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Securities Code: 7455
June 7, 2019

To Our Shareholders:

Masahiro Sawada
President and Representative Director
PARIS MIKI HOLDINGS Inc.
Head Office: 2-4-3 Nihonbashi-Muromachi, Chuo-ku, Tokyo
Headquarters: 1-2-3 Kaigan, Minato-ku, Tokyo

Notice of the 71st Ordinary General Meeting of Shareholders

You are cordially invited to attend the 71st Ordinary General Meeting of Shareholders of PARIS MIKI HOLDINGS Inc. (hereinafter referred to as the “Company”), which will be held on Tuesday, June 25, 2019, as described hereunder.

If you are unable to attend the meeting in person, you may exercise your voting rights by either of the below methods. Please exercise your voting rights by 6:30 p.m. on Monday, June 24, 2019 after reviewing the attached Reference Documents for the General Meeting of Shareholders.

Details

1. Date and Time:

Tuesday, June 25, 2019 at 10:00 a.m.

(The reception of the attendees to the meeting at the reception desk shall start at 9:30 a.m.)

2. Place:

Banquet Hall “JOUR” (Main Building 1st Floor), Happo-en
1-1-1 Shirokane-Dai, Minato-ku, Tokyo

3. Objectives of the Meeting

Matters to be reported:

- a. Business Report and Consolidated Financial Statements, as well as the audit reports of the Accounting Auditor and the Audit & Supervisory Board for Consolidated Financial Statements, for the 71st fiscal term (from April 1, 2018 to March 31, 2019)
- b. Non-consolidated Financial Statements for the 71st fiscal term (from April 1, 2018 to March 31, 2019)

Matters to be resolved:

- Proposal 1:** Partial Changes to Articles of Incorporation
Proposal 2: Election of Seven (7) Directors
Proposal 3: Election of One (1) Audit & Supervisory Board Member
Proposal 4: Revision of Remuneration Amount for Directors and Audit & Supervisory Board Members
Proposal 5: Payment of Retirement Benefits to Retiring Audit & Supervisory Board Member

4. Notice Regarding Exercise of Voting Rights

- a. If you do not indicate your approval or disapproval, or abstention of the proposal on the voting form, we will assume that you have voted in favor of the proposal.
- b. If you exercise your voting rights more than once via the Internet, the last exercise shall be deemed valid.
- c. If you exercise your voting rights both by voting form and via the Internet, the vote via the Internet shall be deemed valid.
- d. If you are a shareholder who has opted to receive convocation notices by electromagnetic means but you wish to receive the voting form, please contact the Securities Agent Department of Mizuho Trust & Banking Co., Ltd.
- e. If you exercise your voting rights by proxy, you may designate one other shareholder holding voting rights of the Company to attend the meeting. Please note, however, that it is necessary to submit a document proving the authority of proxy.

Notes:

- * You are kindly requested to present the enclosed voting form to the receptionist when you attend the meeting in person. You are also requested to bring this convocation notice to the meeting.
- * Of the documents required to be provided with this convocation notice, the following have been posted via the Internet on the Company's website (<http://www.paris-miki.com/>) pursuant to the provisions of laws and regulations and Article 14 of the Company's Articles of Incorporation.
 - i) From the Business Report: "Share options," "System to ensure the properness of operations," and "Overview of the operational status of the system to ensure properness of operations."
 - ii) From the Consolidated Financial Statements: "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements"
 - iii) From the Non-consolidated Financial Statements: "Non-consolidated Statement of Changes in Equity" and "Notes to the Non-consolidated Financial Statements"Note that these items were included in the Business Report, the Consolidated Financial Statements and the Financial Statements that were audited when the accounting auditor and the audit & supervisory board members prepared their audit reports.
- * If any changes have been made to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, such changes will be posted via the Internet on the Company's website (<http://www.paris-miki.com/>).
- * Following the conclusion of the meeting, we ask that you stay and attend a management briefing, which will be held at the same place. In addition, we will set up an exhibition space at the venue to give shareholders a better understanding of the PARIS MIKI Group's products and services. We would be grateful if you would visit the exhibition.
- * Until 2017, a gift was provided for all shareholders attending the Ordinary General Meeting. However, since 2018, this practice has been discontinued for various reasons. Thank you for your understanding on this matter.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Matters

Proposal 1: Partial Changes to Articles of Incorporation

1. Reason for Changes

(1) To respond to the expansion and diversification of the business scope of the Company and its subsidiaries, the Company proposes adding and changing the business purpose in Article 2 of the current Articles of Incorporation.

(2) For the purpose of streamlining management decision-making and further strengthening the management oversight function of the Board of Directors the Company proposes reducing the upper limit for the number of directors specified in Article 17 of the current Articles of Incorporation from fifteen (15) to nine (9).

2. Description of Changes

Description of changes is as follows:

(Changes are underlined.)

Present articles	Proposed articles
(Purpose)	(Purpose)
Article 2. (Omitted)	Article 2. (Not changed)
1.-10. (Omitted)	1.-10. (Not changed)
(Newly Established)	<u>11. Repair, distribution and lease of equipment such as health appliances, beauty appliances and medical equipment</u>
<u>11.-27.</u> (Omitted)	<u>12.-28.</u> (Not Changed)
(Number of Directors)	(Number of Directors)
Article 17. The Company shall have no more than <u>fifteen (15)</u> Directors.	Article 17. The Company shall have no more than <u>nine (9)</u> Directors.

Proposal 2: Election of Seven (7) Directors

The term of office of all six (6) directors will expire at the conclusion of this General Meeting of Shareholders.

At this juncture, the Company proposes the election of seven (7) directors, including three (3) outside directors, an increase of one (1) outside director for the purpose of further enhancement of the management system.

Candidates for director are as follows.

Candidate No.	Name	Current position and responsibility in the Company	Attribute of candidate
1	Mikio Tane	Chairman and Representative Director	Re-election
2	Masahiro Sawada	President and Representative Director	Re-election
3	Fumihiko Nakao	Director	Re-election
4	Tetsuro Nakatsuka	Director, Manager, Finance	Re-election
5	Pierre-Olivier Chave	Outside Director	Re-election Outside Independent
6	Akiko Iwamoto	Outside Director	Re-election Outside Independent
7	Satoru Nino	-	New election Outside Independent

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
1	Mikio Tane (November 9, 1959)	<p>April 1984 Joined MIKI OPTICAL Inc.</p> <p>August 1986 Director, MIKI OPTICAL Inc.</p> <p>March 1988 Senior Executive Director, PARIS MIKI Inc.</p> <p>June 1988 President and Representative Director, PARIS MIKI Inc.</p> <p>February 1989 Representative Director, Lunettes Inc.</p> <p>May 1994 Representative Director, Executive Vice President, PARIS MIKI Inc.</p> <p>May 1997 Representative Director, Executive Vice President, Manager, Human Resources, PARIS MIKI Inc.</p> <p>June 1999 Representative Director, Executive Vice President, Manager, Human Resources and Overseas Operations, PARIS MIKI Inc.</p> <p>December 2002 Director, Codomo Limited (current position)</p> <p>June 2003 Director, PARIS MIKI Inc.</p> <p>June 2005 Representative Director, PARIS MIKI Inc.</p> <p>June 2008 Director, PARIS MIKI Inc.</p> <p>June 2008 Senior Managing Director, Lunettes Inc.</p> <p>April 2009 Chief Director, Okuizumo Tane Museum of Natural History (Public Interest Incorporated Foundation) (current position)</p> <p>July 2009 Representative Director, PARIS MIKI Inc.</p> <p>June 2011 Director, PARIS MIKI HOLDINGS Inc.</p> <p>August 2013 President and Representative Director, Clover Asset Management Inc. (current position)</p> <p>September 2014 Director, PX Group SA (current position)</p> <p>June 2015 Representative Director, Executive Vice President, PARIS MIKI HOLDINGS Inc.</p> <p>June 2017 Director, PARIS MIKI HOLDINGS Inc.</p> <p>October 2017 President and Representative Director, Lunettes Inc. (current position)</p> <p>November 2017 Chairman and Representative Director, PARIS MIKI HOLDINGS Inc. (current position)</p> <p>March 2018 President, PARIS MIKI INTERNATIONAL GmbH (current position)</p>	1,977,150 shares
		<p>[Reasons for nomination as candidate for director]</p> <p>The Company nominates Mr. Mikio Tane for another term as a candidate for director as he was appointed Chairman and Representative Director in November 2017 and conducts important decision making under the customer-first corporate philosophy from a medium- to long-term perspective. He also has extensive experience and insight needed for the Group's overall management.</p>	

