

**Third Quarter Financial Results
for the Fiscal Ending March 31, 2019
Supplementary Materials**

**February 7, 2019
AOKI Holdings Inc.**

FY3/19 3Q Consolidated Financial Highlights

Sales and earnings decreased as number of stores decreased and lower existing-store sales in the Fashion Business.

■ Fashion Business

- ◆ Existing-store sales down 2.6% YoY
- ◆ New-store openings as planned
AOKI: Total of 4 (-9 YoY) ORIHICA: Total of 2 (-2 YoY)

■ Anniversaire and Bridal Business

- ◆ Decrease in the number of couples married: -5.3% YoY
- ◆ Closing of ANNIVERSAIRE FUKUOKA(Dec,31,2018)

■ Karaoke Facility Operations Business

- ◆ Closing of facilities including locations closed for conversion into café complexes:
Total of 12 (+6 YoY)

■ Café Complex Operations Business

- ◆ Existing-store sales up 4.2% YoY
- ◆ New-store openings as planned: Total of 15(-7 YoY)

Consolidated Profit and Loss

(Millions of yen)

Account/Period	Nine months of FY3/18	Nine months of FY3/19	Change	YoY %	Major Components
Sales	137,088	133,607	-3,480	97.5	Decrease in the number of stores, And lower existing-store sales in the Fashion Business
Gross profit Gross profit margin	57,531 42.0%	55,566 41.6%	-1,965 -0.4pt	96.6	Gross profit margin fell by 0.6pt in the Fashion Business
Selling, general and administrative expenses	52,349	51,094	-1,255	97.6	Cost control in the Fashion Business and the Karaoke Business
Operating profit Operating margin	5,182 3.8%	4,471 3.3%	-710 -0.5pt	86.3	
Non-operating profit	680	692	11	101.7	
Non-operating expenses	1,305	1,904	599	145.9	Expenses for events to celebrate AOKI's 60th anniversary and an increase in loss on disposal of fixed assets for the replacement of computers in the Café Complex Business
Ordinary income	4,557	3,259	-1,297	71.5	
Extraordinary gains	-	200	200	-	
Extraordinary losses	632	2,777	2,145	439.3	An impairment loss mainly due to store relocations and closures, and conversion of store formats
Profit attributable to owners of parent	2,237	238	-1,998	10.7	

◆ Depreciation: ¥6,137 million (including lease assets of ¥1,255 million)

◆ Third quarter YoY existing-store sales: -2.6% for Fashion, 0.0% for Karaoke, +4.2% for Café Complex

Sales and Operating Profit by Business Segment

[Sales by business segment]

(Millions of yen)

Business Segment	Nine months of FY3/18	Nine months of FY3/19	Change	YoY %	Major Components
Total	137,088	133,607	-3,480	97.5	
Fashion	76,381	73,313	-3,068	96.0	Lower existing-store sales
Anniversaire and Bridal	21,078	19,944	-1,134	94.6	Decrease in the number of couples married
Entertainment (Total)	39,655	40,370	714	101.8	
(of which) Karaoke	14,082	13,147	-934	93.4	Decrease in the number of stores
(of which) Café Complex	25,573	27,222	1,649	106.4	Contributions from new facilities and higher sales at existing facilities

[Operating profit by business segment]

(Millions of yen)

Business Segment	Nine months of FY3/18	Nine months of FY3/19	Change	YoY %	Major Components
Total	5,182	4,471	-710	86.3	
Fashion	525	-749	-1,274	-	Lower existing-store sales and decline in gross profit margin
Anniversaire and Bridal	2,324	1,778	-546	76.5	Decrease in the number of couples married
Entertainment (Total)	1,833	2,832	998	154.5	
(of which) Karaoke	483	824	340	170.5	Decrease in cost of sales and SG&A expenses
(of which) Café Complex	1,349	2,007	658	148.8	Higher existing-store sales

Number of Stores Opened/Closed

(Millions of yen excluding number of stores)

Business Segment	Stores/Facilities	Nine months of FY3/18			Nine months of FY3/19		
		Number of Stores	Opened	Closed	Number of Stores	Opened	Closed
Fashion	AOKI	576	13	10	573	4	5
	ORIHICA	145	6	6	135	2	4
Anniversaire and Bridal	ANNIVERSAIRE	14	-	-	13	-	1
Karaoke	COTE D'AZUR	184	5	6	161	1	12
Café Complex	KAIKATSU CLUB, other*	364	22	4	367	15	7
Total		1,283	46	26	1,249	22	29
Capital Expenditures		8,658			8,377		

*Includes KAIKATSU FITNESS CLUB

(Millions of yen)

Capital Expenditures	Nine months of FY3/18	Nine months of FY3/19
Fashion	1,913	1,964
Anniversaire and Bridal	287	401
Karaoke	1,614	317
Café Complex	3,694	3,504
Consolidated Total	8,658	8,377

Reference:Third Quarter of FY3/19Consolidated Business Results

(Millions of yen unless otherwise stated)

