



AOKI Holdings Inc.

Head office 6-56 Kuzugaya, Tsuzuki-ku, Yokohama 224-8588 Japan

TEL : +81-45-941-1888

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

AOKI Holdings

Integrated Report 2019

INDEX



Profile

- 02 AOKI Group Philosophy 07 Value Creation Model
- 03 Our Journey of Value Creation 09 Financial/Non-financial Highlights
- 05 Group Overview 11 Directors/Auditors

Growth Strategy

- 13 Message from the President
- 15 Special Feature: Creating New Joy for Customers

Business Overview

- 19 Highlights
- 21 Fashion Business
- 23 Anniversaire and Bridal Business
- 25 Entertainment Business

ESG

- 27 General Comments 31 Governance
- 28 Environment 33 Corporate Information
- 29 Social

Editorial Policy

The Integrated Report 2019 covers four companies, namely AOKI Holdings Inc. and its three subsidiaries. This report provides business results and financial information and includes the Group's approach to solving 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 understand the AOKI Group.

Positioning of Integrated Report 2019

Financial Information		Non-financial Information	
IR Website	Integrated Report 2019	CSR Website	
Securities Report/Quarterly Report		Corporate Governance Report	
Summary of Financial Results			
Business Report			

AOKI Group Philosophy

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.

Business Concept

Enriching people's lives

Creating beauty in life



The starting point is the desire from our founding to make it possible for businessmen 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.

Group Logo



The Group logo employs the infinity symbol to represent our pursuit of "Business Integrity", "Social Responsibility", and "Community Service", which are the three pillars of the AOKI Group philosophy, and express the possibilities that lie before us.

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 more than 60 years that have passed, the times have changed, and values and lifestyles have grown more diverse. In the midst of this, we strive to create happiness for people by creating new businesses.

1958

1958
AOKI Holdings is founded

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



1980
Full-scale operations are established in the Tokyo metropolitan area
Ebina 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

1993
Products using materials jointly developed with major textile manufacturers are rolled out



1996
Wool recycling system is developed

Net sales

¥800,000

1958~

Creating manufacturing and retail model, and rolling out 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.

Material wealth

Rapid economic growth

Spiritual happiness

Bubble economy

1998

1998
Karaoke Facility Operations Business is launched
First COTE D'AZUR store is opened



1998
Anniversaire and Bridal Business is launched
ANNIVERSAIRE OMOTESANDO is opened



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

2003
First KAIKATSU CLUB store is opened in Café Complex Operations Business



2003
Joint industry-academia R&D is started with Shinshu University

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



1998~

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

AOKI Holdings began promoting business diversification in the latter half of the 1990s when people's interests shifted from the tangible to the intangible. The company set up operations in new domains, including the bridal and entertainment businesses.

2008

2008
AOKI transitions to a pure holding company structure

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



2013
Group reaches a total of 1,000 stores

2014
Flagship ANNIVERSAIRE MINATO MIRAI YOKOHAMA location is opened



2018
Construction of new head office is completed



2019
Aoki Tokyo urban format is launched exclusively for custom-order suits



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 change, we are pursuing enhanced mobility and greater efficiency in order to provide valuable products and services.

Progression of birthrate decline and aging of population

¥54.1 billion

Entertainment Business

¥25.4 billion

Anniversaire and Bridal Business

¥114.4 billion

Fashion Business

Our fields encompass a variety of occasions in people's lives.

Giving your best at work every day, giving an important presentation, enjoying karaoke with family or friends, relaxing at an Internet café, going out on a date with that special someone, throwing the happiest of weddings... The AOKI Group is engaged in a wide range of businesses, from fashion and bridal to entertainment, ensuring that these various occasions of people's lives shine brightly and overflow with joy.

Fashion Business

Giving customers the pleasure of dressing well

Making our customers' lives bright and full of joy through fashion... Guided by this passion, AOKI creates and develops products that encompass a broad range of preferences and needs with an emphasis on high-quality manufacturing. We offer customers fashion that embodies fun and value for any situation.



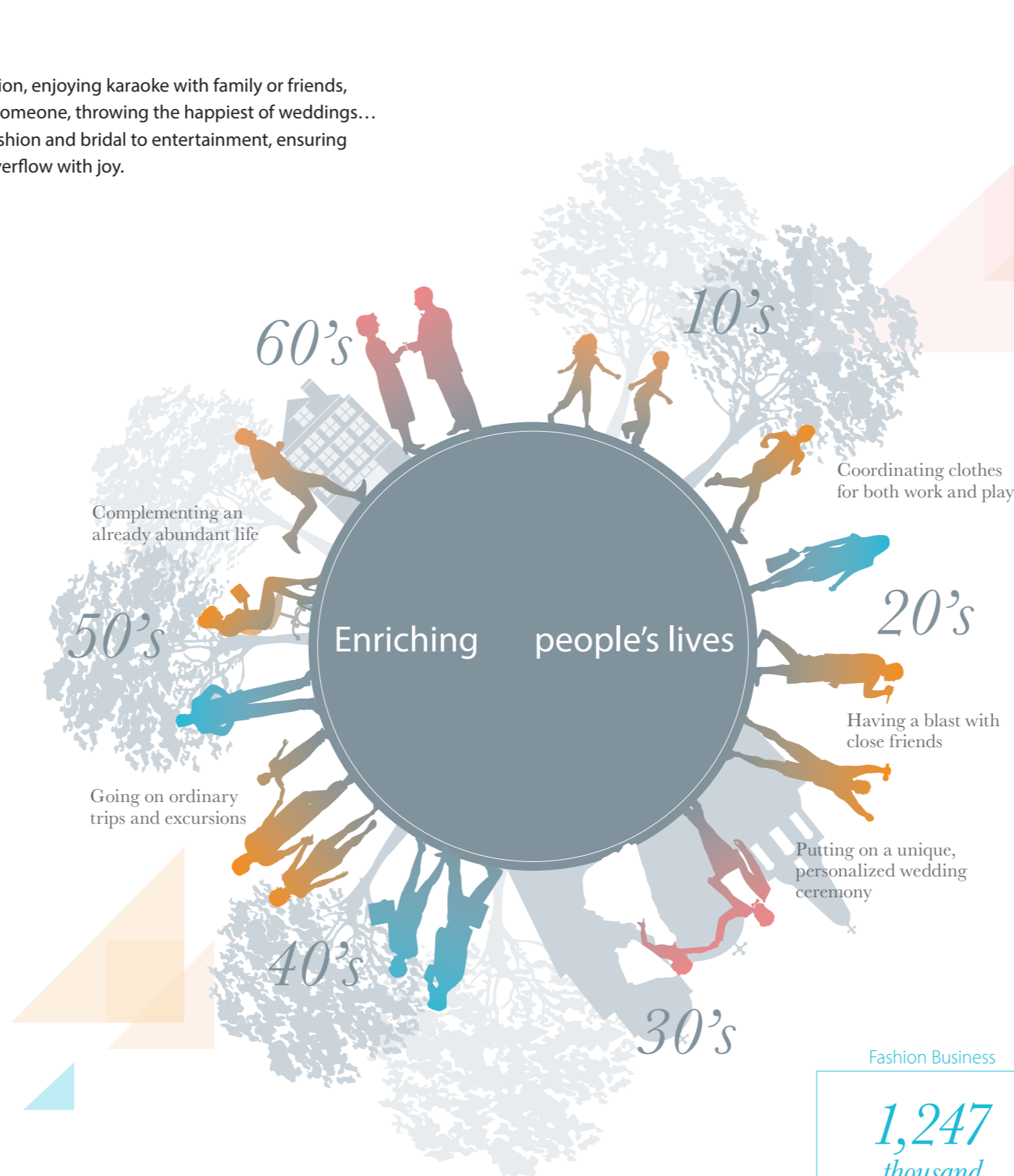
Anniversaire and Bridal Business

Choreographing special events where customers are in the spotlight.

An unforgettable day for a bride and groom, a memorable anniversary celebration for a family member, a birthday party for a friend, and many other special occasions... We are a partner in creating the happiest of weddings as well as celebrations for special occasions of all kinds.



ANNIVERSAIRE



Entertainment Business

Providing fun in both work and play

Special places that can make our customers' lives more enjoyable and fulfilling... We provide customers with quality time and space at affordable prices through our KAIKATSU CLUB café complexes, COTE D'AZUR karaoke facilities, and FiT24 fitness facilities.

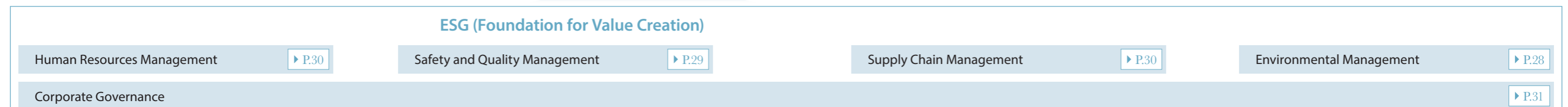
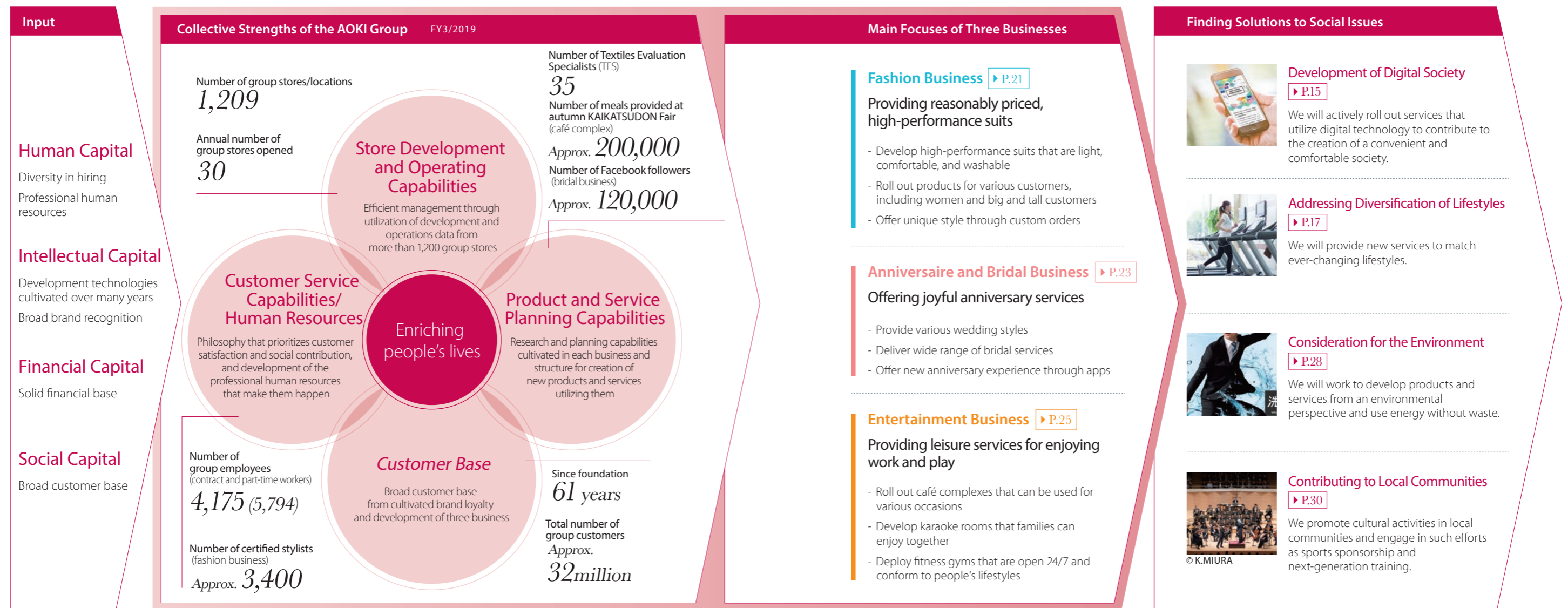


