

**Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2019
(Nine Months Ended December 31, 2018)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 8, 2019
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on February 7, 2019 at 15:30 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018

(April 1, 2018 – December 31, 2018)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 31, 2018	133,607	(2.5)	4,471	(13.7)	3,259	(28.5)	238	(89.3)
Nine months ended Dec. 31, 2017	137,088	2.8	5,182	21.6	4,557	14.7	2,237	(1.5)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2018: (36) (-%)
 Nine months ended Dec. 31, 2017: 2,543 (up 0.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2018	2.76	-
Nine months ended Dec. 31, 2017	25.72	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2018	228,828	141,152	61.7
As of Mar. 31, 2018	239,068	146,528	61.3

Reference: Shareholders' equity (million yen) As of Dec. 31, 2018: 141,077 As of Mar. 31, 2018: 146,440

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/18	-	22.00	-	22.00	44.00
FY3/19	-	29.00	-	-	-
FY3/19 (forecasts)	-	-	-	31.00	60.00

Note: Revisions to the most recently announced dividend forecast: None

Breakdown of 2Q-end dividends for FY3/19: Ordinary dividends: 22.00 yen; Commemorative dividends: 7.00 yen

Breakdown of Year-end dividends for FY3/19 (forecasts): Ordinary dividends: 23.00 yen; Commemorative dividends: 8.00 yen

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages represent year-on-year changes)

	Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	196,280	(1.1)	15,000	0.9	13,750	(1.8)	7,000	(5.1)	81.12

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

- (1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None
(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

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|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | Yes |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

Note: Please refer to “Changes in Accounting Policies” on page 8 for further information.

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding (including treasury stock) at the end of the period

As of Dec. 31, 2018:	90,649,504 shares	As of Mar. 31, 2018:	90,649,504 shares
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2) Number of shares of treasury stock at the end of the period

As of Dec. 31, 2018:	4,724,084 shares	As of Mar. 31, 2018:	4,085,322 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018:	86,395,860 shares	Nine months ended Dec. 31, 2017:	86,977,232 shares
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Note 1: The current quarterly summary report is not subject to quarterly review by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forecasts and other matters

Cautionary statement with respect to forward-looking statements

Forecasts and forward-looking statements in these materials are based on assumptions judged to be valid and information available to the Company at the time the materials were created. These materials are not promises by the Company regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to “(3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 of the attachments regarding preconditions or other related matters for the forecast shown above.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year, the Japanese economy continued to recover slowly with the support of positive trends such as improvements in the labor market and personal income. However, the outlook is still unclear mainly because of the global economic slowdown caused mainly by U.S.-China trade friction and other issues.

The AOKI Group implemented various measures in all business segments as explained below. Sales decreased 2.5% year-on-year to 133,607 million yen, operating profit decreased 13.7% to 4,471 million yen. Ordinary profit decreased 28.5% to 3,259 million yen due to expenses for events to celebrate AOKI's 60th anniversary and an increase in loss on disposal of fixed assets for the replacement of computers. Profit attributable to owners of parent decreased 89.3% to 238 million yen as there was an increase in the impairment loss mainly because of the decision to conduct store relocations, closures and conversions to different formats earlier than originally planned.

Operating results by segment are as follows.

Fashion Business

AOKI stores expanded the lineup of men's personal order suits and apparel with specific functions, including Cho-taikyu Suits (super-tough suits) and Cho-hassui Coat (super water-repellent coat). AOKI stores also launched the ANNIVERSAIRE brand for a new line of casual apparel created for active seniors. For women, stores started selling fall and winter apparel in the Haratakufuku line of clothes for the workplace and the new AOKI Women's Style line of comfortable apparel with attractive silhouette primarily for women in their 40s and 50s. During the first nine months, four new stores were opened and five stores were closed or relocated to improve the efficiency of AOKI's operations. As a result, there were 573 stores at the end of the third quarter compared with 574 stores at the end of the previous fiscal year.

At ORIHICA, major activities included the introduction of THE TRAVEL EDIT brand for business travel apparel that can be easily mixed and matched and a line of WARM FABRIC Shirts that are ideal for the Warm Biz campaign. ORIHICA also continued to enlarge its selection of formal wear. Two new stores were opened, and four were closed. As a result, there were 135 stores at the end of the third quarter compared with 137 stores at the end of the previous fiscal year.

Although there were numerous initiatives during the first nine months of the fiscal year, existing store sales were sluggish because of the diversification of sales channels for suits, unfavorable weather and other reasons.

