

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 2022





Profile

- 02 AOKI Group Philosophy
- 03 Our Journey of Value Creation
- 05 Group Overview
- 07 Financial and Non-financial Highlights



Growth Strategy

- 09 Message from the President
- 13 Value Creation Model
- 15 Special Feature: Strengthening Sustainability Management



Business Overview

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



The Basis of Sustainability Management

- 25 Sustainability Vision
 - 26 AOKI Group Management Philosophy and Approach to Sustainability
 - 27 Materiality and KPIs
 - 29 Environment
 - 31 Social
 - 33 Governance
 - 35 Directors/Auditors
-
- 37 Corporate Information

Editorial Policy

The Integrated Report 2022 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 three consolidated subsidiaries
Period: April 1, 2021 to March 31, 2022
Also includes some content from after April 1, 2022.

Positioning of Integrated Report 2022

Financial Information		Non-financial Information	
IR Website	Integrated Report 2022	Sustainability Website	
Securities Report/Quarterly Report		Corporate Governance Report	
Summary of Financial Results			
Business Report			

Profile

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



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.

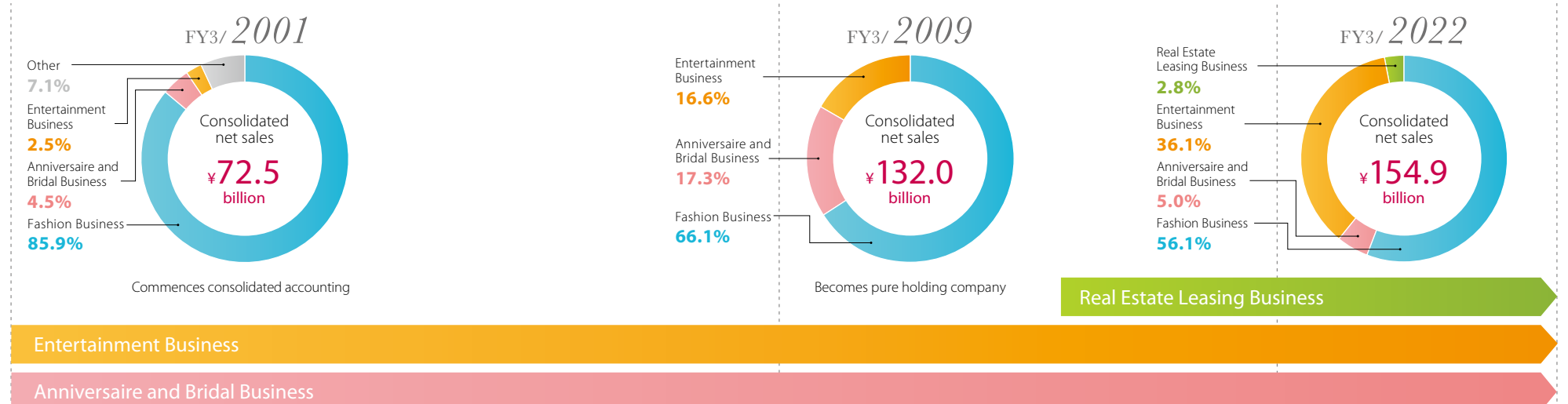
Group Logo



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 expresses the limitless capabilities and possibilities of the Group.

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 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 create happiness for people 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 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 is opened

2018
60th anniversary of founding

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

2020
Rollout of sharing spaces

2022
Transferred to Tokyo Stock Exchange Prime Market

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.

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 latter half of the 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.

Material wealth

Spiritual happiness

Rapid economic growth

Bubble economy

Progression of birthrate decline and aging of population

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

Giving your best at work every day, giving an important presentation, studying or having fun in sharing spaces, enjoying karaoke with family or friends, maintaining your health with moderate exercise, 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.



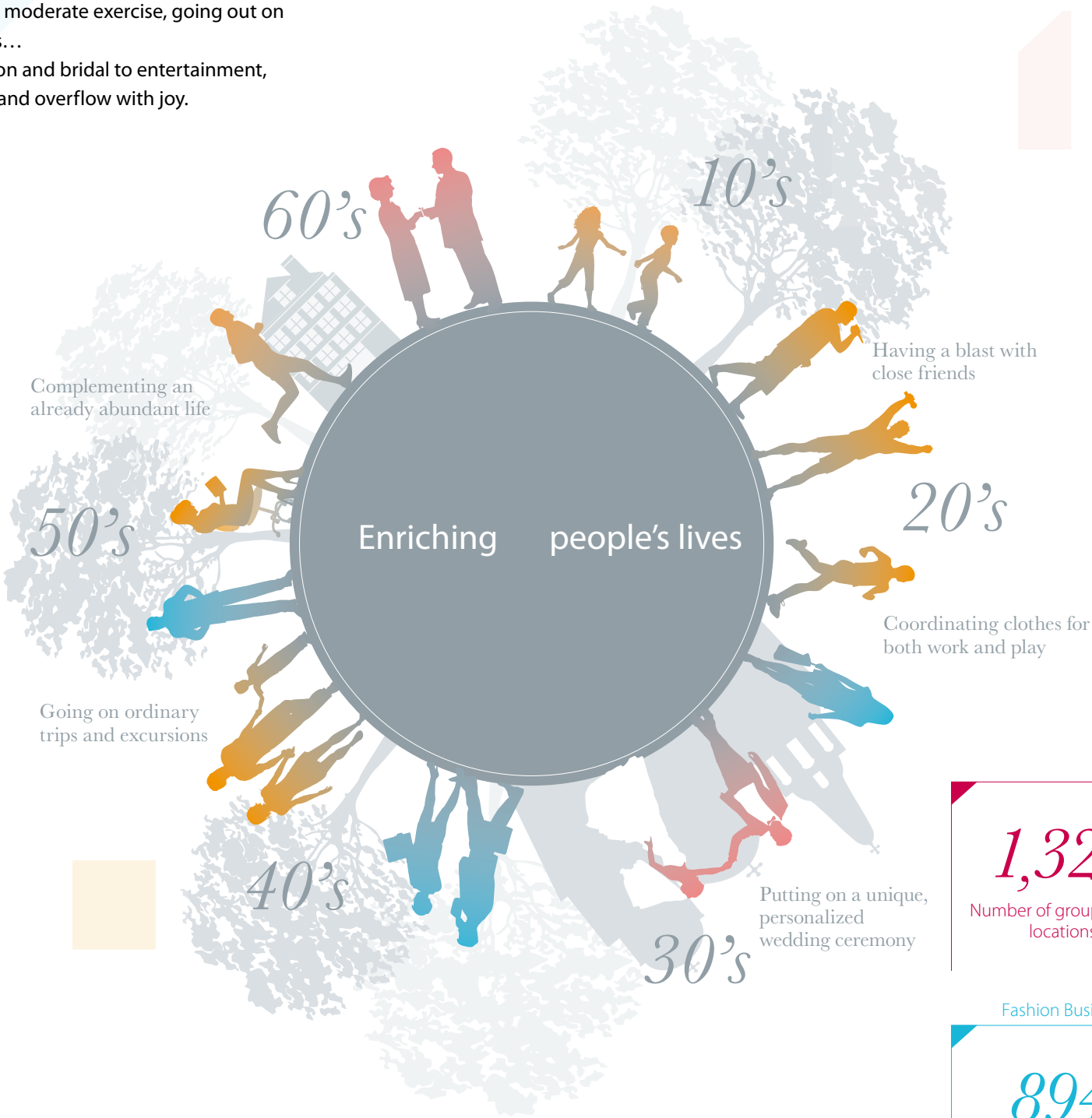
Anniversaire and Bridal Business

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 KAIKATSU CLUB, COTE D'AZUR, and FiT24.

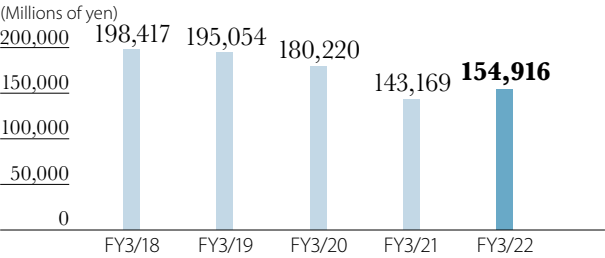


<div>1,328</div> <div>Number of group stores/ locations</div>	<div>2,988 (5,564)</div> <div>Number of group employees <small>The number in parenthesis indicates the number of contract and part-time workers (yearly average), calculated based on an eight-hour workday for each employee.</small></div>	<div>2.0%</div> <div>Women in management positions within the Group</div>
<div>Fashion Business</div> <div>894 thousand</div> <div>Number of suits sold</div>	<div>Anniversaire and Bridal Business</div> <div>2,595</div> <div>Number of couples married per year</div>	<div>Entertainment Business</div> <div>40.11 million</div> <div>Annual number of visiting customers <small>(KAIKATSU CLUB, COTE D'AZUR)</small></div>

(FY3/2022)

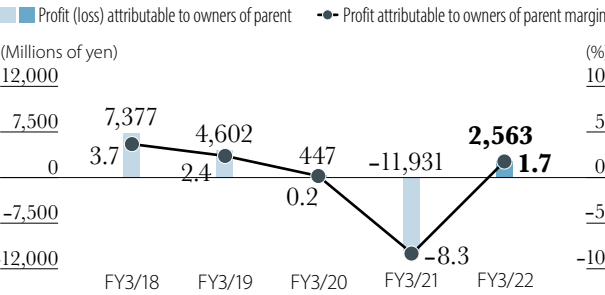
Financial

Net sales

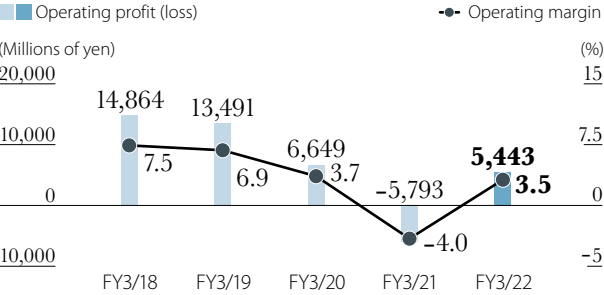


*Starting in FY3/20, profit/loss on real estate leasing is included in operating profit/loss instead of non-operating profit/expenses. FY3/19 figures reflect this reclassification.
*Figures before FY3/21 have not been retrospectively adjusted for revenue recognition accounting standards.