<p>1,209 Number of group stores/ locations</p>	<p>4,175 (5,794) Number of group employees</p> <p><small>The number in parenthesis indicates the number of contract and part-time workers (yearly average), calculated based on an eight-hour workday for each employee.</small></p>
<p>1,247 thousand Number of units sold</p>	<p>5,708 Number of couples married per year</p>
<p>36.96 million Annual number of visiting customers</p>	<p>(FY3/2019)</p>

Creating innovation to address social issues based on the concept of enriching people's lives.

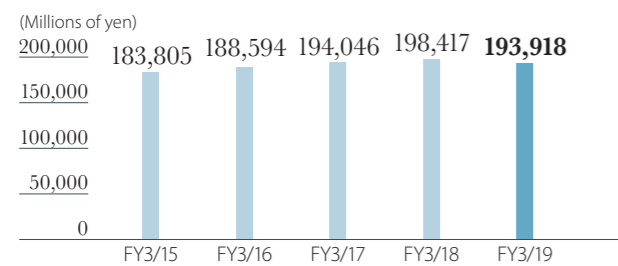
The AOKI Group is engaged in the three businesses of fashion, bridal, and entertainment leveraging our four strengths.

We continue to contribute to resolving social issues by creating new products and services, working on quality, environment, human resources development, supply chain management, and other areas as the foundation of our business activities.

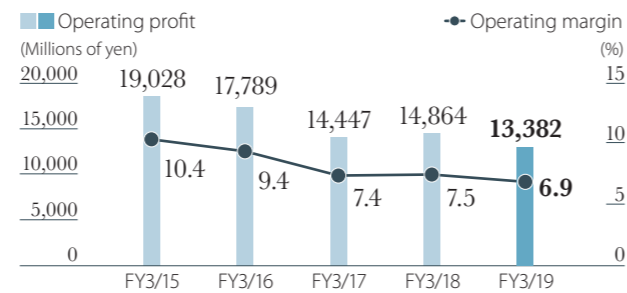


Financial

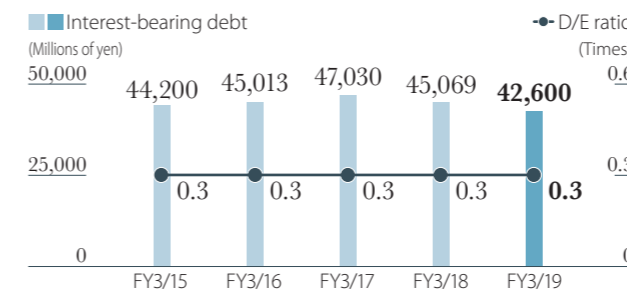
Net sales



Operating profit and operating margin

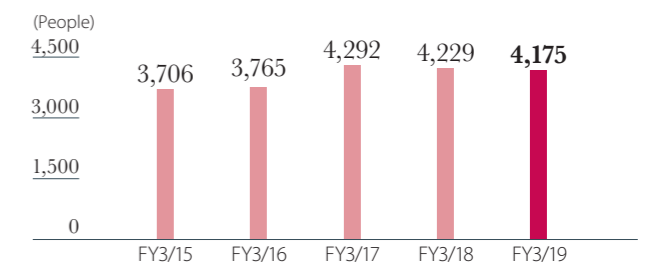


Interest-bearing debt and debt-to-equity ratio (D/E ratio)

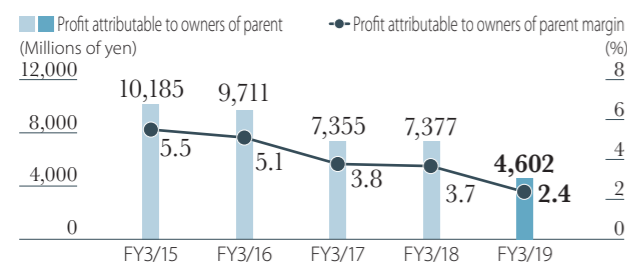


Non-financial

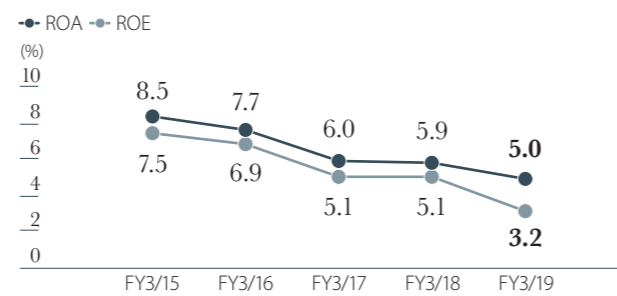
Number of full-time employees



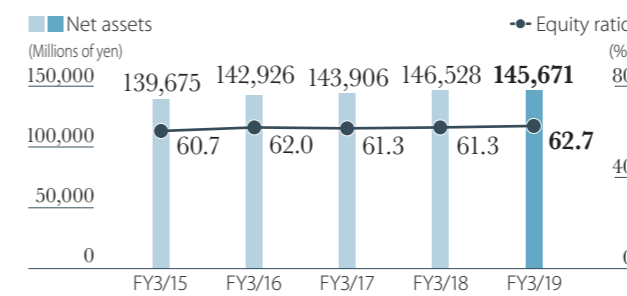
Profit attributable to owners of parent and profit attributable to owners of parent margin



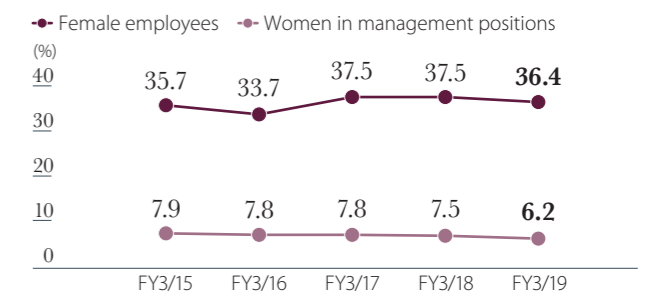
Return on assets (ROA) / Return on equity (ROE)



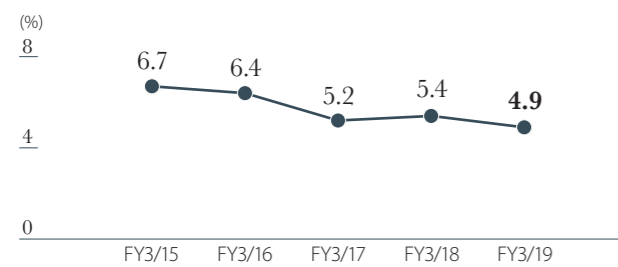
Net assets and Equity ratio



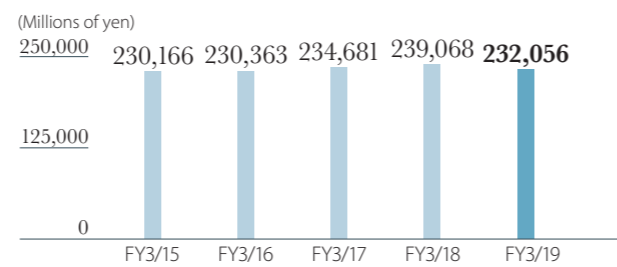
Female employees and women in management positions



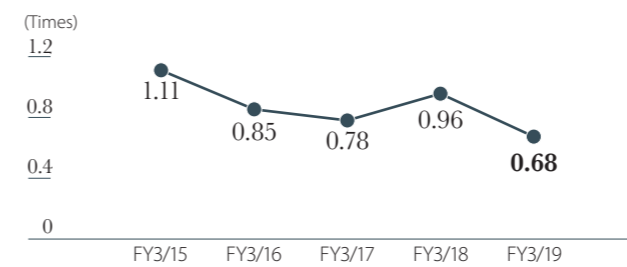
Return on invested capital (ROIC)



