

**AOKI Holdings**

Integrated Report 2023

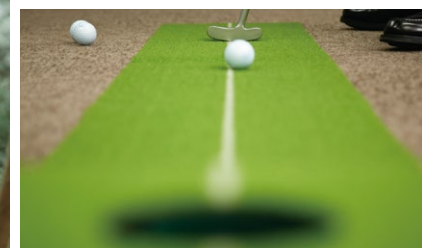
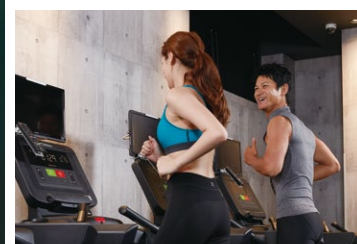
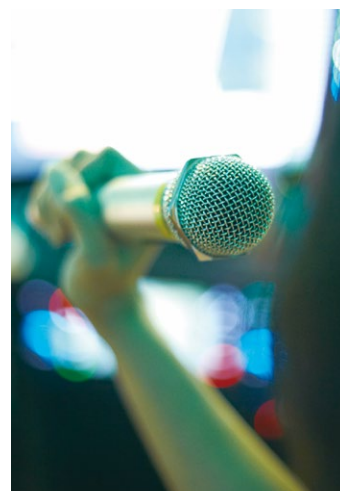
Enriching people's lives

AOKI Holdings Inc.

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# 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.

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Editorial Policy

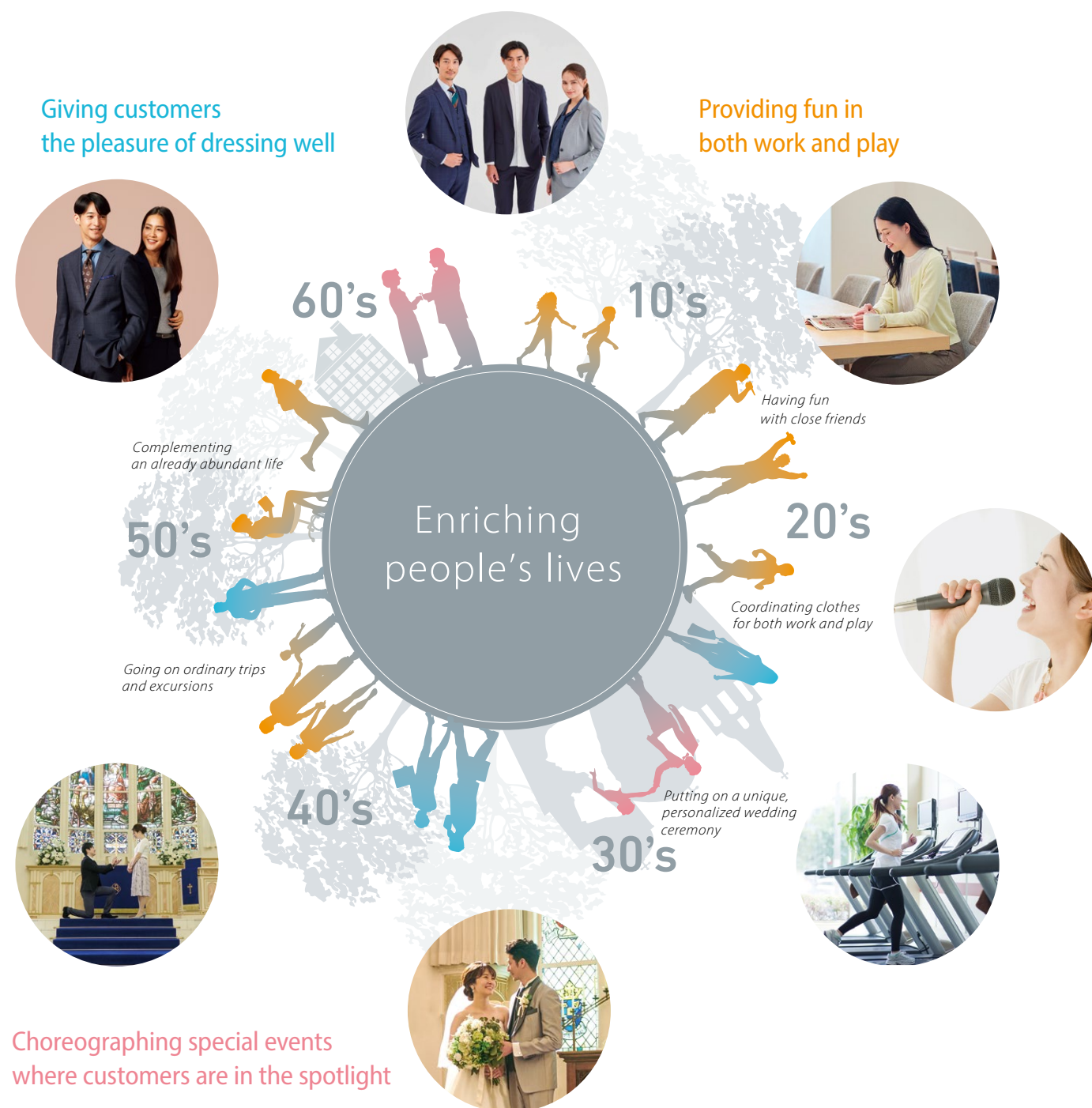
The Integrated Report 2023 provides business results and financial information for the AOKI Group and includes our approach to resolving social issues through business activities and achieving sustainable growth through environmental, social and governance (ESG) activities. We hope that our shareholders, investors and other stakeholders will use it to better understand the AOKI Group.  
Scope: AOKI Holdings and its six consolidated subsidiaries (RUNSYSTEM CO., LTD. became a subsidiary in June 2022)  
Period: April 1, 2022 to March 31, 2023  
Also includes some content from after April 1, 2023.

# Profile

## Group Overview

### 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" to meet the needs of the new era.

### Characteristics of AOKI



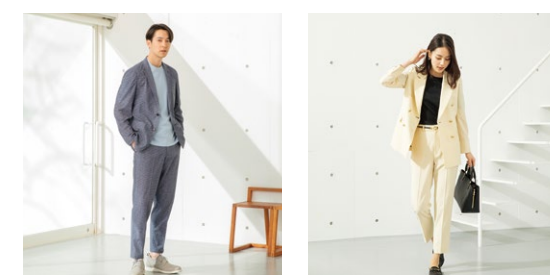
#### Customer service The first apparel retailer to introduce a stylist system

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. Currently, 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 "Pajamas Suit®" 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. The customer service experience is shared company-wide with employees at each store, with this leading 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.



# 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

## Characteristics of Bridal Business



**Wedding halls** Designs based on 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, including ANNIVERSAIRE MINATO MIRAI YOKOHAMA, one of the largest wedding halls in Japan.

## Characteristics of Café Business



**Style** Menus for anniversaries or other special days

ANNIVERSAIRE OMOTESANDO and ANNIVERSAIRE MINATO MIRAI YOKOHAMA have Parisian-style cafés. 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.

## Characteristics of Anniversary Business



**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 cozy lounge style, your wishes will be fulfilled at the venue you choose.



**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 customers’ lives both before and after the wedding ceremony—this includes providing anniversary restaurant services for customers who used ANNIVERSAIRE wedding halls for their wedding, along with offering special discount coupons.

# 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



**Characteristics** 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



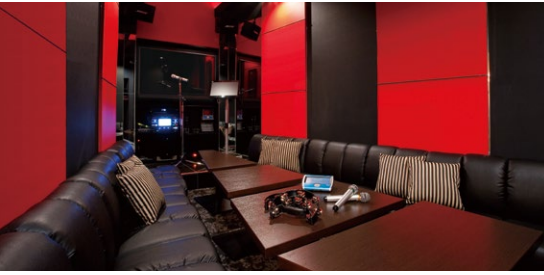
**Characteristics** A 24-hour fitness gym providing for every need

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



**Characteristics** 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.

## Features of RUNSYSTEM



**Characteristics** 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.

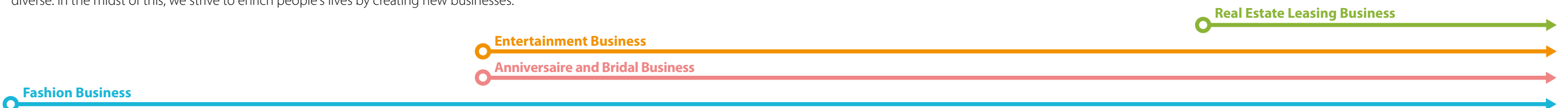
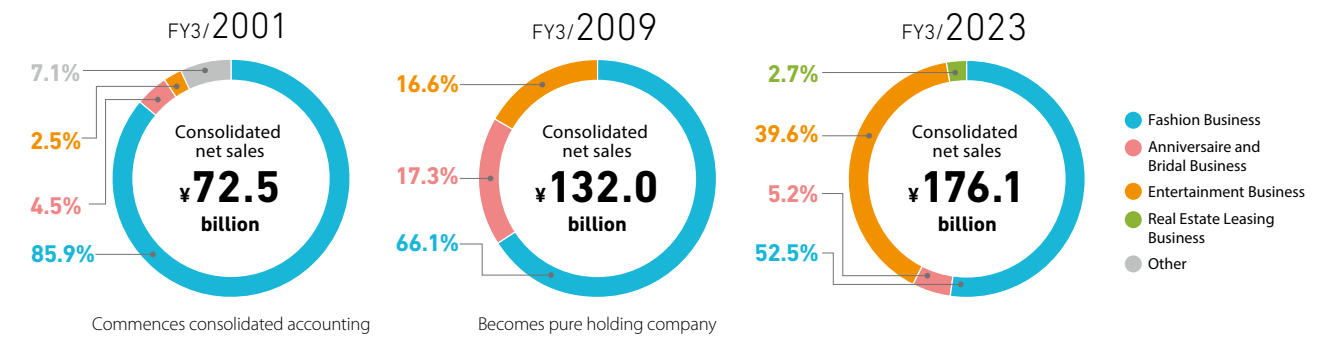


# Profile

## Our Journey of Value Creation

### 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**  
**Anniversaire and Bridal Business is launched**  
**ANNIVERSAIRE OMOTESANDO is opened**

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

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

**2003**  
First KAIKATSU CLUB café complex is opened

**2003**  
Joint industry-academia R&D is launched

**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**  
Pajamas Suit® 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

**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 bridal and entertainment, 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.

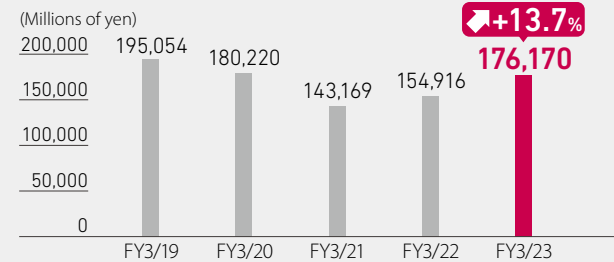


# Profile

## Financial and Non-financial Highlights

### Financial

#### Net sales

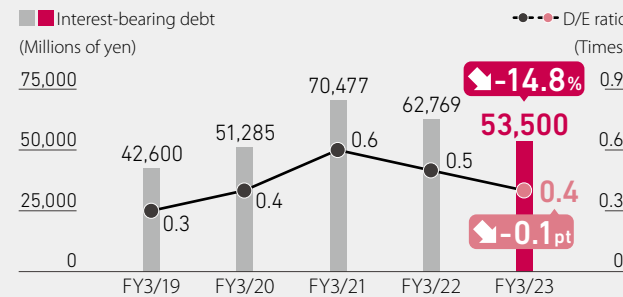


\*Starting in the fiscal year ended March 31, 2020, profit/loss on real estate leasing is included in operating profit/loss instead of non-operating profit/expenses. Figures for the fiscal year ended March 31, 2019 reflect this reclassification.  
 \*The accounting standard for revenue recognition has 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.

