

Becoming a corporate group that further “Enriches People’s Lives” ten years hence



Akihiro Aoki

AOKI Holdings Inc.
Chairman and Representative Director

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

The AOKI Group’s desire from our founding to make it possible for businesspersons to afford to own a variety of suits led us to start as specialty men’s clothing stores in 1958, from which we developed our Fashion Business. Since the 1990s, we have advanced portfolio management in anticipation of changes in the times and business environment. Guided by our business concept of “Enriching people’s lives,” we have expanded beyond Fashion into the Entertainment and Anniversaire and Bridal businesses.

In an era where the business environment changes daily, we recognize the need to sustainably enhance corporate value. Accordingly, in May 2024 we formulated and publicly announced the Medium-Term Management Plan FY2024-2026 (hereinafter the “Management Plan”) based on the RISING 2026 concept. In this phase, while fully leveraging group synergies, we position this as a stage for rebuilding our business portfolio through transformation of our business model under the banners of “Conversion,” “Redesign,” and “Evolution” in our three core businesses. At the same time, it is also essential that we persistently refine the value we offer.

In the first year of the Management Plan, FY2024, we implemented the initiatives set forth across all businesses, thereby achieving a solid start.

Beyond the Management Plan, our vision for the future of the Group is to create new markets that cover the entire life stages of an even broader range of customers. United as

the AOKI Group, we will pursue business developments that contribute to growth for the next generation, setting a target of ¥30 billion in operating profit by FY2033.

Looking ahead as “the AOKI Group, Enriching People’s Lives” for all stakeholders, we will continue striving to achieve our goals for realizing a new stage of growth by providing valuable goods and services to customers in various life scenarios.

As representative of our founding Fashion Business

To further enhance the brand value and profitability of our founding Fashion Business, which is aiming for a target of ¥30 billion in operating profit by FY2033, in June 2025 I assumed the role of Chairman, Representative Director, and President of AOKI Inc.

After launching ORIHICA in 2003, in 2008 I also served as President and Representative Director of ORIHICA Inc. (which merged with AOKI Inc. in 2010) and have subsequently been engaged in the management of the Fashion Business. Drawing on that experience, I will devote myself to further enhancing AOKI Inc.’s corporate value. You can expect great things from the Fashion Business going forward.

Desired State for FY2033

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

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

Long-term policy

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

The First Year: A Smooth Start to the Medium-Term Management Plan Continuing with business model reform, fostering the creation of new businesses

Haruo Tamura

AOKI Holdings Inc.
President and Representative Director



Reaction to the first Medium-Term Management Plan and its permeation among employees

In May 2024, we announced our first-ever three-year Medium-Term Management Plan since our founding (hereafter the “Management Plan”), covering FY2024 to FY2026. Fortunately, this has received favorable feedback from shareholders and investors, who call it “clear and easy to understand.” With a sense of relief, we are renewing our determination to achieve the Management Plan so that we do not fall short of such expectations.

In formulating the Management Plan, we listened to the voices of young and mid-career employees and reflected their strong aspiration to inherit the AOKI Group’s DNA of taking on new challenges and to create a new growth story that goes beyond a mere extension of the past. To ensure thorough adoption among the employees who will lead these initiatives, we are taking steps such as holding company-wide afternoon assemblies where the plan is explained to all AOKI Holdings employees. While maintaining and enhancing the motivation of our most important management resource, namely our “human resources,” we are pushing forward toward achieving our targets.

Our current business performance and recognition of the business environment

The business environment during the fiscal year ended March 2025 remained uncertain due to prolonged geopolitical risks and monetary policies in other countries, as well as domestic concerns over rising prices caused by surging raw material costs from higher energy expenses and the weaker yen. However, supported by improvements in employment and income, the economy trended toward a moderate recovery. The AOKI Group implemented various measures in all business segments to address customer needs and improve profitability, marking a firm start to the first year of the Management Plan.

In the Fashion Business, sales at existing stores remained strong, supported by an increase in sales per customer. By product category, growth was seen in ladies’ and casual wear, both of which were growth areas, and in the fourth quarter, the important freshers’ market, which accounts for a high share of annual sales, exceeded the previous year’s results. As a result, we achieved our fourth consecutive year of increased sales and profit. In this way, we succeeded in generating solid profitability

in the AOKI Group’s foundational business.