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
2	Masahiro Sawada (February 9, 1957)	<p>April 1980 Joined MIKI OPTICAL Inc. January 2001 Director, PARIS MIKI AUSTRALIA PTY. LTD. April 2004 Human Resources Chief, PARIS MIKI Inc. November 2004 Executive Officer, Human Resources Chief, PARIS MIKI Inc. September 2005 Merchandising division Chief, PARIS MIKI Inc. June 2015 Director, PARIS MIKI Inc. February 2016 President and Representative Director, PARIS MIKI Inc. (current position) June 2016 Director, PARIS MIKI HOLDINGS Inc. May 2017 Executive Vice President, Lunettes Inc. June 2017 President and Representative Director, PARIS MIKI HOLDINGS Inc. (current position)</p>	30,107 shares
<p>[Reasons for nomination as candidate for director] The Company nominates Mr. Masahiro Sawada for another term as a candidate for director as he has shown strong leadership and is working hard to ensure customer satisfaction as President and Representative Director of the Company and the Group's major subsidiary, and because he has extensive experience and insight of business execution as the Manager of an overseas subsidiary, and as the person responsible for human resources and various business divisions such as Merchandising division.</p>			
3	Fumihiko Nakao (March 21, 1961)	<p>April 1984 Joined MIKI OPTICAL Inc. November 1986 Director, PARIS-MIKI OPTIQUE H.K. LTD. August 1991 Director, PARIS MIKI OPTICAL (THAILAND) LTD. September 1996 Director, OPTIQUE PARIS-MIKI (S) PTE.LTD. April 2004 Manager, Department Store Operations, PARIS MIKI Inc. November 2004 Executive Officer, Merchandising division Chief, PARIS MIKI Inc. June 2007 Director, PARIS MIKI Inc. January 2009 President, PARIS MIKI Inc. July 2009 President and Representative Director, PARIS MIKI Inc. February 2012 Director, PARIS MIKI HOLDINGS Inc. June 2015 Senior Managing Director, PARIS MIKI HOLDINGS Inc. June 2016 Executive Vice President, PARIS MIKI HOLDINGS Inc. May 2017 Senior Managing Director, Lunettes Inc. July 2017 President and Representative Director, Medishared Co., Ltd. (current position) June 2018 Director, PARIS MIKI HOLDINGS Inc. (current position)</p>	30,370 shares
<p>[Reasons for nomination as candidate for director] The Company nominates Mr. Fumihiko Nakao for another term as a candidate for director as he has experience as a President and Representative Director of the Group's major subsidiary and because he has extensive experience and insight of business execution as the Manager and Director of multiple overseas subsidiaries and as the person responsible for various business divisions such as Merchandising division.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
4	Tetsuro Nakatsuka (May 20, 1955)	<p>April 1979 Joined MIKI OPTICAL Inc.</p> <p>October 1995 Manager, Accounting, PARIS MIKI Inc.</p> <p>August 1996 Manager, Finance, PARIS MIKI Inc.</p> <p>November 2004 Executive Officer, Manager, Finance, PARIS MIKI Inc.</p> <p>May 2007 Audit & Supervisory Board Member, GREAT Inc.</p> <p>June 2007 Director, Lunettes Inc. (current position)</p> <p>April 2009 Finance Chief, PARIS MIKI HOLDINGS Inc.</p> <p>April 2009 Finance Chief, PARIS MIKI Inc.</p> <p>January 2010 Audit & Supervisory Board Member, KIMPO-DO Co. Ltd.</p> <p>January 2011 Audit & Supervisory Board Member, Create three Co., Ltd. (current position)</p> <p>June 2011 Director, Finance Chief, PARIS MIKI HOLDINGS Inc.</p> <p>June 2015 Managing Director, Manager, Finance, PARIS MIKI HOLDINGS Inc.</p> <p>June 2016 Managing Executive Officer, Manager, Finance, PARIS MIKI HOLDINGS Inc.</p> <p>June 2018 Director, GREAT Inc. (current position)</p> <p>June 2018 Director, Manager, Finance, PARIS MIKI HOLDINGS Inc. (current position)</p>	30,148 shares
		<p>[Reasons for nomination as candidate for director] The Company nominates Mr. Tetsuro Nakatsuka for another term as a candidate for director as he has served for a long time as the person responsible for the finance and accounting departments and has a deep knowledge of the entire Group's financial strategy, in addition to extensive experience and insight.</p>	
5	Pierre-Olivier Chave (March 25, 1943)	<p>June 1976 President, PX Précinox SA (current position)</p> <p>July 1986 President, PX Group SA (current position)</p> <p>November 1990 Chairman, AIP (Association Industrielle et Patronale, Neuchâtel, Switzerland)</p> <p>June 2003 Chairman, NEODE (Parc Scientifique et Technologique, Neuchâtel, Switzerland)</p> <p>June 2014 Outside Director, PARIS MIKI HOLDINGS Inc. (current position)</p> <p>July 2015 President, SAV-IOL SA (current position)</p> <p>May 2017 Director, Lunettes Inc.</p>	– shares
		<p>[Reasons for nomination as candidate for outside director] The Company nominates Mr. Pierre-Olivier Chave for another term as a candidate for outside director as he has global perspective and extensive insight based on long-standing experience in international corporate management.</p>	

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
6	Akiko Iwamoto (May 27, 1968)	<p>April 1991 Joined First Chicago Corp. (now JPMorgan Chase Bank N.A.)</p> <p>April 2000 Vice President, Bank One Corp. (now JPMorgan Chase Bank N.A.)</p> <p>April 2002 Vice President, Royal Bank of Canada</p> <p>April 2004 Chief Dealer, Aozora Bank, Ltd.</p> <p>February 2009 Representative, OFFICE [W.I.S.H] (current position)</p> <p>April 2012 Visiting Professor, Faculty of Business Administration, Osaka University of Economics</p> <p>June 2015 Outside Audit & Supervisory Board Member, PARIS MIKI HOLDINGS Inc.</p> <p>June 2016 Outside Director, PARIS MIKI HOLDINGS Inc. (current position)</p> <p>May 2017 Audit & Supervisory Board Member, Lunettes Inc.</p> <p>May 2018 Director, Lunettes Inc.</p>	– shares
<p>[Reasons for nomination as candidate for outside director] The Company nominates Ms. Akiko Iwamoto for another term as a candidate for outside director as she has professional and extensive insight related to international finance and international economics. Note that although she has no experience of involvement in the management of a company in any way other than as an outside officer, the Company judges that she is able to appropriately perform her duties as an outside director due to the aforementioned reasons.</p>			