#### Operating profit (loss) and operating margin

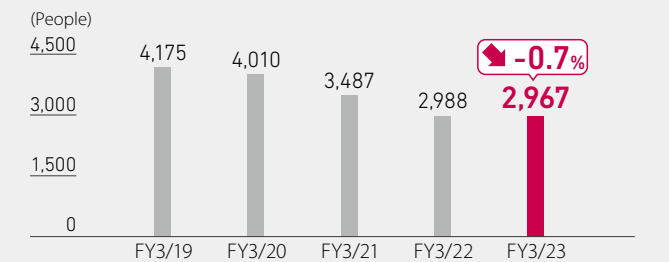


#### Interest-bearing debt and debt-to-equity ratio (D/E ratio)

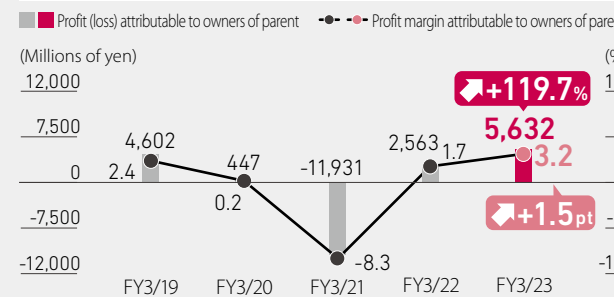


### Non-financial (results for fiscal year ended March 31, 2023 include RUNSYSTEM CO., LTD.)

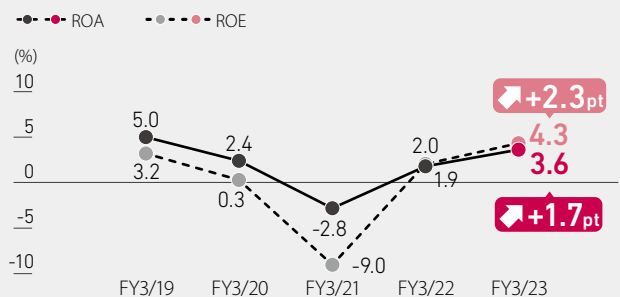
#### Number of full-time employees



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



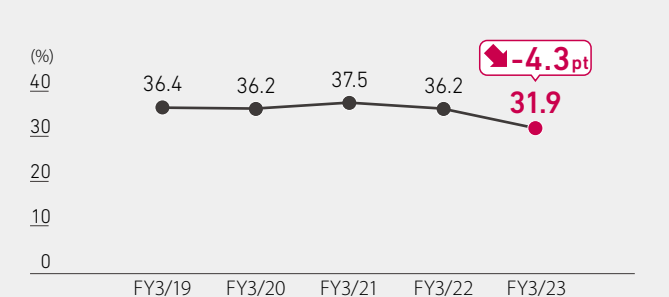
#### Return on assets (ROA) / Return on equity (ROE)



#### Net assets and equity ratio



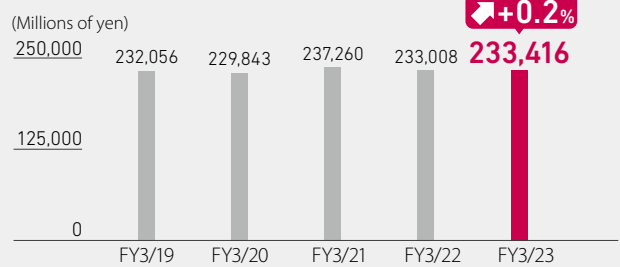
#### Ratio of female employees



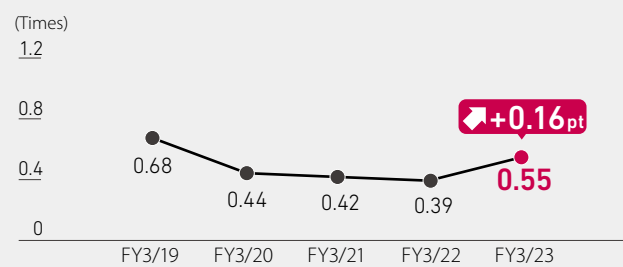
#### Return on invested capital (ROIC)



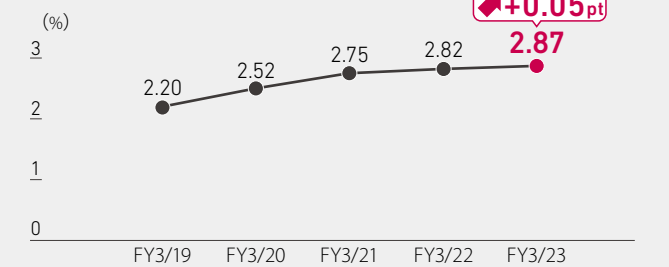
#### Total assets



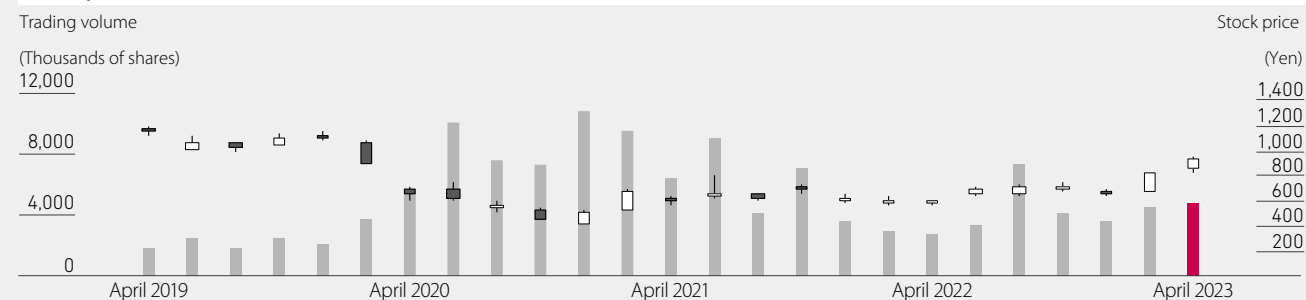
#### Price book-value ratio (PBR)



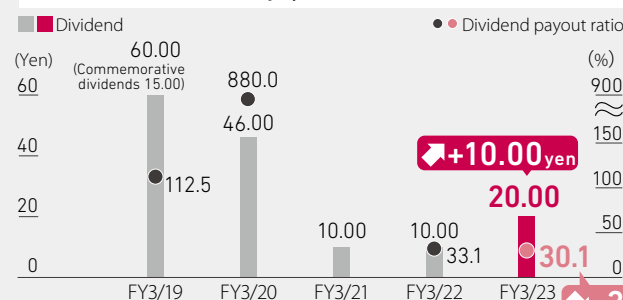
#### Percentage of employees with disabilities



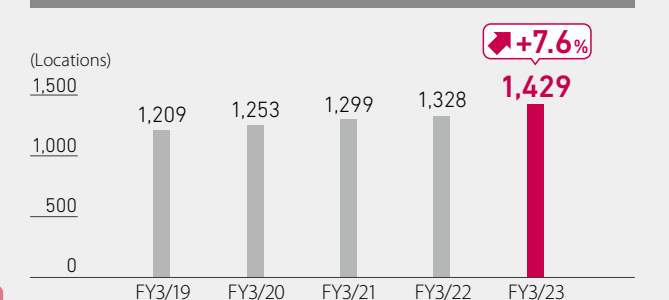
#### Stock price transition



#### Dividends and dividend payout ratio



#### Number of stores / locations



# Growth Strategy

## Message from the Chairman

**With a genuine and sincere focus on our customers,  
we will refine and sustainably grow our business.**



**Akihiro Aoki**

AOKI Holdings Inc.  
Chairman and  
Representative Director

### Introduction

I would like to express my appreciation to all of our stakeholders for their continued support of the AOKI Group. Further, I would like to take this opportunity to apologize to our customers and all our stakeholders for the inconvenience and concern caused by the arrest and indictment of our former officers and others on charges of bribery and for their suspended convictions.

We established the Corporate Governance Inspection and Reform Committee on September 5, 2022 to look into the causes of this matter, including issues with governance, and to verify measures to prevent recurrence. At the same time, this is making concrete efforts to reflect the recommendations in the report received from the Committee so that we can implement measures to prevent recurrence.

We are treating this matter with the utmost seriousness, and will work to restore the trust of customers and all other stakeholders in order to create a new AOKI Group.

### Business environment awareness and short-term policy

In the current business environment, we are seeing an improvement in the situation with a visible increase in the number of customers at our stores in response to the downgrading of COVID-19 to a category V infectious disease. Although unavoidably curtailed over the last three years, we feel that this human need to meet, talk with, and eat with others—in general the desire to go out—has now been given free rein, and this has become a strong factor bolstering all of our businesses.

However, we have realized from the three years of COVID-19 that lifestyles and business styles change from year to year, and the experience that “previous year’s efforts cannot set a precedent,” result in dizzying changes in the products required. Accordingly, even though the flow of customers has recovered, we feel we should not simply follow a play that relies purely on precedent. We feel that the important thing is to take into account the values, needs, and wants of customers in their daily lives—all of which have changed because of COVID-19—through attentive customer service and proactive communication, and apply them carefully in the development of new products, services and content.

One example of this is in AOKI’s Fashion Business, where the year before last we created a system called Voice of Customer (VOC) which regularly aggregates customer

feedback from email, social media chats, and other sources. We quantify customers’ latent needs and wants, including not only feedback and support, but also their requests and suggestions. Management monitors these on a weekly basis, and so we are able to take speedy action based on the current situation.

### Medium- to long-term growth strategy

As a direction for increasing corporate value over the medium- to long-term, we believe that combining in-store customer service and communication with customer feedback centered around our three existing mainstay businesses of Fashion, Anniversaire and Bridal, and Entertainment is the only way to further increase the number of existing and new customers, and to raise the top line. In addition, renewing the IT system which uses a cross-functional paradigm common throughout the three group businesses will allow us to both further increase business efficiency and maximize profits, and will also create a premium conglomerate by building a system that consolidates and utilizes customer information, one of our most important resources.

Also, in order to increase synergy among businesses, it is essential to foster and utilize human resources who will be responsible for this synergy, as well as to carry out human resource exchanges among businesses. Understanding the value of both the tangible offerings from our Fashion Business and the intangible offerings from our Anniversaire and Bridal Business and Entertainment Business, as well as experiencing the differences in experiential value from both of these intangible businesses will lead to new product and service ideas and discoveries. We will continue to develop hybrid human resources with experience in being rotated amongst these three businesses, and going forward we will foster management candidates with the skills to manage the entire group.

In view of rising prices due to the rising energy and raw materials costs, coupled with the geopolitical social situation, customers’ consumer sentiment is still hesitant in spite of increased store visits. In such an environment, each business in the AOKI Group will develop unique products and services borne of customer feedback, and fusing the tangible and intangible we will work to create and propose new value. You can expect great things from the AOKI Group going forward.



# Growth Strategy

## Message from the President



**Haruo Tamura**

AOKI Holdings Inc.  
President and  
Representative Director

## We will create an AOKI Group that brings sustainable growth through objectively focusing on our strengths and the challenges we face.

### Balancing quick and decisive decision-making with the pursuit of the AOKI Group Philosophy

I am Haruo Tamura, and I took up the position of President and Representative Director in December 2022.

After working for a financial institution in the Tokyo metropolitan area, I became a member of the AOKI Group in 2003. I later became Executive Vice President of AOKI Holdings in 2010, and for approximately 20 years since joining the company have been responsible for the management of the AOKI Group, focusing on overall financial and administrative operations. Through my experience in these roles, I have come to realize that it is essential that sustainable growth of corporate management have a high sensitivity to social and consumer trends and that we make quick and decisive decisions. At the same time it is also important that we pursue the AOKI Group Philosophy from a medium- to long- term perspective without hesitation, ensuring that both of these are in balance. The social situation is changing at a bewildering pace with an ongoing uncertain business environment, however in my role as a representative of AOKI Holdings, I will take this opportunity to reaffirm my commitment to achieving these two goals and to living up to these responsibilities.

### Quickly providing products, services, and experiences that respond to changes based around customer feedback

Here I will discuss our current business performance, and my perception of the market environment. In the fiscal year ended March 31, 2023, we have seen an upturn in customer sentiment stemming from a gradual relaxation in restrictions on activities in place stemming from the COVID-19 pandemic. As a result, in the fiscal year ended March 31, 2023, we posted net sales of ¥176.1 billion and operating profit of ¥10.2 billion, up 88.0% from the previous year, due in part to successful cost-cutting efforts, achieving increases in both sales and profit in our Fashion, Anniversaire and Bridal, and Entertainment businesses. We remain aware of the figures from before the outbreak of COVID-19, (¥195 billion in net sales and ¥13.4 billion in operating profit for the fiscal year ended March 31, 2019), and we have confirmed that these are returning to similar levels during the current fiscal year.

