



AOKI Holdings Inc.

Head office: 6-56 Kuzugaya, Tsuzuki-ku, Yokohama,
Kanagawa 224-8588, Japan
Tel: +81-45-941-1888
<https://www.aoki-hd.co.jp/en/>

Enriching people’s lives

AOKI Holdings
Integrated Report 2024

Enriching people’s lives

The starting point is the desire from
our founding to make it possible for businesspersons
to afford to own a variety of suits.

We will contribute to the happiness of all our stakeholders
through diverse businesses designed to help people celebrate
their lives in various settings.

AOKI Group Philosophy

Business Integrity

Business integrity means contributing to society through our businesses.
In other words, we make every effort to pursue customer satisfaction.

Social Responsibility

Social responsibility means, on top of pursuing business integrity,
balancing realistic price and appropriate profit.
In other words, we further contribute to society through paying taxes.

Community Service

Community service means contributing to society in non-commercial ways,
for instance, by sponsoring charities, supporting cultural activities which is
beneficial to local communities, and encouraging employees to volunteer.

INDEX

Profile

- 01 Concept
- 03 Group Overview
- 07 Our Journey of Value Creation
- 09 Financial and Non-financial Highlights

Growth Strategy

- 11 Message from the Chairman
- 13 Message from the President
- 17 Medium-Term Management Plan FY2024 – 2026
- 21 Value Creation Model

Business Overview

- 23 Highlights
- 25 Fashion Business
- 27 Entertainment Business
- 29 Anniversaire and Bridal Business

Sustainability

- 31 Sustainability Vision
- 32 AOKI Group Philosophy and Approach to Sustainability
- 33 Materiality and KPIs
- 37 Environment

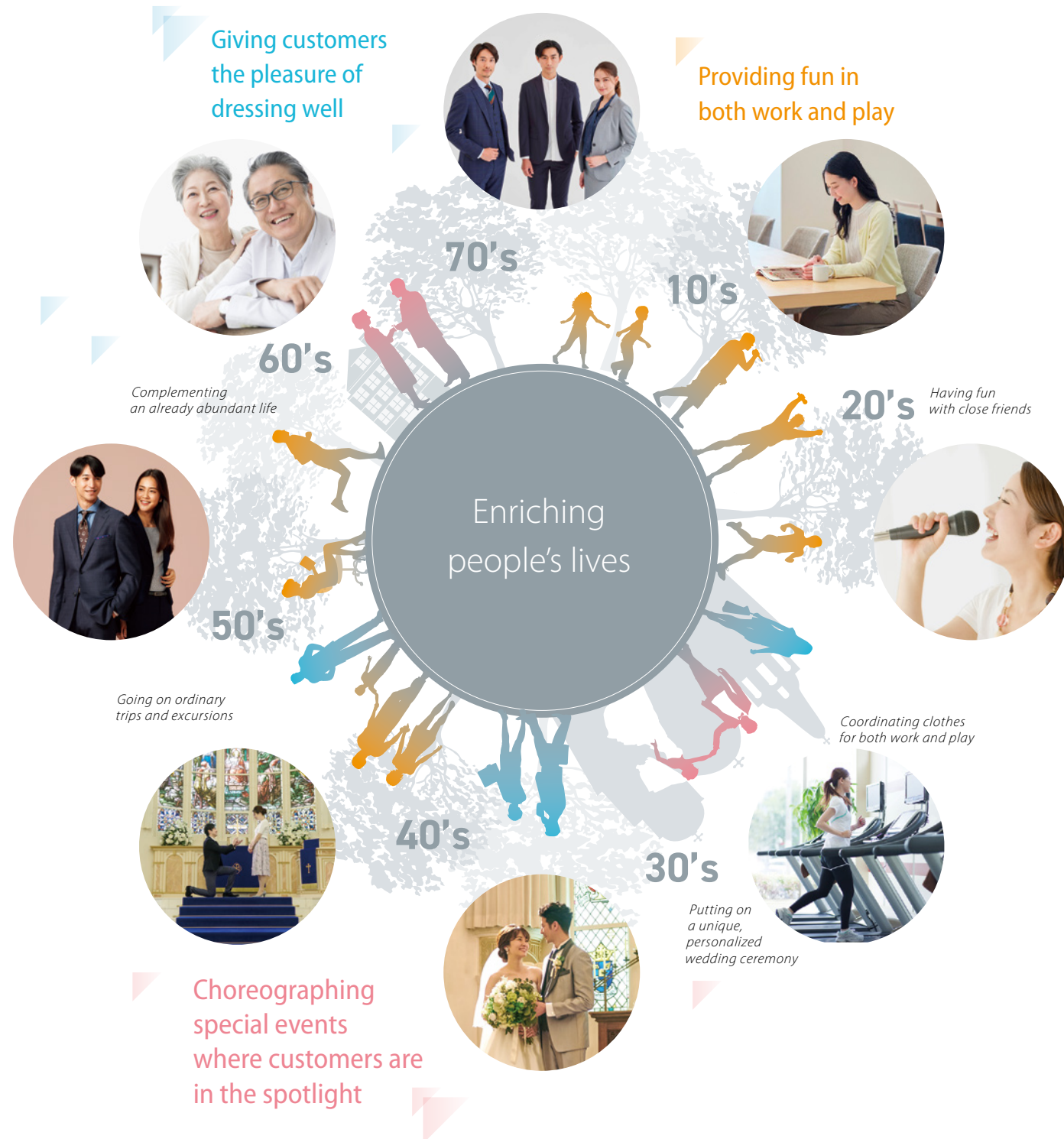
- 40 Social
- 43 Governance
- 47 Directors and Audit and Supervisory Committee Members
- 49 Corporate Information

Editorial Policy

The Integrated Report 2024 provides business results and financial information for the AOKI Group and includes our approach to resolving social issues through business activities and achieving sustainable growth through environmental, social and governance (ESG) activities. We hope that our shareholders, investors and other stakeholders will use it to better understand the AOKI Group.
Scope: AOKI Holdings and its five consolidated subsidiaries
Period: April 1, 2023 to March 31, 2024
Also includes some content from after April 1, 2024.

Who is the AOKI Group?

Enriching people's lives in a variety of occasions



Fashion Business



We aim to have our business format evolve as "LIFE&WORK STYLE AOKI and ORIHICA" to meet the needs of the new era.

Characteristics of AOKI



Customer service

The first apparel retailer to introduce a stylist system

AOKI established the stylist system in 2004. At stores, certified AOKI Customer Stylists offer customers ideas for apparel that best matches their preferences and lifestyles. Training gives stylists knowledge about fashion, styling, and communicating with customers.



Stores

The nationwide network includes both suburban and stores in city centers

The AOKI strategy for opening stores draws on a powerful brand in the fashion market and knowledge gained from operating a growing network of stores. In addition to suburban locations, we are developing stores in city centers and near train stations, including shopping centers and malls, other buildings, and shopping streets. We are operating our Size MAX specialty stores for larger sizes both as stand-alone stores and within some AOKI stores.



Merchandise

A large selection of products that encompass a broad spectrum of needs of customers and of the age

We develop products in line with the trends of the times, and based on customer feedback. We have created products that can be worn both at work and at play, such as "Pajama Suits" to suit new lifestyles, as well as "MeWORK" project products to support working women.

Characteristics of ORIHICA



Customer service

Style Navigators make shopping more fun

At ORIHICA stores, customers are assisted by Style Navigators who offer ideas about new ways to enjoy different fashions. These customer service experiences are shared company-wide with employees at each store, with this connected to higher customer satisfaction.



Stores

Numerous store formats that incorporate a London design theme

Different store types are used depending on the location and customer base. They include apartment-style stores, stores modeled after a high-end residence, and stores modeled after a Soho design studio, all of which are inspired by London—the birthplace of suits.



Merchandise

A wide-ranging product lineup including business casual style

ORIHICA was created in Omotesando, a district of Tokyo that is shaped by fashion ideas and trends from around the world. The brand includes business apparel, casual clothing, and women's fashions. Led by a British creative director, the brand has earned the loyalty of fashion-conscious customers.

Entertainment Business

We aim to improve the business in response to the times, and help our customers achieve a life of relaxation and vitality.



Characteristics of KAIKATSU CLUB



Overview

Providing time for both work and play

Nationwide members-only café complexes are where members can spend time as they wish. Their usage is expanding beyond just for relaxation during time off, to also include teleworking and study.

Services

Diverse content suited to all kinds of situations

As well as fully private rooms with locks—popular for meetings due to their high confidentiality—these also feature a range of seating types and content such as booths, karaoke, and darts to satisfy a range of needs. Content here is constantly being updated, from comic books through to videos and study materials.

Characteristics of FiT24



Overview

A 24-hour fitness gym providing for every need

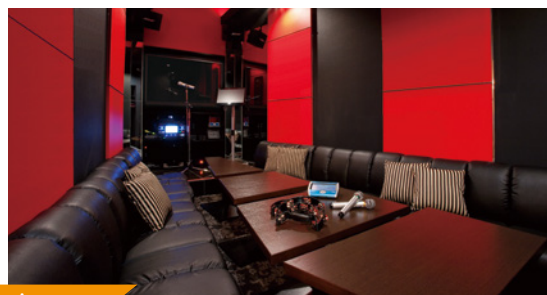
Staff are on hand to provide assistance whenever needed so even beginners feel at home. Easy-to-understand descriptions of how to use the machines and training menus for different objectives have also been prepared. The spacious settings allow better concentration on training and have proven popular among intermediate and advanced users.

Services

An array of amenities

Shampoo and body wash are provided in the shower rooms, so users do not have to bring their own. Hair dryers are also available for use.

Characteristics of COTE D'AZUR



Overview

Enjoy karaoke in a Southern French resort-like atmosphere

This communication space is named after the Cote d'Azur in southern France, which is known worldwide for its breathtaking scenery and called a heaven on earth. Enjoy a quality space, the latest karaoke facilities, and authentic meals.

Services

Various room types and delicious food

Choose from a variety of different rooms depending on the occasion, including family rooms and live rooms, and enjoy a carefully selected food and drink menu.

Characteristics of RUNSYSTEM



Overview

Operating the Space Create JIYU KUKAN café complex nationwide

In 2022, the AOKI Group including RUNSYSTEM worked together to operate the Space Create JIYU KUKAN café complex directly and through franchises nationwide. This is also achieving efficiencies in store operations by introducing systems for unmanned and remote customer services. Going forward, we believe that maximizing synergies through collaborations with KAIKATSU CLUB, COTE D'AZUR, and FIT24 will accelerate business development in evolved business categories such as new content development and improvements to store efficiencies.

Anniversaire and Bridal Business

We offer proposals for weddings and receptions to meet increasingly diversified wedding styles and needs, and are developing our business based around “anniversaries.”

ANNIVERSAIRE

ANNIVERSAIRE
CAFÉ

Characteristics of Bridal Business



Wedding halls

Designs based on palaces and mansions in Europe

An ANNIVERSAIRE wedding features a chapel that stages a moving ceremony and an elegant residence with a flower-filled garden for the reception. Guests feel as if they have been invited to a private home. The originality of these events and the spectacular cuisine with hospitality make the day even more memorable for everyone. We have 10 wedding halls within Japan, including our venue in trendsetting ANNIVERSAIRE OMOTESANDO and ANNIVERSAIRE MINATO MIRAI YOKOHAMA, one of the largest wedding facilities in Japan.

Characteristics of Café Business



Style

A space and menus perfect for anniversaries

ANNIVERSAIRE OMOTESANDO and ANNIVERSAIRE MINATO MIRAI YOKOHAMA each also feature ANNIVERSAIRE Café. There are various special menus that make these places where customers can return anytime to celebrate special days and make new memories. Seasonal fairs are also held for holidays like Valentine's Day and Christmas.



Style

Weddings that precisely reflect the wishes of each couple

A wedding producer is assigned to each ceremony, and there are specialists to assist with the menu, apparel, makeup, overall presentation, and other aspects to realize the happiest wedding. Additionally, whether your desire is for family focused, pageant-style or casual weddings, your wishes will be fulfilled at the venue you choose.

Characteristics of Anniversary Business



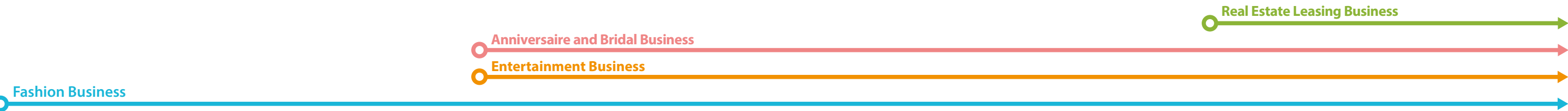
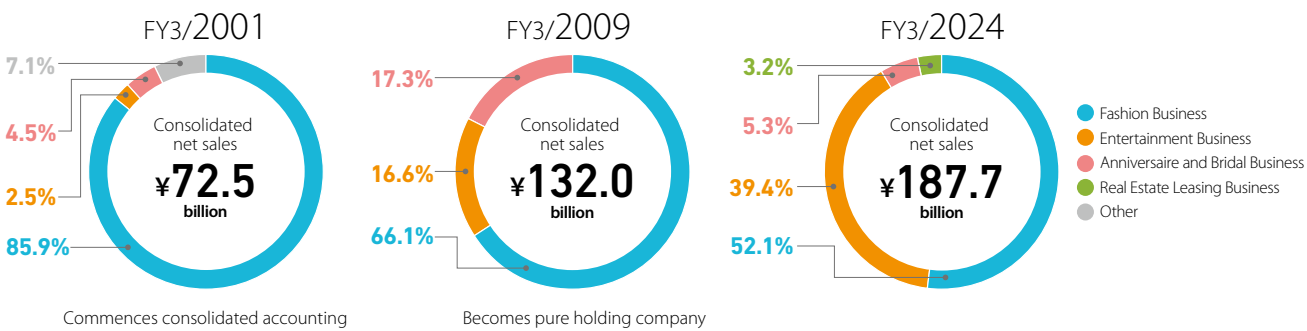
Style

Complete services for that special day

Our anniversary business is designed to become a part of our customers' lives. Along with producing the perfect proposal, we offer anniversary businesses to improve the lives of customers who have been brought together through marriage. This includes providing anniversary restaurant services for customers who used ANNIVERSAIRE wedding halls for their wedding, along with offering special discount coupons.

We are always creating new value
in response to the times

The AOKI Group was founded in 1958 as a business dealing with out-of-store sales of men's clothing. Since that time, we have engaged in business activities to provide our customers with happiness and inspiration. Over the 65 years that have passed, the times have changed, and values and lifestyles have grown more diverse. In the midst of this, we strive to enrich people's lives by creating new businesses.



1958
Founding

1965
Shinonoi-Ekimae store is opened

1971
Nagano-Ekimae store is opened

1979
Full-scale chain store development is started
Nagano Minami Takada store is opened

1981
Partnership is established with haute couture designer in Milan, Italy
Original brand is rolled out

1986
Yokohama Kohoku Main Store, one of the largest in the metropolitan area, is opened
Head office is relocated to Yokohama

1991
Listed on the First Section of the Tokyo Stock Exchange

1996
Wool recycling system is developed

1998
Entertainment Business is launched
First COTE D'AZUR karaoke facility is opened

1998
Anniversaire and Bridal Business is launched
ANNIVERSAIRE OMOTESANDO is opened

2002
Ladies' suits are rolled out at some stores (custom orders)

2003
First KAIKATSU CLUB café complex is opened

2003
Launched sales of the first product developed through joint industry-academia R&D

2003
First ORIHICA store is opened as a new line of fashion business

2008
AOKI Holdings transitions to a pure holding company structure

2009
Sales of washable suits (Premium Wash Suit) are launched

2013
Group reaches 1,000 stores

2014
Flagship ANNIVERSAIRE MINATO MIRAI YOKOHAMA is opened

2018
Construction of new head office is completed

2019
First FIT24 24/7 fitness gym is opened

2019
Real Estate Leasing Business is launched

2020
Pajama Suits® is planned and designed

2020
New wedding style is proposed

2022
Transferred to Tokyo Stock Exchange Prime Market

2022
Capital and business alliance is entered into with RUNSYSTEM CO., LTD., which becomes AOKI Holdings subsidiary

2022
Indoor golf is fully launched

2023
Complete renovation of ANNIVERSAIRE OMOTESANDO

1958–

Creating a manufacturing and retail model, and rolling out a high-quality, reasonably-priced original brand

Chain stores were rolled out in earnest to expand the scale of the business. A proprietary vertical merchandising system, which integrates everything from manufacturing to retail, was established by securing the production volume, allowing AOKI Holdings to provide high-quality suits at reasonable prices. Furthermore, AOKI Holdings focused on developing a private brand, and actively developed new suit functions and proposed new styles.

1998–

Creating new businesses for various daily life scenes against a backdrop of lifestyle diversification

AOKI Holdings began promoting business diversification, including entertainment and bridal, in the late 1990s when people's interests shifted from the tangible to the intangible.

2008–

Delivering innovations for solving new social issues such as addressing the digital society and promoting women's advancement

AOKI Holdings transitioned to a pure holding company structure. As people's lives and environments changed, we pursued enhanced mobility and greater efficiency in order to provide valuable products and services.

2020–

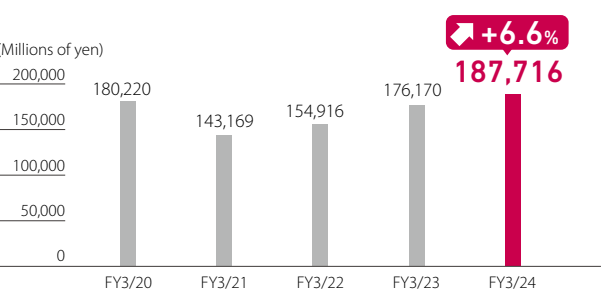
Creating new value according to the new normal

We will create new value according to the new normal. This will include planning and improving products corresponding to changes in business styles, strengthening online customer service, proposing new wedding styles, and introducing various content and new services.

