

ANNUAL REPORT 2019

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(From April 1, 2019, to March 31, 2020)

 **Aoyama Trading Co., Ltd.**

(Securities code:8219)



Rebuilding of Business Wear Business

Summary of Year Ended March 2020

I would like to express my sincere appreciation to our valued shareholders for their exceptional support of the Aoyama Trading Group.

The Group's final result for the year ended March 2020 was a loss for the first time in the company's history. Although various factors contributed to this result, the main ones were the posting of impairment losses in the Business wear business and business reorganization losses in the American Eagle business. In addition to the continued contraction of the suit market, which, among other factors, can be attributed to a trend toward more casual attire in offices, as FY2020, the Group's performance has been severely impacted since the declaration of the state of emergency due to the spread of the novel coronavirus. At this point in time, we are unable to predict when this situation will come to an end.

In such a harsh business environment, our top priority has been on securing ready liquidity. We decided that our best option was to prepare ourselves for the stabilization of business and employment and made the difficult decision not to issue a year-end dividend. I would ask our shareholders to accept our sincere apologies for this.

At the same time, in light of the fact that our targets have veered significantly from our original goals, we have decided to withdraw our medium-term management plan, "CHALLENGE II 2020." We will announce a new plan once the effects of the spread of the novel coronavirus have settled down.

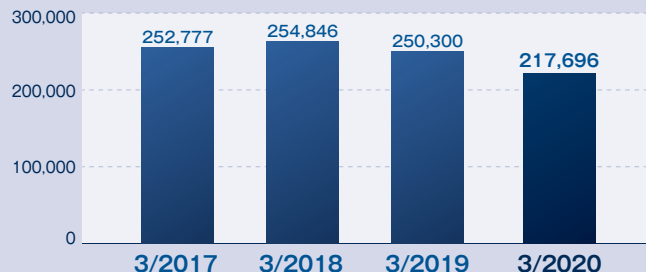
On the other hand, we will move steadily on with our ongoing project to rebuild the Business wear business, and the entire Group will work together to overcome this crisis.

I respectfully request the continued support from our valued shareholders.

President **Osamu Aoyama**

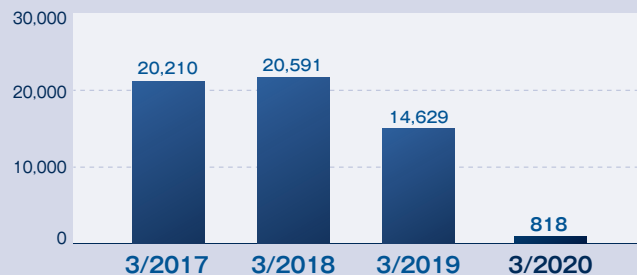
Net sales

(Unit : million yen)



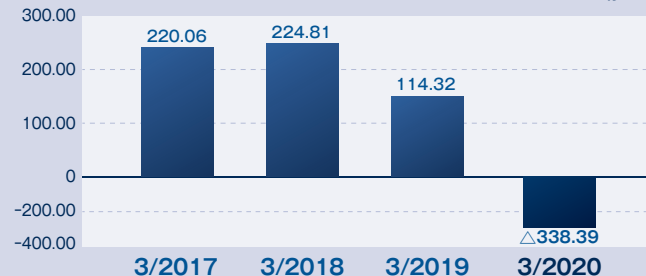
Operating income

(Unit : million yen)



Net income or loss(△)per share

(yen)



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

Segment

Business Wear Business

Business wear business of Aoyama Trading Co., Ltd. / Blue Reverse Co., Ltd. / MDS Co., Ltd. / Eisho Co., Ltd. / FUKURYO Co., Ltd. / Aoyama Suits (Shanghai) Co., Ltd.

Sales composition ratio
70.3%

The Business Wear Business, centered on Yohuku-no-Aoyama, is our Group's core business.

