

ANNUAL REPORT 2020

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(From April 1, 2020, to March 31, 2021)

 **Aoyama Trading Co., Ltd.**

(Securities code:8219)





Summary of the Fiscal Year Ended March 31, 2021

We would like to express our sincere gratitude to all our shareholders and investors for the trust they have shown in our group's business. We also express our heartfelt sympathy to those affected by COVID-19, and thank all those who have worked hard to prevent the spread of the disease and to bring it under control.

After the state of emergency was issued in April 2020 due to the COVID-19 pandemic, there was a time when the number of infections increased and stayed at a high level. We faced an extremely severe situation with a rapid drop in personal consumption and private investment mainly in face-to-face service businesses including the restaurant and travel/accommodation industries. To cope with ongoing uncertainties facing its business, the Group consolidated unprofitable stores and offered employees a voluntary retirement scheme to advance business structural reform. However, we recorded a loss for the second consecutive fiscal year.

After carefully considering these circumstances surrounding our business, we regrettably decided to pay no year-end dividend for the fiscal year ended March 31, 2021. I would ask our shareholders to accept our sincere apologies for this.

We believe that the key to winning the support of the Aoyama Trading Group's customers and achieve sustainable growth in the future is to pursue Group-wide growth. We can do this by conducting a customer-focused business, while seeking independence and cooperation of individual organizations in carrying out projects and selling products and services. To realize what we are aiming for, we formulated the new Medium-term Management Plan "Aoyama Reborn 2023" in March 2021, covering the period until March 2024.

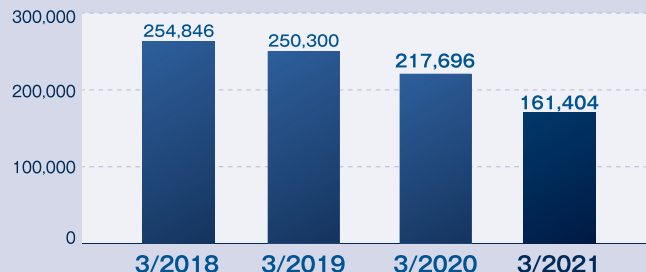
Defining the three years of Aoyama Reborn 2023 as a period to build a foundation to achieve what the Group is aiming for, it targets consolidated net sales of 200,000 million yen and consolidated operating income of 11,000 million yen for the final year of the period.

We would like to ask for your continued understanding and support as we strive to achieve our goals.

President **Osamu Aoyama**

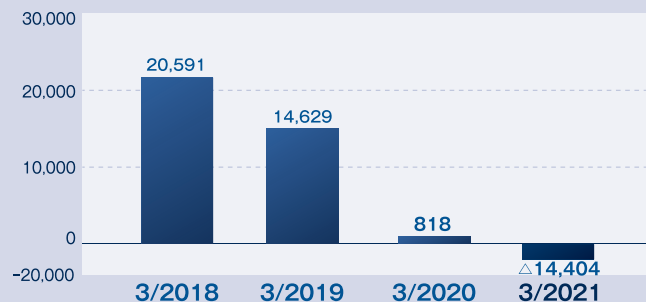
Net sales

(Unit : million yen)



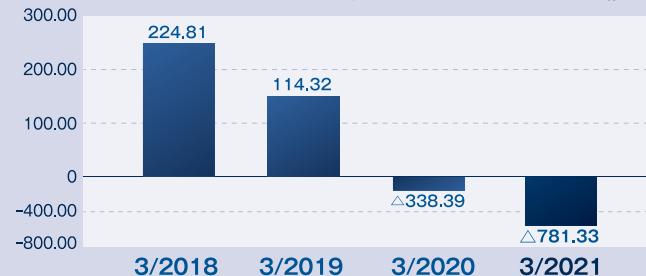
Operating Income or loss (△)

(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
68.0%

Core business of the Group, which achieve the No. 1 sales record in the men's clothing specialty store industry, centered on clothing Aoyama.

Net sales of the business were 109,855 million yen (71.7% of that of the previous year) and segment loss (operating loss) were 15,778 million yen (segment income (operating income) of 314 million yen was posted in the previous fiscal year).

In the Business wear business, which is the core segment of our business, in response to the government's request for voluntary stay-at-home restrictions and reducing personal contact by 70 to 80%, we implemented temporary store closures and reduced store operating hours during the 1Q of the fiscal year. We placed emphasis on securing the health and safety of customers and employees and preventing the spread of COVID-19. As a result, among other factors, sales at existing stores were 73.8% of what they were the previous year.

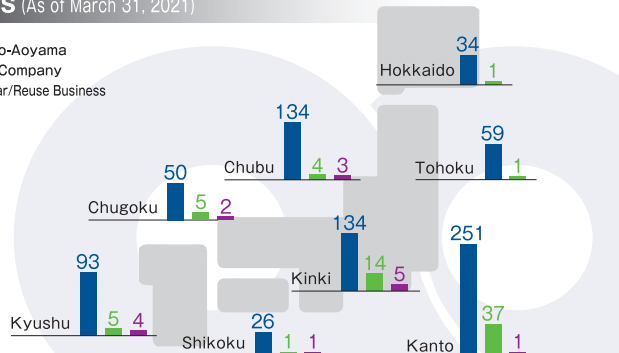
The number of men's suits sold, our mainstay, was 1,182 thousand suits or 73.9% of that of the previous year, and the average sales unit price was 25,472 yen or 94.0% of that of the previous year.

