



# Performance Briefing

for the Fiscal Year Ended March 31, 2020

June 5, 2020  
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 13 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.

### KAIKATSU CLUB



Shared space with a relaxing atmosphere based on the ambience of Bali. A place where people can relax and refresh their minds on their own. An ideal location for teleworking.

### Karaoke Facility: COTE D'AZUR



Communication 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.

### Fitness: FIT24

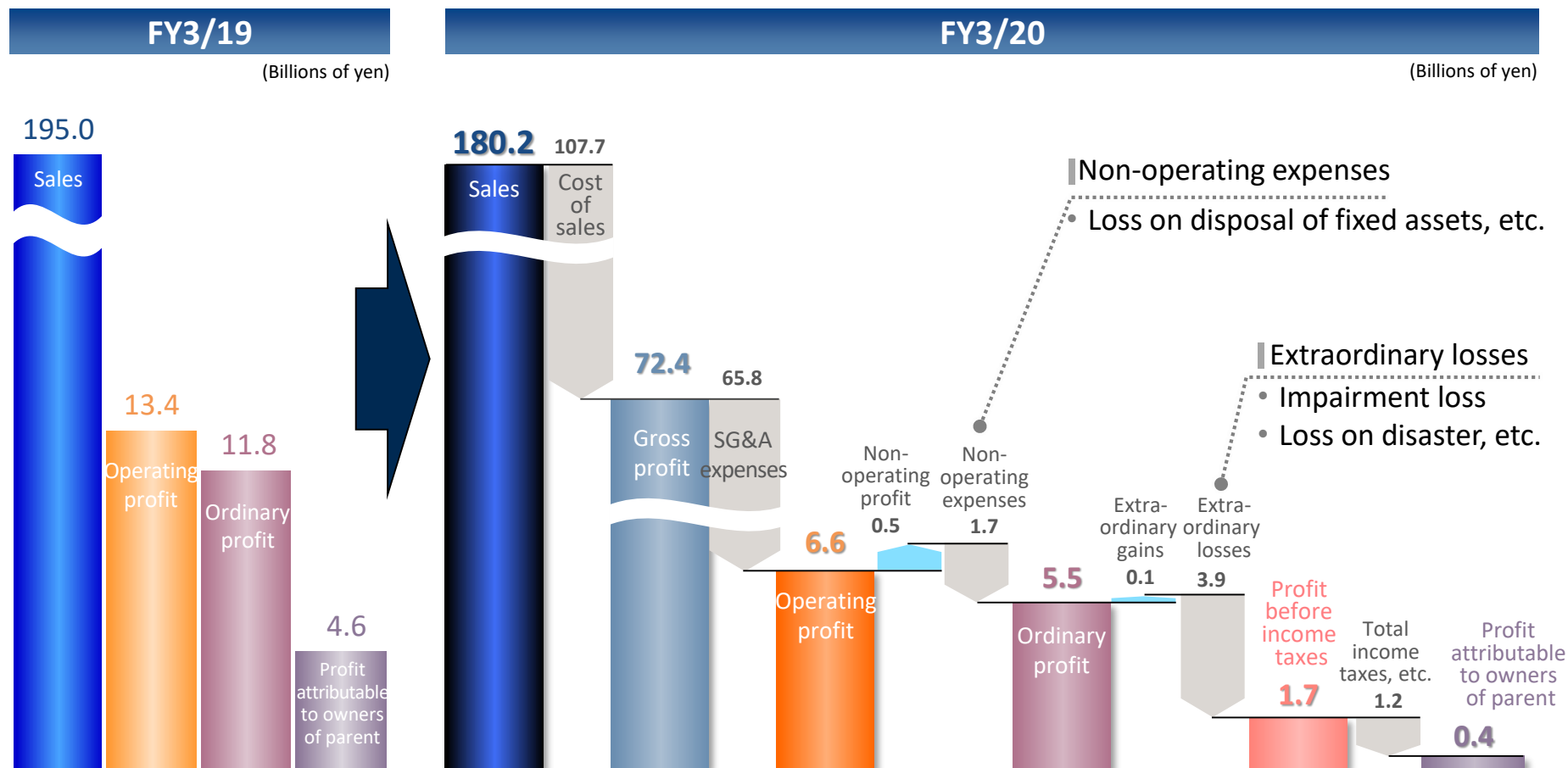


24-hour self-service fitness centers, featuring a pleasant environment for training activities and a diverse lineup of services

*Entertainment*

# FY3/20 Financial Highlights

The Entertainment Business opened many new locations. However, sales and earnings were down because of the impact of COVID-19 in late February and March, a shift in the business climate, and higher expenses for opening new locations.



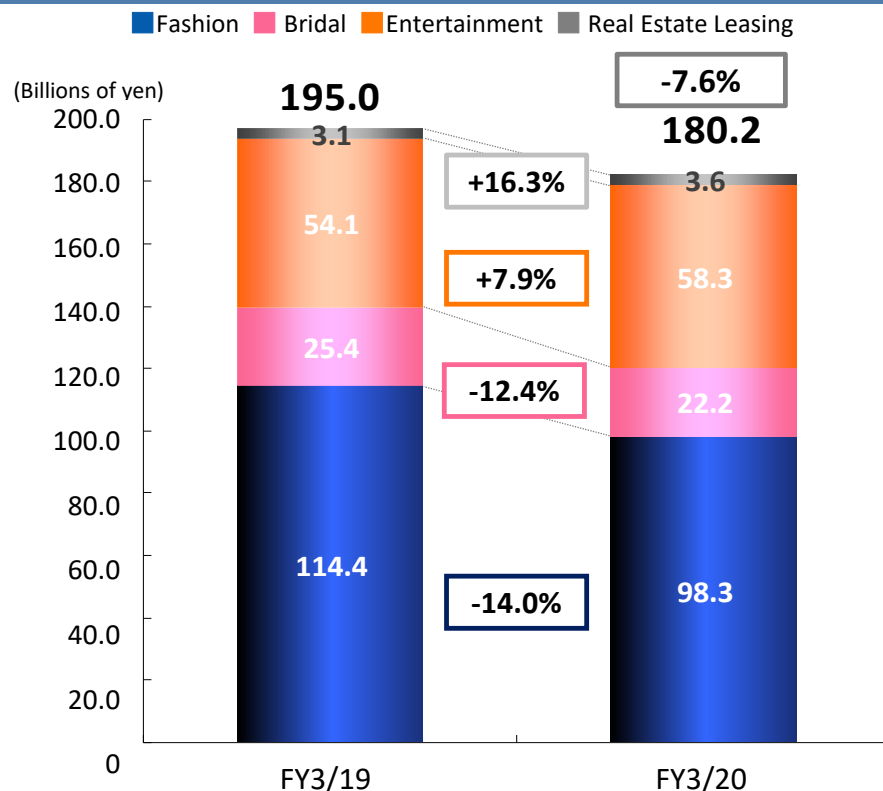
Note: Starting in FY3/20, profit/loss on real estate leasing is included in operating profit/loss instead of non-operating profit/expenses. FY3/19 figures reflect this reclassification.

# FY3/20 Results by Segment

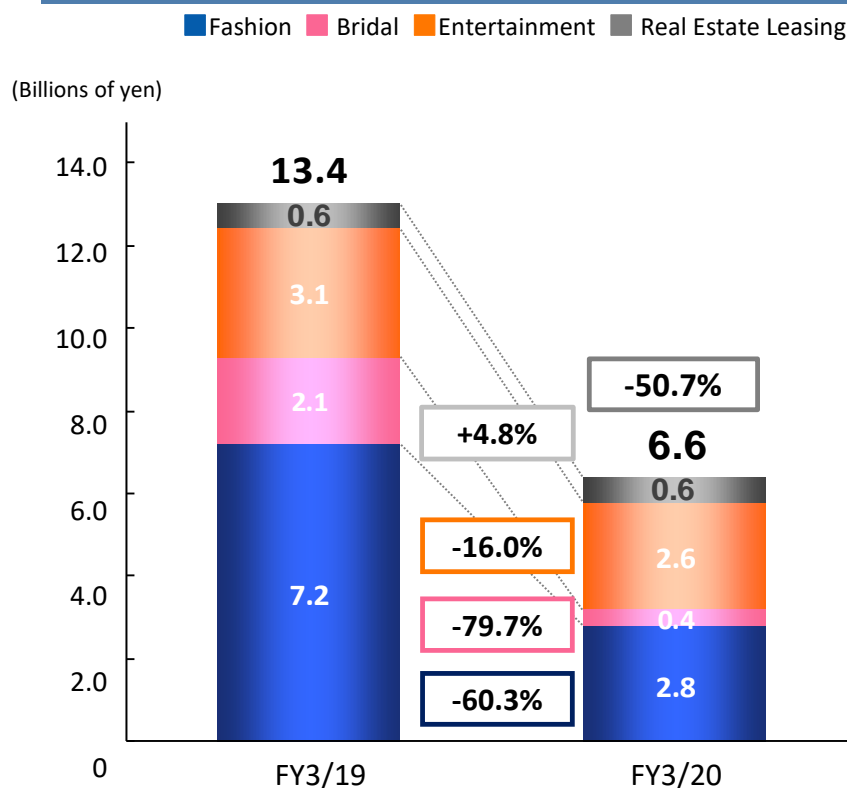
## Reasons for segment performance other than the impact of COVID-19

- Fashion: Lower sales and earnings because of a decrease in the number of stores and lower existing-store sales mainly due to unfavorable weather.
- ANNIVERSAIRE/Bridal: Lower sales and earnings due to smaller number of locations and a decrease in the number of couples married.
- Entertainment: Sales increased due to contributions from new facilities and strong existing-store sales but earnings decreased because of higher costs due to an increase in the number of facility openings and renovations.

