



# ANNUAL REPORT 2014

(From April 1, 2014, to March 31, 2015)



# Announcing the Medium-Term Management Plan

## “CHALLENGE 2017”

### With the Aim of Becoming a Brand New Aoyama Trading Group!



I would like to thank you, our shareholders, for your steadfast support of the Aoyama Trading Group.

Aoyama Trading Co., Ltd. (the “Company”) celebrated the 50th anniversary of its founding in May 2014, and has set off on a new path towards the next 50 years. For the past 50 years we had been endeavoring to enhance our corporate value under the motto of “offering better products at lower prices and contributing to society through the selling of clothing.” In order to pursue further growth, we have announced our three-year medium-term management plan ending in fiscal 2017 under the banner of the new corporate philosophy “aiming to further contribute to society through retail and services to consumers based on sustainable growth.” We aim to aggressively expand our business domains, such as the casual wear business, restaurant business, new businesses, and overseas businesses, in addition to ensuring the stable growth of the business wear business, our core business, in order to build a stable business portfolio and become a corporation that is capable of contributing to society based on sustainable growth. In addition, we will directly engage with all stakeholders and ensure appropriate cooperation with them on a face-to-face basis as we reinforce return of profits to shareholders and promote our governance structure, among other measures.

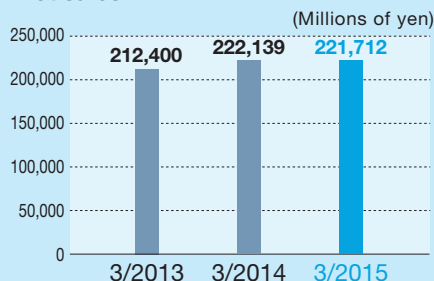
The new medium-term management plan represents the Company’s resolve towards the next 50 years. All directors and employees will come together as one and work hard to overcome the challenges that the plan entails.

I would be grateful for your continued understanding and support in our future endeavors.

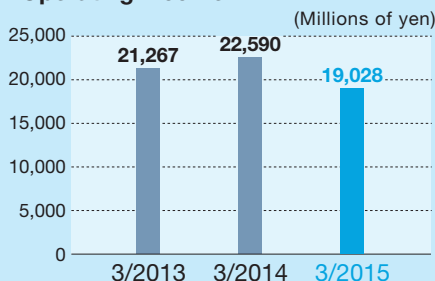
President and CEO **Osamu Aoyama**

#### Consolidated Financial Highlights

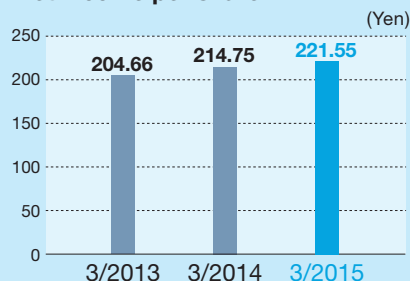
##### Net sales



##### Operating income



##### Net income per share



Note: Figures amounting to less than one million yen are rounded down.

Q 1

## How did the Company perform in fiscal 2014? What is the outlook for fiscal 2015?

For fiscal 2014, our Group posted a net sales of ¥221,712 million, or 99.8% of the previous year's level, and operating income of ¥19,028 million, or 84.2% of the previous year's level. In the mainstay suits business of Aoyama Trading Co., Ltd., we endeavored to expand market share by implementing such measures as aggressively opening stores and relocating stores especially to shopping centers, and starting in October 2014 we also employed EXILE TRIBE as our spokesperson and communicated the appeal of functional goods, such as suits and coats, with AOYAMA PRESTIGE TECHNOLOGY in a bid to acquire new customers. Regarding women's wear, we strengthened our product lineups, such as suits for job hunting and work or formal wear, and also made improvements to store environments. As a result, sales remained brisk. However, due to the aftereffects of the rush of demand before the consumption tax increase, sales from existing stores were 94.5% of that of the previous year.

With regard to fiscal 2015, the economy is expected to continue reflecting a gradual recovery, despite cooling consumer sentiment after an increase in consumption tax and concerns over cost inflation due to a weakening yen, etc., as a result of improved corporate business results and employment. Under such circumstances, our Group will strive to achieve further improvement of our business performance and to enhance our corporate value by implementing measures based on our newly formulated medium-term management plan "CHALLENGE 2017."

Q 2

## Please tell us about the background to the announcement of the medium-term management plan "CHALLENGE 2017."

This has been a year of major change for Japanese companies with the release of the Japanese Version of the Stewardship Code by the Financial Services Agency, the Ito Review by the Ministry of Economy, Trade, and Industry, and Japan's Corporate Governance Code by the Tokyo Stock Exchange, amid the implementation of the Japan Revitalization Strategy, the third arrow of Abenomics. In the future, companies must seek to enhance corporate value by steering management in a better direction, while engaging in

dialogue with shareholders and other stakeholders.

However, in order to engage in dialogue, it was first necessary to indicate the future direction of our Group in the form of publishing a medium-term management plan. Additionally, having celebrated the 50th anniversary of the Company's founding last year, we felt strongly that we should launch our next half-century with a fresh spirit within the Company as well by setting out substantial targets as we approach the next 50 years.

Q 3

## Please describe the new corporate philosophy and three management visions.

For the past 50 years, our corporate philosophy has been to "offer better products at lower prices and contribute to society through the selling of clothing," with a focus on menswear retail. In view of future business expansion, we have established a new management philosophy of "aiming to further contribute to society through retail and services to consumers based on sustainable growth," and developed three management visions: (1) Expansion of "strengths" in the core business, (2) Proactive expansion of business domains, and (3) Management that engages stakeholders. We plan to achieve consolidated net sales of ¥280,000 million, and record-high operating income of ¥27,000 million in fiscal 2017, the final year of the medium-term management plan.

