

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021
[Japanese GAAP]

Company name: AOKI Holdings Inc.

Listings: TSE First Section

Stock code: 8214

 URL: <https://www.aoki-hd.co.jp/>

Representative: Akihiro Aoki, President

Contact: Haruo Tamura, Executive Vice President

Tel: +81-45-941-1388

Scheduled date of Annual General Meeting of Shareholders: June 23, 2021

Scheduled date of filing of Annual Securities Report: June 23, 2021

Scheduled date of payment of dividend: -

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on May 13, 2021 at 14:30 (GMT +9).

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)
(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/21	143,169	(20.6)	(5,793)	-	(6,606)	-	(11,931)	-
FY3/20	180,220	(7.6)	6,649	(50.7)	5,501	(53.7)	447	(90.3)

Note: Comprehensive income (million yen)

FY3/21: (10,775) (-%)

FY3/20: (664) (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to sales
	Yen	Yen	%	%	%
FY3/21	(140.77)	-	(9.0)	(2.8)	(4.0)
FY3/20	5.23	-	0.3	2.4	3.7

Reference: Equity in income of affiliates (million yen)

FY3/21: -

FY3/20: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	237,260	125,850	52.9	1,479.87
As of Mar. 31, 2020	229,843	139,209	60.5	1,641.34

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2021: 125,487

As of Mar. 31, 2020: 138,981

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY3/21	4,351	(11,518)	13,265	29,941
FY3/20	14,803	(16,418)	(1,098)	23,843

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY3/20	-	23.00	-	23.00	46.00	3,921	880.0	2.8
FY3/21	-	10.00	-	0.00	10.00	847	-	0.6
FY3/22 (forecasts)	-	5.00	-	5.00	10.00		65.2	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Net 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	169,350	18.3	5,000	-	4,100	-	1,300	-	15.33

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

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

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

(3) Number of shares outstanding (common shares)

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

As of Mar. 31, 2021:	90,649,504 shares	As of Mar. 31, 2020:	90,649,504 shares
----------------------	-------------------	----------------------	-------------------

2) Number of shares of treasury stock at the end of the period

As of Mar. 31, 2021:	5,853,274 shares	As of Mar. 31, 2020:	5,974,058 shares
----------------------	------------------	----------------------	------------------

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2021:	84,759,153 shares	Fiscal year ended Mar. 31, 2020:	85,577,316 shares
----------------------------------	-------------------	----------------------------------	-------------------

(For reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY3/21	6,858	5.1	1,020	57.8	3,165	(44.8)	1,910	(60.8)
FY3/20	6,523	15.3	646	(26.9)	5,737	(18.8)	4,878	(25.5)

	Net income per share	Diluted net income per share
	Yen	Yen
FY3/21	22.54	-
FY3/20	57.00	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	182,081	114,730	62.8	1,348.73
As of Mar. 31, 2020	163,525	114,429	69.8	1,348.69

Reference: Shareholders' equity (million yen) As of Mar. 31, 2021: 114,367 As of Mar. 31, 2020: 114,200

Note 1: This financial report is not subject to audit 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 "1. Overview of Results of Operations, etc. (4) Outlook" on page 4 of the attachments regarding preconditions or other related matters for the forecast shown above.

Supplementary materials for quarterly financial results

Supplementary materials for financial results will be available on the Company's website immediately after the earnings announcement on Thursday, May 13, 2021.

Disclosure of the information meeting materials

The Company plans to hold a financial results meeting for institutional investors and analysts by telephone conference on Friday, May 28, 2021. Materials to be distributed at this event will be available on the Company's website on the morning of the meeting.

Contents of Attachments

	Pages
1. Overview of Results of Operations, etc.	2
(1) Results of Operations	2
(2) Financial Position	3
(3) Cash Flows	4
(4) Outlook	4
2. Basic Approach for the Selection of Accounting Standards	5
3. Consolidated Financial Statements and Notes	6
(1) Consolidated Balance Sheet	6
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Income	8
Consolidated Statement of Comprehensive Income	9
(3) Consolidated Statement of Changes in Shareholders' Equity	10
(4) Consolidated Statement of Cash Flows	12
(5) Notes to Consolidated Financial Statements	13
Going Concern Assumption	13
Reclassifications	13
Additional Information	13
Segment and Other Information	15
Per Share Information	18
Subsequent Events	18
4. Other	19
Changes in Directors	19

1. Overview of Results of Operations, etc.

(1) Results of Operations

Although the Japanese economy briefly staged a recovery during the fiscal year that ended in March 2021, economic activity in Japan was restricted throughout the fiscal year because of the states of emergency and other effects of the COVID-19 pandemic. Furthermore, the outlook for the economy remains uncertain because there are still no signs of when this crisis will end. Although the AOKI Group implemented numerous measures in all business segments as explained below in response to this challenging business climate, chiefly involving the COVID-19 crisis, sales and earnings were lower because the negative effects of this crisis were even greater than anticipated.