### Sales



### Operating profit



Note: Starting in FY3/20, profit/loss on real estate leasing is included in operating profit/loss instead of non-operating profit/expenses. FY3/19 figures reflect this reclassification.



# Impact of COVID-19

Business Segment	Change in Existing-store Performance vs. March 2019	Effects of the COVID-19 Crisis
Fashion	<p><b><u>Sales: down 32.9%</u></b></p> <p>Number of customers: down 35.0% Sales per customer: up 3.2%</p>	<ul style="list-style-type: none"> <li>• 29.3% decrease in “freshers” customers at AOKI because school graduation and entrance ceremonies were canceled</li> <li>• 36.6% decrease in the number of standard customers (excluding “freshers”) at AOKI as people stayed home and switched to teleworking</li> <li>• 35.8% decrease in existing-store sales at ORIHICA because of temporary store closings and other reasons</li> </ul>
Anniversaire and Bridal	<p><b><u>Sales: down 53.3%</u></b></p>	<ul style="list-style-type: none"> <li>• The number of weddings was down by about 300 as couples rescheduled or canceled weddings</li> </ul>
Entertainment	<p><b><u>Sales: down 17.2%</u></b></p> <p>Number of customers: down 15.6% Sales per customer: down 1.9%</p>	<ul style="list-style-type: none"> <li>• 37.2% decrease in existing karaoke facility sales because people stayed home and for other reason</li> <li>• 12.0% decrease in existing café complex sales because people stayed home and for other reason</li> </ul>

- Fashion: Greatly affected by a big downturn in the number of customers in late February and the entire March, which is the peak sales period.
- ANNIVERSAIRE/Bridal: Starting in late February, wedding postponements started to increase.
- Entertainment: The effect of people refraining from visiting karaoke facilities was particularly significant. The number of people who canceled FIT24 fitness center memberships increased; more than 2,500 memberships were canceled as of March 2020.

## **Earnings forecast for FY3/21**

There is no forecast for the fiscal year ending in March 2021 at this time. Determining an accurate and reliable forecast is not possible because of the effects of the COVID-19.

An announcement will be made as soon as it becomes possible to determine a forecast.

# Responses to the COVID-19 Pandemic

## Impact of COVID-19 and the AOKI Group's responses

**Impact:** Impossible to predict when this crisis will end and consumer spending will recover

### ► Effects on markets

- Big changes in life styles
- People staying home
- Shift in how people buy goods
- Avoid the three C's (closed spaces, crowded places, close-contact settings)

### ► Effects on AOKI Group businesses

- Temporary closings
- Reduced operating hours
- Temporary closings of shopping centers
- Cancellations of large weddings/receptions

**Responses:** Activities for the safety of customers and employees, use of different “working styles” for revising current business processes as much as possible, many activities for continuing to operate or restart businesses

## AOKI Group Actions

### ► Business continuity

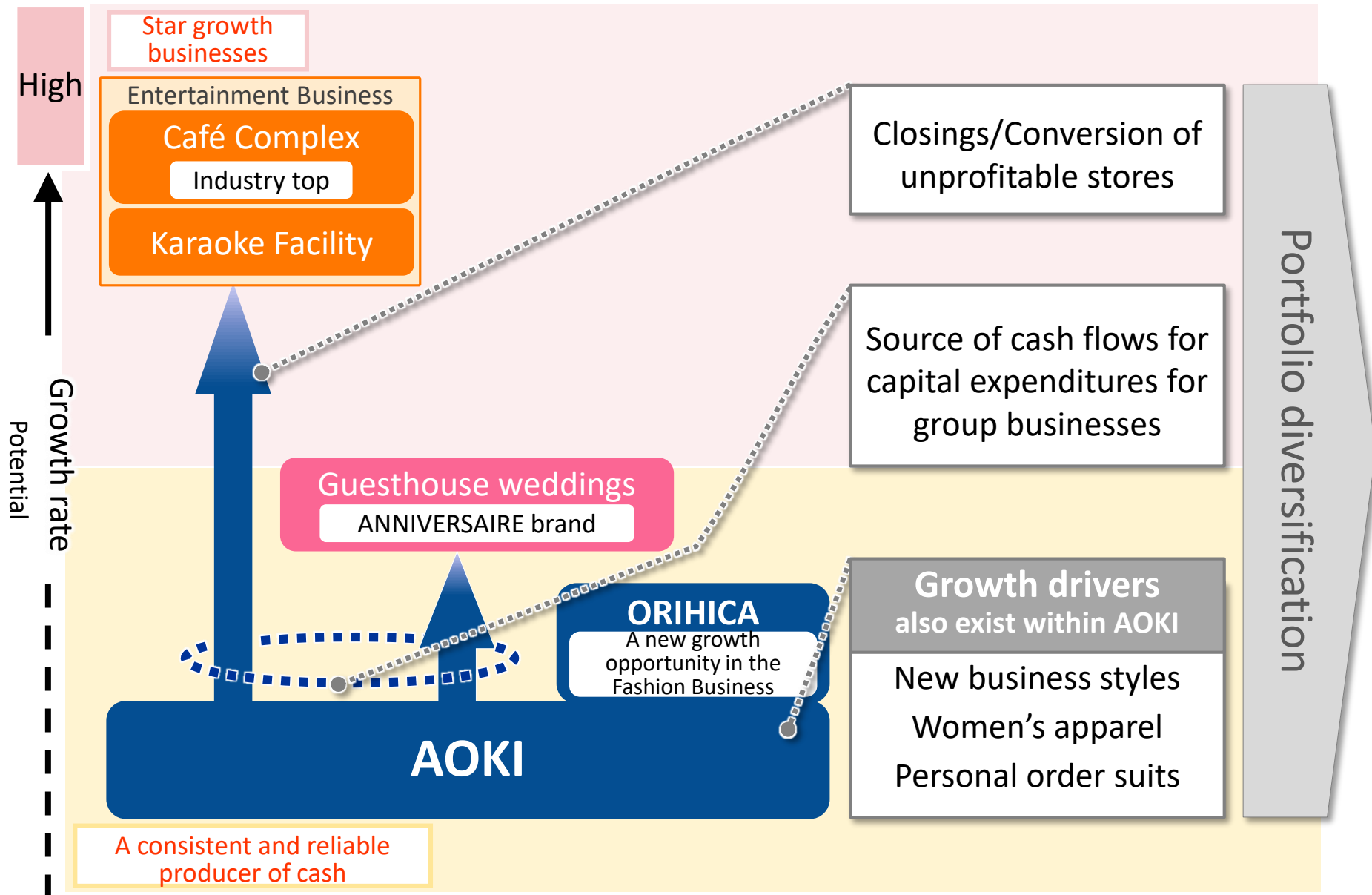
- Quickly procured funds and revised investment plans
- Cut costs wherever possible
- Responses to the impact on individual businesses

### ► Actions to prevent COVID-19 infections

- Customers
  - Customer interactions in all businesses based on the three C's (distancing, etc.)
  - Maintain good ventilation, provide alcohol-based hand sanitizers
  - All employees wash hands, gargle and wear masks
- Employees
  - Teleworking and other ways to work at home (head office personnel)
  - Use of online conferences and training sessions
  - Staggered working hours/use of different shifts
  - Postponed/canceled/dispersed internal and external events



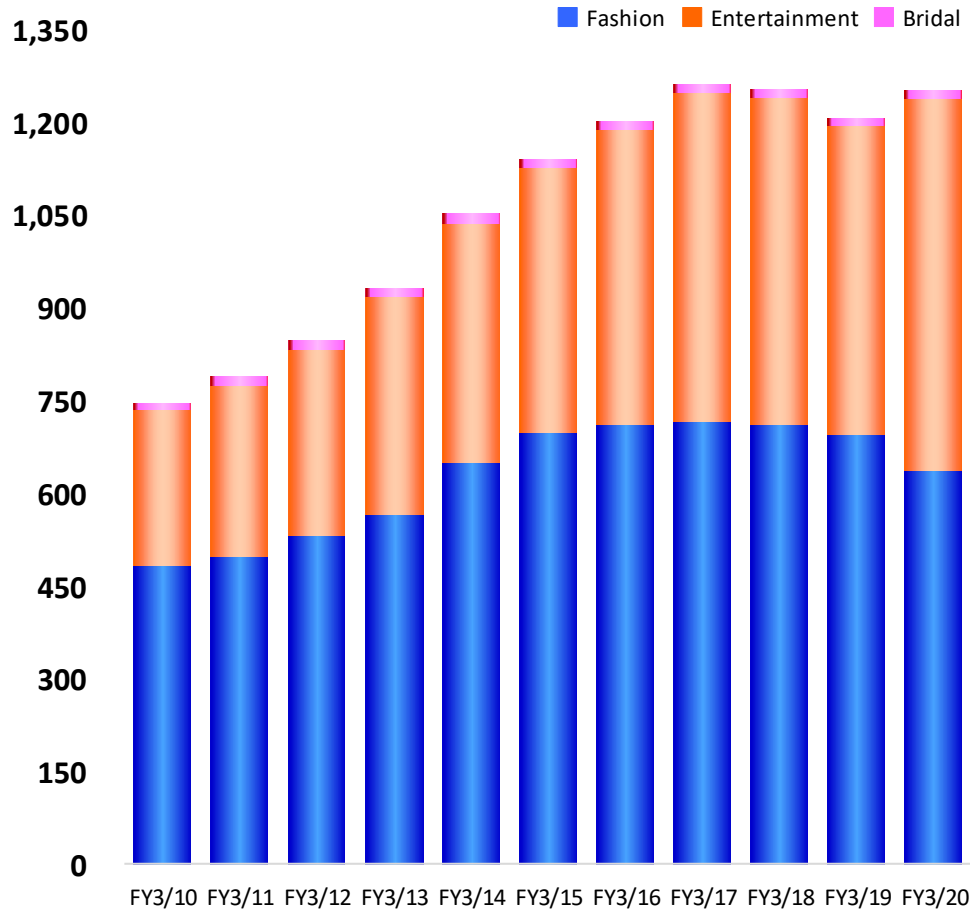
# A Business Portfolio Structured for Sustained Growth