As a result, sales in this segment decreased 4.0% to 73,313 million yen and there was an operating loss of 749 million yen compared with an operating profit of 525 million yen in the same period of the previous fiscal year.

Anniversaire and Bridal Business

ANNIVERSAIRE INC. operates guesthouse-style wedding and reception facilities. ANNIVERSAIRE conducted numerous marketing and public relations activities that leveraged the strength of the ANNIVERSAIRE brand. In addition, the company's website was redesigned and social networking services were used to attract customers. There were also activities to upgrade products and services, including measures involving the Proposal Plan and jewelry sales. Despite these actions, the number of weddings decreased mainly because of market conditions for the bridal business in Japan. ANNIVERSAIRE FUKUOKA was closed during the first nine months, and there were 13 locations at the end of the third quarter compared with 14 at the end of the previous fiscal year.

Sales decreased 5.4% to 19,944 million yen and operating profit decreased 23.5% to 1,778 million yen.

Karaoke Facility Operations Business

The karaoke business of VALIC Co., Ltd. offered a wide variety of party packages for the year-end party season and conducted a marketing campaign using tie-ups with popular characters. Furthermore, there were activities to increase corporate members and Platinum Club members. During the first nine months, one karaoke facility was opened and 12 were closed, including eight closed for conversion into café complexes. As a result, there were 161 karaoke locations at the end of the third quarter compared with 172 at the end of the previous fiscal year.

There was steady progress in improving operating efficiency. Sales decreased 6.6% to 13,147 million yen and operating profit increased 70.5% to 824 million yen due to reduced cost of sales and selling, general and administrative expenses.

Café Complex Operations Business

In the café complex business of VALIC Co., Ltd., there were many activities to invigorate existing locations. Some locations were renovated by reconfiguring the layout of booths and adding karaoke rooms, no-smoking booths and showers. A new grand menu and the addition of seasonal winter menu items also made cafés more appealing. VALIC opened 15 locations and closed seven during the first nine months. As a result, there were 367 café complexes at the end of the third quarter compared with 359 at the end of the previous fiscal year.

Sales increased 6.4% to 27,222 million yen due to contributions from new cafés and a steady increase in existing-store sales, and operating profit increased 48.8% to 2,007 million yen.

(2) Explanation of Financial Position

Balance sheet position

Starting with the beginning of the first quarter of the current fiscal year, AOKI Holdings is applying “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018). Prior-year figures have been adjusted retroactively to conform with this accounting standard in order to facilitate comparisons and analysis.

Assets

Total assets at the end of the third quarter under review decreased 10,239 million yen from the end of the previous fiscal year to 228,828 million yen due to seasonal factors.

Current assets decreased 9,878 million yen from the end of the previous fiscal year. There were decreases of 9,509 million yen in cash in hand and in banks due to the payment of income taxes among other reasons, and 5,392 million yen in accounts receivable-trade due to seasonal factors, while there was an increase of 2,604 million yen in inventories due to seasonal reasons. Fixed assets decreased 361 million yen as tangible and intangible fixed assets decreased 370 million yen mainly due to depreciation and amortization.

Liabilities

Current liabilities decreased 3,329 million yen from the end of the previous fiscal year. Although there was a short-term debt of 6,500 million yen, there were decreases of 3,807 million yen in accounts payable-trade due to seasonal factors among other reasons, 2,565 million yen in accrued income taxes due to the payment of income taxes, 1,041 million yen in accrued bonuses for employees due to the payment of bonuses to employees among other reasons, and 1,356 million yen in other current liabilities mainly due to a decrease in accounts payable-other. Long-term liabilities decreased 1,533 million yen mainly due to decreases of 325 million yen in long-term debt for the scheduled repayment and other reasons, and 201 million yen in accrued costs for customer point program.