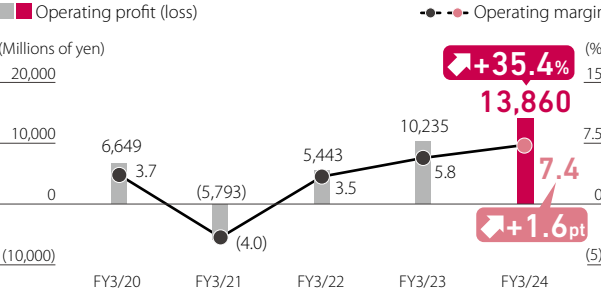


Financial

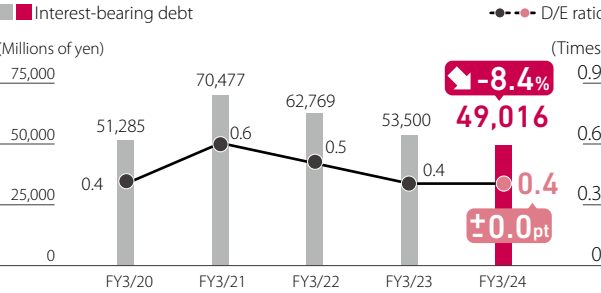
Net sales



Operating profit (loss) and operating margin

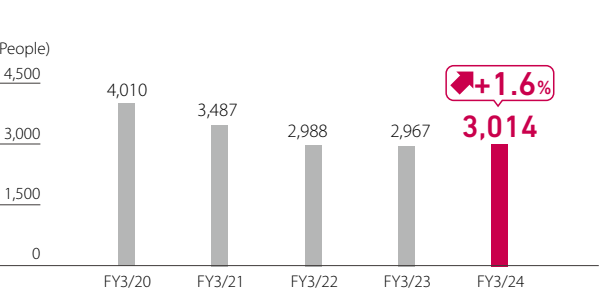


Interest-bearing debt and debt-to-equity ratio (D/E ratio)



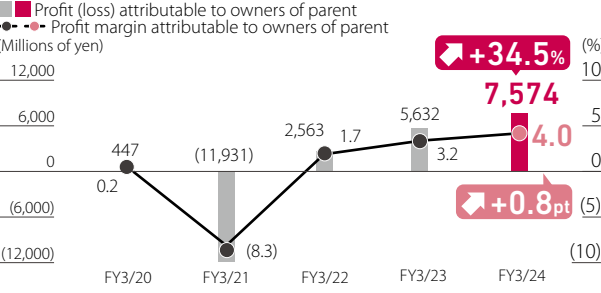
Non-financial

Number of full-time employees

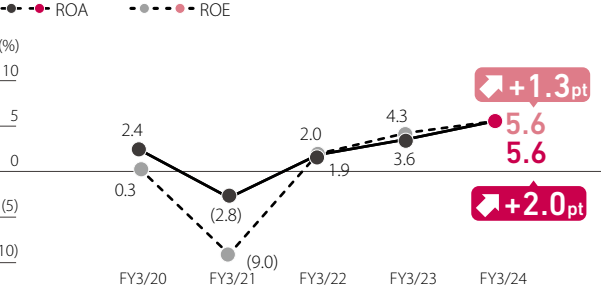


* The accounting standard for revenue recognition has not been retroactively applied to figures before the fiscal year ended March 31, 2021.
* This figure includes results from the consolidated second quarter of fiscal 2022 due to the subsidiary acquisition of RUNSYSTEM CO., LTD. in June, 2022.

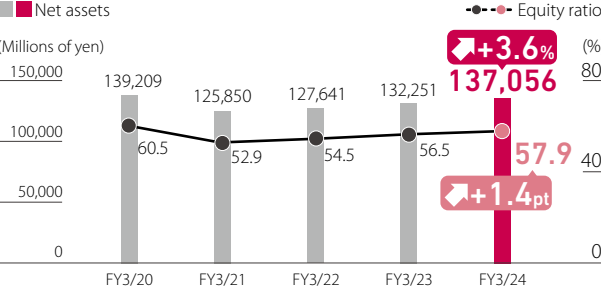
Profit (loss) attributable to owners of parent and profit margin attributable to owners of parent



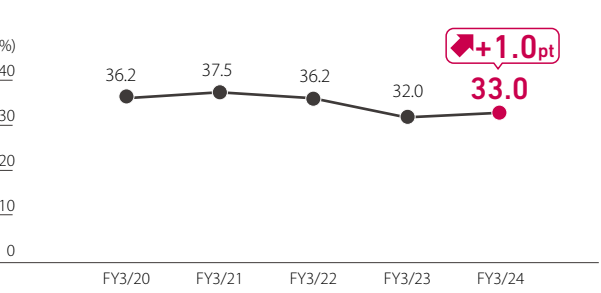
Return on assets (ROA) / Return on equity (ROE)



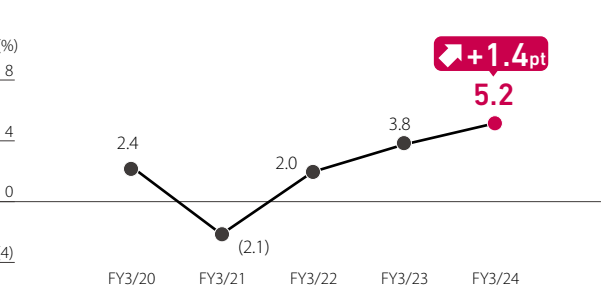
Net assets and equity ratio



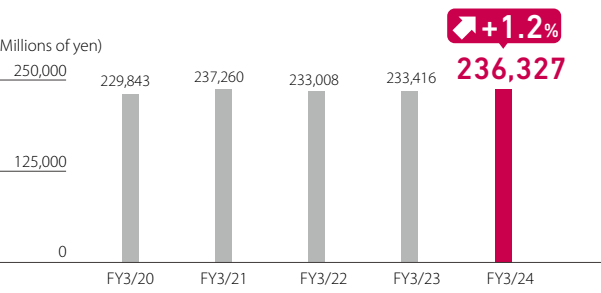
Ratio of female employees



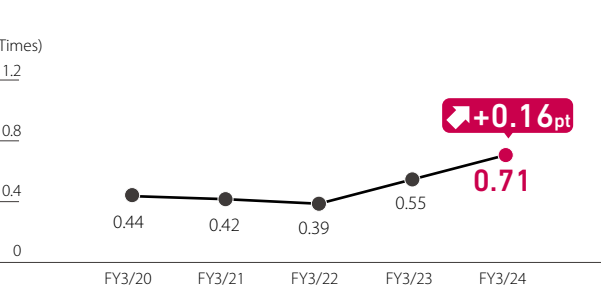
Return on invested capital (ROIC)



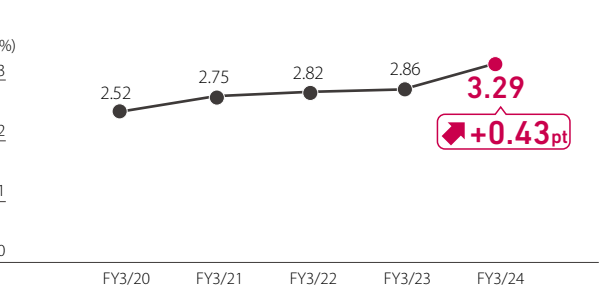
Total assets



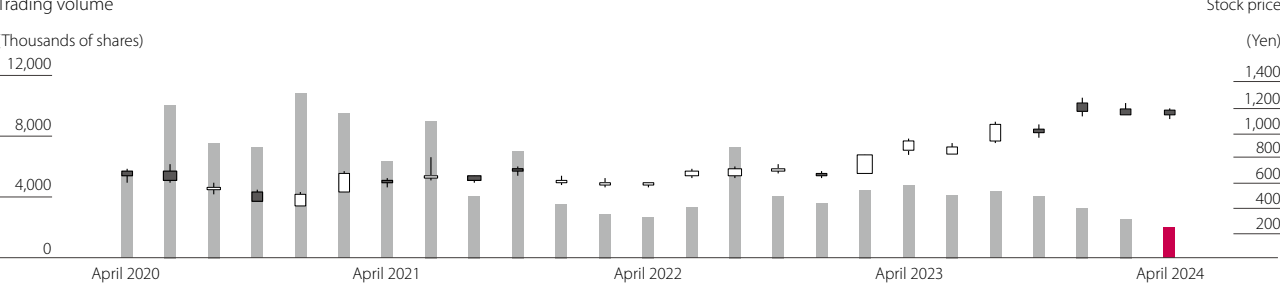
Price book-value ratio (PBR)



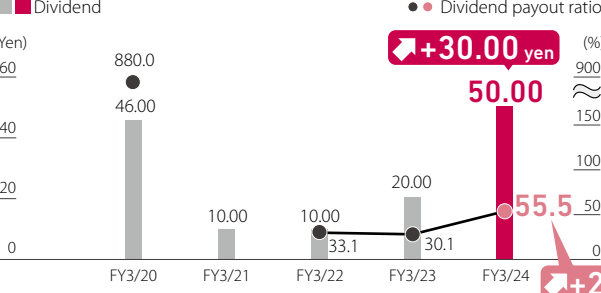
Percentage of employees with disabilities



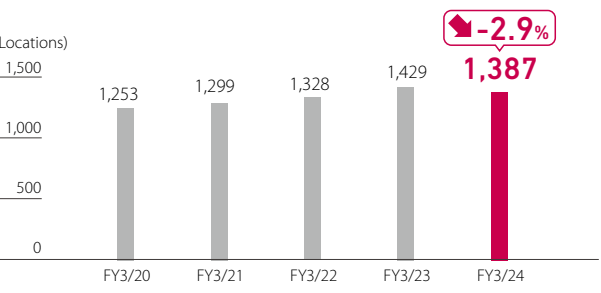
Stock price transition



Dividends and dividend payout ratio



Number of stores/locations



* Due to net loss, the dividend payout ratio for the fiscal year ended March 31, 2021 is not listed.

Becoming a Corporate Group that further
“Enriches people’s lives” ten years hence



Akihiro Aoki
AOKI Holdings Inc.
Chairman and Representative Director

I would like to express my appreciation to all of our stakeholders for their continued support of the AOKI Group.

The AOKI Group's desire from our founding to make it possible for businesspersons to afford to own a variety of suits means that starting with specialty men's clothing stores, we have expanded our business into various sectors—the Fashion Business, Entertainment Business, and Anniversaire and Bridal Business.

In an era where the business environment changes day by day, we recognize that in order to sustainably enhance corporate value as a Group, it is essential that we persistently transform the business models of our three existing businesses and refine the value we offer, while using business portfolio management to maximize group synergies.

This means that while leveraging shared group assets such as human resources, store networks, IT infrastructure, and customer data, it is crucial to carefully grasp the rapidly changing needs and wants of our customers through attentive customer service, and to swiftly apply these insights to the development of new products, services, and content.

So that we can move forward in alignment with this direction, we have formulated our “Desired 10-year (FY2033) State” and “Long-term policy” and in May 2024 we announced both internally and externally our Medium-Term Management Plan and our vision for the future of the AOKI Group. Based on the premise above, the core of this plan is to create new markets that cover a wider spectrum of customers’ life stages. By developing new businesses that include collaborations with other companies and M&A, our aim is to increase the opportunities for customers to encounter AOKI Group products and services through the various stages of their lives, thereby expanding our reach not only within Japan but also overseas.

Based on the business concept of “Enriching people’s lives,” the AOKI Group will continue to strengthen our connections with customers in various life scenarios through valuable goods and services. You can expect great things from the AOKI Group going forward.

Desired 10-year (FY2033) State

Continue sustainable growth through
the creation and transformation of businesses
that encompass consumers’ entire life stage

Operating profit target	ROE target	EPS target
¥30 billion	10% or more	¥180 or more

Long-term policy

1. Establish new businesses in consideration of mergers and acquisitions, etc.
2. Achieve an overseas expansion of existing and new businesses
3. Achieve partnerships and collaborations in products and services

Achieving a new growth story with our “DNA of taking on new challenges”

Haruo Tamura

AOKI Holdings Inc.
President and
Representative Director



Announcement of the first Medium-Term Management Plan

In May 2024, AOKI Holdings formulated our Medium-Term Management Plan FY2024-2026 (hereinafter the “New Management Plan”), covering the three fiscal years from 2024 to 2026, and publicly announced its contents for the first time.

Behind this was the need to widely communicate the direction and numerical targets for the growth of the AOKI Group, along with the status of efforts to strengthen our management foundation, including governance, so that we could resolve the governance issues that arose in 2022.

Furthermore, while the economy and society are gradually returning to how things were before COVID-19, energy costs and raw material prices continue to soar globally due to events such as the invasion of Ukraine and the worsening situation in the Middle East. Meanwhile in Japan, rising labor costs due to labor shortages are also increasing customers’ focus on protecting their livelihoods. Given these circumstances, I believe that clearly articulating the direction of our Group’s B to C businesses, which revolve around customer service, is crucial in maintaining and enhancing the motivation of our most important management resource, our “human resources,” and in ensuring that we can recruit and retain employees who can work with peace of mind over the long term.

With this in mind, the New Management Plan describes the “Desired 10-year (FY2033) State” while also reaffirming the changes in the business environment surrounding our company. Using a backcasting approach with this, we have outlined “Reforms of Existing Business Models in Each Business” and “Creation of New Businesses for New Growth.”

Before introducing the main strategies, I would like to share an episode related to the concept of the New Management Plan, “RISING 2026.” This concerns the reaction of young and mid-career employees to the question by the Board of Directors: “Can we call it RISING if the target numbers do not reach the highest profits of the past?” Indeed, while it is not wrong for management to define management plans in numerical terms, the majority opined that “Numbers are results. What truly represents RISING for the AOKI Group is the challenge of transforming business models and creating new business pillars.” Together with many employees who carry the will to inherit the AOKI Group’s DNA of taking on new challenges, we will create a new growth story that is not a mere extension of the past. This occurrence renewed our strong commitment to that resolution.

Our current business performance and recognition of the business environment

The fiscal year ended March 2024 was a year in which customers returned after the COVID-19 pandemic, which had impacted social life and the economy for nearly three years, had largely subsided. I feel that the karaoke business in particular, which had been slow to recover when compared to other businesses, showed significant improvement, strongly indicating progress toward the normalization of social and economic activities.

Under these circumstances, the performance for the fiscal year ended March 2024 showed an increase in revenue in our three core Fashion, Entertainment, and Anniversaire and Bridal businesses, with net sales of ¥187.7 billion and an operating profit of ¥13.8 billion, a year-on-year increase of 35.4%. We have always been conscious of the pre-COVID-19 numbers (net sales of ¥195 billion and operating profit of ¥13.4 billion in the fiscal year ended March 2019). Now that operating profit has surpassed those figures in the current fiscal year, we believe it is time to aim for the next growth stage in terms of both business and performance targets.

However, as I mentioned earlier, it is difficult to envision a positive situation regarding the future business environment given the increasing focus on cost-saving among customers. Additionally, although people’s social lives have returned to normal, their behavior patterns have changed significantly. For example, late-night activity has not returned to pre-pandemic levels, and the karaoke business continues to face challenges due to the decrease in demand for late-night after-parties. In the medium to long term, it is expected that the domestic market will continue to shrink due to factors such as the declining birthrate and aging population.

In the newly announced New Management Plan, we have set policies and targets based on objective decisions in order to confront these harsh business environments head on, with a long-term perspective of what the AOKI Group should look like in 10 years.

Outline of the Medium-Term Management Plan, and performance targets

The three-year planning period of the New Management Plan is positioned as a “stage for restructuring the business portfolio” through the “redesign and improved profitability of existing businesses” and the “development of new

businesses.” Particularly in our three core businesses, we are working toward a fundamental review and refinement of the existing business models under the banner of “Conversion,” “Redesign,” and “Evolution.” Moreover, in business reform and new business development, we will expand our Group’s business by considering the life stages of various customers, including the young people, the elderly, and women, and by engaging in collaborations and M&A with other companies aiming to move closer to our vision of our “Desired 10-year (FY2033) State.”

As a performance target, we aim to achieve an operating profit of ¥30 billion within 10 years, and by achieving annual profit growth of around 10% over three years, reach ¥18 billion in the fiscal year ending 2026. During the next Medium-Term Management Plan period, we envisage a growth curve that will see us reach record profits.

Meanwhile, as a financial indicator, we aim to achieve a PBR of 1.0 by the fiscal year ending 2026, and AOKI Holdings will take the lead in controlling the initiatives of each subsidiary aimed at improving capital efficiency and investment efficiency.

Management base measures: “demonstrating synergies and strengthening governance”

In the New Management Plan, we have clearly stated the need to strengthen and utilize the management base necessary to support group growth including “human resources,” “store network,” “IT infrastructure,” and “customer data,” and we will pursue and realize synergies by utilizing shared know-how and assets, further strengthening governance.

First, in terms of “human resources,” we position this as our Group’s top priority and will work on the stable recruitment and development of talented individuals. For training, we will update education programs by utilizing the know-how accumulated over many years in various types of chain store operations, and implement flexible personnel placements between stores of different business types.

For our current Group “store network” of approximately 1,400 stores, we are working towards utilization that goes beyond existing business frameworks. For example, in some stores in the fashion business, we will seek to enhance profitability by expanding the customer base and customer numbers, as well as by improving store efficiency. This uses measures such as reducing the floor space used, and using that space to newly entice indoor golf operated by the AOKI Group’s entertainment business, or other tenants

from external companies. Meanwhile, in the area of parking spaces, in addition to new solar power generation facilities, we also installed EV charging equipment in 2023, launching our charging service business.

Furthermore, the key to maximizing the effects of these measures lies in “IT infrastructure” and “customer data.” Our Group considers the accumulated data on over 45 million members as an asset. Combined with marketing activities and related DX measures promoted by each business segment, we are considering building an information infrastructure foundation that allows for the data’s effective use across the Group.