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
7	Satoru Nino (November 10, 1945) [New election]	<p>April 1984 Found ESMOD Tokyo, President (current position)</p> <p>September 1996 Executive Director, ESMOD Paris</p> <p>July 2000 President, French ESMOD International (current position)</p> <p>June 2006 Outside Audit & Supervisory Board Member, PARIS MIKI HOLDINGS Inc.</p> <p>June 2008 Outside Director, PARIS MIKI HOLDINGS Inc.</p>	– shares
	<p>[Reasons for nomination as candidate for outside director] The Company nominates Mr. Satoru Nino as a candidate for outside director as he is highly regarded in international fashion and the education sector and has extensive experience in school management. In addition, he has past experience as an Outside Audit & Supervisory Board Member of the Company for two (2) years from 2006 and as an Outside Director of the Company for six (6) years from 2008. He has a good understanding of the corporate philosophy and principle of the Company and the business and is considered suitable for executing such duties.</p>		

- Notes:
1. Mr. Mikio Tane is President and Representative Director of Lunettes Inc. The Company has a business relationship with Lunettes Inc. regarding non-life insurance and real estate leasing, and there is a loan guarantee on borrowing from a financial institution in place between the two companies.
 2. Apart from the number of shares held by Mr. Mikio Tane listed above, Mr. Mikio Tane effectively holds 1,185,500 shares.
 3. Mr. Pierre-Olivier Chave is President of PX Group SA. The Company holds an 11% share in the issued shares of that company. He is also President of SAV-IOL SA. The Company holds a 12.6% share in the issued shares of that company. Moreover, there are purchase transactions of gold bullion, etc. between PX Précinox SA and the Company's subsidiaries.
 4. There are no special interests between the other candidates for director and the Company.
 5. Mr. Pierre-Olivier Chave, Ms. Akiko Iwamoto, and Mr. Satoru Nino are candidates for outside director.
 6. The length of Mr. Pierre-Olivier Chave's service as outside director of the Company will be five (5) years at the conclusion of this General Meeting of Shareholders.
 7. The length of Ms. Akiko Iwamoto's service as outside director of the Company will be three (3) years at the conclusion of this General Meeting of Shareholders.
 8. The Company has entered into an agreement limiting liability with Mr. Pierre-Olivier Chave and Ms. Akiko Iwamoto. If their re-election is approved, the Company intends to continue the aforesaid agreement, which limits their liability for damages to the higher of 1 million yen or the minimum amount set forth in Paragraph 1, Article 425 of the Companies Act. If the election of Mr. Satoru Nino is approved, the Company plans to enter into the same limited liability agreement with him.
 9. The Company has notified both Mr. Pierre-Olivier Chave and Ms. Akiko Iwamoto as independent officers to the Tokyo Stock Exchange. If the election of Mr. Satoru Nino is approved, the Company plans to notify him as independent officer.

Proposal 3: Election of One (1) Audit & Supervisory Board Member

The term of office of audit & supervisory board member Mr. Kohtaro Yamamoto will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of one (1) audit & supervisory board member.

This proposal has obtained the consent of the Audit & Supervisory Board.

Candidate for audit & supervisory board member is as follows.

Name (Date of birth)	Career summary, position and important concurrent posts	Number of the Company's shares held	
Toshiki Sada (June 16, 1950) [New election]	April 1974 June 1989 June 1998 June 2000 June 2005 March 2011 June 2012 July 2013 June 2015 July 2016 August 2017 March 2018 November 2018	Joined Nomura Securities Co., Ltd. President, Nomura France S.A. Director, The Laboratory of Economy and Finance, Nomura Securities Senior Managing Director, Nomura Asset Management Co., Ltd. Outside Audit & Supervisory Committee Member, JAFSCO Co., Ltd. Outside Audit & Supervisory Board Member, KAYAC Inc. Outside Audit & Supervisory Board Member, eAccess Ltd. Outside Audit & Supervisory Board Member, Baring Asset Management Ltd. (current Barings Japan Limited) Advisor, KITZ Corporation Outside Audit & Supervisory Board Member, Goodpatch Inc. (current position) External Audit & Supervisory Board Member, RENOVA, Inc. (current position) Outside Audit & Supervisory Board Member, Draft Inc. (current position) Outside Audit & Supervisory Board Member, Hobonichi Co., Ltd. (current position)	20,000 shares
	[Reasons for nomination as candidate for director] The Company nominates Mr. Toshiki Sada as a candidate for outside audit & supervisory board member due to his broad specialist knowledge and insight into business audits he gained through extensive experience as an outside audit & supervisory board member at investment management companies and business firms and his experience working at a securities company.		

- Notes:
1. There are no special interests between the candidate and the Company.
 2. Mr. Toshiki Sada is a candidate for outside audit & supervisory board member.
 3. If the election of Mr. Toshiki Sada is approved, the Company plans to enter into an agreement with him, which will limit his liability for damages to the higher of 1 million yen or the minimum amount set forth in Paragraph 1, Article 425 of the Companies Act.
 4. If the election of Mr. Toshiki Sada is approved, the Company plans to notify him as an independent officer to the Tokyo Stock Exchange.

Proposal 4: Revision of Remuneration Amount for Directors and Audit & Supervisory Board Members

It was resolved at the 38th Ordinary General Meeting of Shareholders held on May 25, 1987 that an annual remuneration amount for directors shall be 900 million yen or less (excluding, however, the employee salary portion of directors who are concurrently employees), and that an annual remuneration amount for audit & supervisory board members shall be 90 million yen or less, which has stood up until now. However, the Company proposes amending the annual remuneration amount for directors to 300 million yen or less (including the portion of the remuneration amount for outside directors of 30 million yen or less) and to 50 million yen or less for audit & supervisory board members given the change in economic conditions and the discussion concerning Proposal 1 (Partial Changes to Articles of Incorporation) to reduce the cap on the number of directors. In addition, the Company proposes that the remuneration amount for directors will continue to exclude the employee salary portion of directors who are concurrently employees.

Furthermore, at the 66th Ordinary General Meeting of Shareholders held on June 24, 2014, it was approved that, outside the framework of this remuneration for directors and audit & supervisory board members, share options should be issued as stock options as an annual amount of remuneration as stock options for directors of 50 million yen or less (including 5 million yen for outside directors) and as an annual amount of remuneration as stock options for audit & supervisor board members of 10 million yen or less (including 5 million yen for outside audit & supervisory board members), and the Company proposes this be unchanged.

In addition, at present there are six (6) directors (including two (2) outside directors) and three (3) audit & supervisory board members, but if Proposal 2 (Election of Seven (7) Directors) and Proposal 3 (Election of One (1) Audit & Supervisory Board Member) are approved as originally proposed, there will be seven (7) directors (including three (3) outside directors) and three (3) audit & supervisory board members.

Proposal 5: Payment of Retirement Benefits to Retiring Audit & Supervisory Board Member

It is proposed that retirement benefits be granted to Mr. Kohtaro Yamamoto, who will retire from the position of audit & supervisory board member at the conclusion of this General Meeting of Shareholders due to the expiration of his term of office, in appreciation of his service during his term of office, for an amount of not more than 7 million yen based upon certain standards stipulated by the Company.

It is also proposed that such matters as the actual amounts, the timing and method be determined by the deliberation of the audit & supervisory board members.

Career summary for retiring audit & supervisory board member is as follows.

Name	Career Summary
Kohtaro Yamamoto	June 2007 Outside Audit & Supervisory Board Member, PARIS MIKI HOLDINGS Inc. (current position)

(Attached Documents)

Business Report

(From April 1, 2018 to March 31, 2019)

1. Current status of the Group

(1) Corporate philosophy and principle of the Group

We are putting effort into all of our businesses, based on our corporate philosophy and principle.