The Entertainment Business also saw steady performance at existing stores thanks to an increase in the number of customers and sales per customer. Particularly notable were the opening of highly profitable urban “fully private rooms with locks” and consumer demand for cooler venues in the summer heat; together these contributed to a fourth consecutive year of revenue growth and record-high segment profit.

The Anniversaire and Bridal Business recorded increased sales and profit as its OMOTESANDO and MINATO MIRAI YOKOHAMA flagship stores operated year-round after completing banquet hall renovations to better meet corporate demand. Actively promoting corporate meetings and parties on weekdays and holidays without reservations resulted in improved occupancy and a higher proportion of non-wedding business.

Although overall prices and procurement costs rose, effective pricing strategies ensured profits; Group-wide net sales grew by 2.6% year-on-year to ¥192.6 billion; operating profit rose by 12.9% to ¥15.6 billion; and ordinary profit rose by 11.7% to ¥14.7 billion, marking our fourth consecutive year of increased sales and profit.

Medium-Term Management Plan “RISING 2026” First-year progress and future outlook

With a desired 10-year corporate state of “Continue sustainable growth through the creation and transformation of businesses that encompass consumers’ entire life stage,” this Management Plan is positioned as the stage for restructuring our business portfolio, so we are aiming for profit growth of around 10% per year over three years. Meanwhile, as a financial indicator, we aim to achieve a PBR (Price Book-value Ratio) of 1.0 by the fiscal year ending 2026, the last year of the Management Plan, and AOKI Holdings is taking the lead in measures to improve capital efficiency and investment efficiency.

During its first year, all business segments steadily executed planned store openings and closures of unprofitable stores, with both net sales and operating profit exceeding initial plans. Capital efficiency indicators such as ROIC (Return On Invested Capital) and ROE (Return On Equity), as well as market evaluations such as PBR, are continuing on an upward trend.

I believe there are two key points for achieving the Management Plan going forward.

The first is our “pricing strategy.” Given how significantly political and economic developments such as recent changes in U.S. tariff policies can impact the market, these will inevitably affect consumer sentiment and the resulting behavior.

At present, consumers appear to be carefully assessing the situation, with signs of somewhat stagnant consumption. On the other hand, the AOKI Group’s products and services are reasonably priced, which means that if the economic environment worsens, demand may actually increase. We will continue to closely monitor consumer trends, capturing demand through optimal pricing while balancing rising procurement costs.

The second point is “the steady execution of store expansion plans.” Under the Management Plan, we expect sales and profit growth over the next three years, with a focus on ORIHICA and KAIKATSU CLUB, based on the assumption of opening 20 to 30 new stores annually for each brand. Progress so far has been smooth; however rising construction costs mean we are making detailed adjustments such as reviewing store floor area to reliably achieve the opening plans of each business.

The operating profit forecast for the fiscal year ending March 2026 is ¥17 billion, just short of the final-year target of ¥18 billion. Naturally, the Management Plan is subject to rolling revisions, but if profits exceed these projections, we intend to prepare for the next three-year period with investments and other measures. While no new or growth investments have yet materialized, multiple themes are under consideration with each being carefully evaluated. We remain focused on sowing the seeds toward achieving an operating profit of ¥30 billion by FY2033.

The Management Plan prioritizes profit growth through business model reform, rather than sales growth. We will continue to improve underperforming existing stores and steadily execute profit-building measures across all business formats.

Financial indicators and shareholder returns

In terms of enhancing capital efficiency toward achieving a PBR of 1.0x, we have compressed total assets by improving sales floor efficiency and store utilization rates, as well as by selling idle real estate and investment securities. This fiscal year, ROE exceeded the cost of equity due to improved profitability combined with these measures.

Both PBR and ROE have been trending upward in a similar manner driven by post-COVID rebound demand, improved profit margins, and growth expectations. Our

shareholder return policy is to set a total payout ratio of 70% on average across the three years of the Management Plan, by choosing the higher of either a dividend payout ratio of 50% or more or a Dividend on Equity (DOE) of 3% or more. For the fiscal year ended March 2025, reflecting strong business performance, we raised the annual dividend by ¥25, resulting in a dividend payout ratio of 65.9%. For the next fiscal year, we anticipate a dividend payout ratio of around 70%. In addition to reinforcing shareholder returns, we will continue initiatives to promote sustainability, strengthen corporate governance, and enhance IR/SR activities, all aimed at raising PBR.