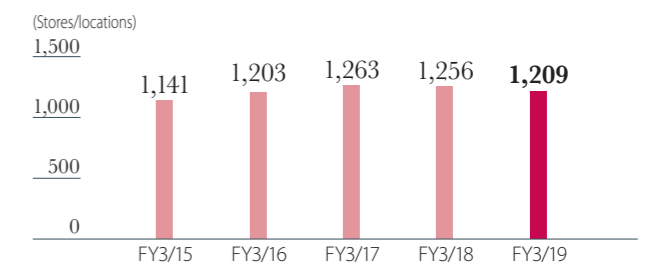
Total assets



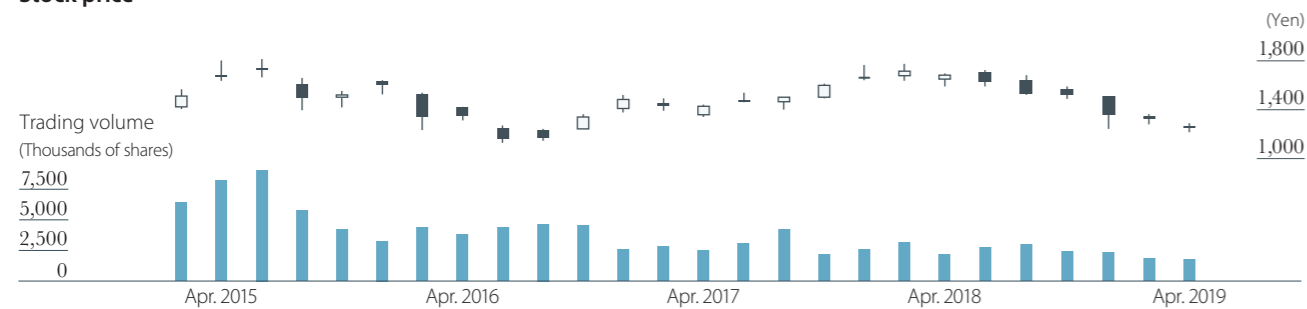
Price book-value ratio (PBR)



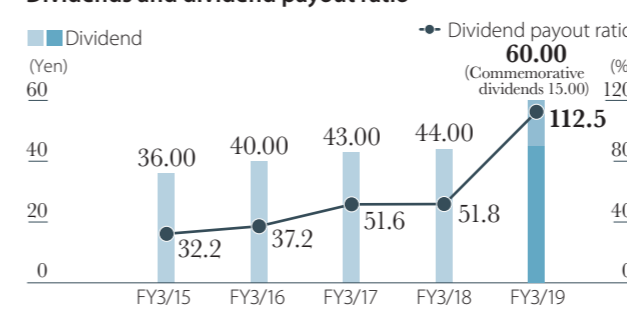
Number of stores/locations



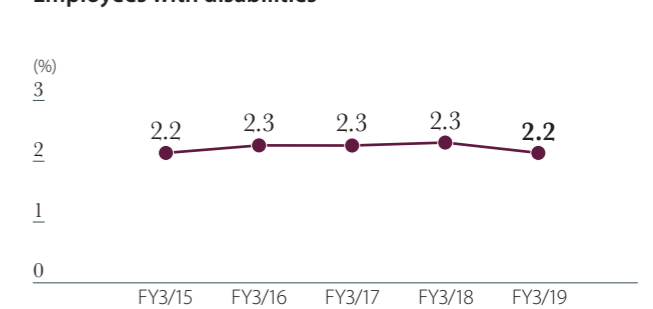
Stock price

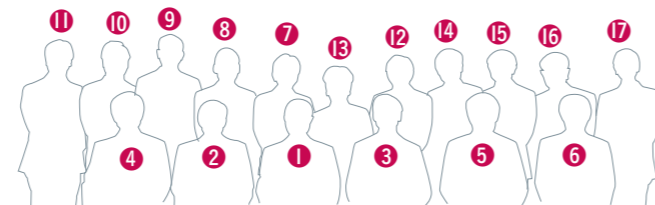


Dividends and dividend payout ratio



Employees with disabilities





Directors

1 Chairman and Representative Director

Hironori Aoki

Aug. 1976 Established the Company President and Representative Director
June 2010 Chairman and Representative Director (present position)

2 Vice Chairman and Representative Director

Takahisa Aoki

Aug. 1976 Established the Company Managing Director
June 1981 Executive Vice President
June 2010 Vice Chairman and Representative Director (present position)

3 President and Representative Director

Akihiro Aoki

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

4 Executive Vice President
In charge of group management and finance

Haruo Tamura

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

5 Executive Vice President
In charge of group store development

Akira Shimizu

Apr. 1977 Joined the Company
June 1990 Director
June 2003 Executive Managing Director
Apr. 2008 Director President and Representative Director, AOKI Inc.
Jan. 2014 Managing Director of the Company
June 2017 Executive Vice President (present position)
In charge of group store development (present position)
Jan. 2018 Director, KAIKATSU FRONTIER Inc. (formerly VALIC) (present position)

6 Managing Director
Chairman, ANNIVERSAIRE Inc.

Masamitsu Aoki

Apr. 1993 Joined the Company
June 2004 Executive Vice President, ANNIVERSAIRE Inc.
Mar. 2010 Vice Chairman and Director
June 2010 Managing Director of the Company (present position)
President and Representative Director, ANNIVERSAIRE HOLDINGS Inc. (present position)

7 Managing Director
In charge of group human resources and General Manager of General Affairs Dept.

Wataru Araki

Mar. 1979 Joined TORII (now AOKI Holdings Inc.)
June 2007 Executive Officer
Apr. 2008 Managing Director, AOKI Inc.
Oct. 2010 Executive Managing Director, AOKI Inc.
June 2015 Managing Director of the Company (present position)
Apr. 2016 Executive Vice President, AOKI Inc.
Feb. 2018 In charge of group human resources
June 2019 In charge of group human resources and General Manager of General Affairs Dept. (present position)

8 Managing Director
In charge of group information systems

Norio Terui

Apr. 1980 Joined Skylark Co., Ltd.
May 1996 Joined McDonald's Company (Japan), Ltd.
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
June 2018 Managing Director (present position)
June 2019 In charge of group information systems (present position)

9 Managing Director
In charge of group strategy and General Manager of President's Office

Keita Nagemoto

Apr. 1985 Joined the Company
May 1995 General Manager of President's Office
Oct. 2000 General Manager of Anniversaire Villa Yokohama, ANNIVERSAIRE Business Unit
Oct. 2010 Director, ANNIVERSAIRE Inc.
Sept. 2016 Executive Officer of the Company
June 2019 Managing Director (present position)
In charge of group strategy and General Manager of President's Office (present position)

10 Managing Director
In charge of group cost management

Terumitsu Noguchi

Apr. 1985 Joined the Company
Aug. 1993 General Manager of Product Strategy and Planning Office
June 2003 Executive Officer
June 2006 In charge of group products
Apr. 2008 Managing Director
June 2015 In charge of group product strategy
June 2018 Managing Executive Officer In charge group cost management (present position)
June 2019 Managing Director (present position)

11 Managing Director
In charge of group improvement activities

Hidekazu Azuma

Mar. 1988 Joined TORII (now AOKI Holdings Inc.)
Apr. 2008 Executive Officer, AOKI Inc.
June 2012 Executive Managing Director
Apr. 2016 Manager of Management Strategy and Planning Office
Nov. 2018 Executive Officer, KAIKATSU FRONTIER Inc. (formerly VALIC)
Apr. 2019 Executive Vice President (present position)
June 2019 Managing Director of the Company (present position)
In charge of group improvement activities (present position)

12 External Director

Minoru Inagaki

June 1979 Joined PricewaterhouseCoopers (PwC)
Aug. 1982 Registered as certified public accountant
Feb. 1986 Auditor of the Company
Oct. 1987 Standing Auditor
June 2014 Director (present position)

13 External Director

Yoko Ohara

Apr. 1962 Joined Asahi Chemical Industry Co., Ltd. (now Asahi Kasei Corporation)
Mar. 1999 President of the Institute for the Fashion Industries
May 2008 Director, Ryohin Keikaku Co., Ltd.
July 2013 Representative Director, Women's Empowerment in Fashion
June 2015 Director of the Company (present position)

Auditor

14 Standing Auditor

Masaya Enomoto

Apr. 1983 Joined The Bank of Yokohama, Ltd.
Jan. 2001 Senior Vice Branch Manager, Yokosuka Branch (General Manager of Yokosuka Area Corporate Dept.)
Apr. 2011 Joined the Company General Manager of General Affairs Dept.
May 2015 Executive Officer
June 2018 Standing Auditor (present position)

15 Auditor

Kenji Nakamura

Aug. 1976 Joined the Company General Manager of Sales Dept.
July 1980 Director
Nov. 1982 Managing Director
Aug. 1985 General Manager of Administrative Div.
June 1996 Executive Managing Director
May 2003 In charge of group management
June 2010 Executive Vice President
July 2010 In charge of group management planning
June 2015 Auditor (present position)

16 External Auditor

Kazumasa Watanabe

Dec. 1980 President and Representative Director, Watanabe Syoji Inc.
Feb. 1991 Auditor of the Company (present position)
Aug. 2013 Chairman and Representative Director, Watanabe Syoji Inc. (present position)

17 External Auditor

Toshio Hotchi

Apr. 1974 Joined Tokyo Regional Taxation Bureau
Sept. 1982 Joined PricewaterhouseCoopers (PwC)
Feb. 1983 Registered as certified public accountant
June 2011 Advisor, PricewaterhouseCoopers (PwC)
June 2013 Opened accounting and tax office (present position)
June 2015 Auditor of the Company (present position)

Message from the President

Working to reinforce the business foundation through innovation and streamlining.

Akihiro Aoki

President and Representative Director, AOKI Holdings Inc.



Pursuing further innovation by enhancing our four strengths

The AOKI Group has four strengths that have been cultivated since our founding. The first of these is planning and development of products and services. For more than 60 years, we have worked on planning and developing products in the business fashion field that reflect the wants and needs of our customers, accumulating an abundance of knowledge, information, technology, and know-how along the way. We have also produced many results in our development of new services, including the establishment of new sales methods. Moreover, we have rolled out the know-how

that we have cultivated in the Fashion Business to the Bridal and Entertainment businesses as well and have developed new products and services in each field.

Our second strength is customer service and human resources. Customer service plays an important role in actually providing to customers the products and services that are our first strength. We have established a comprehensive education system to develop professional human resources that pursue customer satisfaction, operating income, and social contribution. By giving them experience with the diverse businesses of fashion, bridal, and entertainment, we develop human resources that have a multifaceted way of looking at things and are capable of thinking outside the box.

Our third strength is store development and operations. The AOKI Group has a combined total of more than 1,200 stores across Japan. Effective utilization of our chain store know-how related to new store development and operational data in each business allows us to achieve efficient store operations, including format changes within the Group.