Q 4

## Please tell us about the growth strategy for business wear business, the Company's core business.

There are three main strategies. The first of these is to reinforce women's wear. The women's wear business started its full-scale operation at Yofuku-no-Aoyama in 2006, and in fiscal 2014 has grown to post sales of ¥23,600 million, accounting for 12.4% of total sales at Yofuku-no-Aoyama and 13.3% of total sales in the suits business combined with the TSC business format. We plan to boost sales to ¥32,000 million by fiscal 2017, through measures such as improving store environments, raising awareness mainly through TV commercials, enhancing the lineup of women's formal wear and bolstering sales. The second strategy is to expand our market share of business apparel and accessories, etc., such as shirts and shoes. Currently, although our share of the suits market is around 28%, our share of the shirts market is only

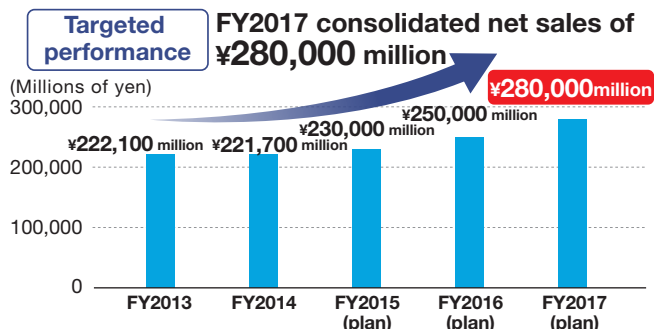
about 10%, and for shoes it is approximately 8%. We believe these are items for which growth is necessary, including capturing “cool biz” demand. The third strategy is the expansion of EC. The online sales currently operated through the corporate website of each business format in the suits business, as well as through Rakuten and Yahoo, are expected to constitute an even larger market with the proliferation of smartphones. Our plan is to raise sales in this market from the current level of approximately ¥1,000 million to ¥4,000 million by 2017, by promoting an omni-channel strategy that leverages the Company’s brick-and-mortar stores. As for new store openings, we plan to open 72 new stores in the suits business over three years in locations near train stations and in shopping centers in Tokyo and the three neighboring prefectures.

Q5

Please tell us about the expansion plans of new business domains such as the casual wear business, restaurant business, overseas businesses, and new businesses.

With regard to expansion of our business domains, we are proactively taking on the challenge of new businesses by taking advantage of our strengths developed over 50 years (sales capabilities, store development capabilities, goods procurement capabilities, commitment to quality, and customer base). In the casual wear business in particular, we began opening stores in April 2011 as franchises of the U.S. company American Eagle Outfitters, and it has developed into a business with 18 stores and net sales of ¥9,300 million, as of the end of fiscal 2014. We plan to increase the number of stores to 48 and net sales to ¥21,000 million by 2017.

## — CHALLENGE 2017 —



Additionally, in the restaurant business, we plan to step up store openings of Yakiniku King, which until now has been opened using surplus land of Yofuku-no-Aoyama, and increase net sales by ¥10,000 million in the three years from now to 2017.

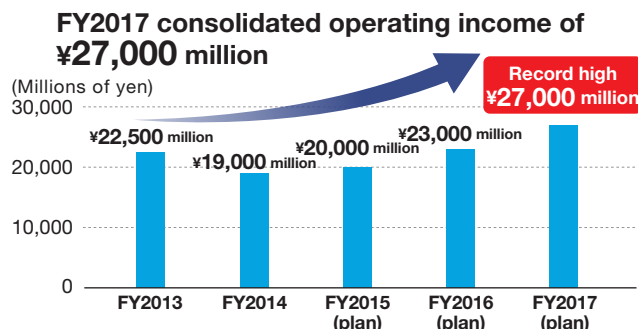
(Millions of yen)

	FY2014 (actual)	FY2015 (plan)	FY2016 (plan)	FY2017 (plan)	Change over 3 years
Casual wear business	12,600	17,000	21,000	24,000	+11,400
Restaurant business	2,900	4,200	7,800	13,000	+10,100
Reuse business	500	800	1,100	1,600	+1,100
Overseas businesses	0	0	0	3,000	+3,000
New businesses	0	100	1,000	5,300	+5,300

Q6

The Company has significantly reinforced its return of profits to shareholders. Could you tell us more about that?

During the period of the medium-term management plan (from fiscal 2015 to fiscal 2017), we will pay dividends and acquire treasury shares, targeting a consolidated total return ratio of 130%. With regard to dividends, we will double the steady dividend of ¥50 we have paid until now to ¥100, and change the performance-linked dividend payout conducted at year-end from a non-consolidated to consolidated basis, targeting a dividend payout ratio of 70%, double the previous 35%. Furthermore, with regard to the acquisition of treasury shares, we will implement an acquisition targeting an amount calculated by subtracting the above total dividends from 130% of consolidated net income. As a result of these efforts, we plan to raise ROE to 7% by fiscal 2017 with both reduction in equity and improved performance.



## Change in policy on return of profits to shareholders

	Up to fiscal 2014	During the period of the medium-term management plan (from fiscal 2015 to 2017)
Policy on return of profits to shareholders	Not provided.	Consolidated total return ratio is targeted at 130%.
Dividend policy	Payout ratio is to be maintained at 35% against the Company's non-consolidated net income calculated excluding special or extraordinary income and losses such as gain or loss on valuation of derivatives. Specifically, a steady ordinary dividend of ¥50 per share will be paid, and if the amount of dividend calculated based on the targeted payout ratio of 35% exceeds ¥50, the excess amount will be treated as performance-linked dividend and will be paid out as special dividend at the end of the fiscal year.	Payout ratio is to be targeted at 70% against the Company's consolidated net income. Specifically, a steady ordinary dividend of ¥100 per share will be paid, and if the amount of dividend calculated based on the targeted payout ratio of 70% exceeds ¥100, the excess amount will be treated as performance-linked dividend and will be paid out as special dividend at the end of the fiscal year.
Policy of acquisition of own shares	Not provided.	The acquisition of own shares will be conducted targeting the amount derived by subtracting the total dividend amount from 130% of consolidated net income.

## Dividend for fiscal 2014

In accordance with the dividend policy up to fiscal 2014, the dividend for the fiscal year ended March 31, 2015 will include a special dividend of ¥25 per share in addition to the steady dividend of ¥50 per share, for a dividend of **¥75 per share (interim dividend of ¥25 and year-end dividend of ¥50)**.

### Financial Topics

### Acquisition of treasury stock

- ◆ In fiscal 2013, the Company acquired 2,500,000 shares of its treasury stock throughout the year.
  - ◆ In fiscal 2014, the Company acquired 4,000,000 shares of its treasury stock throughout the year.
  - ◆ The Company made a resolution at the Board of Directors' meeting held on May 8, 2015 to acquire up to 500,000 shares of its treasury stock for up to ¥2,200 million, and the acquisition was implemented as follows.
1. Type of acquired stock ..... Common stock
  2. Number of acquired shares ..... 480,900 shares (0.78% of the total number of outstanding shares)
  3. Total value of acquired stock .... ¥2,199,824,000
  4. Acquisition period ..... From May 12, 2015 to May 26, 2015
  5. Acquisition method ..... Market purchase from the Tokyo Stock Exchange

## Store Opening Strategies

# Enhancing and Expanding Store Openings in Shopping Centers and Near Train Stations in Tokyo and the Three Neighboring Prefectures

We have promoted openings of Yofuku-no-Aoyama and NEXT BLUE stores at favorable locations that attract many customers, such as inside shopping centers and near train stations in Tokyo and the three neighboring prefectures, thus expanding our customer base.