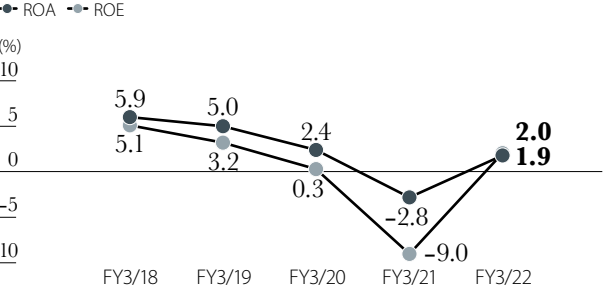
Profit (loss) attributable to owners of parent and profit attributable to owners of parent margin



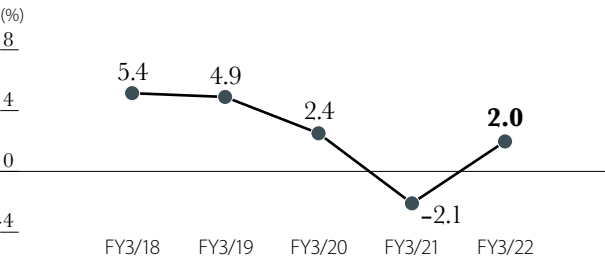
Operating profit (loss) and operating margin



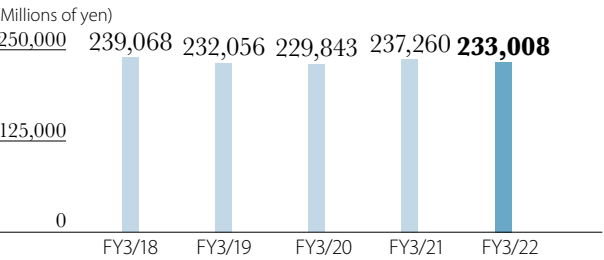
Return on assets (ROA) / Return on equity (ROE)



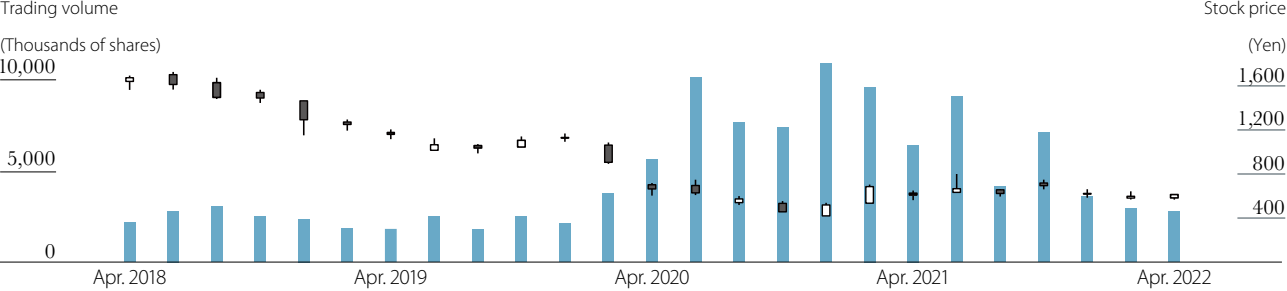
Return on invested capital (ROIC)



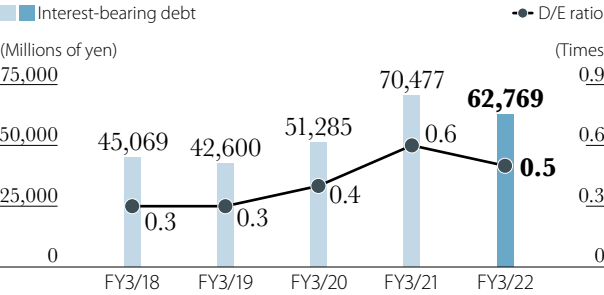
Total assets



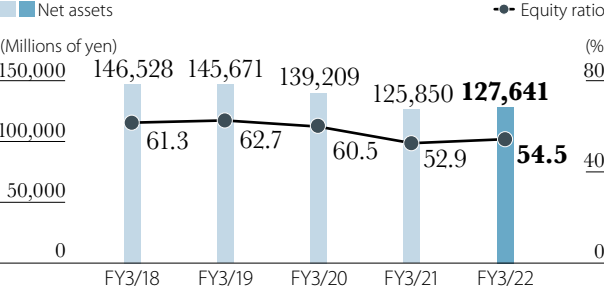
Stock price transition



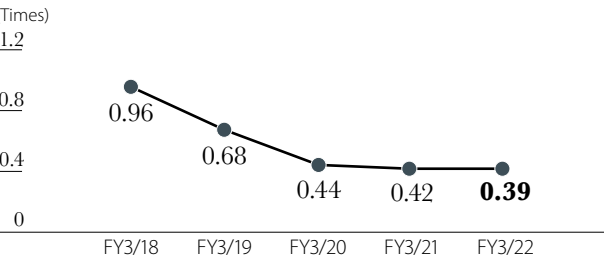
Interest-bearing debt and debt-to-equity ratio (D/E ratio)



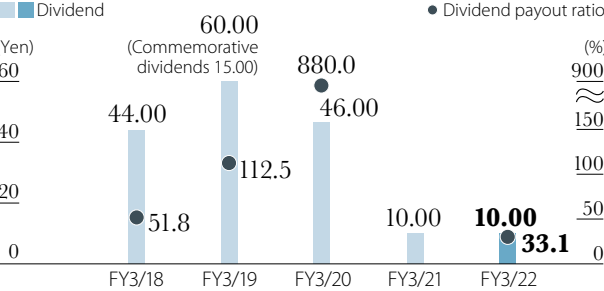
Net assets and equity ratio



Price book-value ratio (PBR)

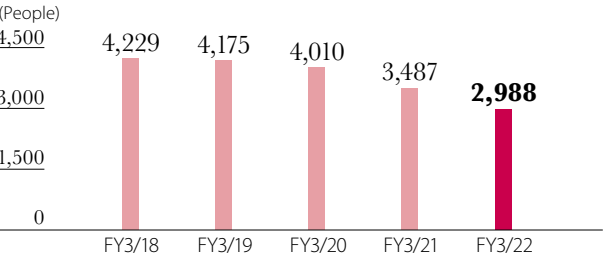


Dividends and dividend payout ratio

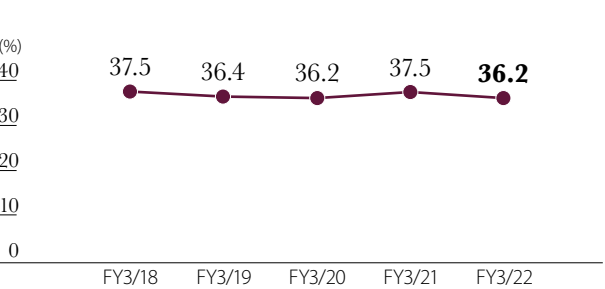


Non-financial

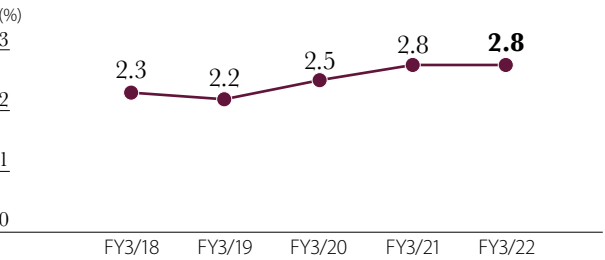
Number of full-time employees



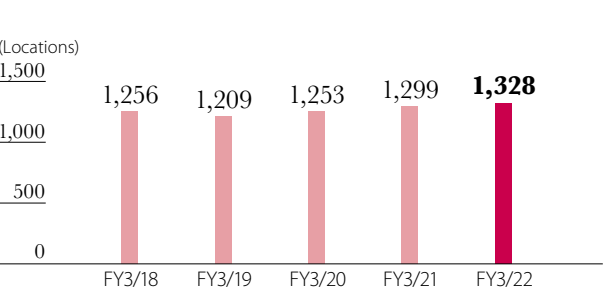
Female employees ratio



Employees with disabilities



Number of stores/locations



Message from the President

We will focus on reforming our business structure and store operations to translate recovery in performance into sustainable growth.

Hidekazu Azuma

President and Representative Director, AOKI Holdings Inc.

Making the changes that need to be made

My name is Hidekazu Azuma and I assumed the post of president and representative director of AOKI Holdings in June 2022. I worked for TORII Co., Ltd.* prior to joining the AOKI Group. After my position in charge of marketing, sales promotion and corporate strategy planning at AOKI Inc., I was appointed executive officer of KAIKATSU FRONTIER Inc. in 2019, where I have served as president and representative director since 2021. As someone originally from outside the AOKI Group, I am humbled to be afforded the great responsibility of representing AOKI Holdings in addition to my position at one of the Group's operating companies. At the same time, as president I am excited by the significant challenge of transforming the AOKI Group into a sustainable business structure amid increasing global uncertainty and the ever-changing needs of society and consumers.

I believe that at the AOKI Group some things need to change while others ought to remain the same. My job is to delineate the two and focus on areas that require modification.