Our fourth strength is our broad customer base. We enjoy solid brand loyalty cultivated over our more than 60-year history and have a wide range of customers acquired through our three different businesses. Currently, we are developing a customer integration program to more effectively utilize our customer base. We will switch to a Group-wide system of integrated management of customer data that had heretofore been managed separately according to business format. Additionally, by rolling out promotions that include Group-wide membership perks, we will establish an environment that allows the customers from each business format to take fuller advantage of the services of the AOKI Group.

By reinforcing these four strengths, the AOKI Group will pursue further innovation in the chain store business and create new value for the times.

Focusing on reinforcement of the business foundation

In the fiscal year ended March 31, 2019, the Japanese economy showed a gentle recovery against a backdrop of improvements in corporate earnings and the employment situation, but the global environment decelerated due primarily to the impact of trade friction between the United States and China that continued through the end of the fiscal year. Consumers have also been spending less due to rising prices and sluggish growth in real income, so uncertainty over the economic future persists.

In the midst of such circumstances, the AOKI Group opened 30 new stores in the Fashion and Entertainment businesses but closed 77, including some that were relocated or changed to a different format for better operational efficiency. Moreover, we implemented various measures in each business to address the

changing times and diversification of customer needs and actively worked to revitalize existing stores. The Café Complex Operations Business performed well as a result. Nevertheless, net sales dropped to ¥193,918 million (down 2.3% year on year), operating profit to ¥13,382 million (down 10.0%), and ordinary profit to ¥11,890 million (down 15.1%) due to a decrease in the number of stores, business style changes and weather factors in the Fashion Business, and a decrease in the number of weddings in the Anniversaire and Bridal Business.

The future remains uncertain due to the consumption tax hike, situations overseas, economic trends, exchange rate fluctuations, and other factors. As such, in the year ending March 31, 2020, the AOKI Group will implement bold measures to address the changing times and promote thorough streamlining while actively working on reorganizing existing stores to reinforce the business foundation.

In the Fashion Business, AOKI will develop products to meet changing consumer needs, enhance our lineup of ladies' products, strengthen sales of custom-order suits, and focus on revitalizing existing stores. Meanwhile, we aim to improve the efficiency of operations by closing unprofitable stores and actively reviewing store development, including relocation and format changes. ORIHICA will continue to improve product appeal and promote improved profitability by advancing the efficiency of store operations. In the Fashion Business, we plan to open nine new stores, including relocations and format changes.

In the Anniversaire and Bridal Business, we will work on increasing customer attraction and further improving operational efficiency.

As of October 1, 2019, VALIC, which develops café complexes and karaoke rooms, was renamed KAIKATSU FRONTIER Inc. Furthermore, in light of such things as the diversification of the Café Complex Operations Business, we merged it and the Karaoke Facility Operations Business into the Entertainment Business. Going forward, we will perform renovations and format changes in anticipation of future demand and actively open new locations while focusing on operations that are in line with customer needs. We plan to open 130 locations.

Thank you for your continued support and patronage.

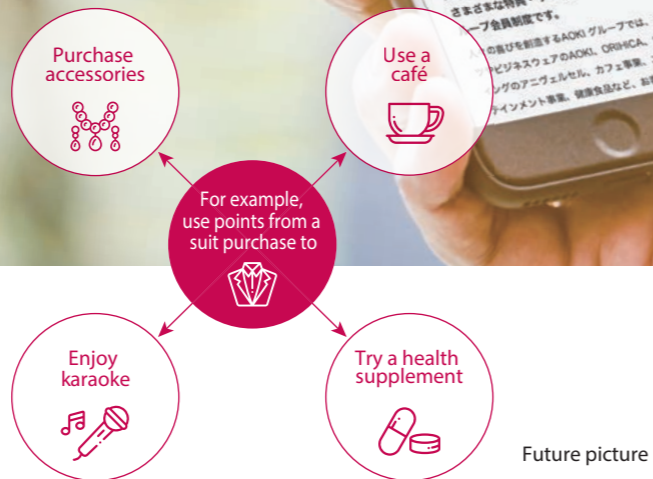
Providing a digital experience tailored to the lifestyle of each individual

The AOKI Group has built its business on listening to customer feedback, which changes with the times. We provide comfortable and convenient services that utilize digital technology, including apps.

Group

AOKI GROUP AMBASSADORS Providing a new experience through group coordination

AOKI GROUP AMBASSADORS is a new integrated service launched by AOKI Holdings. By building and analyzing an integrated customer database for centralized management of information on more than 32 million customers of group companies, we will provide each customer with the information they want at the desired time and through the desired channel. We will provide a superior customer experience, which includes combining the points from each group company and allowing them to be used as group points.



Comment from person in charge

We aim to engage in life stage-based marketing!

This effort is unique to the AOKI Group, which develops services for a variety of situations in our customers' lives. The plan was put forward in April 2017 to realize life stage-based marketing for stages such as birth, starting school, graduating, becoming an adult, finding employment, getting married, and reaching middle age. We will provide customers with even greater convenience and services and information according to their needs.

Mie Ito, Digital and CRM Promotion Office, AOKI Holdings Inc.



Approx. **32 million**
Total number of group customers



Bridal

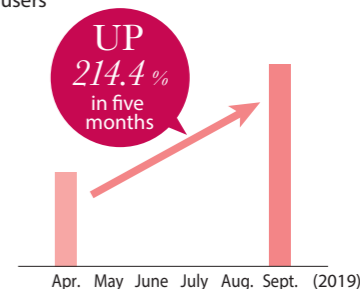


omotte

Creating an anniversary experience tailored to the needs of individual customers

Anniversaire released an app called "omotte" for members that provides information matched to the member's situation, whether it be wedding preparations or post-ceremony needs. Future content will include an anniversary calendar that counts down to an anniversary and a magazine that provides information on wedding ceremonies and insights for married life. Up until now, communication had been by website or e-mail magazine, but the "omotte" app allows a more personalized anniversary experience to enhance customer engagement.

Trend in app installations and logged-in users



Comment from person in charge

The concept is an app that makes you want to plan an amazing anniversary.

"Omotte" was born out of a desire to provide assistance to customers who are thinking about a wonderful anniversary with a special someone wondering how they'll spend it together or how to communicate their feelings. Through this app, we'll help each customer put together various special anniversaries for their life events.

Mai Shiraishi, Anniversary Business Promotion Office, ANNIVERSAIRE Inc.



Providing worthwhile opportunities to enjoy both work and play

In recent years, many people have been looking for ways to better spend their time. KAIKATSU FRONTIER provides comfortable and refreshing spaces to meet that demand.

Entertainment



Have fun with karaoke



Enjoy a space for alone time



Enjoy the free breakfast



A quiet place for business talks

Break a sweat to relieve stress



As a private study room where you can concentrate

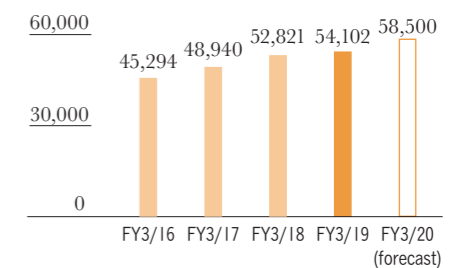
Desire behind the name change

Continually developing new formats with a frontier spirit

KAIKATSU FRONTIER was formerly known as VALIC, and has more than 500 KAIKATSU CLUB and COTE D'AZUR locations around Japan. After thorough consideration of how to address ever-changing customer needs from the customer's standpoint, the name was changed to express the desire and principle of continually developing new stores and new formats with a frontier spirit in order to create more valuable services. We will develop valuable services under this new name.

Net sales

(Millions of yen)



KAIKATSU FRONTIER philosophy and business

Making it our mission to give our customers with a worthwhile time

The mission of KAIKATSU FRONTIER is to be a worthwhile place for customers to enjoy both work and play. The plan-do-check-act cycle for making that a reality has been incorporated into our logo. KAIKATSU FRONTIER provides comfortable and refreshing spaces and time in the form of café complexes, karaoke facilities, and fitness gyms so that people can cultivate their hidden potential through various worthwhile activities.



Plans for the future

The previously separate businesses have been merged into the Entertainment Business in anticipation of future evolution.

COTE D'AZUR and KAIKATSU CLUB were formerly operated as part of the Karaoke Facility Operations Business and the Café Complex Operations Business, respectively. However, in April 2019, they were merged into the Entertainment Business, which covers karaoke, café complexes, and fitness gyms, in order to realize the desire to continually develop new stores and new formats as represented in the name change. We will continue developing new services and formats based on feedback from our customers.

Shingo Tani, President and Representative Director, KAIKATSU FRONTIER Inc.



Sales and profits were down due primarily to the impact of changes in the business environment despite strong performance by café complexes in the Entertainment Business. We will promote closing of or format changes at unprofitable locations to strengthen the business foundation.

