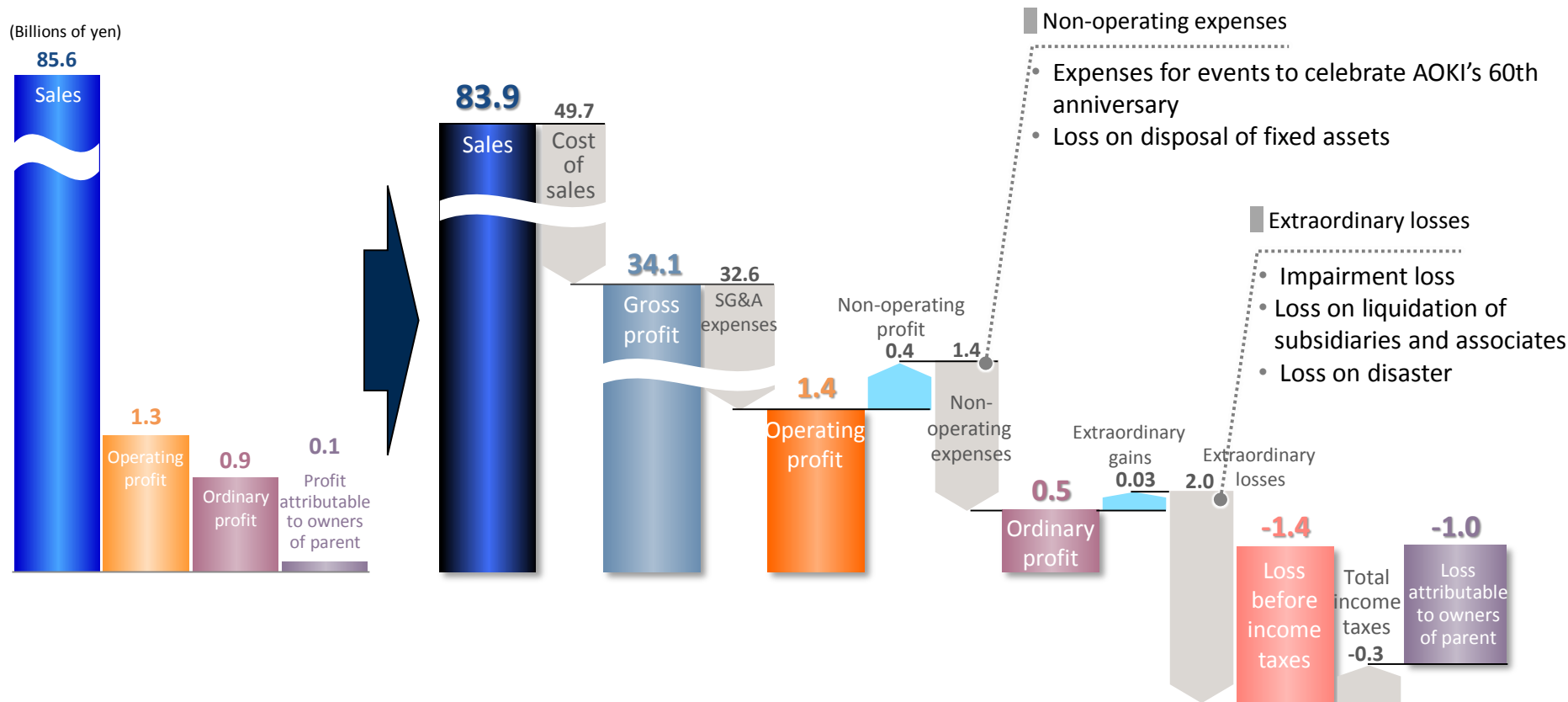


# First Half of FY3/19 Financial Highlights

The Café Complex operating profit increased but there was a first half loss attributable to owners of parent mainly because impairment losses increased resulting from store closings and conversions to different formats.

1H FY3/18

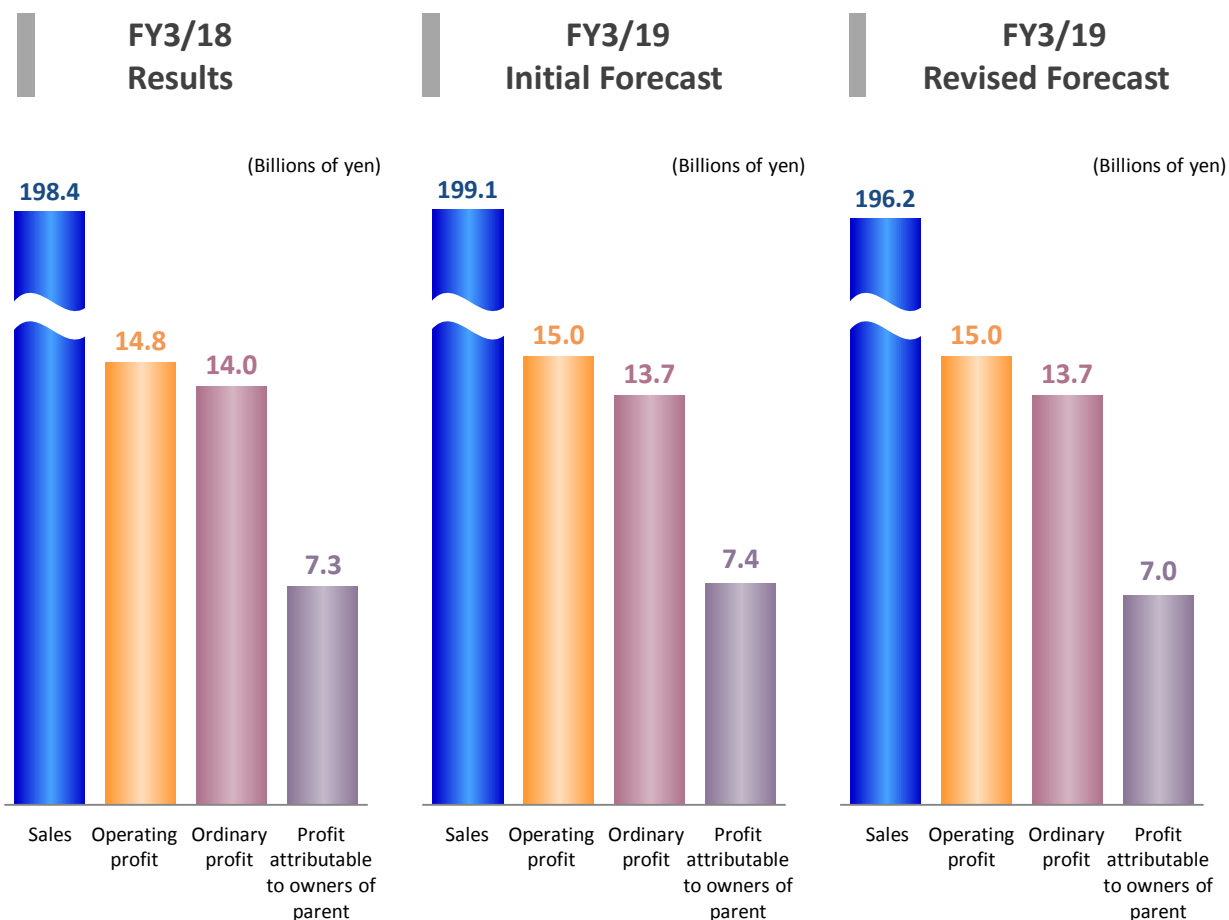
1H FY3/19





# FY3/19 Earnings Forecast

Sales and profit attributable to owners of parent are revised based on first half performance.



## Sales

- The sales forecast has been reduced because of revisions to store opening and closing plans in all business units

## Operating profit

- No change in the forecast, but individual business segment forecasts have been revised
- Downward revision in the Fashion and ANNIVERSAIRE/Bridal Businesses
- Upward revision in the Karaoke and Café Complex Businesses

## Profit attributable to owners of parent

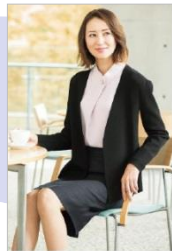
- The forecast is lower because impairment losses and other expenses are expected to be higher than in the initial forecast

# Group Strategies for Growth and Progress

	Business Strategies	Progress
Adapting to Evolving Markets (Opportunities in New Markets)	<ul style="list-style-type: none"> <li>● Use of digital technologies and devices</li> <li>● Diversification of needs of individual customers</li> <li>● More working women</li> <li>● Need for products and services that match today's consumer needs and preferences</li> <li>● Demand from foreign tourists in Japan</li> </ul>	<ul style="list-style-type: none"> <li>● Larger lineup of AOKI men's personal order suits</li> <li>● Launched AOKI Women's Style</li> <li>● Redefining and upgrading the KAIKATSU CLUB business model</li> </ul>
Improving Operating Efficiency	<ul style="list-style-type: none"> <li>● Close unprofitable stores</li> <li>● Increase efficiency by converting stores into a different format</li> </ul>	<ul style="list-style-type: none"> <li>● Increasing the number of unprofitable stores closed</li> <li>● Store conversions to other AOKI Group business formats</li> </ul> <p>AOKI stores → Size MAX stores Karaoke facilities → Café complexes and others</p>
Customer Databases in All Businesses	<ul style="list-style-type: none"> <li>● Make the best use of customer databases</li> <li>● Create frameworks for each business to send customers to other group businesses</li> </ul>	<ul style="list-style-type: none"> <li>● AOKI Group membership program</li> <li>AOKI Group Ambassadors</li> <li>Launch of the AOKI Group Ambassadors program</li> </ul>



