

**Third Quarter Financial Results  
for the Fiscal Ending March 31, 2017  
Supplementary Materials**

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**February 9, 2017  
AOKI Holdings Inc.**

# FY3/17 3Q Consolidated Financial Highlights

**Sales increased due to new stores and higher Fashion Business existing-store sales. But earnings declined because of a decrease in the number of couples married in the ANNIVERSAIRE and Bridal Business, a lower Fashion Business gross profit margin, and an increase in SG&A expenses.**

## ■ Fashion Business

- ◆ Steady growth in existing-store sales: +2.7% YoY in 3Q; +3.7% YoY in first nine months
- ◆ New-store openings as planned  
AOKI: Total of 12 (+2 YoY)    ORIHIKA: Total of 4 (-7 YoY)

## ■ Anniversaire and Bridal Business

- ◆ Decrease in the number of couples married:        -9.3% YoY
- ◆ Decrease in sales per couple:                        -1.3% YoY

## ■ Karaoke Facility Operations Business

- ◆ Weak existing-store sales: -5.0% YoY in 3Q; -4.8% YoY in first nine months
- ◆ New-store openings as planned: Total of 8 (+1 YoY)

## ■ Café Complex Operations Business

- ◆ Lower existing-store sales in 3Q: -1.7% YoY in 3Q; +1.2% YoY in first nine months
- ◆ Increased the pace of new café openings: Total of 33 (+3 YoY)

# Consolidated Profit and Loss

(Millions of yen)

Account/Period	Nine months of FY3/16	Nine months of FY3/17	Change	YoY %	Major Components
Sales	131,030	133,404	2,374	101.8	Increase in existing-store sales at the Fashion Businesses, and contributions from new stores
Gross profit Gross profit margin	59,175 45.2%	57,030 42.8%	-2,145 -2.4pt	96.4	Decline in Fashion Business by 2.3pt
Selling, general and administrative expenses	50,864	52,770	1,906	103.7	Higher expenses from store renewals at the Fashion Business
Operating profit Operating margin	8,311 6.3%	4,259 3.2%	-4,051 -3.1pt	51.3	Decline in gross profit margin and a rise in SG&A expenses
Non-operating profit	893	834	-59	93.4	
Non-operating expenses	1,040	1,121	80	107.8	
Ordinary income	8,164	3,972	-4,191	48.7	
Extraordinary gains	41	545	504	1209.3	Sales of investment securities
Extraordinary losses	829	574	-255	69.2	
Profit attributable to owners of parent	4,720	2,271	-2,449	48.1	

◆ Depreciation: ¥5,943 million (including lease assets of ¥1,186 million)

◆ Third quarter YoY existing-store sales: +3.7% for Fashion, -4.8% for Karaoke, +1.2% for Café Complex

# Sales and Operating Profit by Business Segment

[Sales by business segment]

(Millions of yen)

Business Segment	Nine months of FY3/16	Nine months of FY3/17	Change	YoY %	Major Components
<b>Total</b>	131,030	133,404	2,374	101.8	
<b>Fashion</b>	73,842	76,158	2,316	103.1	Contributions from new stores and higher sales at existing stores
<b>Anniversaire and Bridal</b>	23,520	20,901	-2,618	88.9	Decline in the number of couples married
<b>Entertainment (Total)</b>	33,699	36,359	2,660	107.9	
<b>(of which) Karaoke</b>	13,730	13,969	238	101.7	Contributions from new facilities
<b>(of which) Café Complex</b>	19,968	22,389	2,421	112.1	Contributions from new facilities and higher sales at existing facilities

[Operating profit by business segment ]

(Millions of yen)

Business Segment	Nine months of FY3/16	Nine months of FY3/17	Change	YoY %	Major Components
<b>Total</b>	8,311	4,259	-4,051	51.3	
<b>Fashion</b>	1,852	-513	-2,365	-	Decline in gross profit margin and a rise in SG&A expenses
<b>Anniversaire and Bridal</b>	3,508	2,371	-1,137	67.6	Lower sales due to decline in the number of couples married
<b>Entertainment (Total)</b>	2,839	1,972	-866	69.5	
<b>(of which) Karaoke</b>	1,175	591	-584	50.3	Lower sales at existing facilities and higher personnel expenses at facilities
<b>(of which) Café Complex</b>	1,663	1,381	-282	83.0	Higher costs due to increase in new café

# Number of Stores Opened/Closed

(Millions of yen excluding number of stores)

Business Segment	Stores/Facilities	Nine months of FY3/16			Nine months of FY3/17		
		Number of Stores	Opened	Closed	Number of Stores	Opened	Closed
Fashion	AOKI	565	10	2	574	12	5
	ORIHICA	146	11	6	146	4	2
Anniversaire and Bridal	ANNIVERSAIRE	14	-	-	14	-	-
Karaoke	COTE D'AZUR	175	7	1	190	8	1
Café Complex	KAIKATSU CLUB, other*	289	30	1	327	33	1
<b>Total</b>		<b>1,189</b>	<b>58</b>	<b>10</b>	<b>1,251</b>	<b>57</b>	<b>9</b>
<b>Capital Expenditures</b>		<b>7,595</b>			<b>11,624</b>		