Meanwhile, enhancing governance based on the recommendations from the Corporate Governance Inspection and Reform Committee remains an important theme. We have been responding to each of the five major items and over 80 recommendations from the Committee, starting with a transition to a company with an Audit and Supervisory Committee. Looking forward, we will continue working to strengthen and optimize our governance structure, by enhancing the supervisory functions of External Directors, increasing the effectiveness and authority of the Nomination and Remuneration Committee, and conducting study sessions on issues identified from evaluations of the effectiveness of the Board of Directors, and reviewing its composition.

Results and challenges of sustainability management

In December 2021, AOKI Group established a Sustainability Committee and identified materialities (important issues) and KPIs corresponding to our business characteristics. The Sustainability Promotion Department, newly established in the same year, is working with personnel in charge at the relevant departments of Group companies to carry out various activities to achieve these KPIs.

Regarding the pressing issue of reducing CO₂ emissions, we have set a challenging KPI aiming to halve per-store CO₂ emissions by FY2030 compared to FY2017. Achieving this will require considerable effort on our part. In readiness for this, in FY2023 we calculated and disclosed the CO₂ emissions of the entire supply chain, including Scope 3. We will also improve information disclosure on environmental initiatives, such as responding to climate change, in response to global environmental impact assessment organizations (NGOs) such as CDP.

Financial strategy and measures for shareholder return policy

In the New Management Plan, we have for the first time announced a financial strategy targeting a PBR of 1.0 as part of our approach to realizing management that is conscious of capital costs and stock prices. One key point is our shareholder return policy, where we aim to maintain our basic policy while setting a total payout ratio of 70% or more by choosing the higher of either a dividend payout ratio of 50% or more or a Dividend on Equity (DOE) of 3% or more.

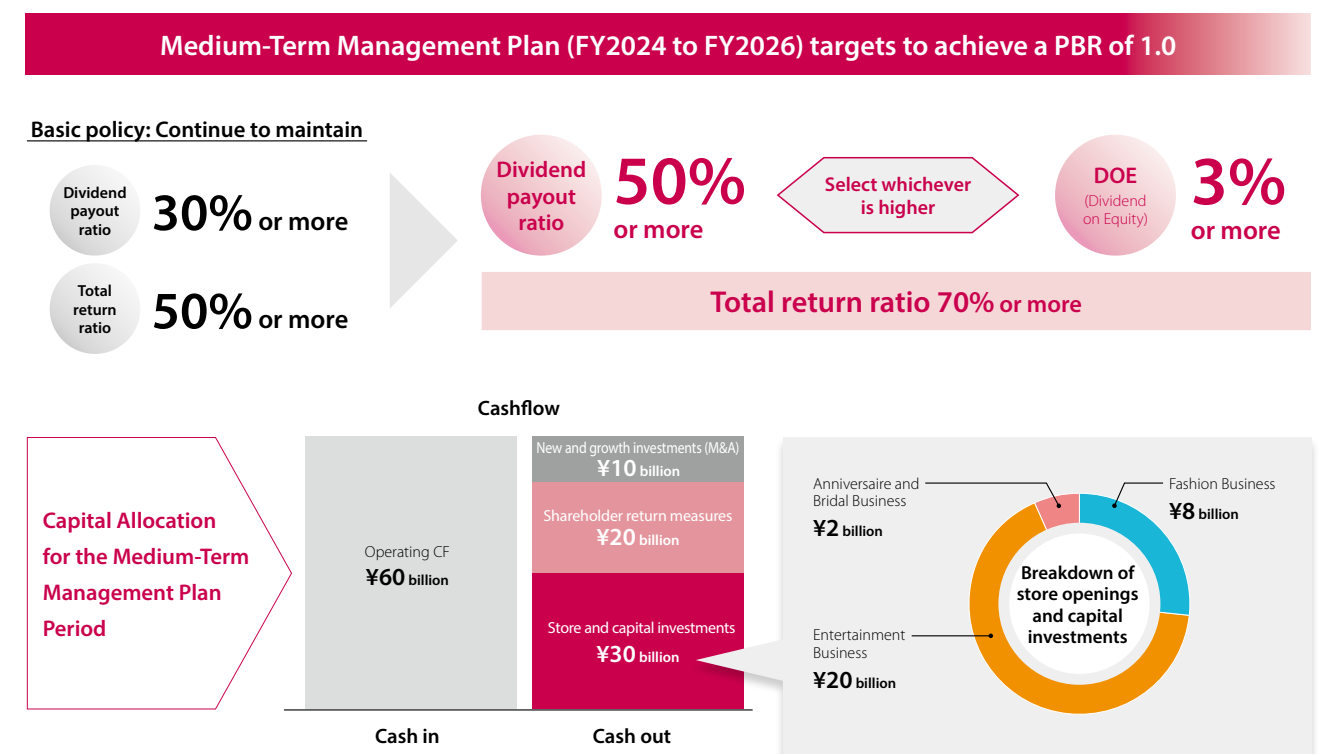
Regarding capital allocation for the three-year period of the New Management Plan, we have formulated a plan to generate ¥60 billion in cash without assuming any new borrowings, with ¥20 billion allocated for shareholder returns, ¥30 billion (half of the total) for new store openings and capital investments, and the remaining ¥10 billion for new and growth investments such as new businesses and M&A.

In addition to these basic measures, we will adapt as necessary and also consider taking additional measures, leveraging the experience of managing our Group’s financial strategy and overall management operations for the last 20 years.

Message to shareholders and investors

Finally, with the announcement of AOKI Group’s first Medium-Term Management Plan, “RISING 2026,” we have received more feedback than ever before from shareholders, investors, business partners, and employees. Regardless of whether or not you agree with our policies and measures, our commitment to constantly reviewing individual initiatives from short-, medium-, and long-term perspectives while aiming for the Desired 10-year (FY2033) State remains unchanged, while taking into account the feedback we have received. Furthermore, the governance that forms the basis of these initiatives is essential for the AOKI Group to promote collaboration with diverse stakeholders both inside and outside the company through business reforms and the creation of new businesses. As such, we pledge to continue with strengthening governance.

Through these initiatives, we will continue to strive to ensure that many stakeholders experience the DNA of the AOKI Group—Enriching people’s lives.



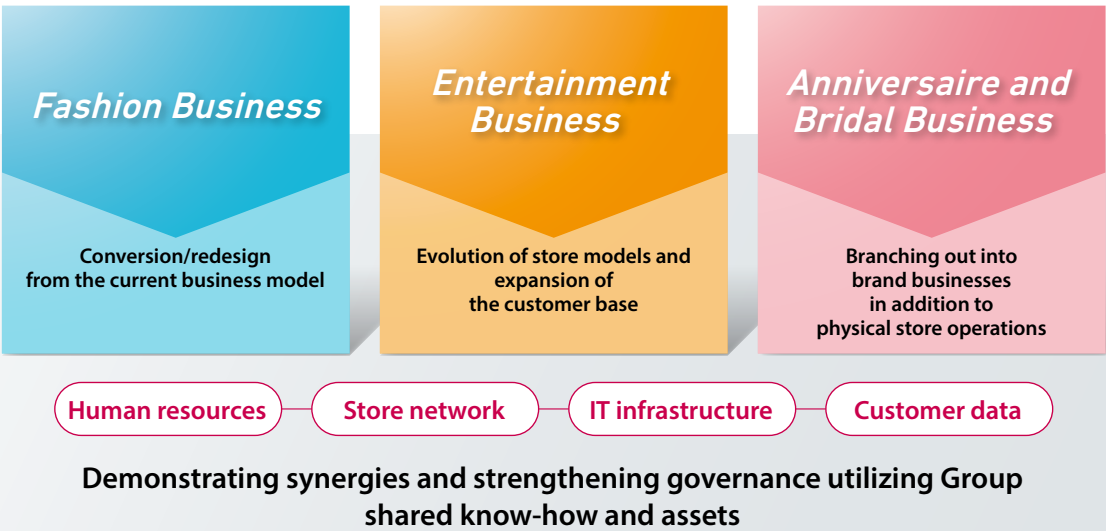
Medium-Term Management Plan Concept

RISING 2026

In response to changes in management structures and a focus on enhancing governance, we have again recognized the changing external environment surrounding us. During the period of this Medium-Term Management Plan, we aim to review our existing business models and, united as the AOKI Group, pursue business developments that contribute to growth for the next generation as well as the ten years ahead. This marks the first time since our founding that we are publicly announcing our Medium-Term Management Plan.

Medium-Term Management Plan Framework Consolidated Earnings Plan for FY2024–2026

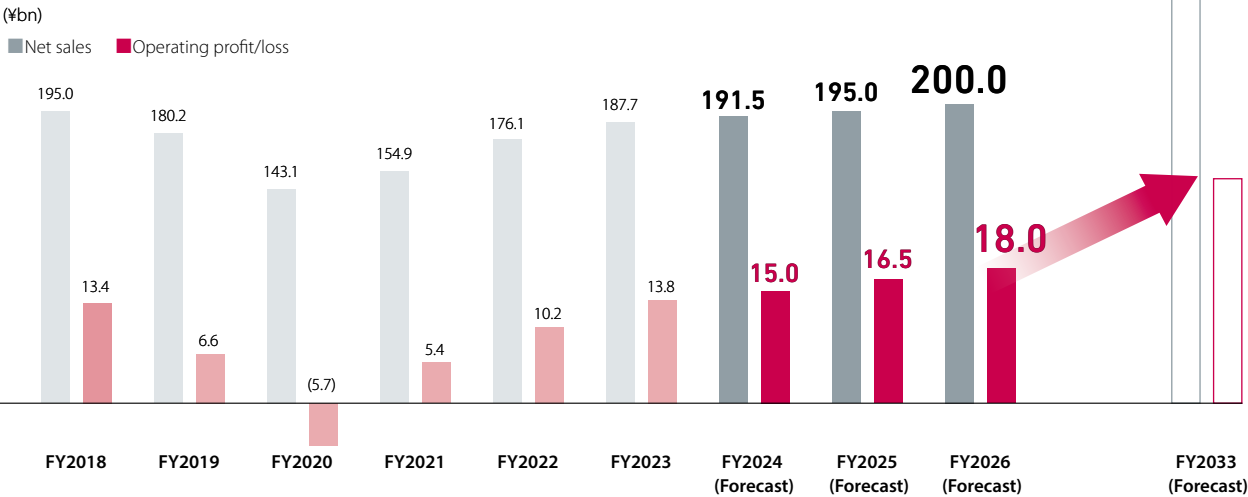
Taking this change in management structure as an opportunity, we will review our existing business models and develop businesses that contribute to future growth.



Consolidated Earnings Plan

Grow profits by approximately 10% annually to achieve an operating profit of ¥18 billion in three years.

Review each business and develop new businesses to aim for an operating profit of ¥30 billion in ten years.



Reduced profitability, attributable to COVID-19

Recover to pre-COVID-19 levels on the back of its reduced impact

Achieve an operating profit of ¥18 billion in three years with approximately 10% annual profit growth

Operating profit of ¥30 billion in 10 years

Management Targets

	FY2023 results	FY2026 target	FY 2023 ▶ 2026
Net sales	¥187.7 billion	¥200.0 billion	+2.2 %/yr*
Operating profit	¥13.8 billion	¥18.0 billion	+10.0 %/yr*
Operating margin	7.4 %	9.0 %	+1.6 pt
Return on invested capital (ROIC)	5.2 %	6.7 %	+1.5 pt
Return on equity (ROE)	5.6 %	7.0 %	+1.4 pt
Earnings per share (EPS)	90 yen	120 yen	+30 yen
Price book-value ratio (PBR)	0.7 ×	1.0 ×	+0.3 pt
Group overall store numbers (Directly managed stores)	1,334 stores	1,434 stores	+100 stores

* Our company's shareholder cost of capital is assumed to be around 6.5%, and the weighted average cost of capital (WACC) to be around 4.5%. *Compound Annual Growth Rate (CAGR)

Group-wide Measures

Demonstrating synergies utilizing Group shared know-how and assets

Human resources	Human resource development and utilization Human resource exchange between businesses	<ul style="list-style-type: none">Implement job rotations between these three businesses (utilizing human resources in accordance with busy and slack periods)New ideas and discoveries gained from experience in different businessesFoster management candidates with the skills to manage the entire group
Store network	Create synergies and new revenue opportunities between businesses utilizing the national store network	<ul style="list-style-type: none">Efficient management through utilization of development and operations data from around 1,400 storesUtilize idle space, and implement complex stores together with subleasing within the groupSublease to other companies, and effective use of parking lots
IT infrastructure	Improve IT infrastructure and operational efficiency across the group	<ul style="list-style-type: none">Group-wide introduction of collaboration workflow system for taking core business operations onlineStreamline store operations through the utilization of digital transformation
Customer data	Acquire a broad customer base and data utilization through the development of the three businesses	<ul style="list-style-type: none">Utilize data from all 45 million Group membersDevelop advertising business utilizing the Group directory

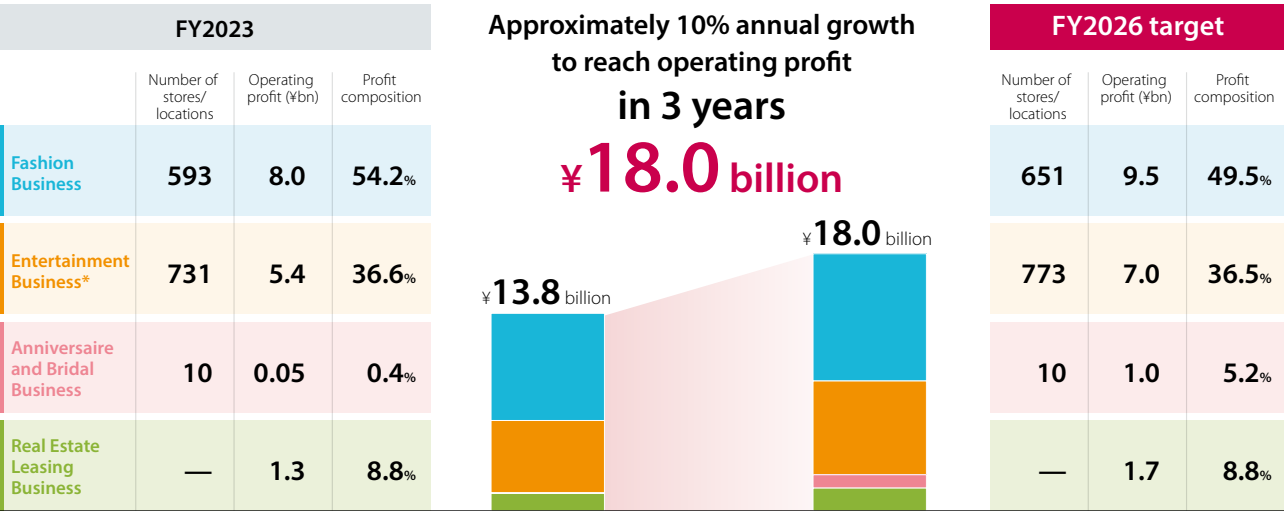
Future measures to strengthen governance

Regarding the over 80 recommendations from the Corporate Governance Inspection and Reform Committee, the following actions are currently being addressed in addition to the already implemented measures.

1. Reinforce oversight functions of External Directors	2. Improve effectiveness and authority of the Nomination and Remuneration Committee	3. Composition of the Board of Directors
Improve operations concerning the Board of Directors' deliberations and the evaluation of external directors.	Formulate and execute a succession plan*.	Majority comprising external directors Female directors ≥25%
	<small>* Skill matrix, 360-degree evaluations, and nomination and development of next generation candidates</small>	

Strategy Summary by Business

Current Profit and Growth Outlook of Each Business



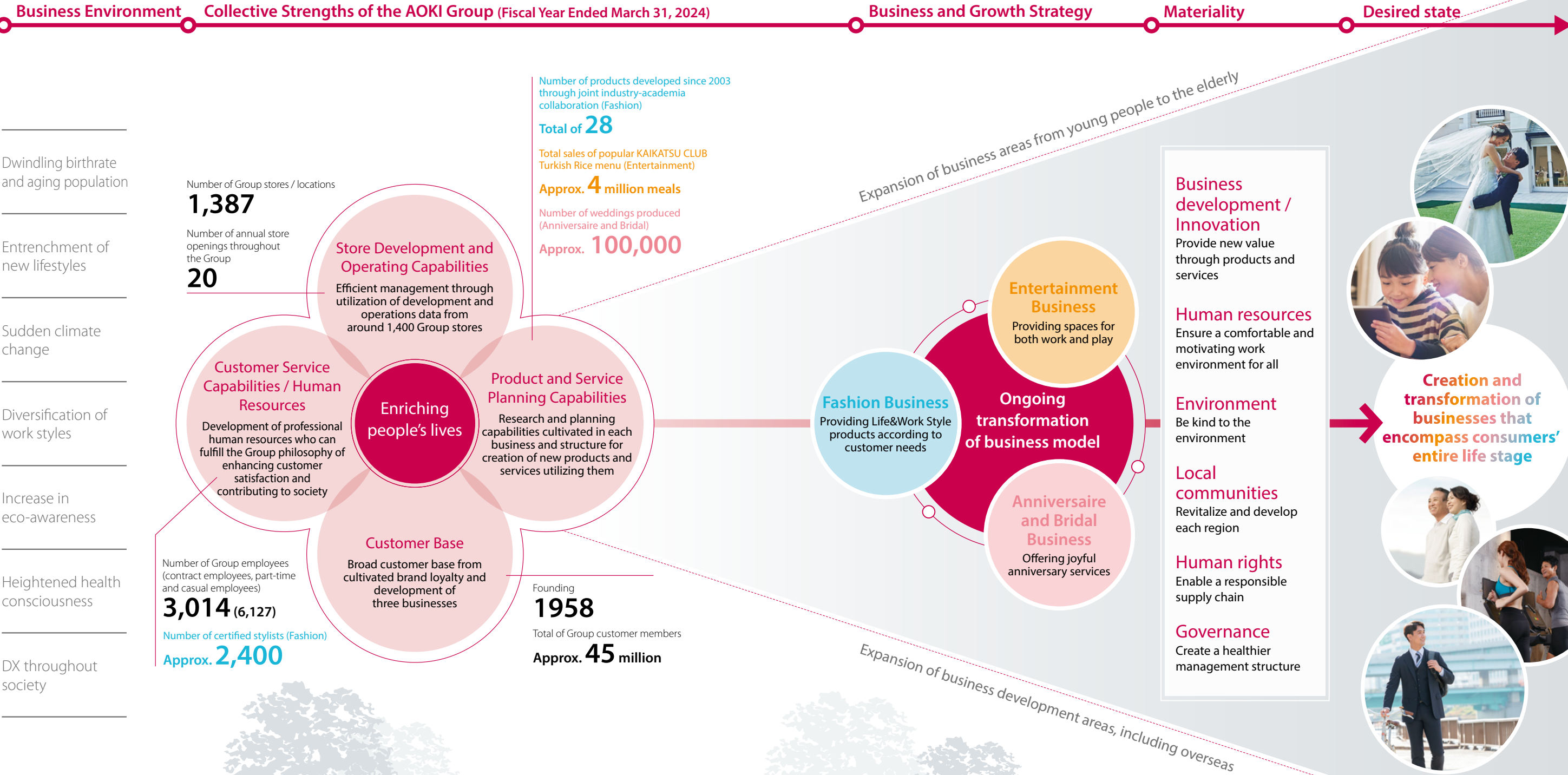
* Including stores directly managed by JIYU KUKAN