The Tailor Shop



AOKI Women's Style



Store conversions to other AOKI Group business formats

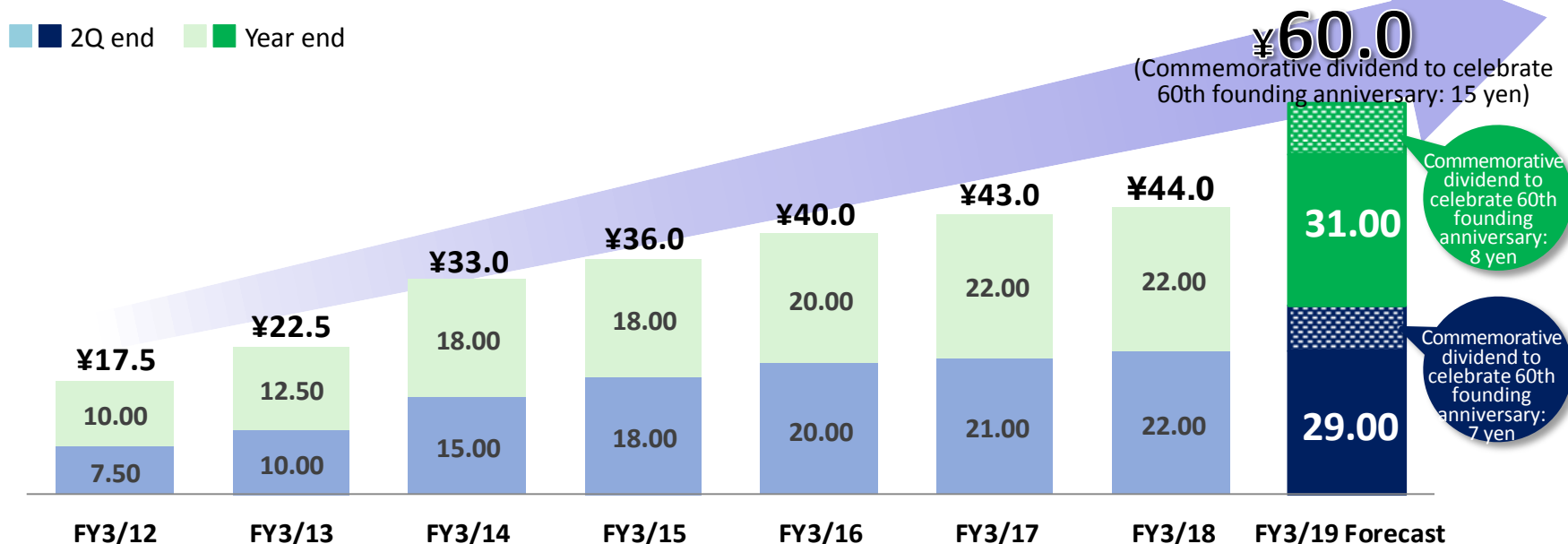


AOKI Group Ambassadors

# 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 (1,000,000 shares)

Acquisition period: Feb. 13 - Nov. 15, 2018

Total number of shares acquired: 1,000,000 shares

Total value of shares acquired: ¥1.5 billion

# **First Half of FY3/19 Review of Operations**

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# Major Changes in Consolidated Profit and Loss

(Millions of yen)

Account/Period	1H FY3/18	1H FY3/19	Change	YoY %	Major Components
Sales	85,675	83,913	-1,762	97.9	Decrease in the number of stores in all business segments Lower existing-store sales in the Fashion Business, and a decrease in the number of couples married in the ANNIVERSAIRE/Bridal Business
Gross profit Gross profit margin	35,006 40.9%	34,144 40.7%	-861 -0.2pt	97.5	Gross profit margin fell by 0.4pt in the Fashion Business
Selling, general and administrative expenses	33,646	32,645	-1,000	97.0	Cost control in all business segments
Operating profit Operating margin	1,359 1.6%	1,499 1.8%	139 +0.2pt	110.2	Contributions from the Café Complex Business
Non-operating profit	444	454	10	102.3	
Non-operating expenses	844	1,420	576	168.2	Expenses for events to celebrate AOKI's 60th anniversary and an increase in loss on disposal of fixed assets for the replacement of computers in the Café Complex Business
Ordinary profit	959	533	-426	55.5	
Extraordinary gains	-	35	35	-	
Extraordinary losses	376	2,017	1,640	535.4	An impairment loss mainly due to store relocations and closures, and conversion of store formats
Profit (loss) attributable to owners of parent	163	-1,056	-1,220	-	

◆ Depreciation: ¥4,089 million (including lease assets of ¥855 million)

◆ YoY existing-store sales: -2.0% for Fashion, +0.1% for Karaoke, +3.9% for Café Complex

# Major Changes in Sales and Operating Profit by Business Segment

## Sales by business segment

(Millions of yen)

Business Segment	1H FY3/18	1H FY3/19	Change	YoY %	Major Components
<b>Total</b>	85,675	83,913	-1,762	97.9	
Fashion	46,298	44,644	-1,653	96.4	Lower existing-store sales
Anniversaire and Bridal	13,187	12,497	-690	94.8	Decrease in the number of couples married
Entertainment (Total)	26,212	26,788	576	102.2	
(of which) Karaoke	8,939	8,411	-527	94.1	Decrease in the number of stores
(of which) Café Complex	17,273	18,377	1,104	106.4	Higher existing-store sales

## Operating profit by business segment

(Millions of yen)

Business Segment	1H FY3/18	1H FY3/19	Change	YoY %	Major Components
<b>Total</b>	1,359	1,499	139	110.2	
Fashion	-1,057	-1,581	-524	-	Lower existing-store sales
Anniversaire and Bridal	947	649	-298	68.5	Decrease in the number of couples married
Entertainment (Total)	1,072	1,940	867	180.9	
(of which) Karaoke	-26	192	219	-	Decrease in cost of sales and SG&A expenses
(of which) Café Complex	1,099	1,747	648	159.0	Higher existing-store sales and a decrease in SG&A expenses
Inter-segment transactions	396	491	94	123.9	

# Major Changes in Consolidated Balance Sheet

(Millions of yen)

Account/Period	FY3/18	1H FY3/19	Change	Major Components
Current assets	78,238	65,079	-13,159	
Cash in hand and in banks	32,175	25,780	-6,395	Capital investments and payment of income taxes
Accounts receivable-trade	11,659	4,229	-7,429	Seasonal factors
Inventories	26,007	27,680	1,672	
Fixed assets	160,829	160,748	-81	
Tangible fixed assets	111,669	110,851	-818	Depreciation and other factors
Intangible fixed assets	5,796	5,609	-186	Amortization and other factors
Investments and other assets	43,364	44,287	923	
Total assets	239,068	225,827	-13,240	
Current liabilities	40,750	32,768	-7,981	
Accounts payable-trade	19,812	14,483	-5,328	Seasonal factors
Current portion of long-term debt	2,650	3,650	1,000	
Long-term liabilities	51,789	49,482	-2,307	
Long-term debt	36,475	35,150	-1,325	Scheduled repayment, etc.
Total liabilities	92,539	82,251	-10,288	
Common stock	23,282	23,282	-	
Capital surplus	27,833	27,846	12	
Retained earnings	100,299	97,338	-2,961	Loss attributable to owners of parent and dividend from surplus
Treasury stock	-5,376	-5,454	-77	Repurchase of stock
Total accumulated other comprehensive income	401	483	82	
Stock acquisition rights	87	80	-7	
Total net assets	146,528	143,576	-2,952	
Total liabilities and net assets	239,068	225,827	-13,240	



# Major Changes in Consolidated Statement of Cash Flows

(Millions of yen)

Account/Period	1H FY3/18	1H FY3/19	Change	Major Components
Cash flows from operating activities	5,897	203	-5,694	Increases in loss before income taxes and income taxes paid
Cash flows from investing activities	-3,674	-2,780	893	Decrease in acquisition of tangible fixed assets related to new store openings and renovations
Cash flows from financing activities	-3,395	-3,818	-422	Decrease in short-term debt was offset by a decrease in repayments of long-term debt
Change in cash and cash equivalents	-1,171	-6,395	-5,223	
Beginning balance	28,608	32,175	3,567	
Ending balance	27,436	25,780	-1,656	

# Number of Stores Opened/Closed

(Number of stores)

Business Segment	Stores/Facilities	1H FY3/18			1H FY3/19		
		Number of Stores	Opened	Closed	Number of Stores	Opened	Closed
Fashion	AOKI	573	8	8	571	-	3
	ORIHICA	142	2	5	136	2	3
Anniversaire and Bridal	ANNIVERSAIRE	14	-	-	14	-	-
Karaoke	COTE D'AZUR	183	4	6	161	-	11
Café Complex	KAIKATSU CLUB, other*	362	19	3	359	7	7
Total		1,274	33	22	1,241	9	24
Capital Expenditures (Millions of yen)		5,830			4,928		

\* Includes KAIKATSU FITNESS CLUB

(Millions of yen)

Capital Expenditures	1H FY3/18	1H FY3/19
Fashion	1,291	1,167
Anniversaire and Bridal	208	309
Karaoke	1,242	202
Café Complex	3,067	2,271
Consolidated Total	5,830	4,928

# **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	196,280	-2,137	98.9	Decrease in the number of stores in all business segments Decrease in the number of couples married in the ANNIVERSAIRE/Bridal Business
Gross profit	86,864	86,140	-724	99.2	Increase in gross profit margin by 0.1pt in the Fashion Business
Gross profit margin	43.8%	43.9%	+0.1pt		
Selling, general and administrative expenses	72,000	71,140	-860	98.8	Lower expenses in the Fashion and Karaoke Businesses
Operating profit	14,864	15,000	135	100.9	
Operating margin	7.5%	7.6%	+0.1pt		
Non-operating profit	908	950	41	104.6	
Non-operating expenses	1,769	2,200	430	124.3	Expenses for events to celebrate AOKI's 60th anniversary and an increase in loss on disposal of fixed assets
Ordinary profit	14,003	13,750	-253	98.2	
Extraordinary gains	20	183	162	907.0	
Extraordinary losses	2,117	2,793	675	131.9	Mainly impairment losses
Profit attributable to owners of parent	7,377	7,000	-377	94.9	

## Assumptions

- ◆ Depreciation: ¥8,600 million (including lease assets of ¥1,736 million)
- ◆ YoY existing-store sales: -0.2% for Fashion, +1.0% for Karaoke, +2.9% 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	196,280	-2,137	98.9
Fashion	118,455	117,100	-1,355	98.9
Anniversaire and Bridal	27,173	26,320	-853	96.9
Entertainment (Total)	52,821	52,900	78	100.1
(of which) Karaoke	18,691	17,460	-1,231	93.4
(of which) Café Complex	34,129	35,440	1,310	103.8

## 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	8,750	223	102.6
Anniversaire and Bridal	2,809	2,400	-409	85.4
Entertainment (Total)	2,837	3,150	312	111.0
(of which) Karaoke	765	950	184	124.2
(of which) Café Complex	2,071	2,200	128	106.2
Inter-segment transactions	691	700	8	101.2

# 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	563	4	15
	ORIHICA	137	6	14	134	3	6
Anniversaire and Bridal	ANNIVERSAIRE	14	-	-	13	-	1
Karaoke	COTE D'AZUR	172	6	19	149	1	24
Café Complex	KAIKATSU CLUB, other*	359	22	9	365	15	9
Total		1,256	48	55	1,224	23	55
Capital Expenditures (Millions of yen)		9,344			9,780		

\* Includes KAIKATSU FITNESS CLUB

(Millions of yen)

Capital Expenditures	FY3/18	FY3/19 (Forecast)
Fashion	2,202	2,333
Anniversaire and Bridal	359	430
Karaoke	1,780	431
Café Complex	3,826	4,284
Consolidated Total	9,344	9,780