For the most recent market environment, consumption trends have been gradually picking up against the backdrop of the downgrading of COVID-19 to a category V infectious disease, but the impact of soaring energy and raw material

prices coupled with the yen's depreciation caused by the situation overseas remains uncertain. Based on our experience of "previous year's efforts cannot set a precedent," we will hold back on new store openings in the fiscal year ended March 31, 2024, and continue to promptly provide products, services, and experiences based around customer feedback, with these responding to changes in the market environment and lifestyles. In addition, we will continue to work to improve profitability by increasing operational efficiency within each business, and enhancing synergies between our businesses. Based upon this, we are planning net sales of ¥180.5 billion and operating profit of ¥10.8 billion for the fiscal year ending March 31, 2024.

### Three strategies to strengthen profitability in existing stores

Next, I will touch upon our efforts to promote growth strategies from a medium- to long-term perspective. In the fiscal year ending March 31, 2024, we will again review the store formats for each of our businesses, and ensure that the fiscal year is one of solid profitability in our existing stores.

Our main directions are threefold: (1) to create synergies among businesses and new profit opportunities by leveraging the Group's nationwide network of more than 1,400 stores, (2) to diversify points of contact with customers and improve operational efficiencies by investing in group-wide IT infrastructure, and (3) to create a system to consolidate and utilize customer data, an important management resource. Based around this policy, we will present key measures during the fiscal year ending March 31, 2025, and announce a new medium-term management plan comprising specific indicators and targets that factor in stakeholder feedback.

### Implementing investment weighting that factor in changes in environments of each business, and time frames for generating results

Next, I will discuss our financial and investment policies and the directionality of sustainability management in promoting our growth strategy.

I get asked by shareholders and investors which of our three business segments we will be focusing on. In this, we intend to continue to invest in growth in each of our businesses. However, this is not an even distribution—instead we believe that it is important to



provide a weighting for the results based on the time frame until results are produced, taking into account changes in business environments experienced by each business. For example, in our Fashion Business, our basic strategy is to in the future grow the overall business by changing the product mix, such as by expanding casual and ladies' products. However, achieving the target sales mix takes a certain amount of investment and time, such as that required to develop new products and to gain recognition from customers. Therefore in the Entertainment Business, we envisage small-scale investments that can be recovered in a relatively small time-frame, such as store renewals, content expansion, and increased fully private rooms with locks in the KAIKATSU CLUB, and in the Fashion Business, bridging the time-lag until results are observed. In these, strategic investments will be made in each business over both single-year and medium- to long-term time frames.

In financing, we refrained from financing during COVID-19, and we are currently able to finance our operations with cash on hand and existing loans. Also, we currently have an internal rule to set and monitor payback periods of invested funds on a cash basis as one criteria for our investment decisions, however looking forward we hope to consider new criteria and management methods such as by setting hurdle rates per business segment, aimed at improving investment efficiency.

### Strengthening measures related to “human resources” and “environment” towards sustainability management

There are multiple trends related to sustainability, and these are constantly changing. So that we can respond appropriately to these changes and enhance our corporate value, we must not only think by ourselves, but also keep attentive to the situation both within the company and externally, collaborate with related industry associations and other companies, share information, and promote diverse and multifaceted ways to address issues.

Such thinking led to the establishment of the Sustainability Committee in 2021, which has identified material issues (materiality) and key performance indicators (KPIs) that correspond to the characteristics of our businesses, and we have been further strengthening our efforts in the fiscal year ended March 31, 2023. As one part of these efforts, in cooperation with personnel from each Group company, the Sustainability Promotion

Department established in December 2021 is taking the lead in confirming progress toward achieving KPIs and in sharing information on specific initiatives. While continuing with discussions in the future, the Committee will be central in following up with these members in achieving these targets. We are also considering incorporating sustainability-related KPIs as one part of the evaluation of directors and other members of the management team in order to link our initiatives to our day-to-day management decision-making processes.

As regards individual issues, we intend to actively engage long-term in the practice of “human capital management” spearheaded by the Ministry of Economy, Trade and Industry (METI). Human resources comprise one of the materialities of our Group, and we believe that in order to achieve KPIs such as increasing the number of female managers and improving employee engagement, it is necessary to position these as growth strategies and have management take independent action. Confronting the issues of the environment, which might better be termed a climate crisis, is now the paramount theme for companies, and so we will continue to focus on developing environmentally friendly products as a materiality and a KPI, and on reducing CO<sub>2</sub> emissions during production and in our stores. Furthermore, in line with the framework of the TCFD recommendations we will also support the development and sale of eco-friendly products and services in each of our businesses, while disclosing and monitoring information.

### Strengthening governance and compliance as a company with an Audit and Supervisory Committee

Corporate governance and compliance is one of the materialities of our Group for which our stakeholders have high expectations. In strengthening these, we are working to enhance our monitoring and evaluation system from the perspective of a third party outside the company. Specifically, in June 2023, with the aim of improving management transparency and speeding up decision-making we transitioned from being a company with a Board of Auditors to one with an Audit and Supervisory Committee. In addition to the existing Board of Directors, we plan to incorporate an evaluation of the effectiveness of the Nomination and Remuneration Committee. In addition, we will provide External Directors with more detailed information than in the past through ensuring their participation in meetings of Subsidiaries, so that they can learn about the Group's

management decision-making and execution processes as well as understand realities of the business.

Meanwhile, we are also implementing various internal measures, including the establishment of a new Compliance Office as of November 11, 2022 aimed at strengthening our governance and compliance systems.

→ For Initiatives to Reinforce the Governance and Compliance Framework, please refer to P.17-18.

### Implementing disciplined and strategic financial measures while aware of the cost of capital

We are aware that the March 2023 announcement by the Tokyo Stock Exchange to “take action toward achieving management that recognizes the cost of capital and stock prices” poses major challenges for the AOKI Group. Along with continuing to improve profitability and asset efficiency, our current response will be to also repurchase our own shares as one part of our return policy. We also recognize the importance of implementing more strategic

and rigorous investment decisions and monitoring, such as by considering the establishment of hurdle rates for each business segment as mentioned above, along with further raising awareness of the cost of capital and stock price trends among management as a whole. We believe that using such efforts to achieve a ROE of at least 8% is a necessary condition for improving PBR.

I feel that my long years of experience in observing the AOKI Group's overall financial and administrative operations means that I have an objective understanding of its strengths as well as the challenges it faces. I believe that my duty, and an important role expected of me by our stakeholders, lies in strengthening sustainability management and in developing and implementing more precise and innovative financial and capital strategies—both of which are currently required. I ask for your understanding and support of the AOKI Group in our efforts to tackle various challenges and make new changes.





## Initiatives to Reinforce the Governance and Compliance Framework

The following is a report on the state of initiatives to reinforce the governance and compliance framework as it pertains to an act of bribery (“the incident”) committed by individuals who include former Company executives.

### Establishment of the Corporate Governance Inspection and Reform Committee

In response to the incident, the Company established the Corporate Governance Inspection and Reform Committee on September 5, 2022. The Committee comprises two external experts with no vested interests in the Company and one External Director from the Company. It has begun the process of researching and discussing recommendations for measures to prevent similar incidents in the future, which include confirming facts related to the incident and investigating the

causes, among which are the Company’s governance and internal control framework that enabled the incident. Under the leadership of the President and Representative Director, on September 21, 2022, the Company established the Governance Task Force to promptly investigate the causes of the incident and carry out all protocols and measures appropriate for a company to carry out.

### Recurrence prevention measures taken ahead of recommendations from the Corporate Governance Inspection and Reform Committee

Recurrence prevention measures	Actions taken
• Re-examine mechanisms for assessing compliance risks concerning dealings with new trading partners	Make changes to the process for assessing risks involving new trading partners
• Further strengthen internal audits aimed at ensuring that the above risk assessments are being done properly and continuously	Make changes to the protocol for assigning the above risks to audits conducted by the Internal Auditing Office
• Revamp a compliance training program for officers and employees, including Group Directors	Provide compliance training to all Group Directors, officers, and employees
• Re-familiarize Group Directors, officers, and employees with the details of the internal reporting system, and make revisions as necessary	Make changes to the process for responding to internal reports
• Build and implement a system for promptly reporting risk information to, and regularly sharing information among, External Directors and Auditors	Build a system to enable External Directors and Auditors to re-evaluate matters such as dealings between Group companies, high-risk dealings, and reputational risks
• Revise and implement organizational changes aimed at reinforcing the Company’s governance and risk management framework	Established the Compliance Office on November 11, 2022

## Receipt of and response to the Investigative Report from the Corporate Governance Inspection and Reform Committee

On March 28, 2023, the Corporate Governance Inspection and Reform Committee released a report following its investigation into and confirmation of facts concerning the incident. As examples of measures to prevent similar incidents, the report recommends “strengthening oversight by the Board of Directors and External Directors,” “granting more authority to the Nomination and Remuneration Committee,” “reinforcing the new governance framework in light of the incident,” and “bolstering the Company’s internal reporting system and compliance framework.”


The Company is now diligently executing recurrence prevention measures based on the recommendations. Additional measures are also being taken as necessary based on a comprehensive review of existing recurrence prevention and other measures. Going forward, the Company will faithfully reflect on insights and recommendations from the Committee, and will make a concerted effort to restore people’s trust in the Company and remake the AOKI Group based on a strong commitment from management to preventing similar incidents.

### Actions in response to recommendations from the report

Having once again identified specific issues and established deadlines and staffing for each organization, the situation is being monitored through a project that reports directly to the President and Representative Director, and steady progress is being made toward solving these issues.

Main recommendations	Actions taken and to be taken
Strengthening oversight by the Board of Directors and External Directors	<ul style="list-style-type: none"> <li>Utilization of External Directors (putting more External Directors on the Board of Directors, ensuring the independence of External Directors, and building a support system for External Directors)</li> <li>Reinforcing the oversight functions of the Board of Directors (transitioning to a company with an Audit and Supervisory Committee)</li> <li>Review of agenda items covered by the Board of Directors</li> </ul>
Granting more authority to the Nomination and Remuneration Committee	<ul style="list-style-type: none"> <li>Status, authorities, and operations of the Nomination and Remuneration Committee</li> <li>Documenting and storage of discussions held by the Nomination and Remuneration Committee</li> <li>Effectiveness assessments by the Nomination and Remuneration Committee</li> </ul>
Reinforcing the new governance framework in light of the incident	<ul style="list-style-type: none"> <li>Reorganizing Group company relationships (building a mechanism for establishing Group company roles and management strategies, and monitoring subsidiaries)</li> </ul>
Bolstering the Company’s internal reporting system and compliance framework	<ul style="list-style-type: none"> <li>Properly conducting the decision-making and approval process, and establishing related rules</li> <li>Reviewing the discussion process and building an information sharing system for management meetings</li> <li>Reinforcing checks and balances through organizations such as the Internal Auditing Office and Compliance Office</li> <li>Reinforcing checks and balances through internal audits</li> <li>Redefining and re-familiarizing employees with the Code of Conduct</li> </ul>

#### Investigative Report from the Corporate Governance Inspection and Reform Committee

 [https://ir.aoki-hd.co.jp/ja/news/news/houkoku\\_20230328/main/0/link/houkoku20230328.pdf](https://ir.aoki-hd.co.jp/ja/news/news/houkoku_20230328/main/0/link/houkoku20230328.pdf)  
(Japanese text only)

### Transitioning to a company with an Audit and Supervisory Committee

Following approval at the 47th Ordinary General Meeting of Shareholders on June 29, 2023, AOKI Holdings became a company with an Audit and Supervisory Committee from a company with a board of auditors.