Corporate philosophy

“Firstly for our customers and their future”

“Secondly for our employees and their future”

“Thirdly for our company and its future”

Principles

First principle

To provide the best customer service of all the companies in the world

Second principle

To respect individuals, and show genuine interest in nature and people

Third principle

To provide responsible and dignified service to the fullest of our capabilities

(2) Business operations during the fiscal year under review

i) Progress and results of business

In the fiscal year under review, the Japanese economy has been firm and there has been moderate improvement in employment and income conditions, so consumer spending is thought to have been firm.

In regard to the eyewear industry, which is the Company’s mainstay business, the market for low-priced eyewear has expanded as the domestic population has declined, with no major growth overall. The number of eyewear retail stores has also dropped by as much as 20% during the past 10 years and there increasingly appears to be an oligopoly.

Even the Group has seen a net decline in the number of stores with the relocation and closure of unprofitable stores. However, we have dedicated our efforts to improving efficiency by consolidating the dispersed management resources. Although not yet reflected in the figures, the consolidation of personnel is forecast to have improved the service quality of individual stores and increased the sales and profitability by stores.

In addition, at PARIS MIKI Inc., which is the Company’s major subsidiary in Japan, stores were renovated to suit the region where stores presented a clear concept. In regard to the many independent suburban style stores, which had been a particular challenge, there was proactive capital investment with careful selection of stores due to favorable results for test stores such as the renovation to log house type stores (LODGE).

In regard to products, efforts have been focused on developing and proposing high value-added lenses for smart phones and driving as well as enhancing private brand frames by emphasizing the appeal of them being Japanese made as part of the Made in JAPAN project. In regard to the senior citizens market, we continue to enhance products in order to cater for potential needs through addressing specific concerns such as providing more affordable private brand hearing aid products

and allowing customers to participate in a monitor trial before purchasing motorized wheelchairs.

In addition, the Company is working on a medical-related operations support business that has secured a certain level of profit as a group subsidiary.

At its overseas subsidiaries, firm profits were generated from companies that have launched within the past 5 years such as the Vietnamese and Philippine subsidiaries, which have business partnerships with medical institutions. However, the Chinese subsidiaries, which had previously made large contributions to profits, found it difficult to generate profits due to sudden market changes and increased costs such as personnel costs. Consequently, progress has been made in the reorganization of stores, yet increased costs have also been incurred when stores have closed, so the overall results for overseas subsidiaries were harsh with an increase in operating loss.

As a result of the above, in the fiscal year under review, net sales were 49,689 million yen, down 1.4% year on year, operating profit was 146 million yen, down 45.9% year on year, ordinary profit was 233 million yen, down 49.7% year on year, and impairment loss of unprofitable stores of 968 million yen was recorded, and loss attributable to owners of parent was 1,342 million yen (loss attributable to owners of parent of 1,160 million yen in the previous fiscal year).

ii) Capital investment

Capital investment by the Group in the fiscal year under review was 1,356 million yen.

At the Group during the fiscal year under review, the number of stores opened, the number of main store renovations and the number of stores closed are as follows.

[Domestic retail business]

Region	Number of stores opened	Number of stores renovated	Number of stores closed
Hokkaido and Tohoku	2	6	4
Kanto	1	17	9
Chubu	3	7	6
Kinki	4	15	9
Chugoku	–	3	2
Shikoku	–	4	2 [2]
Kyushu and Okinawa	–	2	4
Total	10	54	36 [2]

(Note) Figures in square brackets [] indicate the numbers of franchise stores within the numbers outside the brackets.

[Overseas retail business]

Region	Number of stores opened	Number of stores renovated	Number of stores closed
Europe	–	2	–
Asia	5	10	19
Oceania	–	–	–
U.S.	–	–	–
Total	5	12	19

iii) Funding

With the purpose of ensuring flexibility and stability in its procurement of funds, the Group has entered into a global commitment line contract with one of the banks with which it does business. The total amount of funding commitment pertaining to the Company and its consolidated subsidiaries based on this contract is 6,100 million yen, and the used commitment as of the end of the fiscal year under review was 4,892 million yen.

iv) Restructuring actions such as business transfer, merger, etc.

Not applicable.

(3) Assets and operating results in and at the end of the fiscal year under review and three preceding fiscal years

i) Assets and operating results of the Group

Category	68th fiscal term ended March 31, 2016	69th fiscal term ended March 31, 2017	70th fiscal term ended March 31, 2018	71st fiscal term ended March 31, 2019 (fiscal year under review)
Net sales (Millions of yen)	53,727	49,881	50,406	49,689
Ordinary profit (loss) (Millions of yen)	174	(616)	463	233
Loss attributable to owners of parent (Millions of yen)	(601)	(1,721)	(1,160)	(1,342)
Loss per share (Yen)	(11.69)	(33.45)	(22.70)	(26.35)
Total assets (Millions of yen)	51,067	47,926	45,977	42,945
Net assets (Millions of yen)	37,811	35,060	33,078	30,880
Net assets per share (Yen)	728.77	676.02	642.35	599.11

ii) Assets and operating results of the Company

Category	68th fiscal term ended March 31, 2016	69th fiscal term ended March 31, 2017	70th fiscal term ended March 31, 2018	71st fiscal term ended March 31, 2019 (fiscal year under review)
Net sales (Millions of yen)	667	549	439	430
Operating revenue (Millions of yen)	1,285	1,280	1,170	1,218
Ordinary profit (loss) (Millions of yen)	(68)	12	(76)	29
Loss (Millions of yen)	(325)	(447)	(663)	(287)
Loss per share (Yen)	(6.32)	(8.69)	(12.99)	(5.65)
Total assets (Millions of yen)	39,732	38,296	36,644	35,057
Net assets (Millions of yen)	34,942	33,544	31,853	30,772
Net assets per share (Yen)	678.03	651.97	624.08	603.01

(Notes to i) and ii) above)

- Loss per share is calculated using the average number of issued shares during the period (excluding the average number of treasury shares during the period).
- Net assets per share is calculated using the number of issued shares at the end of the period (excluding the number of treasury shares at the end of the period).
- The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, the figures presented regarding total assets for the previous fiscal year have been retroactively adjusted to reflect the application of the aforementioned standard.

(4) Important parent company and subsidiaries

i) Parent company

Not applicable.

ii) Important subsidiaries

Company name	Capital stock	Voting rights held by the Company	Major business
PARIS MIKI Inc.	¥100 million	100.0%	Eyewear retail
KIMPO-DO Co. Ltd.	¥100 million	100.0%	Eyewear retail
GREAT Inc.	¥100 million	100.0%	General construction, interior finishing, store development and management
Create three Co., Ltd.	¥100 million	100.0%	Eyewear frame manufacturing
Medishared Co., Ltd. (Note 1)	¥20 million	100.0%	Medical-related business
PARIS MIKI S.A.R.L.	€1,000 thousand	100.0%	Eyewear retail in France
OPTIQUE PARIS-MIKI(S) PTE. LTD.	S\$190 thousand	73.7%	Eyewear retail in Singapore
PARIS-MIKI INTERNATIONAL GmbH	€1,907 thousand	100.0%	Eyewear retail in Germany
PARIS-MIKI LONDON LTD.	£1,480 thousand	100.0%	Eyewear retail in the U.K.
PARIS MIKI AUSTRALIA PTY. LTD.	A\$27,786 thousand	100.0%	Eyewear retail in Australia
MIKI, INC.	US\$1,800 thousand	100.0%	Eyewear retail in the USA (Hawaii)
OPTIQUE PARIS MIKI (M) SDN BHD	M\$1,000 thousand	100.0%	Eyewear retail in Malaysia
Paris Miki Optical (China) Co., Ltd.	RMB 56,898 thousand	100.0%	Eyewear lens manufacturing and eyewear retail in China
PARIS MIKI OPTICAL TAIWAN CO., LTD.	NT\$29,800 thousand	100.0%	Eyewear retail in Taiwan
PARIS MIKI OPTICAL (THAILAND) CO., LTD.	B10,000 thousand	98.0%	Eyewear retail in Thailand
DIANE OPTICAL INC.	₩1,050 million	76.4%	Eyewear wholesale in South Korea
Shanghai Paris Miki Optical Co., Ltd.	RMB 520 thousand	(Note 2) 100.0%	Eyewear retail in China
HATTORI & DREAM PARTNERS LTD.	US\$1,000 thousand	(Note 3) 82.0%	Medical-related business in Vietnam