Net sales	143,169 million yen	(down 20.6% year-on-year)
Operating loss	5,793 million yen	(profit of 6,649 million yen one year earlier)
Ordinary loss	6,606 million yen	(profit of 5,501 million yen one year earlier)
Loss attributable to owners of parent	11,931 million yen	(profit of 447 million yen one year earlier)

Business segment performance was as follows.

Fashion Business

One theme of the Fashion Business during the COVID-19 crisis was sales of apparel to “freshers,” which are young people advancing to a new stage of their lives, such as new university graduates starting their first jobs. To promote apparel for this customer segment, AOKI conducted the highly successful Freshers Support Fair that included advertising featuring idol group Sexy Zone and actress Mio Imada, both belonging to the same generation. The lineup of pajama suits, which are very popular in Japan and other countries, was expanded as one way to target demand associated with teleworking and other new life styles. In addition, AOKI stores started selling Active Work Suits, which feature affordable prices along with outstanding functions and performance resulting from the 3D pattern (draping) technology and other AOKI’s strengths as an apparel specialist. AOKI’s online shop started several new services to strengthen digital interactions with customers. Three of these services are the registration of favorite items, a review function and a remote styling service. Three ORIHICA stores were opened and seven AOKI stores and six ORIHICA stores were closed following examinations of the profitability of stores. As a result, there were 628 stores at the end of the fiscal year compared with 638 at the end of the previous fiscal year.

Although marketing activities in March 2021 targeting “freshers” were successful, results of operations were held down as people stayed home and some stores shortened operating hours because of the January 2021 declaration of a state of emergency and the subsequent extension of this state of emergency due to the increasing number of COVID-19 cases. As a result, sales in this segment decreased 13.2% to 85,387 million yen and operating profit decreased 48.1% to 1,499 million yen.

Anniversaire and Bridal Business

This business offers a number of wedding formats to reflect the emergence of new life styles, including chapel weddings, family weddings and photo weddings. This business also started an online wedding service that allows people who do not live nearby to participate with ease and safety. Another innovation is the pet wedding that allows couples to make pets part of the ceremony. In one more step to make weddings safe and efficient, this business started a service that allows couples to use the internet for all preparations, including on the day before the ceremony. ANNIVERSAIRE TOYOSU was closed due to the termination of a contract during the fiscal year. As a result, there were 12 stores at the end of the fiscal year compared with 13 at the end of the previous fiscal year.

Despite numerous activities to attract customers as well as cost cutting measures, the number of weddings sharply decreased due to wedding and reception postponements. As a result, sales fell 63.9% to 8,033 million yen and there was an operating loss of 3,088 million yen compared with a 439 million yen profit one year earlier.

Entertainment Business

All locations of this business continued to operate while taking many steps to protect customers from COVID-19. KAIKATSU CLUB café complexes benefited from higher demand involving telework and telestudy. Café services include web camera rentals at no charge, an internet conference app and the use of Microsoft Office. In another step to provide more ways to use cafés, the distribution of original Terashima Bunko videos started. To attract more customers, COTE D'AZUR karaoke locations provide many services other than karaoke, such as the use of rooms for viewing TV programs and videos, telework and schoolwork, and practicing a musical instrument. FiT24 self-service fitness clubs, which operate 24 hours, performed well by utilizing the strengths of this business model and of locations where customers of FiT24 and KAIKATSU CLUB to use both the fitness center and café. During the fiscal year, we opened 50 KAIKATSU CLUBs and 18 FiT24 locations, all of which were approved at the beginning of the fiscal year. Eleven locations were closed to improve the efficiency of this business. As a result, there were 659 locations in this segment at the end of the fiscal year compared with 602 at the end of the previous fiscal year.

Although there were many activities for growth, sales and earnings were down as people stayed home for safety and some locations temporarily closed or reduced operating hours because of COVID-19. In addition, expenses increased because of the opening of more locations. Sales decreased 16.9% to 48,499 million yen and operating loss was 5,190 million yen compared with a 2,672 million yen profit one year earlier.