With respect to capital allocation, three-year cumulative targets are ¥30 billion for store openings and capital expenditure, ¥20 billion for shareholder returns, and ¥10 billion for investment in new businesses. Store openings and capital investment also include DX investments such as introducing RFID across all AOKI stores to reduce staffing requirements in the Fashion Business. At KAIKATSU CLUB, we have trialed the introduction of cashless payment terminals and installed sliding bookshelves to increase book storage capacity. Efforts such as these aim to improve store profitability, enhance earnings efficiency, and drive further rationalization, and we are continuing investments in line with the plan.

Progress of management foundation initiatives

In this Management Plan, we clearly state the need to strengthen and utilize the management base necessary to support Group growth including human resources, store networks, IT infrastructure, and customer data. To this end, we will pursue and realize synergies by utilizing shared know-how and assets, further strengthening governance.

As part of enhancing governance, the composition of the Board of Directors has been revised, with a majority of them now being external directors. We will continue with separating management and execution functions and strengthening AOKI Holdings’ supervisory function. In addition, we are working to enhance the effectiveness of the Board of Directors by having independent third-party conduct evaluations, addressing identified issues, and implementing improvements through the PDCA cycle. With respect to strengthening the effectiveness and authority of the Nomination and Compensation Committee, we will review the skills matrix to reinforce the functions of the Board of Directors and further

enhance corporate value.

With respect to human resources, we have implemented measures to flexibly allocate employees across Group companies during peak periods as part of our human resource exchange between businesses. Moreover, new recruits hired by AOKI Holdings are also assigned to subsidiaries, creating an environment where they can contribute on the front lines. First, in terms of human resources, we position their development and utilization as the AOKI Group’s top priority and will work on the stable recruitment and development of talented individuals, along with creating an environment in which they can thrive.

For our store network, we are expanding flexible utilization methods that transcend the boundaries of individual operating companies, such as converting AOKI stores into other business formats within the AOKI Group. Furthermore, in order to maximize the effectiveness of these measures, the Group continues to invest in IT infrastructure, introducing a unified internal system across the Group and enabling all employees to share information, thereby improving operational efficiency.

In customer data utilization, we are working to make effective use of data from all 45 million Group members. However, in January 2025, KAIKATSU CLUB experienced an unauthorized access incident. At present, while no leaks of personal information or secondary damage related to the incident have been confirmed, we deeply regret the significant concern caused to our stakeholders. Cyber-attacks are becoming increasingly sophisticated, requiring us to constantly keep apprised of the most up-to-date information and enhance our security levels. We have established group-wide compliance, risk management, and information security committees, and are working to manage risks across the Group. First, we will align efforts across each company and work to raise the overall level of the AOKI Group.

Results and challenges of sustainability management

The AOKI Group has formulated and is working to achieve six material issues (materialities) as well as key performance indicators (KPIs) and numerical targets for FY2030 based on the vision we are aiming for as a Group.

Among these, we place particular emphasis on human resources, with an increase in employee engagement scores, a measure of satisfaction. In increasing the ratio of female managers, we are conducting study sessions for management

candidates, directors, and managers while also promoting greater uptake of paternity leave among male employees.

On the environmental front, we had set an ambitious KPI of halving CO₂ emissions per store by FY2030 compared with FY2017 levels. However, as we are now working toward obtaining Science Based Targets (SBT) certification, we are reviewing and considering revisions to this KPI. From FY2022, we have calculated and disclosed the CO₂ emissions of the entire supply chain, including Scope 3. In this fiscal year, we received a CDP “Climate Change” score of “B-”. For the next year, we are aiming for a “B” rating and will continue to enhance our measures.

Message to shareholders and investors

The AOKI Group operates three business segments, but many consumers are unaware that KAIKATSU CLUB and ANNIVERSAIRE are also operated by the AOKI Group. I would like the corporate image that everyone thinks of with regard to the AOKI Group to be a positive one—something like “The AOKI Group has various businesses, and anything managed or developed by the AOKI Group can be trusted and used with confidence.” This will also foster a sense of pride, enabling each employee to hold their head high as a member of the AOKI Group.