Net assets

Net assets decreased 5,375 million yen from the end of the previous fiscal year. There was a decrease of 4,174 million yen in retained earnings due to a profit attributable to owners of parent and dividend from surplus, and an increase of 926 million yen in treasury stock due to stock repurchases.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

In the first nine months of the current fiscal year, sales were less than planned because of slow existing store sales in the fashion business. But the operating profit was generally consistent with the forecast due to contributions from the café complex business and cost cutting measures in all businesses. In the fashion business, karaoke facility operations business and café complex operations business, the decision to change locations to different formats and close other locations earlier than originally planned in order to improve efficiency resulted in increases in non-operating expenses and, due to asset impairment charges, extraordinary losses. However, there are no changes to the forecast that was announced on November 8, 2018.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Assets		
Current assets		
Cash in hand and in banks	32,175	22,665
Accounts receivable-trade	11,659	6,267
Inventories	26,007	28,612
Other current assets	8,431	10,851
Allowance for doubtful accounts	(35)	(36)
Total current assets	78,238	68,360
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	60,585	61,887
Land	36,952	36,952
Other tangible fixed assets, net	14,131	12,630
Total tangible fixed assets	111,669	111,470
Intangible fixed assets	5,796	5,624
Investments and other assets		
Guarantee deposits	7,973	7,861
Leasehold deposit	20,610	20,560
Other investments and other assets	14,830	14,991
Allowance for doubtful accounts	(50)	(40)
Total investments and other assets	43,364	43,373
Total fixed assets	160,829	160,468
Total assets	239,068	228,828
Liabilities		
Current liabilities		
Accounts payable-trade	19,812	16,004
Short-term debt	-	6,500
Current portion of long-term debt	2,650	1,650
Accrued income taxes	2,593	27
Accrued bonuses for employees	1,978	937
Accrued bonuses for directors and statutory auditors	123	65
Other current liabilities	13,592	12,235
Total current liabilities	40,750	37,420
Long-term liabilities		
Long-term debt	36,475	36,150
Accrued retirement benefits for directors and statutory auditors	2,018	-
Accrued costs for customer point program	1,059	857
Net defined benefit liability	1,054	1,113
Asset retirement obligations	6,032	5,931
Other long-term liabilities	5,149	6,202
Total long-term liabilities	51,789	50,256
Total liabilities	92,539	87,676

	(Millions of yen)	
	FY3/18 (As of Mar. 31, 2018)	Third quarter of FY3/19 (As of Dec. 31, 2018)
Net assets		
Shareholders' equity		
Common stock	23,282	23,282
Capital surplus	27,833	27,846
Retained earnings	100,299	96,124
Treasury stock	(5,376)	(6,302)
Total shareholders' equity	146,039	140,951
Accumulated other comprehensive income		
Unrealized gain on securities	588	263
Remeasurements of defined benefit plans	(187)	(137)
Total accumulated other comprehensive income	401	125
Stock acquisition rights	87	75
Total net assets	146,528	141,152
Total liabilities and net assets	239,068	228,828

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income**Quarterly Consolidated Statement of Income
(For the Nine-month Period)**

	(Millions of yen)	
	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Sales	137,088	133,607
Cost of sales	79,557	78,041
Gross profit	57,531	55,566
Selling, general and administrative expenses	52,349	51,094
Operating profit	5,182	4,471
Non-operating profit		
Interest income	71	69
Dividend income	59	62
Rental income on real estate	422	414
Other	126	146
Total non-operating profit	680	692
Non-operating expenses		
Interest expenses	252	227
Expenses on sub-leased real estate	366	351
Loss on disposal of fixed assets	205	474
Expenses for events to celebrate AOKI's 60th anniversary	120	450
Other	359	400
Total non-operating expenses	1,305	1,904
Ordinary profit	4,557	3,259
Extraordinary gains		
Gain on sale of fixed assets	-	160
Gain on sales of investment securities	-	27
Gain on reversal of stock acquisition rights	-	12
Total extraordinary gains	-	200
Extraordinary losses		
Impairment loss	593	2,284
Loss on sales of fixed assets	38	-
Loss on liquidation of subsidiaries and associates	-	444
Loss on disaster	-	49
Total extraordinary losses	632	2,777
Profit before income taxes	3,925	682
Current income taxes	1,298	483
Deferred income taxes	389	(39)
Total income taxes	1,687	444
Profit	2,237	238
Profit attributable to owners of parent	2,237	238

Quarterly Consolidated Statement of Comprehensive Income
(For the Nine-month Period)

	(Millions of yen)	
	First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)
Profit	2,237	238
Other comprehensive income		
Unrealized gain on securities	227	(324)
Remeasurements of defined benefit plans, net of tax	78	49
Total other comprehensive income	305	(275)
Comprehensive income	2,543	(36)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,543	(36)
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

No reportable information.