| ■ Business Wear Business of Aoyama Trading Co., Ltd. Sales by Items | | (Unit : million yen) | | |
|---|-----------------------------------|----------------------|----------------|------------|
| | | FY3/2020 | FY3/2021 | Comprasion |
| Heavy clothing | Suits and three piece suits | 43,375 | 30,138 | △13,236 |
| | Jackets | 4,784 | 2,846 | △1,937 |
| | Slacks | 6,316 | 4,397 | △1,918 |
| | Coats | 3,243 | 2,338 | △905 |
| | Formal wear | 19,674 | 12,484 | △7,190 |
| | Vests | 452 | 602 | △149 |
| Light clothing | Shirts, Neckties, and Belts, etc. | 24,950 | 17,422 | △7,528 |
| | Casual wear | 4,167 | 2,566 | △1,601 |
| | Other products | 11,804 | 9,141 | △2,662 |
| Women's wear and goods | 25,520 | 20,717 | △4,802 | |
| Amount of points for payback | 2,802 | 2,053 | △749 | |
| Handling and processing fee | 3,862 | 3,323 | △538 | |
| Total | 150,955 | 108,034 | △42,921 | |

- 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.

Stores (As of March 31, 2021)

- Yofuku-no-Aoyama
- The Suit Company
- Casual Wear/Reuse Business



- 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 franchise agreement with Levi Strauss Japan Co., Ltd. was terminated on March 31, 2021 for the Levi's Store, which was developed in the casual business of Aoyama Trading Co., Ltd.

Credit Card Business

Aoyama Capital Co., Ltd.

Sales composition ratio
2.9%

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 a drop in shopping and cashing revenues decreased consumption appetite resulting from the voluntary stay-at-home restrictions and temporary store closure requests, etc., net sales of the business were 4,875 million yen (92.3% of the previous year) and segment income (operating income) was 2,083 million yen (92.8% of the previous year). Funds were acquired through loans from the parent company, Aoyama Trading Co., Ltd. and through the issuance of corporate bonds. The number of valid members as of the end of February 2021 is 4.22 million.

Printing and Media Business

ASCN Co., Ltd.

Sales composition ratio
5.3%

As a sales promotion support company, provide a variety of services to customers, mainly distribution and retailers nationwide.

In the Printing and media business, due to a decrease in orders from the distribution and retail business, which is our main customer, net sales was 11,518 million yen (92.8% of the previous year) and segment loss (operating loss) was 354 million yen (of the previous year, segment income (operating income) was 43 million yen).

Sundry Sales Business

Seigo Co., Ltd.

Sales composition ratio
10.2%

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

In the Sundry sales business, due to an increase in the number of customers and unit price of customers, mainly due to the purchase of hygiene products and daily necessities, net sales was 16,433 million yen (105.2% of the previous year) and segment income (operating income) was 645 million yen (110.1% of the previous year).

Total Repair Service Business

Minit Asia Pacific Co., Ltd

Sales composition ratio
5.7%

Operates "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, being affected by lockdown at overseas stores even in Japan, due to the temporary closure of stores and shortened business hours in the first quarter, net sales were 9,173 million yen (75.3% of the previous year) and segment loss (operating loss) was 716 million yen (segment loss (operating loss) of 476 million yen was posted in the previous fiscal year).

Food Service Business

glob Co., Ltd. Food Service Business

Sales composition ratio
5.6%

glob Co., Ltd. operates franchise business such as Yakiniku King and Yuzu An restaurant run by The Monogatari Corporation.

In the food service business, due to the shortened business hours, net sales were 9,101 million yen (89.9% of the previous year) and segment income (operating income) was 181 million yen (31.4% of the previous year).

Others

Casual business of Aoyama Trading Co., Ltd. / Reuse business of Aoyama Trading Co., Ltd. WTW Corporation / glob Co., Ltd. other business / Customlife Co., Ltd.

Sales composition ratio
2.3%

The Casual business of Aoyama Trading Co., Ltd. operates franchise store of Levi's store run by Levi Strauss Japan Co., Ltd. The Reuse business of Aoyama Trading Co., Ltd. operates franchise store of 2nd Street and Jumble Store run by Geo Corporation. glob other business of glob Co., Ltd. operates franchise store of Anytime Fitness run by Fast Fitness Japan Co., Ltd. WTW Corporation operates WTW store handle sundry and interior goods. Customlife Co., Ltd. operates web media business.

In Other business, net sales were 3,788 million yen (29.9% of the previous year) and segment loss (operating loss) was 521 million yen (segment loss (operating loss) of 2,460 million yen was posted in the previous fiscal year). The franchise agreement with Levi Strauss Japan Co., Ltd. was terminated on March 31, 2021 for the Levi's Store, which was developed in the casual business of Aoyama Trading Co., Ltd. In addition, SYG Inc. conducted an absorption-type merger with Customlife Co., Ltd. as the surviving company on March 1, 2021 in order to improve management efficiency.

Corporate Profile

| | |
|--|---|
| Company Name: | Aoyama Trading Co., Ltd. |
| Establishment: | May 6, 1964 |
| Paid-in-Capital: | 62,504million yen |
| Number of Employees: (As of March 31, 2021) | 7,538 [3,752] (Consolidated), 4,144 [2,313] (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 office: 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" (20% 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), The Suit Company, White The Suit Company, Universal Language, Universal Language Measure's. (Excluding each outlet stores)

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 above telephone contact.

▶ 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 above telephone contact.

Listing stock exchange: Tokyo Stock Exchange (First Section)