To all of our stakeholders, including employees, shareholders, investors, customers, and business partners, we will continue striving to achieve “RISING 2026” with the hope that you will continue to experience the AOKI Group as a company enriching people’s lives in a variety of occasions.



Special Feature

Progress of the Medium-Term Management Plan

RISING 2026

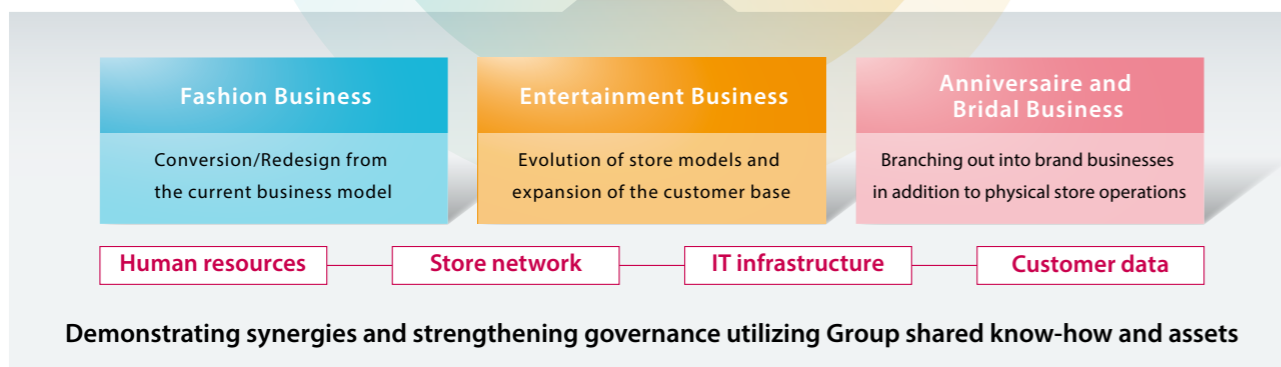
The RISING2026 plan, covering the three-year period ending in March 2027, has the goal of business operations for growth 10 years from now and for the next generation.

Medium-Term Management Plan Framework



Medium-Term Management Policy

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



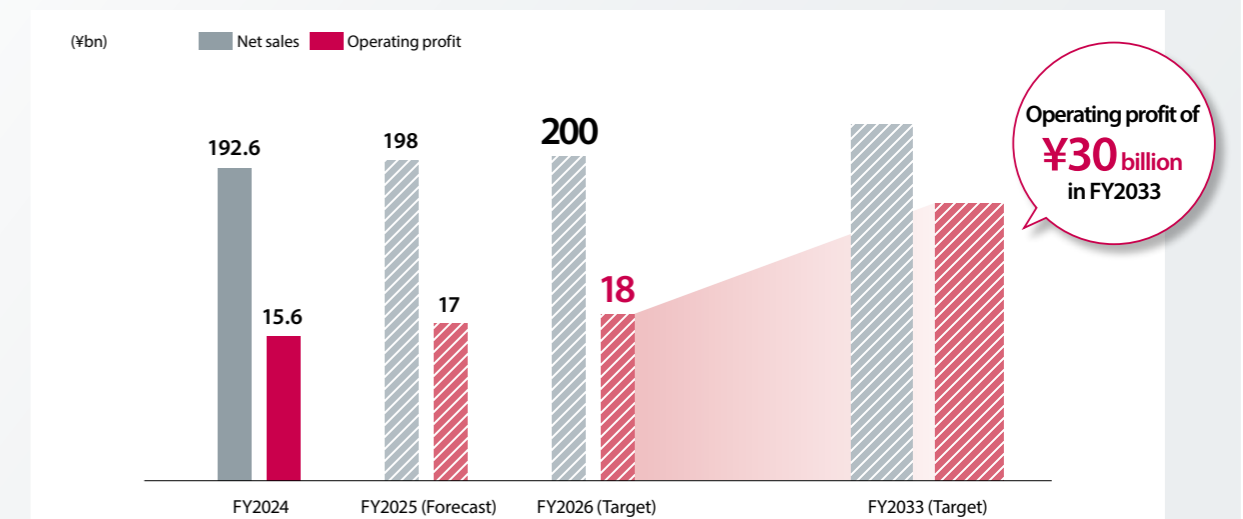
Group-wide Measures

Demonstrating synergies utilizing Group shared know-how and assets

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

Consolidated Earnings Target

Grow profits by approximately 10% annually to achieve an operating profit of ¥18 billion in FY2026