Sales Revenue by Segment

Entertainment Business

27.9%

Net sales ¥54.1 billion
Operating profit ¥3.1 billion

Anniversaire and Bridal Business

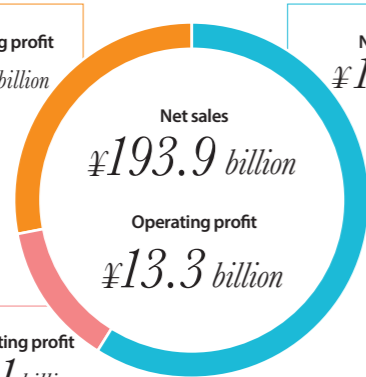
13.1%

Net sales ¥25.4 billion
Operating profit ¥2.1 billion

Fashion Business

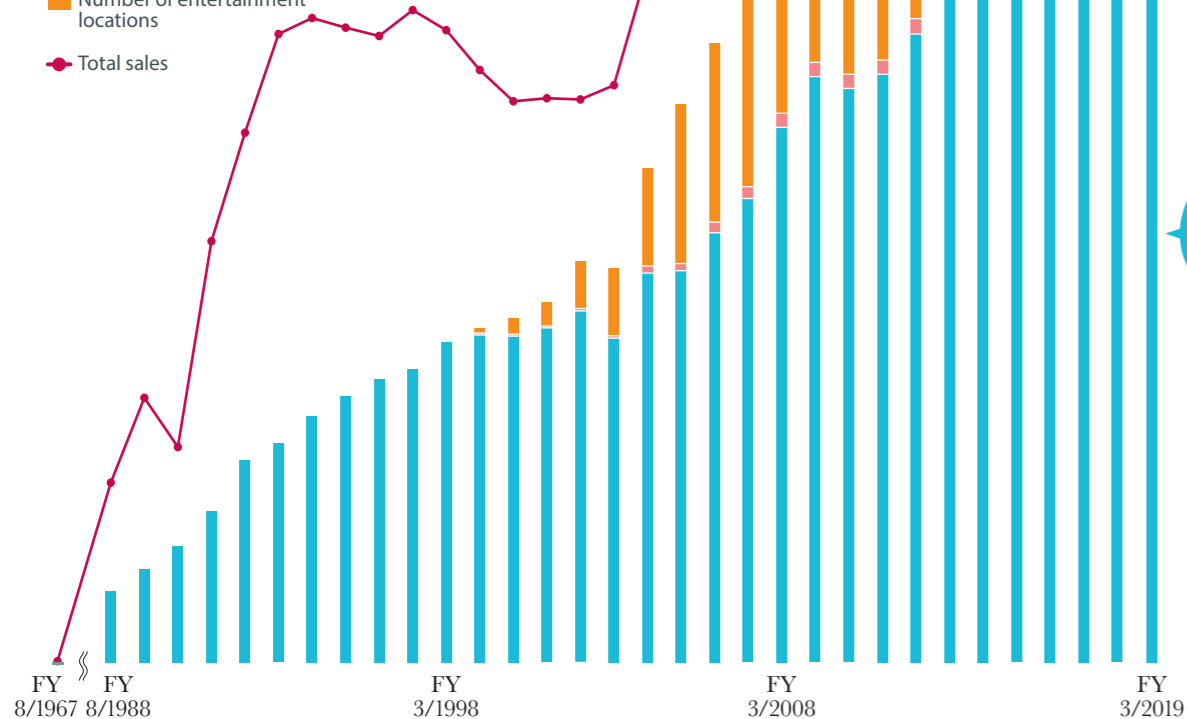
59.0%

Net sales ¥114.4 billion
Operating profit ¥7.2 billion



Net Sales and Number of Stores/Locations

- Number of fashion stores
- Number of Anniversaire and bridal locations
- Number of entertainment locations
- Total sales



Entertainment 499 locations

Anniversaire and Bridal 13 locations

Fashion 697 stores

Fashion Business



Risks and Opportunities

- New demand associated with women advancing in society
- Declining demand for suits due to diversification of business styles
- Diversification of individual customer needs
- Necessity of developing comfortable store environment adapted to the Internet age

Measures and Policies

- Expansion of product lineup for women, including Hatarakufuku for women in their twenties and thirties and AOKI Women's Style for women in their forties and fifties in addition to clothing for new graduates and other new company recruits.
- New business style (high-performance setup suits) proposals
- Enhancement of custom-order suits and launch of Aoki Tokyo urban format specialty store
- Elimination of paper, introduction of IT system for reducing time required for checking out, and strengthening of e-commerce

Anniversaire and Bridal Business



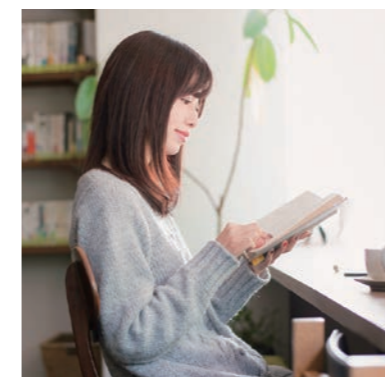
Risks and Opportunities

- Diversification of wedding styles, including small weddings, courthouse marriages, and low-priced wedding ceremonies
- Shrinking wedding market due to lower birthrate and later marriages
- Aging of existing facilities

Measures and Policies

- Develop anniversary business unique to Anniversaire, including promotions, jewelry, and proposal services with a clear Anniversaire concept
- Improve brand website, taking advantage of the features and strengths of each location to increase orders
- Renovate facilities, including interiors and decorations, anticipating overseas trends

Entertainment Business



Risks and Opportunities

- New consumer demand associated with diversification of lifestyles
- Demonstration of strengths as competition intensifies
- Necessity of securing personnel to establish profitability

Measures and Policies

- Change name from VALIC to KAIKATSU FRONTIER to improve branding
- Develop new content and services according to the times and consumer needs
- Roll out new FIT24 self-service fitness gyms attached to KAIKATSU CLUB locations
- Promote efficient operation of locations and operational reform and utilize group human resources

Fashion Business

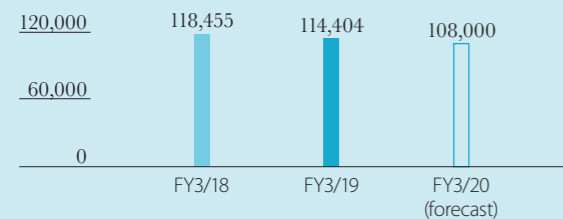
Rebuilding revenue base by revitalizing existing stores

Performance and Main Initiatives

FY3/19 Results and FY3/20 Forecast

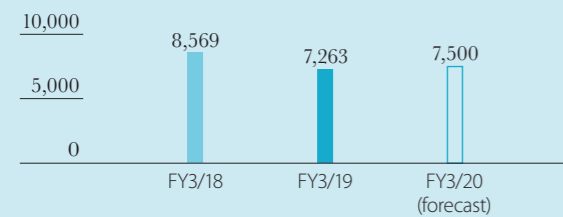
Net sales

(Millions of yen)



Operating profit

(Millions of yen)



Initiatives in fiscal year ended March 31, 2019

AOKI placed particular focus on proposing custom-order suits and AOKI Women's Style apparel for women in their 40's and 50's. Seven stores were opened, including two of the urban format exclusively for custom-order suits. ORIHICA continued to enhance proposals business/business casual and formal items, held various fairs, and opened two new stores. However, performance of existing stores was sluggish due primarily to the impact of changes in business style. As a result, sales came in at ¥114,404 million (down 3.4% year on year) and operating profit came in at ¥7,263 million (down 15.2%).

Forecast for year ending March 31, 2020

The AOKI brand will develop products to address changing needs, enhance its lineup of ladies' products, and strengthen sales of custom-order suits. While focusing on revitalizing existing stores, We aim to improve the efficiency of operations by reviewing store development, including relocation and format changes. The ORIHICA brand will promote improved profitability by improving the efficiency of business at stores. Together, AOKI and ORIHICA will open a total of nine new stores.

Brand Characteristics: 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 stores 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 opening stores in city centers and near train stations, including shopping centers and malls, other buildings, and shopping streets. We have also opened specialty stores for larger sizes both as stand-alone stores and within some AOKI stores.



Merchandise

A large selection of products that encompass broad spectrum of customer needs

AOKI creates various products—from machine-washable suits to suits made with Japan's top technologies and business casual style apparel—using a vertical merchandising system that extends from the conception of products to their sale.

Brand Characteristics: 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. Their customer service experience is shared company-wide with employees at each store.



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. Lead by a British creative director, the brand has earned the loyalty of fashion-conscious customers.

Topics



New Aoki Tokyo stores exclusively for custom-order suits

As part of the business strategy for custom-order suits, the urban format Aoki Tokyo was launched, and stores were opened at Ginza 6-chome and Ikebukuro Higashi-guchi areas, in March 2019. In addition to suits that are based on the customer's surveyed preferences, the stores offer suits with a better fit than a standard one by having a fitting specialist take measurements in more than 20 places and make detailed adjustments for body type.



Launched sales of Tokyo 2020 official licensed products.

AOKI is focused on activities to promote sports based on our desire to contribute to society in non-commercial ways as part of our community service. In October 2018, we became an official supporter (business and formal wear) of the Olympic and Paralympic Games Tokyo 2020. In the summer of 2019, we launched sales of Tokyo 2020 official licensed products suits and blazers for Tokyo 2020 to enhance the momentum of the Games.

Anniversaire and Bridal Business

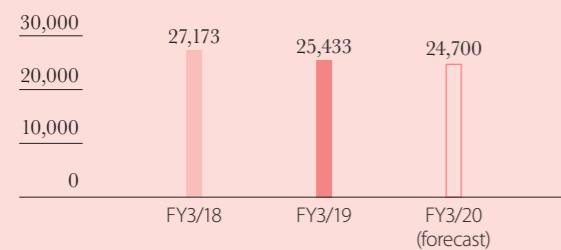
Rebuilding revenue base for stable growth

Performance and Main Initiatives

FY3/19 Results and FY3/20 Forecast

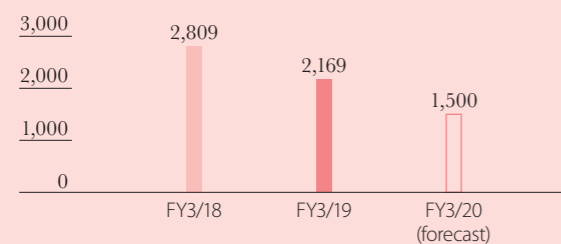
Net sales

(Millions of yen)



Operating profit

(Millions of yen)



Initiatives in fiscal year ended March 31, 2019

We worked on attracting more customers by running ANNIVERSAIRE sales promotions, redesigning the website, and strengthening our social media presence while enhancing products and services for anniversaries such as jewelry and proposal planning. However, the number of celebrating couples decreased due primarily to the impact of the market environment. As a result, sales came in at ¥25,433 million (down 6.4% year on year) and operating profit came in at ¥2,169 million (down 22.7%).

Forecast for year ending March 31, 2020

The number of couples is expected to decrease due to the market environment and the closing of one location last year, but we will continue implementing sales measures to attract more customers. We will also renovate and repair facilities, taking advantage of the characteristics and strengths of each location, and redesign the websites of each location to match the brand website in order to increase orders.

Characteristics of Bridal Business



Wedding halls

A nationwide network of wedding halls that have 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. There are 13 facilities nationwide, including ANNIVERSAIRE MINATO MIRAI YOKOHAMA, one of the largest wedding halls in Japan.



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 best wedding. Additionally, whether your desire is for family focused, pageant-style or casual wedding, your wishes will be fulfilled at the venue you choose.