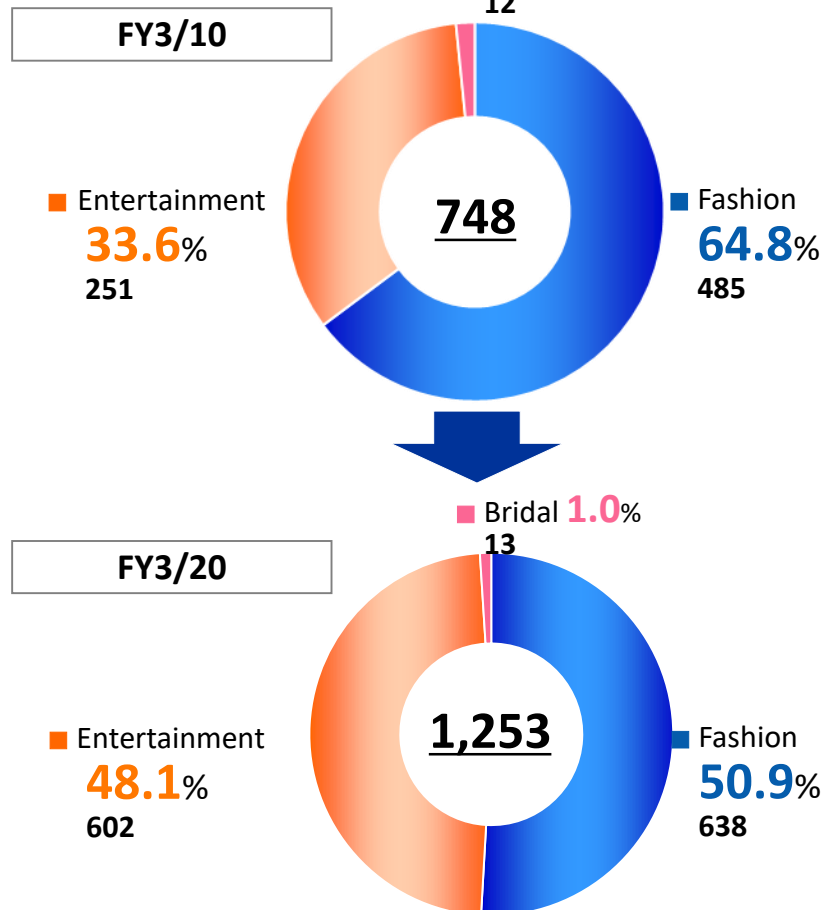
# A Business Portfolio Structured for Sustained Growth

- Plan to continue adding locations, primarily in the Entertainment Business
- Expect the number of Entertainment Business locations to surpass the Fashion Business in FY3/21

Number of stores/facilities



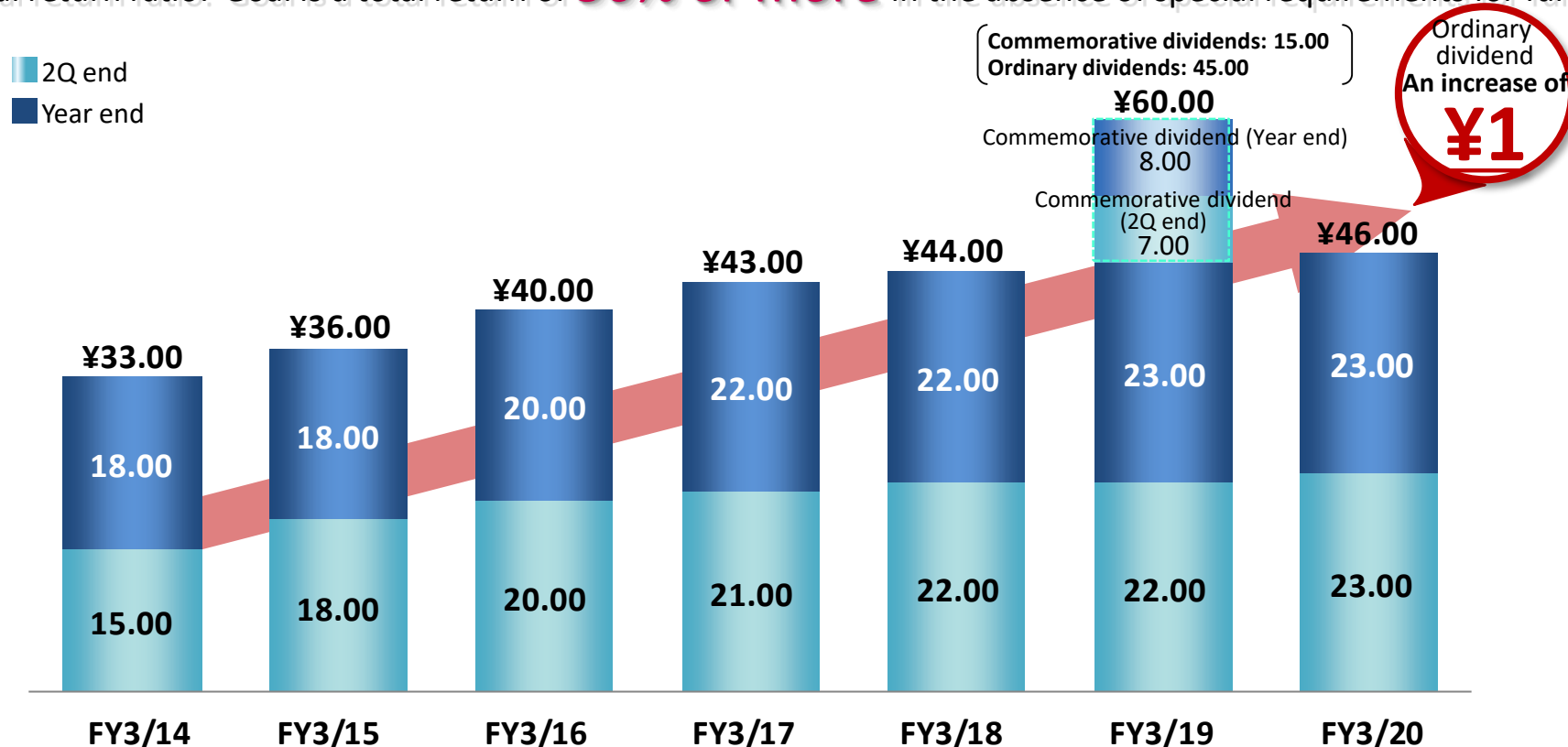
Change in composition of stores/facilities



# Shareholder Returns: Basic Policy, Dividends 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



Note: Forecasts for FY3/21 are undecided at this time.

**A resolution to repurchase stock was approved on February 12, 2020 and canceled on May 20**

Acquisition period:	Feb. 13, 2020 - May 20, 2020
Total number of shares acquired:	328 thousand shares
Total value of shares acquired:	¥306 million

# ESG (Environmental, Social and Governance) Initiatives

A strong commitment to using business activities for ESG progress in order to create value jointly with the communities where we operate for a better future

**Environment**



**Society**



**Corporate governance**

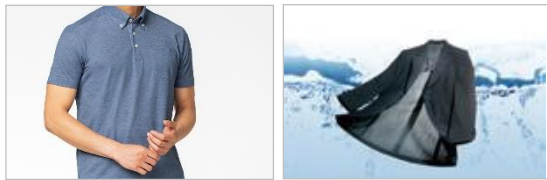


## Reducing electricity use

- Switching to LED lights lowers CO<sub>2</sub> emissions
  - All AOKI, ANNIVERSAIRE, KAIKATSU CLUB and COTE D'AZUR locations use LED lights and 60% of ORIHICA stores have switched to LED lights

## Development of eco-products

- New products with a smaller environmental impact



## Recycling

- The Wool Ecocycle Project
  - Stores collect used wool apparel for recycling to make a variety of products. AOKI covers some of the expenses for recycling processes.