- (Notes) 1. Medishared Co., Ltd. has been included as an important subsidiary in the fiscal year under review.
2. The voting rights held by Paris Miki Optical (China) Co., Ltd., which is a subsidiary of the Company, are shown.
3. The voting rights held by PARIS MIKI Inc., which is a subsidiary of the Company, are shown.
4. The Company has 28 consolidated subsidiaries including the 18 shown above.

iii) Matters relating to specified wholly owned subsidiaries

Company name	Address	Total book value	Total assets of the Company
PARIS MIKI Inc.	2-4-3 Nihonbashi-muromachi, Chuo-ku, Tokyo	¥24,186 million	¥35,057 million

iv) Important other affiliated company

Company name	Capital stock	Voting rights in the Company held	Major business
Lunettes Inc.	¥100 million	41.84%	Beauty and health related business and non-life insurance agency

(5) Issues to be addressed

The Company aims to more fully understand the perspectives of customers and become a corporate group able to propose full lifestyles to customers. First, we intend to focus our management resources in the eyewear business, where we will create surprise and satisfaction for customers by developing new markets without being bound by conventional approaches. Meanwhile, we also intend to consider new businesses where we can make use of the experience and vision we have developed while operating an eyewear store business and aim to put group-wide efforts into the launch and development of such businesses in the medium and long term.

At PARIS MIKI Inc., we intend to continue to reevaluate unprofitable stores, proceed with consolidation, and strengthen its structure in order to establish deeper relationships between each of its stores and their customers. Furthermore, in order to accommodate different types of regions and customers, we are implementing measures by store segments with different product lineups and sales methods, and we intend to clarify individual measures for each of these segments and work on them. With respect to new store openings, we will focus on areas where there is a market for our products supported by a large population, such as government ordinance-designated cities, but where the number of stores is still small. We expect to open 15 stores mainly in shopping centers and on street-side locations that have significant foot traffic. We also plan to close or merge 45 stores, mainly unprofitable ones.

With regard to products, we will develop eyewear frames through our made-in-JAPAN private brand offering outstanding functionality and design, while in eyewear lenses we will develop and promote products with different functions for different purposes and superior consideration for eye health. With regard to hearing aids, which have not penetrated the market fully despite the large number of people who have limited hearing capability, we will continue to aggressively make proposals and develop products designed to tap the latent demand of the market in Japan's aged society.

In the overseas retail business, we intend to push ahead with the reorganization of existing stores and adjustments of unprofitable stores in regions where the business environment remains difficult and expand stores in regions where future growth is expected. With a view to medium- to long-term growth, we are aggressively working on development into new markets such as Southeast Asia, including cooperation with the medical (ophthalmology) business, and are planning to eliminate the operating loss for overseas subsidiaries as a whole in 3 years' time.

The Company faces a broad array of issues to be addressed, while problems associated with responding to the aged society and turbulence such as global economic crises and disputes are also anticipated in the future. In spite of these challenges, we maintain our stance of being prepared for earthquakes and natural disasters and we continue to be a company that considers how it may help those who face great difficulties. Furthermore, we believe that we can become a company that is accepted around the world by continuing our stance of constantly seeking to understand the perspectives of customers.

We intend to firmly maintain our order of priorities, which is as follows: "Firstly for our customers and their future," "Secondly for our employees and their future," and "Thirdly for our company and its future." In this way, we intend to handle the issues we face while maintaining a more essential, long-term and objective perspective.

We ask our shareholders for their continuing support.

(6) Major business (as of March 31, 2019)

The Group is composed of the Company and 28 consolidated subsidiaries, seven non-consolidated subsidiaries, two associates and one other affiliated company. The Group's major business is eyewear retail and it is engaged in business in Japan and overseas.

(7) Major offices (as of March 31, 2019)

[Head office] 2-4-3 Nihonbashi-muromachi, Chuo-ku, Tokyo

[Headquarters] 1-2-3 Kaigan, Minato-ku, Tokyo

[Domestic retail business]

Region	Number of stores	Region	Number of stores
Hokkaido and Tohoku	51 [8]	Chugoku	89 [30]
Kanto	199 [19]	Shikoku	41 [9]
Chubu	104 [5]	Kyushu and Okinawa	52 [9]
Kinki	205 [28]	Total	741 [108]

- (Notes) 1. Figures in square brackets [] indicate the numbers of franchise stores within the numbers outside the brackets.
2. Numbers of stores include numbers of KIMPO-DO Co. Ltd. stores.
3. The number of Kinki stores includes one restaurant that serves light meals.
4. In addition to the above, there are four mobile stores operated with vehicles (Courier).

[Overseas retail business]

Region	Number of stores	Region	Number of stores
Europe	3	Oceania	5
Asia	121	U.S.	6
		Total	135

[Eyewear manufacturing business]

Create three Co., Ltd. Headquarters and factory: Sabae-shi, Fukui

(8) Employees (as of March 31, 2019)

i) Employees of the Group

Number of employees	Change from the end of the previous fiscal year
2,881	-132

- (Note) The number of employees includes 19 employees seconded to outside the Group.
The above does not include 1,284 contract workers (part-timers) (converted into eight hours a day) and others.

ii) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average service years
66	+2	47.1 years old	22.6 years

- (Note) The number of employees includes 27 employees seconded to outside the Company.
The above does not include ten contract workers (part-timers) (converted into eight hours a day) and others.

(9) Major lenders (as of March 31, 2019)

Lender	Borrowings outstanding
Sumitomo Mitsui Banking Corporation	¥5,660 million

(Note) With the purpose of ensuring flexibility and stability in its procurement of funds, the Group has entered into a global commitment line contract with the above bank. The total amount of funding commitment pertaining to the Company and its consolidated subsidiaries based on this contract is 6,100 million yen, and the used commitment as of the end of the fiscal year under review was 4,892 million yen.

(10) Other important matters concerning current status of the Group

There are no important matters to be reported.

2. Current status of the Company

(1) Shares of the Company (as of March 31, 2019)

- i) Total number of authorized shares 223,000,000 shares
- ii) Total number of issued shares 56,057,474 shares
- iii) Number of shareholders 11,534
- iv) Major shareholders (Top 10 shareholders)

Shareholder name	Interest in the Company	
	Number of shares held (Thousands of shares)	Percentage of shares held (%)
Lunettes Inc.	20,864	40.94
HAL INTERNATIONAL INVESTMENTS N.V.	4,075	8.00
PARIS MIKI Employee Shareholding Association	2,313	4.54
Mikio Tane	1,977	3.88
SMBC Trust Bank Ltd., Designated Securities Trust	1,581	3.10
SIX SIS LTD.	1,203	2.36
The Master Trust Bank of Japan, Ltd. (Trust Account)	918	1.80
Nobuhiko Tane	743	1.46
Japan Trustee Services Bank,Ltd. (Trust Account)	653	1.28
Japan Trustee Services Bank,Ltd. (Trust Account 5)	477	0.94

- (Notes)
- 1. Percentages of shares held are calculated with treasury shares (5,090,813 shares) excluded.
 - 2. Apart from the above, Lunettes Inc. has entrusted 459,000 shares (0.90%) with SMBC Trust Bank Ltd., Designated Securities Trust as trust assets and retains the authority to give instructions on the voting rights for such shares.
 - 3. Apart from the above, Mikio Tane effectively owns 1,185,000 shares (2.33%) of the shares held by SIX SIS LTD.