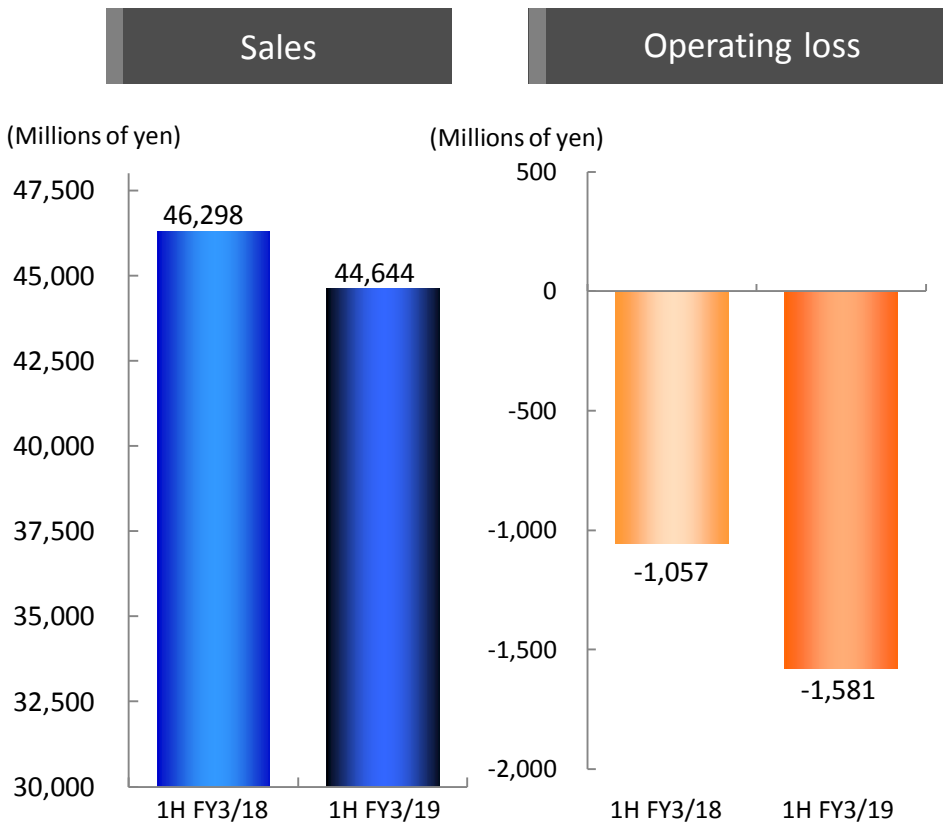
**Fashion Business**

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**FY3/19 First-half Performance and Full-year Forecast**



Bigger loss despite cost controls due to challenges at existing stores



- Sales down 3.6% YoY
- Operating loss increased compared with a loss of 1,057 million yen in 1H FY3/18

- ◆ Existing-store sales down 2.0% YoY
  - Increasing acceptance of “Cool Biz” reduced the number of business suits sold
  - Customer traffic decreased mainly due to unfavorable weather and natural disasters

- ◆ Gross profit margin down 0.4pt YoY
  - Revision in unit price of suits

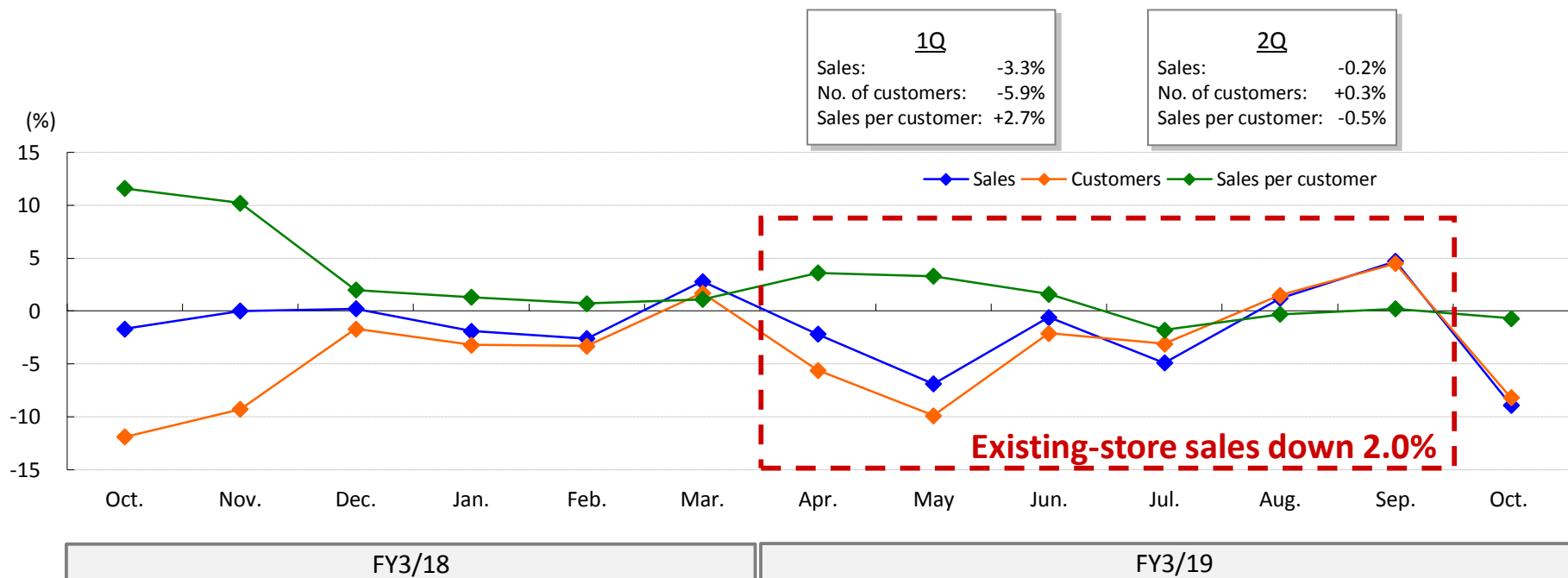
- ◆ SG&A expenses down 2.3% YoY
  - Reducing the amount of store remodeling brought down expenses
  - Tighter control of personnel expenses
  - Negotiation for lower rents

	1H FY3/19		
		YoY %	% to sales
Sales	44,644	96.4	100.0
Gross profit	26,372	95.7	59.1
SG&A expenses	27,954	97.7	62.6
Operating profit	-1,581	-	-

# Fashion Business: First Half of FY3/19 Review of Operations: Existing Stores

## Sales per customer increased, but customer traffic decreased due to a shift in business apparel styles and unfavorable weather

Monthly performance vs. prior fiscal year



	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	Mar. 2018	Apr. 2018	May 2018	Jun. 2018	Jul. 2018	Aug. 2018	Sep. 2018	First-half	Oct. 2018
Existing-store sales (%)	-1.7	0.0	0.2	-1.9	-2.6	2.8	-2.2	-6.9	-0.6	-4.9	1.2	4.7	-2.0	-8.9
No. of customers (%)	-11.9	-9.3	-1.7	-3.2	-3.3	1.7	-5.6	-9.9	-2.1	-3.1	1.5	4.5	-3.4	-8.2
Sales per customer (%)	11.6	10.2	2.0	1.3	0.7	1.1	3.6	3.3	1.6	-1.8	-0.3	0.2	1.4	-0.7
Deviation from average temperature (°C) (Tokyo)	-0.7	-0.2	-1.0	-0.5	-0.3	+2.8	+3.1	+1.6	+1.0	+3.3	+1.7	+0.1	-	+1.6

## Initiatives and results

	Initiatives	Results
Merchandise	<ul style="list-style-type: none"> <li>● Larger lineup of apparel for women The Summer Formal Line and the Hatarakufuku Series</li> <li>● ORIHICA: Strengthened the lineup of formal wear</li> <li>● Expanded the selection of large size “Size MAX” apparel</li> </ul>	<ul style="list-style-type: none"> <li>● Women’s apparel sales increased from 15.4% to 15.9% of total sales</li> <li>● Formal wear: Sales up about 15% YoY</li> <li>● Size MAX: Sales up about 12% YoY</li> </ul>
Store environment	<ul style="list-style-type: none"> <li>● Opened stores and closed unprofitable stores</li> <li>● Well-planned store renovation</li> </ul>	<ul style="list-style-type: none"> <li>● AOKI Closed 3 stores</li> <li>● ORIHICA Opened 2 stores and closed 3 stores</li> <li>● Renovated stores: About 30</li> </ul>
Others	<ul style="list-style-type: none"> <li>● Periodic sales activities, including store salespeople, targeting corporate clients</li> <li>● Growth of services for foreign tourists in Japan Multi-language video interpretation service in all stores and other forms of assistance</li> </ul>	<ul style="list-style-type: none"> <li>● Increase in alliances with other companies</li> <li>● Sales to foreign tourists were about 40% higher than one year earlier</li> </ul>

# Invigorate existing stores and rebuild the profit structure

Merchandise

## AOKI

- Larger lineup of AOKI men's personal order suits
- New casual apparel brand ANNIVERSAIRE
- Launched AOKI Women's Style
- Autumn and winter apparel in the Hatarakufuku Series

## ORIHICA

- Larger selection of The Travel Edit featuring wrinkle-resistance, light weight and other travel-related functions
- Warm Fabric Shirts that are both warm and stylish
- Launch of Spot Fit® Running shoes with outstanding walking ease and comfort
- Continue to create more new ideas in the formal category



The personal order corner



Women's Style



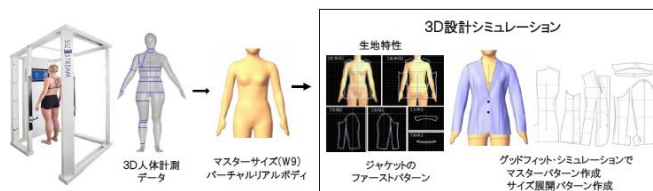
The Travel Edit



スリム  
SLIM

スタンダード  
STANDARD

コンフォート  
COMFORT



# Invigorate existing stores and rebuild the profit structure

Store operations

## AOKI

- Opening new stores in carefully selected locations  
Second half: 4 stores; full year: 4 stores
- Relocations and closures of unprofitable stores including locations converted into different store formats  
Second half: 12 stores; full year: 15 stores
- Continue remodeling to make stores more appealing  
Second half: 46 stores; full year: 74 stores

## ORIHICA

- Opening new stores in carefully selected locations  
Second half: 1 store; full year: 3 stores
- Relocations and closures of unprofitable stores including locations converted into different store formats  
Second half: 3 stores; full year: 6 stores
- Continue remodeling to make stores more appealing  
Second half: 5 stores; full year: 6 stores

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

- Started a combined AOKI/ORIHICA loyalty point service as part of the new AOKI Group membership program