## For customers

- Fashion Business
  - Third-party inspections to verify merchandise quality
  - Improvement meetings held by the Quality Assurance Dept.
- All businesses
  - Customer research to determine their needs

## For employees

- New work-life balance program using the Gear Change Package system
  - Support for enabling employees to select a working style that matches their current stage of life and other requirements



## For communities

- Support for cultural activities and sports



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## Stronger governance

- Two external directors and two external auditors
- More rigorous management oversight function
- Establishment of Nominations and Compensation Committee

## Compliance

- Establishment of rules, manuals and other measures as needed to strengthen the framework for internal controls
- Study groups and other educational activities for compliance

## Shareholder/investor dialogues

- Two earnings announcement information meetings every year
- Information meetings for individual investors
- One-on-one meetings with investors

Environment

Social

Governance

# **FY3/20 Review of Operations**

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# Major Changes in Consolidated Profit and Loss

(Millions of yen)

Account/Period	FY3/19	FY3/20	Change	YoY %	Major Components
Sales	195,054	180,220	-14,833	92.4	Decrease in the number of stores and lower existing-store sales in the Fashion Business, decrease in the number of couples married in the ANNIVERSAIRE/Bridal Business Impact of COVID-19
Gross profit Gross profit margin	83,673 42.9%	72,483 40.2%	-11,190 -2.7pt	86.6	Gross profit margin fell by 0.5pt, 3.7pt and 0.1pt in the Fashion, ANNIVERSAIRE/Bridal and Entertainment business segments, respectively
Selling, general and administrative expenses	70,182	65,833	-4,348	93.8	Cost control in all business segments, while expenses increased in the Entertainment Business for opening new locations and renovations
Operating profit Operating margin	13,491 6.9%	6,649 3.7%	-6,841 -3.2pt	49.3	Impact of COVID-19 and other factors
Non-operating profit	388	557	169	143.7	
Non-operating expenses	1,988	1,705	-282	85.8	
Ordinary profit	11,890	5,501	-6,388	46.3	
Extraordinary gains	215	170	-45	79.0	
Extraordinary losses	4,669	3,964	-705	84.9	Decrease in impairment loss
Profit attributable to owners of parent	4,602	447	-4,155	9.7	

Note: Starting in FY3/20, profit/loss on real estate leasing is included in operating profit/loss instead of non-operating profit/expenses. FY3/19 figures reflect this reclassification.

◆ Depreciation: ¥8,807 million (including lease assets of ¥1,657 million)

◆ YoY existing-store sales: -10.1% for Fashion, +3.3% for Entertainment (+5.0% for Café Complex, -3.3% for Karaoke)



# Major Changes in Sales and Operating Profit by Business Segment

## Sales by business segment

(Millions of yen)

Business Segment	FY3/19	FY3/20	Change	YoY %	Major Components
<b>Total</b>	195,054	180,220	-14,833	92.4	
Fashion	114,404	98,352	-16,051	86.0	Decrease in the number of stores and lower existing-store sales
Anniversaire and Bridal	25,433	22,270	-3,162	87.6	Decrease in the number of couples married
Entertainment	54,102	58,388	4,285	107.9	
Café Complex (includes FIT24)	36,797	44,280	7,483	120.3	Contributions from new locations and higher existing-facility sales
Karaoke	17,305	14,108	-3,197	81.5	Decrease in the number of stores
Real estate leasing	3,116	3,624	507	116.3	
Inter-segment transactions	-2,002	-2,415	-414	-	

Note: Starting in FY3/20, profit/loss on real estate leasing is included in operating profit/loss instead of non-operating profit/expenses. FY3/19 figures reflect this reclassification.

## Operating profit by business segment

(Millions of yen)

Business Segment	FY3/19	FY3/20	Change	YoY %	Major Components
<b>Total</b>	13,491	6,649	-6,841	49.3	
Fashion	7,263	2,886	-4,376	39.7	Lower existing-store sales
Anniversaire and Bridal	2,169	439	-1,730	20.3	Decrease in the number of couples married
Entertainment	3,182	2,672	-510	84.0	
Café Complex (includes FIT24)	2,159	1,618	-540	75.0	Higher expenses for opening new cafés and renovations
Karaoke	1,023	1,053	30	102.9	
Real estate leasing	638	668	30	104.8	
Inter-segment transactions	237	-17	-255	-	

Note: Starting in FY3/20, profit/loss on real estate leasing is included in operating profit/loss instead of non-operating profit/expenses. FY3/19 figures reflect this reclassification.

# Major Changes in Consolidated Balance Sheet

(Millions of yen)

Account/Period	FY3/19	FY3/20	Change	Major Components
<b>Current assets</b>	72,948	65,297	-7,651	
Cash in hand and in banks	26,558	23,843	-2,714	Increase in capital investments
Accounts receivable-trade	11,793	8,455	-3,337	Lower sales
Inventories	25,574	24,181	-1,392	Lower procurement
<b>Fixed assets</b>	159,107	164,546	5,438	
Tangible fixed assets	109,958	117,533	7,575	Increase due to new openings in the Entertainment Business
Intangible fixed assets	5,932	5,631	-301	
Investments and other assets	43,216	41,382	-1,834	Sales of investment securities
<b>Total assets</b>	232,056	229,843	-2,213	
<b>Current liabilities</b>	37,177	32,587	-4,590	
Accounts payable-trade	18,162	14,563	-3,598	Lower procurement in the Fashion Business
Current portion of long-term borrowings	2,650	3,493	843	
<b>Long-term liabilities</b>	49,208	58,046	8,838	
Long-term borrowings	34,825	40,332	5,507	Increase due to borrowings (¥9 billion)
<b>Total liabilities</b>	86,385	90,634	4,248	
Share capital	23,282	23,282	-	
Capital surplus	27,846	27,823	-22	
Retained earnings	100,488	96,298	-4,190	Dividend from surplus
Treasury stock	-6,302	-7,592	-1,289	Repurchase of stock
Total accumulated other comprehensive income	280	-831	-1,112	
Stock acquisition rights	75	228	153	
<b>Total net assets</b>	145,671	139,209	-6,461	
<b>Total liabilities and net assets</b>	232,056	229,843	-2,213	

# Major Changes in Consolidated Statement of Cash Flows

(Millions of yen)

Account/Period	FY3/19	FY3/20	Change	Major Components
Cash flows from operating activities	13,066	14,803	1,736	Decrease in income taxes paid
Cash flows from investing activities	-9,152	-16,418	-7,266	Increase in acquisition of tangible fixed assets related to new store openings and renovations
Cash flows from financing activities	-9,532	-1,098	8,433	Long-term borrowings (¥9 billion)
Increase (decrease) in cash and cash equivalents	-5,617	-2,714	2,903	
Beginning balance	32,175	26,558	-5,617	
Ending balance	26,558	23,843	-2,714	

# Number of Stores Opened/Closed

(Number of stores)

Business Segment	Stores/Facilities	FY3/19			FY3/20		
		Number of Stores	Opened	Closed	Number of Stores	Opened	Closed
Fashion	AOKI	566	7	15	519	7	54
	ORIHICA	131	2	8	119	1	13
Anniversaire and Bridal	ANNIVERSAIRE	13	-	1	13	-	-
Entertainment	KAIKATSU CLUB	366	20	11	449	85	2
	COTE D'AZUR	131	1	42	123	-	8
	FiT24/KAIKATSU Fitness CLUB	2	-	-	30	28	-
Total		1,209	30	77	1,253	121	77
Capital Expenditures (Millions of yen)		10,477			19,571		

(Millions of yen)

Capital Expenditures	FY3/19	FY3/20
Fashion	2,348	1,119
Anniversaire and Bridal	480	368
Entertainment	5,429	17,947
Café Complex (includes FiT24)	5,095	17,407
Karaoke	333	540
Consolidated Total	10,477	19,571

**Fashion Business**

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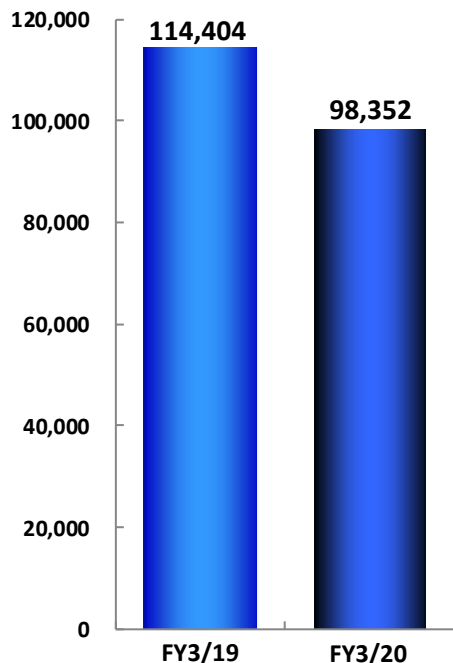
**FY3/20 Performance and Forecast**

## Fashion Business: FY3/20 Review of Operations

# Benefits from cost controls, but sales and earnings down mainly due to lower existing-store sales and fewer stores

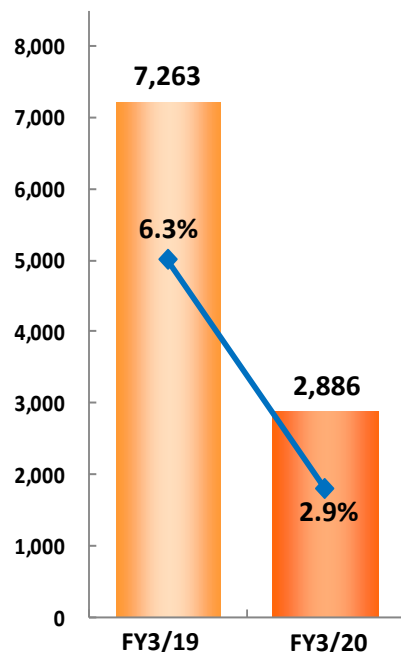
### Sales

(Millions of yen)



### Operating profit/ Operating margin

(Millions of yen)



(Millions of yen)

	FY3/20		
		YoY %	% to sales
Sales	98,352	86.0	100.0
Gross profit	57,695	85.2	58.7
SG&A expenses	54,809	90.6	55.7
Operating profit	2,886	39.7	2.9