(2) Officers of the Company

i) Directors and audit & supervisory board members (as of March 31, 2019)

Name	Position	Business in charge and important concurrent posts
Mikio Tane	Chairman and Representative Director	President and Representative Director, Lunettes Inc. President, PARIS MIKI INTERNATIONAL GmbH Director, Codomo Limited President and Representative Director, Clover Asset Management Inc. Chief Director, Okuizumo Tane Museum of Natural History (Public Interest Incorporated Foundation) Director, PX Group SA
Masahiro Sawada	President and Representative Director	President and Representative Director, PARIS MIKI Inc.
Fumihiko Nakao	Director	President and Representative Director, Medishared Co., Ltd.
Tetsuro Nakatsuka	Director	Manager of Finance Director, GREAT Inc. Director, Lunettes Inc. Audit & Supervisory Board Member, Create three Co., Ltd.
Pierre-Olivier Chave	Director	President, PX Group SA President, PX Précinox SA President, SAV-IOL SA Director, Lunettes Inc.
Akiko Iwamoto	Director	Director, Lunettes Inc.
Hideo Koshio	Standing Audit & Supervisory Board Member	
Kohtaro Yamamoto	Audit & Supervisory Board Member	Managing Partner, Yamamoto & Shibasaki Law Offices Outside Director, Keihin Corporation
Yoshiaki Nishimura	Audit & Supervisory Board Member	Representative Director, United Partners Inc. Director, Yoshiaki Nishimura Certified Public Tax Accountant Office Audit & Supervisory Board Member, Lunettes Inc.

- (Notes)
1. Director Mikio Tane is President and Representative Director of Lunettes Inc. The Company has a business relationship with Lunettes Inc. regarding non-life insurance and real estate leasing, and there is a loan guarantee on borrowing from a financial institution in place between the two companies.
 2. Directors Pierre-Olivier Chave and Akiko Iwamoto are outside directors.
 3. Audit & supervisory board members Kohtaro Yamamoto and Yoshiaki Nishimura are outside audit & supervisory board members.
 4. The Company has notified all of outside directors and outside audit & supervisory board members as independent officers to the Tokyo Stock Exchange.
 5. Standing audit & supervisory board member Hideo Koshio and audit & supervisory board member Yoshiaki Nishimura have considerable expertise in finance and accounting as described below:
 - Hideo Koshio has engaged for many years in financial reporting procedures and financial statement presentation as the responsible person of the Company's finance and accounting departments.
 - Yoshiaki Nishimura is a qualified certified tax accountant.
 6. Directors Pierre-Olivier Chave and Akiko Iwamoto retired from their position as Director of Lunettes Inc. as of May 15, 2019. Audit & supervisory board member Yoshiaki Nishimura retired from his position as Audit & Supervisory Board Member of Lunettes Inc. as of May 15, 2019.

ii) Directors and audit & supervisory board members retired during the fiscal year

Not applicable.

iii) Overview of agreements limiting liability

The Company has entered into agreements with each of outside directors and audit & supervisory board members pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act to limit their liability for damages as provided for in Paragraph 1, Article 423 of the Companies Act. The maximum amount of liability for damages under these agreements is either 1 million yen or the amount stipulated in laws and regulations, whichever is higher.

iv) Amount of remuneration, etc. for directors and audit & supervisory board members

Total amount of remuneration, etc. for the fiscal year under review

Category	Number of payees	Amount paid
Directors [of which, outside directors]	6 [2]	¥89 million [15]
Audit & supervisory board members [of which, outside audit & supervisory board members]	3 [2]	¥25 million [13]
Total [of which, outside directors and outside audit & supervisory board members]	9 [4]	¥114 million [28]

- (Notes)
- At the end of the fiscal year under review, the number of directors is six (including two outside directors) and the number of audit & supervisory board members is three (including two outside audit & supervisory board members).
 - It was resolved at the 38th Ordinary General Meeting of Shareholders held on May 25, 1987 that an annual remuneration amount for directors shall be 900 million yen or less (excluding, however, the salary paid as the employee portion for the Director who concurrently serves as an employee). In addition, outside the framework of this remuneration, it was resolved at the 66th Ordinary General Meeting of Shareholders held on June 24, 2014 that an annual amount of remuneration as stock options for directors shall be 50 million yen or less (including 5 million yen for outside directors).
 - It was resolved at the 38th Ordinary General Meeting of Shareholders held on May 25, 1987 that an annual remuneration amount for audit & supervisory board members shall be 90 million yen or less. In addition, outside the framework of this remuneration, it was resolved at the 66th Ordinary General Meeting of Shareholders held on June 24, 2014 that an annual amount of remuneration as stock options for audit & supervisory board members shall be 10 million yen or less (including 5 million yen for outside audit & supervisory board members).
 - The above total amounts of remuneration, etc. include the following items:
 - Provision for officers' retirement benefits in the fiscal year under review

6 directors	¥11 million
[of which, 2 outside directors	¥1 million]
3 audit & supervisory board members	¥1 million
[of which, 2 outside audit & supervisory board members	¥1 million]
 - In addition to the above, payment of retirement benefits to retiring Audit & Supervisory Board Member to be put before the 71st Ordinary General Meeting of Shareholders to be held on June 25, 2019 is as follows. Note that the amount includes the provision for officers' retirement benefits up until the fiscal year under review as stated in the business report and 6 million yen for the audit & supervisory board members (including 6 million yen for outside audit & supervisory board members).

1 audit & supervisory board member	¥7 million
[of which, 1 outside audit & supervisory board member	¥7 million]

v) Matters concerning outside officers

1) Concurrent positions at other corporations, etc. and relationships between the Company and the said other corporations, etc.

	Concurrent positions and others
Director Pierre-Olivier Chave	President, PX Group SA President, PX Précinox SA President, SAV-IOL SA Director, Lunettes Inc.
Director Akiko Iwamoto	Director, Lunettes Inc.
Audit & Supervisory Board Member Kohtaro Yamamoto	Managing Partner, Yamamoto & Shibasaki Law Offices Outside Director, Keihin Corporation
Audit & Supervisory Board Member Yoshiaki Nishimura	Representative Director, United Partners Inc. Director, Yoshiaki Nishimura Certified Public Tax Accountant Office Audit & Supervisory Board Member, Lunettes Inc.

- (Notes)
1. PX Précinox SA and the Company's subsidiaries have purchase transactions of gold bullion, etc.
 2. The Company has a business relationship with Lunettes Inc. regarding non-life insurance and real estate leasing, and there is a loan guarantee on borrowing from a financial institution in place between the two companies. There are no significant relationships between the Company and the other corporations, etc. at which the other outside officers serve in concurrent positions.
 3. Directors Pierre-Olivier Chave and Akiko Iwamoto retired from their position as Director of Lunettes Inc. as of May 15, 2019. Audit & supervisory board member Yoshiaki Nishimura retired from his position as Audit & Supervisory Board Member of Lunettes Inc. as of May 15, 2019.