### *Tactics* 1

## Successive Openings of Yofuku-no-Aoyama and NEXT BLUE Stores in Shopping Centers

With regard to Yofuku-no-Aoyama, 11 stores have already opened in Ito Yokado and as they are showing strong performance, we are currently planning to open stores in other shopping centers such as Aeon-affiliated shopping centers, Ario, and Lalaport. During fiscal 2014, new stores were opened in locations including Aeon Town Oyumino store (Chiba Prefecture) and Ario Sendai Izumi store (Miyagi Prefecture). As for the NEXT BLUE brand, a new business format targeting shopping centers, we opened the very first store, the Lala terrace Musashi Kosugi store, in April 2014, spreading to 14 stores in Aeon-affiliated and other shopping centers opened during fiscal 2014.



Yofuku-no-Aoyama  
Ario Sendai Izumi Store



NEXT BLUE  
Lalaport Izumi Store



Yofuku-no-Aoyama  
Kichijoji Sunroad Store

### *Tactics* 2

## Opening of Compact Yofuku-no-Aoyama Stores Specialized for Locations Near Train Stations at Major Train Stations in Tokyo and the Three Neighboring Prefectures

As for Yofuku-no-Aoyama, we continuously opened compact stores in Kichijoji and Hatogaya which make the most efficient use of sales space near major train stations in Tokyo and the three neighboring prefectures, in order to capture previously untapped demand in locations near train stations.



## Sales Strategies

# Enhancing Sales Promotion of Highly Functional Products, Steady Expansion of Demand from Corporate Customers

We enhanced sales promotion of stretch suits and other highly functional products. Business with corporate customers has steadily expanded.

### *Tactics* 1

## Sales Promotion Developed for Highly Functional Products via AOYAMA PRESTIGE TECHNOLOGY

With the slogan “Making suits evolve,” we have expanded the development and sales promotion of highly functional products in a massive way. Under the functional product label AOYAMA PRESTIGE TECHNOLOGY, we employed EXILE TRIBE as our spokesperson to promote stretch suits and other functional products in TV commercials and related media. The first campaign employed SHOKICHI and Mandy Sekiguchi of EXILE to promote stretch suits, the second featured TAKAHIRO, the vocalist of EXILE, promoting stretch coats, and the third had Sandaime J Soul Brothers’ vocalist Hiroomi Tosaka to promote wrinkle-free technology, each of which elicited palpable responses.



Uniform catalog on our website

### *Tactics* 2

## Aggressively Capturing Corporate Uniform Demand

Since 2013 we have aggressively sought to capture demand from corporate customers, with success in obtaining orders for corporate uniforms from many customers including Japan Airlines Co., Ltd. (JAL), the ANA Group, and Megane Ichiba. While continuing such initiatives in the future, we will provide a wide variety of products, from office uniforms to restaurant, hospital, and factory working wear, using Yofuku-no-Aoyama stores nationwide as sales contact points.

## 1 4th Campaign of AOYAMA PRESTIGE TECHNOLOGY Featuring Heat Shielding Technology

The 4th campaign of AOYAMA PRESTIGE TECHNOLOGY promoting our heat shielding technology employed Sandaime J Soul Brothers' vocalist Ryuji Imaichi (center) and three members from Gekidan EXILE (from left to right: Sho Aoyagi, Kanta Sato, and Nobuyuki Suzuki) as our spokespersons. The TV commercial shows the group of four led by Imaichi, walking in the summer sunlight to the tune of the theme song, "Little Green Bag." It shows off the high functionality of our summer suits which prevent heat generation by repelling the heat rays of the sun.



Heat Shield Suits TV commercial



## 2 Total Number of Yofuku-no-Aoyama Stores Have Exceeded 800!! All-out Celebration Sale

To commemorate the total number of Yofuku-no-Aoyama store exceeding 800, an All-out Celebration Sale is held in every store. Suits, formal wear, shirts, pants, women's wear and more are available at special prices.

At the same time, a trade-in sale is also held. Customers can trade in their suits, formal wear, shirts, shoes and other used garments for discount coupons that can be used at any Yofuku-no-Aoyama store.



## Social and Environmental Activities



### “Team AOYAMA Eco Project” Protecting the Environment with the Customers

All members of the Company are working together to promote the “Team AOYAMA Eco Project,” an environmental protection effort uniting local manufacturing regions, manufacturers, staff, stores, and customers. The activities being carried out are described below.

#### Selling Suits with Carbon-Offset

Suits with a tag of “Balanced ZERO CO<sub>2</sub> WOOL” are sold at the Company’s Yofuku-no-Aoyama stores throughout Japan, in support of the “ZERO CO<sub>2</sub> PROGRAM” advocated by Australian Wool Innovation (AWI, headquartered in Sydney).

The “ZERO CO<sub>2</sub> PROGRAM” is a project that uses tree planting to offset the CO<sub>2</sub> emitted during the production of suits. The Company contributes to the prevention of global warming by selling suits made from raw wool purchased from designated farms that engage in tree planting activities.



#### Promoting the Adoption of LED Lights and Energy-Saving Air Conditioning to Save Electricity

As a company that operates with stores in all 47 prefectures throughout the country, we consider energy conservation as an issue to be tackled on a national scale. Since 2011, we have been reducing the number of lights in stores and adjusting the temperature of air conditioning and heating at Yofuku-no-Aoyama stores and all other businesses, and plan to implement similar energy conservation measures in all stores in 2015. In addition, we are adopting LED lights and energy-saving air conditioning at all stores, with LED lights introduced at approximately 80% of all stores as of March 31, 2015. We intend to adopt LED lights at all stores except for some stores in shopping centers during this fiscal year.

#### Donations to Ryuichi Sakamoto’s Action Group

Last year, we collaborated with Ryuichi Sakamoto to commercialize a suit as a commemorative project on the 50th anniversary of the Company’s founding. We carried out a campaign from October of last year to March of this year to donate ¥500 for each suit sold to the forest conservation organization “more Trees,” of which Mr. Sakamoto serves as chairman. A total of ¥6,738,500 was donated to the organization.

#### Activities to Support the Areas Affected by Torrential Rains in Hiroshima City

We offer our prayers for the souls of those who passed away in the disaster caused by torrential rains in Hiroshima City that began on August 19, 2014, and our heartfelt sympathy for the victims, their families, and everyone involved.