Real Estate Leasing Business

Segment sales increased 7.0% to 3,876 million yen mainly because of an increase in the subleasing of stores and other facilities that were closed in the other three businesses. Operating profit increased 1.5% to 678 million yen.

(2) Financial Position

Balance sheet position

Assets

Total assets at the end of the fiscal year under review increased 7,416 million yen from the end of the previous fiscal year to 237,260 million yen.

Current assets increased 2,555 million yen from the end of the previous fiscal year. There were increases of 6,098 million yen in cash and deposits due to proceeds from borrowings, and 2,230 million yen in accounts receivable-trade. There were decreases of 4,069 million yen in inventories due to a decrease in procurement and other factors and 1,698 million yen in other current assets which include other accounts receivable. Non-current assets increased 4,861 million yen from the end of the previous fiscal year as there was an increase of 5,235 million yen in property, plant and equipment due to new store openings and other factors.

Liabilities

Current liabilities increased 15,254 million yen from the end of the previous fiscal year. There were proceeds from short-term borrowings of 11,000 million yen and an increase of 2,660 million yen in electronically recorded obligations-operating. Non-current liabilities increased 5,521 million yen. There was an increase of 5,582 million yen in long-term borrowings mainly due to a 11,000 million yen of new loan and scheduled repayment.

Net assets

Net assets decreased 13,359 million yen from the end of the previous fiscal year. There was a decrease of 14,726 million yen in retained earnings due to a loss attributable to owners of parent and dividend from surplus.

(3) Cash Flows**Cash flow position**

(Millions of yen)

	FY3/20	FY3/21
Cash flows from operating activities	14,803	4,351
Cash flows from investing activities	(16,418)	(11,518)
Cash flows from financing activities	(1,098)	13,265
Increase (decrease) in cash and cash equivalents	(2,714)	6,098
Cash and cash equivalents at beginning of period	26,558	23,843
Cash and cash equivalents at end of period	23,843	29,941

Cash and cash equivalents at the end of the fiscal year under review increased 6,098 million yen from the end of the previous fiscal year to 29,941 million yen mainly due to proceeds from long-term borrowings and a decrease in income taxes paid, while there was loss before income taxes.

Net cash provided by operating activities decreased 10,451 million yen to 4,351 million yen on a year-on-year basis. The principal factors were loss before income taxes of 11,614 million yen, depreciation of 9,380 million yen, impairment loss of 1,991 million yen and a decrease in inventories of 4,069 million yen.

Net cash used in investing activities decreased 4,900 million yen to 11,518 million yen on a year-on-year basis. This was mainly due to the payments of 10,270 million yen for the purchase of property, plant and equipment for capital investment, and 670 million yen for the purchase of intangible assets.

Net cash provided by financing activities increased 14,364 million yen to 13,265 million yen on a year-on-year basis. This was mainly due to proceeds from long-term borrowings of 11,000 million yen for capital expenditure and short-term borrowings of 11,000 million yen, while there were scheduled repayment of long-term borrowings of 3,493 million yen, repayments of lease obligations of 2,446 million yen and dividends paid of 2,795 million yen.

(4) Outlook

Due to the outlook for uncertainty to continue regarding the COVID-19 pandemic and when this crisis will end, the AOKI Group will continue to take actions to conduct business operations safely and effectively during this crisis. In addition, there will be numerous measures for the creation of new forms of value that match new life styles.

The Fashion Business will continue to work on new and modified apparel and other products that are needed during the COVID-19 pandemic. Other priorities are creating a new collection of “home & work style” fashions that are unlike any existing category of apparel and developing products for working women and enlarging the lineup of this apparel. Products and services available only on the online shop are also planned. This business is also reexamining the store network in order to alter or close unprofitable stores in order to improve store operations for higher efficiency. During the fiscal year ending in March 2022, this business plans to open three stores, all of which are relocated existing stores.

The ANNIVERSAIRE and Bridal Business will continue to create ideas for new wedding formats and reexamine the cost structure in order to lower expenses.

The Entertainment Business aims to add a variety of content and services in order to become a provider of shared workspaces. The goal is to attract a broader range of customers and give customers reasons to use the locations of this business more frequently. During the fiscal year ending in March 2022, this business plans to open 33 KAIKATSU CLUB cafés and 60 FiT24 fitness clubs, including locations that were scheduled for the previous fiscal year but postponed because of COVID-19.

By taking all of these actions, the AOKI Group is aiming to be profitable in all business segments in the fiscal year ending in March 2022.

Business segment forecasts are as follows.