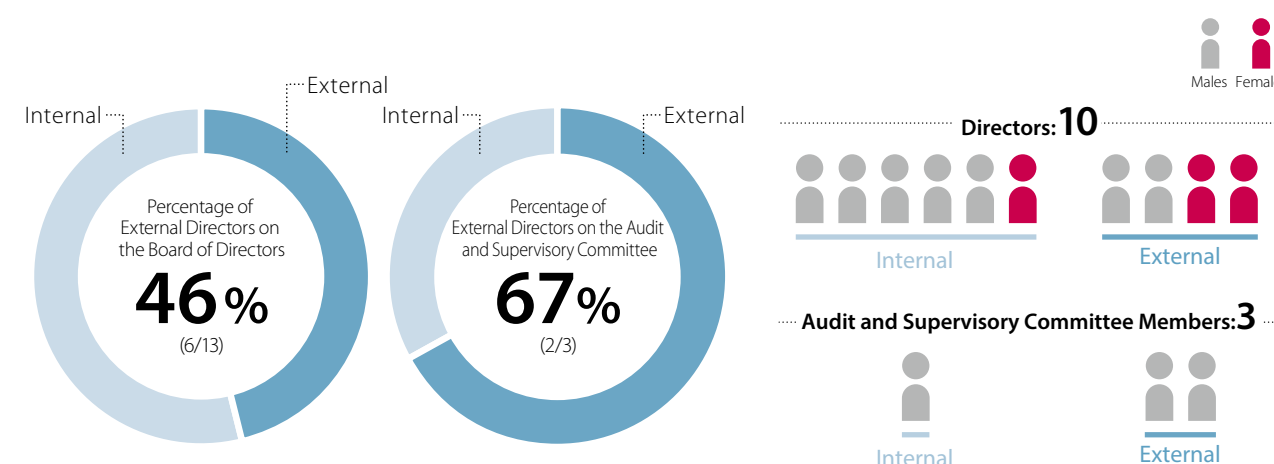
#### Purpose of the change to a new governance system

##### (1) Increase transparency of AOKI Holdings’ management

The Audit and Supervisory Committee, where the majority of members are external directors, has the role of strengthening corporate governance by performing supervision to ensure that businesses are operated in compliance with laws and regulations and are managed properly.

##### (2) Faster decision-making

By giving directors more authority for making decisions about business operations, a supervisory committee system makes it possible for directors to more quickly reach management decisions and take follow-up action.



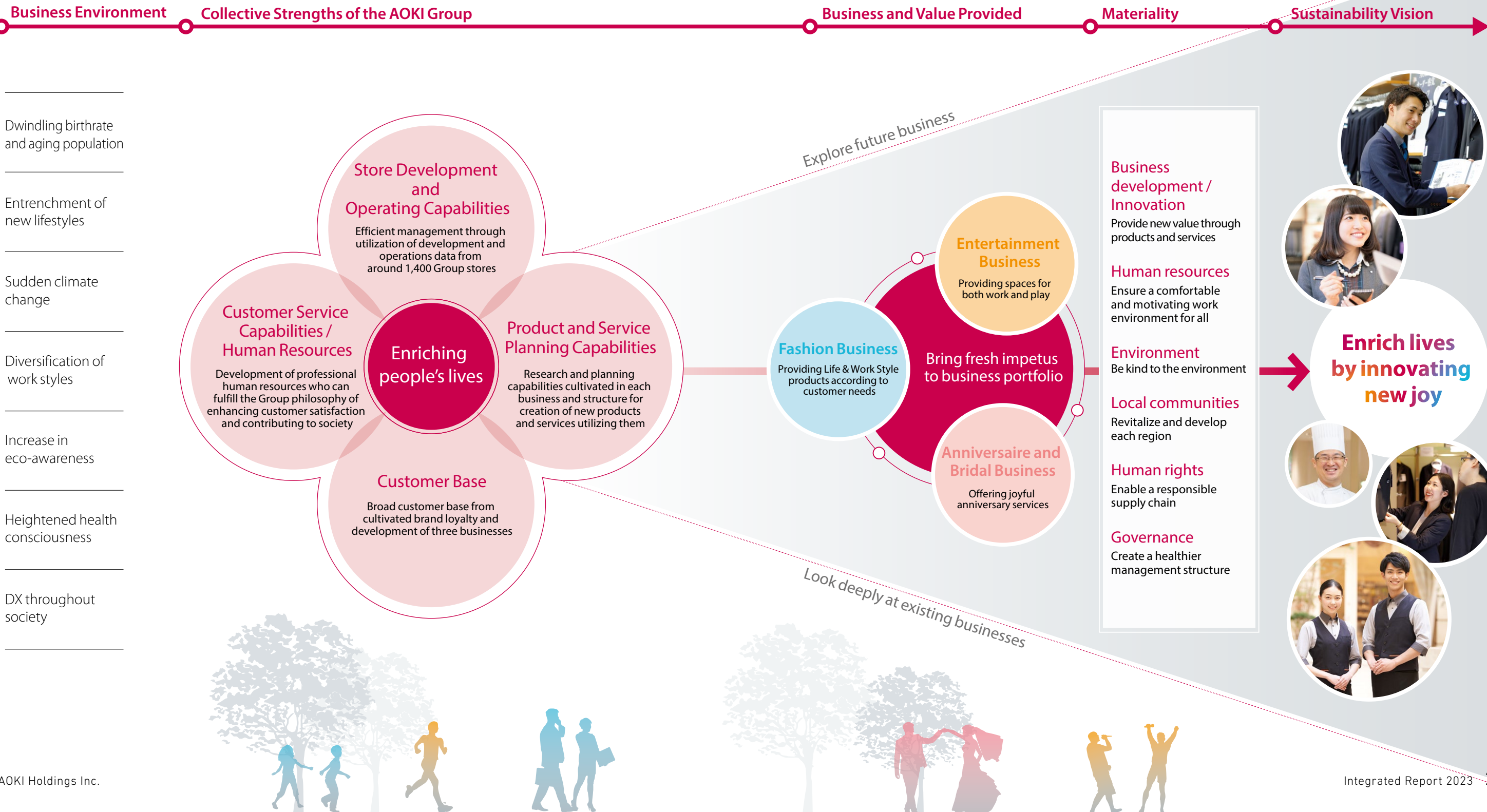


Growth Strategy

Value Creation Model

Enriching lives by creating joy and driving innovation in line with the times

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 sustainability vision, “enrich lives by innovating new joy” a reality. To this end, we leverage our four strengths of customer service capabilities/human resources, store development and operating capabilities, product and service planning capabilities, and customer base.

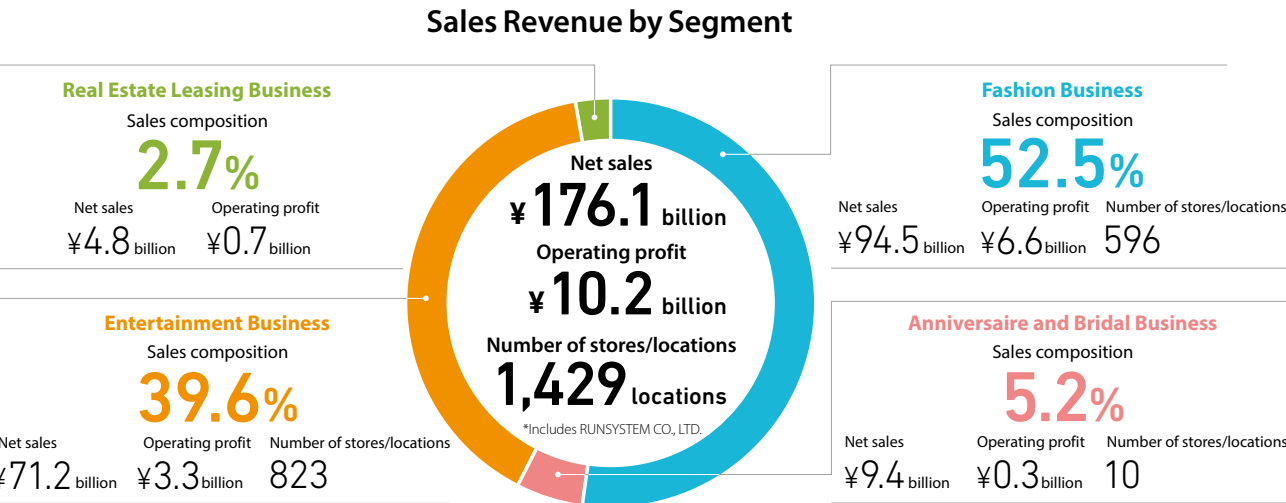




# Business Overview

## Highlights

Sales and earnings were up due primarily to an increase in the number of customers, which owes the implementation of various measures in response to market environment and lifestyle changes, as well as a relaxation of restrictions on people’s movement.



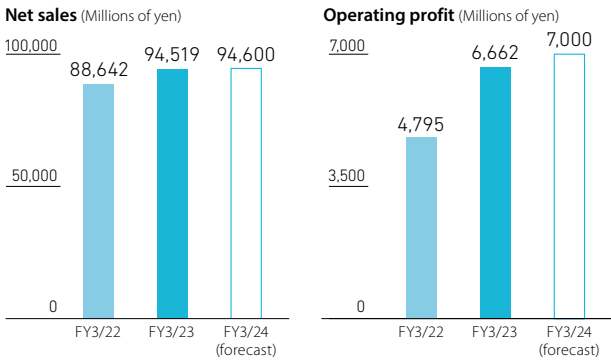
## Fashion Business: Performance Overview

(Forecast as of May 11, 2023)

### Initiatives in fiscal year ended March 31, 2023

As people begin to return to wearing suits and formal attire, we have told consumers about the benefits and appeal of wearing suits and launched a successful Freshers Support Fair for the people in the freshers segment, which is young people starting college or a new job. For our casual apparel category, we have expanded our Pajamas Suit® product lineup and rolled out apparel such as T-Shirts with Business Suit Tailoring. For the women's apparel category, we have also expanded the range of items, including MeWORK Project products centered on mix-and match apparel. In addition, at our ORIHICA stores, we have seen a large number of customers visit our newly opened pop-up stores, which deal exclusively in women's apparel. These moves have resulted in increased sales and profits.

### Results for FY3/2023 and Forecasts for FY3/2024



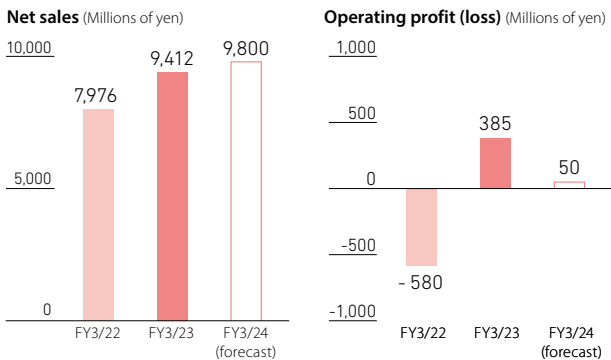
## Anniversaire and Bridal Business: Performance Overview

### Initiatives in fiscal year ended March 31, 2023

We have continued to conduct efficient Web and social media-based programs aimed at attracting more customers, while further refining all wedding formats. This has resulted in a greater number of bookings, driving up sales and profits.

Prior to finishing a complete renovation of ANNIVERSAIRE OMOTESANDO, which celebrates its 25th anniversary in 2023, we opened a holiday season-limited collab café and pop-up store carrying products from Tiffany & Co., a global luxury jewelry retailer. While ANNIVERSAIRE OMOTESANDO closed on December 29, 2022 in preparation for renovations, it reopened in September 2023 as an anniversary celebration place.

### Results for FY3/2023 and Forecasts for FY3/2024



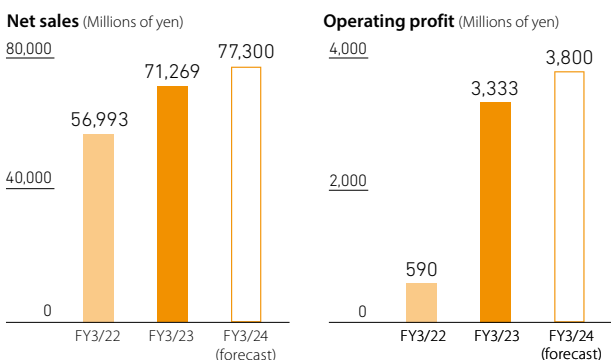
## Entertainment Business: Performance Overview

### Initiatives in fiscal year ended March 31, 2023

At our KAIKATSU CLUB café complex, we continue to provide services such as personal rooms with locks, free classes for earning professional qualifications and content such as viewing of TV Tokyo BiZ On Demand programs. We have also expanded our food and beverage selections, which includes conducting the limited-time Turkish Rice Fair. We have also made a number of changes to the COTE D'AZUR karaoke facilities, including adding more food options through a menu produced in collaboration with a famous ramen restaurant, and rolling out an unlimited singing and food plan for students. For our FIT24, which operates 24-hour self-service fitness gyms, we have opened more locations as planned, including locations with attached Indoor Golf facilities.