	Nine months of FY3/18 Results	%	Nine months of FY3/19 Results	%	YoY change	YoY %
Sales	137,088	100.0	133,607	100.0	-3,480	97.5
Fashion	76,381	100.0	73,313	100.0	-3,068	96.0
Anniversaire/Bridal	21,078	100.0	19,944	100.0	-1,134	94.6
Karaoke	14,082	100.0	13,147	100.0	-934	93.4
Café Complex	25,573	100.0	27,222	100.0	1,649	106.4
Gross profit	57,531	42.0	55,566	41.6	-1,965	96.6
Fashion	45,344	59.4	43,115	58.8	-2,229	95.1
Anniversaire/Bridal	6,238	29.6	5,757	28.9	-481	92.3
Karaoke	2,003	14.2	2,110	16.1	107	105.4
Café Complex	3,653	14.3	4,256	15.6	603	116.5
SG&A expenses	52,349	38.2	51,094	38.2	-1,255	97.6
Fashion	44,819	58.7	43,864	59.8	-954	97.9
Anniversaire/Bridal	3,914	18.6	3,979	20.0	65	101.7
Karaoke	1,519	10.8	1,286	9.8	-233	84.6
Café Complex	2,304	9.0	2,249	8.3	-54	97.6
Operating profit	5,182	3.8	4,471	3.3	-710	86.3
Fashion	525	0.7	-749	-	-1,274	-
Anniversaire/Bridal	2,324	11.0	1,778	8.9	-546	76.5
Karaoke	483	3.4	824	6.3	340	170.5
Café Complex	1,349	5.3	2,007	7.4	658	148.8
Ordinary income	4,557	3.3	3,259	2.4	-1,297	71.5
Profit attributable to owners of parent	2,237	1.6	238	0.2	-1,998	10.7

Reference: Third Quarter of FY3/19 Major Expenses

SG&A expenses

(Millions of yen unless otherwise stated)

	Nine months of FY3/18 Results					Nine months of FY3/19 Results									
	Total	Fashion	Anniversaire/ Bridal	Karaoke	Café Complex	Total	Fashion		Anniversaire/ Bridal		Karaoke		Café Complex		
							YoY %	YoY %	YoY %	YoY %	YoY %	YoY %			
Advertising expenses	8,596	6,543	1,325	366	197	8,525	99.2	6,495	99.3	1,352	102.0	248	68.0	209	106.2
Personnel expenses	19,820	15,820	965	704	1,337	19,075	96.2	15,235	96.3	939	97.3	605	85.9	1,232	92.1
Rents	11,430	11,600	17	24	45	11,092	97.0	11,174	96.3	16	98.4	23	94.6	47	105.5
Depreciation	2,596	2,046	76	45	37	2,545	98.0	2,105	102.9	75	98.8	13	30.4	38	103.1

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 FY3/18 Results			Nine months of FY3/19 Results					
	Anniversaire/ Bridal	Karaoke	Café Complex	Anniversaire/ Bridal	Karaoke		Café Complex		
					YoY %	YoY %	YoY %	YoY %	
Personnel expenses	3,604	3,792	7,466	3,536	98.1	3,546	93.5	7,721	103.4
Rents	1,494	3,245	4,667	1,542	103.2	2,854	88.0	4,789	102.6
Depreciation	1,106	869	1,647	1,002	90.6	752	86.5	1,727	104.8

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 FY3/19 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	FY3/19	-2.0	-3.5	0.5	-2.6	-1.0	1.2	0.9	-0.2
	FY3/18 (Results)	-1.8	-0.5		-1.3		0.1	-0.2	-0.8
Number of customers	FY3/19	-3.4	-2.9	-1.4	-3.2	-2.7	0.0	-0.7	-1.9
	FY3/18 (Results)	-7.1	-7.9		-7.4		-1.2	-4.5	-5.7
Sales per customer	FY3/19	1.4	-0.6	1.9	0.6	1.7	1.2	1.6	1.7
	FY3/18 (Results)	5.7	8.0		6.6		1.3	4.5	5.2

(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)	FY3/19	42.2	94.5	33.5	95.8	75.7	95.1				
	FY3/18	44.6	97.1	35.0	97.2	79.6	97.1	85.0	97.3	129.6	97.2
Unit price (thousands of yen)	FY3/19	25.2	97.7	25.7	97.7	25.4	97.7				
	FY3/18	25.8	102.0	26.3	100.0	26.0	101.2	26.1	99.6	26.1	100.0

Reference: Third Quarter of FY3/19 Fashion Business Performance

(3) Sales by category

(Millions of yen unless otherwise stated)

	Nine months of FY3/18 Results	%	Nine months of FY3/19 Results	%	YoY change	YoY %
Heavy clothing	31,395	41.1	29,918	40.8	-1,477	95.3
Medium clothing	7,665	10.0	7,192	9.8	-473	93.8
Light clothing	24,375	31.9	23,207	31.6	-1,167	95.2
Ladies' clothing	11,041	14.5	10,962	15.0	-78	99.3
Other	1,903	2.5	2,032	2.8	127	106.7
Total	76,381	100.0	73,313	100.0	-3,068	96.0

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 FY3/19 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	FY3/19	0.1	-0.1	0.2	0.0	0.2	3.3	1.7	1.0
	FY3/18 (Results)	-0.5	0.5		-0.2		-2.0	-0.7	-0.6
Number of customers	FY3/19	3.2	1.5	0.7	2.6	2.3	3.5	2.1	2.6
	FY3/18 (Results)	2.5	1.7		2.2		-1.2	0.3	1.4
Sales per customer	FY3/19	-2.9	-1.6	-0.5	-2.5	-2.0	-0.2	-0.4	-1.5
	FY3/18 (Results)	-2.9	-1.2		-2.3		-0.7	-0.9	-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	FY3/19	3.9	5.0	0.3	4.2	2.8	3.0	1.7	2.9
	FY3/18 (Results)	1.6	0.9		1.4		-1.8	-0.4	0.6
Number of customers	FY3/19	3.1	5.0	0.3	3.6	2.3	3.0	1.6	2.4
	FY3/18 (Results)	0.1	-1.2		-0.3		-3.9	-2.5	-1.2
Sales per customer	FY3/19	0.8	0.0	0.0	0.5	0.5	0.1	0.0	0.4
	FY3/18 (Results)	1.5	2.1		1.7		2.2	2.1	1.8