##### Support for the Disaster-Stricken Areas

#### Donation

We presented a donation of ¥10 million to the city of Hiroshima on August 26, 2014, to be used to support the disaster victims and to assist restoration of the affected areas.

## FEATURE

### CHALLENGE 2017

# Reinforcement of Women's Wear

The reinforcement of women's wear is first on the list for the expansion of "strengths" in the core business, a priority measure of our medium-term management plan "CHALLENGE 2017." We spoke to Tatsunori Yamamoto, General Manager of Purchasing Dept.No.1, and Miho Tanaka, Assistant Manager of Purchasing Dept.No1, who are both in charge of product development, about what initiatives they are taking.

## Q1. How did the Company begin selling women's wear?

**Yamamoto:** Back then, our core suits business was facing negative growth due to a declining birth rate, an aging population and mass retirement of baby boomers, so we were searching for a new product that would make up for the shrinkage and become an engine for new growth. Having examined markets in which we could put to use the high quality of the Company's suits, our procurement capabilities, and the network of stores across all of Japan, we firstly used a few stores in the heart of the city to test the sales of women's suits, especially suits for job hunting which are less fashionable and entail less risk to keep in stock. These turned out to be extremely popular and we expanded nationwide immediately. In the fiscal year ended March 31, 2015, net sales have grown to ¥23,600 million, accounting for approximately 12% of Yofuku-no-Aoyama's total sales and approximately 13% of the total sales in our suits business including TSC.

### History of Women's Wear in the Company

- 2006: Started handling women's suits  
Employed Aya Matsuura as the spokesperson
- 2007: Started handling women's formal wear in all stores  
Started exclusive sales of "Miss JUNKO," a product developed in a joint project with JUNKO KOSHINO
- 2009: Exhibited suits for job hunting at the Tokyo Girls Collection  
Employed Saki Aibu as the spokesperson
- 2011: Employed Nozomi Sasaki and Emi Takei as spokespersons
- 2012: Started sales of "n♥line by Nozomi," a collaborative brand produced by Nozomi Sasaki
- 2013: Started sales of the career-oriented brand "ANCHOR WOMAN"
- 2014: Started sales of "n♥line Precious," a new career-oriented brand produced by Nozomi Sasaki  
Launched the NEXT BLUE brand, a new business format targeting shopping centers with a higher proportion of women's wear, employing Mirei Kiritani as the spokesperson

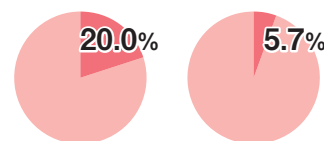
## Q2. What led to the plan to reinforce women's wear?

**Yamamoto:** There are two reasons, one of which is that while our market share of the suits for job hunting women has grown to approximately 20%, we have only just started handling women's formal wear and our share is only around 5%, so compared to men's wear, there still is a lot of room to increase our share. The second reason is that women's employment in the work force is currently under the spotlight of Abenomics, so we can expect the growth in demand for career suits and other women's business wear. Those are the two big reasons behind this initiative.



Tatsunori Yamamoto,  
General Manager of  
Purchasing Dept.No.1

The Company's market share of suits for job hunting women      The Company's market share of woman's formal wear



Source: Estimates by the Company

## Q3. What initiatives are you taking with regard to the "demand of job hunters"?

**Tanaka:** We began collaborating with university co-ops soon after we started handling women's wear. The collaboration contributed greatly to gathering customers by measures such as distributing coupon flyers to job-hunting students and newly enrolled students. We also constantly run ads in female fashion magazines such as non-no and air TV commercials to raise awareness of our products. In terms of products, our quality tailoring, cultivated in men's wear, has been highly praised by job-hunting students for its



"n♥line by Nozomi"  
produced by Nozomi Sasaki

silhouette and comfortable fit. "n♥line by Nozomi," produced by actress Nozomi Sasaki, has seen especially strong sales as a result of TV commercials and magazine ads, and we also started sales of "n♥line Precious" as a career-oriented

line last year. We are also working on the development of functional products such as washable wear.

#### Q4. What initiatives are you taking with regard to "career demand"?

**Tanaka:** Sales of career items have grown steadily year on year, and in the future we will actively expand our line of new products, centered on business career fashion. For example, while we had previously focused our product lineup on women in their 20s to 30s who had just started their careers, in anticipation of increased numbers of women in the workforce, we will expand the target age group to include development of products that will appeal to women in their 40s and 50s as well.



Miho Tanaka, Section  
Assistant Manager of  
Purchasing Dept.No1

#### Q5. What initiatives are you taking with regard to the demand for formal wear and suits for ceremonial occasions?

**Tanaka:** We started sales of formal wear in 2007, and have increased sales 10% annually through standard sales activities, such as introducing women's formal wear and distributing pamphlets to married couples



TV commercial of women's formal wear

visiting the store. Last year we featured women's formal wear in TV commercials for the first time, which did much to boost awareness, and contributed to 20% growth, the highest in the history of the line. As for our future initiatives in formal wear and suits for ceremonial occasions, we intend to implement sales promotion activities to raise awareness and enhance our product lineup for different age groups. Also, the most important task for us as a specialty store is to train sales staff with a solid knowledge of our products that will satisfy customer's demands. We will keep working to further expand our market share with sales promotions, products, and sales capabilities that take advantage of the Company's strengths our rivals cannot beat.

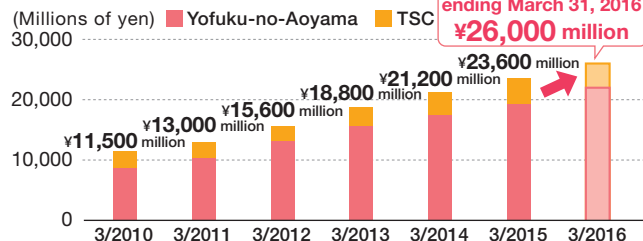


Ikebukuro East Exit Main Store  
dedicated women's wear floor

#### Q6. Do you have any "figures" as targets for women's wear from next year onward?

**Yamamoto:** In our medium-term management plan, we plan to raise net sales of the suits business including TSC to ¥32,000 million in fiscal 2017 (fiscal year ending March 31, 2018), and we are currently taking measures to achieve that goal. For now we will keep working hard to achieve our goal of ¥26,000 million for the current fiscal year ending March 31, 2016.