**1** AOKI and ORIHICA points are combined

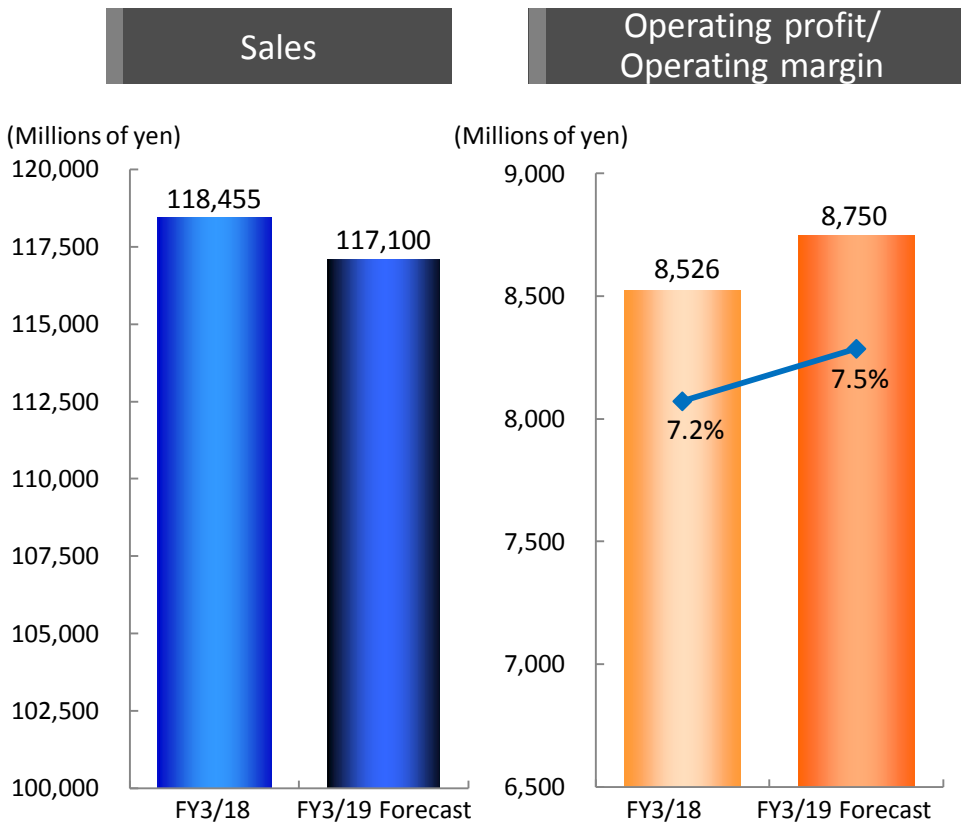


**2** Points can be used at AOKI and ORIHICA



# Fashion Business: FY3/19 Full-year Forecast

Forecast lower sales as the number of stores declines and existing-store sales fall, but profits to improve due to a decrease in SG&A expenses



## Sales down 1.1% YoY

- ◆ Decrease in the number of stores
  - Number of stores at period-end (forecast) 697 (-14 vs. FY3/18)
- ◆ Change in existing-store sales (forecast)

	3Q	4Q	2H	Full year
	0.5%	1.2%	0.9%	-0.2%

## Operating profit up 2.6% YoY

- ◆ Gross profit margin up 0.1pt YoY
- ◆ SG&A expenses down 1.6% YoY
  - Rent down due to renegotiations and smaller number of stores
  - Advertising expenses down due to revisions to these activities
  - Personnel expenses due to measures to carefully control the use of people

(Millions of yen)

	FY3/19 Forecast		
		YoY %	% to sales
Sales	117,100	98.9	100.0
Gross profit	70,100	98.9	59.9
SG&A expenses	61,350	98.4	52.4
Operating profit	8,750	102.6	7.5

## **Anniversaire and Bridal Business**

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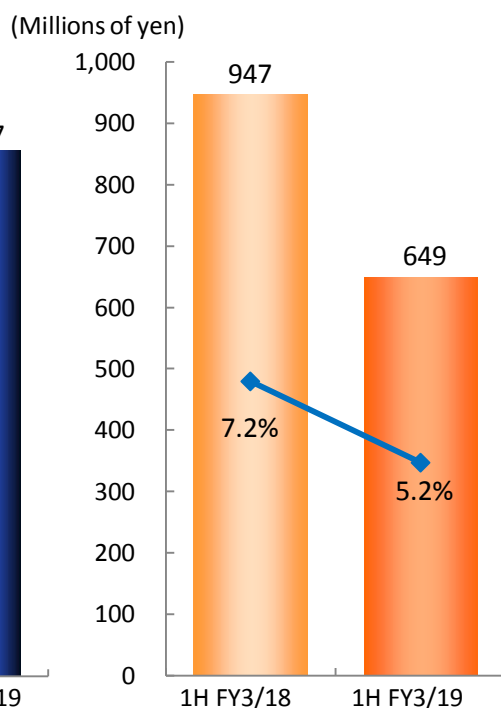
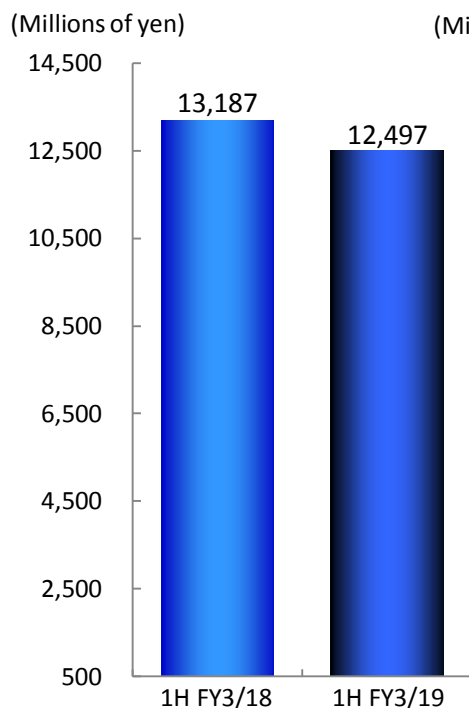
### **FY3/19 First-half Performance and Full-year Forecast**



## Sales and earnings decreased as number of couples married decreased

### Sales

### Operating profit/ Operating margin



■ Sales down 5.2% YoY

■ Operating profit down 31.5% YoY

	1H FY3/18	1H FY3/19	Change	YoY
No. of couples married	2,966	2,821	-145	95.1%
Capacity utilization ratio	59.8%	56.9%	-2.9pt	-
Average sales per couple (thousands of yen)	4,392	4,371	-22	99.5%
Average no. of guests	72.5	71.1	-1.4	98.0%

◆ Factors of decrease in the number of couples married

- Difficulty receiving orders for weddings since the second half of FY3/18
- Business climate changes
- Diversifying wedding formats

◆ Implemented cost controls through actions targeting the cost of sales and taking steps to operate more efficiently

(Millions of yen)

	1H FY3/19		
		YoY %	% to sales
Sales	12,497	94.8	100.0
Gross profit	3,311	93.1	26.5
SG&A expenses	2,662	102.1	21.3
Operating profit	649	68.5	5.2

# Anniversaire and Bridal Business: First Half of FY3/19 Review of Operations: 20th Anniversary Events

## Anniversaire wedding fair at all locations and remodeling of Anniversaire Omotesando

All locations held a 20th anniversary Anniversaire Big Fair



◆ A sample meal featuring luxurious items of Japanese Wagyu beef, foie gras, caviar, and truffles



# Celebrating our 20th anniversary

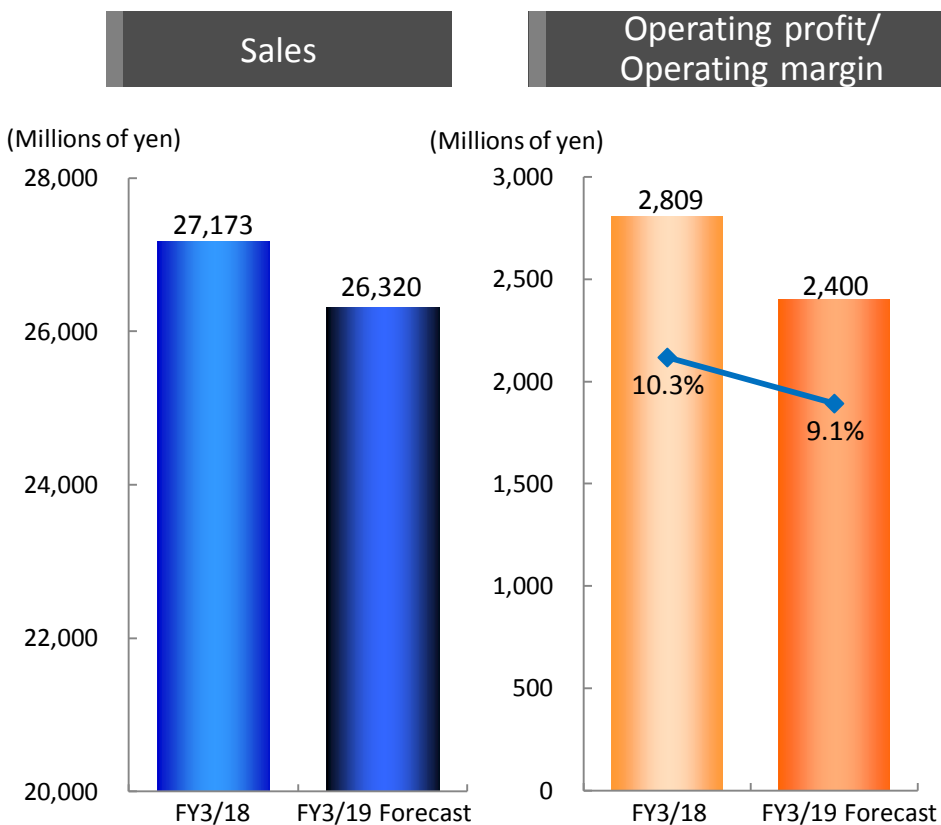
Complete renovation of "The Grand," the main banquet hall of ANNIVERSAIRE OMOTESANDO



◆ The renovation created a natural and sophisticated atmosphere to reflect current trends in the wedding market

# Anniversaire and Bridal Business: FY3/19 Full-year Forecast

## Forecast sales and profits decrease due to a decrease in the number of couples marrying



(Millions of yen)

	FY3/19 Forecast		
		YoY %	% to sales
Sales	26,320	96.9	100.0
Gross profit	7,700	97.8	29.3
SG&A expenses	5,300	104.6	20.1
Operating profit	2,400	85.4	9.1