Characteristics of Café and Restaurant Business



Style

Menus for anniversaries or other special days

ANNIVERSAIRE OMOTESANDO and ANNIVERSAIRE MINATO MIRAI YOKOHAMA have Parisian-style cafés, while ANNIVERSAIRE TOKYO BAY offers a French menu. 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

Complete services for that special day

Our anniversary business is one that can become a part of our customers' lives. Along with producing the perfect proposal, we sell original jewelry, gifts for celebrations, and baby gifts, and offer anniversary restaurant services for customers who used our wedding halls for their wedding. We also hold premium parties and useful post-marital seminars, issue special discount coupons, and provide other products and services for before and after the wedding ceremony.

Topics



Redesigned ANNIVERSAIRE website

ANNIVERSAIRE fully redesigned the official brand website on October 31, 2018. In August 2019, the websites of 13 locations were also redesigned to match it. The new websites feature new content with many photos and videos. This includes displaying the location's catch phrase on the top page, staff videos that express staff sentiment about wedding ceremonies and show the atmosphere at the location, a section called #USER VOICE with a compilation of interviews of couples who held their wedding ceremonies at our wedding halls, and a section called #WEDDING REPORT with lots of photos showing the atmosphere at customer wedding ceremonies that gives customers ideas for their own weddings. Through this content with various information related to wedding ceremonies, customers can get a better idea of the characteristics of each location and visualize their own wedding ceremony.



Announcing "TREND COLLECTIONS," a new wedding style

For a more personalized, trendy, and sensible wedding Our new "TREND COLLECTIONS" offering provides a gorgeous and fashionable wedding style featuring seasonal Spring & Summer or Autumn & Winter table coordination and the most in-season trends in dresses and other apparel.

Entertainment Business

Aiming to improve the business in response to the times

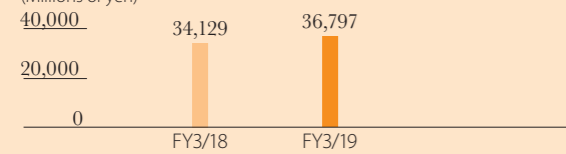
Performance Trends and Main Initiatives

FY3/19 Results

Café Complex Operations Business

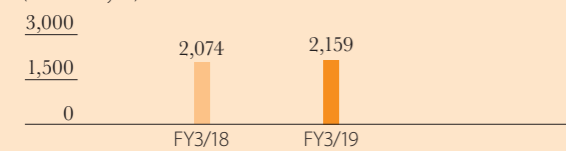
Net sales

(Millions of yen)



Operating profit

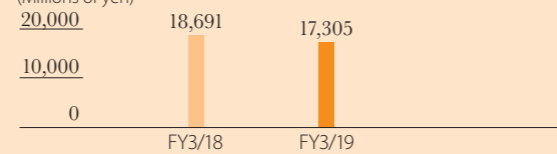
(Millions of yen)



Karaoke Facility Operations Business

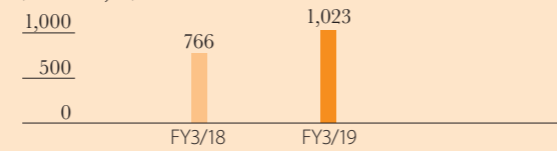
Net sales

(Millions of yen)



Operating profit

(Millions of yen)



Initiatives in fiscal year ended March 31, 2019

Renovations were performed at 56 locations, primarily involving the addition of karaoke rooms, non-smoking booths, and showers, and measures such as free showers and free breakfast services were implemented. We also opened 20 new locations. As a result, new locations contributed and existing locations performed well, bringing net sales to ¥36,797 million (up 7.8% year on year) and operating profit to ¥2,159 million (up 4.1%).

Initiatives in fiscal year ended March 31, 2019

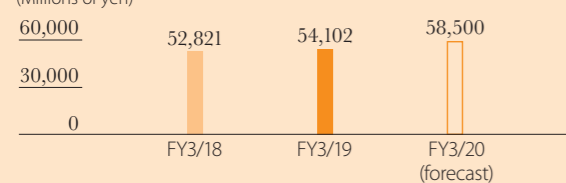
We cultivated new customers by opening early in the morning and offering morning packages and made improvements to operational efficiency by optimizing operating hours and introducing regular closings at some locations. Renovations were performed at 13 locations. As a result, net sales were ¥17,305 million (down 7.4% year on year), but operating profit was ¥1,023 million (up 33.6%).

Forecast for year ending March 31, 2020

Entertainment Business

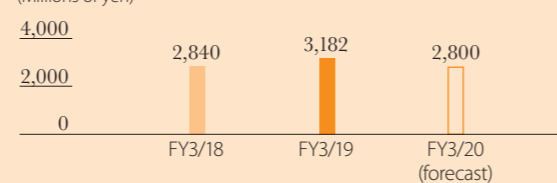
Net sales

(Millions of yen)



Operating profit

(Millions of yen)



Forecast for year ending March 31, 2020

In the fiscal year ending March 2020, Café Complex Operations Business and the Karaoke Facility Operations Business were combined and renamed the Entertainment Business. We will manage locations according to consumer needs, perform renovations and format changes to evolve in anticipation of future demand, and actively open new locations. We plan to open 130 locations.

Brand Characteristics: KAIKATSU CLUB



Concept

Experiential platform Work & Life CAFÉ

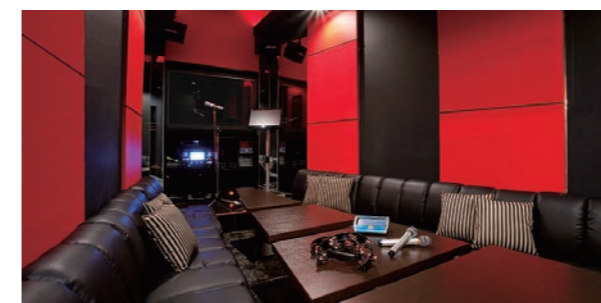
Various experiential content is provided at these cafés that are modeled after a luxury hotel on Bali, one of the leading resort islands in Asia. The comfortable and high-quality space is perfect for a wide range of uses, from work (study) to play.

Services

Refreshing experiential space suited to various situations

Comics, Internet access, games, movies, anime, karaoke, darts, pool, virtual reality, and various other offerings make for a refreshing experiential space.

Brand Characteristics: COTE D'AZUR



Concept

A relaxing space to give you an invigorating experience

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. With a carefully selected food and drink menu, it's also the perfect place for a party.

Brand Characteristics: FIT24



Concept

Fit your style

We have improved the convenience with 24/7 operations so that you can stick with exercise. We aim to be a fitness gym where it's easy to start your fitness journey and easy to stick with it by providing a comfortable workout environment and extensive services.

Services

Carefully selected machines and extensive amenities

Machines that satisfy the needs of beginners and experienced gym-goers alike are arranged in a comfortable layout that allows you to concentrate on your workout. We also provide all the amenities you need like towels to use free of charge and shampoo and body wash in the shower rooms.

Topics



We have introduced a payment system that supports QR codes and barcodes at all KAIKATSU CLUB café complexes to address the demand for cashless transactions. A total of eight brands are supported, six Japanese and two international, the highest number in the industry. The brand is detected automatically when the customer scans their smartphone, streamlining the checkout process and substantially reducing the time required.

Creating a better future for people and society

The AOKI Group has established a management philosophy based on the three pillars of business integrity, social responsibility, and community service in order to create a better future for people and society. Through our business activities, we are promoting the creation of value shared with society and local communities by actively working on environmental, social, and governance (ESG) issues.

Main ESG Initiatives and Future Challenges

	Initiatives	Contribution to Business and Management	Future Challenges
Environment	<ul style="list-style-type: none"> - Reducing CO₂ by switching to LED lighting at stores/locations - Developing eco-friendly products to reduce environmental impact - Continuing wool recycling project 	<ul style="list-style-type: none"> - Reducing costs - Expanding profits by raising consumer awareness of eco-friendly products 	<ul style="list-style-type: none"> - Achieving further energy savings at stores/locations that have not yet taken action - Developing more eco-friendly products and services
Social	Dialogue with shareholders and investors <ul style="list-style-type: none"> - Holding performance briefings (twice a year) - Holding briefing sessions for individual investors - Holding one-on-one meetings (occasional) 	<ul style="list-style-type: none"> - Receiving appropriate evaluations from shareholders and investors 	<ul style="list-style-type: none"> - Increasing opportunities for dialogue with shareholders and investors
	For customers <ul style="list-style-type: none"> - Fashion Business: Implementing third-party inspections to ensure quality - Fashion Business: Holding improvement meetings by Quality Control Department - Each business: Ascertaining wants and needs through customer research 	<ul style="list-style-type: none"> - Expanding profits by improving consumer satisfaction 	<ul style="list-style-type: none"> - Raising awareness of quality - Increasing frequency of and number of participants at improvement meetings - Improving accuracy and systemization of customer research
	With trading partners <ul style="list-style-type: none"> - Fashion Business: Holding quality improvement meetings (two times a year) - Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor 	<ul style="list-style-type: none"> - Expanding profits by improving consumer satisfaction 	<ul style="list-style-type: none"> - Strengthening collaboration with suppliers
	For employees <ul style="list-style-type: none"> - Promoting work style reform - Supporting employee career plans - Improving work-life balance by introducing the Shift Gears Program - Establishing an internal qualification system for part-time employees, hiring them as full-time employees, and providing support - Expanding hiring of persons with disabilities 	<ul style="list-style-type: none"> - Improving employee motivation - Securing outstanding human resources 	<ul style="list-style-type: none"> - Further expanding career program and eligibility - Creating pleasant workplaces - Raising internal and external awareness of each program - Increasing percentage of women in management - Further promoting diversity
	With local communities <ul style="list-style-type: none"> - Supporting local sports (sponsor of Nagano Marathon, official suit provider for KAWASAKI FRONTALE, etc.) - Promoting culture in local communities (AOKI Group Harmony Concert, sponsor of Best Father and Best Dresser Awards, endowed course at Waseda University, etc.) 	<ul style="list-style-type: none"> - Expanding profits by increasing the company's name recognition - Improving brand image 	<ul style="list-style-type: none"> - Supporting regional revitalization
Governance	<ul style="list-style-type: none"> - Appointing external directors (two) and external auditors (two) - Establishing a Nomination and Remuneration Committee 	<ul style="list-style-type: none"> - Strengthening management oversight - Improving fairness and transparency 	<ul style="list-style-type: none"> - Verifying effectiveness of Board of Directors

Environment

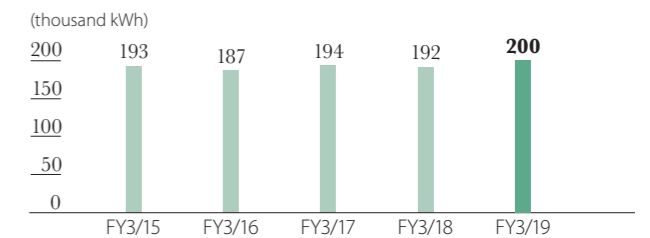
The AOKI Group recognizes its relationship with the global environment as a priority issue. We strive to create products, services, and commercial spaces with minimal environmental impact.

