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## **Notice of Capital and Business Alliance with RUNSYSTEM and Third-party Allotment of Stock and Acquisition of Stock to Make RUNSYSTEM a Subsidiary**

The Board of Directors of AOKI Holdings approved a resolution today to establish a capital and business alliance with RUNSYSTEM CO., LTD. and, in conjunction with this alliance, to acquire RUNSYSTEM stock from ANNIVERSAIRE HOLDINGS INC., a current shareholder of RUNSYSTEM, and purchase RUNSYSTEM stock issued by using a third-party allotment. The purchase of this stock will make RUNSYSTEM a consolidated subsidiary of AOKI Holdings.

### **1. Reason for the capital and business alliance and the consolidation of RUNSYSTEM**

The AOKI Group is firmly committed to making contributions to society by using business activities and in other ways. This commitment is expressed in the three principles of the company's management philosophy: business integrity, social responsibility and community service. Based on the business concept of "creating happiness for everyone (the creation of the beauty of life)," the AOKI Group operates three main business units: the Fashion Business, ANNIVERSAIRE and Bridal Business, and Entertainment Business.

The Fashion Business is constantly developing new products and taking other actions that reflect changes in lifestyles as the demand for business suits declines. The ANNIVERSAIRE and Bridal Business is affected by Japan's declining number of children and increasing diversity of wedding styles, but is leveraging the powerful ANNIVERSAIRE brand and creating new and innovative wedding formats. By doing so, these businesses aim to achieve steady medium to long-term growth. The Entertainment Business operates KAIKATSU CLUB café complexes, COTE D'AZUR karaoke facilities and FiT24 fitness gyms. The COVID-19 pandemic has severely impacted the performance of the karaoke business. However, AOKI Holdings believes that demand for going out for karaoke will become stable in the near future.

FiT24 fitness gyms feature 24-hour self-service operations and linkage with KAIKATSU CLUB café complexes that enables customers to use both fitness centers and cafés. AOKI Holdings believes that there is substantial growth potential for both of these businesses. Demand for FiT24 fitness centers is expected to increase because of the unique strengths of this business. The café complexes business is developing many types of content that match the needs of customers and is constantly revising and enhancing its business model.

The main business of RUNSYSTEM is the operation and franchising of Space Create Jiyu Kukan café complexes in all areas of Japan. These cafés provide three basic services: amusement, relaxation, and food and beverages. RUNSYSTEM has developed a number of systems for café operations, including solutions for fully automated operations and remote customer services. Self-service for registering as a member, entering and leaving cafés and other activities along with remote customer services enable cafés to operate very efficiently. The objective is to use this capital and business alliance to maximize synergies through the mutual sharing of the café complex operational know-how of AOKI Holdings and RUNSYSTEM. This is expected to enlarge the complex café market in Japan by attracting new customer segments. One example is the increasing use in recent years of cafés as workplaces. Another expected benefit is the ability to speed up the expansion of the café business by upgrading and refining the business model with activities such as developing new types of content and operating cafés more

efficiently.

## 2. Outline of the capital and business alliance

### (1) Details of the underwriting of the third-party allotment of new stock

AOKI Holdings will purchase for 2,000,000 shares of common stock of RUNSYSTEM to be issued by way of third-party allotment at 412 yen per share for a total amount of 824,000,000 yen.

### (2) Purchase of existing stock

AOKI Holdings will acquire 155,000 shares of common stock from ANNIVERSAIRE HOLDINGS, a current shareholder of RUNSYSTEM, in an over-the-counter transaction for 412 yen per share for a total amount of 63,860,000 yen.

### (3) Number of shares acquired, acquisition price and status of shares held before and after acquisition

(1)	Number of shares held before the capital alliance	0 share (Percentage of shares issued: 0.00%) (Number of voting rights: 0, Percentage of voting rights: 0.00%)
(2)	Number of shares to be acquired by way of third-party allotment	2,000,000 shares (Percentage of shares issued: 45.65%)
(3)	Number of shares to be acquired by purchasing existing stock	155,000 shares (Percentage of shares issued: 3.54%)
(4)	Purchase price	887,860,000 yen
(5)	Number of shares after the capital alliance	2,155,000 shares (Percentage of shares issued: 49.19%) (Number of voting rights: 21,550, Percentage of voting rights: 50.71%)

## 3. Outline of the business alliance

The purposes of the business alliance are to utilize a variety of system solutions, build an IT system network, provide IT system development support, and procure store materials and supplies with greater efficiency in the AOKI Group's Entertainment Business. Sharing many types of knowledge will be another important element of the alliance.