■ Sales down 3.1% YoY

■ Operating profit down 14.6% YoY

	FY3/18	FY3/19 Forecast	YoY change
No. of couples married/ planned for marrying	6,088	5,780	-308
Average sales per couple (thousands of yen)	4,413	4,495	+83

- ◆ 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
  - More renovations, decorations and other improvements 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
- ◆ Closing of ANNIVERSAIRE FUKUOKA (Dec. 31, 2018)

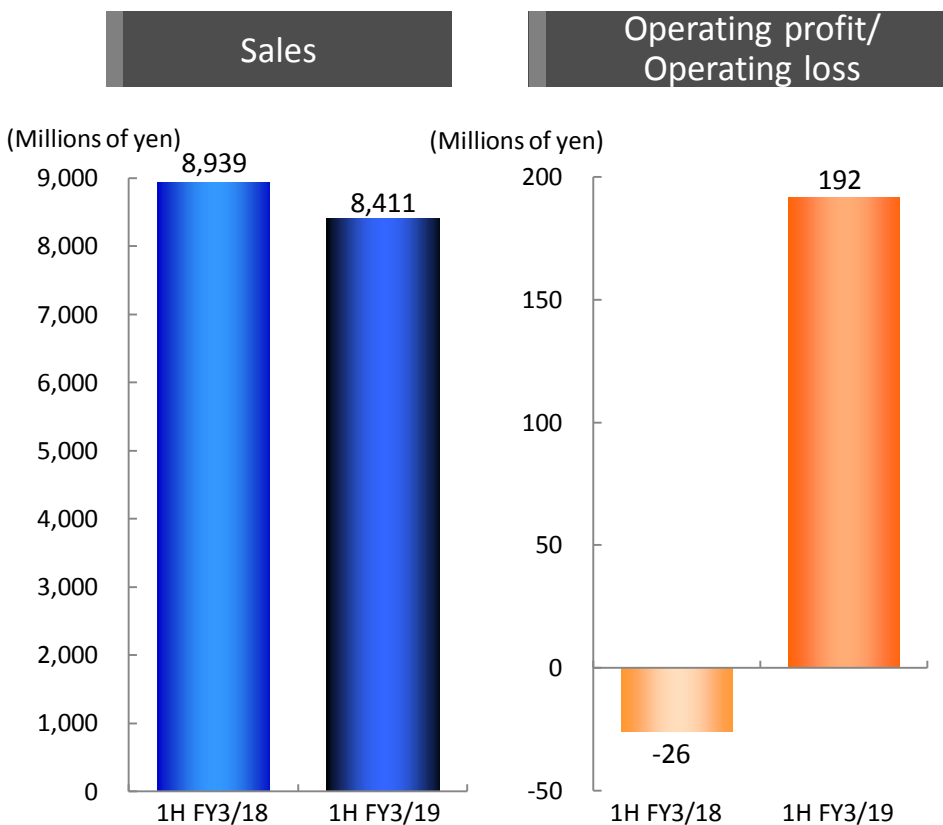
## **Entertainment Business**

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# **FY3/19 First-half Performance and Full-year Forecast**

# Karaoke Facility Operations: First Half of FY3/19 Review of Operations

Sales decreased as the number of stores declined, but profitability improved due to lower cost of sales and SG&A expenses



- Sales down 5.9% YoY
- Positive operating profits compared with a loss of 26 million yen in 1H FY3/18
- ◆ Number of facilities: 161 (down 22 YoY)
- ◆ Facilities closed to improve operating efficiency: 11 (including locations converted into café complexes)
- ◆ Gross profit margin: up 1.3pt YoY
  - Increase in existing-store sales: up 1.0% YoY
  - Closed facilities with a high cost of sales ratio
- ◆ SG&A expenses: down 16.7% YoY
  - Lower costs due to a decrease in the number of facility openings and renovations

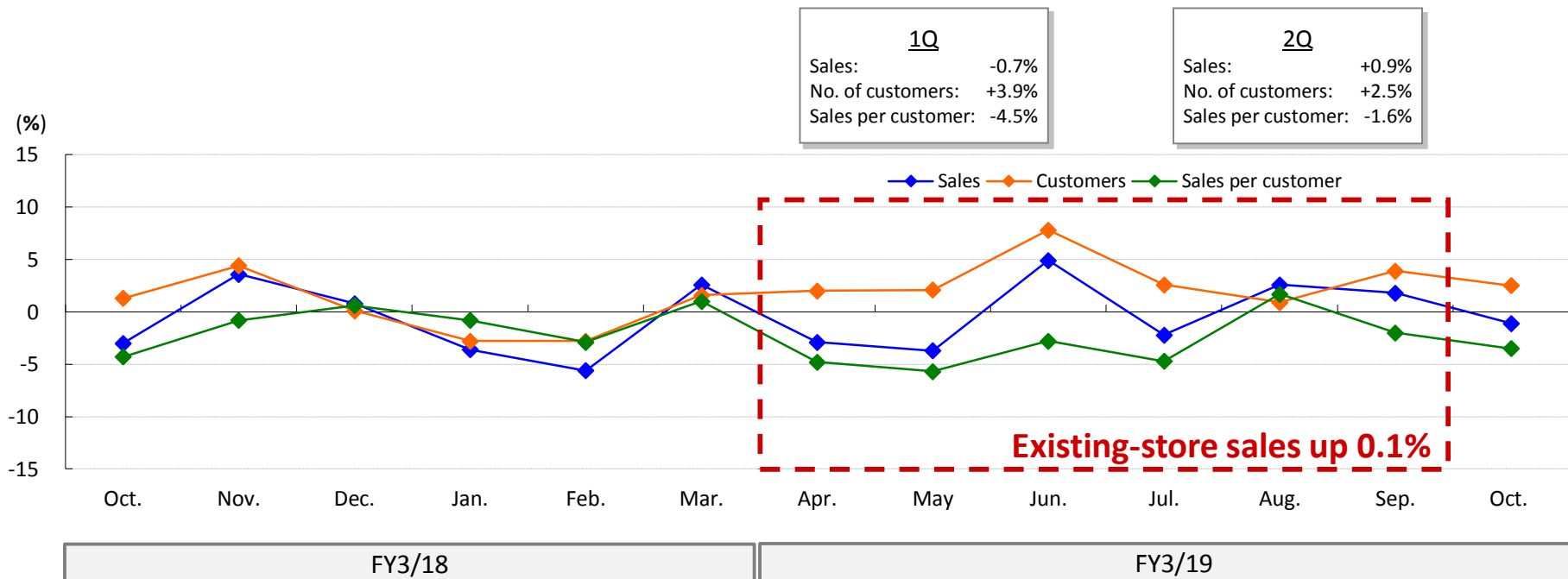
(Millions of yen)

	1H FY3/19		
		YoY %	% to sales
Sales	8,411	94.1	100.0
Gross profit	1,037	105.1	12.3
SG&A expenses	845	83.3	10.0
Operating profit	192	-	2.3

# Karaoke Facility Operations: First Half of FY3/19 Review of Operations

## Existing-store sales improved as customer numbers increased due to revitalization of existing stores

Monthly performance vs. prior fiscal year



	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	Mar. 2018	Apr. 2018	May 2018	Jun. 2018	Jul. 2018	Aug. 2018	Sep. 2018	First-half	Oct. 2018
Existing-store sales (%)	-3.0	3.6	0.8	-3.6	-5.6	2.6	-2.9	-3.7	4.9	-2.2	2.6	1.8	0.1	-1.1
No. of customers (%)	1.3	4.4	0.1	-2.8	-2.8	1.6	2.0	2.1	7.8	2.6	0.9	3.9	3.2	2.5
Sales per customer (%)	-4.3	-0.8	0.6	-0.8	-2.9	1.0	-4.8	-5.7	-2.8	-4.7	1.7	-2.0	-2.9	-3.5
Deviation from average temperature (°C) (Tokyo)	-0.7	-0.2	-1.0	-0.5	-0.3	+2.8	+3.1	+1.6	+1.0	+3.3	+1.7	+0.1	-	+1.6

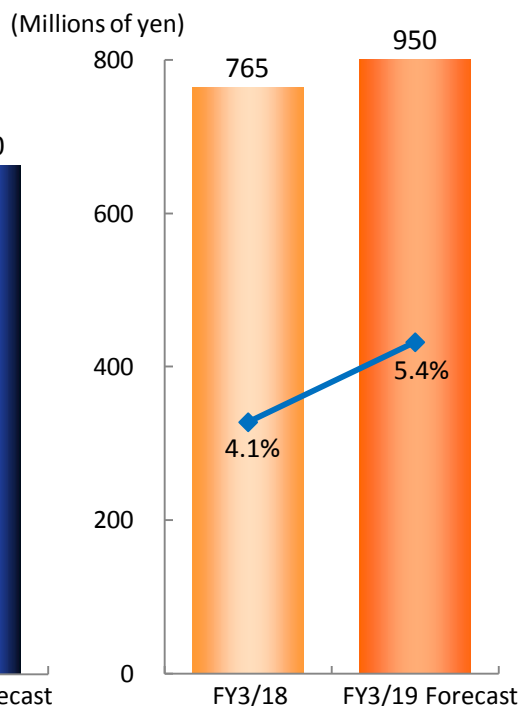
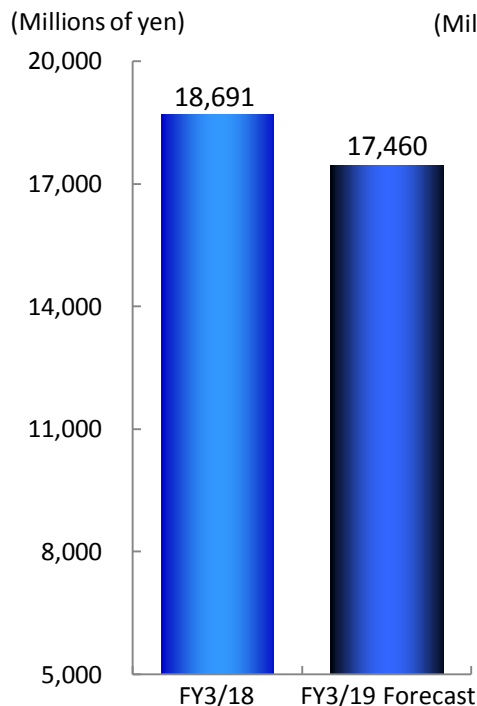


# Karaoke Facility Operations: FY3/19 Full-year Forecast

Forecast lower sales as the number of stores declines, but earnings to increase due to revitalization of existing stores and lower cost of sales and SG&A expenses

## Sales

## Operating profit/ Operating margin



(Millions of yen)

	FY3/19 Forecast		
		YoY %	% to sales
Sales	17,460	93.4	100.0
Gross profit	2,690	99.3	15.4
SG&A expenses	1,740	89.5	10.0
Operating profit	950	124.2	5.4