Reducing power consumption

Lighting accounts for the bulk of power consumption at locations. At the AOKI Group, we install LED lighting, which consumes less power than fluorescent lighting, when opening new locations or renovating existing ones.

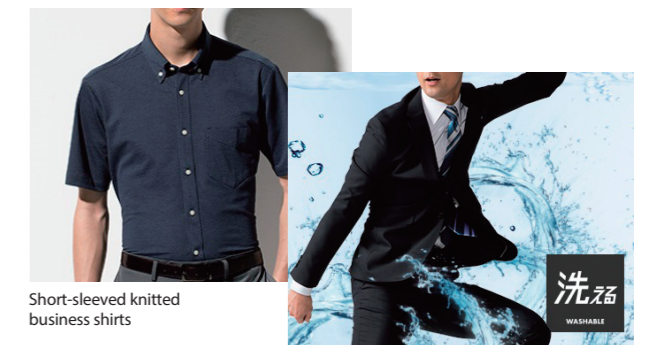
We have been actively switching to LED lighting at existing locations as a measure to conserve electricity, especially since the Great East Japan Earthquake. Up to this point, we have completed the switch at all AOKI, ANNIVERSAIRE, COTE D'AZUR, and KAIKATSU CLUB locations as well as about 60% of our ORIHICA stores. As a result, we have reduced power consumption at each store in the Fashion Business by around 40% compared to fiscal 2009, thereby reducing the environmental impact of our stores.

Power consumption per location



Developing eco-friendly products

AOKI is focused on the development of eco-friendly products that provide comfort even in offices where air conditioning is used sparingly in order to reduce environmental impact. For example, we have developed washable suits and other breathable "cool biz" business suits and dress shirts. We also develop and offer products with new functions, including suits and knitted products like vests and sweaters, all made with warm materials for "warm biz" that make it easy to adjust to different temperatures, thereby contributing to energy saving efforts.



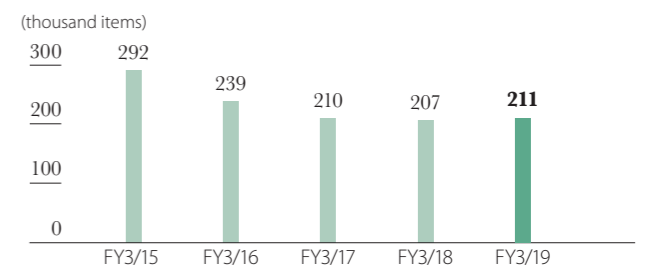
Short-sleeved knitted business shirts

Washable and stretchable suits

Trend in recycling rate

In 1996, we launched Japan's first wool recycling project. In this project, customers trade in their used wool clothing, and our partner factories turn them into various recycled products. Wool is biodegradable and fire-resistant to begin with, so ultimately, the recycled products also break down naturally. AOKI bears some of the costs associated with transporting and processing the wool within the recycling process as part of our environmental conservation efforts.

Number of wool clothing collected



Social

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 fiscal 2018, we held two performance briefings for institutional investors, and in March 2019, we held a business briefing for individual investors in Osaka. We will continue to deepen dialogue in fiscal 2019 and beyond through semiannual performance briefings and briefings for individual investors.



Briefing session for individual investors

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 and by e-mail, collecting postcards from customers who purchase our products, and conducting customer research at locations, in order to deliver products and services that exceed our customers' expectations. Our aim is to tie this into the creation of further customer happiness.



HRS Service Competition 2019

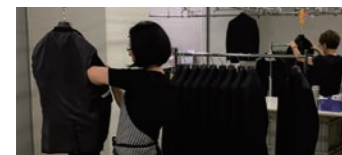
Ensuring reliable quality and service

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

We also inspect products after they are delivered to our distribution centers based on our in-house inspection standards. Moreover, the Quality Control Department visits our production plants regularly and holds meetings to improve inspections and quality.

In the Bridal Business, we were the only specialized wedding hall operator to enter the Young Professionals category of the HRS Service Competition 2019. This competition is held by the Japan Hotel and Restaurant Service Development Association for professional service people who represent the next generation for the purpose of increasing awareness of skills and service.

We were the first specialized wedding hall operator in Kanto to win second place and the fighting-spirit award.



Inspection to improve quality

Ensuring customer satisfaction

As a fashion business, AOKI has established a customer hotline, which we use to develop high-quality products and stores by sharing the feedback and suggestions received with each department.

Additionally, we have notebooks at each ORIHICA store in which staff members record the compliments given by customers and services that were positively received.

The notes are shared between staff members, and the good examples are communicated to all stores.

In the Bridal Business, we conduct bride and groom questionnaire surveys after the wedding.

Customer feedback on the staff's service, products, facilities, and other aspects of the event is shared company-wide and used in daily improvement activities.

In the Entertainment Business, officers and other staff from headquarters gather information on customer complaints and requests through regular visits to business locations in which they talk to customers directly in an effort to improve our services.

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 quality improvement meetings with our suppliers to share customer feedback and get them involved in product development.



Product development meeting

For employees

At the AOKI Group, we believe it's important to create happiness not only for our customers but also for everyone who works in the Group. We hold awards ceremonies to recognize long-time employees and outstanding employees who have contributed not only to sales but also in various other ways using indicators such as the number of positive reviews from customers.

Additionally, in September 2018, we held an employee rally for all employees to celebrate our 60th anniversary.

Moreover, we promote various initiatives for such objectives as diversity and work-life balance to create an environment in which each employee can thrive and demonstrate their unique talents, thereby improving the experience of our customers.



60th anniversary employee rally

With local communities

One of the pillars of our management philosophy is pursuing community service. We believe 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 next-generation training.

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. Since the first one was held in Matsumoto City, Nagano in 1973, we have held it in Nagano City, Kanazawa City, Yokohama City, and Tokyo. In February 2019, it was held for the 21st time. In January 2020, we will hold the 22nd concert at Suntory Hall in Akasaka, and the New Japan Philharmonic will perform. It will be a special time to enjoy beautiful music, and we will hold a contest advertised in newspapers and other media to give away 2,000 free tickets to the event.



21st AOKI Group Harmony Concert

For details on our community contribution activities, see the CSR section of our website (in Japanese only).

[WEB https://ir.aoki-hd.co.jp/csr/index.html](https://ir.aoki-hd.co.jp/csr/index.html)

Governance

Governance

We are reinforcing the functions of the Board of Directors and the Board of Auditors and coordination with the Internal Auditing Office, each committee, legal advisors, and the accounting auditor in pursuit of improving legal compliance and the transparency and efficiency of management in order to establish a healthy corporate governance structure.

Basic Approach

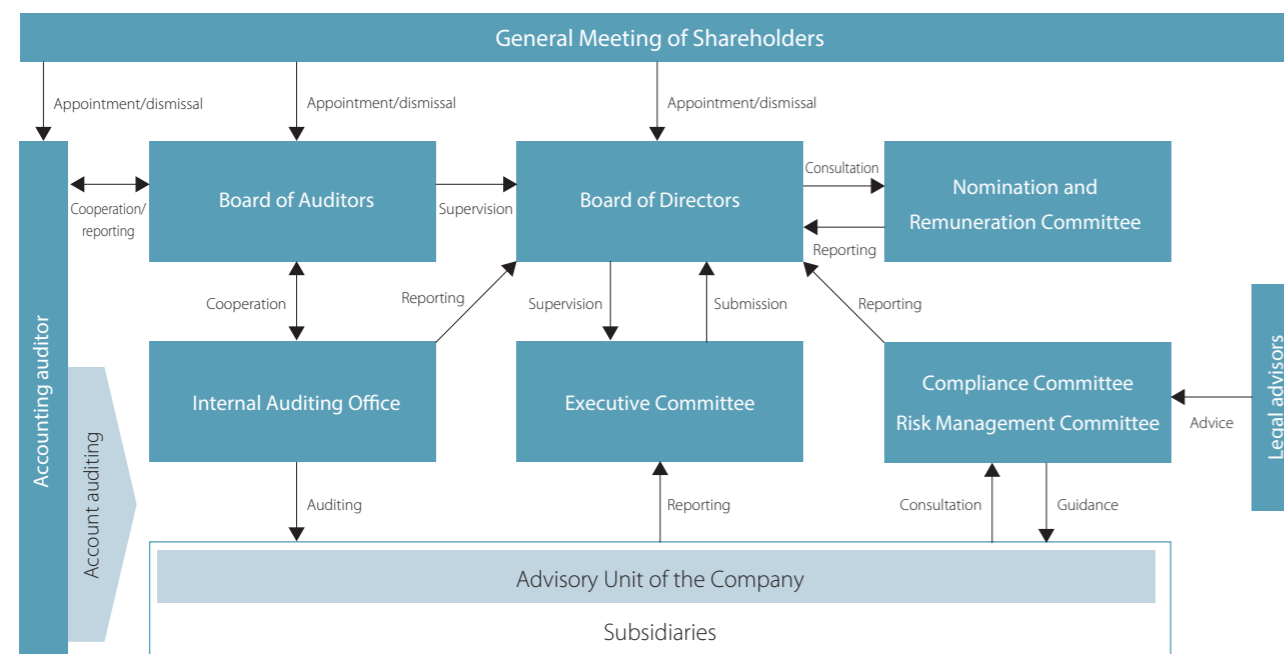
The AOKI Group Philosophy is based on the three pillars of business integrity, social responsibility, and community service. We recognize the importance of corporate governance in pursuing this philosophy and increasing medium- to long-term corporate value. Our basic approach is to strengthen the administrative organization to increase the transparency and fairness of management and put sound and efficient management into practice. 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. 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.