This business has seen sales and profits rise due to factors that include the measures we have taken and the impact from COVID-19 that has diminished throughout the year.

### Results for FY3/2023 and Forecasts for FY3/2024



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



# Fashion Business

## “Customer-centric” Life & Work Style from AOKI

### Providing products and services for a changing market

Beginning with a 2005 campaign by the Ministry of the Environment that saw “Cool Biz” become a buzzword and office workers eschew the suit-and-tie style, formal business attire has fallen further out of fashion in recent years as workers have increasingly started working from home since the outbreak of COVID-19. Neckties are out and T-shirts are replacing collared shirts as business attire diversifies and more casual styles take hold. I think the top priority for the company now is to provide new products and services to accommodate these changes in the business attire market.

At the same time, such a rapid diversification of business attire styles has driven growth in the market for slacks and other casual attire for men. The market for women’s business attire has also been invigorated by changes to legislation aimed at supporting greater female

labor force participation, which also presents significant opportunities for this business.

### Manufacturing to provide customers with what they want

Amid these circumstances, we will be bringing changes to our product mix according to market needs as part of the basic policy of this business. To increase overall sales, we will first focus on both the growing casual wear and women’s wear categories, improving their contribution to total sales, while keeping business and formal attire sales at their current level. As numerical targets, we are targeting a 5:2:3 sales ratio for business, formal, casual, and women’s wear categories, which is currently 7:1:2, and will eventually get this to 4:3:3.

Our core strategy for achieving this centers on product planning and a marketing mix that will satisfy customers’ new needs and wants. To do this, we will re-examine all possible opportunities, from when customers enter a store to when they leave, whether brick-and-mortar or online. This includes looking at not only products and services but also how we display products and handle customers, as well as how to get customers to come back to pick up products we have tailored for them. Our prime focus will be on manufacturing from the perspective of the customer, with an eye to the entire value chain. Among other things, this means elevating our two-way communication with customers through the use of tools like social media and the Web in our promotional activities, which has largely consisted of one-way advertising.

### Action plan for proposing new value

We have three new concrete measures aimed at achieving manufacturing from the perspective of the customer. The first involves growing both the casual wear and women’s wear categories. For this, we have recruited fashion industry experts who will help us boost our product competitiveness and marketing capabilities. We expect the fruits of these

### Risks and opportunities

- Accelerating loss of interest in suits that began during the pandemic
- Growing diversity of business attire styles as more people telecommute
- Invigorated market for women’s business attire prompted by changes to legislation

### Measures and strategies

- Product planning and a marketing mix that will satisfy customers’ new needs and wants
- Promoting casual wear and women’s wear category growth while taking new approaches in the business and formal attire category
- Enhancing customer convenience by merging our online and brick-and-mortar stores

efforts to appear in the fall and winter of 2023, or spring and summer of 2024 at the latest. Meanwhile, we have launched operations that include enhancing product development by swiftly incorporating customer feedback gleaned from our members-only mobile app.

The second measure involves new undertakings in the business and formal category, a core category for the Company. For business attire, we will increase the number of stores offering Quick Order Suits (QOS), which are currently available at about 200 stores (as of July 2023). Providing a service that gets customers a perfectly-fitted suit in as little as four days will allow us to capture some of the demand for custom suits. For formal attire, we have leveraged the fact that AOKI is a renowned name in this market and expanded to all of our stores the AOKI Rental Service (ARS), which enables customers to rent items such as morning coats and tuxedos for weddings.

Our third measure is aimed at enhancing customer convenience by carrying out an OMO\* strategy involving both our online and brick-and-mortar stores. This business continues to focus on satisfying customers’ myriad needs by bringing together our online and brick-and-mortar stores in seamless fashion. For example, through a service we call the Easy Web Shop (EWS), offered through ORIHICA and other retailers, customers can choose products from among an extensive inventory that encompasses our brick-and-mortar and online stores, and do not need to come back to pick up tailored products. This allows us to provide customers with a shopping experience that fits their working style and lifestyle. To take this effort to the next level, we will continue leveraging the strengths of this business through means that include making expansion investments in our warehouses and making system investments to reduce management costs and improve work efficiency.

\*OMO: Online Merges with Offline

### Achieving sustained growth by creating a virtuous cycle to improve customer satisfaction

Achieving medium- to long-term business growth will require that we focus foremost on recruiting, training, and

utilizing human resources, while also maintaining a strong regard for environmental conservation and human rights. An important part of this will be boosting employee engagement as a necessary step to increase customer satisfaction, which is central to our growth strategy. We have therefore launched an organization solely dedicated to boosting employee engagement that will focus on improving employee motivation by defining roles, responsibilities, and authorities and by instituting HR system reforms concerning matters such as compensation, appraisal, and working styles. This should drive further improvements to customer satisfaction and ultimately lead to further fashion business growth. With the belief that employee satisfaction and customer satisfaction are two sides of the same coin, we continue to pursue our “Life & Work Style from AOKI” concept of providing high-value products and services.

### TOPIC

### Reducing “fashion loss” and making more effective use of resources



In 1996, we launched the “AOKI Wool Eco Cycle” project for collecting and recycling wool products, the first such initiative in Japan. Now, our OKAERI Eco Project, which seeks to reduce fashion loss and effectively utilize resources, has seen us expand the scope of the products we collect to include polyester products. It is through efforts such as these that we work with our customers to achieve a more sustainable society.



Hirotaka Mori  
AOKI Inc.  
President and  
Representative Director





# Anniversaire and Bridal Business

## Establishing a new business paradigm that goes beyond just weddings

### Accommodating wedding trend changes

Although there has been a gradual recovery in the number of weddings held following a precipitous drop during the COVID-19 pandemic, brides and grooms now view the prospect of weddings much differently than before. Weddings with only 20 or so guests, as well as photo weddings attended only by the bride and groom, came about out of necessity during the pandemic but have since become a new style of wedding. Meanwhile, average sales per couple continues to decline as aging and depopulation inevitably lead to fewer marriages, while fewer coworkers are getting invited to these events.

For the Anniversaire and Bridal business, responding to these environmental changes has involved a significant amount of trial and error. What has become crystal clear is that there is still plenty of room to provide further “products and services” to complement the “experience” that is a wedding. We need a new business blueprint to be able to propose and provide high-value weddings that the bride and groom, as well

as their family and friends, will all have great things to say about.

### Providing a combination of products, services, and experiences

Since the launch of ANNIVERSAIRE, which aims to create a “theme plaza for celebrations and ceremonies,” we have produced anniversary events around the world by providing products, services, and experiences. Conducting so many weddings has seen our wedding locations (an experience) become widely renowned. That alone is a strength. However, to hedge against the risk of market contraction and achieve sustained growth into the future, we will go back to the basics and provide a combination of products, services, and experiences with the goal of achieving a groundbreaking business that caters to more than just weddings—that is, making ANNIVERSAIRE the go-to destination for all anniversary events.

We hope to be able to show an example of this with ANNIVERSAIRE OMOTESANDO when renovations are completed in September 2023, marking the facility’s 25th anniversary. This flagship location in a prime area of Omotesando, Tokyo has generally been mainly used by wedding attendees. However, the renovations will see the addition of a café and restaurant available to even walk-up customers, as well as a coffee shop with takeout service, a candy shop and flower shop with great gift options, and more. The new ANNIVERSAIRE OMOTESANDO will serve as an open area offering high quality products and services to anyone out for a stroll in Omotesando. Tiffany & Co. will also be opening a new store within ANNIVERSAIRE OMOTESANDO. Tiffany, whose slogan is “A lifetime of Tiffany,” shares a strong affinity with the ANNIVERSAIRE concept, and the synergy that results should bring greater joy to people’s special days. Additions to the venue itself will further enhance wedding guests’ experience and include a redesigned chapel, where the vows are exchanged, as well as a party room for small weddings or business use. These renovations will see



**Kenichi Matsuda**  
ANNIVERSAIRE INC.  
President and  
Representative Director

### Risks and opportunities

- The advent of new wedding styles such as small-group weddings and photo weddings
- Declining number of weddings and average sales per couple
- Room to provide existing products and services alongside the experience that is a wedding

### Measures and strategies

- Strengthening brand power and generating synergy across all locations through concentrated investment in the two flagship locations in Omotesando and Minato Mirai Yokohama
- Achieving a groundbreaking business that provides a combination of products, services, and experiences
- Appropriate advertising and marketing activities that utilize our own media and digital technologies, including our stores

ANNIVERSAIRE OMOTESANDO remade into the perfect place to celebrate an anniversary with friends and loved ones.

### A unique marketing strategy reliant on no single advertising medium

In order to reduce expenses during the COVID-19 pandemic, we explored different ways of attracting customers while keeping advertising costs as low as possible. We learned that we could count on a certain number of customers to visit our two flagship stores in well-situated Omotesando and Minato Mirai Yokohama without any advertising. The buildings themselves were the advertising media. This led us to a strategy of focusing investment on our flagship stores, for which we have renovated our Omotesando location and are currently making concentrated investments aimed at sprucing up our Minato Mirai Yokohama location, as well.

In addition, as a COVID-19 countermeasure, we have put together a special team to handle social media and increase our interactions with customers, an effort that has dramatically increased our wedding bookings. Moreover, our advertising costs are only 70% of what they were before the pandemic, despite our bookings having almost completely returned to pre-pandemic levels. With regard to our “Omotte” members-only app, we have begun using it as a means to keep customers informed about follow-up services and events after their ceremonies. This has been well-received by our members, and we are now thinking about strategies that make use of our high customer loyalty. To achieve further growth in the steadily recovering bridal market, we will continue to implement a unique marketing strategy involving the use of all kinds of media while using our own media, including our stores, and digital technologies.

### Achieving sustainable growth through further improvements to our customer service skills and service capabilities

The people in charge of these strategies and measures are an important managerial resource, so we will train and make effective use of them. As a measure to improve our customer service skills, which are key to developing the ANNIVERSAIRE brand, since 2015 we have recruited customer service experts

who have won international competitions in restaurant customer service to impart to our employees the knowledge and skills needed to provide world-class hospitality.

Furthermore, since the Anniversaire and Bridal business has a high proportion of female employees when compared to other organizations in the AOKI Group, we are taking the lead in making organizational changes with an eye to developing female managers while singling out certain individuals for important positions. One of our goals is to increase the percentage of female leaders, who have the potential to be female managers, from 27.6% (FY2022) to eventually 40%. We will also continue to provide workplace environments and programs that facilitate women coming back to work for the long-term even after reaching a new life stage. More women in management will ultimately achieve sustained growth for the business as women’s feedback will be more effectively incorporated into the services we provide, leading to a virtuous cycle whereby our customers will support us even further.

### TOPIC

#### Complete renovation of ANNIVERSAIRE OMOTESANDO



Aimed at being a perfect place to celebrate an anniversary or special day with friends and loved ones, ANNIVERSAIRE OMOTESANDO will be remade into a venue for holding all manner of receptions and parties, including weddings. Shops inside the facility, which include a café, coffee shop, and candy shop, make those special days even more joyful. For wedding services, the chapel where vows are exchanged has also been renovated with an eye to providing “a new style of wedding only possible at an anniversary celebration venue.” For a special day to give thanks and celebrate, ANNIVERSAIRE OMOTESANDO provides.



# Entertainment Business

## A business model that satisfies newly emerging needs and wants

### Seeking an even larger customer base as our business recovers

The AOKI Group's Entertainment Business comprises KAIKATSU CLUB café complexes, COTE D'AZUR karaoke facilities, and FIT24 24/7 fitness gyms. Although our COTE D'AZUR facilities were hit the hardest by COVID-19, sales have roared back since the disease was reclassified as a Category V infectious disease, as customers no longer need to take the previously required precautions. This puts the business on track for a return to pre-pandemic sales levels for the fiscal year ending March 31, 2024. For the same reason, our FIT24 facilities are also seeing demand begin to recover. Sales have grown beyond expectations at our KAIKATSU CLUB locations, which were impacted relatively little by COVID-19, due to demand for the usual services but also to a surge in demand among both Japanese and foreign customers looking for a place to relax.