■ Sales down 6.6% YoY

■ Operating profit up 24.2% YoY

◆ Revitalization of existing facilities

● Change in existing-store sales (forecast)

	3Q	4Q	2H	Full year
Change in existing-store sales (forecast)	0.2%	3.3%	1.7%	1.0%

● Closing of facilities including locations closed for conversion into café complexes (2H: 13; full year: 24)

● Renovations (2H: 12 facilities; full year: 15 facilities)

● Early morning operating hours and discounted morning rates

● More activities to increase corporate members and Platinum Club members

● Improve services provided directly to customers



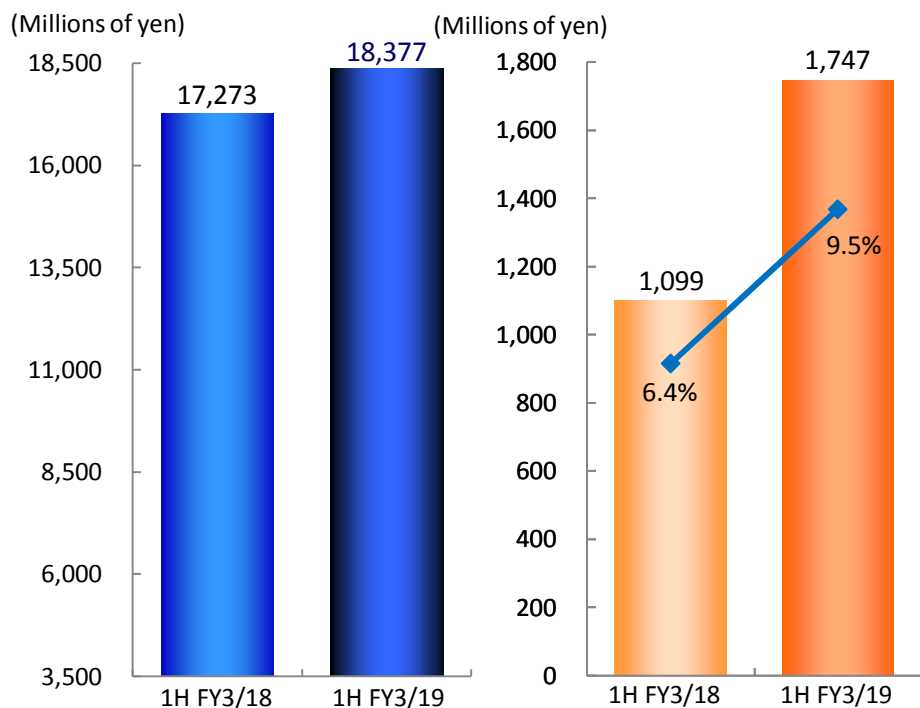
Platinum Club members

# Café Complex Operations: First Half of FY3/19 Review of Operations

## Higher sales and earnings due to contributions from new café openings and strong existing-store sales

### Sales

### Operating profit/ Operating margin



- Sales up 6.4% YoY
- Operating profit up 59.0% YoY
- ◆ Increase in existing-store sales: up 3.9% YoY
  - Improved the café atmosphere by installing high-performance PCs
  - Grand menu and supplemental menu have been very popular
  - Hot summer weather raised sales as people used cafés to escape the heat
- ◆ New store openings: 7
  - Number of karaoke facilities converted into café complexes: 5
- ◆ Gross profit margin: up 1.8pt YoY  
SG&A expenses: down 9.7% YoY
  - Lower costs due to a decrease in the number of facility openings and renovations

(Millions of yen)

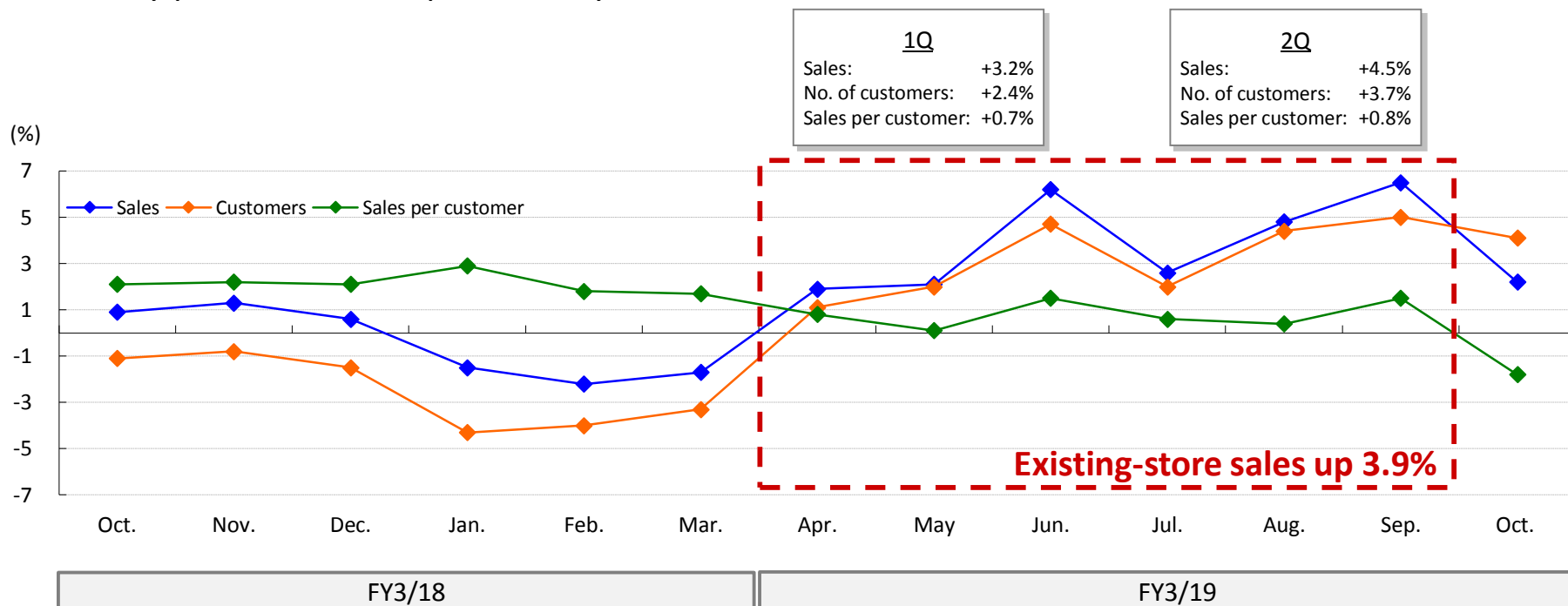
	1H FY3/19		
		YoY %	% to sales
Sales	18,377	106.4	100.0
Gross profit	3,209	118.1	17.5
SG&A expenses	1,461	90.3	8.0
Operating profit	1,747	159.0	9.5



# Café Complex Operations: First Half of FY3/19 Review of Operations - Existing Stores

## Customer traffic up due to café revitalization measures and hot summer weather

Monthly performance vs. prior fiscal year



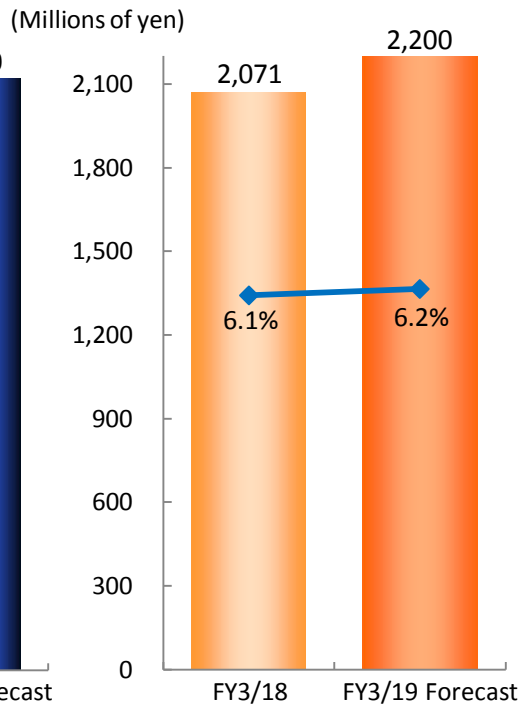
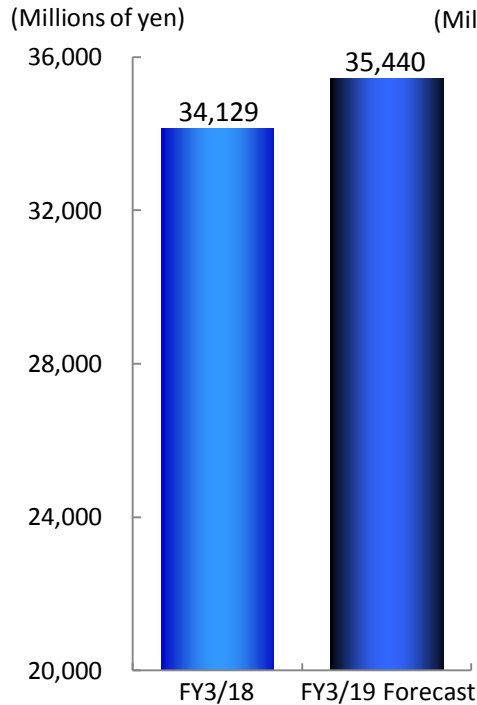
	Oct. 2017	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	Mar. 2018	Apr. 2018	May 2018	Jun. 2018	Jul. 2018	Aug. 2018	Sep. 2018	First-half	Oct. 2018
Existing-store sales (%)	0.9	1.3	0.6	-1.5	-2.2	-1.7	1.9	2.1	6.2	2.6	4.8	6.5	3.9	2.2
No. of customers (%)	-1.1	-0.8	-1.5	-4.3	-4.0	-3.3	1.1	2.0	4.7	2.0	4.4	5.0	3.1	4.1
Sales per customer (%)	2.1	2.2	2.1	2.9	1.8	1.7	0.8	0.1	1.5	0.6	0.4	1.5	0.8	-1.8
Deviation from average temperature (°C) (Tokyo)	-0.7	-0.2	-1.0	-0.5	-0.3	+2.8	+3.1	+1.6	+1.0	+3.3	+1.7	+0.1	-	+1.6

# Café Complex Operations: FY3/19 Full-year Forecast

Forecast higher sales and earnings due to contributions from new cafés and invigoration of existing stores through renovations

## Sales

## Operating profit/ Operating margin



■ Sales up 3.8% YoY

■ Operating profit up 6.2% YoY

◆ Increase in new café openings  
Full year: 15 (+9 locations vs. initial plan)