#### Historical Net Sales of Women's Wear



# Consolidated Financial Statements

## Consolidated Balance Sheet (Summary) (Millions of yen)

	Fiscal 2014 Year-end (As of March 31, 2015)	Fiscal 2013 Year-end (As of March 31, 2014)
<b>Assets</b>		
<b>Current assets</b>	<b>185,457</b>	<b>190,612</b>
<b>Non-current assets</b>	<b>165,086</b>	<b>161,981</b>
Property, plant and equipment	106,132	98,883
Intangible assets	3,507	3,322
Investments and other assets	55,446	59,775
<b>Deferred assets</b>	<b>208</b>	<b>139</b>
<b>Total assets</b>	<b>350,752</b>	<b>352,733</b>
<b>Liabilities</b>		
<b>Current liabilities</b>	<b>61,771</b>	<b>66,853</b>
<b>Non-current liabilities</b>	<b>50,911</b>	<b>41,649</b>
<b>Total liabilities</b>	<b>112,683</b>	<b>108,502</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>	<b>250,186</b>	<b>256,442</b>
Capital stock	62,504	62,504
Capital surplus	62,526	62,526
Retained earnings	144,626	137,664
Treasury shares	(19,470)	(6,252)
<b>Accumulated other comprehensive income</b>	<b>(14,583)</b>	<b>(14,573)</b>
Valuation difference on available-for-sale securities	1,130	1,674
Deferred gains or losses on hedges	28	0
Revaluation reserve for land	(16,242)	(16,489)
Foreign currency translation adjustment	444	254
Remeasurements of defined benefit plans	55	(13)
<b>Subscription rights to shares</b>	<b>13</b>	<b>101</b>
<b>Minority interests</b>	<b>2,453</b>	<b>2,261</b>
<b>Total net assets</b>	<b>238,069</b>	<b>244,231</b>
<b>Total liabilities and net assets</b>	<b>350,752</b>	<b>352,733</b>

Note: Figures amounting to less than one million yen are rounded down.

## Consolidated Statements of Income (Summary) (Millions of yen)

	Fiscal 2014 (From April 1, 2014, to March 31, 2015)	Fiscal 2013 (From April 1, 2013, to March 31, 2014)
<b>Net sales</b>	<b>221,712</b>	<b>222,139</b>
Cost of sales	94,769	94,358
<b>Gross profit</b>	<b>126,942</b>	<b>127,780</b>
Selling, general and administrative expenses	107,914	105,189
<b>Operating income</b>	<b>19,028</b>	<b>22,590</b>
Non-operating income	3,609	2,995
Non-operating expenses	953	935
<b>Ordinary income</b>	<b>21,683</b>	<b>24,650</b>
Extraordinary income	2,334	13
Extraordinary losses	1,691	1,530
<b>Income before income taxes and minority interests</b>	<b>22,326</b>	<b>23,132</b>
Income taxes - current	8,277	9,733
Income taxes - deferred	1,066	229
Income before minority interests	12,981	13,169
Minority interests in income	173	206
<b>Net income</b>	<b>12,807</b>	<b>12,962</b>

Note: Figures amounting to less than one million yen are rounded down.

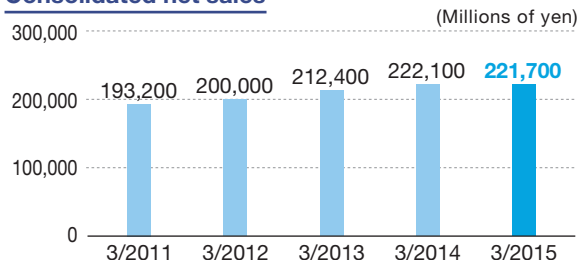
## Consolidated Statements of Cash Flows (Summary) (Millions of yen)

	Fiscal 2014 (From April 1, 2014, to March 31, 2015)	Fiscal 2013 (From April 1, 2013, to March 31, 2014)
Cash flows from operating activities	18,136	10,840
Cash flows from investing activities	8,456	(17,117)
Cash flows from financing activities	(18,497)	(6,028)
Effect of exchange rate change on cash and cash equivalents	137	27
Net increase (decrease) in cash and cash equivalents	8,233	(12,277)
Cash and cash equivalents at the beginning of period	29,758	42,035
Cash and cash equivalents at end of period	37,991	29,758

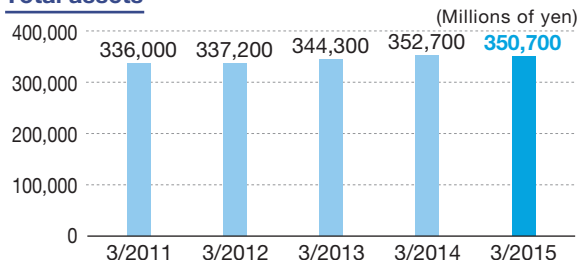
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# Historical Performance

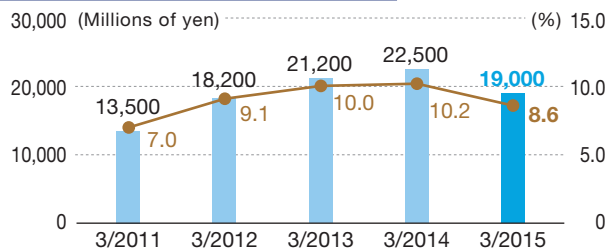
## Consolidated net sales



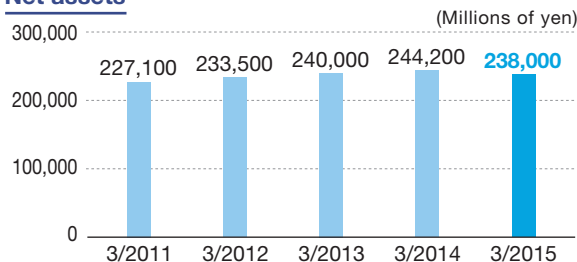
## Total assets



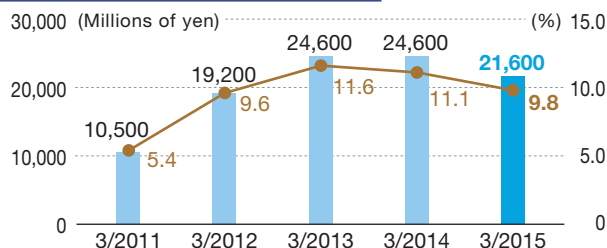
## Consolidated operating income/ Operating income to net sales ratio



