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Company: AOKI Holdings Inc.
 Representative: Akihiro Aoki, President
 Stock code: 8214, TSE First Section
 Contact: Haruo Tamura, Executive Vice President
 Tel: +81-45-941-1388

Revisions to Forecasts and Dividend Forecast for the Fiscal Year Ending March 31, 2021

AOKI Holdings has revised its consolidated sales and earnings forecasts and dividend forecast for the fiscal year ending March 31, 2021 that were announced on February 5, 2021.

1. Consolidated forecasts

(1) Consolidated forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 – March 31, 2021)

	Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
	(Million yen)	(Million yen)	(Million yen)	(Million yen)	(Yen)
Previous forecast (A)	151,300	(2,000)	(3,000)	(5,350)	(63.12)
Forecast (B)	142,000	(7,500)	(8,400)	(12,300)	(145.12)
Change (B - A)	(9,300)	(5,500)	(5,400)	(6,950)	
Percentage change (%)	(6.1)	-	-	-	
(Reference) Previous fiscal year (ended March 31, 2020)	180,220	6,649	5,501	447	5.23

(2) Reasons for revisions

The COVID-19 pandemic is continuing to affect the performance of the AOKI Group.

The initial forecast announced on September 23, 2020 was based on the outlook for a continuation of the spread of infections to some extent accompanied by a slow resumption of economic activity resulting in spring 2021 ceremonies for new students and new employees and other events generally as usual. However, the number of infections began to increase rapidly in late November. Coming of age ceremonies in early January 2021 were canceled or downsized, but sales and earnings in the first nine months were still mostly consistent with the fiscal year forecast, with the Entertainment Business somewhat behind the forecast.

Contrary to this forecast, the number of infections continued to climb and the Japanese government declared a state of emergency on January 7, 2021. Furthermore, the state of emergency was extended repeatedly and other actions were taken. As a result, restrictions on economic activity remained, including requests for people to stay home as much as possible and for stores in some sectors to temporarily close or shorten operating hours. The result was a greater than anticipated negative impact on the business operations of the AOKI Group.

Due to these events, the following revisions have been made to the outlook for results of operations.

- a. Sales are expected to decrease in every business. Although the original outlook was for a recovery on economic activity in the fourth quarter, restrictions on economic activity are continuing.

- b. The operating loss and ordinary loss are expected to be much higher than the previous forecasts. Many actions are under way to use personnel expenses efficiently and cut costs, including fixed expenses. However, the declines in sales and the gross profit margin are having a significant impact on profitability.
- c. The forecast for the loss attributable to owners of parent has increased mainly because of the revised ordinary loss forecast and the reversal of deferred tax assets, which will be included in deferred income taxes, caused by lower earnings at some consolidated subsidiaries.

2. Dividend forecasts

(1) Summary

	Dividend per share		
	2Q-end	Year-end	Total
	(Yen)	(Yen)	(Yen)
Previous forecast (announced on February 5, 2021)	10.00	13.00	23.00
Forecast		0.00	10.00
Current fiscal year results	10.00		
(Reference) Previous fiscal year (ended March 31, 2020)	23.00	23.00	46.00

(2) Reasons for revisions

The basic policy for determining dividends is to pay a dividend that is at least as high as the dividend for the previous fiscal year and to maintain a payout ratio of at least 30%.

Sales and earnings in the current fiscal year are expected to be well below the levels of the previous fiscal year due to the impact of the COVID-19 pandemic, which has been even greater than originally anticipated. Due to this outlook for results of operations, the inability to predict when this crisis will end, the need to maintain financial soundness, and other reasons, there will be no year-end dividend for the fiscal year ending on March 31, 2021. Due to this decision, the dividend applicable to the current fiscal year will be the interim dividend of 10 yen.

Note: Above forecasts are based on judgments made in accordance with information available to management at the time this release was prepared, and actual results may differ substantially from these forecasts for a number of reasons.