Business segment forecasts for the fiscal year ending March 31, 2022

(Millions of yen)

	Fashion	Anniversaire and Bridal	Entertainment	Real Estate Leasing	Others	Consolidated
Sales	90,500	10,850	66,550	4,000	200	169,350
YoY change (%)	106.0	135.1	137.2	103.2	-	118.3
Segment profit	3,000	300	1,500	850	60	5,000
YoY change (%)	200.1	-	-	125.2	-	-

Notes: 1. Segment profit is operating profit. Total segment profit differs from consolidated operating profit because of consolidation adjustments.

2. The “others” includes advertising-related business.

Business segment forecasts are based on the following assumptions for changes in existing-store sales.

(%)

	1Q	2Q	1H	3Q	4Q	2H	Full year
Fashion	9.0	(5.0)	2.2	0.8	11.8	7.4	5.5
Entertainment	29.0	21.5	24.4	23.8	30.4	27.1	25.9

Note: The Anniversaire and Bridal business expects an increase of 105.7% year-on-year in the number of weddings and a decrease of 10.3% in the average sales per couple, both at existing facilities

2. Basic Approach for the Selection of Accounting Standards

The AOKI Group’s operations are located in Japan and the Group has little or no need of raising funds in overseas markets. Moreover, the percentage of shares held by foreign shareholders is relatively small. In view of the above factors the Company currently uses Japanese accounting standards for its financial statements.

The Company will consider using International Financial Reporting Standards (IFRS) if considered necessary by the future direction of the Group’s business development, the use of IFRS by other companies in Japan and other factors.

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

	(Millions of yen)	
	FY3/20	FY3/21
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	23,843	29,941
Accounts receivable-trade	8,455	10,686
Inventories	24,181	20,112
Other	8,851	7,152
Allowance for doubtful accounts	(36)	(40)
Total current assets	65,297	67,852
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	141,422	147,565
Accumulated depreciation	(74,921)	(78,690)
Buildings and structures, net	66,501	68,875
Machinery, vehicles, tools, furniture and fixtures	18,214	19,318
Accumulated depreciation	(9,963)	(10,830)
Machinery, vehicles, tools, furniture and fixtures, net	8,250	8,487
Land	36,138	36,138
Lease assets	16,497	17,647
Accumulated depreciation	(10,374)	(10,684)
Lease assets, net	6,122	6,962
Construction in progress	519	2,305
Total property, plant and equipment	117,533	122,769
Intangible assets	5,631	5,505
Investments and other assets		
Investment securities	2,706	2,612
Guarantee deposits	7,740	7,409
Leasehold deposit	20,653	20,752
Deferred tax assets	8,273	8,538
Other	2,048	1,860
Allowance for doubtful accounts	(40)	(40)
Total investments and other assets	41,382	41,133
Total non-current assets	164,546	169,407
Total assets	229,843	237,260

	(Millions of yen)	
	FY3/20	FY3/21
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	14,563	14,241
Electronically recorded obligations-operating	-	2,660
Short-term borrowings	-	11,000
Current portion of long-term borrowings	3,493	5,418
Lease obligations	2,024	2,200
Accounts payable-other	5,515	5,083
Income taxes payable	407	679
Provision for bonuses	1,357	1,013
Provision for bonuses for directors (and other officers)	39	-
Other	5,187	5,545
Total current liabilities	32,587	47,842
Non-current liabilities		
Long-term borrowings	40,332	45,914
Lease obligations	4,636	5,144
Provision for point card certificates	695	320
Retirement benefit liability	1,276	1,192
Asset retirement obligations	7,591	7,560
Other	3,513	3,435
Total non-current liabilities	58,046	63,567
Total liabilities	90,634	111,409
Net assets		
Shareholders' equity		
Share capital	23,282	23,282
Capital surplus	27,823	27,747
Retained earnings	96,298	81,571
Treasury shares	(7,592)	(7,438)
Total shareholders' equity	139,812	125,162
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(726)	251
Remeasurements of defined benefit plans	(105)	72
Total accumulated other comprehensive income	(831)	324
Share acquisition rights	228	363
Total net assets	139,209	125,850
Total liabilities and net assets	229,843	237,260

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**Consolidated Statement of Income**