Basic strategy for Medium-Term Management Plan

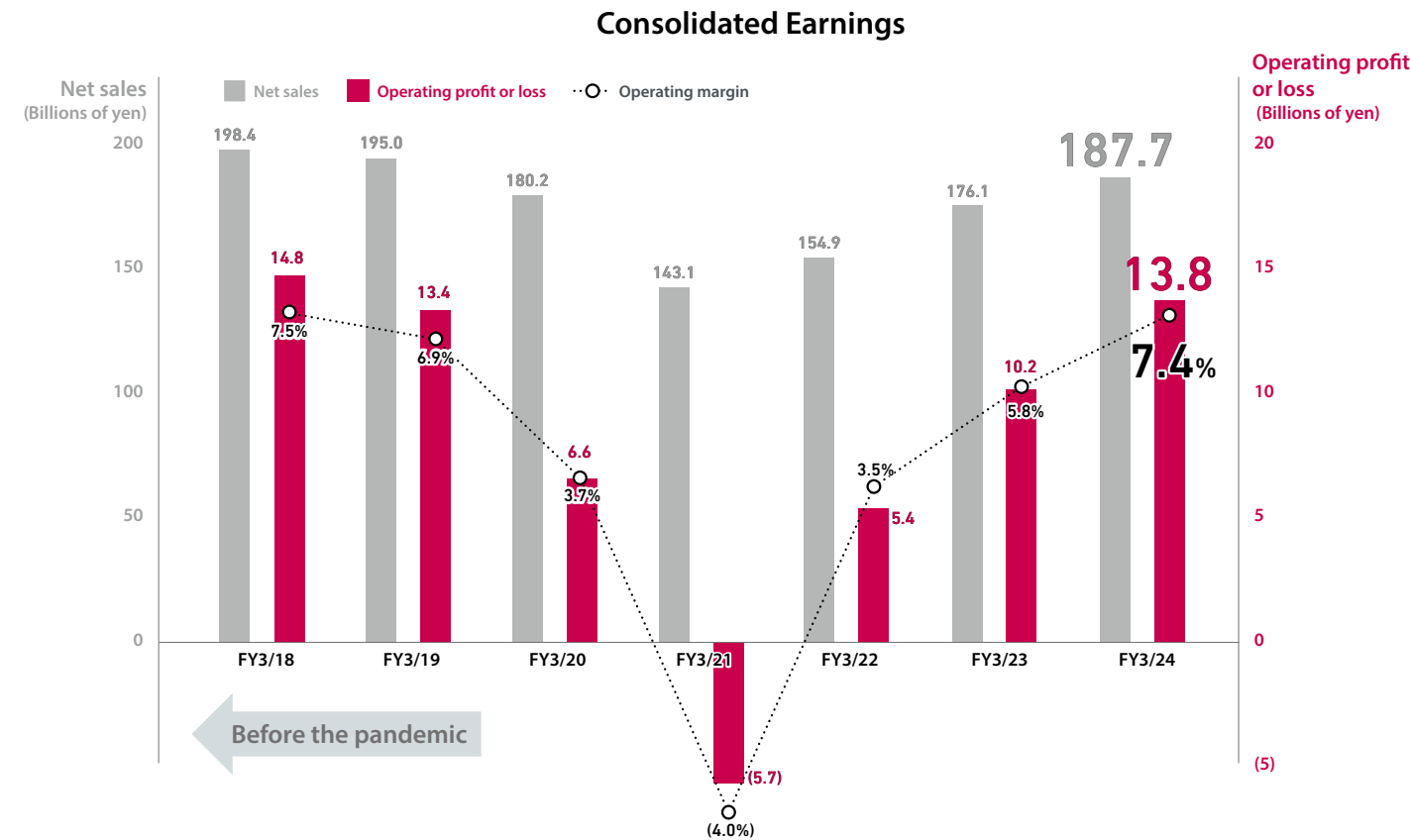
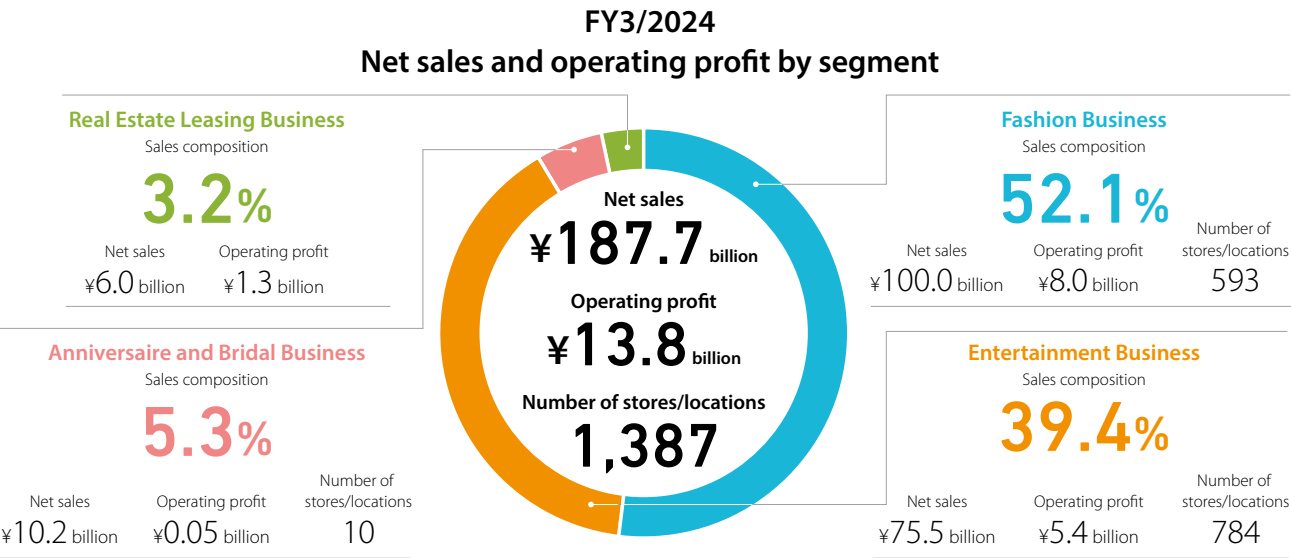
Fashion Business	FY2026 Strategic Targets () indicates FY2023 results
Conversion/redesign from the current business model	
Store initiatives	Improve sales floor efficiency and strengthen store openings in regions where ORIHICA is not yet established
Product initiatives	Expand into the wellness and sportswear market, and increase collaboration partners
Digital transformation initiatives	Strengthen e-commerce by utilizing AI, and promote the standardization of store operations
	Percentage of stores located in shopping centers: 28% (22.7%) Sales floor efficiency (gross profit per square meter): ¥680,000 (¥650,000)
Entertainment Business	FY2026 KAIKATSU CLUB Strategic Targets () indicates FY2023 results
Evolution of store models and expansion of the customer base	
Reduce store opening costs and improve investment efficiency for all businesses	Utilization rate of KAIKATSU CLUB urban stores: 60% (50.2%)
Consolidate and reorganize unprofitable stores in accordance with our standards	Ratio of KAIKATSU CLUB urban stores: 21% (8.9%) Female customer ratio at KAIKATSU CLUB urban stores: 35% (25.0%)
Anniversaire and Bridal Business	FY2026 Strategic Targets () indicates FY2023 results
Branching out into brand businesses in addition to physical store operations	
Improve profit/loss through more refined and efficient investment in existing stores	Non-wedding sales ratio: 7% (2.6%)
Take on the challenge of commissioned business without capital investment	

Continue sustainable growth through the creation and transformation of businesses that encompass consumers' entire life stage

Over the years, the AOKI Group has sought to develop new products and services befitting the business environment. That same ideal holds true today as we continue cultivating businesses that address social issues and help us make our desired state of "creation and transformation of businesses that encompass consumers' entire life stage" a reality. To this end, we leverage our four strengths of customer service capabilities and human resources, store development and operating capabilities, product and service planning capabilities, and customer base.



Sales and income increased for the third consecutive year on strong performance at existing stores in all businesses as a result of various measures taken in response to market environment and lifestyle changes, and of the normalization of socioeconomic activities.



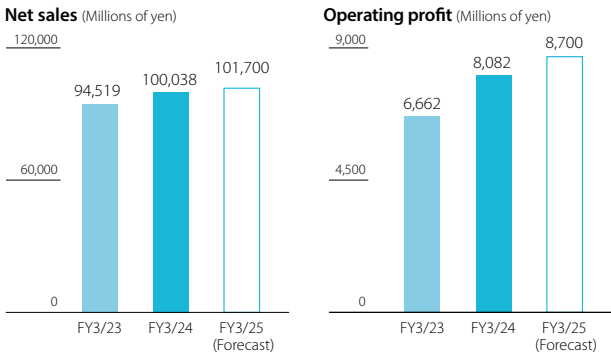
Performance Review for Each Business

Fashion Business

Initiatives in fiscal year ended March 31, 2024

In addition to promoting sales of Quick Order Suits (QOS) and high value-added products such as “Kin-no-Suits” Premium Suits, AOKI held the Freshers Support Fair. The fair featured various spokespeople and was held for “freshers,” who are young people starting college or a new job. In casual products, we strengthened our lineup in the Pajama Suits® series and launched a new “Sporty Casual” line of sporty styles that can also be worn in business situations. In women’s products, we improved on our MeWORK brand of products, which are comfortable styles tailored to working women. ORIHICA introduced Radio Frequency Identification (RFID), a system that wirelessly reads from and writes to IC tags, at all its stores to improve customer service and operational efficiency. It also developed “BIZSPO®,” a line of sporty business casual wear. These moves have led to increased sales and profits.

Results for FY3/2024 and Forecasts for FY3/2025

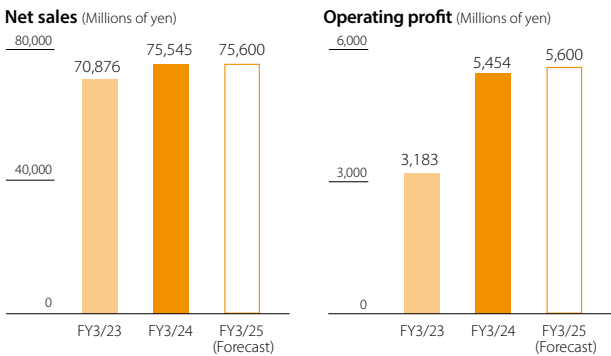


Entertainment Business

Initiatives in fiscal year ended March 31, 2024

Along with expanding the number of fully private rooms with locks and remodeling interiors for better comfort, KAIKATSU CLUB enhanced its services for business and study and offered limited-time collab menus in partnership with renowned restaurants and manufacturers. COTE D’AZUR refined its food and beverage menu through various campaigns, collab menus overseen by renowned restaurants, and sales of its core product: “Kin-no-Potato.” FiT24, a 24/7 self-directed fitness gym, continued rolling out indoor golf facilities and ran special promotions. These measures, combined a normalization of socioeconomic activity, resulted in strong sales and profit growth at existing stores.

Results for FY3/2024 and Forecasts for FY3/2025



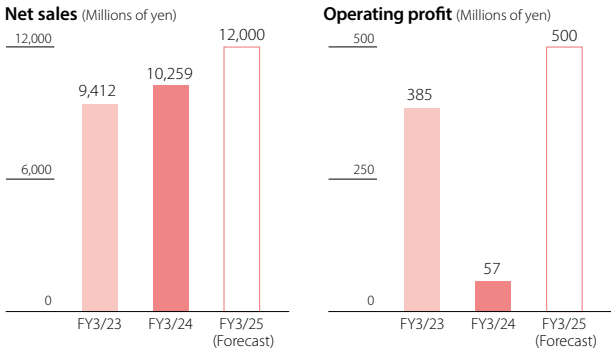
* This figure includes results from the consolidated second quarter of FY2022 due to the subsidiary acquisition of RUNSYSTEM CO., LTD. in June, 2022.

Anniversaire and Bridal Business

Initiatives in fiscal year ended March 31, 2024

In the Anniversaire and Bridal Business, we reviewed sales promotion strategies in light of the bridal market’s recovery, and focused on sales activities. Celebrating its 25th anniversary, “ANNIVERSAIRE OMOTESANDO” reopened on September 8, 2023 as a place offering products, services, and experiences related to anniversaries based on the concept of TOKI MAKE: a location for making memories with the people who mean the most to each other. At ANNIVERSAIRE OMOTESANDO, which has reopened following a major renovation, there were larger numbers of events featuring the products of high-end brands and orders for hosting parties. During the period leading up to Valentine’s Day, ANNIVERSAIRE Cafés sold ANNIVERSAIRE chocolate products and added special menu items.

Results for FY3/2024 and Forecasts for FY3/2025





Basic strategy for the Medium-Term Management Plan

Conversion/redesign from the current business model



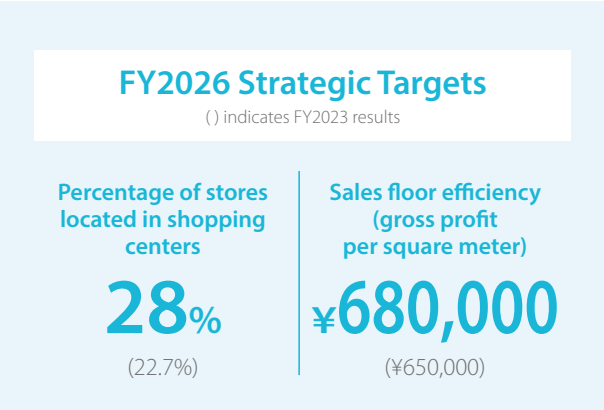
Hirotaka Mori
AOKI Inc.
President and Representative Director

Business strategy for the Medium-Term Management Plan

- Store initiatives**
Improve sales floor efficiency and strengthen store openings in regions where ORIHICA is not yet established
- Product initiatives**
Expand into the wellness and sportswear market, and increase collaboration partners
- Digital transformation initiatives**
Strengthen e-commerce by utilizing AI, and promote the standardization of store operations

In the Fashion Business, the basic strategy of the Medium-Term Management Plan is to “conversion/redesign the current business model” by formulating priority measures for each area, which includes stores, products, and DX. First, as measures for our stores, we will improve sales floor efficiency and strengthen store openings in areas where ORIHICA stores have not yet opened. We will also relocate AOKI stores to places such as shopping centers and GMSs that are more efficient for attracting customers. Next, our product-related measures will focus on entering the wellness and sportswear markets while stepping up collaboration with partners, aiming to expand our sales mix for women’s

Business Environment Awareness and Themes
We acknowledge that the shrinking market for suits, which owes to population decline in recent years and the growth of telecommuting brought on by the COVID-19 pandemic, is a business risk. However, business wear is becoming more diversified, with many people now opting for T-shirts over dress shirts, and forgoing the tie, in business settings. This increased demand for men’s business casual wear is the result of greater freedom in business attire choices. Meanwhile, the market for women’s business fashions is expanding due to legal reforms that encourage women to play a more active role in business. Both of these present new business opportunities for the Fashion Business. Amid these sweeping changes in the market, our prime focus needs to be on speeding up reform and growth with a renewed awareness that “status quo = decline.”



products and casual products, while also developing new items such as Business x Sports. Finally, our DX measures will see us working to improve operational efficiency through means that include utilizing AI technologies and RFID, and strengthening our e-commerce business. Our focus on “reviewing our existing business model and establishing a foothold for our next growth initiatives” over the last two years has brought to light the business challenges we face. In FY2024, we will speed up efforts to reform and grow by using selection and concentration to become “LIFE&WORK STYLE AOKI and ORIHICA.”



- Stores**
Move away from the suburban store model (create a role model for expansion in shopping centers and GMS)
- Merchandise**
Expand the sales composition of ladies’ and casual wear, and expand into the wellness and sportswear market
- Digital transformation**
Actively use AI to support operations and to boost e-commerce

Business Topics

Launching new products for a wide range of occasions
In February 2024, AOKI launched “Pajama Suits® Recovery,” which has the potential to relieve fatigue when worn, as part of the Pajama Suits® series. This product uses a fabric made of a special highly-dense ceramic fiber that absorbs and radiates far-infrared energy emitted from the body, the potential benefits of which are improved blood circulation and reduced stiffness and fatigue. In addition, in response to the growing interest in wellness and athleisure prompted by the COVID-19 pandemic, AOKI launched “Sporty Casual” in March 2024 as a line of sporty styles leveraging one of AOKI’s strengths: clothing that works in both business and casual settings. Sporty Casual was designed for excellent compatibility with our Pajama Suits® and can be worn in a wide range of settings from business to casual, depending on the outfit.



