

**Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2024
(Three Months Ended June 30, 2023)**

[Japanese GAAP]

Company name: AOKI Holdings Inc. Listings: Tokyo Stock Exchange
Stock code: 8214 URL: <https://www.aoki-hd.co.jp/>
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Scheduled date of filing of Quarterly Report: August 10, 2023
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 August 9, 2023 at 15:30 (GMT +9).

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2023

(April 1, 2023 – June 30, 2023)

(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	%
Three months ended Jun. 30, 2023	41,549	5.9	2,278	47.3	2,187	57.3	1,439	14.7
Three months ended Jun. 30, 2022	39,227	19.2	1,547	-	1,390	-	1,255	-

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2023: 1,604 (up 9.5%)
Three months ended Jun. 30, 2022: 1,465 (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2023	17.06	-
Three months ended Jun. 30, 2022	14.79	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2023	225,695	131,875	58.3
As of Mar. 31, 2023	233,416	132,251	56.5

Reference: Shareholders' equity (million yen) As of Jun. 30, 2023: 131,628 As of Mar. 31, 2023: 131,969

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY3/23	-	7.00	-	13.00	20.00
FY3/24	-	-	-	-	-
FY3/24 (forecasts)	-	13.00	-	14.00	27.00

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

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	180,500	2.5	10,800	5.5	10,300	22.2	5,800	3.0	69.01

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: | None |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

(4) Number of shares outstanding (common shares)

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

As of Jun. 30, 2023:	86,649,504 shares	As of Mar. 31, 2023:	87,649,504 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2023:	2,760,169 shares	As of Mar. 31, 2023:	2,746,866 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2023:	84,399,275 shares	Three months ended Jun. 30, 2022:	84,902,947 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.

Supplementary materials for quarterly financial results

Supplementary materials for quarterly financial results will be available on the Company’s website immediately after the earnings announcement on Wednesday, August 9, 2023.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year, the Japanese economy recovered slowly mainly due to further progress with the normalization of economic activities. However, the outlook for the economy remains uncertain because of the high cost of energy and raw materials caused by global events causing uncertainty, the yen's depreciation and other reasons.

Due to the measures of the AOKI Holdings Group explained in the following sections, both sales and earnings increased in the first quarter. Net sales increased 5.9% from one year earlier to 41,549 million yen, operating profit increased 47.3% to 2,278 million yen, ordinary profit increased 57.3% to 2,187 million yen, and profit attributable to owners of parent increased 14.7% to 1,439 million yen.

Business segment performance was as follows.

Fashion Business

For comfort during hot summer days, the lineup of apparel in the Air Cool series, which uses a material developed jointly with an academic sector partner, was expanded. In addition, there were measures to increase the lineup of merchandise in the casual apparel category. For example, the Pajama Suits series, which continues to post strong sales, added a pajama blazer and there were other activities. Another highlight of the first quarter was the start of operations OKI Rental Service at all AOKI stores, which rents morning coats and tuxedos in an easy to use format. In the women's fashion category, sales started for 360° Washable Pretty Suits (Air Cool Suits), which use the same fabric as in the popular Air Cool Suits for men. One AOKI store was opened, and one AOKI store and two ORIHICA stores were closed to improve the efficiency of store operations. As a result, the number of stores decreased from 596 at the end of the previous fiscal year to 594 at the end of the first quarter.

These activities and other measures generated strong sales of heavy clothing as people began wearing suits again and of Cool Biz apparel. As a result, sales increased 0.6% year on year to 21,106 million yen and operating profit increased 8.7% year on year to 1,279 million yen.

Anniversaire and Bridal Business

Activities during the first quarter included a Cathedral Wedding Fair with Wedding Gown Trial held during Golden Week, enabling visitors to have a simulated experience of a memorable ANNIVERSAIRE wedding, and the continuation of marketing activities using the internet and social networking services for efficiently attracting customers. In addition, ANNIVERSAIRE Omotesando, which is celebrating its 25th anniversary, is preparing for a reopening in September 2023 as a facility offering outstanding experiences, products, feelings, and services related to anniversaries.

Despite these initiatives and cost-cutting measures, the number of weddings decreased mainly due to the closing of ANNIVERSAIRE Omotesando. As a result, sales decreased 5.4% to 2,042 million yen and there was an operating loss of 209 million yen compared with a profit of 39 million yen one year earlier.

Entertainment Business

KAIKATSU CLUB café complexes provide services for businesspeople and students, such as partnership with The Tokyo Chamber of Commerce and Industry concerning its certification tests and joining the Nikkei's Office Pass system, and enhanced its food and beverage menu by partnering with famous restaurant chain stores and manufacturers.