2) Major activities in the fiscal year under review

	Major activities
Director Pierre-Olivier Chave	Attended six of the seven meetings of the Board of Directors held during the fiscal year under review, and proactively made statements and provided opinions at the meetings from his global perspective and broad knowledge based on long-standing experience in international corporate management.
Director Akiko Iwamoto	Attended all seven meetings of the Board of Directors held during the fiscal year under review, and proactively provided opinions and made statements at the meetings mainly from her professional and broad knowledge related to international finance and international economics.
Audit & Supervisory Board Member Kohtaro Yamamoto	Attended all seven meetings of the Board of Directors and all eight meetings of the Audit & Supervisory Board held during the fiscal year under review, and asked questions and made statements at the meetings mainly from his legal perspective as a legal expert.
Audit & Supervisory Board Member Yoshiaki Nishimura	Attended all seven meetings of the Board of Directors and all eight meetings of the Audit & Supervisory Board held during the fiscal year under review, and asked questions and made statements at the meetings mainly from his expert perspective as a certified tax accountant.

- (Note) In addition to the number of meetings of the Board of Directors shown above, there were nine written resolutions that were deemed equivalent to resolutions of the Board of Directors pursuant to the provisions of Article 370 of the Companies Act and Article 23 of the Company's Articles of Incorporation.

(3) Accounting auditor

i) Name

Ernst & Young ShinNihon LLC

(Note) Ernst & Young ShinNihon LLC was renamed on July 1st, 2018. (Change in Japanese only; English unchanged)

ii) Amount of remuneration, etc.

	Amount paid
Amount of remuneration, etc. for the accounting auditor for the fiscal year under review	¥49 million
Total amount of monies or other economic benefits to be paid to the accounting auditor by the Company and its subsidiaries	¥49 million

(Notes) 1. The audit agreement entered into by the Company and the accounting auditor does not clearly distinguish between the amount of remuneration, etc., for auditing based on the Companies Act and auditing based on the Financial Instruments and Exchange Act, and the two amounts cannot be practically distinguished from each other. Therefore, the amount of remuneration, etc. for the accounting auditor for the fiscal year under review presented is the total of these two kinds of amounts.

2. The Audit & Supervisory Board has judged that the amount of remuneration, etc. for the accounting auditor is appropriate, having made the necessary verification of the audit plan contents of the accounting auditor, the status of execution of duties relating to the accounting audit, and the appropriateness of the grounds for calculation of the remuneration estimate.

iii) Policy on determination of dismissal or non-reappointment of the accounting auditor

The Audit & Supervisory Board will decide on details of proposals related to the dismissal or non-reappointment of the accounting auditor to be submitted to a general meeting of shareholders, if it deems it necessary to do so, such as in cases in which performance of duties by the accounting auditor is hindered.

Also, the Audit & Supervisory Board will dismiss the accounting auditor if it judges that any of the items stipulated in Paragraph 1, Article 340 of the Companies Act is applicable to the accounting auditor, based on the consent of all audit & supervisory board members. In this case, an audit & supervisory board member appointed by the Audit & Supervisory Board will report the fact of dismissal and the reasons thereof at the first general meeting of shareholders convened after the dismissal.

iv) Overview of agreement limiting liability

The Company has entered into an agreement with the accounting auditor Ernst & Young ShinNihon LLC pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act to limit its liability for damages as provided for in Paragraph 1, Article 423 of the Companies Act. The maximum amount of liability for damages under this agreement is either 50 million yen or the amount stipulated in laws and regulations, whichever is higher.

(4) Policy on determination of dividends of surplus

Aiming for improved corporate value and sustainable growth, the Company's basic policy for capital management is to maintain the financial soundness while taking into account the status of internal reserves set aside for medium- to long-term business investment and cash flow.

The Company's dividend policy is to pay continuous and stable dividends so that shareholders keep the Company's stock over the long term and in a stable manner. The Company aims to realize a dividend policy based on performance at the point that the Company is able to create stable profit. The specific amounts for dividend payments are determined with the aim of a consolidated dividend on equity ratio of 2.0%, in light of the current business environment and performance, and after comprehensive consideration of global business expansion and capital management, as well as social conditions.

In addition, to execute flexible capital management adapted to changes in the business environment, the Company will consider carrying out the acquisition of treasury shares as necessary, from the perspective of medium- to long-term capital management.

For the fiscal year under review, it was resolved at a meeting of the Board of Directors held on May 15, 2019 to pay a year-end dividend of 7 yen per share, with payment commencing from June 10, 2019. As a result, the annual dividend for the fiscal year under review was 14 yen per share (an interim dividend of 7 yen and a year-end dividend of 7 yen).

In regard to the future, we will aim to increase corporate value by investing management resources in forecast growth businesses and actively making business investments such as capital investment, so the above dividend policy could be revised in the medium-term.

Consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

ASSETS		LIABILITIES	
Current assets	30,747	Current liabilities	11,069
Cash and deposits	16,032	Notes and accounts payable - trade	1,495
Notes and accounts receivable - trade	3,198	Short-term loans payable	5,203
Merchandise and finished goods	9,500	Current portion of long-term loans payable	500
Raw materials and supplies	1,141	Lease obligations	11
Other	1,035	Accounts payable - other	2,120
Allowance for doubtful accounts	(160)	Income taxes payable	234
Non-current assets	12,198	Accrued consumption taxes	169
Property, plant and equipment	3,919	Provision for bonuses	70
Buildings and structures	1,878	Provision for loss on store closing	6
Machinery and equipment	29	Other	1,258
Tools, furniture and fixtures	855	Non-current liabilities	995
Land	901	Lease obligations	10
Leased assets	20	Provision for directors' retirement benefits	54
Construction in progress	227	Retirement benefit liability	19
Other	5	Deferred tax liabilities	77
Intangible assets	555	Asset retirement obligations	565
Other	555	Other	267
Investments and other assets	7,723	Total liabilities	12,065
Long-term loans receivable	1,693	NET ASSETS	
Lease and guarantee deposits	251	Shareholders' equity	30,090
Construction assistance fund receivables	5,194	Capital stock	5,901
Deferred tax assets	84	Capital surplus	6,829
Other	149	Retained earnings	26,005
Allowance for doubtful accounts	526	Treasury shares	(8,645)
Construction in progress	(106)	Accumulated other comprehensive income	444
Allowance for loss on investments in subsidiaries and associates	(71)	Valuation difference on available-for-sale securities	126
		Foreign currency translation adjustment	317
		Share acquisition rights	39
		Non-controlling interests	306
		Total net assets	30,880
Total assets	42,945	Total liabilities and net assets	42,945

(Note) Amounts less than one million yen are rounded down.

Consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

Item	Amount	
Net sales		49,689
Cost of sales		16,389
Gross profit		33,300
Selling, general and administrative expenses		33,153
Operating profit		146
Non-operating income		
Interest and dividend income	60	
Rent income	42	
Commission fee	10	
Compensation income	0	
Gain on sales of supplies	19	
Co-sponsor fee	44	
Other	96	274
Non-operating expenses		
Interest expenses	35	
Foreign exchange losses	101	
Commission fee	18	
Other	32	187
Ordinary profit		233
Extraordinary income		
Gain on sales of non-current assets	2	2
Extraordinary losses		
Loss on sales and retirement of non-current assets	70	
Loss on sales of investment securities	0	
Impairment loss	968	
Loss on valuation of shares of subsidiaries and associates	17	
Loss on cancellation of store contracts	22	
Provision for loss on store closing	15	
Provision of allowance for loss on investments in subsidiaries and associates	20	1,116
Loss before income taxes		880
Income taxes - current	408	
Income taxes - deferred	45	453
Loss		1,333
Profit attributable to non-controlling interests		9
Loss attributable to owners of parent		1,342

(Note) Amounts less than one million yen are rounded down.