■ Sales down 14.0% YoY

■ Operating profit down 60.3% YoY

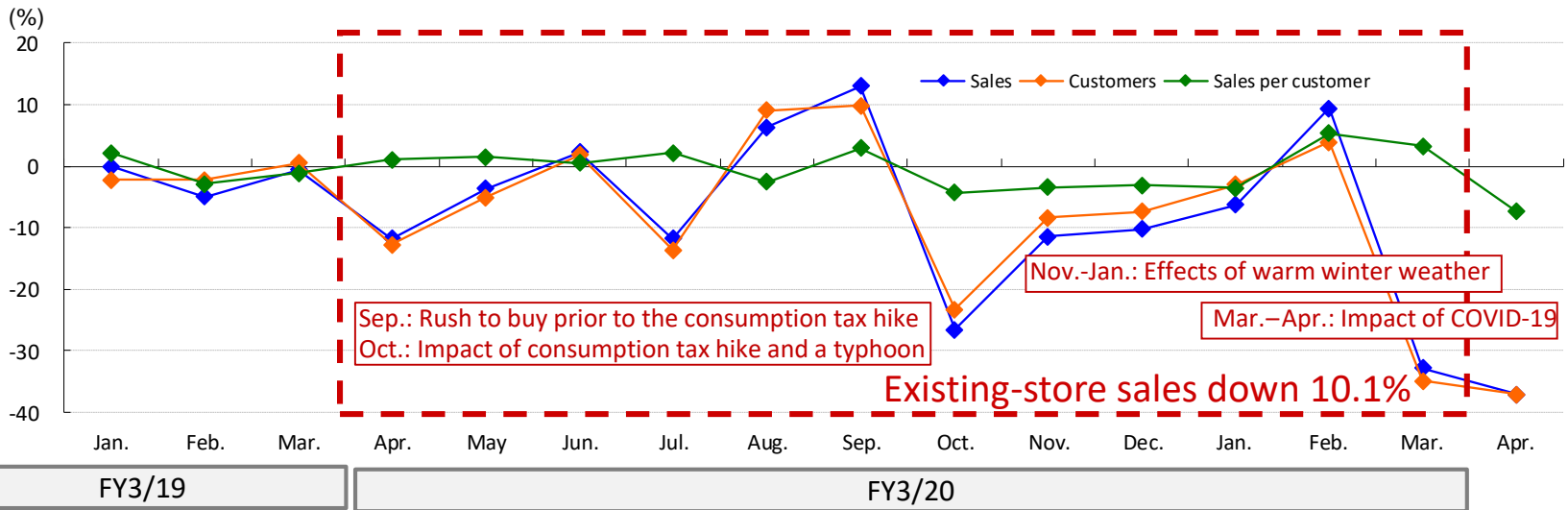
- ◆ Decrease in the number of stores: (-59 vs. FY3/19)
- ◆ Existing-store sales down 10.1% YoY
  - COVID-19 caused a big downturn in the number of customers since late February (March 2020 existing-store sales down 32.9% vs. March 2019)
  - Customer traffic decreased mainly due to unfavorable weather and natural disasters
  - Fewer customers following the October 2019 consumption tax hike due to reluctance to make purchases
- ◆ Gross profit margin down 0.5pt YoY
  - Lower demand for suits, coats, and other heavy clothing
- ◆ SG&A expenses down 9.4% YoY
  - Smaller number of stores brought down expenses
  - Advertising expense cuts
  - Tighter control of personnel expenses



# Existing store sales down due to the big decline in the number of customers

Monthly performance vs. prior fiscal year

1Q		2Q		3Q		4Q	
Sales:	-4.6%	Sales:	+1.4%	Sales:	-15.8%	Sales:	-15.1%
No. of customers:	-5.1%	No. of customers:	-0.5%	No. of customers:	-12.8%	No. of customers:	-15.2%
Sales per customer:	+0.6%	Sales per customer:	+2.0%	Sales per customer:	-3.5%	Sales per customer:	+0.2%



	Apr. 2019	May 2019	Jun. 2019	Jul. 2019	Aug. 2019	Sep. 2019	Oct. 2019	Nov. 2019	Dec. 2019	Jan. 2020	Feb. 2020	Mar. 2020	Full year	Apr. 2020
Existing-store sales (%)	-11.8	-3.7	2.3	-11.8	6.3	13.0	-26.6	-11.5	-10.3	-6.3	9.4	-32.9	-10.1	-37.2
No. of customers (%)	-12.8	-5.1	1.8	-13.7	9.1	9.8	-23.3	-8.4	-7.4	-3.0	3.9	-35.0	-9.0	-32.1
Sales per customer (%)	1.1	1.5	0.5	2.2	-2.6	2.9	-4.3	-3.4	-3.1	-3.5	5.3	3.2	-1.2	-7.4
Deviation from average temperature (°C) (Tokyo)	-0.3	+1.8	+0.4	-0.9	+2.0	+2.3	+1.9	+1.0	+0.9	+1.9	+2.6	+2.0	-	-1.1

# Actions to match new life styles

The Market

- Change in business apparel styles
- Change in working styles
- Shift in thinking regarding new life styles
- More frequent e-commerce purchases

## Activities

Merchandise

- New products that reflect changes in business apparel styles
  - ✓ More ideas for new business apparel styles (set-up suits, tie-up with nano.universe)
  - ✓ Larger lineup of fashions for working women (mix-and-match apparel sets, Summer Formal Line, and other fashions)

- Develop necessities for new lifestyles
  - ✓ Anti-microbial, washable masks



Tie-up with nano.universe

Stores/Promotions

- Strengthen online shop operations
  - ✓ Stronger links between physical stores and e-commerce
- Conduct discount sales that reflect COVID-19 infection declines in different regions of Japan



Mix-and-match apparel sets

Management

- Cut expenses and use expenses more efficiently, mainly for advertising, rent and personnel expenses
- Control inventories to achieve the proper level

**Anniversaire and Bridal Business**  
**FY3/20 Performance and Forecast**

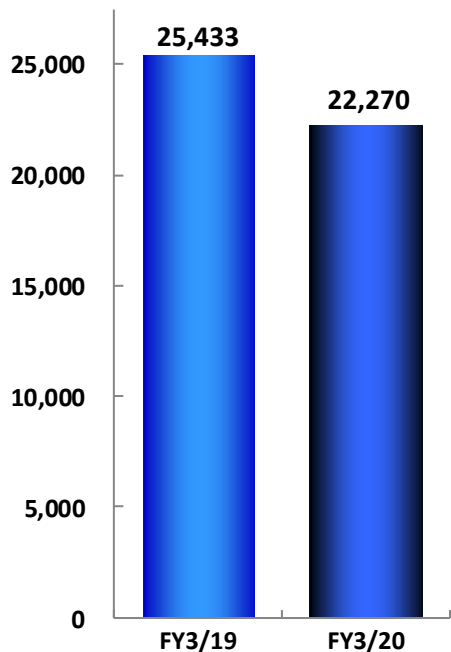
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Sales and earnings decreased as the number of couples married decreased mainly because of the negative impact of COVID-19

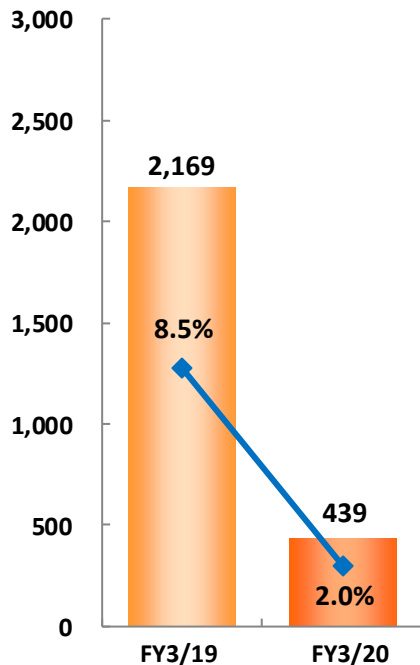
Sales

Operating profit/  
Operating margin

(Millions of yen)



(Millions of yen)



(Millions of yen)

	FY3/20		
		YoY %	% to sales
Sales	22,270	87.6	100.0
Gross profit	5,426	76.0	24.4
SG&A expenses	4,987	100.4	22.4
Operating profit	439	20.3	2.0

- Sales down 12.4% YoY
- Operating profit down 79.7% YoY

	FY3/19	FY3/20	Change	YoY
No. of couples married	5,563	5,031	-532	90.4%
Capacity utilization ratio	62.6%	54.2%	-8.4pt	-
Average sales per couple (thousands of yen)	4,432	4,369	-63	98.6%
Average no. of guests	71.5	69.9	-1.6	97.8%

(excluding ANNIVERSAIRE FUKUOKA closed in Dec. 2018)

- ◆ Factors of decrease in the number of couples married
  - Difficulty receiving orders for weddings in FY3/19
  - Change in business climate due to diversifying wedding formats and other factors
  - Decrease in the number of couples married as postponements and cancellations of weddings increased due to the impact of COVID-19: about -300 couples
- ◆ Decrease in the number of couples married due to closure of ANNIVERSAIRE FUKUOKA: -145 couples

## Actions to match new life styles

### The Market

- Increasing number of wedding/reception cancelations and postponements
- Change in methods used for meeting new customers and receiving orders as people stay home
- Increasing importance placed on safety and security

## Activities

### Merchandise

- Wedding/reception cancelations due to state of emergency (April 7-May 31)
  - ✓ Resume weddings/receptions in compliance with guidelines (from June 1)
- Create wedding/reception plans that match current market conditions
- Develop new services for weddings

### Locations/ Customers

- On-site meetings + online/telephone customer conferences
- Meetings at wedding salons while avoiding the three C's
- Strict adherence to social distancing and other guidelines
- Rigorous measures to protect employees from the coronavirus

### Manage- ment

- Cost cutting and streamlining measures
  - ✓ Lower advertising and rent expenses to match the current business climate
  - ✓ Control the number of employees to lower personnel expenses

**Entertainment Business**

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**FY3/20 Performance and Forecast**



# Integration for business model evolution that anticipates market changes

Café Complex Operations Business



Karaoke Facility Operations Business

## Renamed the Entertainment Business in FY3/20

KAIKATSU CLUB

Karaoke  
COTE D'AZUR

Fitness  
Fit24

快活CLUB



Japan's leading café complex

KAIKATSU CLUB

Karaoke with a French resort atmosphere

COTE D'AZUR

A fitness system that meets all expectations

Fit24

Club designs are based on a high-end resort on the Indonesian island of Bali to give customers many memorable experiences. Spaces people can enjoy in comfort for everything from “on-time” (learning) to “off-time” (relaxation and entertainment).