## 4. Overview of the capital and business alliance partner and company to be acquired (RUNSYSTEM)

(1)	Company name	RUNSYSTEM CO., LTD.	
(2)	Location	4-27-38, Sayamadai, Sayama, Saitama	
(3)	Representative	Daisuke Hidaka, President	
(4)	Business	Operation of complex cafés, sales of business systems and other external sales activities, and real estate leasing	
(5)	Capital	100 million yen	
(6)	Established	December 1988	
(7)	Major shareholders and shareholding ratios (as of December 31, 2021)	Plaza Shouji Co., Ltd: 12.91% (excluding treasury shares) GAUDI Co., Ltd. 12.71% (excluding treasury shares)	
(8)	Relationships between AOKI Holdings and RUNSYSTEM	Capital	Not applicable.
		Personnel	Not applicable.
		Business	Not applicable.
		Related party	Not applicable.

(9) Consolidated results of operations and financial condition of RUNSYSTEM for the past three years			
Fiscal years ended	June 2019	June 2020	June 2021
Consolidated net assets	1,827 million yen	923 million yen	111 million yen
Consolidated total assets	5,096 million yen	4,665 million yen	3,647 million yen
Net assets per share	941.88 yen	475.88 yen	49.56 yen
Consolidated net sales	8,284 million yen	6,958 million yen	4,918 million yen
Consolidated operating profit	194 million yen	(83) million yen	(633) million yen
Consolidated ordinary profit	204 million yen	(60) million yen	(614) million yen
Profit attributable to owners of parent	32 million yen	(884) million yen	(951) million yen
Net income per share	16.70 yen	(456.00) yen	(485.67) yen
Dividend per share	10.00 yen	0.00 yen	0.00 yen

#### 5. Overview of the seller of the stock (ANNIVERSAIRE HOLDINGS)

(1) Company name	ANNIVERSAIRE HOLDINGS INC.	
(2) Location	3-5-30 Kita-aoyama, Minato-ku, Tokyo	
(3) Representative	Masamitsu Aoki, President	
(4) Business	Holding of securities and leasing of real estate	
(5) Capital	100 million yen	
(6) Established	July 1, 1965	
(7) Net assets (as of March 31, 2021)	16,289 million yen	
(8) Total assets (as of March 31, 2021)	22,322 million yen	
(9) Major shareholders and shareholding ratios	Hironori Aoki: 57.20% The AOKI Foundation: 37.75%	
(10) Relationships between AOKI Holdings and ANNIVERSAIRE HOLDINGS	Capital	ANNIVERSAIRE HOLDINGS holds 33,415 thousand shares (voting rights of 39.38%) of AOKI Holdings.
	Personnel	Three representative directors and one director of AOKI Holdings serve concurrently as representative directors and directors of ANNIVERSAIRE HOLDINGS.
	Business	No significant transactions.
	Related party	ANNIVERSAIRE HOLDINGS is a related party of AOKI Holdings and is an other related company in which ANNIVERSAIRE HOLDINGS holds 39.38% of voting rights.

#### 6. Schedule

(1) Date of the Board of Directors meeting	May 23, 2022
(2) Signing of the capital and business alliance	May 23, 2022
(3) Date of acquisition and payment for shares by third-party allotment	June 8, 2022 (tentative)
(4) Date of acquisition of shares acquisition	June 8, 2022 (tentative)
(5) Start of the business alliance	June 8, 2022 (tentative)

#### 7. Outlook

We believe that the impact of the capital and business alliance and the consolidation of RUNSYSTEM as a subsidiary on the consolidated results of operations is negligible. An announcement will be made promptly if there is any information that requires disclosure.