The AOKI Group has maintained a resolute management philosophy since its earliest days that has been passed down by those who have come before us and kept foremost in mind. Beyond this, we have been pushing ahead with business diversification from an early stage in response to changes in the business environment. To preserve and reinforce the features and competitive advantages of the AOKI Group, it is essential for us to enhance corporate value from a long-term standpoint of 10 to 20 years without being overly concerned with immediate results. Under the leadership of Chairman Akihiro Aoki, we will put in place a new business concept befitting the AOKI Group idea of enriching people's lives.

On the other hand, more than 30 years have passed since we were listed on the stock market and more than 20 since our foray into bridal, entertainment and other new business domains. During this time, we have not responded as well as we could have to the changing times, notably with the implementation of business model and work method at operating companies. My mission is to

face these issues head-on, execute reforms from a short- to medium-term perspective and bring fresh impetus to the AOKI Group while fulfilling my responsibility to drive solid business performance each year.

While the Company chairman assumes the role of exploring future potential, my job is to look deeply into the challenges facing existing businesses. In essence, we will aim to ensure sustainable growth for the AOKI Group by promoting an ambidextrous style of management together with Group employees.

* Undertakes retail business for men's clothing mainly in the Chukyo area of Japan; became a subsidiary in 2003 and was merged in 2005

Creating new value tailored to new lifestyles

I would like to touch on current business performance before discussing our medium- to long-term strategy.

In fiscal 2021, ended March 31, 2022, we continued to provide new products and services in each business in response to changes in the market environment and lifestyles. This resulted in an increase in sales and profit for the first time in four years. In fiscal 2022, we expect COVID-19 to continue spreading to a certain extent as well as lifestyle changes alongside a shift in consumer work styles. The AOKI Group will stay focused on responding to these changes, carrying on with our strategy of introducing new products and services. We will also undertake measures to drive evolution in business as part of corporate reform. By doing so, we expect to see further recovery in performance and forecast net sales of ¥166.1 billion and operating profit of ¥7.7 billion for fiscal 2022.

Providing new consumer experiences in a post-COVID era

I will now discuss the direction of our reforms from a medium- to long-term perspective. This can be broadly divided into four areas.

First, we will amend our business portfolio. The AOKI Group, which has manifest growth over the years via

diversification in the Japanese market, must now face the reality of a contracting market precipitated by a dwindling birthrate. Consequently, it is vital that we provide new consumer experiences. This will entail us redefining and combining existing products and services into merchandise, hospitality and services suited to lifestyles in a post-COVID world rather than our conventional business model based on mass production, sales and consumption. It was AOKI's original Pajamas Suit® offering both the comfort of pajamas for the home and the formal style of a suit for public life that propped up our business recovery over the past year following the adversity brought about by the pandemic. We also introduced new ways to utilize KAIKATSU CLUB, shifting from a café complex style with a strong entertainment element to a sharing space. In another initiative, we proposed photo-only weddings in place of ordinary weddings. Our FIT24 24-hour self-service fitness gym was also well received among customers wanting more exercise because they are currently working more at home. In order to build on these efforts, I would like to breathe new life into the store space, leveraging the diverse business capabilities of the AOKI Group, ranging from product sales to services.

Enhancing management efficiency through operational reform based on DX

Second, we will reform store operations through digital transformation (DX).

This initiative is embodied in the capital and business alliance we concluded with Runsystem Co., Ltd. in June 2022. The objective of the alliance with Runsystem, which operates Space Create Jiyu Kukan café complexes in all areas of Japan, is not only to increase the number of stores. It also aims to transform store operations by introducing a franchise system as well as an unmanned, labor-saving system that includes self-service for member registration, entering and leaving and other remote customer services. In fact, KAIKATSU CLUB café complexes have been utilizing these systems since before the

alliance, resulting in enhanced management efficiency and higher operating margins.

Not all stores will be unmanned, however, as warm hospitality when selling fashion and wedding-related services is the key to increasing value. We plan to make efficient use of our management resources by aligning with the core value of our customers and providing novel consumer experiences.

Increasing employee motivation and productivity by fostering multi-talented human resources

Third, we will utilize multi-talented human resources, otherwise known as hybrid human resources, as part of efforts to enhance management efficiency through DX.

The AOKI Group's businesses fluctuate significantly in terms of busy periods and quiet periods. We started diversifying our business based on the assumption that we could smooth out these fluctuations by increasing or decreasing personnel. This has resulted in steady growth in each business, enabling us to enhance expertise in each domain. This is of course essential to provide high-quality services and we believe that diverse human resources are an irreplaceable asset underpinning the AOKI Group. Japan's birthrate continues to decline and securing labor has become a significant management challenge. In order to ensure further growth for both employees and the Company and to achieve remuneration commensurate with work content as well as higher profitability, we believe it is important to nurture multi-talented human resources who can switch between different tasks depending on these fluctuations. Some critics have argued that people may not want to work outside their field of expertise, and it will merely add to the amount of work they have to do. However, personnel have been trained at KAIKATSU FRONTIER to go back and forth between karaoke, café complex and fitness center businesses in a single day, and the initiative served to increase efficiency. Employees also commented that it gave them a chance to rethink what they want to do and



that they learned new things by visiting different places of work and undertaking different tasks, which has led to ideas for new business and how to improve existing business. There are currently around 150 human resources working in this hybrid style. Going forward, we hope to increase this number to 300 people who have the desire to grow and take on challenges.

Sustainability management as key

Our fourth reform concerns the full-fledged implementation of sustainability management.

Over the years, the AOKI Group has executed various programs based on a growth strategy and to meet social demands. These include efforts to strengthen corporate governance and compliance, conserve energy and develop human resources. In recent years, non-financial indicators such as environmental, social, and governance (ESG) initiatives, including programs to tackle climate change and human rights issues in the supply chain, are becoming just as important as financial indicators for evaluating a company. We are now in an age where a growth strategy aimed at expanding operations is highly

likely to result in new risk in addition to profit.

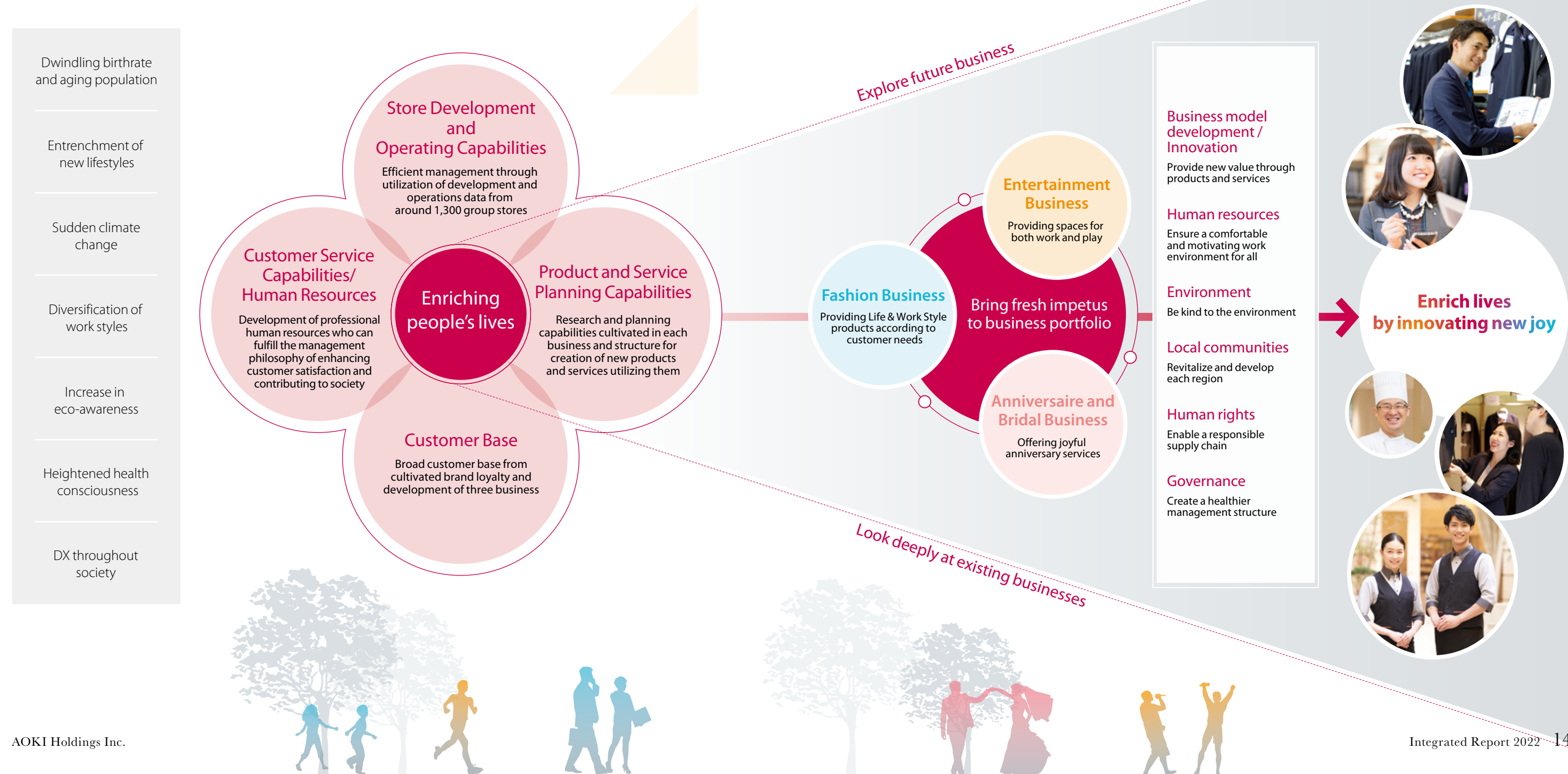
That thinking led to the establishment of the Sustainability Committee in December 2021, which has identified material issues (materiality) and key performance indicators that correspond to the characteristics of our businesses. Moving ahead, the process of resolving these material issues will be viewed as a business opportunity and form part of our growth strategy, and we will systematically advance risk management measures, which includes meeting the recommendations set forth by the Task Force on Climate-related Financial Disclosures (TCFD).