Special Feature

Progress of the Medium-Term Management Plan

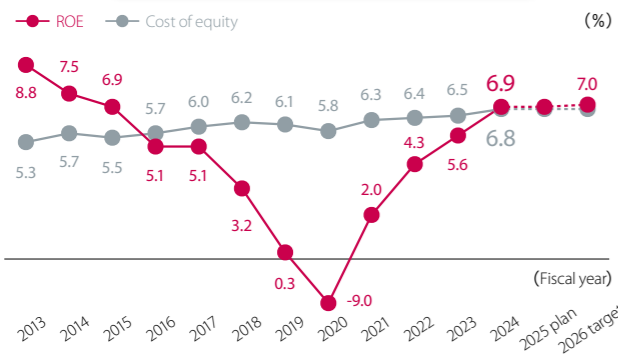
Progress on management indicators

- In FY2024, the plan's first year, sales and operating profit surpassed the plan.
- Forecast more sales and profit growth in FY2025 as progress toward the FY2026 target continues.
- Improvements in the return on equity and stock price valuation are continuing.

	FY2023 results	FY2024 results	FY2025 plan	FY2026 target	FY2023 ▶ FY2026
Net sales	¥187.7 billion	¥192.6 billion	¥198.0 billion	¥200.0 billion	+2.2%/yr
Operating profit	¥13.8 billion	¥15.6 billion	¥17.0 billion	¥18.0 billion	+10.0%/yr
Operating margin	7.4 %	8.1 %	8.6 %	9.0 %	+1.6 pt
Return on invested capital (ROIC)	5.2 %	6.0 %	—	6.7 %	+1.5 pt
Return on equity (ROE)	5.6 %	6.9 %	—	7.0 %	+1.4 pt
Earnings per share (EPS)	90.0 yen	113.9 yen	—	120.0 yen	+30.0 yen
Price book-value ratio (PBR)	0.7 ×	0.8 ×	—	1.0 ×	+0.3 pt
Group overall store numbers (directly managed stores)	1,334 stores	1,332 stores	1,358 stores	1,434 stores	+100 stores

Implementing management that is conscious of cost of capital and stock price

Trends in ROE and Cost of equity¹



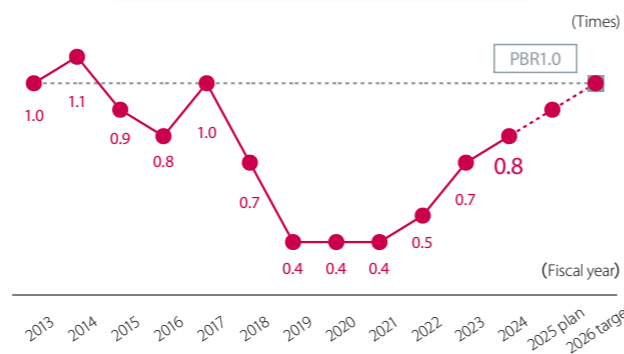
ROE analysis and actions

- Record profits in FY2013, ROE was above the cost of equity
- Subsequently declined due to business climate changes and the COVID-19 pandemic
- ROE is now increasing due to post-COVID-19 upturn and shifts in lifestyles
- In FY2024, the first year of RISING2026, the improvement continued as profitability and asset efficiency increased; ROE is above the cost of equity

Continuing to aim for the RISING2026 ROE target of 7.0% by further increasing profitability and using assets more efficiently

The cost of equity targets may be reexamined as needed by using input from securities analysts, institutional investors and others

PBR² trends



PBR analysis and actions

- All-time high in FY2013 when the PBR was above 1.0
- Since then, the PBR has declined due to the COVID-19 pandemic and falling profitability
- Currently moving up because of the post-COVID-19 upturn, higher profitability and expectations for Entertainment Business growth
- In FY2024, the first year of RISING2026, still below 1.0 despite four consecutive years of sales/profit growth and rising expectations for more growth