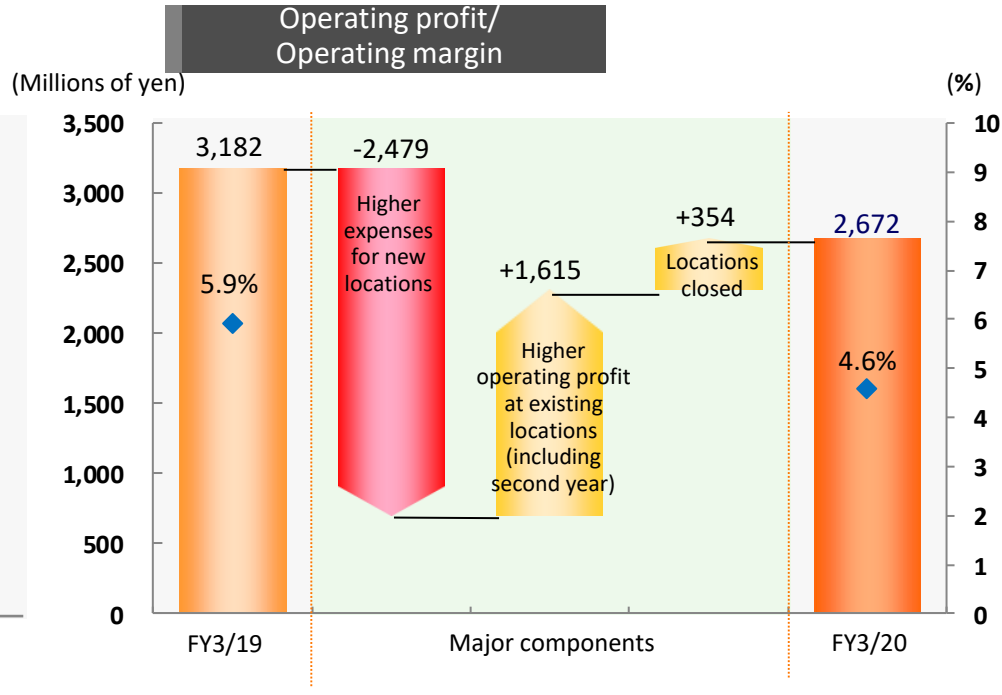
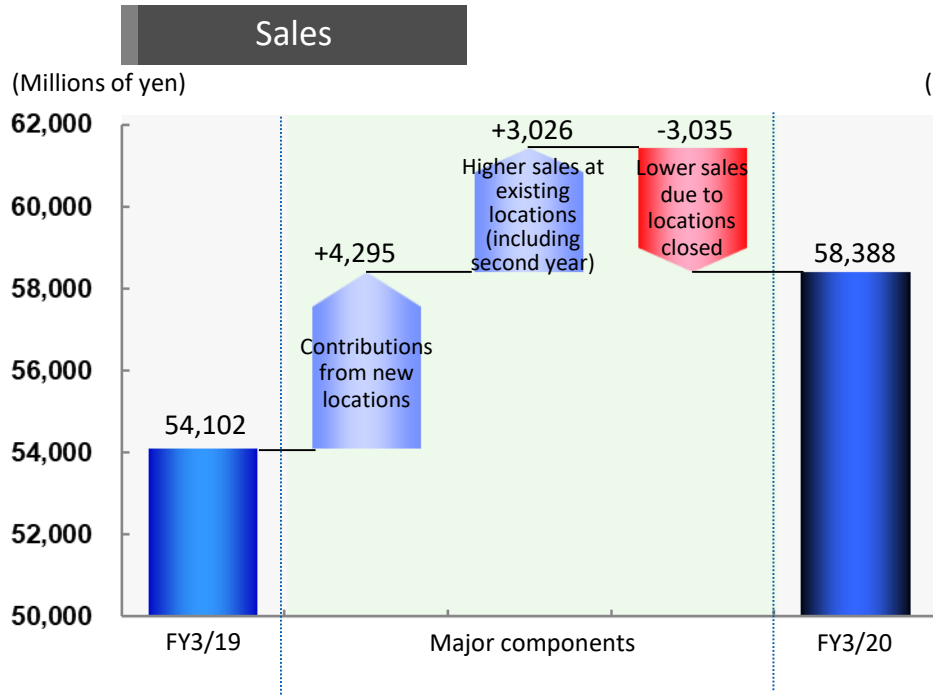
These karaoke locations are named after COTE D'AZUR in south France, famous for spectacular scenery and luxurious resorts. Customers can enjoy glamorous rooms, high-tech karaoke equipment and delicious food.

24-hour operation allows customers to exercise for any length of time at any time of the day.

A pleasant environment and many services make it easy to start and continue an exercise regimen.

# Entertainment Business: FY3/20 Review of Operations

Sales up due to new openings and higher sales at existing locations, but expenses for the increase in facility openings and renovations held down earnings



(Millions of yen)

	FY3/20		
		YoY %	% to sales
Sales	58,388	107.9	100.0
Gross profit	8,903	107.6	15.2
SG&A expenses	6,231	122.4	10.7
Operating profit	2,672	84.0	4.6

## ■ Sales up 7.9%

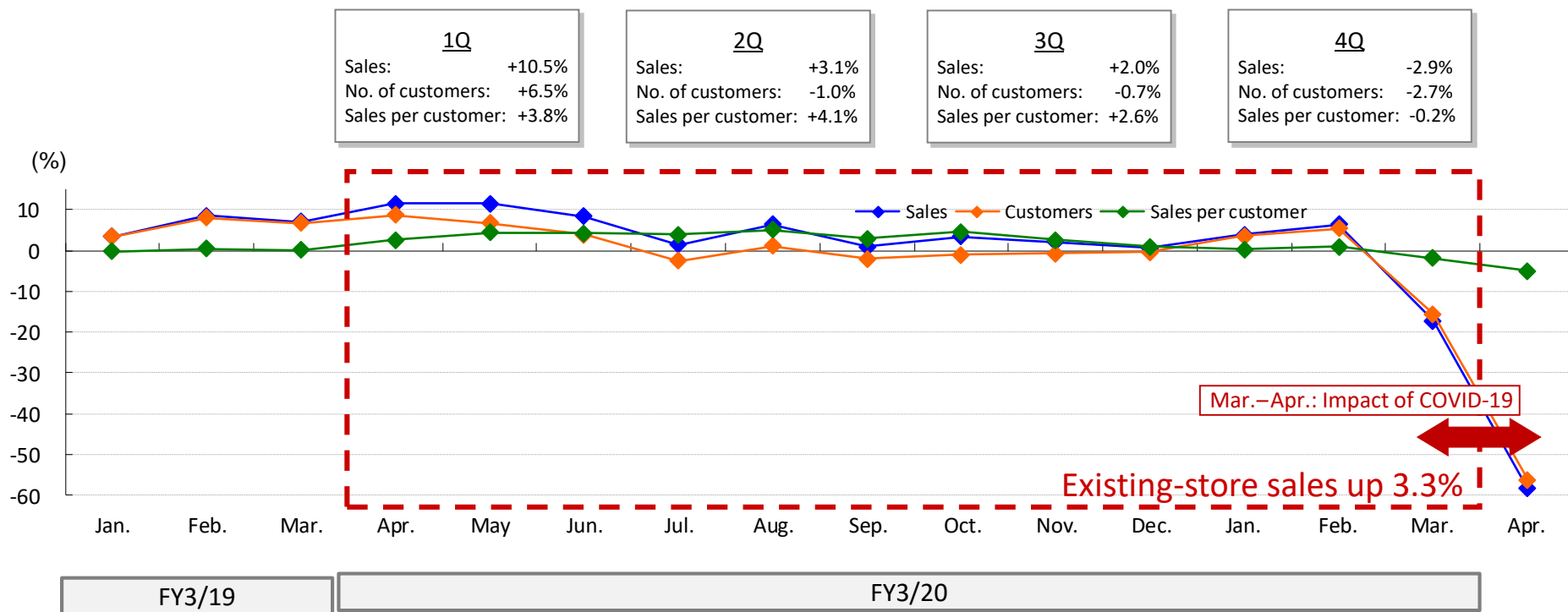
- ◆ New openings: Café Complex 85  
FIT24 28
- ◆ Increase in existing-facility sales: up 3.3% YoY  
(Impact of COVID-19: March 2020 existing-store sales down 17.2% vs. March 2019)