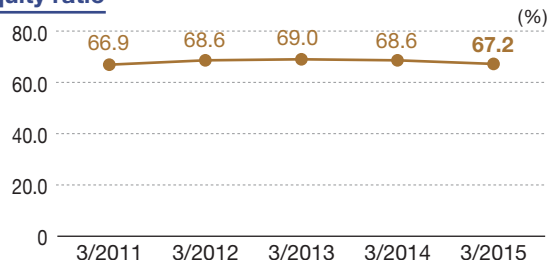
## Net assets



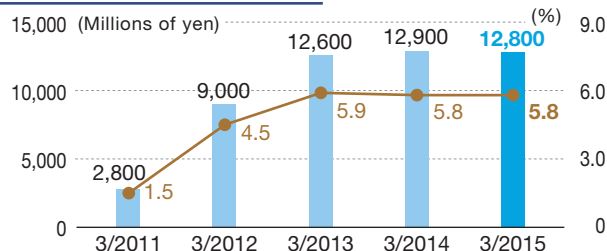
## Consolidated ordinary income/ Ordinary income to net sales ratio



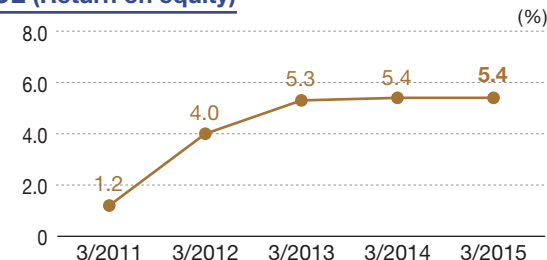
## Equity ratio



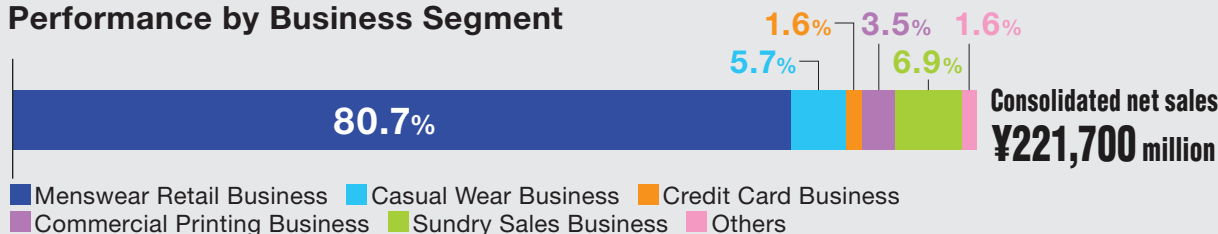
## Consolidated net income/ Net income to net sales ratio



## ROE (Return on equity)



## ■ Performance by Business Segment



Note: Segment sales contribution is net sales after elimination of intercompany transactions.

## Menswear Retail Business

The suits business of Aoyama Trading Co., Ltd. / Blue Reverse Co., Ltd. / MDS Co., Ltd. / Eisho Co., Ltd. / FUKURYO Co., Ltd.

The Menswear Retail Business, centered on Yofuku-no-Aoyama, is our Group's core business, boasting the record of being No. 1 in sales in the menswear specialty store industry.

Net sales of the business were ¥179,107 million (97.7% of that of the previous year) and segment income (operating income) was ¥17,537 million (80.2% of that of the previous year). Regarding the suits business of Aoyama Trading Co., Ltd., which is its core business, we endeavored to expand market share by implementing such measures as aggressively opening stores and relocating stores especially to shopping centers, while in women's wear we strengthened our product line-ups, such as suits for job hunting and work or formal wear. However, due to the aftereffects of the rush of demand before the consumption tax increase, sales from existing stores were 94.5% of that of the previous year.

The number of men's suits sold, our mainstay, was 2,240,000 or 90.3% of that of the previous year, and the average sales unit price was ¥26,337 or 104.0% of that of the previous year.

### ■ Net Sales of the Suits Business by Product

(Millions of yen)

		FY3/2014	FY3/2015	
		Amount	Amount	Comparison
Heavy clothing	Suits and three piece suits	62,918	59,073	(3,845)
	Jacket	6,009	5,846	(162)
	Slacks	8,716	8,652	(64)
	Coat	6,005	5,689	(315)
	Formal wear	22,088	20,909	(1,179)
Light clothing	Shirt, necktie and belt, etc.	28,038	28,095	56
	Casual wear	7,839	7,371	(468)
	Other products	12,552	12,561	9
Women's wear and goods		21,286	23,600	2,314
Amount of points for payback		2,865	2,678	(186)
Handling and processing fee		3,496	3,211	(285)
Total		181,816	177,690	(4,126)

Notes: 1. Other products include shoes, underwear, sundry goods, and others.

2. Women's wear and goods includes women's suits, formal wear, shirt, pumps, etc.





## Casual Wear Business

Casual wear business of Aoyama Trading Co., Ltd. and Eagle Retailing Corporation

The casual wear business of Aoyama Trading Co., Ltd. operates CALAJA and LEVI'S STORE, and Eagle Retailing Corporation operates franchises of American Eagle Outfitters (U.S.).

Starting from the current consolidated fiscal year, the Casual wear business, which was included in Others in the past, is included as a reporting segment because of its increasing importance. In the Casual wear business, Eagle Retailing Corporation, the core business, opened 10 new stores of American Eagle Outfitters, including outlet stores. As a result, net sales were ¥12,669 million (131.6% of that of the previous year) and segment loss (operating loss) was ¥177 million (in the previous year, segment loss (operating loss) was ¥794 million).

## Commercial Printing Business

ASCON Co., Ltd.

Provides a wide range of sales promotion services such as distributing flyers and direct mail as a sales promotion support company

While net sales totaled ¥11,360 million (103.2% of that of the previous year) due to an increase in the number of orders received from existing business counterparties, with soaring raw material prices, such as prices of printing papers, segment income (operating income) was ¥178 million (55.9% of that of the previous year).

## Others

Reuse business of Aoyama Trading Co., Ltd. and glob Co., Ltd.

The Reuse business of Aoyama Trading Co., Ltd. operates franchise stores of 2nd STREET and JUMBLE STORE run by GEO CORPORATION, and glob Co., Ltd. operates franchises such as Yakiniku King restaurants run by The Monogatari Corporation.

Net sales were ¥3,434 million (128.6% of that of the previous year) and segment income (operating income) was ¥172 million (133.3% of that of the previous year).

## Credit Card Business

Aoyama Capital Co., Ltd.

Issues credit cards such as AOYAMA Card and acquires new card members to support sales promotion in the menswear retail business

Amid conditions including the impact from the revised Money Lending Control Act, net sales were ¥3,851 million (106.8% of that of the previous year), while segment income (operating income) was ¥790 million (141.9% of that of the previous year). Funds were acquired through loans from the parent company, Aoyama Trading Co., Ltd., and through the issuance of corporate bonds.

## Sundry Sales Business

Seigo Co., Ltd.

Operates Daiso & Aoyama 100Yen Plaza stores as franchises of DAISO INDUSTRIES CO., LTD.