While the business is making a strong recovery, we see

risks in the fact that there are few barriers to entry with this business model and that competition is heating up throughout the industry as Japan's population ages and declines. These factors will require us to approach this changing market with flexibility while evolving the business into one supported by a growing base of passionate repeat customers, which we will achieve in part by capturing demand from foreign customers, a number we expect will grow.

### Improving profit ratios by evolving business models

While our KAIKATSU CLUB, COTE D'AZUR, and FIT24 businesses all evolved according to the needs and wants of customers prior to COVID-19, the pandemic changed how those businesses were used. At our KAIKATSU CLUB locations, for example, the number of people wanting to use these spaces for business use jumped as teleworking became more prevalent during the pandemic. Customers' needs have also shifted from our open-air booths to private rooms. This trend continues even now, and is extending to even our foreign customers of late. We therefore see solid growth in the future for our KAIKATSU CLUB business as the business model comes to center more on private rooms. Meanwhile, although we continue to explore business models for our COTE D'AZUR and FIT24 businesses in these post COVID-19 times, we are unsure about how to proceed in developing a concrete plan. As a short-term strategy, in the fiscal year ending March 31, 2024, we will provide new content and services informed by recent changes in society as a means to grow our customer base, while also improving the efficiency of and undertaking operational reforms at our existing stores.

One of our medium-term objectives is improving our operating profit ratio. While the Entertainment Business currently accounts for less than 10% of our operating profit margin, our goal is to increase this to 15%. As one means to this end, we are considering implementing a dynamic



Fumiaki Takeshima  
KAIKATSU FRONTIER Inc.  
President and  
Representative Director

### Risks and opportunities

- Concerns about crowded market spaces and dwindling customers in the domestic market due to aging and population decline
- Gradual recovery in demand for our business categories and locations due to COVID-19 having been reclassified as a Category V infectious disease
- Special demand arising from foreign customers and customers using our KAIKATSU CLUB locations for leisure

### Measures and strategies

- Having customers help themselves and making store operations more efficient to boost our operating profit margin
- Cultivating new customers by leveraging synergies across our different businesses and companies
- Introducing dynamic pricing to allow for changing prices according to demand and market conditions

pricing scheme that will allow us to change prices according to demand and market conditions. Given the recent rises in energy and labor costs, we believe our customers will appreciate this move if we are able to set prices with good timing.

### Promoting customer self-service, realizing greater efficiencies, and achieving synergy across all our locations

As efforts to boost our operating profit margin, we will be promoting customer self-service while improving store management efficiencies. Amid a shortage of workers, we will be improving the efficiency of employees' operations at our stores by adopting a customer self-help approach with regard to the services and content we will be developing going forward. We are also building a system powered by digital technologies to enable customers to handle everything on their own, which includes developing a mobile app. We will further improve operational efficiency by implementing a "superintendent" system whereby one store manager will oversee multiple stores, and will provide incentives to these managers based on the number of stores they manage. We are currently in the process of making the necessary HR program changes.

In addition, we will be cultivating new customers by leveraging the synergy among our different business categories. In our FIT24 business, although we have received high praise from intermediate and advanced users, beginners tell us that they don't feel comfortable at our FIT24 locations. To address this, we have launched a test run for a gym geared towards beginners inside of our KAIKATSU CLUB locations. Beginners enjoy these gyms for how they're able to work out without worrying about more experienced onlookers. We will therefore be using these locations as a way to prepare beginners for coming to our FIT24 locations.

Furthermore, we are leveraging the synergy among all of the stores in the AOKI Group in ways that include providing indoor golf by using the unutilized spaces in the AOKI facilities we operate as part of the Fashion Business. Golf is a good activity for the age and type of lifestyle of

AOKI's main customers, and making use of synergy in this way is a strength unique to the AOKI Group's portfolio management.

### "Satisfying," rather than "catering to," customers' wants and needs

As the locations in this business operate 24 hours a day, our staff have frequent face-to-face interaction with customers. This is why we work hard to ensure safe and secure store environments for customers, both during the day and at night. We have made numerous improvements to our security measures, which includes installing a store control system and the latest security equipment based on antitheft advice from experts, and have also made use of outside security services. This ensures the safety and security of not only our customers but also the staff who work in our stores.

Customers use our KAIKATSU CLUB locations, for example, in many different ways, including as places to work, study, or pass the leisure time. Our aim going forward is to make this business and these facilities a continually necessary part of our changing society by working to develop versatile services and content that will satisfy the needs and wants of every customer.

### TOPIC

#### KAIKATSU CLUB Biz Rooms: Built for business users wanting to get more done than when at home

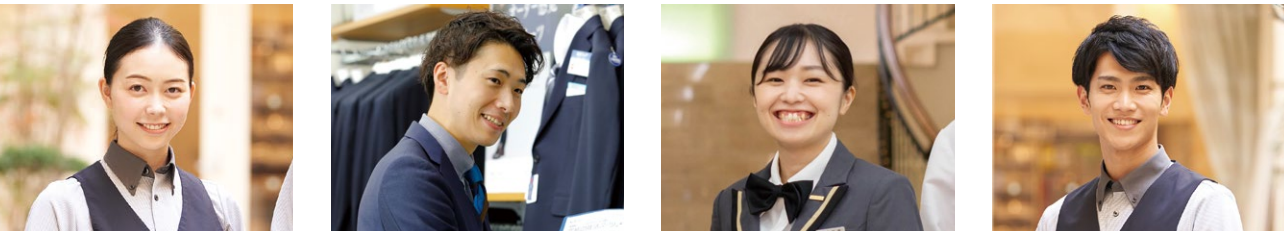
In October 2022, we created the Biz Room for business people. Designed based on user feedback, these private rooms are tailored specifically for business use and feature movable monitors and gaming chairs. Over the next five years, we plan to deploy Biz Rooms at 100 locations that will be opening in three prefectures and one metropolis and small cities mainly located in Aichi and Osaka.





# Sustainability

## The Basis of Sustainability Management



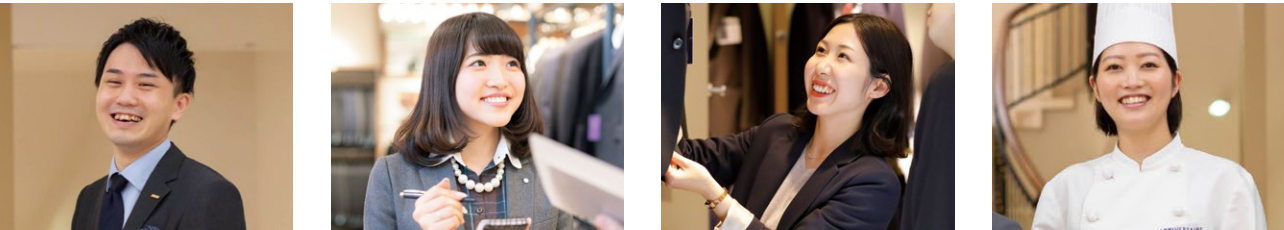
The AOKI Group was founded in 1958, during a period of rapid economic growth in Japan. By making business wear more affordable, so that every office worker in Japan could own a variety of suits, the AOKI Group invented a new type of fashion business in which formality and social convention were replaced 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.



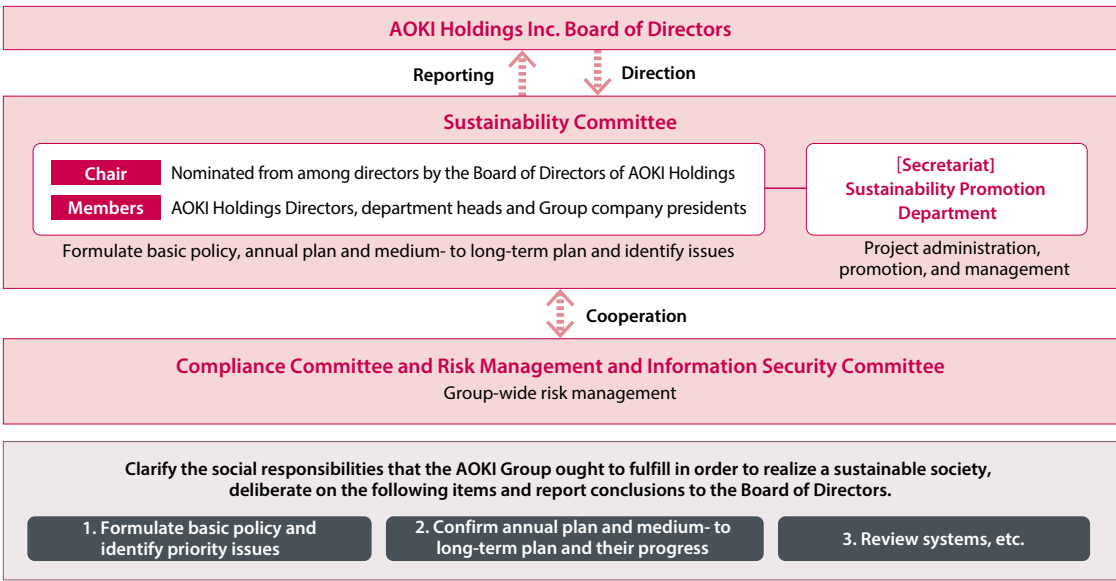
## AOKI Group Philosophy and Approach to Sustainability

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



Sustainability
Materiality and KPIs

The AOKI Group has formulated and is working to achieve six material issues (materiality) 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.



Materiality	KPIs and Numerical Targets (FY2030)	Results for Fiscal 2022 and Future Initiatives
<div>Business development / Innovation</div> <div>Provide new value through products and services</div> <div>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.</div>	<div>Number of environmentally friendly products developed and sold</div> <div>Total of 50</div>	<div>Product development in each business: 13 products</div> <div>Fashion Business: 12 products developed using recycled fibers</div> <div>Anniversaire and Bridal Business: Reduction in paper materials usage through digitization of brochures</div> <div>Develop environmentally friendly products and services in each business</div>
<div>Human resources</div> <div>Ensure a comfortable and motivating work environment for all</div> <div>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.</div>	<div>Women in management positions within the Group</div> <div>At least 20% (Section manager equivalent or above)</div> <div>Education and training expenses per regular employee</div> <div>At least ¥80,000</div> <div>Employee satisfaction (results of organization survey)</div> <div>All categories (fulfillment, education, solidarity, trust, fairness) At least 4.0</div> <div>Result of stress test</div> <div>High stress rate Under 6.0%</div>	<div>Group overall: 4.0%</div> <div>AOKI Holdings receives three-star Eruboshi Certification</div> <div>Use external labor advisors on women's activities in each Group company</div> <div>Information exchanges with leading companies</div> <div>Encourage male employees to take childcare leave</div> <div>Average among regular Group employees: ¥37,000/employee</div> <div>Open internal business school and invite university professors to lecture</div> <div>Utilize AOKI Group learning (e-learning)</div> <div>Send employees to external seminars</div> <div>Promote acquisition of official qualifications through financial assistance</div> <div>Average of five items Group-wide: 3.8</div> <div>Introduction of new survey system toward improved initiatives (to start operation in FY2023)</div> <div>Ensure fair evaluation through personnel system reform</div> <div>Provide and improve a good work environment</div> <div>Group average: 9.0%</div> <div>Ensure industrial physicians and consultation desks are known throughout the organization</div> <div>Implement detailed initiatives toward reducing overtime hours</div>
<div>Environment</div> <div>Be kind to the environment</div> <div>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.</div>	<div>CO2 emissions (Scope 1+2)</div> <div>Per store compared with FY2017 50% reduction (49.5t-CO2)</div>	<div>10.8% reduction (CO2 emissions 88.3 t-CO2/store)</div> <div>Investigate new installation methods for solar photovoltaic power</div> <div>Promote projects to calculate as Scope 3</div> <div>Promote the OKAERI Eco Project that collects unwanted clothing in the Fashion Business</div> <div>Reduce loss from waste</div>
<div>Local communities</div> <div>Revitalize and develop each region</div> <div>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.</div>	<div>Implement community contribution activities</div> <div>Consistently take action that contributes to the community</div>	<div>Promote cultural activities such as the AOKI Group Harmony Concert</div> <div>Continue various sponsorships</div> <div>Promote and expand community contribution activities in place by each Group company, and enhance group synergies through information sharing</div>
<div>Human rights</div> <div>Enable a responsible supply chain</div> <div>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.</div>	<div>CSR standards agreements concluded</div> <div>Over 100 factories</div>	<div>Contract concluded: 4 factories</div> <div>Establish AOKI Group human rights policy (May 2023)</div> <div>Establish Supplier Code of Conduct and send this to business partners (65 companies)</div>
<div>Governance</div> <div>Create a healthier management structure</div> <div>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.</div>	<div>Number of participants in compliance workshops</div> <div>All Group employees</div> <div>Awareness of hotline</div> <div>100%</div>	<div>Course undertaken by all Group Directors</div> <div>Give compliance lectures to all Group directors</div> <div>Using e-learning, give compliance training to all employees</div> <div>Develop measures to increase awareness of this through internal newsletters, etc.</div>



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 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.