These efforts fall under my policy of making the changes that need to be made and going forward we will continue to tackle issues arising in a business environment characterized by a shrinking market and declining work population. By boldly taking on challenges in a way that is unique to the AOKI Group, we can maximize our potential as a premium conglomerate and further enhance our corporate value.

I would like to ask for your continued support and patronage as we forge ahead to achieve our goals.

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



Strengthening Sustainability Management

AOKI Group Efforts for the Year

The AOKI Group has long focused on sustainability activities that include the wool recycling project and development of eco-friendly products. In fiscal 2021, workshops on the SDGs attended by personnel from each Group company paved the way for a variety of initiatives aimed at driving full-scale sustainability management.

Investigation into climate change response and disclosure of information based on TCFD recommendations

Each year, it is becoming increasingly important to identify the risks and opportunities posed by climate change and incorporate these into business strategy as part of corporate management. Considering this, we support TCFD recommendations requiring the disclosure of information on the impact of climate change on companies. We continue to identify the risks and opportunities of climate change that may have a significant impact on the Group's business activities and finances and debate the countermeasures

we should take. Based on these discussions and the results of deliberations led by the Sustainability Committee established in December 2021, we published information on our website in line with TCFD recommendations in June 2022. Through ongoing discussion, we will promote information disclosure in accordance with the framework of the recommendations to contribute to the realization of a sustainable society.

Workshop on the SDGs



In June 2021, we ran a workshop to learn about the significance of tackling the SDGs through business and many personnel from directors to young employees from each operating company took part. The workshop involved a lecture on SDGs management by a university professor and was followed by a video showing the level of awareness that Generation Z university students have regarding the SDGs and the AOKI Group's business. Participants also engaged in a lively discussion about what sort of company the AOKI Group should be in 10 years based on one of the frameworks of the SDGs, namely mapping the value chain.

Creation of sustainability story

Develop a vision of the AOKI Group for 10 to 20 years in the future and establish material issues and KPIs for the Group to realize it

Step 1

Hold workshop

Investigate risks/opportunities and vision for each business

Step 2

Hold workshop

Investigate Group vision, material issues and KPIs

Step 3

Formulate Group vision, material issues and KPIs

Summarize workshop results and create sustainability story



ESG/SDGs project commences

Sustainability Committee established

First Sustainability Committee meeting held

Information disclosure based on TCFD recommendations



Wataru Araki
Senior Managing
Executive Officer
In charge of Group SDGs
AOKI Holdings



SDGs workshop: Comment from a participant

The SDGs workshop was attended by executives and young employees from each Group company, which made it possible to have a common understanding throughout the AOKI Group of why it is necessary to tackle the SDGs. It was also great hearing the opinions of Generation Z students who have a deep interest in the SDGs. Beyond what we think inside the Company, this gave a real sense of the shared urgency felt in society in terms of the need for understanding and responsibility when it comes to the SDGs.

Group work highlighted the importance of redefining the reason for the Company's existence and taking a shared approach to the SDGs. The discussions held at the workshop served as a good first step toward full-fledged SDGs-related initiatives in the AOKI Group and led to the launch of the AOKI Group ESG/SDGs project in October 2021.

Creation of sustainability story: Comment from a participant

As a member of the project, I made many new discoveries by participating in the workshop organized to consider the SDGs and the Group vision. It was really stimulating to engage in discussion toward a single goal with people from different Group companies who we rarely have the chance to communicate with in the course of work.

Since the AOKI Group has multiple businesses, it was difficult trying to determine what ties them all together. Nevertheless, I am now able to see more clearly the strengths and challenges of the Entertainment Business that I work for thanks to the talks. I hope we can further innovate initiatives through the SDGs project going forward.

Miho Nukaya
Merchandise Division
KAIKATSU FRONTIER Inc.



Highlights

Sales and profit were up due primarily to the implementation of various measures in response to market environment and lifestyle changes as well as a slight decline in the negative effects of the COVID-19 pandemic.

Sales Revenue by Segment

Real Estate Leasing Business
Sales composition

2.8%

Net sales
¥4.4 billion

Operating profit
¥0.8 billion

Fashion Business
Sales composition

56.1%

Net sales
¥88.6 billion

Operating profit
¥4.7 billion

Entertainment Business
Sales composition

36.1%

Net sales
¥56.9 billion

Operating profit
¥0.5 billion

Anniversaire and Bridal Business
Sales composition

5.0%

Net sales
¥7.9 billion

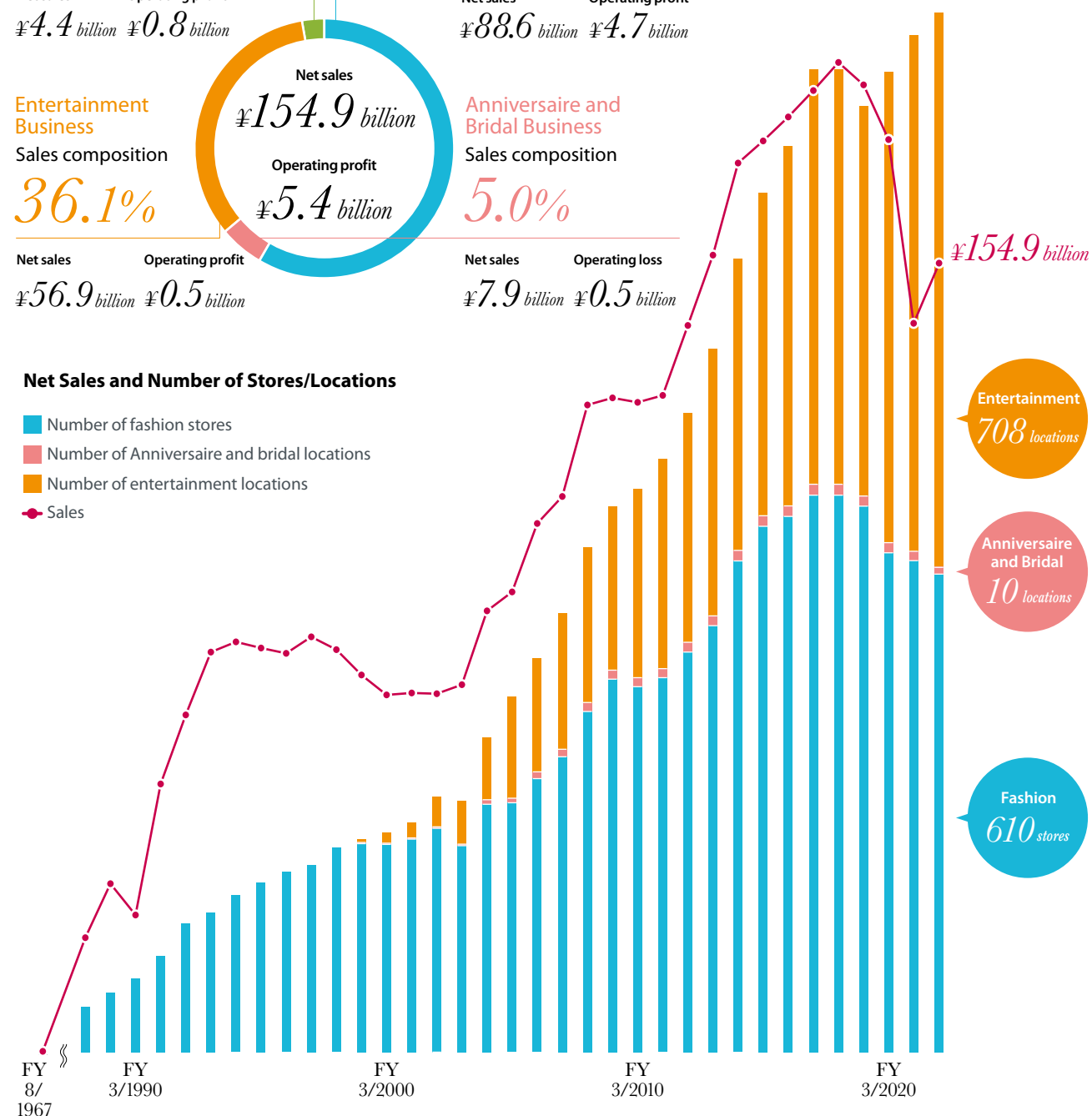
Operating loss
¥0.5 billion

Net sales
¥154.9 billion

Operating profit
¥5.4 billion

Net Sales and Number of Stores/Locations

- Number of fashion stores
- Number of Anniversaire and bridal locations
- Number of entertainment locations
- Sales



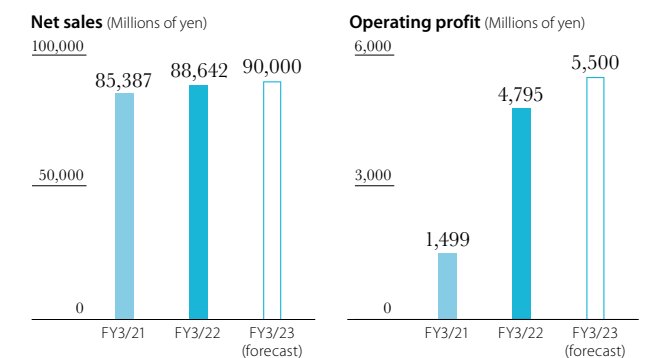
(Forecast as of May 12, 2022)

Fashion Business: Performance Overview

Initiatives in fiscal year ended March 31, 2022

In terms of products, we expanded the line-up of the highly popular Pajamas Suit®, sales of which have topped 150,000 since its launch, and released a related product, T-shirts with Business Suit Tailoring. In addition, we expanded the range of items in the women's apparel category, including MeWORK Project products and versatile products that can be used in both work and leisure settings. In terms of stores, we opened two new stores while closing 21 stores to improve operational efficiency. As a result of these measures, a good showing from our new graduate product strategy and a slight decline in the negative effects of the pandemic throughout the year, net sales increased 3.8% year on year to ¥88,642 million and operating profit surged 219.9% year on year to ¥4,795 million.