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	180,220	143,169
Cost of sales	107,737	94,805
Gross profit	72,483	48,364
Selling, general and administrative expenses	65,833	54,157
Operating profit (loss)	6,649	(5,793)
Non-operating profit		
Interest income	78	67
Dividend income	73	27
Compensation income	85	68
Penalty income	-	45
Other	321	156
Total non-operating profit	557	365
Non-operating expenses		
Interest expenses	282	357
Loss on retirement of non-current assets	839	443
Other	583	378
Total non-operating expenses	1,705	1,178
Ordinary profit (loss)	5,501	(6,606)
Extraordinary income		
Gain on sales of non-current assets	65	-
Gain on sales of investment securities	100	4
Gain on reversal of share acquisition rights	4	70
Subsidies for employment adjustment	-	691
Total extraordinary income	170	767
Extraordinary losses		
Impairment loss	3,710	1,991
Loss on disaster	169	-
Loss on valuation of investment securities	84	1,369
Loss due to temporary closure	-	2,200
Business restructuring expenses	-	213
Total extraordinary losses	3,964	5,775
Profit (loss) before income taxes	1,707	(11,614)
Income taxes - current	818	786
Income taxes - deferred	441	(470)
Total income taxes	1,260	316
Profit	447	(11,931)
Profit (loss) attributable to owners of parent	447	(11,931)

Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Profit (loss)	447	(11,931)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,096)	977
Remeasurements of defined benefit plans, net of tax	(15)	177
Total other comprehensive income	(1,112)	1,155
Comprehensive income	(664)	(10,775)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(664)	(10,775)
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Shareholders' Equity

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	23,282	27,846	100,488	(6,302)	145,315
Changes during period					
Dividend of surplus			(4,637)		(4,637)
Profit attributable to owners of parent			447		447
Purchase of treasury shares				(1,399)	(1,399)
Disposal of treasury shares		(22)		110	87
Net changes in items other than shareholders' equity					
Total changes during period	-	(22)	(4,190)	(1,289)	(5,502)
Balance at the end of period	23,282	27,823	96,298	(7,592)	139,812

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Unrealized gain on securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	370	(89)	280	75	145,671
Changes during period					
Dividend of surplus					(4,637)
Profit attributable to owners of parent					447
Purchase of treasury shares					(1,399)
Disposal of treasury shares					87
Net changes in items other than shareholders' equity	(1,096)	(15)	(1,112)	153	(958)
Total changes during period	(1,096)	(15)	(1,112)	153	(6,461)
Balance at the end of period	(726)	(105)	(831)	228	139,209

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of period	23,282	27,823	96,298	(7,592)	139,812
Changes during period					
Dividend of surplus			(2,795)		(2,795)
Loss attributable to owners of parent			(11,931)		(11,931)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(76)		154	77
Net changes in items other than shareholders' equity					
Total changes during period	-	(76)	(14,726)	153	(14,649)
Balance at the end of period	23,282	27,747	81,571	(7,438)	125,162

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Unrealized gain on securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of period	(726)	(105)	(831)	228	139,209
Changes during period					
Dividend of surplus					(2,795)
Loss attributable to owners of parent					(11,931)
Purchase of treasury shares					(0)
Disposal of treasury shares					77
Net changes in items other than shareholders' equity	977	177	1,155	135	1,290
Total changes during period	977	177	1,155	135	(13,359)
Balance at the end of period	251	72	324	363	125,850

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	1,707	(11,614)
Depreciation	8,807	9,380
Impairment loss	3,710	1,991
Loss due to temporary closure	-	2,200
Increase (decrease) in retirement benefit liability	158	184
Increase (decrease) in provision for point card certificates	(177)	(374)
Interest and dividend income	(151)	(94)
Interest expenses	282	357
Loss on valuation of investment securities	84	1,369
Decrease (increase) in trade receivables	3,337	(2,230)
Decrease (increase) in inventories	1,392	4,069
Increase (decrease) in trade payables	(3,598)	(322)
Increase (decrease) in accrued consumption taxes	(97)	(160)
Other	924	633
Subtotal	16,383	5,390
Interest and dividend income received	143	120
Interests paid	(276)	(348)
Income taxes paid	(2,953)	(840)
Income taxes refund	1,506	1,869
Payments for loss due to temporary closure	-	(1,839)
Net cash provided by operating activities	14,803	4,351
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,959)	(10,270)
Purchase of intangible assets	(971)	(670)
Payments for leasehold and guarantee deposits	(838)	(931)
Proceeds from collection of leasehold and guarantee deposits	235	551
Net decrease (increase) in trust beneficiary rights	21	334
Other	(907)	(531)
Net cash used in investing activities	(16,418)	(11,518)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	11,000
Proceeds from long-term borrowings	9,000	11,000
Repayments of long-term borrowings	(2,650)	(3,493)
Repayments of lease obligations	(2,013)	(2,446)
Purchase of treasury shares	(1,399)	(0)
Dividends paid	(4,636)	(2,795)
Other	600	-
Net cash provided by (used in) financing activities	(1,098)	13,265
Effect of exchange rate change on cash and cash equivalents	0	(0)
Increase (decrease) in cash and cash equivalents	(2,714)	6,098
Cash and cash equivalents at beginning of period	26,558	23,843
Cash and cash equivalents at end of period	23,843	29,941

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

No reportable information.