- Stores**
Aggressively introduce additional stores in underserved areas and examine new store formats (classify stores according to location and size)
- Merchandise**
Increase collaboration partners, and trial new items (e.g. business x sports)
- Digital transformation**
Further standardize logistics and inventory management using RFID, and of store operations

Deployment of RFID system at all ORIHICA stores
We have deployed RFID systems at all of our ORIHICA stores to further enhance customer service. Using radio frequency (RF) for identification, RFID systems store product data in IC chips embedded in tags and can wirelessly scan multiple tags at once as long as they are within radio range. These systems will enable batch reading of RFID tags at the cash register, reducing customer wait times. Stores can also streamline traditional inspection and inventory operations, allowing staff to spend more time serving customers. Through initiatives like this, we will continue to make every effort to improve customer satisfaction by further enhancing customer service.



Entertainment Business



Basic strategy for the Medium-Term Management Plan

Evolution of store models and expansion of the customer base



Fumiaki Takeshima
KAIKATSU FRONTIER Inc.
President and Representative Director

Business strategy for the Medium-Term Management Plan

- Reduce store opening costs and improve investment efficiency for all businesses
- Consolidate and reorganize unprofitable stores in accordance with our standards

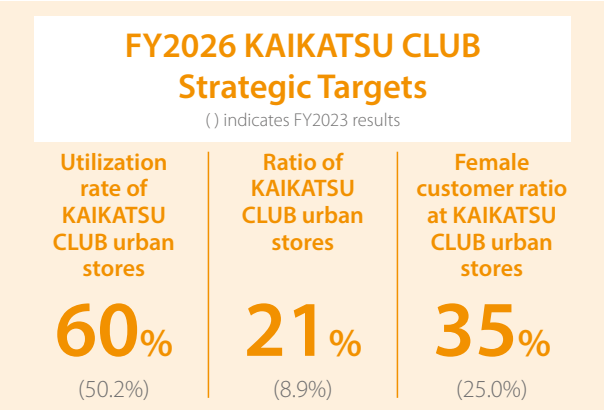
For this business, we will steadily implement the measures described in our Medium-Term Management Plan to reduce store opening costs, improve investment efficiency, and close unprofitable stores. On top of that, we will respond to price hikes and labor shortages in recent years by making productivity improvements through DX and other measures to make our human capital more efficient. We will target different businesses with different initiatives. For KAIKATSU CLUB, we will develop a new station-front café model and open cafés in front of major stations in metropolitan areas, while in the suburbs we will develop a shopping mall-style model aimed at attracting a wider range of customers. We are also considering café openings overseas.

For the COTE D'AZUR, to accommodate changing usage patterns with respect to karaoke places, we will streamline store operations by optimizing room sizes

Business Environment Awareness and Themes

Since the reclassification of COVID-19 as a Class 5 infectious disease in May 2023, the leisure market has been on a rebound. In addition, the depreciation of the yen has also stimulated leisure activities in Japan, including inbound tourism. In 2023, outdoor leisure activities were more popular than indoor leisure activities due to revenge consumption, and there is likely to be further growth in “low-cost, close by, short duration” leisure activities going forward.

However, we expect to see a decline in our main customer base and changes in demand for suburban stores in rural areas over the medium- to long-term due to a declining domestic population, falling birthrate, aging population, and growing concentration of populations in urban areas and depopulation in rural areas. We therefore acknowledge that transitioning away from our traditional business model, such as by expanding our customer base through a re-examination of the value we provide, will be an extremely important management issue for all our businesses.



and improving interior design and amenities so as not to set limits on the type of customer and their reasons for dropping by. We will also differentiate the business by reviewing our COTE D'AZUR concept and strengthening product development. Our focus for FIT24, meanwhile, will be on gaining support from a wider range of customers and differentiating it within the industry. This will involve developing a store model whereby each location has different training areas and machines for customers with different attributes, from beginners to more advanced users, encouraging customers to establish a gym-going habit.



Expansion of stores in prime locations such as city centers and near train stations

Evolution of the store model to broaden the new customer base, including wider age ranges and women



Evolution of the store model in response to changes in consumer patterns

Improved promotions to expand the customer base centered around families



Optimized store environments for each level, focusing on intermediate to high-end customers

Expanding the customer base through mutual use among customers within the group

Business Topics

KAIKATSU CLUB new concept location opened

In July 2024, KAIKATSU CLUB opened its Shibuya Center location under the concept of a “KEY PLACE to spend spare time.”

This is KAIKATSU CLUB’s first location in Shibuya Ward and a further step toward growing its business by expanding its customer base. This location also represents a new concept focused on “shifting from consuming goods and services to enjoying experiences.”

Until now, KAIKATSU CLUB has mainly served customers who spend their leisure time relaxing. However, in the process of creating new value to further expand our customer base, we have come to focus on spare time. Various factors such as the proliferation of online tools, technological advancements, and lifestyle changes following the COVID-19 pandemic are changing the way we spend our spare time. These changes can be seen in KAIKATSU CLUB locations downtown, where fully private rooms with locks are increasingly being used by business people during the daytime.

Against this backdrop, we conducted research on places where people spend their spare time. Leveraging these findings, and using cafés popular with a wide range of customers as a benchmark, we revamped the logo, interior and exterior design, and amenities for the Shibuya Center location. This café is unlike other cafés in that it will generate new demand by leveraging its strengths of

being open 24 hours a day and allowing people to use its spacious lounge, which features fully private rooms with locks as well as comics and magazines, at an hourly rate.

With the goal of enriching people’s lives, we plan to open approximately 60 new stores under this concept over the next three years starting in FY2024, and we will continue to expand KAIKATSU CLUB as a “KEY PLACE to spend spare time” and as a place that contributes to the value of enjoying experiences.



Anniversaire and Bridal Business

Basic strategy for the Medium-Term Management Plan

Branching out into brand businesses in addition to physical store operations



Kenichi Matsuda
ANNIVERSAIRE INC.
President and Representative Director

Business strategy for the Medium-Term Management Plan

- Improve profit/loss through more refined and efficient investment in existing stores
- Take on the challenge of commissioned business without capital investment

Business Environment Awareness and Themes

The diversification of wedding ceremonies and the shrinking wedding market caused by COVID-19 has led to a decline in ceremony-and-reception-style weddings. However, the number of ceremonies has begun to grow year over year since 2023, with medium and larger weddings once again coming to account for the majority of market demand. Meanwhile, there are concerns that the number of previews for guesthouse weddings will decline as more luxury hotels open in the three major metropolitan areas and more people consider weddings at luxury hotels, even though the two are not direct competitors. From a medium- to long-term perspective, the bridal market is shrinking due to a decrease in the number of marriages and a decline in the rate of wedding receptions. However, the number of bridal facilities is also decreasing accordingly, presenting what we believe will be a good opportunity for ANNIVERSAIRE, whose brand is well-known, to easily earn “survivor profits.”



In the Bridal Business, we sought to offer weddings that better fit market needs at the ANNIVERSAIRE OMOTESANDO, which reopened in September 2023. At ANNIVERSAIRE MINATO MIRAI YOKOHAMA, we renovated the banquet room and entrance hall in preparation for improving occupancy rates in September 2024. At our other eight existing locations, we will also improve management efficiency by increasing market share and sales through appropriate investments tailored to the characteristics of each area and location, and by further

standardizing operations. In 2023, we launched the Project for Moving Weddings as a collaborative effort among all departments and locations. We will continue striving to provide truly great weddings to our customers. At the same time, we will make the most of ANNIVERSAIRE’s high profile and well-located facilities to devise a new brand business. We will collaborate with top-shelf brands, strengthen MICE promotions such as corporate meetings, exhibitions, and events, and develop a business utilizing our accumulated bridal know-how and grow it into a new revenue source.



Bridal Business	Core Store Brand Business	Production Business
Review resource allocation and intensify efforts at two main stores*	Promotion of collaboration projects with high-end brands leveraging prime locations	New utilization of accumulated bridal operation know-how (soft skills)
Improve management efficiency with further streamlining and standardization by reviewing operations at 8 other stores	Expand sales channels through gift sales of original menu items	Promotion of bridal outsourcing business not reliant on existing store assets (hardware)
* OMOTESANDO and MINATO MIRAI YOKOHAMA locations	* Abbreviation for Meetings, Incentives, Conventions, and Exhibitions/Events	

Business Topics

Complete renovation of ANNIVERSAIRE OMOTESANDO

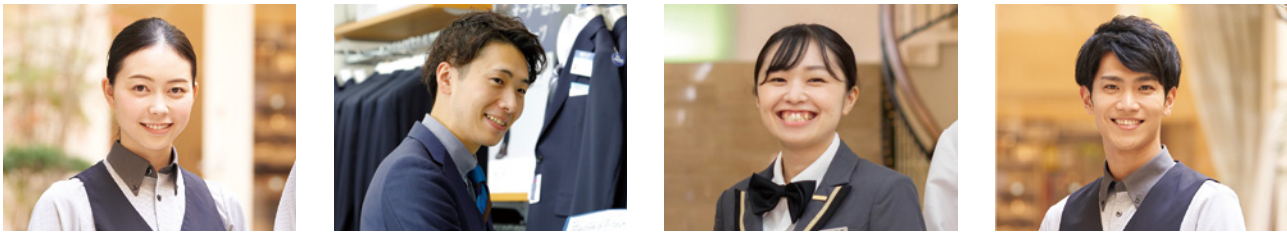
Celebrating its 25th anniversary, ANNIVERSAIRE OMOTESANDO reopened in September 2023 based on the concept of TOKI MAKE: a location for making memories with the people who mean the most to each other. ANNIVERSAIRE OMOTESANDO has a rooftop restaurant, café, and flower shop, in addition to a wedding facility, and Tiffany & Co., Inc., a global luxury jeweler, has opened a new store, the Tiffany & Co. Omotesando, to provide value worthy of an “anniversary venue.”

This renovation further strengthens our MICE business, and facilities and plans have been revamped to make them more suitable for events and party use. Thanks to facilities

and fixtures for use in situations other than weddings, the facility can be used for a variety of purposes, including corporate welcome and farewell parties, award ceremonies, and exhibitions and pop-up stores for apparel and cosmetics manufacturers.

In addition, the 25-year-old ANNIVERSAIRE Café OMOTESANDO has been reborn after a complete renovation, content expansion, and menu makeover. Customers can now enjoy a coffee bar specializing in carefully selected coffee and a sweets store offering high-quality sweets, choosing from full-service, self-service, and takeout options.





The AOKI Group was founded in 1958,
during a period of rapid economic growth in Japan.
By making business wear more affordable, so that every office worker in Japan could own a variety of suits,
the AOKI Group invented a new type of fashion business
in which formality and social convention were replaced by the joy of dressing.
The same spirit continues to this day as we look for ways
to enrich people's lives through each new venture that we pursue.
Innovation and a willingness to break the mold are part of the AOKI Group's DNA.

Sustainability Vision

Enrich lives
by innovating new joy

We are living in a time of great change,
from falling birthrates and aging populations to digital technologies and climate issues.
The AOKI Group acknowledges these risks but also sees them as opportunities
for further growth together with our customers and other stakeholders.
Changing times can be a driving force for innovation that brings more joy and well-being to people's lives.
This, above all else, is the AOKI Group's reason for being.

The AOKI Group is dedicated to making life happier for all.
By "innovating new joy" and creating value with our diverse stakeholders,
we will continue to enrich lives, grow as a Group,
and work to realize the possibility of a sustainable society.



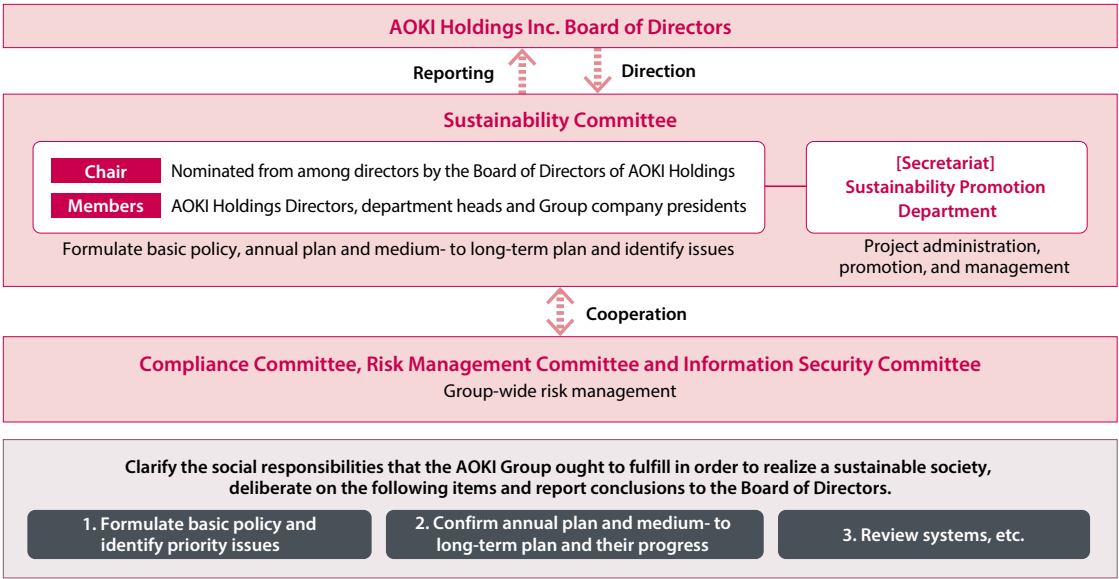
AOKI Group Philosophy and Approach to Sustainability

Since our founding in 1958, the AOKI Group has worked to resolve management issues by implementing the three elements of our philosophy, namely business integrity, social responsibility and community service.
Looking forward, based on the AOKI Group philosophy, we aim to both resolve social issues and enhance corporate value through business that enriches people's lives under our Sustainability Policy.

Sustainability Policy

- 1. We shall create social value by providing products and services that enhance customer satisfaction and contribute to the resolution of social issues.
- 2. We shall respect diversity and provide an environment in which everyone engaged in corporate activities can work with peace of mind.
- 3. We shall aim to drive sustainable growth through strong relationships with stakeholders and give back to society.
- 4. We shall maintain good relationships with customers and business partners by complying with laws and regulations and conducting fair transactions in accordance with standards.
- 5. We shall contribute to the development of local communities through cooperation with local schools and universities and by nurturing the next generation of human resources.
- 6. We shall contribute to minimizing environmental burden and preserving the global environment by recycling resources and reducing loss from waste through our products and services.
- 7. We shall earn the trust of shareholders and investors through timely and appropriate disclosure of corporate information and dialogue.

Sustainability Management Framework



The AOKI Group has formulated and is working to achieve six material issues (materialities) as well as key performance indicators (KPIs) and numerical targets based on initiatives conducted in Japan and overseas in such areas as the SDGs, expectations from stakeholders and the vision we are aiming for as a Group. Going forward, we will continue to undertake further efforts through our business activities based on these factors to enhance the medium- to long-term value of the AOKI Group and contribute to the sustainable growth of society as a whole.

Business development / Innovation		
Provide new value through products and services		
The AOKI Group has always been one step ahead of the times, continuing to take on the challenge of developing new business and driving innovation based on the concept of Enriching people's lives. We will carry on with the development of new lines of business, products and services with a view to resolving social issues such as the diversifying needs of customers and environmental problems.		
KPIs and numerical targets (FY2030)	FY2023 results	Main initiatives
Number of environmentally friendly products developed and sold Total of 50	Group overall Total of 26	<ul style="list-style-type: none">Fashion Business: Expand development of AOKI ECO FRIENDLY® productsEntertainment Business: Develop environmentally friendly and energy-efficient location formats, including kitchen-less locationsAnniversaire and Bridal Business: Begin using paper items made with FSC® certified paper

First commercial product from the AOKI Wool Eco Cycle® Project: "Wool Eco Shoes"

Wool Eco Shoes, the first recycled product to come out of the AOKI Wool Eco Cycle® project launched in 1996, feature shoe uppers made of recycled yarn from suits and formal wear collected at AOKI stores.

The sole and laces are all black to match the black upper, making the most of the traditional color of suits and formal wear, and can be worn in a wide range of situations ranging from business to casual. Complete with a water-repellent finish, moisture-permeable waterproof film, and air circulating sole, these shoes are a dependable choice even on rainy days. In addition, our product planning staff have tried the shoes out many times to ensure maximum utility, paying particular attention to strength and comfort.



The kitchen-less KAIKATSU CLUB – A new café complex

For our KAIKATSU CLUB café complexes, we have developed new kitchen-less café complexes, and have opened a total of 33 such locations as of July 2024.

Eliminating the kitchen will save on electricity as there will be no refrigerators or freezers operating 24 hours a day, and will reduce the environmental impact from disposing of waste oil and leftover food. The extra space can also be used for more seating, improving customer convenience.

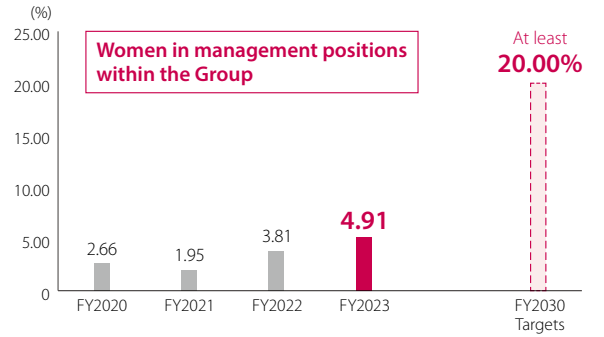
Through efforts like this, we will continue to develop new business categories to meet the needs of our customers and reduce our impact on the environment.