Results for FY3/2022 and Forecasts for FY3/2023



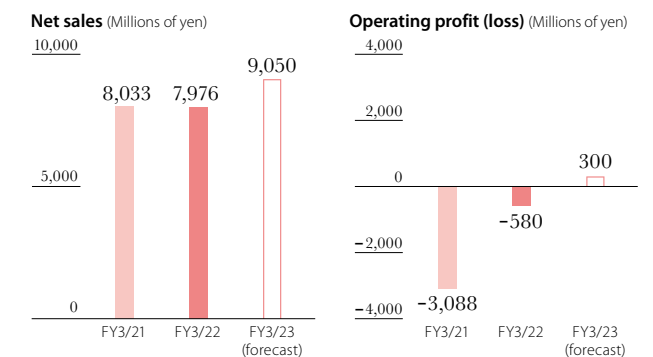
Anniversaire and Bridal Business: Performance Overview

Initiatives in fiscal year ended March 31, 2022

The number of weddings held since the start of operations in 1998 has surpassed 100,000. To mark this accomplishment, Anniversaire held a special fair ("Kiseki") for approximately 10 months to express our appreciation. In addition, we proposed various new styles of wedding, including chapel weddings and family weddings, tailored to new lifestyles. In terms of locations, we closed two stores at the end of their contract. In addition to these efforts, there was a slight decline in the negative effects of the COVID-19 pandemic for the year and there was no cancellation period as in the previous fiscal year. As a result, the number of weddings increased, and net sales amounted to ¥7,976 million while operating loss was ¥580 million compared with a loss of ¥3,088 million in the previous fiscal year.

Note: Year-on-year comparisons are not shown due to the application of the revenue recognition standard, which has a significant impact on sales.

Results for FY3/2022 and Forecasts for FY3/2023

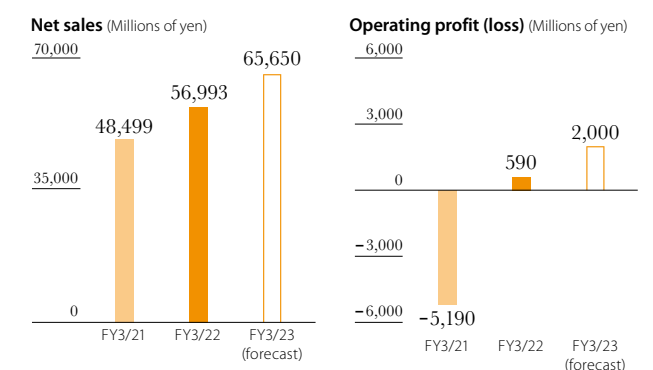


Entertainment Business: Performance Overview

Initiatives in fiscal year ended March 31, 2022

Although operating hours were shortened in areas where priority measures to prevent the spread of COVID-19 were in effect, business operations in all other areas continued alongside strict infection control measures. In response to increased demand for telecommuting and telelearning, KAIKATSU CLUB introduced fully private rooms with locks as well as new business and learning content as part of the Japan Anywhere Office Project. Additionally, COTE D'AZUR proposed new ways to use karaoke facilities, and FIT24 continued to perform well on the back of growing health consciousness. In terms of locations, we opened 74 new locations and closed 25 others. As a result of these efforts and a slight decline in the negative effects of the pandemic during the year, net sales increased 17.5% year on year to ¥56,993 million and operating profit stood at ¥590 million compared with operating loss of ¥5,190 million in the previous fiscal year.

Results for FY3/2022 and Forecasts for FY3/2023



Note: The accounting standard for revenue recognition has not been retroactively applied to figures for the fiscal year ended March 2021.

Fashion Business

We will continue to evolve the Life & Work Style business by adapting to new lifestyles.



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 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 allows integrated management from the conception of products to their sale.

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. 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.

Challenges, Policies and Initiatives

Challenges and Policies

- Respond to new business styles befitting new lifestyles, including diversification of work styles
- Meet growing needs for products targeted to working women
- Respond to changing consumer purchasing methods following the growth of e-commerce sales

Initiatives

- Further refine business domains such as tailored suits, pattern-order suits and formal items
- Strengthen measures for women by promoting the MeWORK project for working women and expanding the Pajamas Suit® line-up
- Expand the casual clothing domain by developing items that look stylish and are comfortable to wear such as Pajamas Suit® and THE 3rd SUITS®, which leverage our advantages in creating and selling suits
- Increase the number of e-commerce exclusive products and expand and refine services connecting e-commerce with stores

Topics

Won Nikkei MJ Award in the 2021 Nikkei Superior Products and Services Awards

Pajamas Suit® released in November 2020 gained the Nikkei MJ Award in the 2021 Nikkei Superior Products and Services Awards sponsored by Nikkei Inc, which recognizes exceptional new products and services. This product was developed to offer both the comfort of pajamas and the formal style of a suit based on feedback provided by customers. We received high praise for creating demand with a new concept for the suit market that has been in decline due to the increase in people working from home.



Ranked No. 1 in Japan's largest customer satisfaction survey

AOKI was ranked top in customer satisfaction in the business and formal category of the 2021 Japanese Customer Satisfaction Index (JCSI) Survey. This survey is conducted by the Service Productivity & Innovation for Growth organization run by Japan Productivity Center and is the largest in Japan gauging customer satisfaction. The survey is given to users at approximately 400 companies in a wide range of industries and businesses. In the 2021 survey, AOKI came first in the three indices of perceived quality, perceived value and recommendation intent.



Anniversaire and Bridal Business

Proposing safety, peace of mind, and new wedding styles, we will rebuild our earnings structure.



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. We have wedding halls across the country, 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 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.

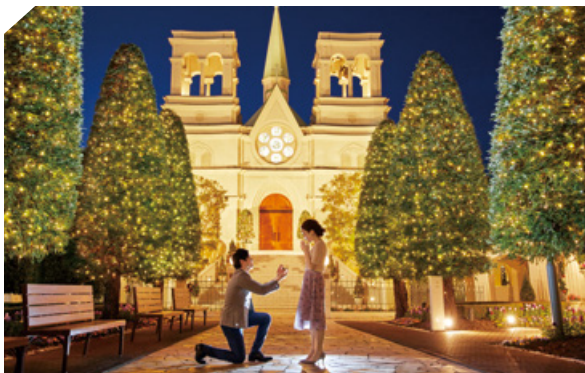
Characteristics of Café Business



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 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 restaurant services for customers who used ANNIVERSAIRE wedding halls for their wedding. We also hold premium parties and issue special discount coupons for members for before and after the wedding ceremony.

Challenges, Policies and Initiatives

Challenges and Policies

- Respond to changes in customer awareness such as greater recognition of safety and security and an increase in small weddings in line with new lifestyles
- Reform profit structure by optimizing sales costs through operational changes and a review of methods to attract customers
- Respond to degradation over time of existing facilities

Initiatives

- Refine wedding styles and offerings based on customer feedback, including chapel weddings, family weddings and photo-only weddings
- Optimize labor costs through operational changes in each section and utilizing multi-skilled staff
- Establish efficient methods to attract customers by strengthening sales promotions online and through social media
- Facility maintenance and remodeling to reinforce the Anniversaire brand

Topics

Held Anniversaire "Kiseki" fair

Anniversaire produced its 100,000th wedding in November 2021. To mark this milestone, we held a special fair for approximately 10 months to express our appreciation and celebrate with our customers. We launched a commemorative website based on the concept of "Kiseki" in Japanese, which can mean both "path followed" and "miracle," to convey our appreciation and congratulations. The site depicted wedding trends, the history of Anniversaire and moving images of customers and staff.



Awarded medal for fourth consecutive year in HRS Service Competition

Staff from Anniversaire Omotesando came in second place in the Young Professionals category of the 16th HRS Service Competition held by the Japan Hotel and Restaurant Service Development Association in February 2022. This competition recognizes professional service people from throughout Japan who are the best in their craft. This was the fourth consecutive year Anniversaire has received an award, including first place in 2019, in the Young Professionals category in which participants under the age of 30 on the frontline in hotels and restaurants compete in terms of service philosophy and technique.



Entertainment Business

Aiming to improve the business in response to the times.



Characteristics of KAIKATSU CLUB

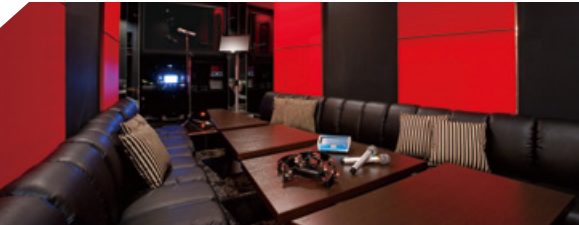


Characteristics **Providing fun spaces for enjoying work and play**
Various experiential content is provided at these cafés that are modeled after a luxury hotel on Bali, one of the leading resort islands in Asia. The comfortable and high-quality space is perfect for a wide range of uses, from work (study)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



Services **Diverse content suited to all kinds of situations**
We provide various experiential content, from content that can be used for work, such as fully private rooms with locks that can be utilized for online meetings and interviews for telecommuting or as a shared office space, to content for play allowing users to enjoy reading their favorite comics, relax and watch a movie online or otherwise immerse themselves in a hobby.

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.

Characteristics of FiT24



Characteristics **A 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.