Reclassifications**Application of Accounting Standard for Disclosure of Accounting Estimates**

The Accounting Standard for Disclosure of Accounting Estimates (ASBJ Guidance No. 31, March 31, 2020) has been applied in the fiscal year ended March 31, 2021, and notes regarding significant accounting estimates are included in the consolidated financial statements.

However, information for the previous fiscal year is not described in the notes in accordance with the transitional treatment prescribed in the proviso of paragraph 11 of this accounting standard.

Additional Information**Material Accounting-based Estimates**

1. Impairment losses on non-current assets for stores

(1) Amounts shown on consolidated financial statements for FY3/21

(Millions of yen)

	FY3/21		
	Fashion	Anniversaire and Bridal	Entertainment
Book value of non-current assets by segment at end of period (After recording impairment losses)*	58,167	30,653	61,538
Impairment loss	904	601	485

* Includes non-current assets for stores and corporate assets

(2) Information concerning significant accounting estimates for identifiable items

i. Calculation method for estimates

The identification of the need for impairment and the recognition and measurement of impairment losses utilize estimates of budgets in the following fiscal year and future cash flows for individual stores.

Individual stores are the smallest unit used for sources of independent cash flows. Indications of the need for impairment are monitored primarily at stores that have an operating loss for two consecutive years, stores that were unprofitable in the fiscal year that ended in March 2021 and are expected to remain unprofitable in the following fiscal year, stores where the fair value of non-current assets has decreased significantly, and stores that are to be closed. At stores where there is a need for impairment, future cash flows are estimated and if total cash flows before discounting are less than the book value of the store's non-current assets, the book value is reduced to the amount that can be recovered and this reduction is recognized as an impairment loss. The amount that can be recovered is the higher of the net sales proceeds and the utilization value.

ii. Major assumptions

Future cash flows are based on forecasts of future sales and operating profit at individual stores in accordance with business plans that have been approved by executives with the appropriate authority. Total cash flows before discounting and utilization value are determined by using a period of 20 years for stores where operations are expected to continue, the length of a contract for stores where a contract cannot be renewed, and the remaining time of operations for stores that are to be closed.

Regarding the effects of the COVID-19 pandemic, the assumption is that this crisis will continue until the end of March 2022. Furthermore, after the pandemic ends, demand for the AOKI Group's products and services is not expected to return to the pre-pandemic level.

Fashion Business

New stores normally have an operating loss in the first year because of start-up expenses. As a result, the first year is not included in the monitoring period used to identify indications of the need for impairment. When estimating future sales and earnings, the assumption for the total existing store sales in the fiscal year ending in March 2022 and afterward is between 86% and 92% of sales in the fiscal year that ended in March 2019, which was before the COVID-19 pandemic started.

Anniversaire and Bridal Business

Sales per couple are decreasing because of changes in market conditions caused by the COVID-19 pandemic. When estimating future sales and earnings, the assumption for sales per couple in the fiscal year ending in March 2022 and afterward is between approximately 88% and 90% of sales in the fiscal year that ended in March 2019, which was before the COVID-19 pandemic started.

Entertainment Business

Due to the characteristics of this business, the number of customers at a new location normally increases for about the first three years as awareness of the location increases. Furthermore, there is usually an operating loss in the first year because of start-up expenses. As a result, the first year is not included in the impairment monitoring period. When estimating future sales and earnings, the assumption for the total existing store sales in the fiscal year ending in March 2022 and afterward is between 93% and 96% of sales in the fiscal year that ended in March 2019, which was before the COVID-19 pandemic started.

(3) Effect on the balance sheet in the fiscal year ending in March 2022

If actual results of operations differ significantly from the sales and operating profit forecasts for the fiscal year ending in March 2022 and afterward because of COVID-19 or some other reason, there may be an effect on the amount of the impairment loss in the fiscal year ending in March 2022.

The book values are as follows for non-current assets of stores where there was no impairment because the fiscal year that ended in March 2021 was the store's first year of operation or indications of the need for impairment were identified but assets were not impaired on the basis of the sales and operating profit forecasts.