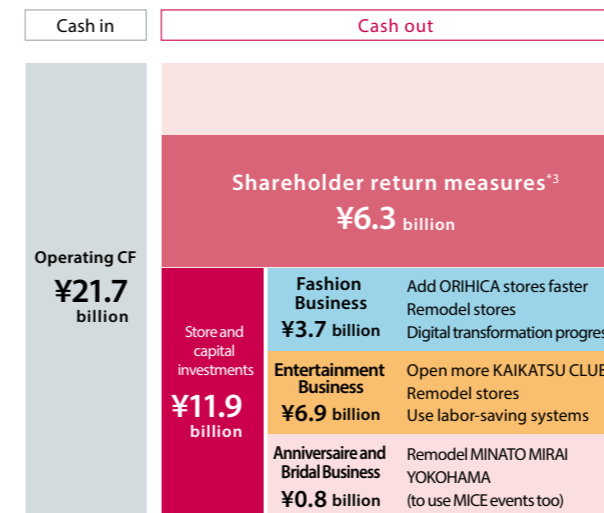
Aiming for a further improvement in the stock valuation by achieving the RISING2026 targets, increasing shareholder distributions, implementing sustainability measures, reinforcing corporate governance, upgrading investor/shareholder relations activities, and other actions.

*1 Cost of equity: Calculated by the company using CAPM (Capital Asset Pricing Model)

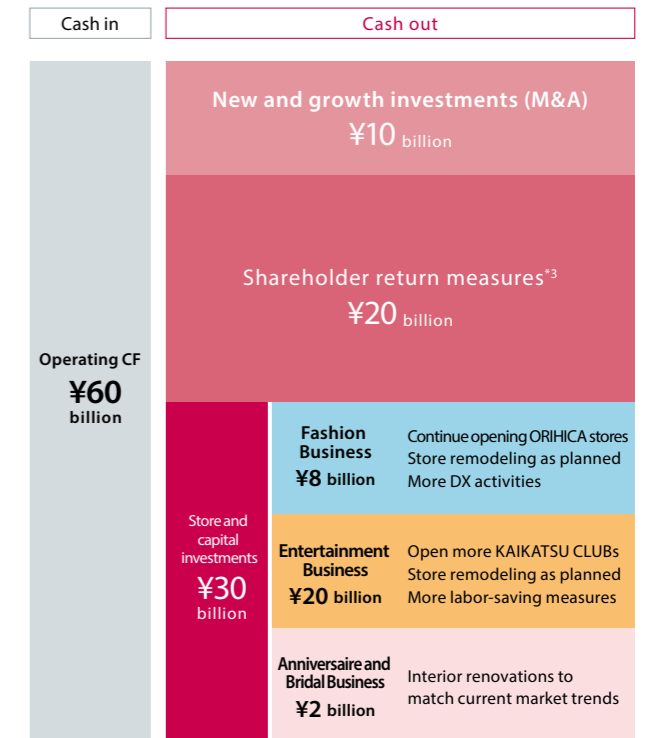
*2 PBR (Price-to-Book Ratio): Year-end stock price divided by year-end net assets per share

Capital allocation and investment status

FY2024 results

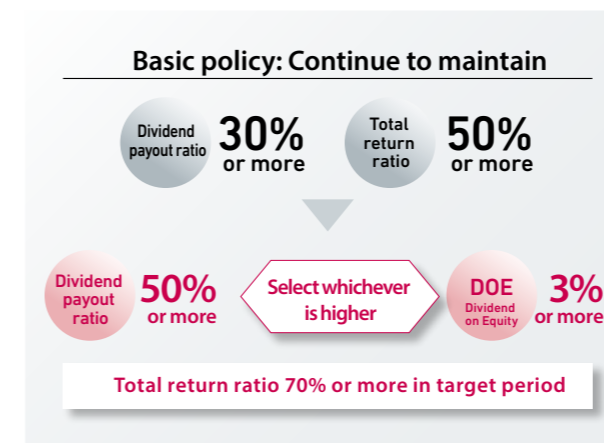


Cumulative plan for FY2024-2026



*3 The shareholder return includes the total amount of interim and year-end dividends for each fiscal year.

Shareholder return policy and trends in total return ratio



We recognize shareholder returns as one of our key management priorities. Taking into consideration future business development and the strengthening of our financial structure while maintaining our existing basic policy, our goal during the period of this Medium-Term Management Plan is either a dividend payout ratio of 50% or higher or a DOE (Dividend On Equity) of 3% or higher, whichever is higher, with the aim of achieving a total return ratio of 70% or higher over the target period.