Human resources		
Ensure a comfortable and motivating work environment for all		
We believe in the importance of building an environment in which employees feel motivated and can truly shine in order to create products and services unique to the AOKI Group. To that end, we will focus on each person's unique characteristics and support career development based on orientation and ability. At the same time, we will strive to foster an organizational culture that maximizes the diversity of our human resources.		
KPIs and numerical targets (FY2030)	FY2023 results	Main initiatives
Women in management positions within the Group At least 20% (Section manager equivalent or above)	Group overall 4.9%	<ul style="list-style-type: none">Formulate the plan for promoting the advancement of women with a view to 2030Strengthen support for study groups, online communities, etc. for those returning from maternity leaveHold diversity and inclusion study sessions
Education and training expenses per full-time employee At least ¥80,000	Average for full-time employees group-wide ¥63,000 per person	<ul style="list-style-type: none">Have employees attend external seminarsExpand and improve grade-based and goal-based trainingPromote acquisition of official qualifications through financial assistance
Employee engagement score At least 65% <small>* KPI changed in June 2024 with the introduction of a new engagement survey system</small>	Group-wide average 55%	<ul style="list-style-type: none">Conduct surveys and analysis using the new engagement survey system, and hold briefingsHold training for managerial personnelHold dialogues between executives and employees
Result of stress test High stress rate Under 6.0%	Group-wide average 8.2%	<ul style="list-style-type: none">Report results among each department and conduct individual follow-ups with long-hour workers and high-stress individualsConduct mental health study sessionsDisseminate healthcare information

Efforts to increase the percentage of women in management positions

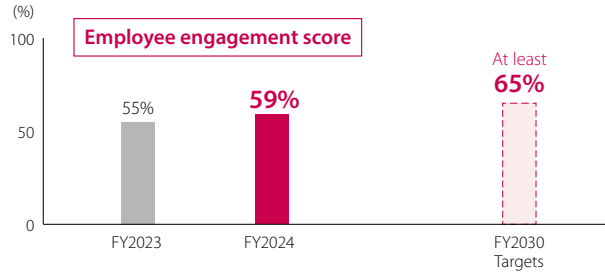
The AOKI Group's Sustainability Promotion Department and Human Resources Department are working together to improve the percentage of women in management positions as part of its diversity and inclusion efforts. Specifically, the AOKI Group has invited outside advisors to formulate improvement plans, held dialogue meetings between the president and female employees to gather opinions, held diversity and inclusion study sessions for managers and employees, and promoted the use of paternity leave (62% of male employees in the AOKI Group took such leave in FY2023), among other measures. We will continue to carry out various initiatives toward achieving at least 20% women in management positions by FY2030.



Efforts to improve employee engagement

As the result of a new engagement survey introduced company-wide in 2023, the employee engagement score (the average percentage of people who chose all positive responses in the five-question survey) was 55% for the Group overall. This result shows that most employees share the AOKI Group Philosophy and are proud of the company and its work. However, the survey also highlighted that some were concerned about their own careers and wanted to know about the future direction of the company.

In response, we are currently implementing a variety of measures to resolve issues concerning career development and communication. These include providing opportunities for dialogue between supervisors and subordinates, including 1-on-1 meeting and other career support, as well as briefings for employees to internalize management policies, and small meetings with management.



Environment

Be kind to the environment

While enhancing the quality of customer service and other services to maximize customer satisfaction, the AOKI Group will actively work to reduce CO₂ emissions such as by introducing energy-saving initiatives in our stores, which will lead to happier communities and a better earth. We will work together with customers and business partners to reduce environmental impact by such means as recycling clothing that people no longer wear.

KPIs and numerical targets (FY2030)	FY2023 results	Main initiatives
Per store compared with FY2017 <div>50% reduction</div> <div>(49.5t-CO₂)</div>	Per store compared with FY2017 <div>15.7% reduction</div> <div>(CO₂ emissions 83.5 t-CO₂/store)</div>	<ul style="list-style-type: none">Calculate and disclose Scope 3 emissionsInstall solar carportsReduce electricity usage by installing energy-saving equipment such as LEDs and air conditioner filtersReduce paper usage by doing more work online

Install solar carports

As part of our efforts to reduce CO₂ emissions toward achieving a post-carbon society, we have installed solar carports at three AOKI stores in collaboration with a third party that provides total energy solutions. This has enabled us to replace about 30% of the electricity used annually per store with renewable energy. It also improves convenience for customers using the parking lot by providing shade from the sun on sunny days and shelter from rain on rainy days.



Local communities

Revitalize and develop each region

For the AOKI Group, with a store network spanning Japan, the development and vitality of local communities are critical to sustainable growth. While actively supporting cultural activities and promoting sports, the AOKI Group will also focus on environmental conservation efforts with the aim of becoming a corporate group that grows together with the community.

KPIs and numerical targets (FY2030)	FY2023 results	Main initiatives
Implement community contribution activities Ongoing	Promote cultural activities such as the AOKI Group Harmony Concert	<ul style="list-style-type: none">Cultural project sponsorships, sports sponsorships, and charity activitiesProvide “Children’s Emergency Shelter” support, agricultural support, etc.Donate emergency supplies to food banks and suits to orphanages

25th AOKI Group Harmony Concert celebrating the AOKI Group's 65th anniversary

The “AOKI Group Harmony Concert” has been held many times since 1973 as part of our activities in pursuit of community service. For the 25th concert, held in October 2023, approximately 2,000 guests were invited free of charge to Suntory Hall in Akasaka, Tokyo, for a special moment to experience beautiful music. On the day of the event, we supported charity activities by setting up donation boxes at the venue for a fund that addresses the issue of child poverty.



25th AOKI Group Harmony Concert (©Rikimaru Hotta)

Human rights

Enable a responsible supply chain

In order to promote the resolution of global social challenges such as climate change and human rights issues, the AOKI Group will focus on sustainability by collaborating with material makers, manufacturing subcontractors and logistics companies in areas ranging from product planning and development to procurement, manufacturing and sales.

KPIs and numerical targets (FY2030)	FY2023 results	Main initiatives
CSR standards agreements concluded Over 100 factories	Contract concluded 101 factories	<ul style="list-style-type: none">Establish and announce AOKI Group Human Rights PolicyConduct CSR audits through questionnaires for suppliers

Initiatives to promote respect for human rights

The AOKI Group is deeply aware of the importance of respect for human rights in promoting social sustainability. The AOKI Group’s human rights policy, formulated in 2023, establishes respect for the human rights of all people in the value chain as one of our top priorities.

In the Fashion Business, we recognize own social responsibilities and use the seven core subjects of ISO 26000 (Guidance on Social Responsibility), which include organizational governance, human rights, labor practices, the environment, and fair operating practices, as the framework for our specific CSR activities.

Our Supplier Code of Conduct, established in 2022, establishes and clearly defines the minimum guidelines to be observed by our suppliers. Under this policy, we have a system in place to audit whether suppliers are operating in accordance with the policy by means of a questionnaire, and to encourage improvements as necessary. In FY2023, we signed CSR standards agreements with 101 factories.

AOKI of the Fashion Business will work with its suppliers to ensure transparency throughout the supply chain and contribute to social sustainability.

Governance

Create a healthier management structure

The AOKI Group positions corporate governance that ensures sound and prompt decision-making, efficiency and transparency as the basis for sustainable growth as a company. To that end, we are working to raise employee awareness of compliance in addition to constantly bolstering our systems. Moving ahead, we will keep striving to improve our decision-making framework and information disclosure through dialogue with shareholders and investors.

KPIs and numerical targets (FY2030)	FY2023 results	Main initiatives
Number of participants in compliance workshops All Group employees	Attendance rate 58.6%	<ul style="list-style-type: none">Hold compliance study sessions for directors and managersProvide e-learning-based compliance training to all employees
Awareness of hotline	Recognition 70.8%	<ul style="list-style-type: none">Develop measures to increase awareness of this through internal newsletters, etc.

Holding compliance workshops

Based on a postmortem concerning a governance incident that occurred in 2022, we are promoting initiatives to reinforce governance with a strong commitment from top management. The Compliance Office, newly established in November 2022, organized a compliance study course that has been completed by AOKI Group directors and managers. We also provide compliance education for all employees through e-learning. Through efforts such as these, we will continue to further strengthen our internal control and compliance systems.



Environment



The AOKI Group supports TCFD recommendations, and we are working to further promote information disclosure and reduce environmental impact in each of our businesses.

TCFD Recommendation-based Information Disclosure

Basic Approach

The AOKI Group recognizes conservation of the global environment as a priority issue and strives to reduce environmental impact in each of its businesses. The AOKI Group endorsed the TCFD recommendations, which encourage corporations to disclose information on the effects climate change has on them, and we will further promote disclosure of information in line with these recommendations and contribute to the realization of a sustainable society.

Governance

Discussing and Responding to Climate Change via the Sustainability Committee
In December 2021, AOKI Holdings established the Sustainability Committee consisting of the directors of AOKI Holdings, department heads and the presidents of the Group companies. In general, the Committee meets twice a year. The Committee assesses the business risks and opportunities climate change poses, and also discusses annual and medium- to long-term plans and with an eye on the sustainable growth of the Group as a whole, reporting its findings to the Board of Directors. In response to the reports of the Sustainability Committee on the important matters it discusses as well as on the progress of its plans, the Board of Directors monitors the status of initiative implementation and also drafts and implements business plans taking into consideration climate change matters.

Strategy

Climate Change Risks and Opportunities, Their Effects on Businesses, and Measures
Matters such as the tightening of regulations regarding greenhouse gas emissions in light of their effect on climate change, the transition to renewable energy, and changes in consumer consumption trends could potentially affect the AOKI Group's businesses and financial affairs. Major anticipated risks and opportunities are as follows.

1) Risks							
Type		Details	Risks recognized by AOKI Holdings and each business				Effect on the AOKI Group
			AOKI Holdings	Fashion	Entertainment	Bridal	
Transition risks	Policies and regulations	Increased store operation costs due to tightened regulations such as a carbon tax or carbon pricing	—	●	●	●	Large
		Restrictions on the provision of products and services due to restrictions on the use of product materials and raw materials (e.g., plastics)	—	●	●	●	Medium
	Technologies	Decrease in sales opportunities for environmentally friendly products due to delayed introduction of environmentally friendly materials and increased costs associated with the switchover	—	●	●	—	Medium
	Markets	Decrease in demand for existing products such as heavy clothing, and customer attrition due to delay in developing products which address global warming	—	●	—	—	Large
		Increased costs due to food procurement instability and higher food ingredient costs	—	—	●	●	Medium
	Reputation	Alienation of customers due to delay in transition to decarbonization and related initiatives	●	●	●	●	Large
Physical risks		Increased financing costs due to declining investor appreciation of initiatives	●	—	—	—	Medium
	Acute	Loss of sales opportunities due to production area and distribution network disruptions, as well as reduced store uptime as a result of intensified extreme weather	●	●	●	●	Large
	Chronic	Increased utility and other costs associated with higher average temperatures, as well as lower demand for goods and services	●	●	●	●	Medium

2) Opportunities							
Type	Details		Opportunities recognized by AOKI Holdings and each business				Effect on the AOKI Group
			AOKI Holdings	Fashion	Entertainment	Bridal	
Resource efficiency	Application of recycling	Cost reductions and improved value thanks to raw materials recycling	—	●	●	●	Large
Energy sources	Shift from thermal power generation to renewable energy	Cost reductions thanks to expanded use of renewable energy	●	●	●	●	Large
Products and services	Development and expansion of products and services which can contribute to carbon reduction and decarbonization	Development of new, sustainable products and services	—	●	●	●	Large
Markets	Access to new and emerging markets	Introduction of new businesses that have good growth potential and that address climate change into our business portfolio, and consideration of entry into new markets	●	—	●	—	Medium
Resilience	Resource alternatives and diversification	Development of alternative raw materials and strengthening of cooperation with raw material suppliers	—	●	●	●	Large

Risk Management

Managing Climate Change Risks through Four-Committee Cooperation
Groupwide risks are managed by the Compliance Committee, Risk Management Committee and Information Security Committee. With regard to risks from climate change, the Sustainability Committee assesses the degree of impact they will have on businesses and determines appropriate policies. The advancement of these policies is shared between the Compliance Committee, Risk Management Committee and Information Security Committee. The Sustainability Committee informs the Board of Directors about major risks it has identified and proposes responses to these risks. In turn, with the approval of the Board of Directors, the Sustainability Promotion Department, the Sustainability Committee's secretariat, plays a central role in said responses.

Metrics and Targets

Promote Reduction of CO₂ Emissions to Curb Environmental Impact
The AOKI Group is promoting the reduction of greenhouse gas (CO₂) emissions in order to reduce its environmental impact. The Group is aiming to reduce its per-store Scope 1 and Scope 2 emissions by 50% in comparison to FY2017 (ended March 31, 2018) levels by FY2030. In addition, as of FY2022 the Group is also carrying out Scope 3 disclosure. Further, the AOKI Group is considering introducing an internal carbon pricing scheme and is planning to promote further initiatives aimed at achieving zero CO₂ emissions across its entire supply chain by 2050.

CO ₂ Emissions							
	FY3/2018 (base year)	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024	
Entire AOKI Group (Scope 1+2)	(t-CO ₂)	124,381	114,157	113,818	112,989	119,324	111,430
Numbers of corresponding AOKI Group stores	(Locations)	1,257	1,254	1,300	1,329	1,352	1,335
Per-store CO ₂ Emissions	(t-CO ₂)	99.0	91.0	87.6	85.0	88.3	83.5

Greenhouse Gas Emissions (Unit: t-CO ₂)						
	FY3/2018 (base year)	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024
Scope 1	2,370	2,732	2,775	2,890	3,178	2,996
Scope 2 (Market Base)	122,011	111,425	111,043	110,099	116,146	108,434
Scope 3	—	—	—	—	325,079	373,410
Category 1 Purchased products and services	—	—	—	—	250,912	276,672
Category 2 Capital goods	—	—	—	—	24,956	48,869
Category 3 Fuel and energy related activities not included in Scope 1 and 2	—	—	—	—	18,970	17,714
Category 4 Upstream transportation and distribution	—	—	—	—	2,497	2,504
Category 5 Waste from operations	—	—	—	—	12,731	13,408
Category 6 Business trips	—	—	—	—	1,179	1,192
Category 7 Employee commuting	—	—	—	—	3,031	3,072
Category 8 Upstream leased assets	—	—	—	—	0	0
Category 9 Downstream transportation and distribution	—	—	—	—	442	342
Category 10 Processing of sold products	—	—	—	—	0	0
Category 11 Use of sold product	—	—	—	—	0	0
Category 12 End-of-life treatment of sold products	—	—	—	—	4,843	4,701
Category 13 Downstream leased assets	—	—	—	—	0	0
Category 14 Franchises	—	—	—	—	5,518	4,936
Category 15 Investments	—	—	—	—	0	0
Scope 1+2+3	—	—	—	—	444,403	484,840

OKAERI Eco Project

As a fashion industry player, AOKI's mission is to "use limited resources carefully and effectively." This commitment guided our 1996 launch of the "AOKI Wool Eco Cycle" project, which saw us collect used wool products (suits) at our stores and recycle them into recycled products, and was the first such project in Japan.

Starting in April 2023, as a means to further reduce fashion loss and more effectively utilize resources, we have been collecting unwanted clothing at stores through what we call the OKAERI Eco Project. This project sees the collection of

polyester products, which is in addition to the wool products that we collect through the "AOKI Wool Eco Cycle" project. We are working with third parties to strengthen these initiatives at approximately 600 AOKI and ORIHICA stores nationwide, and will continue playing a role as a collection point to contribute to greater social sustainability.



Developing Eco-friendly Products

The Fashion Business is focused on the development of AOKI ECO FRIENDLY® products in order to reduce environmental impact.

For example, we are developing dress shirts and women's shirts that use TEIJIN FRONTIER CO., LTD.'s ECOPET®, recycled fiber that comes from used plastic bottles, clothes, and fiber waste, and ITOCHU Corporation's RENU®, a recycled polyester material made using fiber from used clothing and waste scraps generated during production.

In addition, from February 2024, bags made of ECOPET® have been sold at all ORIHICA stores and through the official ORIHICA online store. Three types of bags are available: the "Lightweight 3-way Bag" with a large capacity recommended for business travel, "Brief Bag" with soft and easy-to-hold handles, and "Smart Light Backpack," which features an elegant design and can be used for both business and personal purposes.

We also develop suits that can be washed in home washing machines, as well as highly breathable suits and shirts for Cool Biz, which allow you to stay comfortable even in conservatively air-conditioned offices. For Warm Biz options, we offer suits, vests, and cardigans made of warm materials.



Start of EV charging equipment installation at AOKI stores

AOKI, which operates nationwide, is taking steps to combat climate change by designing and renovating locations to be more environmentally friendly, and is building a supply chain for this purpose. As part of this initiative, EV chargers were installed at seven stores in Aichi Prefecture and four stores in Kanagawa Prefecture in 2023.

Many AOKI stores are in suburban areas and many customers drive to these locations, shopping for relatively long periods of time. This makes AOKI stores ideal for "destination charging" (recharging an EV away from home), which improves customer convenience. We intend to install these systems at more stores nationwide, making this an initiative that will help bring about a post-carbon society.



Social



As a public instrument of society, the AOKI Group contributes to social progress by building partnerships and relationships of trust in order to create happiness for all our stakeholders, including our customers, shareholders, investors, business partners, and employees.

Dialogue with Shareholders and Investors

The AOKI Group is engaged in activities based on our investor relations policy to notify our shareholders and investors promptly and accurately of management policies, business strategies, business results, and financial information.

In the fiscal year ended March 31, 2024, we held two online performance briefings for institutional investors, and distributed transcripts and videos of these. Furthermore, the President and investor relations team also held one-on-one meetings with investors on an as-needed basis. We will continue to deepen dialogue through semiannual performance briefings and briefings for investors as well as communication of information via our website.

For Customers

The AOKI Group is working to improve product development and location environments by listening to feedback from customers at each location, taking note of valuable opinions received over the phone, e-mail, apps, etc., aiming to deliver products and services that exceed our customers' expectations, with the hope of creating even greater customer satisfaction.

Ensuring customer satisfaction

In our Fashion Business, we have established a Customer Hotline, which we use to develop high-quality products and stores by sharing customer feedback received daily with each department.

We launched a contact center service in May 2022 and took all call center operations in-house. We aim to provide ever higher levels of customer satisfaction by having experienced staff operate the call center.