Challenges, Policies and Initiatives

Challenges and Policies

- Respond to increasing needs for telecommuting and telelearning
- Provide facilities in line with the times through various content and services
- Open a 24/7 fitness gym that meets the needs of health-conscious consumers

Initiatives

- Promote the Japan Anywhere Office Project through KAIKATSU CLUB
- Create and propose applications aside from karaoke at COTE D'AZUR facilities
- Expand market share of FiT24 by leveraging unique strengths and continuing to open centers, mainly of the stand-alone variety
- Strengthen systems, secure human resources and share know-how through capital and business alliance with Runsystem

Topics

KAIKATSU CLUB signs partnership agreement with Nagasaki Prefecture

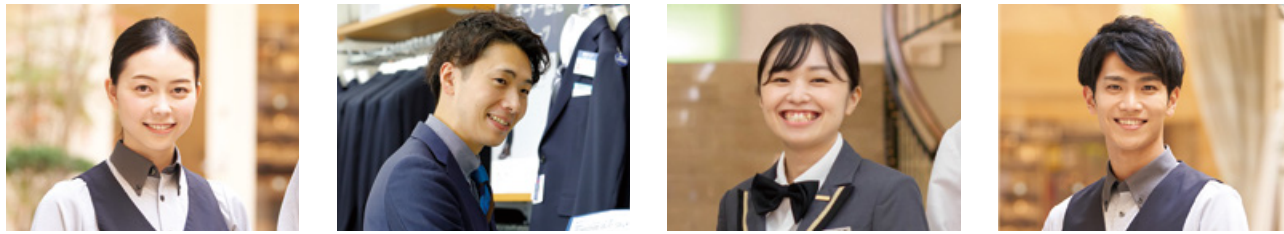
KAIKATSU FRONTIER that runs KAIKATSU CLUB concluded a partnership agreement with Nagasaki Prefecture in February 2022 with the aim of promoting regional revitalization and mutual development. Various initiatives have already been undertaken that include holding a fair to raise awareness of Turkish rice, a specialty dish of Nagasaki popular at KAIKATSU CLUB, and advertising projects promoting Nagasaki Prefecture as a great destination for remote work and “workation” at all café complexes. We will continue to take on challenges that take full advantage of Japan’s first collaboration between local government and internet café.



Opened 24/7 FiT24 Indoor Golf venue

FiT24 Indoor Golf Funabashi Narashino center was opened in December 2021. The venue is open 24 hours every day of the year and represents new content for the FiT24 brand. The center includes a self-service driving range that can be accessed anytime and many state-of-the-art systems such as a swing diagnostic device equipped with a high-speed camera. Anyone from beginners to experts can enjoy practicing golf here in a relaxed atmosphere anytime of the day.





AOKI 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,
AOKI 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 Management Philosophy and Approach to Sustainability

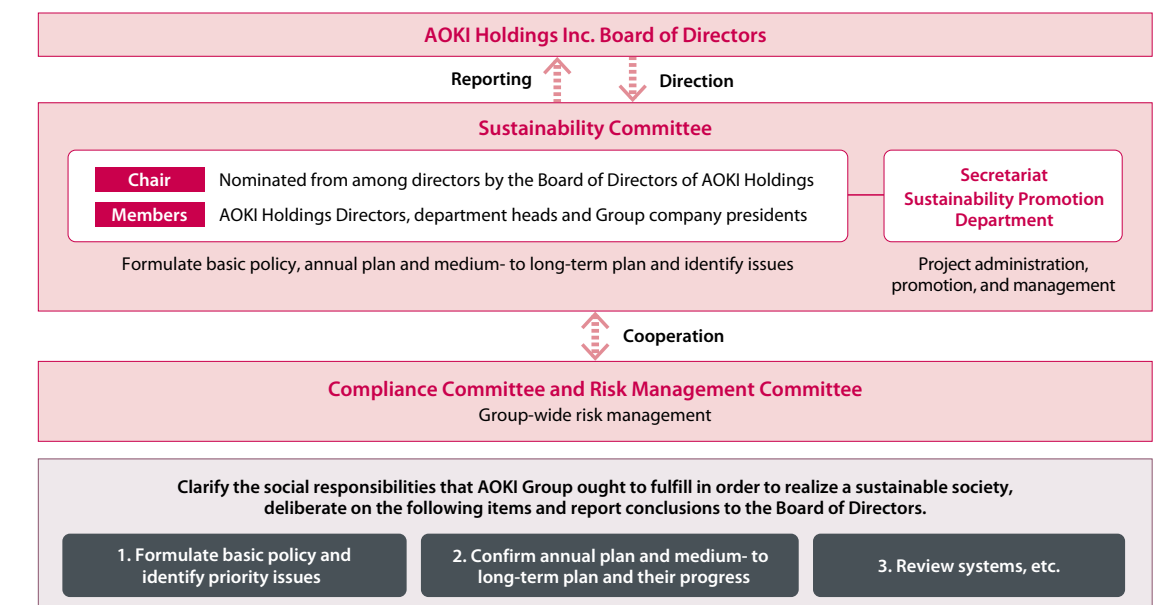
Since our founding in 1958, the AOKI Group has worked to resolve management issues by implementing the three elements of our management philosophy, namely business integrity, social responsibility and community service.

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, which benefits customers, shareholders and investors, business partners, Group employees, local communities and future generations.

Sustainability Policy

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

Sustainability Management Framework



The AOKI Group has formulated 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 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)	Key Initiatives and Challenges
<div>Business development / Innovation</div> <div>Provide new value through products and services</div>	<div>Number of environmentally friendly products developed and sold</div> <div>Total of 50</div>	<div>Develop products using recycled fibers in the Fashion Business and expand application</div> <div>Develop environmentally friendly products in each business</div>
<div>Human resources</div> <div>Ensure a comfortable and motivating work environment for all</div>	<div>Women in management positions within the Group</div> <div>At least 20% (Section manager 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>Design a system that matches diversifying work styles for each stage of life</div> <div>Implement work style reform</div> <div>Create a framework for developing female managers that includes the use of role models and training</div> <div>Encourage male employees to take childcare leave</div> <div>Introduce a mentor system</div> <div>Utilize AOKI Group learning (e-learning)</div> <div>Send employees to external seminars</div> <div>Open internal business school and invite national university professors to lecture</div> <div>Promote acquisition of official qualifications by providing assistance</div> <div>Ensure fair evaluation through personnel system reform</div> <div>Create a suitable work environment</div> <div>Encourage employees to take public holidays and paid holidays</div> <div>Build a framework for personal goal setting, progress management and evaluation/feedback using personnel systems</div> <div>Hold one-on-one meetings between supervisors and their subordinates</div> <div>Develop education</div> <div>Consistently apply stress tests</div> <div>Establish an environment in which employees feel comfortable asking for advice that includes an industrial physician and consultation desk and make this known throughout the organization</div>
<div>Environment</div> <div>Be kind to the environment</div>	<div>CO2 emissions (Scope 1+2)</div> <div>Per store compared with FY2017</div> <div>50% reduction (49.5t-CO2)</div>	<div>Disseminate correct ways to save power</div> <div>Purchase electricity with a low CO2 emission factor</div> <div>Continue developing the wool recycling project</div> <div>Reduce loss from waste</div>
<div>Local communities</div> <div>Revitalize and develop each region</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>Collect information on store activities in each region</div>
<div>Human rights</div> <div>Enable a responsible supply chain</div>	<div>CSR standards agreements concluded</div> <div>Over 100 factories</div>	<div>Encourage cooperation with business partners</div> <div>Enhance the work environment for overseas factory employees</div> <div>Create CSR standards</div>
<div>Governance</div> <div>Create a healthier management structure</div>	<div>Number of participants in compliance workshops</div> <div>All Group employees</div> <div>Awareness of hotline</div> <div>100%</div>	<div>Hold level-specific workshops</div> <div>Increase awareness through internal newsletter, etc.</div>

TCFD Recommendation-Based Information Disclosure

Basic Approach

The AOKI Group recognizes the conservation of the global environment as a priority issue and strives to reduce environmental impact in each business. 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-related matters.

Strategy

Climate Change-related 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 have been listed.

	Type		Details	Risks and opportunities recognized by the 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
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	Develop and expand 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 Committee. With regard to climate change-related risks, 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 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 Office, the Sustainability Committee's secretariat, plays a central role in said responses.

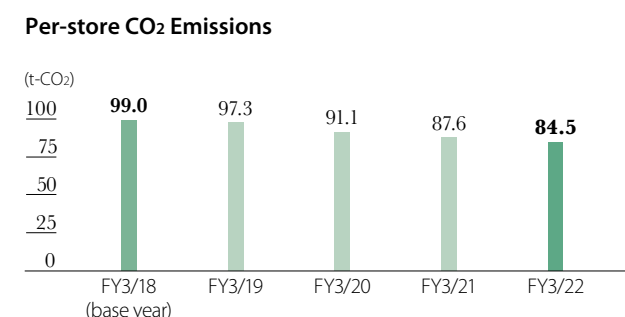
Metrics and Targets

Promote reduction of CO₂ emissions to curb environmental impact

The AOKI Group is promoting the reduction of greenhouse gas (CO₂) emissions in order to reduce its environmental impact. The Group is aiming to reduce its per-store Scope 1 and Scope 2 emissions by 50% in comparison to fiscal 2017 levels by fiscal 2030. In addition, the Group is currently planning initiatives aimed at Scope 3 disclosure. Further, the Aoki Group is considering introducing an internal carbon pricing scheme and is planning to promote further initiatives aimed at achieving zero CO₂ emissions across its entire supply chain by 2050.

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.