\*Includes KAIKATSU FITNESS CLUB

(Millions of yen)

Capital Expenditures	Nine months of FY3/16	Nine months of FY3/17
Fashion	1,700	5,260
Anniversaire and Bridal	626	211
Karaoke	1,582	1,430
Café Complex	3,572	4,366
<b>Consolidated Total</b>	<b>7,595</b>	<b>11,624</b>

# Reference:Third Quarter of FY3/17 Consolidated Business Results

(Millions of yen unless otherwise stated)

	Nine months of FY3/16 Results	%	Nine months of FY3/17 Results	%	YoY change	YoY %
<b>Sales</b>	<b>131,030</b>	<b>100.0</b>	<b>133,404</b>	<b>100.0</b>	<b>2,374</b>	<b>101.8</b>
Fashion	73,842	100.0	76,158	100.0	2,316	103.1
Anniversaire/Bridal	23,520	100.0	20,901	100.0	-2,618	88.9
Karaoke	13,730	100.0	13,969	100.0	238	101.7
Café Complex	19,968	100.0	22,389	100.0	2,421	112.1
<b>Gross profit</b>	<b>59,175</b>	<b>45.2</b>	<b>57,030</b>	<b>42.8</b>	<b>-2,145</b>	<b>96.4</b>
Fashion	45,252	61.3	44,933	59.0	-318	99.3
Anniversaire/Bridal	7,370	31.3	5,992	28.7	-1,377	81.3
Karaoke	2,643	19.3	2,113	15.1	-529	80.0
Café Complex	3,546	17.8	3,619	16.2	73	102.1
<b>SG&amp;A expenses</b>	<b>50,864</b>	<b>38.8</b>	<b>52,770</b>	<b>39.6</b>	<b>1,906</b>	<b>103.7</b>
Fashion	43,400	58.8	45,447	59.7	2,046	104.7
Anniversaire/Bridal	3,861	16.4	3,621	17.3	-240	93.8
Karaoke	1,467	10.7	1,522	10.9	54	103.7
Café Complex	1,882	9.4	2,238	10.0	355	118.9
<b>Operating profit</b>	<b>8,311</b>	<b>6.3</b>	<b>4,259</b>	<b>3.2</b>	<b>-4,051</b>	<b>51.3</b>
Fashion	1,852	2.5	-513	-	-2,365	-
Anniversaire/Bridal	3,508	14.9	2,371	11.3	-1,137	67.6
Karaoke	1,175	8.6	591	4.2	-584	50.3
Café Complex	1,663	8.3	1,381	6.2	-282	83.0
<b>Ordinary income</b>	<b>8,164</b>	<b>6.2</b>	<b>3,972</b>	<b>3.0</b>	<b>-4,191</b>	<b>48.7</b>
<b>Profit attributable to owners of parent</b>	<b>4,720</b>	<b>3.6</b>	<b>2,271</b>	<b>1.7</b>	<b>-2,449</b>	<b>48.1</b>

# Reference: Third Quarter of FY3/17 Major Expenses

## SG&A expenses

(Millions of yen unless otherwise stated)

	Nine months of FY3/16 Results					Nine months of FY3/17 Results									
	Total	Fashion	Anniversaire/ Bridal	Karaoke	Café Complex	Total	Fashion		Anniversaire/ Bridal		Karaoke		Café Complex		
							YoY %	YoY %	YoY %	YoY %	YoY %	YoY %			
<b>Advertising expenses</b>	8,221	6,045	1,337	364	154	8,787	106.9	6,851	113.3	1,197	89.6	368	101.2	175	113.3
<b>Personnel expenses</b>	18,972	15,360	913	707	1,077	19,545	103.0	15,721	102.3	906	99.2	729	103.1	1,240	115.1
<b>Rents</b>	11,481	11,638	16	23	40	11,490	100.1	11,641	100.0	16	100.4	25	111.9	45	110.7
<b>Depreciation</b>	2,281	1,767	45	37	24	2,432	106.6	1,895	107.2	79	174.8	44	119.5	31	128.6

Note: The sum of the business segment items does not match the total because the total includes expenses of AOKI Holdings Inc. and inter-segment eliminations.

## Major expenses included in cost of sales

(Millions of yen unless otherwise stated)

	Nine months of FY3/16 Results			Nine months of FY3/17 Results					
	Anniversaire/ Bridal	Karaoke	Café Complex	Anniversaire/ Bridal		Karaoke		Café Complex	
				YoY %	YoY %	YoY %	YoY %		
<b>Personnel expenses</b>	3,920	3,313	5,465	3,582	91.4	3,699	111.6	6,388	116.9
<b>Rents</b>	1,449	2,861	3,373	1,494	103.1	3,203	112.0	3,947	117.0
<b>Depreciation</b>	1,207	953	1,193	1,190	98.6	872	91.5	1,334	111.8

Note: The ANNIVERSAIRE/Bridal, Karaoke, and Cafe Complex businesses include the above-stated expenses in cost of sales, in addition to the SG&A expenses in the upper table.