While net sales were ¥15,339 million (96.8% of that of the previous year) due to intensifying competition in the industry, partially as a result of which we closed nine inefficient stores, segment income (operating income) was ¥458 million (109.5% of that of the previous year).

	Stores opened	Stores closed	Relocations and reconstructions	(Unit: Stores) Number of stores at the end of the year
<b>Menswear Retail Business</b>	37	1	17	858
of which, Yofuku-no-Aoyama business format	35	1	15	802
of which, TSC business format	2	0	2	56
<b>Casual Wear Business</b>	10	3	0	47
of which, American Eagle	10	0	0	18
of which, CALAJA	0	3	0	23
of which, LEVI'S STORE	0	0	0	6
<b>Sundry Sales Business</b> (Daiso & Aoyama 100Yen Plaza)	0	9	0	119
<b>Others</b>	4	1	0	21
of which, 2nd STREET	1	1	0	4
of which, JUMBLE STORE	1	0	0	3
of which, Yakiniku King	2	0	0	14
<b>Total</b>	51	14	17	1,045

Note: Yofuku-no-Aoyama includes NEXT BLUE, and TSC includes UL and outlet stores.

# Store Format and Positioning

TREND

UNIVERSAL  
LANGUAGE

(Including outlet stores)  
(No change in the no. of stores)

No. of stores: 9 (End of March)

Target age groups: 30s-40s

## THE SUIT COMPANY

(Including outlet stores)  
(+2 stores)

No. of stores: 43 (End of March)

Target age groups: 20s-30s



The Suit Company stores, specialty suit stores, are located mainly in urban areas and emphasize the latest fashion trends.



NEXT BLUE

(+14 stores)

No. of stores: 14 (End of March)

Target age groups: 30s-40s



NEXT BLUE is mainly located in commercial facilities. It is a specialty suit store that offers a full line-up of functional business items for men and women based on the concept of "evolving office wear."

BUSINESS

## Yofuku-no-Aoyama

(+20 stores)

No. of stores: 788 (End of March)

Target age groups: 20s-60s

No. 1 in suit sales worldwide.  
Yofuku-no-Aoyama is the Company's core store format. We operate stores nationwide that offer clothing for adults of all ages.



BASIC



Universal Language is a format for boutiques for urban adults that offer merchandise embodying the message "We bring the entire world fashion into your closet."

## Blue Grigio

BY UNIVERSAL LANGUAGE

(No change in the no. of stores)

No. of stores: 4 (End of March)

Target age groups: 30s-40s



A multi-channel combined boutique that adds a relaxed, rich, and mature casual taste to the tastes of Universal Language.

## Other Store Format

No. of 2nd STREET stores: 4  
No. of JUMBLE STORE stores: 3  
No. of LEVI'S STORE stores: 6  
(End of March)



We conduct the franchise operation of "2nd STREET" and "JUMBLE STORE" in the Reuse business and the "LEVI'S STORE" in the Casual wear business.

## CALAJA

CASUAL LAND JAPAN

CALAJA

CASUAL LAND JAPAN

(-3 stores)

No. of stores: 23 (End of March)

Target age groups: 20s-40s

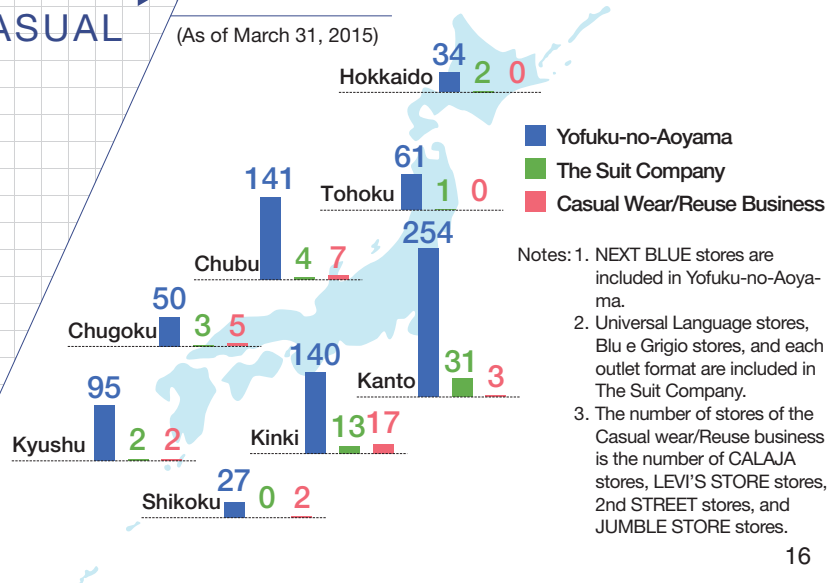


CALAJA is a format of casual wear stores that offer better merchandise from the latest trends to basic clothing at lower prices.

## CASUAL

## Stores

(As of March 31, 2015)



# Corporate Data

## Corporate Profile

(as of March 31, 2015)

Company Name:	Aoyama Trading Co., Ltd.	Business Offices:	Principal Office: 1-3-5, Oji-cho, Fukuyama, Hiroshima Tokyo Headquarters: TSC TOWER 7F, 4-5-10, Ueno, Taito-ku, Tokyo TSC Sales Department: Shibuya Heiwa Bldg. 6F, 21-8, Udagawa-cho, Shibuya-ku, Tokyo Kannabe Product Center/Ihara Product Center/Tagawa Product Center/Chiba Center
Establishment:	May 6, 1964		
Paid-in-Capital:	¥62,504,710,000		
Number of Employees:	3,572 (including loaned staff)	Number of Stores:	894 (including 36 stores for Casual wear and Reuse businesses)

## Directors and Officers

(as of June 26, 2015)

### [Board of Directors]

Chairman of the Board	Shozo Miyamae
Vice Chairman of the Board	Hiroaki Miyamae
President and CEO	Osamu Aoyama
Vice President, Executive Vice President	Makoto Miyatake (Chief General Manager of Planning and Management Dept.)
Director and Managing Executive Officer	Yoshiyuki Matsukawa (Chief General Manager of Sales Dept.)
Director and Managing Executive Officer	Shinji Okano (Chief General Manager of Purchasing Dept. and Chief General Manager of Casual and Reuse Business Dept.)
Director	Seishi Uchibayashi*

Note: \* indicates an Outside Director.

### [Board of Auditors]

Standing Corporate Auditor (full time)	Tomokazu Osako
Auditor	Hiroshi Ogi*
Auditor	Kiyoshi Takegawa*
Auditor	Toru Watanabe*

Notes:1. Mr. Tomokazu Osako was elected as Standing Corporate Auditor (full time) at the 51st Ordinary General Meeting of Shareholders held on June 26, 2015.  
2. \* indicates an Outside Auditor.