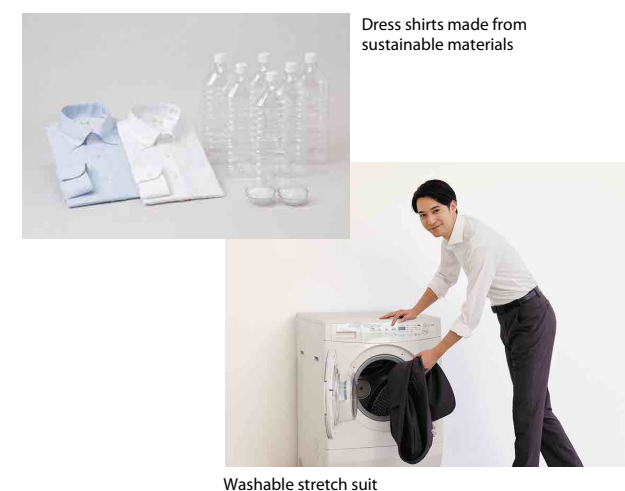
We have been actively switching to LED lighting at existing locations as a measure to conserve electricity, especially since the Great East Japan Earthquake. Up to this point, we have completed the switch at all AOKI, ANNIVERSAIRE, KAIKATSU CLUB, COTE D'AZUR, and FiT24 locations as well as about 60% of our ORIHIKA stores. Additionally, we have been striving to reduce CO₂ emissions by conserving electricity through the installation of demand controllers that monitor and regulate power consumption.



AOKI 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.



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 materials for automobile interiors. We bear some of the costs associated with transporting and processing the wool within the recycling process as part of our environmental conservation efforts.



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 2022, we held two performance briefings for institutional investors (by phone and online). We will continue to deepen dialogue through semiannual performance briefings and briefings for individual investors as well as communication of information via our website.



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, 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

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.

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.

Additionally, in the Anniversaire and 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.

We conduct online surveys in the Entertainment Business in an effort to enhance service based on customer feedback.

■ Ensuring reliable quality and service

We are working to enhance education on product quality in the Fashion Business, including promoting Textiles Evaluation Specialist certification, and seeking to continually manage and improve quality by enlisting the support of our Quality Control Department and outside agencies. We inspect products after they are delivered to our distribution centers based on our in-house inspection standards to ensure quality.

In the Anniversaire and Bridal Business, we came in second place in the Young Professionals category of the 16th HRS Service Competition 2022. 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. This is the fourth consecutive year the Company has won an award. Through active participation in competitions, we are seeking to improve the hospitality skills of our staff.

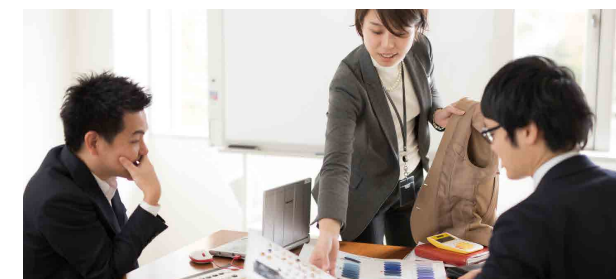


16th HRS Service Competition 2022

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. We are also working to build relationships on-site through regular visits.



Product development meeting

For employees

At the AOKI Group, we believe it is important to create happiness not only for our customers but also for everyone who works in the Group.

We promote various initiatives for such objectives as diversity and work-life balance, including the introduction of work restriction 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 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 March 2022, it was held for the 23rd time.



23rd AOKI Group Harmony Concert (©K. Miura)

■ 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 suits and polo shirts when KAWASAKI FRONTALE travels.



24th Nagano Marathon (©The Shinano Mainichi Shimbun)

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.

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.

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

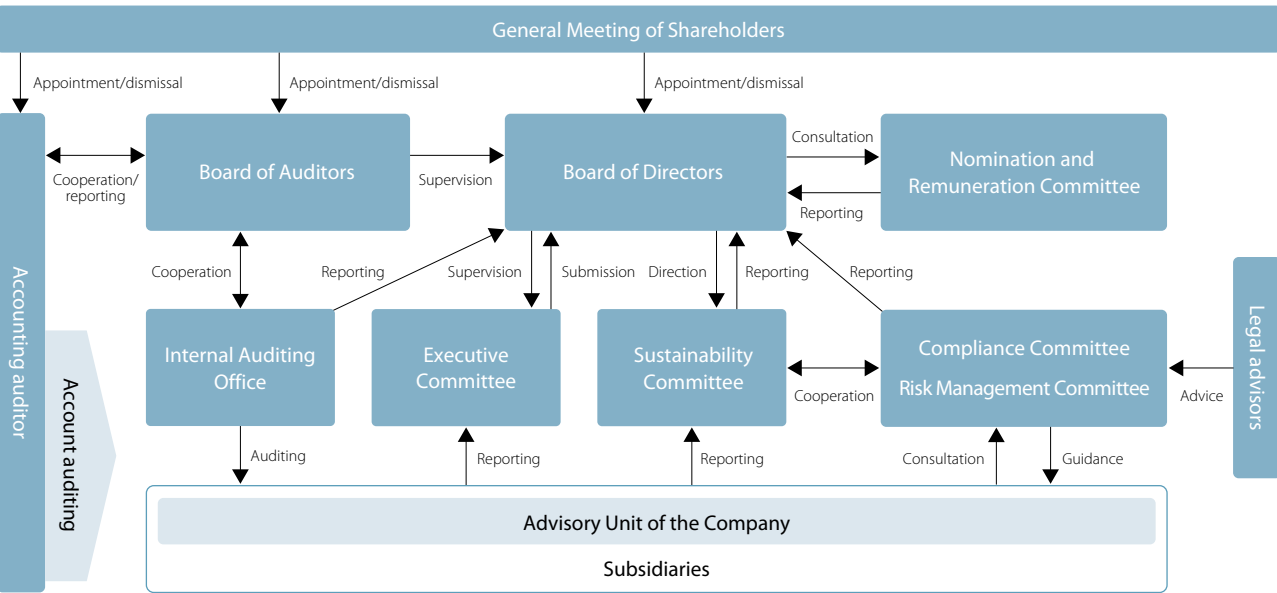
We are a company with a board of auditors. To ensure objectivity and neutrality, we elect auditors who are thoroughly familiar with finance and accounting as certified public accountants/certified tax accountants and experienced external auditors. We have adopted a system wherein they supervise the Board 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 12 directors, including five 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.

The Nomination and Remuneration Committee established in April 2019 is chaired by an external director and consists of four members, including of an external auditor and two directors. As a voluntary advisory body to the Board of Directors, the Committee makes deliberations and reports to further increase the fairness and transparency of officer elections and determination of officer remuneration to ensure objectivity.

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. In December 2021, the Sustainability Committee was established to drive sustainable growth for the Group as a whole.

Evaluating the Effectiveness of the Board of Directors

From April to June 2022, we conducted an anonymous survey of all directors regarding the composition and operation of the Board of Directors. The findings demonstrated that the Board as a whole is functioning effectively. However, some noted a lack of sufficient discussion by the Board as well as a lack of transparency in the relationship between corporate auditors, the Risk Management Committee and the Compliance Committee.

In response, we will ensure there is enough time for Board meetings to enable proper discussion as well as time for

the exchange of information before and after the meetings. Additionally, we will provide the opportunity for committees to make regular reports at Board meetings to enhance cooperation between committees and corporate auditors. Although certain issues are difficult to resolve in the short term, we will strive to make improvements to further raise the effectiveness of the Board of Directors in light of survey findings and methods used to evaluate the Board.

Diversity of Directors as a Whole

The Board of Directors consists of directors with different expertise and experience so we can fulfill our responsibility as a holding company supporting diverse businesses. Several directors concurrently serve as executive officers of major subsidiaries and

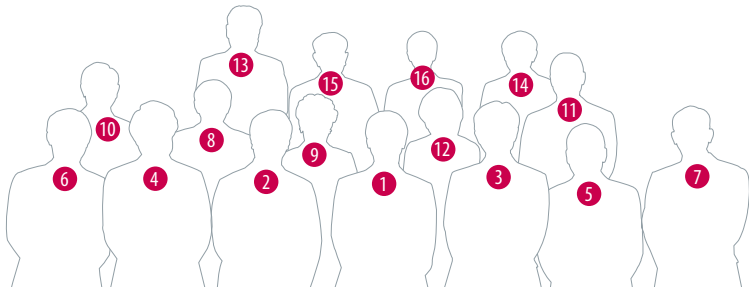
through regular meetings we have established a system that enables swift and efficient decision-making. To strengthen governance, the ratio of external directors is 41.7%, and to meet diverse social needs, the ratio of female directors is 16.7%.

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	●	●			
Hidekazu Azuma	President and Representative Director	●	●			
Haruo Tamura	Executive Vice President	●			●	
Akira Shimizu	Executive Vice President	●	●			
Norio Terui	Executive Vice President	●		●		
Masamitsu Aoki	Executive Managing Director	●	●			
Keita Nagemoto	Executive Managing Director	●	●			
Minoru Inagaki	External Director				●	
Yoko Ohara	External Director		●			
Mitsuo Takahashi	External Director	●			●	
Eiichi Nakamura	External Director	●	●			
Sonoko Sugano	External Director					●

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
June 2005 Executive Officer
Apr. 2008 President and Representative Director, ORIHICA
June 2009 Managing Director of the Company
June 2010 President and Representative Director, AOKI Inc.
Oct. 2018 Chairman and Representative Director, AOKI Inc.
June 2022 Chairman and Representative Director (present position)

2 President and Representative Director

Hidekazu Azuma

Mar. 1988 Joined TORII Co., Ltd. (now AOKI Holdings Inc.)
Apr. 2008 Executive Officer, AOKI Inc.
June 2012 Executive Managing Director
Nov. 2018 Executive Officer, VALIC Co., Ltd. (now KAIKATSU FRONTIER Inc.)
Apr. 2019 Executive Vice President
June 2019 Managing Director of the Company
June 2021 President and Representative Director, KAIKATSU FRONTIER Inc.
June 2022 President and Representative Director (present position)

3 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)