Significant Changes in Shareholders' Equity

First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)

Purchase of treasury stock

AOKI Holdings has purchased 683,000 shares of its treasury stock pursuant to the resolution of the Board of Directors on January 31, 2018, and sold 45,000 shares for restricted stock compensation for directors pursuant to the resolution of the Board of Directors on June 27, 2018. As a result, treasury stock increased 926 million yen including shares resulting from purchase of odd-lot shares during the first nine months of FY3/19 to 6,302 million yen at the end of the third quarter of FY3/19.

Changes in Accounting Policies

AOKI Holdings has decided to apply “Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 36, January 12, 2018) from April 1, 2018 and to account for transactions granting employees and others stock acquisition rights, which involve considerations, with vesting conditions in accordance with the “Accounting Standard for Stock Options” (ASBJ Statement No. 8, December 27, 2005) and related guidance.

However, when applying PITF No. 36, the Company complies with the transitional provisions in Paragraph 10, Item (3) of PITF No. 36 and continues to account for transactions that granted employees and others stock acquisition rights, which involve considerations, with vesting conditions prior to the date of application of PITF No. 36 in accordance with the previously adopted accounting procedures.

Additional Information

Application of Partial Amendments to Accounting Standard for Tax Effect Accounting

AOKI Holdings has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) at the beginning of the first quarter of the current fiscal year. Accordingly, deferred tax assets are reclassified and included in the investments and other assets section.

Termination of Directors' Retirement Benefits

At the AOKI Holdings shareholders meeting in June 2018, shareholders approved a resolution to make final retirement payments in conjunction with the termination of the retirement benefit program for directors and statutory auditors of AOKI Holdings and its consolidated subsidiaries.

As a result, all accrued retirement benefits for directors and statutory auditors were reversed and eliminated. The planned retirement benefit program termination payments of 1,680 million yen are included in other long-term liabilities.

Segment and Other Information

First nine months of FY3/18 (Apr. 1, 2017 – Dec. 31, 2017)

1. Information related to sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Fashion	Anniversaire and Bridal	Karaoke Facility Operations	Café Complex Operations	Total		
Sales							
External sales	76,368	21,067	14,077	25,573	137,088	-	137,088
Inter-segment sales and transfers	12	10	4	-	27	(27)	-
Total	76,381	21,078	14,082	25,573	137,116	(27)	137,088
Segment profit	525	2,324	483	1,349	4,683	498	5,182

Notes: 1. The 498 million yen adjustment to segment profit includes 3,187 million yen in elimination for inter-segment transactions, and -2,688 million yen in company-wide costs that cannot be allocated to any specific reportable segments. Company-wide costs mainly include administration expenses of the Company that cannot be attributed to reportable segments.

2. Segment profit is adjusted with operating profit on the quarterly consolidated statement of income.

2. Information related to impairment losses on fixed assets, or goodwill, etc. for each reportable segment

Material impairment losses related to fixed assets

In the Fashion Business, the ANNIVERSAIRE and Bridal Business, the Karaoke Facility Operations Business and the Café Complex Operations Business, impairment losses were recognized for operating stores set to be closed or rebuilt for which there is little expectation of recovery; impairment losses of 198 million yen, 10 million yen, 291 million yen and 92 million yen were booked respectively in the first nine months of FY3/18.

First nine months of FY3/19 (Apr. 1, 2018 – Dec. 31, 2018)

1. Information related to sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Fashion	Anniversaire and Bridal	Karaoke Facility Operations	Café Complex Operations	Total		
Sales							
External sales	73,311	19,926	13,147	27,222	133,607	-	133,607
Inter-segment sales and transfers	2	17	0	-	20	(20)	-
Total	73,313	19,944	13,147	27,222	133,628	(20)	133,607
Segment profit (loss)	(749)	1,778	824	2,007	3,861	610	4,471

Notes: 1. The 610 million yen adjustment to segment profit (loss) includes 3,359 million yen in elimination for inter-segment transactions, and -2,749 million yen in company-wide costs that cannot be allocated to any specific reportable segments. Company-wide costs mainly include administration expenses of the Company that cannot be attributed to reportable segments.

2. Segment profit (loss) is adjusted with operating profit on the quarterly consolidated statement of income.

2. Information related to impairment losses on fixed assets, or goodwill, etc. for each reportable segment

Material impairment losses related to fixed assets

In the Fashion Business, the Karaoke Facility Operations Business and the Café Complex Operations Business, impairment losses were recognized for operating stores and subleasing stores set to be closed, relocated or converted, or expected to remain in the red; impairment losses of 423 million yen, 1,469 million yen, and 390 million yen were booked respectively in the first nine months of FY3/19.

* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.