## Reference: Third Quarter of FY3/17 Fashion Business Performance

### (1) Change in existing-store sales, number of customers and sales per customer at existing stores

(%)

		First half Results	3Q Results	3Q Forecast	Nine months Results	Nine months Forecast	4Q Forecast	Second half Forecast	Full year Forecast
Sales	FY3/17	4.4	2.7	7.4	3.7	5.6	2.3	4.4	4.4
	FY3/16 (Results)	-0.3	-3.2	-	-1.5	-	0.7	-1.1	-0.8
Number of customers	FY3/17	3.1	2.1	8.0	2.7	4.9	1.2	4.5	3.9
	FY3/16 (Results)	-5.9	-8.0	-	-6.6	-	-0.6	-4.9	-5.3
Sales per customer	FY3/17	1.3	0.6	-0.5	1.0	0.7	1.0	-0.1	0.5
	FY3/16 (Results)	5.9	5.1	-	5.5	-	1.3	4.0	4.7

### (2) Number of units sold and unit prices of suits

		First half	YoY %	3Q	YoY %	Nine months	YoY %	Second half	YoY %	Full year	YoY %
Number of units sold (in ten thousands)	FY3/17	46.0	105.2	36.0	104.3	82.0	104.8				
	FY3/16	43.7	96.3	34.5	98.1	78.2	97.1	83.9	99.5	127.5	98.4
Unit price (thousands of yen)	FY3/17	25.3	96.2	26.3	96.3	25.7	96.3				
	FY3/16	26.3	104.0	27.3	98.2	26.7	101.1	27.1	100.0	26.9	101.1



# Reference: Third Quarter of FY3/17 Fashion Business Performance

## (3) Sales by category

(Millions of yen unless otherwise stated)

	Nine months of FY3/16 Results	%	Nine months of FY3/17 Results	%	YoY change	YoY %
Heavy clothing	30,817	41.7	31,317	41.1	499	101.6
Medium clothing	7,348	10.0	7,911	10.4	563	107.7
Light clothing	24,267	32.9	24,589	32.3	321	101.3
Ladies' clothing	9,537	12.9	10,417	13.7	879	109.2
Other	1,870	2.5	1,923	2.5	52	102.8
<b>Total</b>	<b>73,842</b>	<b>100.0</b>	<b>76,158</b>	<b>100.0</b>	<b>2,316</b>	<b>103.1</b>

Definition: Heavy clothing: Suit, formal wear, coat  
 Medium clothing: Jacket, slacks  
 Light clothing: Shirt, tie, casual wear, clothing accessories, etc.  
 Other: Alteration, etc.

## Reference: Third Quarter of FY3/17 Entertainment Business Performance

### (1) Karaoke facility operations:

Change in existing-store sales, number of customers and sales per customer at existing stores

(%)

		First half Results	3Q Results	3Q Forecast	Nine months Results	Nine months Forecast	4Q Forecast	Second half Forecast	Full year Forecast
Sales	FY3/17	-4.6	-5.0	-1.9	-4.8	-3.6	0.0	-1.0	-2.7
	FY3/16 (Results)	-0.6	1.0	-	0.0	-	-2.9	-0.9	-0.8
Number of customers	FY3/17	-5.3	-3.3	-2.4	-4.6	-	-0.5	-1.5	-3.4
	FY3/16 (Results)	-2.1	-1.2	-	-1.8	-	-5.0	-3.1	-2.6
Sales per customer	FY3/17	0.7	-1.8	0.6	-0.2	-	0.6	0.6	0.7
	FY3/16 (Results)	1.6	2.2	-	1.8	-	2.2	2.3	1.9

### (2) Café complex operations:

Change in existing-store sales, number of customers and sales per customer at existing stores

(%)

		First half Results	3Q Results	3Q Forecast	Nine months Results	Nine months Forecast	4Q Forecast	Second half Forecast	Full year Forecast
Sales	FY3/17	2.6	-1.7	2.3	1.2	2.5	2.6	2.5	2.5
	FY3/16 (Results)	6.7	5.7	-	6.4	-	4.7	5.2	5.9
Number of customers	FY3/17	2.5	-1.4	2.2	1.2	-	2.5	2.3	2.4
	FY3/16 (Results)	6.8	6.1	-	6.5	-	5.1	5.6	6.2
Sales per customer	FY3/17	0.1	-0.3	0.1	0.0	-	0.1	0.1	0.1
	FY3/16 (Results)	-0.1	-0.4	-	-0.2	-	-0.4	-0.4	-0.2