Net sales of the business were 153,301 million yen (83.1% of that of the previous year) and segment income (operating income) was 314 million yen (2.3% of that of the previous year). In Aoyama Trading's Business wear business, which is segment's core operations, we opened 5 Yofuku-no-Aoyama stores (including 1 relocated, 2 renovated store) along with 1 The Suit Company stores (including 1 relocated), 2 Universal Language stores. And we closed 8 Underperforming stores (2 Yofuku-no-Aoyama stores, 4 The Suit Company stores, 2 White The Suit Company stores).

On October 1, 2019, we released "New Price" for 80% of the Yofuku-no-Aoyama. As a leading company in the men's clothing industry, we will show a new way and aim to be a company more supported by customers.

In addition, we have begun the "Quality Order SHITATE" custom-made suit that anyone can use casually, eliminating the image of expensive and high thresholds that custom-made suits have had. We are aiming to develop an order suit brand that makes it more familiar to those who mainly wear ready-made suits and such a new employee. Under these reforms, we are currently working on rebuilding the business wear business, but due to the recent spread of corona virus infections, etc., sales of existing stores in the business wear business were 82.9% of the previous year. In addition, the number of men's suits, which is the main item, was sold 1,601 thousand units to 78.2% of that of previous year, and the average unit price was 27,088 yen to 99.6% of that of previous year.

■ Business Wear Business of Aoyama Trading Co., Ltd. Sales By Items

		(Unit : million yen)		
		FY3/2019	FY3/2020	
		Amount	Amount	Comparison
Heavy clothing	Suits and three piece suits	55,816	43,375	△12,440
	Jackets	5,547	4,784	△763
	Slacks	7,164	6,316	△847
	Coats	4,912	3,243	△1,668
	Formal wear	22,809	19,674	△3,135
Light clothing	Vests	876	452	△423
	Shirts, Neckties, and Belts, etc.	28,976	24,950	△4,026
	Casual wear	4,165	4,167	2
Other products		14,183	11,804	△2,379
Women's wear and goods		30,673	25,520	△5,153
Amount of points for payback		2,810	2,802	△8
Handling and processing fee		4,255	3,862	△393
Total		182,192	150,955	△31,237

- Notes: 1. Other products include shoes, underwear, sundry goods, and others.
2. Women's wear and goods include women's suits, formal wear, shirts, pumps, etc.

Printing and Media Business ASCON Co., Ltd.

Sales composition ratio
4.2%

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

In the Printing and media business, net sales totaled 12,416 million yen (100.2% of the previous year) due primarily to stable orders for electric promotions and promotional materials. On the other hand, due to increase of personnel expense, (segment income (operating income) was 43 million yen (in the previous year, the segment income or operating income was 133 million yen).

Sundry Sales Business Seigo Co., Ltd.

Sales composition ratio
7.2%

Operates 100 yen shop Daiso stores as a sales agent of DAISO INDUSTRIES Co., Ltd.

In the Sundry sales business, net sales were 15,627 million yen (98.8% of the previous year), segment income (operate income) was 586 million yen (94.3% of the previous year).

Total Repair Service Business Minit Asia Pacific Co., Ltd.

Sales composition ratio
5.6%

Operates and develops "Mister Minit" stores in the Asia Pacific region and provides consumers with comprehensive repair services including repair of shoes and key duplication

In the total repair service business, were 12,188 million yen (94.9% of the previous year), segment loss (operating loss) came in at 476 million yen (segment loss (operating loss) was 481 million yen in previous year).

Others Reuse business of Aoyama Trading Co., Ltd. / glob Co., Ltd. / WTW Corporation / SYG inc.

Sales composition ratio
5.5%

The Reuse business of Aoyama Trading Co., Ltd. operates franchise stores of 2nd Street and Jumble Store run by Geo Corporation. Glob Co., Ltd. operates franchises such as Yakiniku King restaurants run by The Monogatari Corporation, and Anytime Fitness run by Fast Fitness Japan Co., Ltd. WTW operates WTW that handle sundry and interior goods. SYG inc. which is subsidiary of Aoyama Trading Co., Ltd operates web media business.