(Millions of yen)

	FY3/21		
	Fashion	Anniversaire and Bridal	Entertainment
Book value of non-current assets of stores exempt from impairment monitoring due to the first of operation	282	-	7,538
Book value of non-current assets of stores with indications of the need for impairment but no impairment	6,273	2,363	12,309

2. Recoverability of deferred tax assets

(1) Amounts shown on consolidated financial statements for FY3/21

(Millions of yen)

	FY3/21
Deferred tax assets	8,538

(2) Information concerning significant accounting estimates for identifiable items

i. Calculation method for estimates

Each business of the AOKI Group is operated by a consolidated subsidiary. Deferred tax assets are recognized to the extent that these assets can reduce future tax payments. Recognition is based on the schedule for the elimination of future addition differences at each consolidated subsidiary, the outlook for future taxable income in accordance with the profitability of the group's businesses, tax planning, and other factors. The outlook for the taxable income of

consolidated subsidiaries, which reflects expectations concerning future profitability, is based on business plans that have been approved by executives with the appropriate authority.

ii. Major assumptions

The business plans prepared by consolidated subsidiaries incorporate forecasts concerning changes in demand, sales and other items. These estimates use the assumptions that the COVID-19 pandemic will end in March 2022 and that, even afterward, demand for the AOKI Group's products and services will not return to the pre-pandemic level. An explanation of these assumptions is in "1. Impairment losses on non-current assets for stores." At consolidated subsidiary KAIKATSU FRONTIER, Inc., the business plan for the fiscal year ending in March 2022 and afterward includes the expected sales and earnings from the 68 locations planned to be opened during the fiscal year ending in March 2022 or from locations to be opened in the following fiscal years.

(iii) Effect on the balance sheet in the fiscal year ending in March 2022

If actual results of operations differ significantly from the sales and operating profit forecasts for the fiscal year ending in March 2022 and afterward because of COVID-19 or some other reason, there may be an effect on the amount of the deferred tax assets and income taxes – deferred in the fiscal year ending in March 2022.

Segment and Other Information

Segment information

1. Overview of reportable segment

The Group defines reportable segments as businesses for which financial details can be compiled; the Board of Directors will review this information on a periodic basis in order to assist with decisions about allocating resources and evaluating the performance.

AOKI Holdings, as a pure holding company, supports the businesses of the various companies in the Group. AOKI Holdings and each business company proposes and executes comprehensive strategies for the products and services they sell in Japan.

The products and services of AOKI Holdings and the business companies are divided into segments. The four reportable segments are the Fashion Business, the ANNIVERSAIRE and Bridal Business, the Entertainment Business, and the Real Estate Leasing Business.

The Fashion Business plans and sells men's and women's wear; the ANNIVERSAIRE and Bridal Business operates wedding halls; the Entertainment Business operates KAIKATSU CLUB, which provides services and spaces for a variety of experiences that match the current needs and preferences of consumers, fitness centers, and karaoke facilities; and the Real Estate Leasing Business leases real estate of the AOKI Group, including space previously occupied by stores and other businesses that were closed, within the Group and to other companies.

2. Calculation methods for sales, profits/losses, assets, liabilities and other items for each reportable segment

The accounting treatment methods for reportable segments are generally the same as accounting principles and procedures used for the preparation of the consolidated financial statements.

Profits for reportable segments are generally operating profit figures. Profits on and transfer amounts of inter-segment transactions within the Group are based on current market prices.

3. Information related to sales, profits/losses, assets, liabilities and other items for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Fashion	Anniversaire and Bridal	Entertainment	Real Estate Leasing	Total		
Net sales							
External sales	98,351	22,260	58,388	1,220	180,220	-	180,220
Inter-segment sales and transfers	1	9	0	2,403	2,415	(2,415)	-
Total	98,352	22,270	58,388	3,624	182,636	(2,415)	180,220
Segment profit	2,886	439	2,672	668	6,667	(17)	6,649
Segment assets	102,989	37,315	56,929	1,468	198,704	31,139	229,843
Other items							
Depreciation	2,919	1,438	3,956	62	8,376	346	8,723
Amortization of goodwill	-	-	3	-	3	-	3
Increase in property, plant and equipment and intangible assets	2,116	401	17,569	29	20,116	250	20,367

Notes: 1. The above adjustments include the following items.