Non-consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

ASSETS		LIABILITIES	
Current assets	4,881	Current liabilities	4,190
Cash and deposits	4,507	Accounts payable - trade	12
Accounts receivable - trade	157	Short-term loans payable	3,500
Merchandise	131	Current portion of long-term payable	500
Prepaid expenses	39	Accounts payable - other	100
Other	44	Income taxes payable	10
Non-current assets	30,176	Other	66
Property, plant and equipment	1,135	Non-current liabilities	94
Buildings	267	Provision for directors' retirement benefits	34
Vehicles	0	Deferred tax liabilities	39
Tools, furniture and fixtures	3	Asset retirement obligations	14
Land	863	Other	5
Intangible assets	337	Total liabilities	4,284
Trademark right	1	NET ASSETS	
Software	264	Shareholders' equity	30,636
Other	71	Capital stock	5,901
Investments and other assets	28,703	Capital surplus	6,829
Investment securities	1,298	Legal capital surplus	6,829
Shares of subsidiaries and associates	26,126	Retained earnings	26,551
Investments in capital of subsidiaries and associates	440	Legal retained earnings	582
Long-term loans receivable from subsidiaries and associates	2,098	Other retained earnings	25,969
Long-term prepaid expenses	33	Reserve for overseas investment	3,220
Other	235	General reserve	22,890
Allowance for doubtful accounts	(989)	Retained earnings brought forward	(140)
Allowance for loss on investments in subsidiaries and associates	(540)	Treasury shares	(8,645)
		Valuation and translation adjustments	96
		Valuation difference on available-for-sale securities	96
		Share acquisition rights	39
		Total net assets	30,772
Total assets	35,057	Total liabilities and net assets	35,057

(Note) Amounts less than one million yen are rounded down.

Non-consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

Item	Amount	
Net sales		
Net sales of goods		430
Operating revenue		
Consulting fee income	790	
System usage fee income	397	
Rent fee income	30	1,218
Cost of sales		131
Selling, general and administrative expenses		1,505
Operating profit		10
Non-operating income		
Interest and dividend income	24	
Rent income	8	
Reversal of allowance for loss on investment in subsidiaries and associates	23	
Other	12	68
Non-operating expenses		
Interest expenses	14	
Commission fee	18	
Foreign exchange losses	14	
Other	2	49
Ordinary profit		29
Extraordinary income		
Gain on sales of non-current assets	0	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	0	
Loss on sales of investment securities	0	
Impairment loss	84	
Loss on valuation of shares of subsidiaries and associates	19	
Loss on valuation of investments in capital of subsidiaries and associates	202	307
Loss before income taxes		278
Income taxes - current	10	
Income taxes - deferred	(0)	9
Loss		287

(Note) Amounts less than one million yen are rounded down.

THE AUDIT REPORT OF INDEPENDENT AUDITORS
CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Auditors

May 24, 2019

The Board of Directors
PARIS MIKI HOLDINGS Inc.

Ernst & Young ShinNihon LLC

Atsutada Kato (Seal)
Certified Public Accountant
Designated and Engagement Partner

Hideki Horii (Seal)
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Paragraph 4, Article 444 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of PARIS MIKI HOLDINGS Inc. (the “Company”) applicable to the fiscal year from April 1, 2018 through March 31, 2019.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit from an independent standpoint. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

THE AUDIT REPORT OF INDEPENDENT AUDITORS
CONCERNING THE NON-CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Auditors

May 24, 2019

The Board of Directors
PARIS MIKI HOLDINGS Inc.

Ernst & Young ShinNihon LLC

Atsutada Kato (Seal)
Certified Public Accountant
Designated and Engagement Partner

Hideki Horii (Seal)
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Item 1, Paragraph 2, Article 436 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity, the notes to the financial statements and the related supplementary schedules of PARIS MIKI HOLDINGS Inc. (the “Company”) applicable to the 71st fiscal year from April 1, 2018 through March 31, 2019.

Management’s Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit from an independent standpoint. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected and applied depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the 71st fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

REPORT OF THE AUDIT & SUPERVISORY BOARD

Audit Report

The Audit & Supervisory Board has prepared this Audit Report upon deliberation based on the Audit Report created by each audit & supervisory board member regarding the performance of duties by the directors during the 71st fiscal year from April 1, 2018 to March 31, 2019, and hereby reports as follows:

1. Audit & Supervisory Board Members' and Audit & Supervisory Board's Auditing Methods and Contents

- (1) The Audit & Supervisory Board stipulated the auditing policies, share of assignment, etc., received reports from each audit & supervisory board member on the auditing status and the auditing results; received reports from directors, etc. and the accounting auditor regarding performance of their duties and requested explanations as necessary.
- (2) In accordance with the audit & supervisory board members' auditing standards, auditing policies, share of assignment, and other matters stipulated by the Audit & Supervisory Board, each audit & supervisory board member communicated with the directors, the internal auditing department and other employees, and strived to maintain an environment for information gathering and auditing. The audits were conducted by the following methods.
 - i) Audit & supervisory board members attended meetings of the Board of Directors and other important meetings; received reports from directors and employees regarding performance of their duties; requested explanations as necessary; inspected important authorized documents; and investigated the activities and status of assets at the headquarters and major offices. Moreover, as for the subsidiaries, we communicated and exchanged information with the directors, audit & supervisory board members, etc. of the subsidiaries and received reports on their business operations as necessary.
 - ii) Audit & supervisory board members verified the resolutions adopted by the Board of Directors regarding the maintenance of a system to assure that the performance of duties by the directors, as stated in the business report, complies with the laws and regulations and the Articles of Incorporation, and the maintenance of a system necessary to assure the appropriateness of other business activities of the corporate group formed by the corporation and its subsidiaries stipulated in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act. We also regularly received reports from directors and employees on the status of the establishment and operation of the system (internal control system) established in accordance with such resolutions adopted by the Board of Directors, requested explanations as necessary, and expressed our opinions.
 - iii) Audit & supervisory board members monitored and verified whether or not the accounting auditor had maintained their independent positions and had conducted appropriate audits and received reports from the accounting auditor regarding performance of their duties and requested explanations as necessary. Also, we received notice that the "system to assure that duty is executed appropriately" (the matters listed in the items of Article 131 of the Ordinance on Accounting of Companies) has been maintained in accordance with the "Quality Control Standards for Audits" (October 28, 2005, the Business Accounting Council) from the accounting auditor and requested explanations as necessary.

Based on the above methods, we examined the business reports, the related supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements) and the related supplementary schedules as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and the notes to consolidated financial statements) for the relevant fiscal year.

2. Results of Audit

(1) Results of audit on the business report

- i) The business report and the related supplementary schedules are found to accurately present the status of the Company in conformity with the laws and regulations and the Articles of Incorporation.
- ii) In connection with the performance of duties by the directors, no dishonest act or significant fact of a violation of laws and regulations, or the Articles of Incorporation is found to exist.
- iii) The contents of the resolutions of the Board of Directors regarding the internal control systems are found to be proper. Also, the descriptions in the business report regarding the relevant internal control system and the performance of duties by the directors are found to accurately present the matters to be stated therein and have nothing to be pointed out.

(2) Results of audit on the non-consolidated financial statements and the related supplementary schedules

The methods and results of the audit made by the accounting auditor, Ernst & Young ShinNihon LLC, are found to be proper.

(3) Results of audit on the consolidated financial statements

The methods and results of the audit made by the accounting auditor, Ernst & Young ShinNihon LLC, are found to be proper.

May 24, 2019

Audit & Supervisory Board
PARIS MIKI HOLDINGS Inc.

Hideo Koshio (Seal)
Standing Audit & Supervisory Board Member

Kohtaro Yamamoto (Seal)
Outside Audit & Supervisory Board Member

Yoshiaki Nishimura (Seal)
Outside Audit & Supervisory Board Member