In addition, the "Chat Styling Service" introduced in 2021 enables staff with styling skills to respond to customers' concerns and misgivings about online shopping via chat in real time, just as they would in a physical store, thereby providing customers with a more comfortable shopping experience.

We conduct online and in-store surveys in the Entertainment Business in an effort to enhance service based around customer feedback.

In the Anniversaire and Bridal Business, we conduct bride and groom questionnaire surveys after the wedding, and customer feedback on the staff's service, products, facilities, and other aspects of the event is shared between our facilities and used in daily improvement activities.

Ensuring reliable quality and service

We are working to enhance education on product quality, including promoting Textiles Evaluation Specialist certification in the Fashion Business. By doing so, we seek to continually manage and improve quality by enlisting the support of our Quality Control Department and outside agencies.

For service, we hold a customer service role-playing competition in the Fashion Business to test the service skills of employees.

In the Anniversaire and Bridal Business, our active participation in the Young Professionals category of the HRS Service Competition held by the Japan Hotel and Restaurant Service Development Association helped improve the hospitality skills of our staff. In addition, we host a SKILLS CUP to measure hospitality skills, and we also hold cooking competitions every year to test the skills and expressive abilities of our chefs and dessert chefs, positioning these not only as contributions to improving service but also as important educational opportunities.



For Employees

At the AOKI Group, we understand that the importance of enriching the lives of everyone who works in the AOKI Group is tied to increasing customer satisfaction.

For employees, we have introduced a system that allows individuals to adjust their working styles to best suit their life stages, so that each employee can express their individuality and play an active role. We are also accelerating various initiatives including promoting communication, on themes such as diversity and work-life balance.

Promoting Diversity & Inclusion

The AOKI Group is promoting diversity and inclusion through collaboration between the Sustainability Promotion Department and the Human Resources Department. In the empowerment of women, we have set a goal of achieving a goal of achieving at least 20% of managerial positions being held by women by FY2030. This focuses on activities such as holding study sessions for managers and employees and promoting childcare leave for male employees. Additionally, we are continuing with initiatives that will lead to concrete actions, such as holding meetings where female employees can exchange opinions, and holding dialogues with the President to collect feedback.



A Diversity & Inclusion Study Session

Creating a comfortable and rewarding work environment and systems

To improve working conditions for employees, the AOKI Group has introduced a flexible working system for some employees and is considering expanding its scope. Furthermore, we are implementing and operating systems that emphasize a better work-life balance, such as increasing the number of annual holidays, and promoting the taking of refreshment leave in the Entertainment Business.

In addition, we introduced a new company-wide engagement survey in 2023, and are currently identifying issues and considering improvement measures in light of this. The AOKI Group will continue to focus on creating an environment and systems in which employees can maintain good physical and mental health and fully demonstrate their abilities.



Improving job satisfaction and supporting career development

We have introduced a variety of systems to improve employee job satisfaction and to support their autonomous career development. For example, we have introduced an in-house licensing system that provides employees with opportunities to acquire licenses according to their positions, as well as a public recruitment system that includes transfers between Group companies. Both of these systems support the challenges taken by motivated employees characteristic of the AOKI Group.

Additionally, we support employee career development through our education and training system, including job-specific and position-specific training, and management study sessions for managers. We will continue to develop and review our systems so that each AOKI Group employee can work with a sense of fulfillment.

Providing self-directed learning opportunities to achieve career goals

The AOKI Group has set an increase in training expenses per employee as one of our sustainability activity indicators, and we are working to increase self-directed learning opportunities for full-time employees. In 2023, we revamped the AOKI Group e-learning system, creating an on-demand environment in which employees can learn about work and business-related knowledge. Additionally, we are actively having employees participate in external seminars and have introduced a system to partially support their acquisition of public qualifications. We will continue to strengthen our support for our employees to realize their careers, and to provide opportunities for self-directed learning.

With Trading Partners

We believe that it is important to develop cooperative relationships with our business partners in order to deliver valuable products and services to our customers. For that reason, in the Fashion Business, we hold meetings with our suppliers covering quality improvements to share customer feedback and get them involved in product development. We are also working to build relationships on-site through regular visits with suppliers. Furthermore, we are working to build on-site relationships, such as by regularly visiting our suppliers.

Formulation of a human rights policy

The AOKI Group's business concept is "Enriching people's lives"—the people here include all stakeholders such as customers, business partners, and employees. We have formulated the AOKI Group Human Rights Policy in order that the rights of everyone in the value chain are respected, and will continue initiatives to respect human rights under the supervision of the Board of Directors.



Toward concluding CSR standards agreements

The Fashion Business conducts an audit using a survey on CSR (Corporate Social Responsibility) to support management of the entire supply chain. Prior to this, we formulate a "Supplier Code of Conduct" that stipulates human rights, labor practices, and the environment. We distribute this to our business partners, and gradually conclude CSR standards agreements with them.

With Local Communities

The AOKI Group, which has the pursuit of community service as one of the pillars of its management philosophy, believes that it is important to contribute to society in non-commercial ways as well. As such, we promote cultural activities in local communities and engage in such efforts as sports sponsorship and training of the next generation.

Sports sponsorship

We have sponsored the Nagano Marathon ever since it was started in 1999. The marathon carries on the principles of the Nagano Winter Olympics, which were held in 1998 in Nagano Prefecture where the AOKI Group was founded. We also contribute to the promotion of sports through uniform sponsorship, including support for student sports and providing official suits for the J1 League KAWASAKI FRONTRALE team and B1 League YOKOHAMA B-CORSAIRS team.



26th Nagano Marathon (©The Shinano Mainichi Shimbun)

Social contribution activities through our business activities

The AOKI Group is promoting various social contribution activities.

For example, AOKI of the Fashion Business provides free suits to children's welfare facilities, sell products incorporating donations, and hold seminars on how to wear suits.

ANNIVERSAIRE regularly provides support for agricultural work, contributing to revitalizing the local community and educating staff about food.

Furthermore, in the FY2023, AOKI Holdings donated approximately 760 emergency meals to food bank organizations.



Some of the donated emergency supplies

Governance














As of June 29, 2023, AOKI Holdings transitioned over to being a company with an Audit and Supervisory Committee. This will further strengthen the supervisory and auditing functions of the Board of Directors, further enhancing our corporate governance.

Basic Approaches and Changes in Initiatives to Strengthen Governance

The AOKI Group Philosophy is based on the three pillars of business integrity, social responsibility, and community service. We recognize the importance of corporate governance in pursuing this philosophy and increasing medium- to long-term corporate value. Our basic approach is to strengthen the administrative organization to increase the transparency and fairness of management, and to conduct sound and efficient management in practice. To this end, in terms of initiatives to review and strengthen our governance system, we have both improved our internal control system, including strengthening our risk management system, and established a Sustainability Committee and appointed diverse External Directors and female Directors, with the aim of achieving a sustainable society.

As a result of a resolution at the Ordinary General Meeting of Shareholders held on June 29, 2023, we transitioned to a company with an Audit and Supervisory Committee. At the Nomination and Remuneration Committee, we have strengthened its authority by ensuring that two of the three committee members—a majority—are highly independent External Directors.

As a holding company supporting different businesses, we will continue to ensure that our Board of Directors comprises directors with different expertise and experience. In order to thereby further increase diversity, we are working to increase the ratios of External Directors to a majority, and of female Directors to at least 25%.

	Changes in organizational design and measures	Changes in board members and its composition		
		Member composition	Ratio of External Directors excluding auditors	Ratio of female directors excluding auditors
FY2008	<ul style="list-style-type: none">Transition to a pure holding company as a company with a Board of AuditorsEstablishment of Compliance CommitteeEstablishment of Risk Management Committee	<ul style="list-style-type: none">Directors: 10Auditors: 3 (3 external auditors)Executive Officer: 9* Executive officer system introduced from 1991		
FY2014		<ul style="list-style-type: none">Appointment of 1 External Director* First external director	<div>6.7%</div>	
FY2015		<ul style="list-style-type: none">Appointment of 2 External Directors (increase of 1)* First female Director	<div>13.3%</div>	<div></div>
FY2019	<ul style="list-style-type: none">Establishment of Nomination and Remuneration CommitteeIntroduction of stock options as a stock-type remuneration		<div>15.4%</div>	<div></div>
FY2021	<ul style="list-style-type: none">Establishment of Sustainability Committee	<ul style="list-style-type: none">Appointment of 3 External Directors (increase of 1)	<div>21.4%</div>	<div></div>
FY2022	<ul style="list-style-type: none">Establishment of Corporate Governance Inspection and Reform CommitteeEstablishment of Governance Task ForceEstablishment of Compliance Office	<ul style="list-style-type: none">Appointment of 5 External Directors (increase of 2)	<div>41.7%</div>	<div></div>
FY2023	<ul style="list-style-type: none">Transition to a company with an Audit and Supervisory CommitteeEstablishment of Risk Management and Information Security CommitteeUtilization of external organizations to evaluate the effectiveness of the Board of Directors	<ul style="list-style-type: none">Appointment of 6 External DirectorsAppointment of 3 Directors on Audit and Supervisory Committee (including 2 External Directors)Appointment of 3 female Directors (1 internal, and 2 External Directors)	<div>46.2%</div>	<div></div>

Main initiatives implemented in FY2023

Strengthen oversight by the Board of Directors

- Utilization of External Directors**
 - Formulate and disclose standards for the independence of External Directors
 - Clarification of role of External Directors
 - Creation and implementation of a system for information exchange between External Directors and the Company
 - (Ongoing) Formulation of evaluation criteria and methods for External Directors, along with implementation and improvement of their evaluations
- Strengthen oversight function of the Board of Directors**
 - Transition to a company with an Audit and Supervisory Committee (change in organizational structure)

Bolstering the Company's internal reporting system and compliance framework

- Properly conducting the decision-making and approval process, and establishing related rules**
 - Review of organizational rules, rules on authority, and rules on Executive Committee meetings related to approvals and decision-making
 - Development of rules on entertainment and gift-giving
 - Reorganization of the roles and authorities of each position and meeting body
- Reviewing the discussion process and building an information sharing system for the Executive Committee**
 - Review of how the Executive Committee operates
 - Establishment of an information-sharing system necessary for risk control, and holding of study sessions (to be continued in subsequent fiscal years)
- Reinforcing checks and balances through Legal Affairs Department**
 - Legal and compliance risk education and study sessions for officers and employees (to be continued in subsequent fiscal years)
- Reinforcing checks and balances through Internal Auditing Office**
 - Review of internal audit targets
 - Review of Internal Auditing Office organizational structure
- Redefining and re-familiarizing employees with the Code of Conduct**
 - (Ongoing) Review of the code of conduct
 - (Ongoing) Thorough dissemination of the AOKI Group Compliance Manual
 - (Ongoing) Implementation of regular, ongoing monitoring

Granting more authority to the Nomination and Remuneration Committee

- Position of the Nomination and Remuneration Committee**
 - Establishment and creation of regulations
- Authority of the Nomination and Remuneration Committee**
 - Creation of the decision flow for matters to deliberate
 - Creation of the decision flow for matters to report
 - Formulation of committee reporting items
- Performance evaluation criteria for business executors**
 - Determining executives subject to performance evaluations, and formulation of operational flow
 - Review of internal audit targets
 - Clarification of executive performance evaluation standards and executive process evaluation standards
- Nominations**
 - Formulation of succession plans for the President of AOKI Holdings (HD) and each company
 - Clarification of duties, and responsibilities by job rank
 - Clarification of promotion and demotion criteria by job rank
 - Formulation of necessary qualities for the President of HD and each company
 - (Ongoing) Formulation of recruitment and development plans for candidates for the president of HD and each company
- Remuneration**
 - Review of the executive remuneration system
 - Verification of executive remuneration levels
 - Formulation of committee reporting items
 - Formulation of flow to determine executive remuneration
- Effectiveness assessments by the Nomination and Remuneration Committee**
 - Evaluations of the Nomination and Remuneration Committee

Governance system

- Clarification of the relationship between AOKI Holdings and its subsidiaries**
 - Clarification of HD's operations
 - Revision/abolition of rules and regulations
 - Establishment by HD of a monitoring system for subsidiaries
 - (Ongoing) Clarification of the roles of HD and its subsidiaries
 - (Ongoing) Verification and review of reporting and approval rules for HD and each subsidiary

Initiatives to Strengthen the Supervisory Function of the Board of Directors and Evaluation of Its Effectiveness

In the Company, the majority of the Audit and Supervisory Committee are External Directors, and the committee is responsible for auditing and supervising the legality and appropriateness of business execution and granting voting rights to directors who are members of the Audit and Supervisory Committee, thereby strengthening the supervisory and auditing functions of the Board of Directors and further enhancing corporate governance. To this end, with the resolution at the Ordinary General Meeting of Shareholders held on June 29, 2023, we have transitioned over to being a company with an Audit and Supervisory Committee. Additionally, we have disclosed the criteria for the independence of External Directors, clarified the roles of External Directors, and regularly held meetings between the representative directors and External Directors to exchange information and opinions on management conditions, and to monitor trends at subsidiaries.

Further, from March to May 2024, we conducted an evaluation of the effectiveness of the Board of Directors. The method of evaluation consisted of an anonymous questionnaire with a large number of questions for all Directors regarding the composition and operation of the Board of Directors, with its purpose explained in advance at a Board of

Directors meeting. The results of the questionnaire were submitted to be analyzed by outside agencies, and these aggregate results were reported and deliberated at the May Board of Directors meeting. As a result, we determined that after the transition to a company with an Audit and Supervisory Committee, the Board of Directors has become more active in discussions and overall, is functioning effectively. On the other hand, (1) as in the previous year, despite materials being distributed in advance, the information necessary for management decisions was insufficient, and External Directors in particular lacked information on how discussions were conducted within the Company. (2) Discussions on medium- to long-term issues and strategies were insufficient. (3) There were opinions expressed on the need for better sharing of the content of discussions with investors, and on how this could be utilized in management. Looking forward, for (1) a summary version of the materials distributed in advance will be prepared, with the content of internal discussions attached. For (2), we will set aside time twice a year at the Board of Directors meetings for the discussion of specific themes. Regarding (3), we will work on better information sharing at the Board of Directors, and encourage participation in meetings with investors.

Skills Matrix

Name	Current position	Area of expertise				
		General management	Marketing, sales and industry knowledge	IT and digital content	Finance and accounting	Legal affairs
Akihiro Aoki	Chairman and Representative Director	●	●			
Haruo Tamura	President and Representative Director	●			●	
Norio Terui	Executive Vice President, Executive Officer	●		●		
Masamitsu Aoki	Director, Senior Managing Executive Officer	●	●			
Keita Nagemoto	Director, Senior Managing Executive Officer	●	●			
Yoshiko Kawaguchi	Director, Executive Officer		●			
Yoko Ohara	External Director		●		●	
Mitsuo Takahashi	External Director	●				
Eiichi Nakamura	External Director	●	●			
Sonoko Sugano	External Director					●
Mitsuji Minemura	Directors (Audit and Supervisory Committee members)					●
Yosuke Uehira	External Directors (Audit and Supervisory Committee members)				●	
Satoru Kanai	External Directors (Audit and Supervisory Committee members)					●

Note: The table shows only areas of expertise of each person, not all fields of knowledge.

Initiatives to Grant More Authority to the Nomination and Remuneration Committee

Among the three members of the Nomination and Remuneration Committee, we have ensured that a majority (two members) are highly independent External Directors, and we have begun clarifying the standards, processes, and evaluation criteria related to nominations and remuneration, starting with succession planning, thereby ensuring fairness and

transparency. Additionally, we have reflected the current state of business affairs by employing an external consulting firm as an advisor. Looking to the future, we will formulate and implement the succession plan (skills matrix, 360-degree evaluation, nomination and development of the next generation).

Changes to the director remuneration system

The basic policy of compensation for directors is for it to be aligned with shareholder interests in a way that it acts as an incentive to achieve sustainable improvements in corporate value, and to ensure an appropriate level of compensation based on each individual's responsibilities. In June 2024, we implemented changes to the compensation system to further enhance motivation to contribute to improved business performance.

Breakdown of compensation types for internal directors if the total compensation is set at 100 upon achieving 100% of the performance indicators (KPI)

Basic remuneration 50%	Performance-linked remuneration (executive bonuses) 30%	Non-monetary remuneration (stock compensation) 20%
Fixed remuneration 50%	Performance-linked remuneration 50%	

Initiatives to Strengthen Internal Control and Compliance Systems

In November 2022, AOKI Holdings established a Compliance Office to strengthen the organizational structure, and reviewed the operations of the Compliance Committee.

We have also enhanced the system for monitoring the appropriateness and rationality of decision-making processes and procedures. Specifically, we have strengthened the management system for governance and compliance-related matters such as new partner risk assessments, tiered compliance training, internal reporting systems, and

harassment prevention. This is achieved through regularly held Compliance Committee meetings attended by the Legal Affairs Department and External Directors, and legal consultation meetings with legal advisors. Furthermore, we revised and updated internal rules and manuals related to compliance, including rules on entertainment and gifts.

We also held compliance training sessions, which were completed by all Group executives and managers. We will continue to hold these regularly.

Message from External Directors



Yoko Ohara
External Director

I want to promote corporate culture and labor environment reforms, to further encourage female participation

Due to it being founded as a men's clothing specialty store, the AOKI Group has a strong tendency toward a mindset and culture rooted in the production and sale of men's clothing. On the other hand, since its foundation, the AOKI Group has had a strong entrepreneurial spirit and corporate culture strongly inclined toward change, as demonstrated by its expansion into our Entertainment Business and Anniversaire and Bridal Business, in line with the changing times.

Against this backdrop, I recognize that the current level of female participation within the Group is insufficient, but the Company has many talented female employees, so I would like to promote reforms to accelerate their growth into leadership positions.

To this end, at the same time as providing support to encourage women to take that first step toward positions of leadership, we will focus on creating a flexible working environment that makes it easier for both women and men to work, and makes them feel motivated, so they can balance store manager duties, which are at the core of the AOKI Group's business, with family life, and so we will offer women support in order that they can become motivated to be leaders and managers.