- (1) The -17 million yen adjustment to segment profit includes 4,281 million yen in elimination for inter-segment transactions, and -4,299 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) The 31,139 million yen adjustment to segment assets includes -42,725 million yen in elimination of the offsetting receivables from subsidiaries, and company-wide assets of 73,865 million yen that cannot be allocated to any specific reportable segments. Company-wide assets consist mainly of the Company's land and building and structures of the head office that cannot be attributed to reportable segments.
 - (3) The 250 million yen adjustment to an increase in property, plant and equipment and intangible assets mainly includes investment in company-wide systems.
2. Segment profit is adjusted to be consistent with operating profit on the consolidated statement of income.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 2)
	Fashion	Anniversaire and Bridal	Entertainment	Real Estate Leasing	Subtotal				
Net sales									
External sales	85,372	8,033	48,499	1,173	143,078	91	143,169	-	143,169
Inter-segment sales and transfers	15	0	-	2,703	2,719	-	2,719	(2,719)	-
Total	85,387	8,033	48,499	3,876	145,797	91	145,889	(2,719)	143,169
Segment profit (loss)	1,499	(3,088)	(5,190)	678	(6,101)	64	(6,036)	243	(5,793)
Segment assets	99,479	34,053	67,964	1,235	202,732	-	202,732	34,527	237,260
Other items									
Depreciation	2,578	1,309	5,117	26	9,031	-	9,031	272	9,303
Amortization of goodwill	-	-	3	-	3	-	3	-	3
Increase in property, plant and equipment and intangible assets	1,129	77	14,949	6	16,162	-	16,162	369	16,531

Notes: 1. The “others” classification refers to businesses not included in reportable segments such as advertising-related business.

2. The above adjustments include the following items.

- (1) The 243 million yen adjustment to segment profit (loss) includes 4,190 million yen in elimination for inter-segment transactions, and -3,947 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) The 34,527 million yen adjustment to segment assets includes -57,867 million yen in elimination of the offsetting receivables from subsidiaries, and company-wide assets of 92,395 million yen that cannot be allocated to any specific reportable segments. Company-wide assets consist mainly of the Company’s land and building and structures of the head office that cannot be attributed to reportable segments.
- (3) The 369 million yen adjustment to an increase in property, plant and equipment and intangible assets mainly includes investment in company-wide systems.

3. Segment profit (loss) is adjusted to be consistent with operating loss on the consolidated statement of income.

Per Share Information

(Yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	1,641.34	1,479.87
Net income (loss) per share	5.23	(140.77)

Notes: 1. In FY3/20, diluted net income per share is not presented since the Company has no potential stock with dilutive effects.

In FY3/21, diluted net income per share is not presented since the Company posted net loss, and has no potential stock with dilutive effects.

2. The following is a reconciliation of net income per share

(Millions of yen)

Item	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net income per share		
Profit (loss) attributable to owners of parent	447	(11,931)
Profit not attributable to common shareholders	-	-
Profit (loss) attributable to owners of parent applicable to common shares	447	(11,931)
Average number of common shares outstanding during the period (Thousand shares)	85,577	84,759
Summary of potential stock not included in the calculation of diluted net income per share since there was no dilutive effect	Share acquisition rights issued pursuant to the Board of Directors' resolution on November 18, 2015 Share Acquisition Rights No. 5 Number of stock acquisition rights: 7,300 Share acquisition rights issued pursuant to the Board of Directors' resolution on June 27, 2019 Share Acquisition Rights No. 6 Number of stock acquisition rights: 11,345	Share acquisition rights issued pursuant to the Board of Directors' resolution on June 27, 2019 Share Acquisition Rights No. 6 Number of stock acquisition rights: 10,465

3. The following is a reconciliation of net assets per share

(Millions of yen)

Item	FY3/20 (As of Mar. 31, 2020)	FY3/21 (As of Mar. 31, 2021)
Total net assets	139,209	125,850
Deduction on total net assets	228	363
[of which share acquisition rights]	[228]	[363]
Net assets applicable to common shares	138,981	125,487
Number of common shares used in calculation of net assets per share (Thousand shares)	84,675	84,796

Subsequent Events**Retirement of Treasury Shares**

The Board of Directors meeting held on April 28, 2021, a resolution was adopted that AOKI Holdings will retire shares in accordance with Article 178 of the Companies Act, for the purpose of improving capital efficiency.

- Type of shares to be retired: Common stock of AOKI Holdings
- Total number of shares to be retired: 3,000,000 shares
(3.31% of total shares outstanding prior to the retirement)
- Planned date of retirement: May 17, 2021

4. Other

Changes in Directors

Candidate for director (to be effective on June 23, 2021)

Director Mitsuo Takahashi (currently Representative Director of Pan Pacific International Holdings Corporation and External Director of MIG Holdings Ltd.)

Note: Mr. Mitsuo Takahashi is a candidate for an external director.

** 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.*