In other business, due to opening stores of "Yakiniku-King" restaurants, net sales were 12,009 million yen (116.0% of previous year). Segment income (operating income) was 457 million yen (723.0% of previous year).

Casual Wear Business

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

The casual wear business of Aoyama Trading Co., Ltd. Operates Levi's Store, and Eagle Retailing Corporation operates franchises of American Eagle Outfitters US. American Eagle Outfitters closes all stores (including EC) on December 31, 2019 and withdraws from business. The company was liquidated as of April 6, 2020.

In the Casual wear business, due to business withdrawal etc. result in net sales of 10,786 million yen (79.3% of the previous year) and segment loss (operating loss) of 2,340 million yen (in the previous year, the segment loss or operating loss, was 1,390 million yen).

Sales composition ratio
5.0%

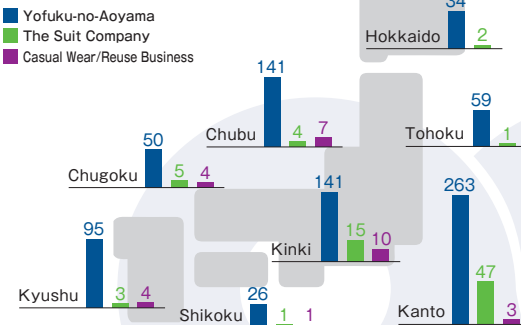
Credit Card Business Aoyama Capital Co., Ltd.

Issues and manages credit cards such as AOYAMA Card and acquires new card members for the purpose of supporting sales promotions in the business wear business

In the Credit card business, due to an increase in shopping revenue, net sales were 5,279 million yen (104.2% of the previous year) and segment income (operating income) was 2,245 million yen (107.5% of the previous year). Funds were acquired through loans from the parent company, Aoyama Trading Co., Ltd. And through the issuance of corporate bonds.

Sales composition ratio
2.2%

Stores (As of March 31, 2020)



- Notes: 1. White The Suit Company stores, Universal Language stores, Universal Language Measure's stores, and each outlet format are included in The Suit Company.
2. The number of stores of the Casual wear/Reuse business is the number of LEVI'S STORE stores, 2nd STREET stores, and JUMBLE STORE stores.

Corporate Profile (AS of March 31, 2020)

Company Name:	Aoyama Trading Co., Ltd.
Establishment:	May 6, 1964
Paid-in-Capital:	62,504million yen
Number of Employees:	7,828 [4,181] (Consolidated), 4,173 [2,661] (non-consolidated) (note) The number in [] is a temporary employee and stated as an extra number.
Business Offices	Principal Office: 1-3-5, Oji-cho, Fukuyama, Hiroshima Tokyo Headquarters: TSC TOWER 6F/7F, 4-5-10, Ueno, Taito-ku, Tokyo TSC Sales Department: Forest Hills East Wing 3F, 4-18-11, Minamiaoyama, Minato-ku, Tokyo Kannabe Product Center/Ibara Product Center/Tagawa Product Center/Chiba Center/Logistics Center Yokohama Machida

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.

※The discount rate has been changed from 15% to 20% from this time.

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), The Suit Company (excluding its outlet stores), White The Suit Company, Universal Language (excluding its outlet stores), Universal Language Measure's.

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 notices will be announced on the Company's website. However, if such a method is not feasible for any reason, the public notice will be announced in the Nihon Keizai Shimbun (newspaper). https://www.aoyama-syouji.co.jp
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, Tokyo, 168-0063
(Telephone contact)	: Toll-free 0120-782-031
(Website URL)	: https://www.smtb.jp/personal/agency/index.html

▶ 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)