### [Executive Officers]

Executive Officer	Shozo Hirakawa	(General Manager of General Affairs Dept.)
Executive Officer	Yasuhiro Fujii	(General Manager of Development Div.)
Executive Officer	Michinori Fujii	(General Manager of Advertising Dept. and General Manager of Marketing and Sales Dept. of NB)
Executive Officer	Osamu Mizutani	(General Manager of TSC Business Div. and General Manager of Purchasing Dept. of TSC)
Executive Officer	Yoshiyuki Maekawa	(General Manager of Purchasing Dept. No. 1)
Executive Officer	Satoshi Yomono	(General Manager of IT and Systems Dept. and Information Controller)
Executive Officer	Tadao Chiba	(General Manager of Tokyo Head Office and General Manager of Human Resource Development Dept.)
Executive Officer	Shinji Zaitzu	(Deputy General Manager of Planning and Management Dept. and General Manager of Total Planning Dept.)
Executive Officer	Yoshitomi Furuichi	(Representative Director of glob Co., Ltd.)

# Stock Information

## Shares

(as of March 31, 2015)

Total number of shares authorized to be issued	174,641,100
Number of shareholders	6,018
Number of shares outstanding	61,394,016
Number of shares of treasury stock	5,935,657 (9.67%)

Note: The Company's shares (185,900 shares) held by Trust & Custody Services Bank, Ltd. (Trust account E) as a trust asset pertaining to J-ESOP are not included.

## Major Shareholders

(as of March 31, 2015)

Shareholder	Number of Shares Held (thousand shares)	Percentage (%)
Ichigo Trust	4,524	8.16
The Master Trust Bank of Japan, Ltd. (Trust account)	4,080	7.36
Aoyama Bussan, Ltd.	3,713	6.69
Japan Trustee Services Bank, Ltd. (Trust account)	2,760	4.98
Osamu Aoyama	1,835	3.31
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	1,249	2.25
Sumiko Aoyama	1,157	2.08
Hoshino Shoji Limited	1,001	1.80
Sumitomo Mitsui Banking Corporation	1,000	1.80
THE BANK OF NEW YORK MELLON SA/NV 10	792	1.43

Notes: 1. Any number of shares held amounting to less than the minimum trading unit has been rounded down.  
2. Percentage (%) represents the percentage of shareholdings against the number of shares outstanding (excluding treasury stock) as of March 31, 2015.  
3. The Company holds 5,935 thousand shares of treasury stock, but the number of shares held is not included in the above list of major shareholders because these shares are without voting rights.

## Memo to Shareholders

Business year	: From April 1 to March 31
Ordinary General Meeting of Shareholders	: June of each year
Record date	: Ordinary General Meeting of Shareholders March 31 of each year Year-end dividends March 31 of each year Interim dividends September 30 of each year (Prior public notice will be given regarding other information on record dates as necessity arises.)
Share unit number	: 100 shares
Media for public notices	: Public notice will be announced on the Company's homepage. However, if such a method is not feasible somehow, it will be announced in the Nihon Keizai Shimbun (newspaper). <a href="http://www.aoyama-syouji.co.jp">http://www.aoyama-syouji.co.jp</a>
Transfer agent and special account management institution	: Sumitomo Mitsui Trust Bank, Limited 4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Transfer agent's handling office	: Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited 5-33 Kitahama 4-chome, Chuo-ku, Osaka
(Mailing address)	: Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited 8-4, Izumi 2-chome, Suginami-ku, 168-0063 Tokyo
(Telephone contact)	: Toll-free 0120-782-031
(Website URL)	: <a href="http://www.smtb.jp/personal/agency/index.html">http://www.smtb.jp/personal/agency/index.html</a>

## Guidance on the Preferential Discount Coupon for Shareholders

The Company issues and offers the "Preferential Discount Coupon for Shareholders" (15% discount) to all the shareholders as of March 31 and September 30 every fiscal year.

### Issuance standards of the Preferential Discount Coupon for Shareholders

The Company issues Preferential Discount Coupons for Shareholders based on the following criteria to the shareholders recorded in the register of shareholders as of March 31 and September 30 every fiscal year, according to their respective shares held.



### Number of shares held

100-999 shares: Three (3) coupons  
1,000-2,999 shares: Four (4) coupons  
3,000 shares or more: Five (5) coupons

### Expiration date

Record date of eligible shareholders	Timing of sending by post	Expiration date
Shareholders as of March 31	Early July of the same year	June 30 of the following year
Shareholders as of September 30	Early December of the same year	December 31 of the following year

### Stores where the coupons can be used

Stores of Yofuku-no-Aoyama (including China and Taiwan), NEXT BLUE, The Suit Company (excluding its outlet stores), Universal Language (excluding its outlet stores), Blu e Grigio, CALAJA, as well as all American Eagle Outfitters stores in Japan (excluding its outlet stores).

### Notification of address change and inquiries concerning shares

Please contact the securities firm with which you have your securities account for notification of address change and for inquiries. If you do not have an account with a securities firm, please contact the transfer agent indicated at left.

### Procedures concerning special accounts

Share certificates of the Company and all other listed companies were dematerialized on January 5, 2009. Accordingly, previous paper share certificates become invalid and shareholders' rights are electronically managed by Japan Securities Depository Center, Inc. (JASDEC) through securities firms. Rights of shareholders who have not completed procedures for dematerialization of share certificates are currently managed in special accounts with Sumitomo Mitsui Trust Bank, Limited (special account management institution). In order to sell shares owned, it is necessary to open an account with a securities firm and implement procedures to transfer shares from the special account.

For detailed procedures, please contact the transfer agent indicated at left.

Listing stock exchange: Tokyo Stock Exchange (First Section)

Uniforms for professionals in every field

# Aoyama Uniform Catalog

We have exploited our strength as the No. 1 company in suits sales worldwide to reduce costs through economies of scale. Our nationwide network of Yofuku-no-Aoyama stores act as sales contact points, taking orders, making deliveries, and providing complete follow-up services. Even companies expanding their business across the country can order from us with peace of mind. For details, please click on the link below to see our online product catalog.

Contact Us

Customer Service Office

**☎ 084-975-3939**

Hours: 10:00 - 18:00 (365 days/year)

## Online Catalog Lineup

OFFICE WEAR



COOKING &  
SERVICE



MEDICAL  
BEAUTY SALON



CASUAL



WORK WEAR



<http://www.y-aoyama.jp/uniform/>