Corporate Governance Structure

We are a company with a board of auditors. To ensure objectivity and neutrality, we elect auditors who are thoroughly familiar with finance and accounting as certified public accountants/certified tax accountants and experienced external auditors. We have adopted a system wherein they supervise the Board of Directors and manage legal compliance and risk by coordinating with the Internal Auditing Office, each committee, legal advisors, and the accounting auditor. Additionally, they supervise the execution of the directors' duties, with one standing auditor attending important meetings. The Board of Directors is comprised of 13 directors, including two

external directors. They have monthly and extraordinary meetings, while the Executive Committee, which includes presidents of subsidiaries and standing auditors, meets monthly. They decide important matters, report on management issues, and exchange information. We have also introduced an executive officer system to expedite management decision-making. In April 2019, we established a Nomination and Remuneration Committee to further increase the fairness and transparency of officer elections and determination of officer remuneration. The committee is chaired by an external director, and it consists of five members, including external directors, external auditors, and two directors.



The Compliance Committee reviews compliance-related issues, 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 Committee evaluates anticipated risks to the Group and deliberates measures to address them. It puts together Basic Risk Management Guidelines and regularly reviews the content.

External Director/Auditor Support Structure

Auditors may give orders to employees of the Administrative Office on important matters related to audit operations as necessary. Additionally, external directors and auditors who are certified public accountants take advantage of their specialist knowledge and many years of experience to provide advice, share opinions, and gather information at meetings of the Board of Directors and the Executive Committee as well as weekly group report meetings attended by presidents of subsidiaries and other important meetings.



Matters Concerning External Officers

Classification	Name	Attendance (FY3/2019)	Main Activities
Director	Minoru Inagaki	Board of Directors meetings 100% (12 out of 12)	Minoru Inagaki attended all Board of Directors meetings held in the fiscal year ended March 31, 2019 and other important meetings as necessary, supervising management and providing appropriate comments for sound management from his professional standpoint as a certified public accountant.
Director	Yoko Ohara	Board of Directors meetings 100% (12 out of 12)	Yoko Ohara attended all Board of Directors meetings held in the fiscal year ended March 31, 2019 and other important meetings as necessary, supervising management and providing appropriate comments for sound management based on her extensive knowledge and experience related to the fashion industry and her experience in corporate management.
Auditor	Kazumasa Watanabe	Board of Directors meetings 91.7% (11 out of 12) Board of Auditors meetings 91.7% (11 out of 12)	Kazumasa Watanabe asked the necessary questions for discussing proposals and provided appropriate comments at meetings of the Board of Directors and Board of Auditors held in the fiscal year ended March 31, 2019 based on his extensive experience.
Auditor	Toshio Hotchi	Board of Directors meetings 100% (12 out of 12) Board of Auditors meetings 100% (12 out of 12)	Toshio Hotchi asked the necessary questions for discussing proposals and provided appropriate comments based on his extensive experience and from his professional standpoint as a certified public accountant at meetings of the Board of Directors and Board of Auditors held in the fiscal year ended March 31, 2019.

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>

Corporate Overview (As of March 31, 2019)

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 (consolidated)
4,175 (5,794)
The number in parenthesis indicates the number of contract and part-time workers (yearly average), calculated based on an eight-hour workday for each employee.

Officers (As of July 26, 2019)

Chairman and Representative Director Hironori Aoki	Managing Director Terumitsu Noguchi	Senior Managing Executive Officer Noriaki Shimaya
Vice Chairman and Representative Director Takahisa Aoki	Managing Director Hidekazu Azuma	Senior Managing Executive Officer Michimasa Maki
President and Representative Director Akihiro Aoki	External Director Minoru Inagaki	Managing Executive Officer Hiroshi Kurita
Executive Vice President Haruo Tamura	External Director Yoko Ohara	Managing Executive Officer Tomoki Yanagi
Executive Vice President Akira Shimizu	Standing Auditor Masaya Enomoto	Managing Executive Officer Tomoki Yanagi
Managing Director Masamitsu Aoki	Auditor Kenji Nakamura	Managing Executive Officer Kunihiko Tomita
Managing Director Wataru Araki	External Auditor Kazumasa Watanabe	Executive Officer Kazuya Mitsuhashi
Managing Director Norio Terui	External Auditor Toshio Hotchi	Executive Officer Michiaki Odagiri
Managing Director Keita Nagemoto	Senior Managing Executive Officer Hachiro Hasegawa	Executive Officer Noboru Tachihara

Stock Information (As of March 31, 2019)

Shares

Total number of authorized shares
133,679,900

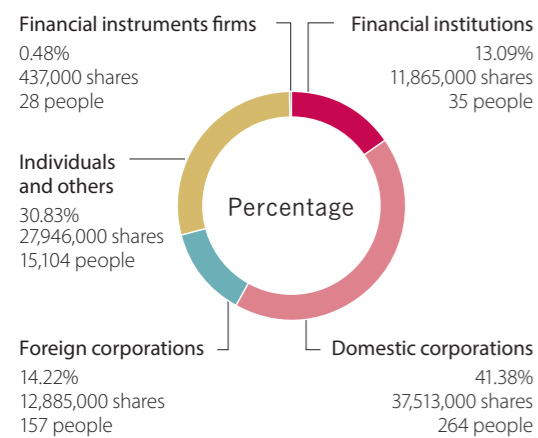
Total number of outstanding shares
90,649,504
(Including 4,724,330 treasury shares)

Number of shareholders
15,588

Major shareholders (top 10)

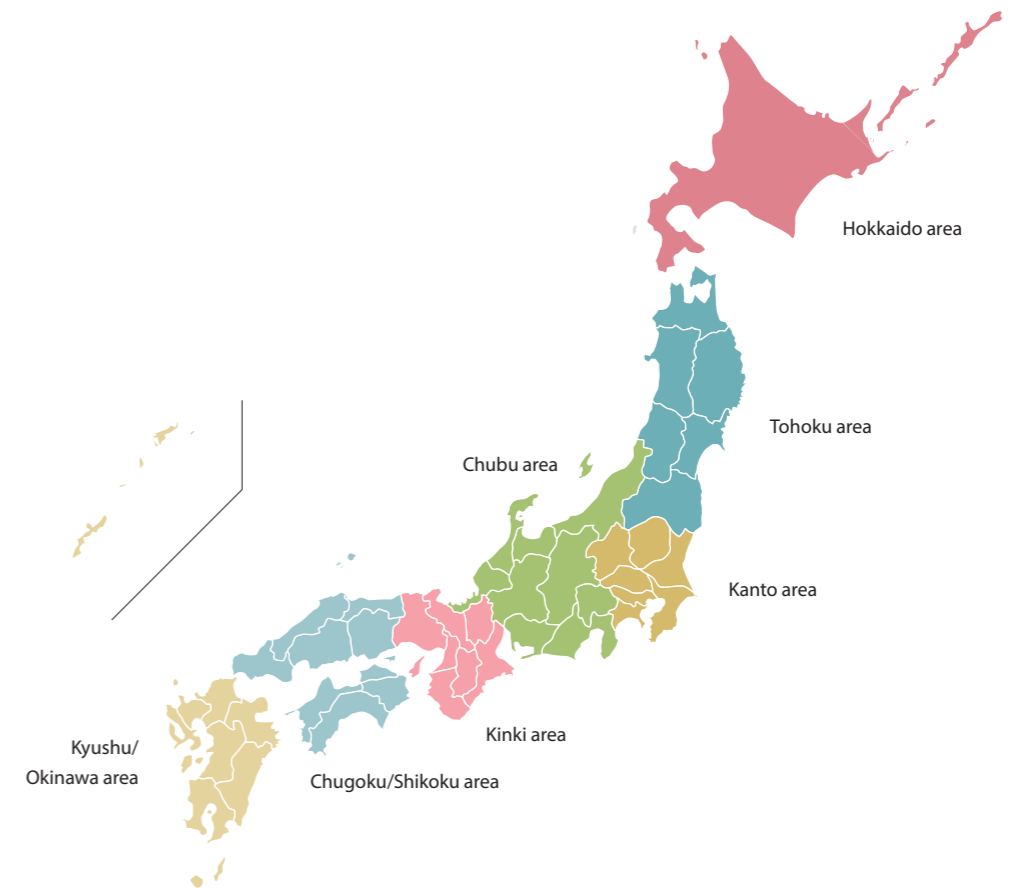
Shareholder name	Number of shares (thousands)	Percentage (%)
ANNIVERSAIRE HOLDINGS INC.	34,015	39.58
The Master Trust Bank of Japan, Ltd. (trust account)	3,378	3.93
Japan Trustee Services Bank, Ltd. (trust account)	2,684	3.12
Takahisa Aoki	2,566	2.98
Hironori Aoki	2,565	2.98
Akihiro Aoki	2,564	2.98
Masamitsu Aoki	2,562	2.98
AOKI Holdings Insurance Federation of Agricultural Cooperatives	2,356	2.74
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,718	1.99
AOKI Holdings Employee Stock Ownership Associations	1,515	1.76

Share distribution by type of shareholders



1. Holdings percentages are calculated excluding treasury shares.
2. The holdings of The Master Trust Bank of Japan, Ltd. (trust account), Japan Trustee Services Bank, Ltd. (trust account), and Japan Trustee Services Bank, Ltd. (Trust Account 9) are all in relation to fiduciary services.

Number of stores/locations by area (As of September 30, 2019)



	Hokkaido	Tohoku	Kanto	Chubu	Kinki	Chugoku/Shikoku	Kyushu/Okinawa	Total
Fashion	23	30	306	154	93	6	36	648
Anniversaire/Bridal	0	0	8	2	3	0	0	13
Entertainment	11	39	219	129	99	31	36	564
Total	34	69	533	285	195	37	72	1,225

Inquiries

6-56 Kuzugaya, Tsuzuki-ku, Yokohama, Kanagawa 224-8588, Japan

Tel: +81-45-941-1888

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

Inquiry Form

<https://www.aoki-style.com/inquire/contact/index?company=holdings>