In 2021, the Sustainability Promotion Department (a dedicated department) was established, and an understanding and awareness of diversity began to accelerate. Top management in AOKI Holdings also began an exchange of opinions with female employees. Moving forward, it is my hope that we will continue to raise sensitivity to issues like unconscious bias, ensuring opportunities are fair and evaluations impartial, and pushing for the promotion of women in line with the AOKI Group's clear vision.



Satoru Kanai
External Directors
(Audit and Supervisory Committee members)

I hope to contribute to the sustainable growth of the AOKI Group, providing advice from a new perspective

Since my appointment as an External Director and Audit and Supervisory Committee member in June 2023, I have been closely observing governance of the AOKI Group. In this, I commend the Company in taking the recommendations of the Corporate Governance Inspection and Reform Committee seriously, by steadily implementing various measures such as reforming its management structure and transitioning to a company with an Audit and Supervisory Committee and otherwise strengthening its supervisory functions and internal control and compliance systems.

Furthermore, information sharing has also recently been conducted more carefully than before. This includes providing detailed explanations of the agenda items for External Directors before Board of Directors meetings, and reports on the deliberations of the Compliance Committee. Various opinions from External Directors, including Audit and Supervisory Committee members, are being actively presented from various angles, and I have determined that enhancing monitoring functions, one of the objectives of transitioning to a company with an Audit and Supervisory Committee, is being realized to a certain extent.

However, while the necessary governance structure has taken form, I recognize that we are still in the process of trial and error regarding its actual operation. Additionally, discussions related to Group synergies, such as the overall AOKI Group's management strategy and the development of next-generation human resources, seem to be limited to the scope of existing businesses and the continuation of existing growth strategies.

Under the new management structure, I believe that if it is to achieve further sustainable growth for the AOKI Group, it is necessary that the Board of Directors engage in more proactive discussions that extend beyond the existing business framework, and does not create areas that are off-limits. I myself am also determined to attend Board of Directors meetings so that I can provide advice from a fresh perspective, unconstrained by existing frameworks, in order that I can contribute as much as possible to the sustainable growth of the AOKI Group.

Directors and Audit and Supervisory Committee Members

(As of June 27, 2024)

Directors



Chairman and Representative Director

Akihiro Aoki

Apr. 1994 Joined the Company
May 2003 Launched the ORIHICA business
Jun. 2005 Executive Officer
Apr. 2008 President and Representative Director of ORIHICA Inc.
Jun. 2009 Managing Director of the Company
Jun. 2010 President and Representative Director of the Company
Executive Vice President of ANNIVERSAIRE HOLDINGS INC. (current position)
Oct. 2018 Chairman and Representative Director of AOKI Inc.
Jun. 2022 Chairman and Representative Director of the Company (current position)



President and Representative Director

Haruo Tamura

Apr. 1980 Joined The Bank of Yokohama, Ltd.
Apr. 2003 Joined ANNIVERSAIRE INC.
Oct. 2004 Executive Managing Director of ANNIVERSAIRE INC.
Jun. 2006 Joined the Company
Executive Officer of the Company in charge of Group Finance
Jun. 2007 Director of the Company
Apr. 2008 Managing Director of the Company
Apr. 2010 Director of the Company in charge of Group Administration and Finance
Jun. 2010 Executive Vice President of the Company
Dec. 2022 President and Representative Director of the Company (current position)



Executive Vice President, Executive Officer
Overseeing Group Business Strategy and IT Systems

Norio Terui

Feb. 2003 Joined Starbucks Coffee Japan, Ltd.
Apr. 2008 Vice President, General Manager of IT System Division of Starbucks Coffee Japan, Ltd.
Nov. 2015 Joined the Company
Executive Officer of the Company
Jun. 2018 Managing Director of the Company
Jun. 2019 Director in charge of Group IT Systems of the Company
Jun. 2021 Director of the KAIKATSU FRONTIER Inc.
Jun. 2022 Executive Vice President of the Company
Director of RUNSYSTEM CO., LTD. (current position)
Jan. 2023 Director in charge of Group Human Resources and IT Systems of the Company
Jun. 2023 Director, Executive Vice President, Executive Officer in charge of Group Business Strategy and IT Systems of the Company (current position)
Director, Executive Officer, KAIKATSU FRONTIER Inc. (present position)



Director, Senior Managing Executive Officer
Overseeing Group Brand

Masamitsu Aoki

Apr. 1993 Joined the Company
Jun. 2004 Executive Vice President of ANNIVERSAIRE INC.
Mar. 2010 Vice Chairman and Director of ANNIVERSAIRE INC.
June 2010 Managing Director of the Company
President and Representative Director of ANNIVERSAIRE HOLDINGS INC. (current position)
Jun. 2020 Director in charge of Group Branding of the Company
Jun. 2022 Senior Managing Director of the Company
Jun. 2023 Director, Senior Managing Executive Office in charge of Group Brands (current position)



Director, Senior Managing Executive Officer
Overseeing Group General Affairs and Compliance

Keita Nagemoto

Apr. 1985 Joined the Company
Jun. 2007 Executive Officer, General Manager of Strategic Planning Office of the Company
Apr. 2010 Director of ANNIVERSAIRE INC.
Sep. 2016 Executive Officer of the Company, General Manager of President's Office
Jun. 2019 Managing Director in charge of Group Strategy and General Manager of President's Office of the Company
Jun. 2020 Chairman and Representative Director of ANNIVERSAIRE INC.
Jun. 2022 Senior Managing Director of the Company
Nov. 2022 Senior Managing Director in charge of Group Strategy and Compliance of the Company
Jun. 2023 Director, Senior Managing Executive Office in charge of Group General Affairs and Compliance of the Company (current position)



Director, Executive Officer
Overseeing Group Human Resources

Yoshiko Kawaguchi

Apr. 1985 Joined Fukutake Publishing Co., Ltd. (now Benesse Corporation)
Apr. 2008 Seconded to Tokyo Individualized Educational Institute, Inc. Deputy General Manager of Human Resources Division of Tokyo Individualized Educational Institute, Inc.
Mar. 2011 Seconded to Berlitz Japan, Inc. General Manager of Service Development Office of Berlitz Japan, Inc.
Apr. 2013 Joined Samantha Thavasa Japan Limited
General Manager of Human Resources Planning Department of Samantha Thavasa Japan Limited
Jun. 2016 Executive Officer of Samantha Thavasa Japan Limited
May 2019 Joined The Global Ltd. General Manager of Human Resources Department of The Global Ltd.
Sep. 2022 Joined the Company Executive Officer in charge of Group Human Resources
Jun. 2023 Director, Executive Officer in charge of Group Human Resources of the Company (current position)



External Director

Yoko Ohara

Apr. 1962 Joined Asahi Chemical Industry Co., Ltd. (now Asahi Kasei Corporation)
Mar. 1999 President of IFI (the Institute for the Fashion Industries) Business School
May 2008 Director of Ryohin Keikaku Co., Ltd.
Apr. 2009 Honorary President of IFI Business School
Jun. 2015 Director of the Company (current position)
Jul. 2018 Founder & Honorary Chair of Women's Empowerment in Fashion



External Director

Mitsuo Takahashi

Apr. 1977 Joined the Company
Jun. 1990 Director of the Company
Jul. 1997 Joined Don Quijote Co., Ltd. (now Pan Pacific International Holdings Corporation) General Manager of Administration Headquarters of Don Quijote Co., Ltd.
Sep. 1997 Director of Don Quijote Co., Ltd.
Sep. 2005 Senior Managing Director and CFO of Don Quijote Co., Ltd.
Sep. 2019 Senior Managing Executive Officer and CFO of Pan Pacific International Holdings Corporation
Oct. 2020 Advisory Member of Pan Pacific International Holdings Corporation
Jun. 2021 Director of the Company (current position)



External Director

Eiichi Nakamura

Apr. 1979 Joined Itoman Co., Ltd. (now NIPPON STEEL TRADING CORPORATION)
Apr. 2005 Executive Officer, General Manager of Men's Wear Department 2 of Sumikin Bussan Corporation (now NIPPON STEEL TRADING CORPORATION)
Apr. 2010 Managing Executive Officer, Representative in China, Sumikin Bussan Corporation
Jun. 2015 Director and Managing Executive Officer of NIPPON STEEL & SUMIKIN BUSSAN CORPORATION (now NIPPON STEEL TRADING CORPORATION)
Apr. 2018 Director and Senior Managing Executive Officer of NIPPON STEEL & SUMIKIN BUSSAN CORPORATION
Jun. 2020 Advisor of NIPPON STEEL TRADING CORPORATION
Jun. 2022 Director of the Company (current position)
Mar. 2023 Task Force Manager of SCM Reform of BAROQUE JAPAN LIMITED
May 2023 Executive Vice-President of Baroque Japan Limited
May 2024 Executive Vice-President, Assistant to President, General Manager of Production Headquarters of Baroque Japan Limited (current position)



External Director

Sonoko Sugano

Oct. 2004 Registered as an attorney at law
Joined Tokyo Godo Law Office
Apr. 2010 Joined Toyonaka Law Office (current position)
Jun. 2022 Director of the Company (current position)

Directors and Audit and Supervisory Committee Members



Director

Mitsuji Minemura

Apr. 1983 Joined the Company
Apr. 2010 General Manager of Business Management Office of the Company
Nov. 2022 General Manager of Compliance Office of the Company
Jun. 2023 Director and Audit and Supervisory Committee member (current position)



External Director

Yosuke Uehira

Nov. 2008 Passed the Certified Public Accountant Examination
Dec. 2008 Joined PricewaterhouseCoopers Arata (now PricewaterhouseCoopers Japan LLC)
Sep. 2012 Registered as a certified public accountant
Jul. 2014 Joined PricewaterhouseCoopers Tax Corporation (now PwC Tax Japan)
Oct. 2014 Registered as a certified tax accountant
Jun. 2023 Director and Audit and Supervisory Committee member of the Company (current position)



External Director

Satoru Kanai

Oct. 2003 Registered as an attorney at law
Joined Asahi Koma Law Offices (now Nishimura & Asahi)
May 2012 Founded Shinju Law Offices
May 2013 Founded Daichi Law Offices
Representative Lawyer (current position)
Apr. 2016 Supervisory Director of Nippon Life Private REIT Inc. (current position)
Jun. 2023 Director and Audit and Supervisory Committee member of the Company (current position)

Corporate Overview (As of March 31, 2024)

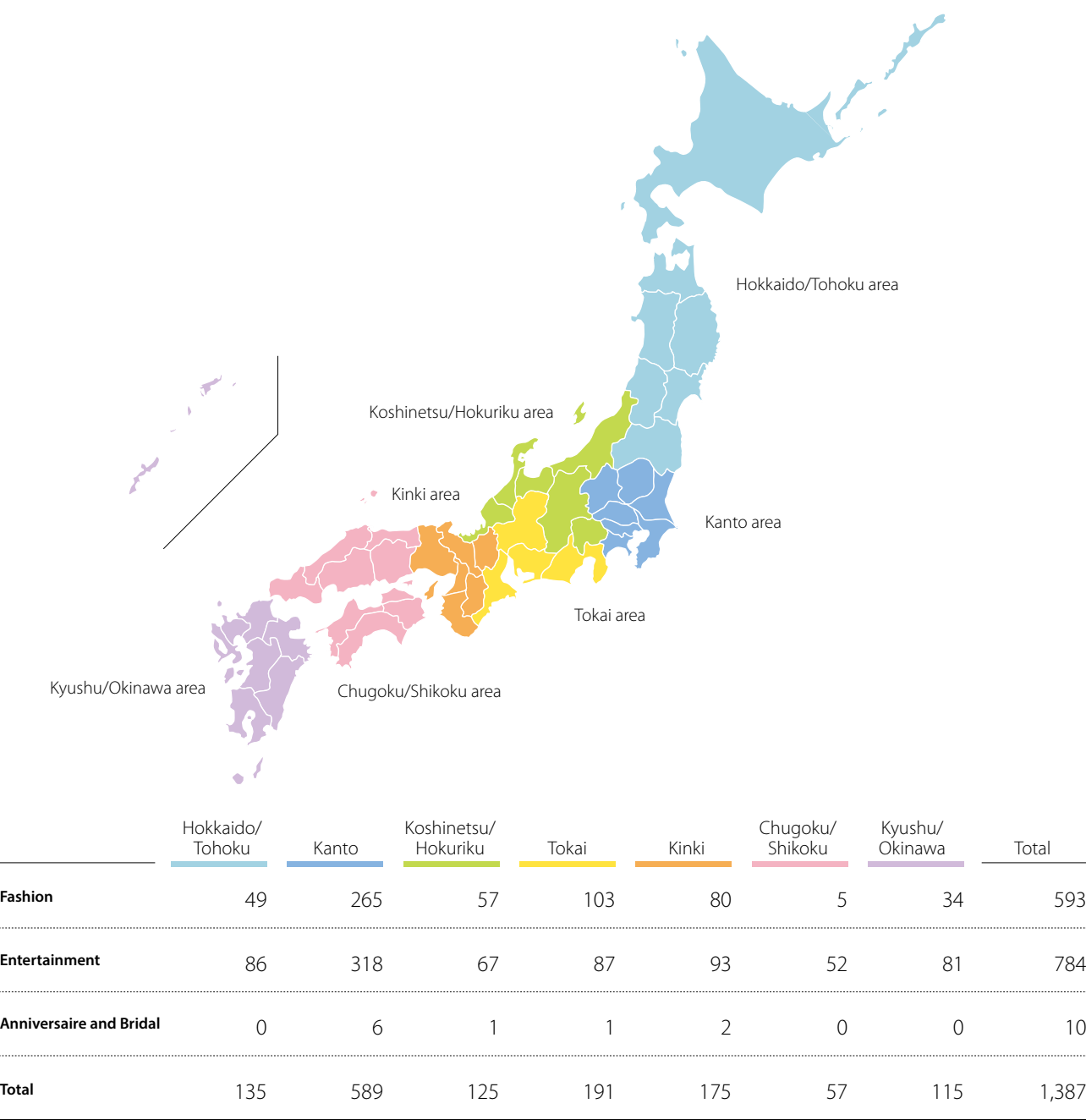
Company name	AOKI Holdings Inc.
Business description	Management and administration of Group companies and related operations
Established	August 21, 1976
Capital	¥23,282 million
Number of employees	3,014 (6,127) (consolidated)

The number in parentheses indicates the number of contract and part-time workers (yearly average), calculated based on an eight-hour workday for each employee.

Officers (As of June 27, 2024)

Chairman and Representative Director	Akihiro Aoki	Executive Officer	Seiichi Sakimura
President and Representative Director	Haruo Tamura	Executive Officer	Kenji Sunaga
Executive Vice President, Executive Officer	Norio Terui	Executive Officer	Nobuyuki Tachikawa
Director, Senior Managing Executive Officer	Masamitsu Aoki	Executive Officer	Osamu Kobayashi
Director, Senior Managing Executive Officer	Keita Nagemoto	Executive Officer	Noboru Ishimatsu
Director, Executive Officer	Yoshiko Kawaguchi	Executive Officer	Koichi Nakamaki
External Director	Yoko Ohara	Executive Officer	Takeshi Sugawara
External Director	Mitsuo Takahashi	Executive Officer	Yasuhiro Asada
External Director	Eiichi Nakamura	Executive Officer	Takahiro Koike
External Director	Sonoko Sugano	Executive Officer	Hiroaki Kozawa
		Executive Officer	Muneaki Sakamoto
Director (Audit and Supervisory Committee member)	Mitsuji Minemura		
External Director (Audit and Supervisory Committee member)	Yosuke Uehira		
External Director (Audit and Supervisory Committee member)	Satoru Kanai		

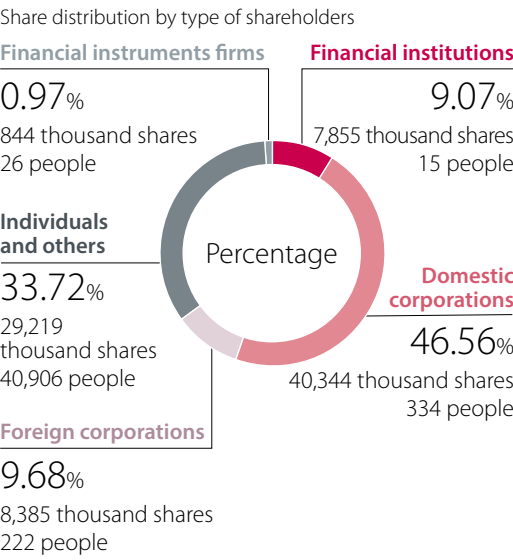
Number of Stores / Locations by Area (As of March 31, 2024)



Stock Information (As of March 31, 2024)

Shares

Total number of authorized shares	133,679,900
Total number of outstanding shares (Including 2,626,986 treasury shares)	86,649,504
Number of shareholders	41,503



Major shareholders (top 10)

Shareholder name	Number of shares (thousands)	Percentage (%)
ANNIVERSAIRE HOLDINGS INC.	32,415	38.57
The Master Trust Bank of Japan, Ltd. (trust account)	5,540	6.59
TREIDEALI INC.	4,300	5.11
Akihiro Aoki	2,587	3.07
Masamitsu Aoki	2,563	3.05
AOKI Holdings Employee Stock Ownership Association	1,961	2.33
AOKI Holdings Business Partner Stock Holding Association	1,868	2.22
Takahisa Aoki	1,846	2.19
Hironori Aoki	1,843	2.19
Custody Bank of Japan, Ltd. (trust account)	1,699	2.02

1. Holdings percentages are calculated excluding treasury shares.
2. The holdings of The Master Trust Bank of Japan, Ltd. (trust account) and Custody Bank of Japan, Ltd. (trust account) are all in relation to fiduciary services.

Inquiries

6-56 Kuzugaya, Tsuzuki-ku, Yokohama, Kanagawa 224-8588, Japan
Tel: +81-45-941-1888
<https://www.aoki-hd.co.jp/en/>

Inquiry Form (in Japanese only)
<https://support.aoki-style.com/holdingscontact?company=holdings>