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Notice of Reversal of Deferred Tax Assets and Revisions to Forecasts

AOKI Holdings hereby announce that the company has reversed its deferred tax assets in the fiscal year ended on March 31, 2021. In addition, AOKI Holdings has revised its consolidated sales and earnings forecasts for the fiscal year ended March 31, 2021 that were announced on March 19, 2021.

1. Reversal of deferred tax assets

A consolidated subsidiary of AOKI Holdings has decided to reverse 3,581 million yen of deferred tax assets and record it as deferred income taxes as a result of careful consideration of the recoverability of deferred tax assets in light of the current and future business trends.

2. Consolidated forecasts

(1) Consolidated forecasts for the fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

	Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
	(Million yen)	(Million yen)	(Million yen)	(Million yen)	(Yen)
Previous forecast (A)	142,000	(7,500)	(8,400)	(12,300)	(145.12)
Forecast (B)	143,000	(5,800)	(6,600)	(11,900)	(140.40)
Change (B - A)	1,000	1,700	1,800	400	
Percentage change (%)	0.7	-	-	-	
(Reference) Previous fiscal year (ended March 31, 2020)	180,220	6,649	5,501	447	5.23

(2) Reasons for revisions

- a. Sales are expected to be higher than the previous forecast as sales in the Fashion business exceeded our expectations during the “freshers” selling season in March.
- b. The operating loss and ordinary loss are expected to be lower than the previous forecasts due to an increase in sales forecast and a decrease in costs in each business.
- c. The forecast for the loss attributable to owners of parent has decreased mainly because of the lower ordinary loss forecast and the partial reversal of deferred tax assets, which is expected to be higher than the previous forecast.

Note: Above forecasts are based on judgments made in accordance with information available to management at the time this release was prepared, and actual results may differ substantially from these forecasts for a number of reasons.