**Major Anticipated Risks and Opportunities** Only those risks and opportunities assumed to have a major impact on the Group are listed.

	Type		Details	Risks and opportunities recognized by AOKI Holdings and each business				Effect on the AOKI Group
				AOKI Holdings	Fashion	Bridal	Entertainment	
Risks	Transition risks	Policies and regulations	Increased store operation costs due to tightened regulations such as a carbon tax or carbon pricing	—	●	●	●	Large
		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
		Reputation	Alienation of customers due to delay in transition to decarbonization and related initiatives	●	●	●	●	Large
Physical risks	Acute	Loss of sales opportunities due to production area and distribution network disorder as well as reduction in store operation as a result of disasters or infectious diseases		●	●	●	●	Large
				●	●	●	●	Large
Opportunities	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
	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 Three-Committee Cooperation**  
Groupwide risks are managed by the Compliance Committee and Risk Management 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 and Risk Management 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 CO<sub>2</sub> Emissions to Curb Environmental Impact**  
The AOKI Group is promoting the reduction of greenhouse gas (CO<sub>2</sub>) 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 fiscal 2017 (ended March 31, 2018) levels by fiscal 2030. In addition, as of fiscal 2022 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 CO<sub>2</sub> emissions across its entire supply chain by 2050.

CO<sub>2</sub> Emissions

		FY3/2018 (base year)	FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2023
Entire AOKI Group (Scope 1+2)	(t-CO <sub>2</sub> )	124,381	117,645	114,157	113,818	112,989	119,324
Numbers of corresponding AOKI Group stores	(Locations)	1,256	1,209	1,253	1,299	1,328	1,351
Per-store CO <sub>2</sub> Emissions	(t-CO <sub>2</sub> )	99.0	97.3	91.1	87.6	85.1	88.3

Greenhouse Gas Emissions (Unit: t-CO<sub>2</sub>)

		FY3/2018 (base year)	FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2023
Scope 1		2,370	2,427	2,732	2,775	2,890	3,178
Scope 2 (Market Base)		122,011	115,218	111,425	111,043	110,099	116,146
Scope 3		-	-	-	-	-	325,079
Category 1	Purchased products & services	-	-	-	-	-	250,912
Category 2	Capital goods	-	-	-	-	-	24,956
Category 3	Fuel and energy related activities not included in Scope 1 and 2	-	-	-	-	-	18,970
Category 4	Upstream transportation and distribution	-	-	-	-	-	2,497
Category 5	Waste from operations	-	-	-	-	-	12,731
Category 6	Business trips	-	-	-	-	-	1,179
Category 7	Employee commuting	-	-	-	-	-	3,031
Category 8	Upstream leased assets	-	-	-	-	-	0
Category 9	Downstream transportation and distribution	-	-	-	-	-	442
Category 10	Processing of sold products	-	-	-	-	-	0
Category 11	Use of sold product	-	-	-	-	-	0
Category 12	End-of-life treatment of sold products	-	-	-	-	-	4,843
Category 13	Downstream leased assets	-	-	-	-	-	0
Category 14	Franchises	-	-	-	-	-	5,518
Category 15	Investments	-	-	-	-	-	0
Scope 1+2+3		-	-	-	-	-	444,403

Developing Eco-friendly Products

Fashion Business is focused on the development of eco-friendly products in order to reduce environmental impact. For example, we have developed washable suits and other breathable "cool biz" business suits and dress shirts that provide comfort even in offices where air conditioning is used sparingly. We also offer suits, vests, and sweaters made with warm materials for "warm biz" that make it easy to adjust to different temperatures. We are promoting the development of environmentally friendly products as well. We are developing dress shirts that use TEIJIN FRONTIER CO., LTD.'s ECOPET®, a polyester material that comes from used plastic PET bottles, clothes, and fiber waste, and ITOCHU Corporation's RENU®, a recycled polyester material made using fiber from clothing that is no longer needed and cut-off scraps generated during production.



Dress shirts made from sustainable materials

# 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, 2023, we held two

online performance briefings for institutional investors, and distributed transcripts and videos of these. We will continue to deepen dialogue through semiannual performance briefings and briefings for individual investors as well as communication of information via our website.

## For Customers

The AOKI Group improves 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., and conducting customer research at locations, in order to deliver products and services that exceed our customers' expectations. We aim to translate these efforts into even greater customer satisfaction.

### ■ Ensuring customer satisfaction

In our Fashion Business, AOKI and ORIHICA stores have established a Customer Hotline, which we use to develop high-quality products and stores by sharing the feedback and suggestions 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 provides customers with a more comfortable shopping experience by enabling staff with styling skills to respond to customers' concerns and misgivings about online shopping via chat, just as they would in a physical store.

## For Employees

At the AOKI Group, we understand the importance of enriching people's lives—not only for our customers but also for everyone who works in the Group.

In recent years, we have also had a focus on ensuring male employees take childcare leave, and are promoting various initiatives for such objectives as diversity and work-life balance, including the introduction of a system allowing employees to change their work style according to their life stage, in order to create an environment in which each employee can thrive and demonstrate their unique talents, thereby improving the experience of our customers.



## 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.

### ■ Toward concluding CSR standards agreements

The Fashion Business has decided to conduct a survey on CSR (Corporate Social Responsibility) to support management of the entire supply chain. Prior to this, we are formulating a "Supplier Code of Conduct" that stipulates human rights, labor practices, and work environments, and are distributing this to our business partners (65 companies).



### ■ 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 human rights policy in order that the rights of everyone in the supply chain are respected, and will continue initiatives to respect human rights under the supervision of the Board of Directors.

## 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.

### ■ AOKI Group Harmony Concert

In order to contribute to the local communities where we do business, the AOKI Group has been holding the AOKI Group Harmony Concert as part of our cultural promotion activities. It was started in 1973, and in September 2022, it was held for the 24th time.

### ■ 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 FRONTALE team and B1 League YOKOHAMA B-CORSAIRS team.



24th AOKI Group Harmony Concert (©K. Miura)



25th Nagano Marathon (©The Shinano Mainichi Shimbun)



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 Approach

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 through 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.

For that reason, we are also working to further enhance corporate governance by improving the internal control system, which includes reviewing the organization and reinforcing the risk management structure, as well as by engaging in appropriate information disclosure, ensuring the rights of shareholders, engaging in dialogue with shareholders, and appropriately cooperating with

other stakeholders. Further, by increasing corporate value through the pursuit of the three pillars of the AOKI Group Philosophy, we will meet the expectations of our shareholders and other stakeholders.

The majority of the Board of Auditors are External Directors, and they are responsible for auditing and supervising the legality and appropriateness of business execution and granting voting rights to directors who are members of the Board of Auditors, thereby strengthening the supervisory and auditing functions of the Board of Directors and further enhancing corporate governance. To this end, as of 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.

Corporate Governance Structure

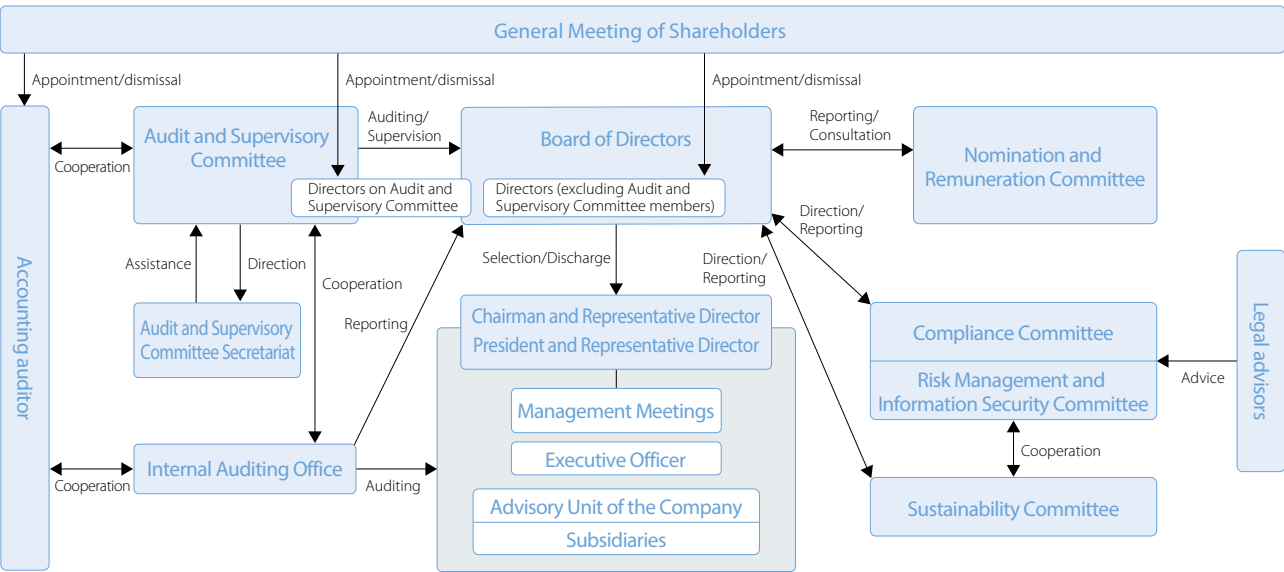
As a company with an Audit and Supervisory Committee, the Audit Committee has three members, two of whom are External Directors. Excluding the Audit Committee, the Board of Directors consists of 10 directors, including 4 External Directors. As well as monthly and other extraordinary meetings of the Board of Directors, management meetings are held weekly, including those with directors who are standing Audit Committee members, and these make decisions on important matters, report on management issues, and exchange information. We have also introduced an executive officer system to speed up management decision-making.

In order to further enhance fairness and transparency in the

selection of directors and in the determination of their compensation, we have established a Nomination and Remuneration Committee chaired by an External Director. This comprises three members, including another External Director and one Director.

The Compliance Committee reviews compliance-related issues in principle monthly, while a legal consultation is held monthly to discuss individual matters with legal advisors. Furthermore, rules and manuals are prepared as necessary to strengthen the Group's internal control system, and workshops and other training sessions are held for employees to raise awareness of the system.

The Risk Management and Information Security Committee



meets in principle monthly (several times a year for risk-related issues and monthly for information security issues) to evaluate anticipated risks to the Group and deliberate on measures to

address them. It puts together Basic Risk Management Guidelines and regularly reviews the content therein.

Evaluation of Board Effectiveness, Diversity of the Overall Board of Directors

From April to June 2023, we conducted an evaluation of the effectiveness of the Board of Directors. The method of evaluation consisted of an anonymous questionnaire 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 the External Directors, and the aggregate results were reported and scrutinized at the June Board of Directors meeting. To summarize, it was determined that overall, the Board of Directors was functioning effectively.

On the other hand, the following issues were raised. (1) There was a lack of diversity within the Board of Directors; (2) There was also insufficient information necessary for management decision-making, and in particular for External Directors with their limited opportunities to provide and exchange information required to deepen their understanding; (3) It was felt that the Board of Directors required

opportunities to update their necessary knowledge and skills. Looking to the future, we will therefore systematically develop human resources with regard to (1) from a long-term perspective. For (2), by expanding the decision-making authority of management meetings, which are composed of standing directors, this will offload some of the agenda items from the Board of Directors meetings, thus allowing sufficient time for deliberation. For (3), we will make improvements in order to provide know-how from outside experts, and conduct study sessions.