## ■ Operating profit down 16.0% YoY

- ◆ Higher costs due to an increase in the number of facility openings and renovations

# Customer traffic and sales per customer up due to revitalization of existing locations and hot summer weather

## Monthly performance vs. prior fiscal year



	FY3/20													
	Apr. 2019	May 2019	Jun. 2019	Jul. 2019	Aug. 2019	Sep. 2019	Oct. 2019	Nov. 2019	Dec. 2019	Jan. 2020	Feb. 2020	Mar. 2020	Full year	Apr. 2020
Existing-store sales (%)	11.6	11.5	8.4	1.5	6.4	0.9	3.5	2.1	0.6	3.9	6.5	-17.2	3.3	-58.4
No. of customers (%)	8.7	6.7	3.9	-2.5	1.2	-2.0	-1.0	-0.6	-0.4	3.6	5.4	-15.6	0.6	-56.3
Sales per customer (%)	2.6	4.5	4.3	4.0	5.1	3.0	4.6	2.7	0.9	0.3	1.0	-1.9	2.7	-4.9
Deviation from average temperature (°C) (Tokyo)	-0.3	+1.8	+0.4	-0.9	+2.0	+2.3	+1.9	+1.0	+0.9	+1.9	+2.6	+2.0	-	-1.1

# Actions to match new life styles

The Market

- Increasing needs involving telework and shared office space
- Increasing importance placed on safety and security

## Activities

Merchandise

- Promote shared space for meeting today's business requirements
  - ✓ Shared space for work, study, online conferences/interviews, and other activities
- Activities to attract new members and for more repeat customers

Facilities/Cafés

- Strict measures to avoid the three C's
  - ✓ Highly effective ventilation using a patented air circulation system
  - ✓ Partitions between adjacent seats
  - ✓ Protective screens at reception desks
  - ✓ Automatic store/café entrance/exit system

Management

- Cost cutting and streamlining measures
  - ✓ Lower rent and personnel expenses to match the current business climate
  - ✓ Reexamined the plan for capital expenditures
- Open/renovate locations based on the current business climate



# Supplementary Documents

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Notes on pages 32 and 33

1. Net income per share: Net income divided by average number of shares outstanding (excluding treasury stock)
2. All amounts are rounded down to the nearest million yen.
3. The total operating profit for each segment and operating profit do not match due to inter-segmental adjustments. Please see page 15 for the difference.
4. Starting in FY3/20, profit/loss on real estate leasing is included in operating profit/loss instead of non-operating profit/expenses.  
FY3/19 figures on pages 32 and 33 reflect this reclassification.

# FY3/20 Consolidated Business Results

(Millions of yen unless otherwise stated)

	FY3/19 Results	%	FY3/19 Reclassified	%	FY3/20 Forecast	%	FY3/20 Results	%	YoY change	YoY %
<b>Sales</b>	193,918	100.0	195,054	100.0	192,500	100.0	180,220	100.0	-14,833	92.4
Fashion	114,404	100.0	114,404	100.0	108,000	100.0	98,352	100.0	-16,051	86.0
Anniversaire/Bridal	25,433	100.0	25,433	100.0	24,700	100.0	22,270	100.0	-3,162	87.6
Entertainment	54,102	100.0	54,102	100.0	58,500	100.0	58,388	100.0	4,285	107.9
Café Complex	36,797	100.0	36,797	100.0	44,000	100.0	44,280	100.0	7,483	120.3
Karaoke	17,305	100.0	17,305	100.0	14,500	100.0	14,108	100.0	-3,197	81.5
Real Estate Leasing	-	-	3,116	100.0	3,530	100.0	3,624	100.0	507	116.3
<b>Gross profit</b>	83,592	43.1	83,673	42.9	80,800	42.0	72,483	40.2	-11,190	86.6
Fashion	67,748	59.2	67,748	59.2	64,200	59.4	57,695	58.7	-10,052	85.2
Anniversaire/Bridal	7,136	28.1	7,136	28.1	6,790	27.5	5,426	24.4	-1,709	76.0
Entertainment	8,273	15.3	8,275	15.3	9,220	15.8	8,903	15.2	628	107.6
Café Complex	5,473	14.9	5,474	14.9	6,520	14.8	6,544	14.8	1,070	119.6
Karaoke	2,799	16.2	2,800	16.2	2,700	18.6	2,358	16.7	-441	84.2
Real Estate Leasing	-	-	638	20.5	790	22.4	668	18.5	30	104.8
<b>SG&amp;A expenses</b>	70,209	36.2	70,182	36.0	68,500	35.6	65,833	36.5	-4,348	93.8
Fashion	60,526	52.9	60,485	52.9	56,700	52.5	54,809	55.7	-5,676	90.6
Anniversaire/Bridal	4,966	19.5	4,966	19.5	5,290	21.4	4,987	22.4	21	100.4
Entertainment	5,092	9.4	5,092	9.4	6,420	11.0	6,231	10.7	1,138	122.4
Café Complex	3,315	9.0	3,315	9.0	4,920	11.2	4,925	11.1	1,610	148.6
Karaoke	1,777	10.3	1,777	10.3	1,500	10.3	1,305	9.3	-472	73.4
<b>Operating profit</b>	13,382	6.9	13,491	6.9	12,300	6.4	6,649	3.7	-6,841	49.3
Fashion	7,222	6.3	7,263	6.3	7,500	6.9	2,886	2.9	-4,376	39.7
Anniversaire/Bridal	2,169	8.5	2,169	8.5	1,500	6.1	439	2.0	-1,730	20.3
Entertainment	3,180	5.9	3,182	5.9	2,800	4.8	2,672	4.6	-510	84.0
Café Complex	2,158	5.9	2,159	5.9	1,600	3.6	1,618	3.7	-540	75.0
Karaoke	1,022	5.9	1,023	5.9	1,200	8.3	1,053	7.5	30	102.9
Real Estate Leasing	-	-	638	20.5	790	22.4	668	18.5	30	104.8
<b>Ordinary profit</b>	11,890	6.1	11,890	6.1	11,300	5.9	5,501	3.1	-6,388	46.3
<b>Profit attributable to owners of parent</b>	4,602	2.4	4,602	2.4	5,400	2.8	447	0.2	-4,155	9.7
<b>Net income per share (yen)</b>	53.34	-	53.34	-	62.88	-	5.23	-	-48.11	-

Note: Starting in FY3/20, profit/loss on real estate leasing is included in operating profit/loss instead of non-operating profit/expenses. FY3/19 figures reflect this reclassification.



# FY3/20 Major Expenses

## SG&A expenses

(Millions of yen unless otherwise stated)

	FY3/19					FY3/20									
	Total	Fashion	Anniversaire / Bridal	Entertainment		Total	YoY %	Fashion	YoY %	Anniversaire / Bridal	YoY %	Entertainment			
				Café Complex	Karaoke							Café Complex	YoY %	Karaoke	YoY %
Advertising expenses	12,349	9,907	1,519	294	329	10,701	86.7	7,880	79.5	1,680	110.6	550	186.7	201	61.2
Personnel expenses	25,907	20,506	1,227	1,883	874	24,119	93.1	18,708	91.2	1,063	86.7	2,086	110.8	544	62.2
Rents	14,848	14,975	22	64	30	13,817	93.1	14,031	93.7	41	180.9	54	84.5	18	60.0
Depreciation	3,442	2,811	101	51	30	3,509	102.0	2,723	96.9	110	108.3	68	132.8	30	99.8

Notes: 1. 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.

2. Starting in FY3/20, profit/loss on real estate leasing is included in operating profit/loss instead of non-operating profit/expenses. FY3/19 figures reflect this reclassification.

## Major expenses included in cost of sales

(Millions of yen unless otherwise stated)

	FY3/19					FY3/20						
	Anniversaire / Bridal	Entertainment		Real Estate Leasing	Anniversaire / Bridal	Entertainment			Real Estate Leasing			
		Café Complex	Karaoke			Café Complex	YoY %	Karaoke		YoY %		
Personnel expenses	4,526	10,496	4,692	-	4,219	93.2	12,792	121.9	4,010	85.5	-	-
Rents	2,032	6,453	3,730	1,854	1,999	98.4	7,183	111.3	2,988	80.1	2,252	121.5
Depreciation	1,325	2,331	959	429	1,251	94.4	3,020	129.6	742	77.4	423	98.6

Notes: 1. The ANNIVERSAIRE/Bridal and Entertainment businesses include the above-stated expenses in cost of sales, in addition to the SG&A expenses in the upper table.

2. Starting in FY3/20, profit/loss on real estate leasing is included in operating profit/loss instead of non-operating profit/expenses. FY3/19 figures reflect this reclassification.