◆ Revitalization of existing locations

● Change in existing-store sales (forecast)

3Q	4Q	2H	Full year
0.3%	3.0%	1.7%	2.9%

● Use renovations to make locations more appealing

2H: 43 locations; full year: 56 locations

Addition of booths

Addition of karaoke, no-smoking booths and showers

● More locations offering free showers with an unlimited number of towels

(Millions of yen)

	FY3/19 Forecast		
		YoY %	% to sales
Sales	35,440	103.8	100.0
Gross profit	5,230	104.2	14.8
SG&A expenses	3,030	102.8	8.5
Operating profit	2,200	106.2	6.2

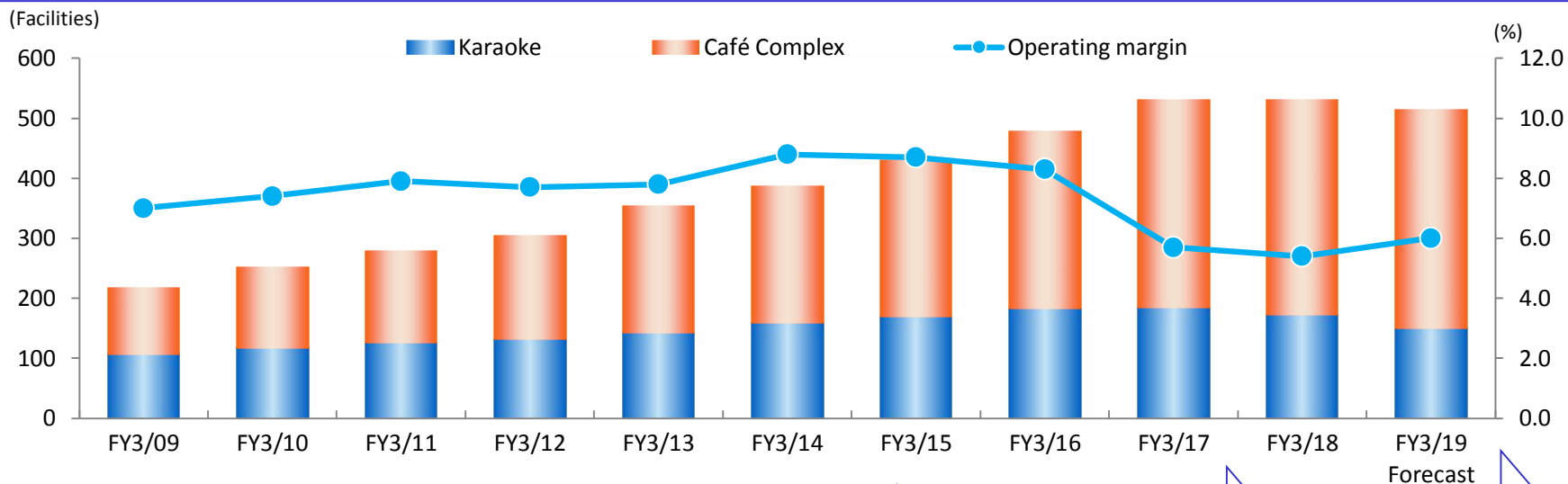


Karaoke

# Entertainment Business: Growth Initiatives

## 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

Revitalization of existing locations through renovations and conversion into a different format starting in FY3/19

### Entertainment Business

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 new content and services to attract new customer segments
- Use renovations to make existing locations more appealing and convert karaoke facilities into café complexes

# 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 14 and 20 for the difference.

# First Half of FY3/19 Consolidated Business Results

(Millions of yen unless otherwise stated)

	1H FY3/18 Results	%	1H FY3/19 Results	%	YoY change	YoY %
<b>Sales</b>	85,675	100.0	83,913	100.0	-1,762	97.9
Fashion	46,298	100.0	44,644	100.0	-1,653	96.4
Anniversaire/Bridal	13,187	100.0	12,497	100.0	-690	94.8
Karaoke	8,939	100.0	8,411	100.0	-527	94.1
Café Complex	17,273	100.0	18,377	100.0	1,104	106.4
<b>Gross profit</b>	35,006	40.9	34,144	40.7	-861	97.5
Fashion	27,552	59.5	26,372	59.1	-1,180	95.7
Anniversaire/Bridal	3,555	27.0	3,311	26.5	-244	93.1
Karaoke	987	11.0	1,037	12.3	50	105.1
Café Complex	2,718	15.7	3,209	17.5	490	118.1
<b>SG&amp;A expenses</b>	33,646	39.3	32,645	38.9	-1,000	97.0
Fashion	28,609	61.8	27,954	62.6	-655	97.7
Anniversaire/Bridal	2,608	19.8	2,662	21.3	54	102.1
Karaoke	1,014	11.3	845	10.0	-169	83.3
Café Complex	1,619	9.4	1,461	8.0	-157	90.3
<b>Operating profit</b>	1,359	1.6	1,499	1.8	139	110.2
Fashion	-1,057	-	-1,581	-	-524	-
Anniversaire/Bridal	947	7.2	649	5.2	-298	68.5
Karaoke	-26	-	192	2.3	219	-
Café Complex	1,099	6.4	1,747	9.5	648	159.0
<b>Ordinary profit</b>	959	1.1	533	7.2	-426	55.5
<b>Profit attributable to owners of parent</b>	163	0.2	-1,056	-	-1,220	-
<b>Net income per share (yen)</b>	1.87	-	-12.22	-	-14.09	-
<b>Shares outstanding at period-end (1,000 shares)</b>	86,881	-	86,526	-	-356	-

# First Half of FY3/19 Major Expenses

## SG&A expenses

(Millions of yen unless otherwise stated)

	1H FY3/18 Results					1H FY3/19 Results									
	Total	Fashion	Anniversaire / Bridal	Karaoke	Café Complex	Total		Fashion		Anniversaire/ Bridal		Karaoke		Café Complex	
						YoY %	YoY %	YoY %	YoY %	YoY %	YoY %				
Advertising expenses	4,668	3,312	861	267	141	4,682	100.3	3,423	103.4	884	102.7	175	65.9	129	91.2
Personnel expenses	13,184	10,480	675	454	918	12,647	95.9	10,093	96.3	652	96.6	390	85.9	802	87.3
Rents	7,620	7,734	11	15	30	7,398	97.1	7,452	96.4	11	101.5	14	95.4	32	104.5
Depreciation	1,719	1,354	51	28	26	1,686	98.0	1,391	102.7	50	98.2	16	58.3	26	100.0

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)

	1H FY3/18 Results			1H FY3/19 Results					
	Anniversaire/ Bridal	Karaoke	Café Complex	Anniversaire/ Bridal		Karaoke		Café Complex	
				YoY %	YoY %	YoY %	YoY %		
Personnel expenses	2,440	2,484	4,954	2,400	98.3	2,358	94.9	5,117	103.3
Rents	993	2,171	3,083	1,030	103.7	1,927	88.8	3,164	102.6
Depreciation	742	571	1,088	666	89.7	526	92.0	1,143	105.1

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.

# Full-year FY3/19 Consolidated Forecast

(Millions of yen unless otherwise stated)

	FY3/18	%	FY3/19 Initial forecast	%	FY3/19 Revised forecast	%	YoY change	YoY %
<b>Sales</b>	198,417	100.0	199,100	100.0	196,280	100.0	-2,137	98.9
Fashion	118,455	100.0	119,150	100.0	117,100	100.0	-1,355	98.9
Anniversaire/Bridal	27,173	100.0	27,200	100.0	26,320	100.0	-853	96.9
Karaoke	18,691	100.0	17,760	100.0	17,460	100.0	-1,231	93.4
Café Complex	34,129	100.0	35,040	100.0	35,440	100.0	1,310	103.8
<b>Gross profit</b>	86,864	43.8	87,530	44.0	86,140	43.9	-724	99.2
Fashion	70,878	59.8	71,580	60.1	70,100	59.9	-778	98.9
Anniversaire/Bridal	7,876	29.0	7,940	29.2	7,700	29.3	-176	97.8
Karaoke	2,708	14.5	2,600	14.6	2,690	15.4	-18	99.3
Café Complex	5,020	14.7	4,970	14.2	5,230	14.8	209	104.2
<b>SG&amp;A expenses</b>	72,000	36.3	72,530	36.4	71,140	36.2	-860	98.8
Fashion	62,351	52.6	62,630	52.6	61,350	52.4	-1,001	98.4
Anniversaire/Bridal	5,067	18.6	5,340	19.6	5,300	20.1	232	104.6
Karaoke	1,943	10.4	1,830	10.3	1,740	10.0	-203	89.5
Café Complex	2,948	8.6	2,890	8.2	3,030	8.5	81	102.8
<b>Operating profit</b>	14,864	7.5	15,000	7.5	15,000	7.6	135	100.9
Fashion	8,526	7.2	8,950	7.5	8,750	7.5	223	102.6
Anniversaire/Bridal	2,809	10.3	2,600	9.6	2,400	9.1	-409	85.4
Karaoke	765	4.1	770	4.3	950	5.4	184	124.2
Café Complex	2,071	6.1	2,080	5.9	2,200	6.2	128	106.2
<b>Ordinary profit</b>	14,003	7.1	13,750	6.9	13,750	7.0	-253	98.2
<b>Profit attributable to owners of parent</b>	7,377	3.7	7,400	3.7	7,000	3.6	-377	94.9
<b>Net income per share (yen)</b>	84.87	-	85.49	-	80.91	-	-3.96	-
<b>Shares outstanding at period-end (1,000 shares)</b>	86,564	-	86,564	-	86,526	-	-39	-

# Full-year 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	12,464	95.3	10,240	96.9	1,728	104.4	359	81.7	223	92.7
Personnel expenses	26,678	21,366	1,273	916	1,752	26,162	98.1	21,000	98.3	1,300	102.0	812	88.5	1,590	90.7
Rents	15,251	15,475	22	31	60	14,736	96.6	14,850	96.0	23	103.4	30	96.9	62	103.6
Depreciation	3,480	2,745	103	60	49	3,422	98.3	2,845	103.6	112	108.7	32	52.6	51	103.0

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	4,530	97.1	4,722	93.8	10,178	103.1
Rents	1,999	4,303	6,251	2,036	101.8	3,878	90.1	6,399	102.4
Depreciation	1,467	1,162	2,206	1,330	90.6	1,203	103.5	2,436	110.4

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.