At COTE D'AZUR karaoke facilities, there were various campaigns with partners, including collaborations with Gelato Licca-chan and BEYBLADE X. FiT24, which operates 24-hour self-service fitness gyms, continued to increase the number of indoor golf facilities. During the first quarter, FiT24 opened 2 gyms while 1 KAIKATSU CLUB café and 1 COTE D'AZUR karaoke facility were closed due to measures to improve efficiency. As a result, including the 102 JIYU KUKAN café complexes and other locations of RUNSYSTEM (including 56 franchised stores), the number of locations in this business decreased from 810 at the end of the previous fiscal year to 806 at the end of the first quarter.

Segment sales and earnings increased because of these measures and other factors. Sales in this segment increased

14.5% to 18,043 million yen and operating profit increased 292.9% to 1,199 million yen.

Real Estate Leasing Business

Segment sales increased 8.2% to 1,272 million yen and operating profit increased 9.7% to 221 million yen mainly because of the leasing of idle space of the AOKI Group's stores.

(2) Explanation of Financial Position

Balance sheet position

Assets

Total assets at the end of the first quarter decreased 7,720 million yen from the end of the previous fiscal year to 225,695 million yen primarily because of a decrease in accounts receivable-trade.

Current assets decreased 9,583 million yen mainly due to a decrease of 5,592 million yen in accounts receivable-trade caused by seasonal and other factors. Non-current assets increased 1,862 million yen as property, plant and equipment increased 2,143 million yen.

Liabilities

Current liabilities decreased 6,673 million yen from the end of the previous fiscal year. There were decreases of 3,135 million yen in accounts payable-trade mainly due to seasonal factors and 1,838 million yen in accrued income taxes due to the payment of income taxes. Non-current liabilities decreased 671 million yen due to a decrease of 1,031 million yen in long-term borrowings for scheduled repayments.

Net assets

Net assets decreased 375 million yen from the end of the previous fiscal year. Although there was an increase of 336 million yen in retained earnings due to a profit attributable to owners of parent and dividend from surplus, a net decrease of 288 million yen in treasury shares as a result of repurchase and retirement, and a decrease of 1,165 million yen in capital surplus due to the retirement of treasury shares.

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

Sales and operating profit in the first quarter were high in relation to the pace required to accomplish the fiscal year forecast because economic activity in Japan continues to return to normal and demand is rebounding following the downturn caused by the pandemic.

There are no revisions to the fiscal year forecast that was announced on May 11, 2023 because of uncertainty about the outlook caused by the high cost of energy and raw materials, the yen's weakness, and the increasing tendency of consumers to hold down spending due to inflation and other concerns.

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

(Millions of yen)

	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
Assets		
Current assets		
Cash and deposits	38,295	33,202
Accounts receivable-trade	13,114	7,522
Inventories	19,465	19,934
Other	8,015	8,667
Allowance for doubtful accounts	(54)	(73)
Total current assets	78,836	69,253
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	63,898	63,659
Land	31,021	31,021
Others, net	14,378	16,761
Total property, plant and equipment	109,299	111,442
Intangible assets	7,007	6,930
Investments and other assets		
Guarantee deposits	6,628	6,537
Leasehold deposit	19,013	19,058
Other	12,682	12,526
Allowance for doubtful accounts	(53)	(53)
Total investments and other assets	38,272	38,069
Total non-current assets	154,579	156,442
Total assets	233,416	225,695

	(Millions of yen)	
	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	17,963	14,827
Current portion of long-term borrowings	10,647	9,075
Income taxes payable	2,012	174
Provision for bonuses	3,349	776
Provision for bonuses for directors (and other officers)	65	33
Other	14,865	17,342
Total current liabilities	48,904	42,230
Non-current liabilities		
Long-term borrowings	36,206	35,175
Retirement benefit liability	895	886
Asset retirement obligations	7,855	7,879
Other	7,302	7,648
Total non-current liabilities	52,260	51,589
Total liabilities	101,164	93,820
Net assets		
Shareholders' equity		
Share capital	23,282	23,282
Capital surplus	23,795	22,629
Retained earnings	87,434	87,770
Treasury shares	(3,490)	(3,201)
Total shareholders' equity	131,022	130,481
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	682	899
Remeasurements of defined benefit plans	265	247
Total accumulated other comprehensive income	947	1,146
Non-controlling interests	281	246
Total net assets	132,251	131,875
Total liabilities and net assets	233,416	225,695

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

(Millions of yen)