# Reference: FY3/20 Fashion Business Performance

## (1) Change in existing-store sales

(%)

	First half	Oct.	Nov.	Dec.	3Q	Jan.	Feb.	Mar.	4Q	Second half	Full year
FY3/20	-2.1	-26.6	-11.5	-10.3	-15.8	-6.3	9.4	-32.9	-15.1	-15.4	-10.1
FY3/19	-2.0	-8.9	-1.7	0.0	-3.5	0.0	-5.0	-0.6	-1.6	-2.4	-2.2

## (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	FY3/20	-3.2	-23.3	-8.4	-7.4	-12.8	-3.0	3.9	-35.0	-15.2	-14.1	-9.0
	FY3/19	-3.4	-8.2	-0.6	0.0	-2.9	-2.2	-2.2	0.5	-1.0	-1.9	-2.6
Sales per customer	FY3/20	1.2	-4.3	-3.4	-3.1	-3.5	-3.5	5.3	3.2	0.2	-1.5	-1.2
	FY3/19	1.4	-0.7	-1.2	0.0	-0.6	2.2	-2.9	-1.1	-0.6	-0.5	0.4

## (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)	FY3/20	39.6	94.0	64.7	78.4	104.3	83.6
	FY3/19	42.2	94.5	82.5	97.1	124.7	96.2
Unit price (thousands of yen)	FY3/20	25.4	100.8	24.7	96.5	25.0	98.0
	FY3/19	25.2	97.7	25.6	98.1	25.5	97.7

# Reference: FY3/20 Fashion Business Performance

## (4) Sales by category

(Millions of yen unless otherwise stated)

	FY3/19	%	FY3/20	%	YoY change	YoY %
Heavy clothing	48,088	42.0	40,526	41.2	-7,561	84.3
Medium clothing	8,799	7.7	7,845	8.0	-954	89.2
Light clothing	32,936	28.8	28,187	28.7	-4,749	85.6
Ladies' clothing	20,846	18.2	18,317	18.6	-2,528	87.9
Other	3,733	3.3	3,476	3.5	-257	93.1
<b>Total</b>	<b>114,404</b>	<b>100.0</b>	<b>98,352</b>	<b>100.0</b>	<b>-16,051</b>	<b>86.0</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)

FY3/19	FY3/20	YoY change	YoY %
357,115	338,670	-18,445	94.8

## (6) Store network by prefecture

	FY3/20														
	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	1/1		1/1	23		23	Hokkaido/ Tohoku	Gifu				12	1	13	Tokai
Aomori	/2		/2	2		2		Shizuoka	/2	1	1/2	20	4	24	
Iwate	/1		/1	3		3	53	Aichi	/4		/4	47	11	58	106
Miyagi				9	5	14		Mie				11		11	
Akita	/1		/1	2		2		Shiga				6	2	8	
Yamagata	/2		/2	1		1		Kyoto	1/1		1/1	4	1	5	
Fukushima				7	1	8		Osaka	1/4		1/4	31	12	43	87
Ibaraki	/1		/1	14	3	17		Kanto	Hyogo	1/1	/1	1/2	13	10	
Tochigi	/1		/1	9	2	11	Nara		/2	/1	/3	3		3	
Gunma	/1		/1	11		11	298	Hiroshima	/1	/1	/2	4	1	5	
Saitama	2/8	/2	2/10	46	11	57		Fukuoka	/1		/1	20		20	
Chiba	/3	/1	/4	38	9	47		Nagasaki				3		3	
Tokyo	1/11	/3	1/14	60	24	84		Kumamoto	/2		/2	5		5	35
Kanagawa	/3	/3	/6	51	20	71		Miyazaki				2		2	
Niigata				10	2	12		Koshinetsu/ Hokuriku	Kagoshima				5		5
Toyama				9		9	Total		7/54	1/13	8/67	519	119	638	
Ishikawa				8		8	59								
Fukui				3		3									
Yamanashi		/1	/1	6		6									
Nagano	/1		/1	21		21									

# Reference: FY3/20 Entertainment Business Performance

## (1) Entertainment Business: Change in existing-store sales

(%)

	First half	Oct.	Nov.	Dec.	3Q	Jan.	Feb.	Mar.	4Q	Second half	Full year
FY3/20	6.6	3.5	2.1	0.6	2.0	3.9	6.5	-17.2	-2.9	-0.5	3.3
FY3/19	2.8	1.0	3.6	3.7	2.9	3.4	8.6	7.1	6.2	4.4	3.6

## (2) Entertainment Business:

### 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	FY3/20	2.6	-1.0	-0.6	-0.4	-0.7	3.6	5.4	-15.6	-2.7	-1.7	0.6
	FY3/19	3.1	3.6	5.3	2.9	3.9	3.5	8.1	6.8	6.0	4.9	4.0
Sales per customer	FY3/20	3.9	4.6	2.7	0.9	2.6	0.3	1.0	-1.9	-0.2	1.2	2.7
	FY3/19	-0.3	-2.5	-1.6	0.8	-1.0	-0.1	0.5	0.2	0.2	-0.5	-0.4

# Reference: FY3/20 Entertainment Business Performance

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

(%)

	First half	Oct.	Nov.	Dec.	3Q	Jan.	Feb.	Mar.	4Q	Second half	Full year
FY3/20	8.2	5.5	3.1	2.0	3.5	4.0	7.2	-12.0	-0.7	1.4	5.0
FY3/19	3.9	2.2	6.3	6.5	5.0	6.7	9.5	10.1	8.7	6.9	5.2

## (4) Café complex: 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	FY3/20	3.0	0.1	0.1	0.6	0.3	4.0	6.6	-11.9	-0.8	-0.3	1.5
	FY3/19	3.1	4.1	6.2	5.0	5.0	5.2	7.3	7.4	6.6	5.8	4.3
Sales per customer	FY3/20	5.0	5.4	3.0	1.4	3.2	0.1	0.6	-0.1	0.2	1.7	3.5
	FY3/19	0.8	-1.8	0.1	1.5	0.0	1.4	2.0	2.5	2.0	1.0	0.9

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

(%)

		FY3/19	FY3/20	YoY change
Existing stores	Room charges and other sales	86.1	89.3	+3.2pt
	Food and beverage sales	13.9	10.7	-3.2pt

# Reference: FY3/20 Entertainment Business Performance

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

(%)

	First half	Oct.	Nov.	Dec.	3Q	Jan.	Feb.	Mar.	4Q	Second half	Full year
FY3/20	0.4	-5.7	-2.3	-3.1	-3.6	3.2	3.2	-37.2	-12.2	-7.6	-3.3
FY3/19	0.1	-1.1	-0.8	0.9	-0.1	-1.6	6.6	1.3	1.4	0.5	0.4

## (7) Karaoke facility: 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	FY3/20	0.3	-8.1	-4.8	-4.6	-5.7	1.5	-1.5	-34.5	-13.1	-9.4	-4.0
	FY3/19	3.2	2.5	3.3	-0.5	1.5	-0.1	10.4	5.3	4.4	2.8	3.0
Sales per customer	FY3/20	0.2	2.6	2.6	1.6	2.3	1.8	4.7	-4.2	1.1	2.0	0.7
	FY3/19	-2.9	-3.5	-4.0	1.4	-1.6	-1.5	-3.5	-3.8	-2.9	-2.2	-2.6

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

(%)

		FY3/19	FY3/20	YoY change
Existing stores	Room charges	46.7	49.1	+2.4pt
	Food and beverage sales	52.8	50.4	-2.4pt
	Other sales	0.5	0.5	-

## (9) Store network by prefecture

	FY3/20																			
	No. of stores opened / closed				No. of stores at period-end					No. of stores opened / closed				No. of stores at period-end						
	KAIKATSU CLUB	COTE D'AZUR	FIT24	Total	KAIKATSU CLUB	COTE D'AZUR	FIT24	Total		KAIKATSU CLUB	COTE D'AZUR	FIT24	Total	KAIKATSU CLUB	COTE D'AZUR	FIT24	Total			
Hokkaido	6		3	9	13		3	16	Hokkaido/ Tohoku	Shiga	1			1	5			5	Kinki/ Chugoku	
Aomori	3		1	4	3		1	4		Kyoto	1			1	10	1		11		
Iwate					5	1		6	57	Osaka	5/1		1	6/1	36	5	1	42	115	
Miyagi					6	6		12		Hyogo	2		1	3	19	4	1	24		
Akita	2	/1	1	3/1	4		1	5		Nara					4			4		
Yamagata					5	1		6		Wakayama					3			3		
Fukushima	1			1	7	1		8		Tottori					1			1		
Ibaraki	1		1	2	13	2	1	16		Kanto	Shimane					2				2
Tochigi					6	1		7	Okayama		1			1	7	2		9		
Gunma	3		3	6	11	1	3	15	239	Hiroshima	1			1	10			10		Kyushu/ Shikoku/ Okinawa
Saitama	7		1	8	34	1	1	36		Yamaguchi					4			4		
Chiba	8/1	/3	3	11/4	29	4	3	36		Tokushima	1			1	3			3		
Tokyo	15	/2	2	17/2	36	25	2	63		Kagawa					3			3		
Kanagawa	5		4	9	30	31	5	66		Ehime					1			1		
Niigata			1	1	8	3	1	12		Koshinetsu/ Hokuriku	Fukuoka	3		1	4	11	2	1	14	
Toyama	3			3	5	2		7	Saga						2			2		
Ishikawa	1			1	5	6		11	59	Nagasaki					3			3	48	
Fukui	1		1	2	2	6	1	9		Kumamoto	2			2	8			8		
Yamanashi					3	2		5		Oita					3			3		
Nagano	1	/1		1/1	8	6	1	15		Miyazaki					3			3		
Gifu					7			7		Tokai	Kagoshima					3				3
Shizuoka	3		3	6	17	5	3	25			Okinawa	2			2	5				5
Aichi	3	/1	1	4/1	34	5	1	40	84	Total	85/2	/8	28	113/10	449	123	30	602		
Mie	3			3	12			12												

Note: Figures for Fit 24 include KAIKATSU FITNESS CLUBS.