# Reference: First Half of FY3/19 Fashion Business Performance

## (1) Change in existing-store sales

(%)

	Apr.	May	Jun.	1Q	Jul.	Aug.	Sep.	2Q	First half	Second half	Full year
FY3/19	-2.2	-6.9	-0.6	-3.3	-4.9	1.2	4.7	-0.2	-2.0		
FY3/18	-1.6	-7.5	-5.4	-4.9	3.4	1.0	5.8	3.4	-1.8	-0.2	-0.8

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

(%)

		Apr.	May	Jun.	1Q	Jul.	Aug.	Sep.	2Q	First half	Second half	Full year
Number of customers	FY3/19	-5.6	-9.9	-2.1	-5.9	-3.1	1.5	4.5	0.3	-3.4		
	FY3/18	-9.2	-13.2	-9.8	-10.9	0.5	-2.6	0.5	-0.4	-7.1	-4.5	-5.7
Sales per customer	FY3/19	3.6	3.3	1.6	2.7	-1.8	-0.3	0.2	-0.5	1.4		
	FY3/18	8.4	6.6	4.9	6.7	2.8	3.7	5.3	3.8	5.7	4.5	5.2

## (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)	FY3/19	42.2	94.5				
	FY3/18	44.6	97.1	85.0	97.3	129.6	97.2
Unit price (thousands of yen)	FY3/19	25.2	97.7				
	FY3/18	25.8	102.0	26.1	99.6	26.1	100.0

# Reference: First Half of FY3/19 Fashion Business Performance

## (4) Sales by category

(Millions of yen unless otherwise stated)

	1H FY3/18 Results	%	1H FY3/19 Results	%	YoY change	YoY %
Heavy clothing	17,486	37.8	16,779	37.6	-707	96.0
Medium clothing	5,199	11.2	4,791	10.7	-407	92.2
Light clothing	15,277	33.0	14,714	33.0	-562	96.3
Ladies' clothing	7,116	15.4	7,102	15.9	-13	99.8
Other	1,218	2.6	1,256	2.8	38	103.1
<b>Total</b>	<b>46,298</b>	<b>100.0</b>	<b>44,644</b>	<b>100.0</b>	<b>-1,653</b>	<b>96.4</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)

1H FY3/18	1H FY3/19 Results	YoY change	YoY %
363,439	363,219	-220	99.9

## (6) Store network by prefecture

	1H FY3/19														
	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		/2	/2	51	12	63	112
Miyagi				9	5	14		Mie				11		11	
Akita				4		4		Shiga				7	2	9	Kinki/ Chugoku
Yamagata				3		3		Kyoto				4	1	5	
Fukushima				7	1	8		Osaka	/1		/1	34	12	46	97
Ibaraki				15	3	18		Kanto	Hyogo				12	11	
Tochigi				10	2	12	Nara					5	1	6	
Gunma				12		12	337	Hiroshima				5	3	8	
Saitama	/1		/1	51	13	64		Fukuoka				20		20	
Chiba		/1	/1	43	10	53		Nagasaki				3		3	38
Tokyo			1	71	29	100		Kumamoto				8		8	
Kanagawa	/1	1	1/1	54	24	78		Miyazaki				2		2	
Niigata				11	2	13		Koshinetsu/ Hokuriku	Kagoshima				5		5
Toyama				10		10	Total		/3	2/3	2/6	571	136	707	
Ishikawa				8		8	63								
Fukui				3		3									
Yamanashi				6	1	7									
Nagano				22		22									

# Reference: FY3/19 Fashion Business Outlook

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

(%)

		First half	3Q	4Q	Second half	Full year
Sales	FY3/19 (1H results + 2H revised forecast)	-2.0	0.5	1.2	0.9	-0.2
	FY3/19 (initial forecast)	0.9	1.0	1.9	1.5	1.3
	FY3/18	-1.8	-0.5	0.1	-0.2	-0.8
Number of customers	FY3/19 (1H results + 2H revised forecast)	-3.4	-1.4	0.0	-0.7	-1.9
	FY3/19 (initial forecast)	-2.9	-1.1	-0.4	-0.8	-1.8
	FY3/18	-7.1	-7.9	-1.2	-4.5	-5.7
Sales per customer	FY3/19 (1H results + 2H revised forecast)	1.4	1.9	1.2	1.6	1.7
	FY3/19 (initial forecast)	3.9	2.2	2.3	2.3	3.1
	FY3/18	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	48,888	41.7	-848	98.3
Medium clothing	9,226	7.8	8,741	7.5	-485	94.7
Light clothing	34,496	29.1	33,992	29.0	-504	98.5
Ladies' clothing	21,498	18.1	21,899	18.7	400	101.9
Other	3,497	3.0	3,580	3.1	82	102.4
<b>Total</b>	<b>118,455</b>	<b>100.0</b>	<b>117,100</b>	<b>100.0</b>	<b>-1,355</b>	<b>98.9</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: First Half of FY3/19 Entertainment Business Performance

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

(%)

	Apr.	May	Jun.	1Q	Jul.	Aug.	Sep.	2Q	First half	Second half	Full year
FY3/19	-2.9	-3.7	4.9	-0.7	-2.2	2.6	1.8	0.9	0.1		
FY3/18	-2.8	-2.2	0.3	-1.6	-3.7	4.2	0.6	0.4	-0.5	-0.7	-0.6

## (2) Karaoke facility operations:

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

(%)

		Apr.	May	Jun.	1Q	Jul.	Aug.	Sep.	2Q	First half	Second half	Full year
Number of customers	FY3/19	2.0	2.1	7.8	3.9	2.6	0.9	3.9	2.5	3.2		
	FY3/18	0.0	-0.5	3.1	0.8	0.8	7.4	3.8	4.0	2.5	0.3	1.4
Sales per customer	FY3/19	-4.8	-5.7	-2.8	-4.5	-4.7	1.7	-2.0	-1.6	-2.9		
	FY3/18	-2.7	-1.7	-2.7	-2.4	-4.4	-3.0	-3.0	-3.5	-2.9	-0.9	-1.9

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

(%)

		1H FY3/18	1H FY3/19	YoY change
Existing stores	Room charges	46.8	47.5	+0.7pt
	Food and beverage sales	52.8	52.1	-0.7pt
	Other sales	0.4	0.4	-

# Reference: First Half of FY3/19 Entertainment Business Performance

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

(%)

	Apr.	May	Jun.	1Q	Jul.	Aug.	Sep.	2Q	First half	Second half	Full year
FY3/19	1.9	2.1	6.2	3.2	2.6	4.8	6.5	4.5	3.9		
FY3/18	1.4	-1.6	1.6	0.4	3.7	2.7	1.8	2.7	1.6	-0.4	0.6

## (5) Café complex operations:

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

(%)

		Apr.	May	Jun.	1Q	Jul.	Aug.	Sep.	2Q	First half	Second half	Full year
Number of customers	FY3/19	1.1	2.0	4.7	2.4	2.0	4.4	5.0	3.7	3.1		
	FY3/18	0.2	-2.2	0.2	-0.7	1.8	0.9	-0.2	0.8	0.1	-2.5	-1.2
Sales per customer	FY3/19	0.8	0.1	1.5	0.7	0.6	0.4	1.5	0.8	0.8		
	FY3/18	1.2	0.6	1.4	1.0	1.9	1.8	2.0	1.9	1.5	2.1	1.8

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

(%)

		1H FY3/18	1H FY3/19	YoY change
Existing stores	Room charges	83.9	83.4	-0.5pt
	Food and beverage sales	14.2	14.4	+0.2pt
	Other sales	1.9	2.2	+0.3pt

## (7) Store network by prefecture

	1H FY3/19														
	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					7	7	Hokkaido/ Tohoku	Shiga	/1	/1	/2		4	4	Kinki/ Chugoku
Iwate				2	5	7		Kyoto		/2	/2	3	9	12	
Miyagi				6	6	12	43	Osaka	/2	1	1/2	10	32	42	111
Akita				1	2	3		Hyogo				5	16	21	
Yamagata				1	5	6		Nara	/1	1	1/1	1	4	5	
Fukushima				1	7	8		Wakayama					3	3	
Ibaraki		/1	/1	3	12	15	Kanto	Tottori					1	1	
Tochigi				1	5	6		Shimane					2	2	
Gunma				1	8	9	198	Okayama				2	6	8	
Saitama		/1	/1	5	25	30		Hiroshima					9	9	
Chiba	/1	1/1	1/2	9	22	31		Yamaguchi					4	4	
Tokyo	/1	1	1/1	31	18	49		Tokushima					2	2	
Kanagawa	/2	2	2/2	34	24	58		Kagawa					3	3	
Niigata		/1	/1	3	8	11	Koshinetsu/ Hokuriku	Ehime					1	1	
Toyama				2	2	4		Fukuoka				3	8	11	
Ishikawa				6	4	10	52	Saga					2	2	
Fukui				6	1	7		Nagasaki					3	3	
Yamanashi				2	3	5		Kumamoto					6	6	
Nagano	/1		/1	9	6	15		Oita					3	3	
Gifu					8	8	Tokai	Miyazaki					4	4	
Shizuoka	/1	1	1/1	6	14	20		Kagoshima					3	3	
Aichi	/1		/1	7	30	37	75	Okinawa					3	3	
Mie				1	9	10		Total	/11	7/7	7/18	161	359	520	

# 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 (%)

		First half	3Q	4Q	Second half	Full year
Sales	FY3/19 (1H results + 2H revised forecast)	0.1	0.2	3.3	1.7	1.0
	FY3/19 (initial forecast)	0.0	0.1	3.2	1.6	0.8
	FY3/18	-0.5	0.5	-2.0	-0.7	-0.6
Number of customers	FY3/19 (1H results + 2H revised forecast)	3.2	0.7	3.5	2.1	2.6
	FY3/19 (initial forecast)	0.1	0.1	2.2	1.1	0.6
	FY3/18	2.5	1.7	-1.2	0.3	1.4
Sales per customer	FY3/19 (1H results + 2H revised forecast)	-2.9	-0.5	-0.2	-0.4	-1.5
	FY3/19 (initial forecast)	-0.1	0.0	1.0	0.4	0.2
	FY3/18	-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 (%)

		First half	3Q	4Q	Second half	Full year
Sales	FY3/19 (1H results + 2H revised forecast)	3.9	0.3	3.0	1.7	2.9
	FY3/19 (initial forecast)	0.2	0.2	2.8	1.5	0.8
	FY3/18	1.6	0.9	-1.8	-0.4	0.6
Number of customers	FY3/19 (1H results + 2H revised forecast)	3.1	0.3	3.0	1.6	2.4
	FY3/19 (initial forecast)	-0.3	0.1	2.8	1.5	0.6
	FY3/18	0.1	-1.2	-3.9	-2.5	-1.2
Sales per customer	FY3/19 (1H results + 2H revised forecast)	0.8	0.0	0.1	0.0	0.4
	FY3/19 (initial forecast)	0.5	0.0	0.1	0.0	0.3
	FY3/18	1.5	2.1	2.2	2.1	1.8