	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Net sales	39,227	41,549
Cost of sales	24,338	25,067
Gross profit	14,888	16,481
Selling, general and administrative expenses	13,341	14,203
Operating profit	1,547	2,278
Non-operating profit		
Interest income	19	21
Dividend income	19	4
Other	53	62
Total non-operating profit	91	88
Non-operating expenses		
Interest expenses	90	79
Loss on retirement of non-current assets	27	13
Other	130	86
Total non-operating expenses	248	180
Ordinary profit	1,390	2,187
Extraordinary income		
Settlements received	-	500
Subsidies for employment adjustment	230	-
Total extraordinary income	230	500
Extraordinary losses		
Impairment loss	131	86
Total extraordinary losses	131	86
Profit before income taxes	1,490	2,601
Income taxes – current	340	595
Income taxes – deferred	(106)	600
Total income taxes	234	1,195
Profit	1,255	1,405
Loss attributable to non-controlling interests	-	(34)
Profit attributable to owners of parent	1,255	1,439

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

	(Millions of yen)	
	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Profit	1,255	1,405
Other comprehensive income		
Valuation difference on available-for-sale securities	229	217
Remeasurements of defined benefit plans, net of tax	(19)	(17)
Total other comprehensive income	210	199
Comprehensive income	1,465	1,604
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,465	1,639
Comprehensive income attributable to non-controlling interests	-	(34)

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

No reportable information.

Significant Changes in Shareholders' Equity

First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)

Purchase and retirement of treasury shares

AOKI Holdings purchased 1 million treasury shares on May 16, 2023 and retired the same number of shares on May 29, 2023 pursuant to the resolution of the Board of Directors on May 15, 2023.

As a result, treasury shares increased 877 million yen due to the purchase of treasury shares, and capital surplus and treasury shares decreased 1,165 million yen each due to the retirement of treasury shares.

Segment Information

First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)

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

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Fashion	Anniversaire and Bridal	Enter- tainment	Real Estate Leasing	Subtotal				
Sales									
Fashion	20,981	-	-	-	20,981	-	20,981	-	20,981
Bridal	-	2,157	-	-	2,157	-	2,157	-	2,157
Café complex	-	-	12,331	-	12,331	-	12,331	-	12,331
Karaoke	-	-	2,306	-	2,306	-	2,306	-	2,306
Fitness	-	-	1,121	-	1,121	-	1,121	-	1,121
Other	-	-	-	-	-	5	5	-	5
Revenue from contracts with customers	20,981	2,157	15,758	-	38,898	5	38,903	-	38,903
Other revenues	-	-	-	324	324	-	324	-	324
External sales	20,981	2,157	15,758	324	39,222	5	39,227	-	39,227
Inter-segment sales and transfers	-	2	2	851	856	11	867	(867)	-
Total	20,981	2,160	15,761	1,176	40,078	16	40,095	(867)	39,227
Segment profit (loss)	1,176	39	305	201	1,723	(0)	1,723	(176)	1,547

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

2. The -176 million yen adjustment to segment profit (loss) includes 975 million yen in elimination for inter-segment transactions, and -1,151 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.

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

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

Material impairment losses related to non-current assets

In the Fashion Business, the Entertainment Business and the Real Estate Leasing Business, impairment losses were recognized for operating stores set to be closed or converted for which there is little expectation of recovery; impairment losses of 13 million yen, 113 million yen and 4 million yen were booked respectively in the first three months of FY3/23.

First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)

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

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on quarterly consolidated statement of income (Note 3)
	Fashion	Anniversaire and Bridal	Enter- tainment	Real Estate Leasing	Subtotal				
Sales									
Fashion	21,106	-	-	-	21,106	-	21,106	-	21,106
Bridal	-	2,042	-	-	2,042	-	2,042	-	2,042
Café complex	-	-	14,057	-	14,057	-	14,057	-	14,057
Karaoke	-	-	2,479	-	2,479	-	2,479	-	2,479
Fitness	-	-	1,319	-	1,319	-	1,319	-	1,319
Other	-	-	165	-	165	7	173	-	173
Revenue from contracts with customers	21,106	2,042	18,023	-	41,172	7	41,180	-	41,180
Other revenues	-	-	18	350	369	-	369	-	369
External sales	21,106	2,042	18,042	350	41,542	7	41,549	-	41,549
Inter-segment sales and transfers	0	0	0	921	922	14	937	(937)	-
Total	21,106	2,042	18,043	1,272	42,464	21	42,486	(937)	41,549
Segment profit (loss)	1,279	(209)	1,199	221	2,490	(3)	2,487	(208)	2,278

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

2. The -208 million yen adjustment to segment profit (loss) includes 1,207 million yen in elimination for inter-segment transactions, -20 million yen in amortization of goodwill, and -1,395 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.

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

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

Material impairment losses related to non-current assets

In the Fashion Business and the Entertainment Business, impairment losses were recognized for operating stores set to be closed for which there is little expectation of recovery; impairment losses of 20 million yen and 65 million yen were booked respectively in the first three months of FY3/24.

** 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.*