4 Executive Vice President
In charge of group store development and real estate business

Akira Shimizu

Apr. 1977 Joined the Company
June 1990 Director
June 2003 Executive Managing Director
Apr. 2008 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
June 2020 Chairman and Representative Director, KAIKATSU FRONTIER Inc.
June 2021 In charge of group store development and real estate business (present position)

5 Executive Vice President
In charge of group information 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
June 2018 Managing Director
June 2019 In charge of group information systems (present position)
June 2021 Director, KAIKATSU FRONTIER Inc. (present position)
June 2022 Executive Vice President of the Company (present position)

6 Executive Managing Director
In charge of group branding

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
President and Representative Director, ANNIVERSAIRE HOLDINGS Inc. (present position)
June 2020 In charge of group branding (present position)
June 2022 Executive Managing Director of the Company (present position)

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

Keita Nagemoto

Apr. 1985 Joined the Company
Oct. 2000 General Manager of Anniversaire Villa Yokohama, ANNIVERSAIRE Business Unit
Apr. 2010 Director, ANNIVERSAIRE Inc.
Sept. 2016 Executive Officer of the Company
June 2019 Managing Director
In charge of group strategy and General Manager of President's Office (present position)
June 2020 Chairman and Representative Director, ANNIVERSAIRE Inc.
June 2022 Executive Managing Director of the Company (present position)

8 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)

9 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)

10 External Director

Mitsuo Takahashi

Apr. 1977 Joined the Company
June 1990 Director
July 1997 Joined Don Quijote Co., Ltd. (now Pan Pacific International Holdings Corporation)
Sept. 1997 Director
Sept. 2005 Senior Managing Director and CFO
Sept. 2019 Senior Managing Executive Officer and CFO
Oct. 2020 Advisory Member
Feb. 2021 Outside Director, MIG Holdings Ltd. (present position)
June 2021 Director of the Company (present position)

11 External Director

Eiichi Nakamura

Apr. 1979 Joined Itoman Corporation (now NIPPON STEEL TRADING CORPORATION)
Apr. 2005 Executive Officer, General Manager of Menswear Department 2
Apr. 2010 Managing Executive Officer and Representative in China
June 2015 Director and Managing Executive Officer
Apr. 2018 Director and Senior Managing Executive Officer
June 2020 Advisor
June 2022 Director of the Company (present position)

12 External Director

Sonoko Sugano

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

Auditors

13 Standing Auditor

Hiroshi Kurita

Apr. 1977 Joined the Company
June 2005 Director, VALIC (now KAIKATSU FRONTIER Inc.)
June 2007 President and Representative Director
July 2010 Managing Executive Officer of the Company
June 2011 Managing Director
May 2015 Chairman and Representative Director, Kotobukihonpo Inc.
June 2020 Standing Auditor (present position)

14 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)

15 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)

16 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)

Corporate Overview (As of March 31, 2022)

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)
2,988 (5,564)
The number in parentheses indicates the number of contract and part-time workers (yearly average), calculated based on an eight-hour workday for each employee.

Officers (As of September 30, 2022)

Chairman and Representative Director Akihiro Aoki	External Director Mitsuo Takahashi	Managing Executive Officer Tomoki Yanagi
President and Representative Director Hidekazu Azuma	External Director Eiichi Nakamura	Managing Executive Officer Muneaki Sakamoto
Executive Vice President Haruo Tamura	External Director Sonoko Sugano	Executive Officer Kazuya Mitsuhashi
Executive Vice President Akira Shimizu	Standing Auditor Hiroschi Kurita	Executive Officer Michiaki Odagiri
Executive Vice President Norio Terui	Auditor Kenji Nakamura	Executive Officer Noboru Tachihara
Executive Managing Director Masamitsu Aoki	External Auditor Kazumasa Watanabe	Executive Officer Chinatsu Hatanaka
Executive Managing Director Keita Nagemoto	External Auditor Toshio Hotchi	Executive Officer Seiichi Sakimura
External Director Minoru Inagaki	Senior Managing Executive Officer Wataru Araki	Executive Officer Shinya Hikosaka
External Director Yoko Ohara	Senior Managing Executive Officer Terumitsu Noguchi	Executive Officer Kenji Sunaga
		Executive Officer Yoshiko Kawaguchi

Stock Information (As of March 31, 2022)

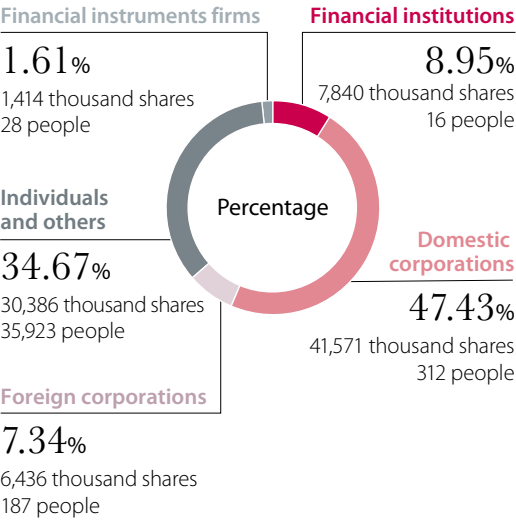
Shares

Total number of authorized shares 133,679,900

Total number of outstanding shares 87,649,504
(Including 2,746,514 treasury shares)

Number of shareholders 36,466

Share distribution by type of shareholders

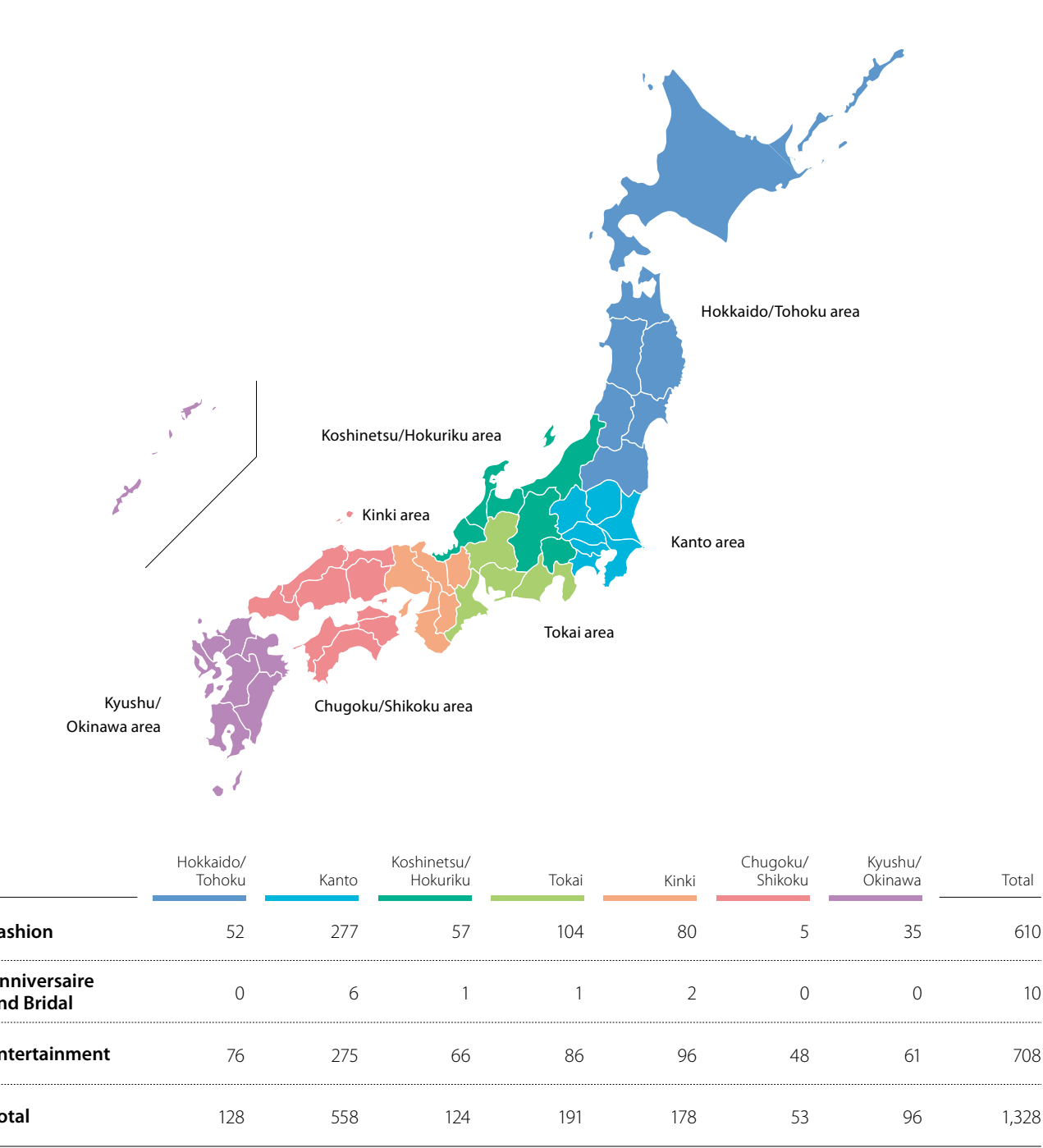


Major shareholders (top 10)

Shareholder name	Number of shares (thousands)	Percentage (%)
ANNIVERSAIRE HOLDINGS INC.	33,415	39.35
The Master Trust Bank of Japan, Ltd. (trust account)	5,462	6.43
TREIDEALI INC.	4,300	5.06
Akihiro Aoki	2,573	3.03
Masamitsu Aoki	2,554	3.00
AOKI Holdings Employee Stock Ownership Associations	1,913	2.25
Takahisa Aoki	1,846	2.17
Hironori Aoki	1,843	2.17
AOKI Holdings Insurance Federation of Agricultural Cooperatives	1,705	2.00
Custody Bank of Japan, Ltd. (trust account)	1,356	1.59

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

Number of stores/locations by area (As of March 31, 2022)



Inquiries

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

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