We are a holding company supporting different businesses, and so our Board of Directors comprises directors with different expertise and experience. In order to thereby increase diversity, we are working to increase the ratios of External Directors and of female directors. As of June 29, 2023, the ratio of External Directors was 46.2%, and that of female directors was 23.1%.

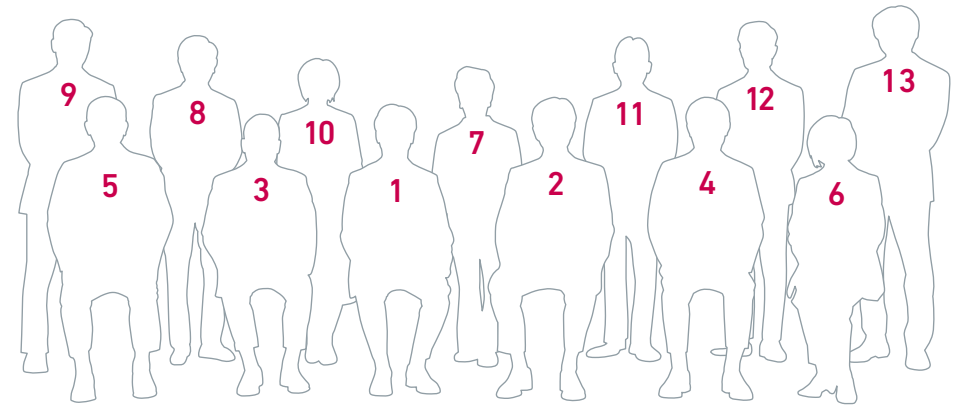
Skills Matrix

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.

For further details on our corporate governance, see the Corporate Governance page on our website.  
<https://ir.aoki-hd.co.jp/en/corporate/governance.html>





Directors

1

Chairman and Representative Director

Akihiro Aoki

Apr. 1994 Joined the Company  
May 2003 Founding of ORIHICA business  
Jun. 2005 Executive Officer  
Apr. 2008 President and Representative Director, ORIHICA Inc.  
Jun. 2009 Managing Director of the Company  
Jun. 2010 President and Representative Director  
Oct. 2018 Chairman and Representative Director, AOKI Inc.  
Jun. 2022 Chairman and Representative Director (present position)

2

President and Representative Director

Haruo Tamura

Apr. 1980 Joined The Bank of Yokohama, Ltd.  
Apr. 2003 Joined ANNIVERSAIRE Inc.  
Oct. 2004 Executive Managing Director  
Jun. 2006 Joined the Company Executive Officer  
In charge of Group finance  
Jun. 2007 Director  
Apr. 2008 Managing Director  
Apr. 2010 In charge of Group management and finance  
Jun. 2010 Executive Vice President  
Dec. 2022 President and Representative Director (present position)

3

Executive Vice President, Executive Officer  
Overseeing Group business strategy and systems

Norio Terui

Feb. 2003 Joined Starbucks Coffee Japan, Ltd.  
Apr. 2008 Vice President and General Manager of Information Systems Division  
Nov. 2015 Joined the Company Executive Officer  
Jun. 2018 Managing Director  
Jun. 2019 In charge of Group information systems  
Jun. 2021 Director, KAIKATSU FRONTIER Inc.  
Jun. 2022 Executive Vice President of the Company (present position)  
Director, RUNSYSTEM CO., LTD. (present position)  
Jan. 2023 In charge of Group human resources and systems  
Jun. 2023 Executive Vice President, Executive Officer  
Overseeing Group business strategy and systems (present position)  
Director, Executive Officer, KAIKATSU FRONTIER Inc. (present position)

4

Director, Senior Managing Executive Officer  
Overseeing Group brands

Masamitsu Aoki

Apr. 1993 Joined the Company  
Jun. 2004 Executive Vice President, ANNIVERSAIRE Inc.  
Mar. 2010 Vice Chairman and Director  
Jun. 2010 Managing Director of the Company  
President and Representative Director, ANNIVERSAIRE HOLDINGS Inc. (present position)  
Jun. 2020 In charge of Group branding  
Jun. 2022 Executive Managing Director  
Jun. 2023 Director, Senior Managing Executive Officer  
Overseeing Group brands (present position)

5

Director, Senior Managing Executive Officer  
Overseeing Group administration and compliance

Keita Nagemoto

Apr. 1985 Joined the Company  
Oct. 2000 General Manager of Anniversaire Villa Yokohama, ANNIVERSAIRE Business Unit  
Apr. 2010 Director, ANNIVERSAIRE Inc.  
Sep. 2016 Executive Officer of the Company  
Jun. 2019 Managing Director  
In charge of Group strategy and General Manager of President's Office  
Jun. 2020 Chairman and Representative Director, ANNIVERSAIRE Inc.  
Jun. 2022 Executive Managing Director of the Company  
Nov. 2022 In charge of Group strategy and compliance  
Jun. 2023 Director, Senior Managing Executive Officer  
Overseeing Group administration and compliance (present position)

6

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, Human Resources Division  
Mar. 2011 Seconded to Berlitz Japan, Inc. General Manager, Service Development Office  
Apr. 2013 Joined Samantha Thavasa Japan Limited General Manager, Human Resources Planning Department  
Jun. 2016 Executive Officer of the Company  
May 2019 Joined The Global Ltd. General Manager, Human Resources Department  
Sep. 2022 Joined the Company Executive Officer  
In charge of Group human resources  
Jun. 2023 Director, Executive Officer  
Overseeing Group human resources (present position)

7

External Director

Yoko Ohara

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

8

External Director

Mitsuo Takahashi

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

9

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  
Apr. 2010 Managing Executive Officer, Representative in China  
Jun. 2015 Director and Managing Executive Officer  
Apr. 2018 Director and Senior Managing Executive Officer  
Jun. 2020 Advisor  
Jun. 2022 Director of the Company (present position)  
Mar. 2023 Baroque Japan Ltd., Manager of SCM Reform Task Force  
May 2023 Executive Director and Deputy Chief (present position)

10

External Director

Sonoko Sugano

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

11

Directors

Mitsuji Minemura

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

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External Director

Yosuke Uehira

Nov. 2008 Passed the certified public accountant examination  
Dec. 2008 Joined PricewaterhouseCoopers Arata (now PricewaterhouseCoopers Arata LLC)  
Sep. 2012 Registered as 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 (present position)

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External Director

Satoru Kanai

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

Directors and Audit and Supervisory Committee Members



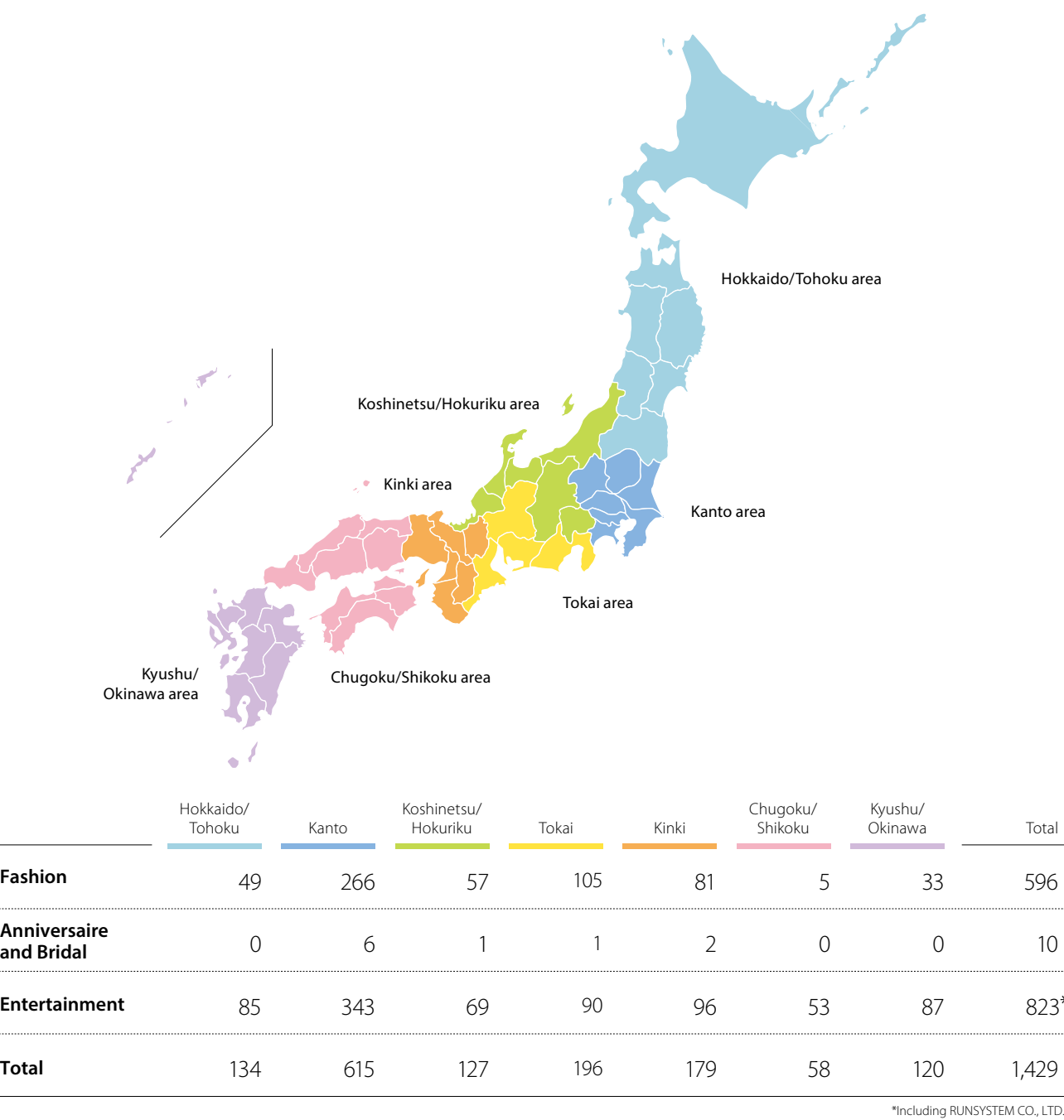
Corporate Overview (As of March 31, 2023)

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	2,967 (6,075) (consolidated) <small>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.</small>

Officers (As of June 29, 2023)

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

Number of Stores / Locations by Area (As of March 31, 2023)



Stock Information (As of March 31, 2023)

Shares

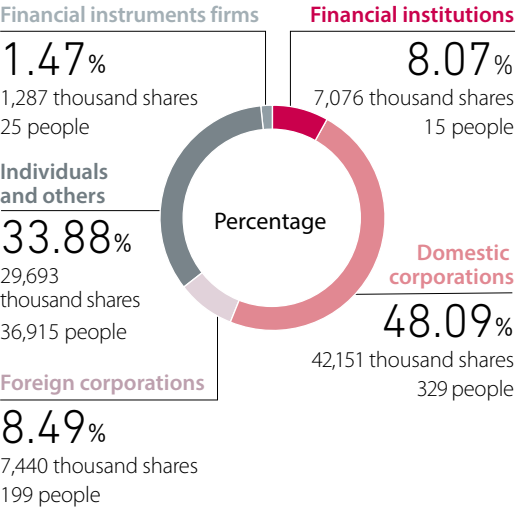
Total number of authorized shares	133,679,900
Total number of outstanding shares (Including 2,746,866 treasury shares)	87,649,504
Number of shareholders	37,483

Major shareholders (top 10)

Shareholder name	Number of shares (thousands)	Percentage (%)
ANNIVERSAIRE HOLDINGS INC.	33,415	39.35
The Master Trust Bank of Japan, Ltd. (trust account)	4,816	5.67
TREIDEALI INC.	4,300	5.06
Akihiro Aoki	2,573	3.03
Masamitsu Aoki	2,554	3.00
AOKI Holdings Employee Stock Ownership Associations	2,023	2.38
Takahisa Aoki	1,846	2.17
Hironori Aoki	1,843	2.17
AOKI Holdings Insurance Federation of Agricultural Cooperatives	1,800	2.12
Custody Bank of Japan, Ltd. (trust account)	1,513	1.78

- Holdings percentages are calculated excluding treasury shares.
- 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.

Share distribution by type of shareholders



Inquiries

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<https://www.aoki-hd.co.jp/en/>

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